

[Shri H. N. Mukerjee]

to established financial principles and practices undertaken in accounting are essentially audit processes. Its independence is necessary to ensure that the internal accounting organisation has not been coerced by the administration in admitting questionable claims and overlooking irregular practices".

He says:

"Where an accounting organisation itself is outside the control of the administration, as in Government departments, there is nothing inherently wrong or objectionable in the combination of the two functions. The consideration on which audit should be separate from accounts are largely inapplicable in the case of Government organisations".

Now Government has set up so many organisations and Parliament has to take notice of their accounts. In so far as they go, the views of the last Shri Ashoka Chanda seems to be that audit and accounts are inter-related, that sometimes accounting also is like audit function, that some of the audit restraints if applied during the accounting process would be helpful, particularly in a country like ours and therefore in his view accounting and audit were not incompatible and they can remain combined.

MR. CHAIRMAN: The hon. Member may continue tomorrow; we have to take up half an hour discussion now.

17.56 hrs.

#### HALF-AN-HOUR DISCUSSION

#### EUROPEAN MARKET FOR COIR PRODUCTS

SHRI C. M. STEPHEN (Muvattupuzha): Mr. Chairman, by this discussion I am seeking to raise before the House a very vital question which

concerns vast masses of rural workers in Kerala. On the 17th of this month, a question was asked about the coir industry in Kerala and reiterating a question by Mrs. Bhargavi Thankappan, Mr. Speaker put in this question: would you help the State Government to finance the development of this industry? Then my hon. friend Shri A. P. Sharma replied: so far as coir industry is concerned, there is a definite proposal for the Central Government to assist this industry and to that extent the Central Government is assisting and the balance has to be done by the State Government.

This is an unclear and nebulous statement and a clarification is urgently called for, for the peace of mind of a large number of workers in Kerala. I am placing before my hon. friend Shri Sharma and the House the background to the whole question. Coir is an export product and it fetches about Rs. 18 crores of foreign exchange to this country. It employs about five lakhs of rural workers and by way of export cess it brings to the Central treasury about Rs. 1.5 crores every year; This is the human and financial aspect of the industry. It is a basic industry of Kerala and therefore the State Government, even before Kerala State was formed, took initiative in this matter to safeguard the interest of the workers and brought about co-operative societies. Today in Kerala we have 301 primary co-operative societies of spinners, 20 manufacturing co-operative societies and four coir marketing central co-operative societies, without anybody's assistance, we went ahead like that. But financial constraints came in the way and therefore after doing what we could, we approached the benign Central Government for assistance.

In 1968, eight years ago, we put in our scheme before the Central Government and Rs. 15 crores were required to give stable employment to five lakh of workers in Kerala and

restructure the co-operative societies. The Planning Commission appointed an Enquiry Commission in 1969, the K. B. Rao Commission and it submitted the report to the Planning Commission in July, 1970 saying that Rs. 6.99 crores would be required exclusive of working capital. Two and a half years after that, on 18-12-1972, a scheme was framed by the Central Government on the basis of that report and correspondence went on between the Centre and the State. On 11-6-1973 the scheme was amended in some respects, and on 23-7-1973 it was further amended and the scheme emerged in its final shape. The things started in 1969. After a period of four years, the scheme emerges. The basic structure of the scheme is that the co-operative societies must be classified into viable and potentially viable ones. The Central Government said that they would give assistance of loan to the restructuring of the share capital, in order that on the basis of the share capital we can take working capital from the Financial Institutions. They said that with respect to the potentially viable societies, they would provide working capital. Then they said that they would give a subsidy for interest margin, subsidy for managerial assistance and subsidy for godown and sales depots at the rate of Rs. 10,000 per godown, per society and 50 per cent of expenses on the additional staff appointed on this account. These were the proposals put forward. Now, the question arose as to who should calculate and determine this amount. Originally it was the Reserve Bank of India who would do this job. But after the intervention of Shri T. V. Thomas, Minister for Industries Department in Kerala, after a prolonged correspondence, a decision was taken. This decision reads as follows:

"It has been decided that the Action Committee which will also consist of the representatives of the Reserve Bank of India, will be the authority to decide the quantum of societies for each of the items specified under the scheme."

18 hrs.

You asked us to form an Action Committee and you communicated the decision. What is the decision? The decision is that it has been decided that the Action Committee which will also consist of the representatives of the R.B.I. will be the authority to decide, not to propose, not to recommend but to decide the quantum of societies for each of the items specified under the scheme. Now, the first chapter of this drama is over. Four years have passed and the first phase is over. Now, the second phase begins. That is about the implementation. The Action Committee put up our proposals. We said that for the first year we would require Rs. 5.17 crores. On 23-1-74 a communication was received. Details were called for. Within one month the Government of Kerala submitted details, that is on 22-2-74 the details were submitted. A bulky volume was submitted to Centre. All the proforma was filled and the details were given. Details regarding the amount required were shown, that is for the first year, it was Rs. 5.17 crores, for the second year it was Rs. 3.66 crores and for the third year it was Rs. 2.48 crores inclusive of the working capital loan, inclusive of loan for the share capital. Now, these details were lying over and finally on 10-7-1975, Mr. Grewal, Joint Secretary of the Union Ministry, sent a communication saying that a final decision was taken to the effect that an amount of Rs. 4.3 crores would be provided. No more societies must be created and the number of societies must be limited to 241. Here a new element comes in. The loan given by the State Government for the Co-operative societies must be converted into the share capital. According to this offer of Rs. 4.30 crores the loan would be Rs. 2.40 crores and the grant is Rs. 1.99 crores. On this point, a controversy has started now. The whole exercise began in 1968 and now we are in 1976. Eight years have gone by. For what? The State Government did its duty to rehabilitate about five lakh people who are earning sub-level wages by consti-

[Shri C. M. Stephen]

tuting the co-operative societies. Then the Central Government comes forward the offer of assistance. They appointed Commissions, enquiries were conducted and finally the scheme was finalised. After all the details were given to the Central Government, they gave this grant. After all these exercises, they have come out with a magnificent offer of restructuring the scheme. The offer is "don't form any new society" but with respect to the societies already formed you say that you will give a grant of Rs. 1.99 crores and the rest will be given on loan. This is a magnificent offer. To get that, they say, "Whatever you have given to this society, convert it into share capital". I come as a beggar. I want a little money. You say, "Whatever you have, hand it over to me and then I will give you a little more". This is what the Central Government has done to us. Mr. T. V. Thomas has come out with a press statement asking for further clarifications.

Certain basic questions arise and I want clarifications on them. Within this period, they gave Rs. 1 crore in one year and another crore in another year. They thus gave Rs. 2 crores in driblets. Here is a scheme for restructuring 241 cooperative societies. If you give in driblets, you cannot restructure them. If you restructure them, you cover 1.27 lakh workers. What about the remaining 37 lakh workers? We came to you for assistance in order that these poor workers may get sustenance and this foreign-exchange earning industry may be sustained. But you circumscribe it within the existing societies and you also say, whatever has been given should be converted into share capital and nothing more will be given. This is the picture that is emerging.

There was an arrangement between the Central Government and the State Government. You formed an Action Committee and told them, "You are the authority to determine the amount". That Committee which in-

cluded representatives of the Reserve Bank determined the cost and sent it to you. Who are you now to sit back and say, "We shall examine and decide it."? Is this the method of dealing between the Central Government and a State Government? We came to you for assistance on behalf of a large number of workers. Are we to be insulted in this manner? Who are your officers to decide it? What authority have you got to go back on an arrangement which was framed by discussions between the Central Government and the State Government? This is a matter of code of conduct between two governments. As I said, Rs. 2 crores was given in driblets. What about the other workers? Supposing we are restructuring the societies, are you to give us the full amount or not? What business have you to say that you will not allow more cooperative societies to be formed and whatever has been given as loan by the State Government should be converted into share capital? Where should we go for restructuring arrangements for the remaining 3.7 lakh workers? You have no answer. You leave them on our lap and remain quiet. Eight years after the exercise started and the State Government came knocking at your door, eight years after the groan of five lakh workers started resounding, what have you given us? Just Rs. 2 crores in driblets, of which a substantial portion is mere loan. You are not prepared to give substantial assistance for the rest. Commission after commission is coming; enquiry after enquiry is being held. Return after return is being called for. Microscopic enquiries are being conducted. All resulting in just Rs. 2 crores! All this has resulted in the grant of Rs. 4.51 crores. This is not the attitude to be taken. We are living in a period when the rehabilitation of the rural workers is the major slogan. Here is a section of rural workers; and according to your own Commission, they are living on a subsistence level. We came to you because we had no wherewithal; and you have to treat the entreaties made in a dignified and respectable manner. You may have to see whether the

money is utilized properly or not. For that, the monitoring committee is provided for. It has not cared so far to see for itself whether the money has been utilized. Maybe, it is because you have not given money as per commitment. The proposal of the Action Committee will have to be implemented. The monitoring committee should go into the utilization of the money. They may guide, and scrutinize and take action against the misuse of the money, if any. Anyway, the agony has to be removed. It had started 8 years back. One generation of the workers must have died. A new generation has come into being. Let it have a full-march forward. You are saying that we must implement it vigorously. These are the instructions that we are getting. But for implementing it vigorously, you should not give the money in dribblets. Is this how you want vigorous implementation? I want to tell Mr. Sharma that this is a matter on which there is a considerable agony in Kerala, a considerable concern among large sections of the workers in Kerala; and, therefore, a definite decision has got to be taken. I am sorry my dear friend and colleague, Mr. Sharma has got to carry this baby which is about eight years old. He must act with a dynamism and drive which alone have brought me and him together, and kept us together. Let that dynamism come into this picture and let him, with a heart which is yearning for the welfare of the workers, think of these 5 lakh workers who are under subsistence level, and go ahead to implement the scheme. Of course, the Government of India can have doubts. A monitoring committee is provided for in the original scheme. You should institute it, with representatives from the 4 ministries and the Reserve Bank and you should put them to the task of seeing that the money you give, is being utilized properly, in the interests of the workers. But please sanction the money. Let there not be a Shylockian or a miserly attitude. Let his heart go out to help out the large number of workers. And I hope Mr. Sharma

will give a reply which will allay the fears and concern, which have been created as a result of certain answers which were given here and in the Rajya Sabha and as a result of a certain communication which Mr. Sivaraman had sent to the Kerala Government and which was published very largely in the Kerala newspapers. On these questions which I have already raised, viz. whether the Government stands by the Action Committee, whether the Government will review the sanctioning of Rs. 4.31 crores; whether that amount is all that the Government would give, whether it is prepared to consider extending this assistance to the remaining workers also—of course after the present society is re-structured—i.e. whether the government is prepared, thereafter, to go into the question of other workers also and go into it with a sufficient sense of urgency, I look forward to getting the necessary clarifications.

SHRI B. V. NAIK (Kanara): I think I have registered my name for a subject almost by default.

MR. CHAIRMAN: Unfortunately, you cannot transfer it to Mr. Chandrappan.

SHRI B. V. NAIK: The question was one relating to a delegation which had visited the West European countries recently, in order to have some exploratory talks with the European Economic Community. But since Kerala is on the forefront, the crux of the problem has been presented by our dear friend Mr. Stephen—the problem with the Reserve Bank, the problem with the Ministry of Industry and Civil Supplies and the problem with the CPI-led Ministry in Kerala. That Ministry should be able to take a more sympathetic attitude towards the 5 lakh workers there. In Kerala, every house has got a wheel. It is a wonderful sight. Since our topography of 200 miles of coast-line in the State of Karnataka is absolutely identical to that of the coast-line of Kerala, our products are the same. But unfortunately

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we find that in the matter of export, or even in the matter of participation in national productivity of coir and coir products—which have such excellent markets abroad—we are not represented at all. There is some representation by someone in the Ministry or Department of Industries, who does not know what is coir, what is husk, what is hay and things like that.

**SHRI VAYALAR RAVI** (Chirayinkul): Shri Ramesh Pai is there.

**SHRI B. V. NAIK**: Shri Ramesh Pai is a good banker. I give him credit for that. But he is not a coir worker.

**MR. CHAIRMAN**: Tamil Nadu comes second, after Kerala, in the matter of coconut production.

**SHRI B. V. NAIK**: We should not have bankers, tycoons and business magnates in these boards.

Coming to exports, the total export in the year 1972-73 was 47,000 tonnes and we earned Rs. 14 crores and odd. There has been a decline in both the quantum as well as the value of the earnings. In 1973-74 we exported 45,000 tonnes and earned only Rs. 15 crores. Then there are split figures. Between April to September 1973 the quantity exported was 20,000 tonnes and amount earned Rs. 6.7 crores. In the same period in 1974 the quantity exported was 19,000 tonnes. In other words, instead of any increase, there has been a progressive decline in both the quantum and the realisation of the value. I think the European Economy Community is one of the major purchasers. Will the hon. Minister tell us the reason why there is a decline both in value of per unit as well as the quantum?

Secondly, with due sympathies to Shri Ramesh Pai, will some coir worker, manager or co-operator find a place in the Coir Board, regarding which written representations were given at the time when the predecessor

of Shri Sharma, who also came from Kerala, namely, Shri George, was in office? We have written to Shri George many times and even names have been sent. Will some social worker or coir worker get a place in the Coir Board to render service, in place of some people who are only vicariously interested in coir?

**THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND CIVIL SUPPLIES** (SHRI A. P. SHARMA): Mr. Chairman, at the outset, I would like to thank my hon. friend, Shri Stephen, for raising this issue on the floor of this House. It is not that I consider that he has done any favour to us, but I think it was necessary that the controversy that has been raised regarding the development of the coir industry in Kerala should be cleared.

It is exactly because this controversy has been raised, to which Shri Stephen has made a reference, that various committees and study groups were set up to study this problem. He has also referred to the recommendations that the Committee has made. I would say that we have to look at the whole problem. First of all, I would like to point out that whatever has been said so far is not actually correct.

The correct position is like this. In connection with the formulation of the draft Fifth Plan, the Planning Commission had constituted several task forces, there is no doubt about it, including one on the coir industry. The study group on the coir industry has recommended an outlay of Rs. 44.08 crores for the development of the entire coir industry in Kerala, out of which nearly Rs. 30 was for providing working capital to the coir co-operative societies.

Subsequently, the State Government sent some fresh proposals. I want to point out here that from time to time the State Government has been sending different proposals. This time they sent proposals involving a total outlay of over Rs. 86 crores, which included

over Rs. 65 crores for working capital. This is how these proposals have been coming for consideration before the Central Government and the Planning Commission.

These proposals again were considered at a very high level inter-Ministerial meeting held in the Planning Commission in July, 1974, and the view taken was that the Central Government might provide a special assistance—I would like my friend Mr. Stephen to mark these words—of Rs. 3 crores and that the State Government might provide Rs. 12 crores in their Fifth Plan for ensuring the successful implementation of the programme for the development of the coir industry in the State including re-structuring of the potential, viable coir co-operative societies.

Although the Planning Commission has agreed to the draft Fifth Plan outlay for the coir industry under the State Plan of Rs. 12 crores from Rs. 6 crores as proposed by the working group consisting of representatives of the Planning Commission, the Commerce Ministry and the State Government, the State Government have not till now agreed to this. In fact, the additional Rs. 6 crores agreed to by the Planning Commission is being provided for other small industries by the State Government. This is how the confusion is being created that we are not doing our part of the job. This is the position that I wanted my hon. friend, Mr. Stephen, to understand so far as the Plan provision is concerned.

He has referred to my answer to Question No. 130 in the Lok Sabha on 17-3-1976 and has sought a clarification. I would like to give the following facts by way of clarification. The details of the special Central assistance which comes to Rs. 4.31 crores are as follows. There are 237 primary societies. I will come to this again as to how these 237 societies have been re-structured so far with the assistance that we have given especially for this purpose. The details are: share capital—Rs. 20 lakhs, working capital—

Rs. 153 lakhs, managerial subsidy—Rs. 33.8 lakhs, godowns and sales depots—Rs. 25.9 lakhs, interest subsidy—Rs. 71 lakhs.

Central marketing societies—number: 4. Assistance given: interest subsidy—Rs. 61 lakhs; godowns and sales depots—Rs. 80 lakhs; administrative expenditure—Rs. 6.27 lakhs.

The total of 1, 2 and 3 comes to about Rs. 430.97 lakhs, including the requirement of the existing viable societies, including the requirement of the workers' co-operative societies.

As far as special assistance is concerned, it would cover 237 existing co-operative societies and four central coir marketing societies in Kerala, with the present membership of workers (about 70,000), when these societies become viable, it would cover about one lakh workers. This is the assistance that we have given so far.

As far as the assistance which the Central Government has already given we have not given Rs. 1 crore; we have given Rs. 2 crores, and if further release was not made, it is only because we have not received utilization certificate. About utilization certificate, I would like to say that it is not quite all right; there are some discrepancies. But, on the receipt of this utilisation certificate in the month of February, the Central assistance released so far is Rs. 3 crores. We have released one more crore. However, we would like to release Rs. 1.31 crores. But this will be released on the receipt of utilization certificate from the State Government for this Rs. 1 crore that has already been released.

My friend, Mr. Stephen has said that we have given this money for the restructuring of the societies, and for the new societies, we have said that we are not going to do anything. In spite of this assistance, my friend Mr. Stephen will be surprised to know that during these two years, by the

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release of Rs. 2 crores, only 22 co-operative societies have been made viable so far. So, this is the position so far as the viability of these societies is concerned.

**SHRI C. M. STEPHEN:** 22 are already viable.

**SHRI A. P. SHARMA:** Well, I do not know. But this is the report that we have got now. The special assistance was given to Kerala only with a very special consideration which my friend has pointed out that it is a labour intensive industry, especially belonging to the weaker-sections of society who are employed in this industry. This is the special step that the Government has taken. In no other case you will find that this kind of special assistance has been extended. Now, if, on the other hand in spite of this assistance that the Government is giving for the restructuring of the societies, anybody expects that the whole expenditure of the plan outlay is to be met by the Central Government, I do not know as to why any exception should be taken when I say that the balance will have to be met by the State Government from their own resources. This point has also been made clear by my senior colleague Mr. Paj in a letter to the Chief Minister of Kerala; because so many controversies, so many points have been raised repeatedly instead of going ahead with the implementation of this scheme for which the money is released. We have also decided that we will be setting up a commission under the Chairmanship of Mr. Sivaraman, a Member of the Planning Commission, to go into all these aspects that have been raised, and we will definitely be awaiting the recommendations of this Committee. I want to assure my friend, Mr. Stephen that so far as I am concerned, I am quite conscious about the problems in Kerala, particularly in this industry, the

people employed in this industry, and definitely all possible consideration will be given by the Central Government to the recommendations of this Committee and the report of this Committee. I want to make one point very clear that this is entirely a problem of an industry and I wish that no controversy should be raised by which we should try to create an impression that the Central Government is not sympathetic to this problem faced by the Kerala State, Kerala industry and the coir industry in Kerala, and that only some people are very much interested in it whosoever they might be. Therefore, I want to assure the hon. Members, so far as the Central Government is concerned, that we are fully aware of the problem and we are prepared to assist the coir industry in Kerala. But I want to remove one impression for all time to come that to finance the Plan outlay of any particular industry in a particular State is not the responsibility of the Central Government. It is definitely the responsibility of the State Government. Perhaps, an exception has been taken to that. That was considered to be a point of controversy. It is not a point of controversy at all.

My hon. friend, Shri Stephen, has raised one more point about the foreign exchange earnings. This is a general question. This is not the only industry which is earning foreign exchange. There are other industries also which are earning foreign exchange. This general question is always taken into consideration by the Central Government and the Finance Commission and, accordingly, a decision is taken. A special decision is not required to be taken regarding a particular industry only because it is earning foreign exchange. He gave the figure of Rs. 18 crores. There are industries which are earning more foreign exchange. This is also taken into account when a general policy is framed. Therefore, I

hope, there will be no misunderstanding so far as the development of Coir industry in Kerala is concerned and the sympathy of the Central Government is concerned.

Then, my hon. friend Shri Nalk, asked a question to which the answer is definitely in the affirmative. The export is on the decline. There are various reasons for that. One of the main reasons is that we are required to improve the quality of our goods. We have also to maintain the time-schedule for delivery. There have been complaints about that. I have recently been there, for this purpose, to see how our export promotion could be augmented and exports increased to various European countries.

Another thing is that Sri Lanka has come in the field in a very big way as our competitor. To that extent, we have to improve the quality and standard of our goods. I am sure, as a result of our efforts that we are making in this direction, we are bound not only to regain the market that we have lost so far but we are likely to augment our exports also in the coming years.

SHRI VAYALAR RAVI (Chirayinkil) : May I seek a clarification regarding the restructuring of the societies? Out of 200 and odd societies, the Minister has said that there are 20 viable units. There are so many societies, even viable societies, which have been superseded by the Government. It is not because they are not viable but because of some other reasons. Mr. Stephen has pointed out about the monetary committee which should control the money that is given to these societies. The monetary committee should look into it. Will the hon. Minister consider that when the money is given, it should be seen that the money is properly used and that the societies

should not be superseded by the Government due to some other reasons, other than the viability of the societies ?

Then, these societies should not create another class of exploiters. These are mainly meant for the workers. A new class of exploiters of the workers in the name of these societies is emerging, will he kindly consider this aspect of the matter also ?

SHRI C. K. CHANDRAPPAN : The hon. Minister has stated that a Committee headed by Mr. Sivaraman of the Planning Commission will go into all the aspects of the assistance to the coir industry in Kerala. I would like to know how soon the Committee will come out with its report. One of our main grievances is that the report had been given about 7 or 8 years ago. Still, to our satisfaction, the decision has not been given. I do not say that the Minister is unhelpful. He has expressed all his sympathy. But I want to know when this Committee will come out with the report.

Secondly, considering that Government is keen on helping the weaker sections of the society, specially after the declaration of the 20-point programme, without going into the technical aspect of it—Government will have to look into the technical matters, I know—will it not be possible for the Government to have a new look on the problem because of the very fact that it affects the lives of the millions of the poor people in Kerala ?

SHRI A. P. SHARMA Regarding the question put by my friend, Shri Vayalar Ravi, it is very difficult for me to say as to what machinery, other than what exists in Kerala, is required to see about the utilisation of this money. But we shall definitely take note of the anxiety that he has expressed, and thus much I can as-



sure him that we will bring the anxiety that he has expressed to the notice of the implementing authorities.

About the time limit for Sivaraman Committee, it is not possible to fix any time limit, but I want to assure my hon. friend that we will see that it takes the minimum possible time. About his suggestion that this Committee may have a new look

towards the whole problem, this point will also be taken note of.

MR. CHAIRMAN: The House stands adjourned to meet tomorrow at 11.00 a.m.

18.42 hrs

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, March 25, 1978/Chaitra 5, 1998 (Saka).