

[Mr. Deputy Speaker]

The question is :

“That Clauses 2 and 3, the Schedule, Clause 1, the Enacting Formula and the Title stand part of the Bill.”

*The motion was adopted.*

*Clauses 2 and 3, the Schedule, Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRIMATI SUSHILA ROHATGI :  
Sir, I move : \*

“That the Bill be passed.”

MR. DEPUTY-SPEAKER : The question is :

“That the Bill be passed.”

*The motion was adopted.*

14.52 hrs.

STATUTORY RESOLUTION RE.  
INCREASE IN EXPORT DUTY  
ON HIDES, SKINS ETC.

MR. DEPUTY-SPEAKER : We now take up the Statutory Resolutions. Mr. Pranab Kumar Mukherjee.

THE MINISTER OF STATE IN-CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE) :  
Sir, I beg to move the following Resolution :—

“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 (Revenue Wing), namely :—

(a) No. G.S.R. 741(E), dated the 2nd August, 1976, increasing

the export duty on hides, skins and leathers, tanned and untanned, all sorts, but not including manufactures of leather from 20 per cent *ad valorem* to 25 per cent *ad valorem* ;

(b) No. G.S.R. 743(E), dated the 2nd August, 1976, levying export duty on animal feed at the rate of Rs. 125 per tonne under the new Heading No. 21, in the Second Schedule to the said Act;

(c) No. G.S.R. 745(E), dated the 2nd August, 1976, for substituting the entry ‘Mica’ in Heading No. 8 in the Second Schedule to the said Act by the entry ‘Mica, including fabricated mica’

from the date of each of the notifications aforesaid.”

The Customs Tariff Act, 1975, was brought into force with effect from the 2nd August, 1976, replacing the Indian Tariff Act, 1934. Heading No. 14 of the Second Schedule to the new Act, which refers to hides, skins and leathers, tanned and untanned, all sorts, but not including manufactures of leather, showed a rate of export duty of 20 per cent. However, the corresponding entry under the Indian Tariff Act, 1934, carried the export duty of 25 per cent *ad valorem*.

Notification No. G.S.R. 741(E) dated the 2nd August, 1976, seeks to increase the rate of duty from 20 per cent to 25 per cent so as to maintain the *status quo ante*.

By Notification No. G.S.R. 743(E) dated the 2nd August, 1976, a separate Heading No. 21 has been added to the Second Schedule to the Customs Tariff Act, 1975, for animal feed with export duty at the rate of Rs. 125 per tonne. Export duty was being levied at this rate on animal feed

even under the repealed Act. However, the addition of a specific heading for animal feed in the Second Schedule to the new Act was considered necessary to resolve the difficulties faced by custom houses in this regard.

Notification No. G.S.R. 745(E) dated the 2nd August, 1976, seeks to amend the description against Heading No. 8 in the Second Schedule to the new Act to read 'Mica, including fabricated mica' in place of 'Mica'. The corresponding entry in the Second Schedule to the repealed Act read as 'Mica, all sorts'.

Under that description fabricated mica was also liable to pay export duty. The proposed amendment seeks to make the position clear regarding the types of mica which are chargeable to export duty, without changing the scope thereof.

I wish to make it clear that by issue of these notifications there is no additional burden by way of export duties as these Notifications seek to maintain the levels of export duties prevailing before the 2nd August, 1976, when the new tariff was brought into force.

I, therefore, submit to the House that approval be accorded to the Notifications.

**MR. DEPUTY-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 (Revenue Wing), namely :—

(a) No. G.S.R. 741 (E), dated the 2nd August, 1976 increasing the export duty on hides, skins and leathers, tanned and untanned, all sorts,

but not including manufactures of leather from 20 per cent *ad valorem* to 25 per cent *ad valorem* ;

(b) No. G.S.R. 743 (E), dated the 2nd August, 1976 levying export duty on animal feed at the rate of Rs. 125 per tonne under the new Heading No. 21 in the Second Schedule to the said Act ;

(c) No. G.S.R. 745 (E), dated the 2nd August, 1976 for substituting the entry 'Mica' in Heading No. 8 in the Second Schedule to the said Act by the entry 'Mica, including fabricated Mica'

from the date of each of the notifications aforesaid."

**SHRI S. M. BANERJEE (Kanpur) :** I have no hesitation in supporting this resolution because the hon. Minister has really mentioned that there will be no extra burden on the export duty.

When I support this I would like to mention something about exports of raw hides, skins and leathers, tanned and untanned because 3 or 4 places in the country are famous for exporting hides tanned and untanned and in goods we are doing it now because previously during the time of the Britishers they used to take the raw hide from us and they were auctioned in London and other places and the same hide after tanning used to come to our country. I have seen what was happening in Kanpur, how the tannery workers were exploited, how the tanners were exploited and how the entire stocks of cow hides, buffalo hides or the goat skin were exported without any arrangement for tanning in our country. Now we have got very good tanneries in Kanpur, Madras, Hyderabad and other places. I have mentioned Kanpur because of the formation of Tanneries and Footwear Corporation and a few tanneries have also been modernised. Madras is famous for exporting hides

[ Shri S. M. Banerjee ]

and half-tanned hides—what they call, blues, which are very much liked in USA. I have a feeling that some steps should be taken to see that this export of hides is equally distributed among all the tannery-owners. What is being done is that it has been channelised through STC. I do not mind. I want STC come in between. But, what is happening is that certain tanners who have got their links through the small tanners are actually monopolising the entire export market and it is they who are benefited by these exports. I know. The Finance Ministry can have discussions with the Commerce Ministry who are primarily concerned with such exports. I think this can be equally divided and the tanners whether small or big who are really doing the job and tanning the raw hides to the extent where exports are possible should not be deprived. What is happening in Agra? All people are approaching the big tanners either at Madras or Kanpur who have huge tanneries and who are monopolising the entire trade and they are sending their hides through these tanners with the result that they are simply getting a commission and in certain cases they are not getting proper prices for the raw hides which are tanned and sent abroad and the benefit of these exports goes into the pockets of only those who are monopolising this particular trade.

15.00 hrs.

There is another question which arises and that is whether the time has not come where to protect the leather industry against the severe competition from plastics and other synthetic materials we should have a corporation. I was told that the Commerce Ministry was seriously considering to establish a Bharat Leather Corporation. I want to know what has happened to that Bharat Leather Corporation. A Bharat Leather Corporation can be formed not merely for the purpose of

exports of leathers, half tanned or tanned or even in the raw condition but also manufactured articles. We are now exporting shoes. We are exporting shoes, leather goods, suit-cases and so on. If you go to Kanpur you will see the factory which was owned by Bajorias and Mundhras and so on, I mean, the British India Corporation and so on. Now it is running very well thanks to the personal interest taken by Mr. B. P. Maurya. We should improve the market for exportable leather goods and so far as Flex is concerned, there is a glut in the market. The prices are reduced. After all, when do we wear shoes in India? I am a person who wears shoes only for one or two months in a year, that is in December or January. In India we can pull on with chappals for the rest of the months and there are numerous people also here who do not wear shoes at all. Unless we improve our leather export market the shoes manufactured by TAFCO will not have any market inside the country also. I would tell to the hon. Minister that we do not mind increase in excise duty for export purposes but we should also develop this particular corporation, Bharat Leather Corporation. Our raw hides used to be taken away and we have had to pay heavily for its purchase in finished form. The cost of a shoe is Rs. 36 and more. We can have a cheap quality shoe. Our export is limited and better quality shoes can be exported. We got some contract with Soviet Union but we manufactured so badly that an order of 56,000 shoes had to be cancelled by them. To protect the leather industry it is necessary that the leather goods manufactured by our factories should also be exported. I request the Finance Minister to have a dialogue with the Commerce Minister to help the leather industry in every possible way. As you will see, temperaments and tastes change every time. Nowadays people like big-heel shoes and so on. Every day people are changing the designs. We have to keep pace with such things. We should protect the interests of the workers in

the leather industry which is in crisis now. It is only through export to our friendly countries that this industry can be saved.

With these words, I extend my support to the Government Resolution moved by the hon. Minister.

SHRI PRANAB KUMAR MUKHERJEE: One Resolution was issued on 1st May, 1976 and this was done only to support the contention of Mr. Banerjee so that raw hides are not exported out of the country and that is why we wanted to impose export duty at 25 per cent. So far as the export policy on leather and other things are concerned, this is something concerning the Commerce Ministry and we are in dialogue with them. We have asked what structure they would like to have, what type of administrative machinery and so on. My purpose is to get the surplus of the profit to fill our national exchequer, and that is the job of Revenue Minister, so far as export duty is concerned.

Here what we are doing in this particular matter both in hides and in animal feeds is this. We, in consultation with the Commerce Ministry, have brought this notification. I do feel, that more and more it should be our endeavour to see that we are in a position to export finished leather instead of raw hides and skins and the whole objective of imposing export duty is with that end in view. What should be done in relation to exports to the friendly countries and in what way the improvement of the leather industry can be taken care of—these I can pass on to the concerned ministry.

MR. DEPUTY-SPEAKER: The question is:

“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 (Revenue Wing), namely:—

- (a) No. G.S.R. 74(E), dated the 2nd August, 1976 increasing the export duty on hides, skins and leathers, tanned and untanned, all sorts, but not including manufactures of leather from 20 per cent *ad valorem* to 25 per cent *ad valorem*.
- (b) No. G.S.R. 743 (E), dated the 2nd August, 1976 levying export duty on animal feed at the rate of Rs. 125 per tonne under the new Heading No. 21 in the Second Schedule to the said Act;
- (c) No. G.S.R. 745(E), dated the 2nd August, 1976 for substituting the entry ‘Mica’ in Heading No. 8 in the Second Schedule to the said Act by the entry ‘Mica, including fabricated Mica’.

from the date of each of the Notifications aforesaid.”

*The motion was adopted.*

15.07 hrs.

STATUTORY RESOLUTION RE.  
CONTINUANCE IN FORCE OF THE  
PROCLAMATION IN RESPECT OF  
NAGALAND

MR. DEPUTY-SPEAKER: We now take up the next item on the continuance of the Proclamation in respect of Nagaland. Shri Brahmananda Reddy.

THE MINISTER OF HOME AFFAIRS (SHRI K. BRAHMANANDA REDDY): Sir, I beg to move the following Resolution:

“That this House approves the continuance in force of the Proclamation, dated the 22nd March, 1975, in respect of Nagaland, issued under article 356 of the Constitution by the President, for a further period of six months with effect from the 26th September, 1975.”