

[Shri C. Subramaniam].

of great assistance to our country in the planning and building up of basic industries. I am confident that in many more such projects to come, we can count on their friendly assistance.

I take this opportunity also of expressing my thanks to the various other countries who have shown keen interest in assisting Bokaro. As a matter of fact, as I mentioned earlier, some tentative proposals have been put forward for our consideration by private steel building interests in U.S.A., U.K., Japan, France, West Germany and Italy. I want to inform these friends abroad that Bokaro is not the only steel project which we propose to build in the immediate future. It is our intention to explore the possibilities of utilising these friendly offers to build other steel plants which are under study at present.

**Dr. L. M. Singhvi** (Jodhpur): In view of this statement, we would like to know whether this assistance would be only assistance in terms of credit or it would also mean technical assistance.

**Mr. Speaker:** These details can be worked out later on.

**Dr. L. M. Singhvi:** This is not a detail; this is a matter of broad approach.

**Mr. Speaker:** Can the Minister reply to this at this stage?

**Shri C. Subramaniam:** Technical assistance to the extent necessary will be made available by the USSR.

**Shri P. R. Chakraverti** (Dhanbad): By what date the plant would go into production?

**Shri C. Subramaniam:** Just now they have made the offer of assistance which we have accepted and now other details will be discussed when the Soviet experts come over here.

**Shri D. C. Sharma** (Gurdaspur): May I know if the work on the 5th steel plant will be taken up now?

**Shri C. Subramaniam** nodded assent.

**Shri P. Venkatasubbaiah** (Adoni): May I know whether the terms offered by the USSR are more favourable in the matter of interest, etc. compared to the offer from other places such as France, USA, etc.

**Mr. Speaker:** This might be taken up later.

**Shri D. C. Sharma:** What about my question, Sir.

**Mr. Speaker:** He has nodded his head.

12.38 hrs.

# COIR INDUSTRY (AMENDMENT) BILL

**Mr. Speaker:** The House will now take up further consideration of the following motion moved by Shri Manubhai Shah on the 30th April, 1964, namely:

"That the Bill further to amend the Coir Industry Act, 1953, be taken into consideration."

Shri Maniyangadan may continue his speech.

**Shri Maniyangadan** (Kottayam): Sir, I welcome this Bill. Coir industry is a very old and very important industry in Kerala. It is perhaps an industry which gives employment to the largest number of people there and that is why I congratulate the Minister for bringing this measure to improve its present condition. It is true that there was a slump in this industry for a pretty long time....

**Mr. Speaker:** Order, order. Some hon. Members think that this is the Central Hall or the Lobbies. They do not even realise that something is

happening here and this is a place where some discretion has to be exercised.

**Shri Maniyangadan:** The hon. Minister was saying that the industry is now doing well with the co-operation of the Coir Board. I do not deny that the Coir Board has done some good for the industry but during the last several years, due to various reasons, of which the most important is the failure to find markets in foreign countries, several factories had to be closed down and a large number of coir workers were rendered out of employment. Even now that position continues. But since the formation of the Coir Board, especially in the last few years, there has been considerable improvement and export also has increased to some extent.

I take this opportunity to congratulate the present chairman of the Rubber Board who is taking very keen interest in this matter. He, with co-operation of the Ministry, has been able to improve the condition of the industry. Export has gone up.

Shri Vasudevan Nair was mentioning here that export of coir manufactured goods has dwindled to zero whereas the export of coir yarn and fibre has increased. If the figures which I got from the Ministry a few weeks back are correct, this is not a correct statement. Taking the figures of export for 1962 and 1963, it is true that the total quantum of export of coir goods has gone down, in 1963 as compared to 1962. But as regards coir manufactures, we find that in the year 1963, there is an increase of 1,071,000 kgs. as compared to the export in 1962. But as regards yarn and fibre, there is a decrease of 1,746,000 kgs. This is a good trend. I do not know what was happening in the previous years. It is true yarn is being exported from here and goods are manufactured in foreign countries which compete with goods manufactured here. That will be a matter of concern as regards our export potentialities.

The main object of the Bill is to allow the Coir Board to start mechanised factories where mechanised methods could be adopted for manufacturing these goods. It is a good thing. It is several years since this idea was mooted and it was originally suggested that about one-third of the present capacity of the factories may be mechanised. I do not know what happened to that idea.

Now, it seems the Board itself is going to start one or more factories. I do not know why the owners of the existing factories could not be allowed to mechanise their own factories. If exports are to be improved, if we are to stand competition with foreign countries where these goods are manufactured, it is admitted on all hands that the quality of the goods has got to be improved, and that is possible only by mechanisation. So there is no meaning in putting objection to that. Of course, there were objections from my State from certain quarters, not from the Government of Kerala. But I am happy to see that that objection also is not there.

So this mechanisation will improve things. Along with this, it is true that by increasing exports, we will be earning more of foreign exchange and we will be increasing the production of goods which will give more employment. Of course, by mechanisation, the present labourers engaged in factories will be finding it difficult to find jobs. That is an aspect which has to be considered. Yesterday, Shri Vasudevan Nair was saying that alternate employment must be provided to these people. If I remember correctly, the hon. Minister also stated on a former occasion that alternate employment would be found for those who had gone out of employment. But I do not know what is the method that he has in mind. Whatever it be, it is a question which he must very seriously consider.

Another factor I wish to bring to notice, apart from the two aspects of promotion of exports and

[Shri Maniyangadan]

also employment of a large number of people which have to be considered, is the aspect of improving the market for coir products in India. What steps are being taken for that? I do not know. Of course, the Coir Board have opened certain shops and certain show-rooms in different parts of the country. But I would request the Minister to see that the various departments of the Government of India and also of the State Governments and several bodies under the control of Government purchase for their use a large quantity of coir goods. If that could be done, I am sure the factories which are closed could be reopened and the workers employed. Along with that, mechanisation will improve the quality of goods and exports will also increase.

Another thing I would like to bring to the Ministry is regarding certain other connected industries. Take, for example, rubberised coir materials. I know certain applications were sent to the Government for licence for starting certain factories. Rubber is available; so are yarn and the other goods. But I do not know what happened to these applications for licences. If this new scheme is allowed to go through, the coir yarn could be utilised in a very very useful way.

In this connection, I may also say that of the coconuts produced in Kerala, about two thirds of the quantity of husk now available is not utilised. Only one third is used, the rest is wasted. The coir industry thrives only in the coastal areas because brackish water is available there. I am told there are certain chemicals which could be used for this purpose. I understand certain methods are found out by research and with the use of these chemicals, the husk could be processed and fibre obtained very easily. If this is true, other parts of the State where no brackish water is available could also start this industry and almost all the coir husk produced there could be utilised for this industry without wasting it.

Coconut grows not only in Kerala but in certain other States also. The Board is taking steps to develop the coir industry in those areas also.

My submission is that all these aspects must be taken into consideration. Along with this, I would also submit that the present duty on manufactured goods should be reduced. As was recommended by the Coir Board last year or so, the Government raised the duty and now it is equal to the duty on coir yarn. That must be reduced and the prayer of many people affected that this must be reimbursed must be given due consideration. Otherwise, the export business will encounter difficulties. For encouraging exports, manufacturers must be encouraged.

So while welcoming this Bill, I would submit that all these aspects must be considered. Specially the question of giving more work to people and developing the internal market must be given very serious consideration. I support the Bill.

**Shri N. Sreekantan Nair** (Quilon): I too would like to congratulate the Minister on taking some action in a matter where things were allowed to drift for years. It is true that the Coir Board had been doing something for the last ten years. But what result it has produced, I do not know.

I do not agree—I cannot agree—with my hon. friend, Shri Maniyangadan, in showering congratulations and handing bouquets to the Rubber Board Chairman or anybody else connected with it. As a matter of fact, this jolt which the hon. Minister may perhaps end it or mend it. I hope it mends it. Even if it is ended, I for one am not going to be very sad over it because this industry has been in that position of being on the death bed, of being a nuisance to everybody and never giving employment properly to any section of people, engaging, as the Minister himself said, 1.5 million people in various areas in the country, not even providing minimum wages to

the spinning side of the industry. This has been a nuisance for the last ten or fifteen years. If it is ended, of course, there may be some heart-burning in the initial stages, but we may get over it; if it is mended, a big industry involving tens of thousands of families will be saved. So, this is certainly a step in the right direction. This is a major experiment which I hope will succeed, but the main defect has all along been that there was nobody to care for this industry. As in the case of every other industry in the State of Kerala, neither the State nor the Centre cared to experiment and do research in the various branches of the industry.

We knew that artificial fibres were coming; we, who know nothing about industrial and technical matters, used to raise a hue and cry that something must be done. We also knew that in certain countries, especially in the cold countries, this fibre, though it is very strong, because of the present type of tacking it and making it, could not serve properly as matting for a long period. So, experiments on that line were also necessary.

Again, certain countries were importing this, and then setting up their own factories. This was brought to the notice of Government. We also pointed out that not only were the duties on manufactured goods in those countries prohibitive, but that the freight rates for manufactured goods as against yarn were four, five or six times higher in the olden days, though it has come down slightly now. All these aspects of the question were raised several times before the Government of Kerala and the Government of India, but no action was taken.

Now, the hon. Minister hopes that by mechanising these plants, the demand may be doubled. I am not very sure whether it will be possible because these countries which take it up take it not as a necessary or essential article. It is an article of luxury. They can very well say they

do not want it. Even if we compete with them, they can put a higher duty. So, this is a matter of much speculation, but this is something which should be attempted if the industry is to survive.

The real aspect is lack of control from the bottom to the top. Whether Government can introduce it, whether it is bold enough to introduce it, whether the State Government will like it—all these are issues to be faced, but this industry can never revive unless from the bottom the green and retted husks are controlled. It is there that the whole canker lies. If there is a rise of Rs. 50 in the price of yarn, the cost price of the husk goes up by Rs. 60, and then the intervening people who purchase this will take so much profit that the worker gets no wages.

The minimum wage fixed for this industry is the large amount of Rs. 1-4-0. This magnificent amount of Rs. 1-4-0 has never been paid during the last 15 years. The maximum that has been paid is ten or twelve annas. That is a definite breach of law in this country, it has been pointed out to the State Government, but there is nobody to take action, because they say that the moment they take it up, the industry will collapse.

What is the good of employing 1·5 million people on this basis? Four annas, six annas, ten annas, whatever they please, they give the workers, and the workers take it hoping that tomorrow they would get Rs. 1-4-0, hoping that Government will enforce the minimum wage, because they have no other go. People come, especially womenfolk and children, and start working. They are left to the tender mercies of the middle men who are handling it.

So, this industry has to be controlled from the bottom to the top. Unless and until you do it, it can never survive, it will never do any good to the people.

[Shri N. Sreekantan Nair]

Another aspect is competition. Any one who has got any means of borrowing Rs. 5,000 or Rs. 10,000 sends a wire that he can supply mats at 15 per cent less than the market price. Then he runs about for mats. Of course, he gets all sorts of rotten things which are cheaper and sends them. He gets the money for the first instalment, then he loses the market. The price in the market goes down, and the industry is in dol-drum.

As a matter of fact, my hon. friend Shri Maniyangadan was not correct. There were 50,000 people engaged in the manufacturing industry, but there have been only 10,000 in the last ten years. These people get not even two days work in a week.

The increase in the so-called export of finished goods or mechanised goods, is something which is artificial. There are some firms, British firms, which continue to sell at a high price, but when the price of the coir yarn goes up, naturally these buyers do not buy, they wait till the price goes down. That is why there is a difference of 17,46,000 KG in exports in one year. They wait because this is not an article of daily necessity. It is an article of luxury. They bide their own time, and then buy at the cheapest rate. So, this industry has to be put on a better basis.

Though the Minister himself or the Government as such is not responsible, it may be said there is an area, which is a desert area, where you find white sand spread all around and only diseased cocoanut trees are there. They have been there for decades, they have gone bad because of disease which cannot be cured. The Government of India have set up experimental stations, and the Coir Board has tried its best, but the cocoanut trees have not escaped the devastating attack of this disease. So, in all that area there is nothing ex-

cept diseased cocoanut trees, nothing can grow there, with white sand spread all over.

**Dr. M. S. Aney (Nagpur):** And sea water.

**Shri N. Sreekantan Nair:** Of course, they can jump into the sea and commit suicide if that is a solution.

So, industries have to be found. One textile mill which was granted, but that has not been set up. There is no scheme to industrialise that area and as a matter of fact, the Kerala area has been neglected by the Centre. There is not a single major industry in the public sector instituted by the Central Government in that State. The Defence Ministry has not set up a single ordnance factory of theirs anywhere in Kerala. So, we do not have major basic industries, nor do we have the defence industries. It is no wonder that the people of Kerala are always seized with a rebellious spirit to fight the existing governments. Because there is poverty, they attribute it to the Government that is in power and fight against it. If this continues, I do not think it will continue to be against the State Government only. It will develop into a fight against the Central Government. And we are the only people beyond the Madrasis who want separation from India and the north Indian people who naturally try to drive down our throat this Hindi cult. We are the only people who remain truly national. We may also be driven to join these people, and naturally the demand that the south should become a separate sovereign state may materialise one day if this condition continues.

So, I would request the hon. Minister not to be satisfied with this mechanisation of one factory. Giving Rs. 14 lakhs is nothing, it cannot save the situation. If you are serious about it, try to control the industry from

the stage of the green and retted husk to the stage of export, and then you will be able to do something good for India, good for the State and good for thousands and millions of families.

13.00 hrs.

Shri B. K. Das (Contai): Sir, this Bill seeks to stress the development side of the coir industry and so a change has been sought to be made in the long title of this Act. For that purpose, the scope of the function of the Coir Board has been sought to be widened, so that power can be used in certain factories and also further grant of funds may be there besides the income received from the export duty and the amount may be repaid out of the consolidated fund of the Central Government.

There is a provision of about Rs. 3.13 crores in the third Plan period for the development of this industry. I do not know what is the idea of the Government and how much this grant will be augmented. I shall be happy if a substantial improvement is made and steps are taken for the development of this industry in all the cocoanut-growing States.

Of course, our friends from Kerala have voiced their criticism and views as to what is happening in their own States. Coming as I do from the State of West Bengal, which is also a cocoanut-growing State, I find that in that State, this industry is not much taken care of. Further attention should be paid for the development of this industry in that area. In the coastal districts we grow cocoanuts and there is much scope for the development of the industry there. In my constituency, two or three years back, there was a training-cum-production centre which was started, but unfortunately abolished within no time because husk could not be made available.

Although there is a large number of cocoanut trees in this area, people

do not know how to take care of the husk and preserve it. They use it as fuel. Also, the green cocoanuts are greatly used and that husk is of no use for production of fibre. All these have to be taken care of in that area, because it is not possible to import fibre or husk from outside the State and develop the industry there. So, if the Coir Board is to take care of the industry and develop it in all the cocoanut-growing areas of the country, proper care should be taken so that the husk is not wasted and cocoanut-growers also should take care of their husk.

There is provision in the Act that remunerative price would be paid to the husk-producers so that they may keep it properly and also that husk can be made use of in the development of the industry. I think that the Coir Board should pay greater attention to this aspect of the matter.

By the use of power rubberised coir fibre should be produced in order that we may compete in the international market. There is a proposal of starting a factory with a sum of Rs. 10 lakhs for the present. Of course, in the experimental stage, one factory may do for the present. But I think there should be further action taken in that respect and rubberised coir fibre should be produced in greater quantities, so that they might find further markets in the world.

I hope greater care will be taken to develop the industry in all the cocoanut-growing areas, as I have already pointed out. With these words, I support the Bill.

श्री यशपाल सिंह (कैनात) : अध्यक्ष महोदय, एक तरफ तो सरकार यह कहती है कि हमारे प्लांस एम्प्लायमेंट ओरियन्टेड होने चाहिए। एक तरफ वहती है कि महात्मा गांधी के कूटीर उद्योग देश में जगह जगह स्थापित होने चाहिए, उनकी कामयाबी में कोई शक नहीं रहे और दूसरी तरफ सरकार ने इस बिल में कोई

## [श्री यशपाल सिंह]

ऐसा आश्वासन नहीं दिया है कि जो लोग बेरोजगार होंगे उन्हीं को रोजगार दिया जायगा। होता ऐसा है इस सरकार में कि मान लीजिये कि ५०० गांव एक जगह बसे हुए हैं और वहां पर एक शुगर मिल लगाई जाती है, शुगरमिल मालिक अपनी लेबर लेकर आता है, अपना मैनेजर लेकर आता है, अपने गारे स्टाफ को साथ लेकर आता है और वह जो ५०० गांवों के आदमी बेकार होते हैं, उन की रोजी, रोटी के लिए वहां कोई किसी तरह का आश्वासन नहीं दिया जाता है। कुछ इस धिल में भी यह कमी है कि इन मशीनरी के कायम होने से जो लोग बेरोजगार हो जायेंगे उनके लिये कोई किसी तरह का प्राविजन इसमें नहीं है कि उन्हीं लोगों को वहां एम्प्लेंट किया जायगा और मशीनरी उन्हीं के द्वारा चलाई जायेगी।

दूसरी बात यह समझ में नहीं आई कि वह जो आपने इनमें क्वारंटाई बॉर्ड को अधिकार दिया है, उनको इतना ज्यादा अधिकार दिया है कि वह उन के नियंत्रण पर कस्टम लगा सकेंगे। जो एम्प्लेंट होगा उनके ऊपर कस्टम लगाने का अधिकार क्वारंटाई बॉर्ड को दिया गया है उससे मैं सहमत नहीं हूँ क्योंकि कस्टम और ड्यूटी लगाने का जो काम है वह पार्लियामेंट का काम है। पार्लियामेंट की स्पेसिफिक ऐप्रूवल के बिना किसी तरह की ड्यूटी नहीं लगानी चाहिए। बॉर्ड को केवल इतना अधिकार देना चाहिये कि वह पार्लियामेंट से इनकी निफारिश कर सके कि यह ड्यूटी लगाई जाये लेकिन कस्टम लगाने के मामले में वह खुदमुख्तार न हो।

इसके साथ ही साथ इसमें जो आपकी ६ और ७ दफा है उनका मैं हृदय से स्वागत करता हूँ। इनके अनुसार बॉर्ड के ऊपर औडीटर-जनरल को यह अधिकार रहेगा कि वह उनके खर्च और आमदनी का नियंत्रण

रख सके। औडीटर जनरल का चौकिंग का यह अधिकार सुरक्षित रहना ही चाहिये। हमारा जनतन्त्र चल भी नहीं सकता जब तक हम इस तरीके से चौकिंग का उसे मौका नहीं देंगे। जो हमारी मुबीरडिनेट लेजिस्लेशन कमेटी है उनकी यह निफारिश है और उस निफारिश के मुताबिक मंत्री महोदय से मेरा यह निवेदन है कि इन बातों का ख्याल रखा जाये। एक तो जो लोग बेरोजगार हो गये हैं उन को मशीनरी में सब से पहले लगाया जाय। दूसरे यह कि कस्टम ड्यूटी लगाने का अधिकार केवल इस पार्लियामेंट को है और इन चीज के लिये मैं माननीय मंत्री को मुबारकवाद देता हूँ कि उन्होंने ६ और ७ दफाओं से यह मौका दिया है कि औडीटर जनरल जाकर बॉर्ड को किसी वक्त भी चौक कर सकता है। इन शर्तों के साथ मैं इस धिल का स्वागत करता हूँ।

Shri S. C. Samanta (Tamluk): Sir, I welcome this Bill which seeks to provide for the establishment of merchandised factories. Regarding grants which are to be made by the Central Government, that fund should be adequate for the maintenance of the Board. By this Bill, the hon. Minister has amended section 10, added a new section 14A after section 14, amended section 15 and substituted a new section for section 17. In this connection, I beg to place before the House one fact. I introduced a non-official Bill called the Coir Industry (Amendment) Bill on 27th April, 1962. It was balloted three or four times. Then, all of a sudden, I received information that the Bill has not been permitted to be continued by the President. Then I thought, perhaps, a comprehensive Bill is going to be brought out by the Government and therefore my Bill was not being continued.

My Bill suggested the amendment of sections 10, 21, and 26. Thereby I pleaded that measures should be

taken for improving the working conditions of workers engaged in this coir industry. I had suggested that better working conditions and amenities should be given to the workers, penalty should be imposed for submitting false returns, there should be registration and licensing of retters, retting places, coir spindles, looms and other equipments for manufacturing coir etc. As a member of the Coir Board for some years, I know that the Coir Board cannot supply us the requisite statistics. Therefore, this amendment for registration and licensing of retters, retting places, coir spindles etc., will help the Coir Board to have regular statistics. These were the things that I brought before the Government. I am sorry to say that in this Bill nothing of the kind has been touched. I would request the hon. Minister to give thought over these things in future, and I hope another comprehensive amendment will be brought forward.

We are glad that the Government is going to mechanise this factory. By mechanisation we are afraid there will be unemployment. Surely, there will be unemployment. But there is one difficulty. We are finding that the export of coir matting is declining for the last few years. So the Government has taken up mechanisation to some extent—one-third of it—in consultation with the Government of Kerala, so that the manufacturing cost will be less, the quality will be better and the exportable things will be able to compete with other countries. Therefore, it is welcome.

Sir, rubberised coir products will be manufactured by these mechanised factories. I am sorry to let this hon. House know that this Coir Board was established in 1955 and in these years the central research station opened at Kayamkulam has not been working well. One sub-research station has been started at Uluberia in West Bengal. That also is not working well. This coir industry, which is bringing so much foreign exchange for our country, which is the life and

death question especially of the people of Kerala, is not being brought under research to the extent it should be, I would request the hon. Minister to see that at Uluberia and at Kayamkulam these research stations work well and they are manned well. By this time there should have been many experiments conducted. This experiment of mechanisation has been brought to the notice of the Government by a delegation which was sent abroad and not by our research scholars. Our research scholars should have done something here and should have advised the Government in the matter. But that was not done by them. I would, therefore, request the hon. Minister to see that the research work at these places, under the control of the Coir Board, is seriously taken into consideration and all facilities are given to them.

I would also request the hon. Minister to see that our internal consumption increases. There is competition everywhere. In order to save the people of, at least, Kerala and Madras, whose daily life is dependent upon this industry, more consumption in the country should be taken into consideration. In this respect, exhibitions in the country and other steps which are being taken by the Coir Board will be helpful. If more money is needed for that purpose, now that the Government is getting more money that should be made available to them.

Another thing is, the hon. Minister has brought the proposal that the Comptroller and Auditor-General will now audit the accounts of this Board. So long it was being audited by the Accountant-General of Kerala. It is good, when more money is being given, this control has been given to the Auditor-General.

Sir, I wholeheartedly welcome this Bill.

Dr. Sarojini Mahishi (Dharwar North): Mr. Speaker, Sir, the Bill to amend the Coir Industry Act is be-



[Dr. Sarojini Mahishi]

fore the House. This amending Bill tries to introduce, in pursuance of the meeting of the tripartite interests, mechanisation in certain sections of this industry. I do not know whether the Bill intends to mechanise the matting section of this industry or to introduce mechanisation in other sections of this industry also.

Sir, coir is mainly the product of coconut husks. India has got a vast coastline producing coconuts. The report says that increase is being registered in the area under cultivation and also in the intensive growth of coconut in the area already under cultivation. In spite of the fact that this is a raw material which can earn very good foreign exchange for the country, I do not know what efforts are being made to improve the technique in the working of this coir industry. As far as my State, Mysore, is concerned, in the matter of central schemes that are being allocated to different States, it stands second, Kerala standing first. I wonder how many of the central schemes are being implemented. Hardly 15 or 20 per cent of the coir is being utilised now locally for manufacture of certain goods by way of cottage industries. These poor workers engaged in this industry are not given adequate wages. Many of the coir co-operatives are going into liquidation one after the other. I do not know whether the hon. Minister would lay the blame for it at the door of the co-operatives or he would say that it is a failure on the part of the industry. Probably, he would be inclined to say that it is due to the defect in the working of the co-operatives. What I mean to say is, the raw materials should be properly utilised.

In spite of the fact that the coir technological research centre has carried out many researches, I do not know whether the results are being implemented in the country.

There is a lot of scope for the implementation of this research as also

for further research in the matter. There are different ways of retting and different varieties are produced. The only thing that they are doing is the export of the yarn and the fibre. We find that both the yarn and the fibre are being exported and during all these years both of them fetched a good sum as contrasted with the manufactured goods that are being sent out. Therefore, properly manufactured goods themselves should be exported.

I do not know but the report of the Coir Board mentions that some of the countries which were purchasing the manufactured goods are not purchasing them now. There is a decline in the purchase by those countries and a few other countries are now purchasing them. Is this decline in the purchase of the manufactured goods due to the fact that there is a decline in the quality also of the goods? Our Government is keenly interested in maintaining quality control on the goods and the report also mentions about preshipment inspection of coir goods. Then, in spite of all these things, why is there decline in the export of manufactured goods? That should be accounted for.

The Research Institute has mentioned a number of alternate uses for coir and coir products and a number of ways of dyeing. In what part of India all these things are being implemented? A coir training centre was instituted in our part of the country. When the trainees came out after their training period they were not able to find any source of employment. They were keen to go in for another period of training. In spite of the fact that there is raw material as also trained human personnel, why that human personnel is not made use of and why is the raw material exported and a very small percentage of it is consumed locally? All these things are to be considered in the proper spirit.

Statistical research is also being carried out. The progress of the coir

industry depends mainly upon a number of factors and not only upon the production of the raw material. The statistical research carried out shows that the production of proper manufactured goods depends upon a number of factors, namely, the people employed there, their way of living, the wages paid and all these things. These things have not been properly attended to. The economic and statistical survey that is being made with reference to this coir industry shows that these things are not being attended to. Therefore, all these things should be properly attended to and proper use must be made of this particular raw material.

As regards mechanisation, one Indian firm wanted to enter into some collaboration with some German firm. I would like to know whether this mechanisation is being carried out by the Government only or it is allowed to be carried out in the private sector also by the private firms and whether subsequently it will be made applicable to any other part or it will be adopted on a large scale. I do not wish to put forward the argument that was put forth by some of the hon. Members that if mechanisation is resorted to many of the workers will be unemployed. But, to what extent that will be desirable is a thing to be considered. Of course, mechanisation may expedite the work and we may be able to produce goods on a large scale, but while adopting this mechanisation we should, at the same time, pay greater attention to the employment of all those people. More people will be able and willing to come into this industry, as far as I know.

A number of coir co-operative societies came into existence in North Kanara. There the wages were not properly paid. So, subsequently, one after another, they went into liquidation. Why should this thing happen? The only thing resorted to by the workers is that they prepare some of these goods in their own cottages and because marketing facilities are not given to them, on their own accord they go and sell them in

the market. As far as possible this should be avoided. All the workers should be brought together and they should be paid better wages and should be given better facilities for living. This can certainly earn a good amount of foreign exchange.

**Mr. Speaker:** The hon. Minister.

**Dr. M. S. Aney:** May I say a word or two, Sir?

**Mr. Speaker:** Now I have called the Minister. He never expressed a desire to speak.

**Dr. M. S. Aney:** Only two minutes.

**Mr. Speaker:** He may.

**Dr. M. S. Aney:** It appears that this once-flourishing industry is now brought to a very crucial position; in fact, it is on the point of extinction—It looks like that—and all this happened, according to the statement of my hon. friend, Shri Samanta, during the last three or four years. There has been a gradual decline.

13.27 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

The main thing for the Government to do is to see as to what the reasons for this are. According to the statement which Shri Samanta has made, the two research stations have not shown, according to information available, any encouraging results which would, in fact, make this industry better than what it is today. On that point also the steps taken by the Government have been a failure.

**Shri S. C. Samanta:** I said that there is some decline in exports.

**Dr. M. S. Aney:** Might be; but you referred to some research work done by them.

Secondly, the Government was mainly interested in this because it was a good material for export and was giving us some good amount of foreign exchange. But on account of competition elsewhere we find that we are not in a position to stand that

[Dr. M. S. Aney]

competition. I want to know from the hon. Minister, who is a very good student of industrial problems and a very careful helper of all the big and small industries, whether he has found in the new enterprise, which he wants to enter upon by starting this new mechanized industry, sufficient strength to counteract the evil effects which competition is imposing upon them. Are there enough indications to show that our goods expected to be turned out of this factory will be in a position to compete with them and in course of time we shall be able to regain that position? If that is possible, it is a good project; otherwise, it is time for them to think over the matter more before they enter upon any experiment at all.

These are my observations.

**The Minister of International Trade (Shri Mamubhai Shah):** Mr. Deputy-Speaker, Sir, I am glad that so many hon. Members participated in the discussion on this Bill. At the outset I may clarify the doubts expressed by the hon. Member, Shri Yashpal Singh, that this is no departure from the line of supporting cottage and village industries because, as I said, in my opening remarks, mechanization is meant in order to see that the cost of production goes down and that we can be able to produce a better quality of goods which, in the long run, should expand employment rather than contract it.

It is not always good to live in the Eighteenth Century or in the medieval age where by braking stones people could get employment. Therefore it is very necessary that gradual induction of modern technology to fight the competition which is already developing abroad is brought about in this country. It is, therefore, to the good that large sections of the people in Kerala and in Mysore as also in West Bengal, as we could see from the statements of hon. Members from those areas, have supported the

idea of modernisation and mechanization.

Shri Vasudevan Nair yesterday mentioned the decline in the export of matting. I think, if he takes up the figures, over the years, since the inception of the Coir Board, the exports and production have gone up tremendously and it is the yarn export which has slightly gone down. The export of mats and mattings is continuously rising though not at the same satisfactory level as we desire it to be. But the main reason why the yarn continues to be exported in larger amount—Rs. 9 crores—and about Rs. 4 crores worth of mats and mattings, is the heavy duty, as he himself pointed out yesterday, which has been levied by the Western European countries against our coir mattings. It is precisely this that we are fighting in the United Nations Conference on Trade and Development in Geneva, that other advanced industrialised countries should give and make room for the simpler technology of the less developed countries and give up, in due course, by a phased programme the manufacture of mats and mattings or jute goods or simpler types of engineering goods or chemical goods; and I do hope that as a result of our persistent efforts in the coming years, it should be possible for us to register at least this impression on the advanced countries. Here, I would like to take this opportunity of making an appeal to all the advanced countries, particularly the Western European countries and the United States, to altogether remove and abolish this 22 to 30 per cent duty. It makes it impossible for the Kerala or the Mysore producer to compete in the mechanised sector will finished goods such as mats and mattings. As some hon. friend suggested, why not ban the export of coir yarn? That is also there. We have considered this matter several times. The large amount of unemployment that is likely to be caused and the distress that we would have to face

for quite a number of months and years in case the Western European countries refuse to yield or reduce the duty, will mean a positive loss of employment without a corresponding gain either in terms of foreign exchange or in alternative sources of employment. For an industry which employs a million of people or more at different stages, even a million and a half, the risk to be taken is far too much as compared to the immediate gain. Even so, we are consistently trying to see that more assistance in the form of export promotion assistance is being rendered to the producers of coir mats and mattings and very little is being given to the producers of yarn.

My friend, Mr. Samanta, mentioned about the licencing of retters. Now, imagine thousands and thousands of houses in this decentralised sector being under perpetual fear of an inspector only because we want to collect statistics; it will be hard on them if every inspector or policeman goes after the small cottages of the people to see whether they hold a licence and whether the premises are kept well and all that. It is true that inspection helps and we have been introducing inspections on several commodities. But I shudder to bring too many pieces of legislation which give power to all these officials of the States to interfere with the lives of the poor people who are already distressed due to the low wages. Mr. Sreekantan Nair, who is not here at the moment, mentioned that the Minimum Wages Act is not being enforced. The reason is obvious that when so many thousands and thousands and millions of people are employed, it is difficult for the enforcement apparatus of the State to enforce all these laws which can only be due to the support of the basic economy. The real solution is to support from the foundation the economic structure of this industry so that the producers are enabled to pay better wages continuously. I am, therefore, glad to say, as regards the suggestions made by my

hon. friend Shri Maniyangadan and Shri Vasudevan Nair that the duty which we were contemplating to reduce or abolish, that we have already issued a notification today completely abolishing the cess of 98 nP. per quintal on coir products. This is with a view to give relief to this industry so that instead of financing from the cess which the poor producers or the middle-men had to pay to us, the State as the senior partner in the welfare of the people of this country will bear from its own treasury the development expenditure through grants and loans as this Bill seeks to amend, that is, in future the finances will flow from the Consolidated Fund and other sources rather than to tax this small and very poor industry from this particular cess. Therefore, we have today issued a notification completely exempting this industry from this cess.

Then, the question was in what manner should be gradually go to mechanised sector. It is true that there is a fear of temporary unemployment. As far as I can see it, the unit that we are starting is rather on a modest scale and it is not likely to replace a large number of workers. When one-third of the sector is mechanised, naturally there might be some displacement.

It is my hope that this will be an additional employment rather than displacement. But if displacement did come as a result of mechanisation, I can assure the House and the Members who have expressed their anxiety on this account that we shall take every care of it. This assurance is not either a hollow or an unfounded one. We shall see to it that alternative employment is provided to every single person who is rather rendered unemployed or less employed as a result of this mechanisation. The total number of people involved will not be more than 1400 people if the whole scheme of mechanisation of the one-third sector takes place. With a single unit, it will not be more than

[Shri Manubhai Shah]

50 or 60 or 100 people which is not a number that cannot be absorbed in the expanding economy of these areas.

My hon. friend, Shri Samanta, mentioned about research. I admit that the research has not been a very powerful factor in this industry. But as one can see it, the scope of research in terms of improvement is so much limited by sociological conditions in this country. We once tried and introduced a modern method of retting and de-husking. We found that hundred people's work could be done by one machine and we ourselves thought that it is better to carry on with the traditional method rather than bring a new research. It has been so in seven, eight or nine researches which we carried out successfully. It is not so much the entire fault of the research institutions. I can assure Shri Samanta that again we will look into these two particular centres which he has mentioned and we will see how we can make them dynamic. But the limitations have got to be appreciated by the House because this is an industry where we have to be very very wary and conscious that what we do does not do some basic damage till we can repair it by some alternative means. We would rather prefer to go a little more slowly and on sure lines as is proposed in this Bill. It is, therefore, that when he moved a Bill sometime back we requested him to withdraw it. It was with a view to bringing a comprehensive legislation. We do not propose to bring another legislation again to license the retters and various other people and create more problems for the small people and small producers.

Then the other question was, whether we can so arrange our sale of yarn that the foreign countries which are today dependent on our yarn are induced to buy more mattings rather than yarn. The matter is simple. But it is not so simple as it looks. There

are other countries which are producing coir. As a matter of fact, ours is the one country which makes the maximum utilisation of coir fibre. Out of the total husk produced, we almost utilise 37 per cent. Malaya and Philippines utilise less than 12 per cent and Ceylon utilises less than 6 per cent. Therefore, over the years, the utilisation of increasing quantity of husk is being attempted successfully here. Now, if we do anything which will upset this balance, it is likely that those advanced countries will buy the yarn from other alternative sources. So, we are closely examining it. To the extent it is possible, because of more circumspec-tion at the governmental level or social level, we can gradually induce a certain amount of assistance from the friendly countries. I can assure the House that we are for selling less yarn and more finished products, like, mats and mattings. Regarding the husk, I think, there is some mistake in the figures quoted by Dr. Sarojini Mahishi. We have totally banned the husk export except a very few small quantities running into a thousand rupees or so. Practically, we are not allowing any husk to go. Those husks also go as samples and not actually for trade. Here in the field of yarn, it is better finished yarn which can bring better price. This particular amendment sought in the Bill is for mechanisation, though momentarily confined in the first approach to the weaving sector, and we do want to see that the finishing of the yarn and various other aspects of spinning are also gradually brought under a more modernised practice.

There was a suggestion from three or four Members regarding the need for the diversification of this industry. I am glad to say that over and above the Madras factory of Bharat Motors which has already gone into production, a second factory in Cuttack, a third factory in Delhi and a fourth factory in Mysore are about to go

into production in the next few weeks to make the rubberised coir products, and six more applications, two from Mysore/ one from Bombay, two from Calcutta and one from Kottayam are under active consideration, because basically this is an export industry, and even though/ otherwise we would not have given a high priority for import licensing, yet, because of the export potential which it guarantees for us, we are very much interested in seeing that these four or five applications for the import of the machinery are licensed very soon. So, over the next year, we might even hope that more than 12 or 14 factories which will diversify coir production will come into existence in our country.

This particular product will be more used locally. Of course, we are trying to export the products of the Bharat Motors. It is like exporting air, because the weight is so low and the space it occupies is so much that even with the best of the shipping companies, we are not able to reduce the freight to such an extent that it can really be profitable. We find also that with the plastics are coming up, such as polyethelene, foam rubber and other things; the scope in foreign countries for use of the rubberised coir products is less than otherwise.

But I can assure the House that as far as internal consumption is concerned, we shall try our level best to see that the consumption of this product locally, which is only 8 or 9 per cent now is increased. We are trying to see whether we can expand the indigenous utilisation base by asking the various Ministries of Government, the Defence Ministry and the Supply Department and the State Governments to promote more internal consumption of these products; we should also think of opening more depots and show-rooms; already nine show-rooms are working but more could be opened, with the grants and loans available. If that is done we shall see to it that

the internal marketing is increased, because then it can be the bed-rock or some solid foundation on which this industry can advance.

I hope that I have covered most of the points made by the hon. Members. I can assure them that we shall look into the other points which they have raised and see that proper action is taken in the light of their observations

With these words, I hope that the House will approve of this measure.

**Mr. Deputy-Speaker:** The question is:

"That the Bill further to amend the Coir Industry Act, 1953, be taken into consideration."

*The motion was adopted.*

**Mr. Deputy-Speaker:** We shall now take up the clauses. There are no amendments to clauses 2 to 7. So, I shall put them together to vote.

The question is:

"That clauses 2 to 7 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 7 were added to the Bill.*

**Clause 1— (Short Title)**

**Amendment made:**

Page 1, line 4,—

for '1963' substituted '1964'.

(Shri Manubhai Shah)

**Mr. Deputy-Speaker:** The question is:

"That clause 1, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill.*

[Mr. Deputy-Speaker]

*Enacting Formula*

*Amendment made:*

Page 1, line 1,—

for 'Fourteenth' substitute  
'Fifteenth'.

(Shri Manubhai Shah)

**Mr. Deputy-Speaker:** The question is:

"That the Enacting Formula, as amended, stand part of the Bill."

*The motion was adopted.*

*The Enacting Formula, as amended was added to the Bill.*

*The Title was added to the Bill.*

**Shri Manubhai Shah:** I beg to move:

"That the Bill, as amended, be passed."

**Mr. Deputy-Speaker:** The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.*

13.44 hrs.

**TAXATION LAWS (CONTINUATION  
AND VALIDATION OF  
RECOVERY PROCEEDINGS)  
BILL**

**The Minister of Finance (Shri T. T. Krishnamachari):** Mr. Deputy-Speaker, Sir, I beg to move:

"That the Bill to provide for the continuation and validation of proceedings in relation to Government dues and for matters connected therewith be taken into consideration.

The object of this Bill is to ensure due continuity and effectiveness of proceedings initiated for collection and recovery of tax demands outstanding against assesseees, without

prejudice to the legitimate rights of an assessee who genuinely disputes the validity or correctness of the quantum of the demand created against him. As explained in the Statement of Objects and Reasons, the Bill has been necessitated by a recent judgment of the Supreme Court according to which, where a tax demand created on the basis of an assessment order is varied by an appellate or revisionary authority, the original order merges into the order of such authority, and all steps already taken for the collection or recovery of the demand with reference to the original order become inoperative under the law. On the principles enunciated in this judgment, it would become necessary for the tax authorities in all cases wherever the demand based on the original order has been reduced on appeal or revision, to take proceedings ab initio for the collection and recovery of the portion of the demand which has been sustained by the issue of a fresh demand notice and allow time to the assessee afresh for payment of that demand, even though the reduction obtained by the assessee might be insignificant and he might have had ample time of several months or even years for the payment of that demand. Following this principle to its logical conclusion, fresh demand notices may have to be issued even where the original assessment order has been confirmed, because in that case also it may be argued that when the appellate or revisionary order is made, the original order of assessment merges into it and all action for collection or recovery taken on its basis ceases to be effective under the law.

I have mentioned previously in this House during the discussion on the Demands for Grants relating to the Finance Ministry that it is necessary for us to strike a balance between the rights of the citizen and the rights of the State in the matter of taxation. The Income-tax Act con-