

[Shri Raja Kulkarni]

been authorised by the Foreign Trade Ministry. Licences have been given to the private employers. What the private industry could not do by themselves for modernisation, they are now doing the same with the help and assistance of the Government by sacrificing the interests of the workers in the industry. It is there in the report of the Ministry. I am only drawing the attention of the House to the misleading report which is given in the Ministry's report at page 105. Dealing with the jute industry it has been stated that the main reason for the fall in jute exports...

MR. CHAIRMAN : Now please finish.

SHRI RAJA KULKARNI : There is a contradictory report. There I have to point out that it is the strike which is the result and not the cause for the fall in jute exports. The cause is the fall in the demand in the American market and not the strike of the jute workers in Calcutta. Subject to these remarks I support the demands of the Ministry of Foreign Trade.

MR. CHAIRMAN : The hon. Minister,

THE MINISTER OF FOREIGN TRADE (SHRI L. N. MISHRA) : Mr. Chairman, I am indeed very much grateful to the House, especially some of the hon Members like Prof. V.K.R.V. Rao, Mr. Pandey and many others, who have complimented the performance of this Ministry and have paid eloquent words of praise for this Ministry before I take up the subject.

I would like to mention some of the broad features as regards the policy and programme of my Ministry.

I would like, first of all, to deal with the policies which we are adopting, the policies in which we want to work.

MR. CHAIRMAN : You may please continue tomorrow.

Now the House will take up Half-an-hour discussion.

17.31 hrs

#### HALF AN HOUR DISCUSSION RE. DECLINE IN COIR EXPORTS

SHRI A. K. GOPALAN (Palghat) : I

am glad the Minister is here. I want the Minister also to understand the problem. The Deputy Minister has understood the problem. I know he is helpless. So, I want the Minister also to understand the problems.

The coir Industry is the traditional national industry in Kerala. It provides direct employment to 5 or 6 lakhs of people.

THE MINISTER OF FOREIGN TRADE (SHRI L. N. MISHRA) : Mr. George is looking after your subject—he comes from Kerala.

SHRI A. K. GOPALAN : He is helpless. That is why I want you to hear me. From the retting of the coconut husks till the fabrication of yarn there are about 10 lakhs who are engaged on this industry in the coastal area of Kerala, employed in spinning, weaving and also in the trade. There are two sectors. One sector is the spinning. The other is the manufacturing sector. From the retting of the coconut till making fibre and yarn this process is carried out in the first sector, in the spinning sector. Different varieties of coir yarn are produced which are used for manufacturing different kinds of coir products. The spinning sector consists of 6 lakhs of workers. Their life is very miserable. They get only 50 paise minimum and a maximum of Rs. 1-50. That is only what they are getting. They work for 10 to 15 hours a day. Majority of the workers are women and children. There is acute unemployment in this sector.

The next is the manufacturing sector. They make the coir yarn products, coir matting, carpets etc. and they undertake exports. 50,000 workers are employed in this sector. Handling exports is a dominant part of this sector. These exporters are handling the monopoly of export in the coir trade. That is the reason why the coir industry is in ruins today. The reason is this. The major portion of the exported commodities are not produced by these exporters. There are small-scale producers and these are purchased from small-scale producers. The Coir Board fixed a floor price as for as the coir yarn is concerned. They are not giving them. There are 5,000 small-scale producers. Now about 100 factories are locked out and about 4,000 workers are unemployed.

There was a strike and after this strike what happened was this. Coir Board fixed

up a floor price. Those who are exporters, monopoly exporters, do not produce anything. They purchase from small scale producers and they do not give them the floor price. So, there is a compromise between the exporters and the small-scale producers. Though Government or the Coir Board has fixed the floor price, and fixing of the floor price means that they have looked into the fair wages of the workers, dearness allowance, cost of living index and also profit for the exporters, yet that price is not paid, and there is acute unemployment and there is lock-out in the factories as far as the weaving sector is concerned. The workers employed by the small-scale producers are denied of the benefits of the factory workers. They are not getting fair wages or any other benefits. The Coir Board has fixed the price for the exported commodities. The basis of such fixation is fair wage of the workers, dearness allowance according to the cost of living index and profit for the exporters. Though this has been done, the small-scale producers for their own benefit compromise with the exporters and do not give this price. This is the main reason why there is a lock-out as far as the small-scale units are concerned, and there is unemployment as far as many small units are concerned.

There are about 4000 workers today who are unemployed. There is a news that the Ministers say that even if the whole export trade is taken over by the STC and Government themselves buy it and export it, it would be detrimental to the growth of the industry. We say that it is not at all detrimental, because we get orders from the foreign countries not because of the cleverness of the monopoly exporters but because the foreign countries want it. So, if Government take up the question of purchasing it and exporting it then certainly they can set up some agencies in foreign countries, and thereby not only the industry will develop, but the exploitation by the middleman who is not doing anything but who merely gives the whole responsibility of producing to the small producers who exploit the workers by not giving them fair wages and so on will also be eliminated.

I would now like to put forward before the Government a few suggestions for revitalising this industry. The first is the control of the price of husk. Government should fix and implement fair price for the husk. The State Government of Kerala have

fixed it and have asked the Government of India to bring it within the purview of the Essential Commodities Act. I want to know from the Central Government why permission has not been given to bring it within the purview of the Essential Commodities Act even though such permission had been sought a few months ago.

What is the difficulty in giving such permission to the State Government especially when they say that they cannot control the husk price in the absence of such provision? Even though the price is fixed by the State Government, still we find that double or treble the price is taken by those who ret the husk. So, I would request the Central Government to grant permission to the State Government and bring it within the purview of the Essential Commodities Act so that the price fixed for the husk could be paid.

My next suggestion is in regard to collection and retting of husk. For collection and retting of husk, adequate machinery has to be created by Government. There are coconut cooperatives. These cooperatives can take the coconuts from the cultivators and they can give us the husk, and Government will be able to get the husk from them and have it retted.

Then depots shall be established at the spinning areas for collecting and storing yarn by the Government and the price of coir yarn shall be fixed by Government in link with the floor price; otherwise, if it is not linked, the workers will not get fair wages.

Necessary machinery should be established to see that the workers are paid fair wages and conferred the other benefits. A Coir Corporation should be established and the commodities shall be purchased and exported by the Corporation. For the functioning of the Corporation, adequate funds should be allotted by the Central Government.

The provisions of the Factories Act should be strictly enforced so that the workers get all the benefits to which they are entitled and enjoy security of service and other conditions of service.

A comprehensive scheme for the development of the coir industry had been submitted by the State Government. They had asked the Central Government for Rs. 15 crores to implement a coir development scheme. This is a small scale industry in

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Kerala. We are earning every year from it foreign exchange to the tune of Rs. 13-15 crores. So apart from providing employment to lakhs of workers, it is in the national interest to save this industry for the nation. The scheme submitted by the State Government involved financial assistance. It had been sent to the Planning Commission. The Planning Commission appointed a study group to go into it. That study group has recommended that financial assistance as recommended by the State Government must be given. Also, this sum of Rs. 15 crores is not asked for in one lump; it is to be spread over three years.

The President in his Address to Parliament had said that they have set apart Rs. 50 crores to create new employment. Here is an industry which gives immense employment and where now 1,25,000 people are unemployed. To revitalise this industry Rs. 5 crores a year for three years is necessary. If Rs. 50 crores are set apart for new employment, why not Rs. 15 crores to save an industry for the nation and provide employment to those who have been rendered unemployed due to the crisis in this industry. Even though the concerned agencies which went into the matter has recommended this assistance, Government have not come forward with it.

So far as the Reserve Bank is concerned, its credit is available only for production-cum-sale societies while the societies in Kerala do not come under this category. So that avenue is closed to them. So special arrangements have to be made to enable the RBI to come to the assistance of the type of societies that exist in Kerala. A scheme for subsidy has also to be approved to encourage the societies to take bank advance.

Again I would remind Government that here is an industry which earns for us Rs. 15 crores of foreign exchange and from which about 10 lakhs of people earn their livelihood, taking the stage of retting to trade. To sum up, three things are necessary to revitalise this industry. First, assistance asked for Rs. 15 crores should be granted. Government must see that the exporters who now exploit the workers are prevented from doing so. Now the factories are closed. They say that they would pay according to the old price fixed, but now

the workers are demanding higher wages and so they have closed the factory. These is the STC. Why not Government take over the export trade? They can purchase direct from the small producers. This will eliminate the middlemen, benefit the workers, lakhs of people will get employment and also save the industry.

On this question, there had been agitation in the State. MLAs belonging to different parties from the State came here and saw the Prime Minister and the Minister in charge. I want to know what Government are doing in the matter. I want to know whether Government can do at least this much that I have asked for. If they will not, then the people will know that the slogans of *garibi hatao* and end-poverty are to remain slogans only and for revitalising an industry of national importance with a small sum of Rs. 15 crores, Government have no money; and are not doing anything.

SHRI C. K. CHANDRAPPAN (Telli-cherry): As comrade Gopalan has said in his speech, this industry in Kerala is today facing a big crisis. It is a question of re-organising the industry and finding resources to invest in a big way. It is time for the State to step into save the industry whose export potential is considerable.

In view of these things, may I know whether the Government would consider a proposal to have a high level conference immediately to be convened where the representatives of the workers, the employers, the State Government and the Centre would be represented, and the problem will be discussed thoroughly and some decision taken?

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A. C. GEORGE): I fully appreciate the deep concern expressed by the hon. Members about the coir industry and its export possibilities as well as problems. It is true that the industry has been passing through very difficult times and that the export of coir yarn has been declining. Even so, the export of coir products has not done so badly. The most important cause for the decline of exports resulting in an overall slump in the industry is the keen competition from synthetics in the countries to

which we are exporting. Hon. Members are aware that the European coir industry has been gradually shifting to synthetic substitutes. The main reason for this is the ready availability of a standardised product with superior finish and no problems of shipping schedules.

At the same time, we suffer from certain other defects also. Many of the factories in Europe are gradually giving up the use of coir yarn, or at least considerably reducing it. In the circumstances, unless we can effectively compete with the substitutes by improving our quality, consistency and regularity in supplies, this industry will have very difficult times ahead. Naturally the shift to synthetics also may continue.

Shri Gopalan raised the points regarding the difficulties in the spinning sector as well as the manufacturing sector. It is true that this is an industry with one of the highest employment potentials. In the entire coast line of Kerala, the poor people are depending on this traditional industry. I do agree that of late there is unemployment or under-employment in that area. He raised certain points regarding the husk control, floor prices and other matters connected with it. Regarding the control of the husk Price, we are having further discussions with the Kerala Government and we hope quite soon to be able to arrive at conclusions regarding that.

Shri Gopalan also raised certain points regarding the State Trading Corporation entering the export sector. I may humbly submit that even nowhere is more than a modest attempt by the Kerala Government in the export field. We are keenly watching their performance and want to learn from their experience before the State Trade Corporation itself goes into the export field.

We are prepared to make a proper study of the situation and benefit by the experience of the Kerala Government's attempt in this matter.

I should like to assure the House that the Ministry is fully conscious of these problems. Only recently a senior officer of the Ministry studied the problems of the coir industry and its exports in great depth and submitted a report suggesting remedial measures. Action on that report is being taken. Some of the basic suggestion made in the report are: making adequate provision for the inputs for coir products,

improving the infra-structure for marketing and the possibility of collaboration in order to facilitate exports of coir products with the help of the coir industry in Europe.

Various other measures for the development and preservation of the industry are also being taken. We are trying to obtain a coir expert from UNDP. Negotiations are going on with the EEC for obtaining better access to our products in the European markets. I hope the hon. Members will realise that this is a very important attempt because a sizeable portion of our exports is to the Western European countries. We are hopeful of achieving some results very shortly. A study has also been made on the cooperative set up in Kerala which covers a significant part of the coir industry. We are considering in what form assistance can be rendered to the Kerala State Government in order to enable them to strengthen the coir cooperatives. In this context I should like to correct the impression created by my hon. friend Shri A. K. Gopalan. The Kerala Government's memorandum on the coir industry is a comprehensive report of course; it involves an expenditure of Rs. 15.59 crores. That report was deeply studied by a study team of the Planning Commission. The study team of the Planning Commission has not completely approved of the Kerala Government's scheme. In the opinion of the Planning Commission's team Rs. 15.59 crores are not needed; the total expenditure according to them may be about Rs. 6.99 crores. There too a fair amount of institutional financing is suggested.

**SHRI A. K. GOPALAN :** Will you give at least that ?

**SHRI A. C. GEORGE :** I am coming to that. There is an export duty of 15 percent on the export of coir yarn. Frequent requests from the industry have been received for reduction or abolition of this duty. As we are endeavouring to increase the exports of coir products which means earning a better unit value, any reduction in export duty on coir yarn will only make our task of exporting coir products difficult as we would be increasing competition from the European manufacturers besides losing foreign exchange to that extent.

Coir industry is a labour intensive industry and employs more than 4 lakh workers. We, therefore, have the problem

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of unemployment on the one side and of keen competition from mechanised units in Europe on the other. We are, therefore, facing a delicate problem. Unless we improve the quality of our products which, in some cases, might involve semi-mechanisation, we have a danger of losing export markets. This problem has to be solved in the light of the labour intensive industry.

SHRI A. K. GOPALAN : Mechanisation means that there will be no workers.

SHRI A. C. GEORGE : I said semi-mechanisation. A high level meeting is being convened on the 9th of this month. I do not know whether this coincides with the suggestion made by Shri Chandrappan.

If I understood him correctly, he was asking or demanding for a high level conference where all sectors and interests regarding the coir industry meet in a conference. But the conference that we think of on the 9th, may not be of that type. In fact, we may consider to go along the lines of Shri Chandrappan's suggestions later, but on the 9th, we have already convened a conference, and the industries Minister of Kerala has been invited, and it is hoped that in that conference, where representatives from the other concerned Ministries will also be present a proper solution can be found regarding how best the Kerala scheme and the report of the Planning Commission's study team can both be blended to the satisfaction of the industry as was the people concerned.

SHRI C. K. CHANDRAPPAN : Will you take some decision ?

SHRI A. K. GOPALAN : Will the decisions be implemented ? It is not because there are no conferences. There have been so many conferences, committees and commissions on the matter. But nothing is implemented.

SHRI A. C. GEORGE : I feel there have been so many discussions, but I may categorically say that once decisions are arrived at, they will be implemented.

SHRI C. K. CHANDRAPPAN : Does it mean that the hon. Minister is doubting that there would not be any decisions ?

SHRI A. C. GEORGE : Mr. Gopalan specifically asked whether the decisions will be implemented. I submit that once decisions are arrived at, they will be definitely implemented, and I am definitely hopeful—

SHRI A. K. GOPALAN : This time no decision will be taken.

SHRI L. N. MISHRA : That is not fair.

SHRI A. C. GEORGE : I am very hopeful that in an industry which is suffering—

SHRI MANORANJAN HAZRA (Arambagh) : How long will you take to come to a decision ? (*Interruption*).

MR. CHAIRMAN : You need not reply to any other question.

SHRI A. C. GEORGE : I think that with the co-operation of all of you, from all the hon. Members of this House, on the 9th, we may be able to arrive at some conclusion and a decision, and, of course, move on to implement it.

17.57 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, July 6, 1971|Asadha 15, 1893 (Saka).*