

ment regarding the continuance of the Central Road Fund, as adopted by the Lok Sabha on the 30th March, 1976, be amended as follows:—

In para 6(d) of the Resolution,—

(a) in lines 4 and 5, between the words 'anti-social' and 'elements' the words 'and criminal' shall be inserted;

(b) in line 5, the words 'like dacoits, Naxalites' shall be deleted;

(c) in line 6, between the words 'tourism' and 'etc.' the words 'agricultural marketing areas links' shall be inserted;

(d) in line 6, before the word 'road/bridge' the words 'part contribution to programme for setting up drivers', conductors' and cleaners' road side resting places and passengers way side facilities on State roads etc.' shall be inserted."

*The motion was adopted.*

11.08 hrs.

STATUTORY RESOLUTION RE.  
INCREASE IN EXPORT DUTY ON  
TEA, COFFEE AND CERTAIN CATE-  
GORIES OF CHROMITE ORE

THE MINISTER OF FINANCE AND  
REVENUE AND BANKING (SHRI  
H. M. PATEL): I beg to move:

"That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7, of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following notifications of the Government of India in the Department of Revenue and Banking namely:—

(a) No. G.S.R. 171(E) dated the 9th April, 1977, levying an export duty on tea at the rate of Rs. 5 per kilogram under the new Heading No. 23 in the Second Schedule to the said Act,

(b) No. G.S.R. 193(E), dated the 26th April, 1977, increasing the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal, and

(c) No. G.S.R. 234(E), dated the 11th May, 1977, substituting a new Heading and entries for Heading No. 12 and the entries relating thereto in the second Schedule to the said Act, so as to provide for levy of export duty on certain categories of chromite ore and for increase in the rates of export duty on certain categories of chromite ore concentrates, from the date of each of the notifications aforesaid."

As the Hon'ble Members are aware, prices of tea have been rising from about January 1977. The price of leaf tea which was around Rs. 13.50 per kg. in January, 1977 at Calcutta auctions went up to Rs. 30 in April, 1977. The London prices of tea also showed sharp increases during this period. While the price of Northern Indian tea in London auctions was around 107 pence per kg. in December, 1976, the price in April, 1977 was around 234 pence per kg. This sharp increase in prices was attributable to strong demand for Indian tea in world markets. In addition, the worldwide shortage and high prices of coffee have also contributed to a sympathetic rise in the price of tea. With a view to hold the domestic price line, which was rising in sympathy with international prices, and keeping in view the margins available to the growers and exporters, Government decided to impose an export duty at the rate of Rs. 5 per kg. on tea with effect from 9th April, 1977. Simultaneously the excise rebate and drawback payments available on export of tea were also withdrawn.

The House will be glad to know that the objective of the Government to hold the internal prices of tea has been achieved to a significant extent by this measure. The price of leaf tea at the Calcutta auctions came

[Shri H. M. Patel]

down by the end of May, 1977 to around Rs. 19 per kg. thus showing a fall of about Rs. 10 per kg. While there may be several factors to which this fall can be attributed, it would be reasonable to conclude that the export duty was an important element. However, the prices are distinctly higher than those prevalent in the corresponding period of 1976. The movement of prices of tea is being kept under constant watch so that suitable corrective action can be taken as the price situation warrants.

The international prices of coffee have been on the increase since July, 1975 which necessitated the upward revision of export duty on coffee in February, 1976 and again in November, 1976. On 6th November, 1976 when the export duty was fixed at Rs. 1300 per quintal the prices of Uganda Robusta coffee were around £ 2100 per tonne at London. The rise in prices continued in international markets though with some fluctuations and in March, 1977, the prices of the same variety were around £3800 to £ 4000 per tonne at London and at the end of April, it was £ 3951 per tonne. It was, therefore, decided to increase the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal from 26th April, 1977.

The rates of export duties were fixed after ensuring that the growers and exporters of coffee would get a fair return on their investment.

I may also mention that the Government is fully alive to the fluctuating price situation. In the early part of May, 1977, it was noticed that there was a sharp decline in the London prices of Robusta coffee and the average prices fell to about £ 3100 per tonne. The export duty was accordingly reduced from Rs. 2200 per quintal to Rs. 1600 per quintal with effect from 18th May, 1977.

Till 11th May, 1977, chrome concentrates were subject to an export duty of Rs. 15 per tonne. As chromite

ore and concentrates are minerals of strategic importance, it is in the long term national interest to conserve them. Therefore, Government has decided on a policy of restricting exports of these minerals. Government also decided to impose export duties ranging from Rs. 200 per tonne to Rs. 50 per tonne depending on the quality of the chromite ore and concentrates. Apart from being a revenue raising measure, the imposition of export duty is expected to bring down the internal price of this mineral. Due consideration has been given to the present cost of production and current export prices before deciding on the rates of export duties. Chromite concentrates produced by beneficiation of low grade chromite ore (containing not more than 35 per cent Cr<sub>2</sub>O<sub>3</sub> in the natural form has been exempted from the export levy in order to encourage export of this grade. I commend this Resolution for the acceptance of the House.

MR. SPEAKER: Resolution moved:

"That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7, of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following notifications of the Government of India in the Department of Revenue and Banking namely:—

(a) No. G.S.R. 171(E), dated the 9th April, 1977, levying an export duty on tea at the rate of Rs. 5 per kilogram under the new Heading No. 23 in the Second Schedule to the said Act,

(b) No. G.S.R. 193(E), dated the 26th April, 1977, increasing the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal, and

(c) No. G.S.R. 234(E), dated the 11th May, 1977, substituting a new Heading and entries for Heading No. 12 and the entries relating thereto in the second Schedule to the said Act, so as

to provide for levy of export duty on certain categories of chromite ore and for increase in the rates of export duty on certain categories of chromite ore concentrates,

from the date of each of the notifications aforesaid."

SHRI C. K. CHANDRAPPAN (Cannanore): During the last session the hon. Minister brought forward a resolution seeking increase of the export duty of coffee. In this resolution they ask for another increase of the export duty. I think the Government should seriously consider this. In the policy of Government there is a sort of adhocism and whenever a price hike is there in international market, Government comes forward with duty-increases and whenever a downward trend is there they bring down export duty. The Coffee Board has suggested a method by which Government can scale down or bring up automatically whenever fluctuation takes place. That should be accepted. And more than that, the price fluctuation in coffee is due to natural failures. In Brazil nature failed and coffee crop failed; in Columbia there was serious flood. There was civil war in Angola. All these resulted in higher prices in international market as these were big coffee producing countries. Now I understand that the price is coming down in international market.

In this connection I would urge upon Government to accept the proposal of the Coffee Board and not resort to adhocism in regard to export duty. In all these matter you should try to help the small coffee growers.

In regard to Tea, I congratulate Mr. Patel for imposing at least Rs. 5 export duty on tea. But I understand there was a time in the recent past when not a single pie was imposed as duty on tea. As a result of that, certain large profits were amassed by certain export interests in the coun-

try. I know Mr. Patel is not responsible for it. But yet I would like to know why Government failed to impose duty at that time.

The price of tea in the internal market is going up steeply. Yesterday Mr. Mohan Dharia said that the imposition of Rs. 5 as export duty on tea will help to bring down tea price in internal market. I would urge upon the Minister that there is sufficient scope to increase the duty on tea. They should increase it a little more so that in the internal market more tea becomes available. I know Mr. Patel likes to take tea. But tea becomes bitter because it is costly.

I would like to know two things from the Minister. I want to know whether there was any foulplay on the part of anybody in not imposing duty before on tea and, whether, the Government would like to accept our suggestion to impose a little more duty. As the Finance Minister is trying to get more and more resources, he should accept it as it will help the country because the tea will become cheaper internally.

These are my two suggestions that I would like to make.

SHRI M. RAM GOPAL REDDY (Nizamabad): Mr. Speaker, Sir, the Government is getting a lot of money and it is just like a windfall and so, at least, a portion of that money must be passed on to the coffee growers. I want to know whether the Minister is going to think about that and may I know what are the chances to pay a portion of the profits to the coffee growers?

SHRI H. M. PATEL: Mr. Speaker, Sir, so far as Mr. Chandrappan's comments are concerned, I would like to say that in the case of coffee, the price rise in the international market was influenced by the fact that the crops in Brazil failed so widely that it will take some time before the Brazilian coffee once

[Shri H. M. Patel]

again comes into the market. The process has to be started from the beginning.

Therefore, I think the possibilities are that the price of coffee in the international market will remain high. It is true that there will be fluctuations and we should watch those fluctuations to see that we bring down the duty or raise it as the situation may require.

We shall certainly bear in mind his suggestion that we should consider the Coffee Board's proposition. We shall look at it again and I have no objection to do so because Coffee Board is a Board which has the interests of the growers as well as the exporters at heart, and it controls the entire process. So far as the point put forth by Shri Reddy is concerned, we do fix the price of export duty in such a way that a portion of the price-rise does go to the growers, that means, in this case the Coffee Board. In so far as tea is concerned, I cannot really say why it was that the duty was not imposed earlier. I am sorry it needs an investigation which, I have not made. But, as soon as we felt it  
..... (Interruptions)

SHRI C. K. CHANDRAPPA: Will you at least go through it?

SHRI H. M. PATEL: If you so desire, I will go into it certainly. As soon as we feel that the time has really come and we shall be watching the situation and continuously—this will in fact assist us in keeping the internal prices under control for increasing the duty still further or reducing it, we shall certainly take appropriate action.

MR. SPEAKER: The question is:

"That in pursuance of sub-section (2) of section 8, read with sub-section (2) of section 7, of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following notifications of the Government of India in the Department of Revenue and Banking namely:—

(a) No. G.S.R. 171(E), dated the 9th April, 1977, levying an export duty on tea at the rate of Rs. 5 per kilogram under the new Heading No. 23 in the Second Schedule to the said Act,

(b) No. G.S.R. 193(E), dated the 26th April, 1977, increasing the export duty on coffee from Rs. 1300 per quintal to Rs. 2200 per quintal, and

(c) No. G.S.R. 234(E), dated the 11th May, 1977, substituting a new Heading and entries for Heading No. 12 and the entries relating thereto in the second Schedule to the said Act, so as to provide for levy of export duty on certain categories of chromite ore and for increase in the rates of export duty on certain categories of chromite ore concentrates,

from the date of each of the notifications aforesaid."

*The motion was adopted.*

11.25 hrs.

ADDITIONAL EMOLUMENTS  
(COMPULSORY DEPOSIT) AM-  
ENDMENT, BILL

THE MINISTER OF FINANCE  
AND REVENUE AND BANKING  
(SHRI H. M. PATEL): Sir, I move\*  
that the Bill to further amend the

\*Moved with the recommendation of the Vice-President acting as President.