

13-03 hrs.

RUBBER (AMENDMENT) BILL

The Minister of Commerce (Shri Kanungo): I beg to move:

"That the Bill further to amend the Rubber Act, 1947, be taken into consideration."

Sir, this is a very simple Bill. It amends only two provisions—section 12 and section 25 of the present Act. The amendment in respect of section 12 is the main amendment, the purpose being, instead of the cess being collected from the producers as at present, the cess will be collected from the manufacturers though it will remain as a cess on production. The reason for it is, there are nearly 26,000 estates and most of them are very small ones. According to the provisions of the present Bill, all these plantations, however small they are, are expected to get themselves registered and periodically they have to produce returns for their production on which basis the cess is assessed. It has been found physically impossible to keep the assessments in track since almost 50 per cent of the estates are small and they do not file the returns and though the Act gives powers for assessing the duty on the estates which have not submitted the returns on the basis of estimated production. This we believe, is not very fair. In the case of small numbers where the estates deliberately do not submit the returns, it may be justified. But to have almost 50 per cent of the estates and 50 per cent of the assessments not being accounted for in this manner is neither fair to the assessing authority nor to the plantation owners who, have to pay the duty. Therefore, in the present amendment, we are proposing that the produced rubber will be taxed at the manufacturer's end since the manufacturers are also the consumers. Their number being very limited—it is 347—they can pay it. The price is controlled. All that they have got to do is to pay the duty on behalf of the producers and they will have to deduct

it from the controlled price. This will make it easier in the matter of collection and it will make it less inconvenient to all.

There is one other point. Power is taken by this Bill to revise the maximum of the duty to be realised and that is fixed at 50 naye paise per kilogram. At present the provision is one anna per pound. Though the maximum is provided at one anna per pound, the current duty has been 50 naye paise per 100 lbs. I can assure the House that for the time being we are not going to enhance the duty.

Shri Maniyangadan (Kottayam): One anna per pound is being realised now.

Shri Kanungo: Eight annas per 100 lbs. The present duty is the maximum duty that can be levied. That is one anna per pound. But the maximum is not realised.

Shri Punnoose (Ambalapuzha): The maximum is realised.

Shri Kanungo: Anyway, the maximum that we are proposing now is what may be called a levy of four annas per pound. That means 50 naye paise per kilogram. The idea is that we are not going to enhance the quantum from what it is at present. The reason for keeping the maximum at this figure is that for large-scale development programmes which are anticipated, powers are taken, and if and when it is necessary, it will be raised, and it will be passed back in the form of developmental work for the plantations. Section 25 is being amended and the amendment is almost consequential because it is within the rule-making powers.

Mr. Speaker: Motion moved:

"That the Bill further to amend the Rubber Act, 1947, be taken into consideration".

Shri Punnoose: Mr. Speaker, Sir, I agree with the hon. Minister on the point that this is a very simple Bill because the provisions are clear

[Shri Punnoose]

enough. But, in my opinion, this House has to consider seriously the implications of the amendments. In 1954, we had a major amending Bill. We had long discussions; we sat on the Select Committee; we accepted certain amendments. At that time, this House had certain objectives before it. We passed that amending Bill in order to reach certain targets. Now, when the Minister comes to the House and says that the cess may be enhanced, the House has the right and indeed, has the duty to ask whether we have achieved those targets and whether our objectives have been fulfilled.

At that time, India required something like 24,000 tons of rubber per year, and we were producing only 22,000 tons. But the then Minister of Commerce and Industry, Shri I. T. Krishnamachari, told the House that the House should not be complacent about the gap of 2,000 tons because every year the requirement grows by leaps and bounds and that we should have a very well-planned programme to catch up. We passed the amending Bill and we imposed this cess. In 1960, when we look at the position, I believe the Ministry is not in a position to claim any amount of satisfactory work, because today our requirements are something like 45,000 tons while we produce only 24,000 tons. So, the gap has widened. We thought we could catch up, but the gap has widened. The hon. Minister says he does not want to increase the cess just now. Maybe, but what has he done with the cess already collected? Has he collected it properly?

On modest accounting, the Board should have collected Rs. 50 lakhs by this time. But only Rs. 36 lakhs have been already collected. How have we spent this Rs. 36 lakhs? Apart from this, we have also got the pooled amount, the amount which the Board collects from those who import rubber. The world price of rubber is now higher than the Indian price. But there was a time—there were

some months—when the world price was lower than the Indian price, when manufacturers were allowed to import rubber. So, they could pay a margin to the Board and there is that pooled amount, which comes to something like Rs. 70 lakhs. Out of this, I put a straight question, what amount has Government spent for the development of rubber? The figures show that they spent Rs. 17 lakhs for replanting. The question arises, where is the necessity for enhancing the cess? He says, it will go back to the rubber producers. The amount that he has already collected has not gone back.

Whereas Rs. 50 lakhs should have been collected, only Rs. 36 lakhs were collected. I happen to be a member of the Rubber Board. The Board recommended that some temporary additions to the staff may be permitted, so that the collection may be expedited, but it has been objected to. I do not know whether it was objected to by this Ministry or by the Finance Ministry. Anyway, this additional staff was not permitted and this big amount is in arrears. So, it is a policy of being penny-wise and pound-foolish. We could have collected and we should have collected Rs. 50 lakhs, provided the Board was given the additional staff necessary.

The replanting scheme itself is a very limited scheme. We have got 1 lakh and odd acres of rubber. Our rubber is poor in quality, because it was planted at a time when the country was lacking in resources and technical knowledge. So, it was rightly decided that that area has to be replanted and a phased programme was taken up. It was decided that in 1957-58, we should replant 14,000 acres of rubber, but actual performance was only 8,000. The target was not reached. The Board examined this and it was found that the subsidy scheme was not attractive enough. The Board had directed that those planters who are prepared to replant their area will be given certain aid, because the rubber plant

takes at least 7 years to come to the yielding stage and all the 7 years, the planters will have to lose the present income, however small it is.

Therefore, it was decided that a small planter should be given Rs. 400 and the bigger planter may be given a smaller amount of Rs. 250. This scheme was not attractive and the Board could not catch up with the target. So, over a year ago, the Board decided after much consideration that this rate should be revised, and small planters should be given Rs. 1,000 whereas bigger ones will get Rs. 800 for replanting. That resolution has been passed and the Board has reminded the Ministry several times. But all these months, the Ministry has been sitting tight over the matter. So, I ask, what is the justification for the Ministry to come and ask the Parliament for power to levy an additional amount which they say they are going to spend for development? I would like to know what has happened to that recommendation of the Board? It is of very great importance at the moment, because after making this recommendation, the whole replanting scheme is at a standstill and is being held up. This was publicly discussed; it came out in the newspapers and various responsible people made statements about it. The planters are not prepared to replant, because they are looking forward to the file that never moves in the Ministry. What type of functioning of the Ministry this is, I cannot understand.

I have got many difficulties in supporting this amending Bill. Even at the time when the amending Bill was passed in 1954, it was clear to the House that a mere replanting scheme will not help us and we should go in a big way for new plantation. The then Minister of Commerce and Industry said only a new planting scheme can help us. What has the Ministry done in that regard?

It is calculated that by 1975, we will require something like 2,75,000 tons of rubber every year, for our use. But at the most, if all the plans that have been laid out are implemented, our production will come to 1 lakh tons. Even granting that we produce 90,000 tons of synthetic rubber, nevertheless, we will be largely in deficit. So, we have to go in for new planting. By 1975, we may have 3 lakh acres of rubber under the present scheme. But we should have at least 6 lakh acres to catch up with our requirements. Even on these 3 acres, we have to work on it from even now, because rubber takes at least 10 years to come to full yielding stage. We have passed resolutions in the Board pointing this out. Not only the Board, but planters' associations and outstanding planters have done that. I understand even the working group of the Planning Commission has done that, but the Government refuses to act.

13.19 hrs.

[SHRI MULCHAND DUBE in the Chair]

After all, what is the scheme. The Board has suggested more or less like this. Government should give an advance to people prepared to cultivate rubber to the extent of Rs. 1,000 per acre. On a sober calculation, an acre of rubber to be planted will require Rs. 1,000 to Rs. 1,200. The Board suggested an advance of Rs. 1,000. If that is not possible, at least Rs. 750 per acre should be given. But the Government have not yet made up their mind. The result is our deficit is growing and the country is going to suffer for the inactivity of the Government. In order to plant an additional three lakhs of acres Government will have to spend, at the rate of Rs. 1,000 per acre, about Rs. 30 crores and that too, not in one year but over a period of 7 to 10 years. Government need not lose one pie of it because they can collect it. If that area goes into production the cess itself will amount to nearly Rs. 4 crores to 5 crores. So, it is a very

[Shri Punnoose]

wise and profitable investment which will help large areas of our country. If these three lakhs of acres also go into production we will have six lakh acres under rubber and the new acreage will give permanent employment at least to a lakh of workers. More than that, it will employ at least 10,000 educated men in various capacities. It can give temporary employment to lakhs and lakhs of people. A scheme which is so attractive and which is *prima facie* so beneficial to the country is being shelved and so I think the Minister has to explain why this sort of negligence is there in spite of repeated reminders.

When the statutory bodies were constituted then there was opposition to that in the House. But from the experience of all these years I believe it is time that we revise our opinion. We should look into this matter dispassionately. A non-official body has got its own limitations and Government may not like it much but it is respected because the Chairman of that non-official body can indict and criticise and bring matters to the notice of the public. Therefore, a non-official body is respected. If a departmental committee is there, it is not liked because Government's own people are there. A statutory committee with an official chairman is neither respected nor liked. Whatever resolutions they pass, however urgent they may be, the bosses in Delhi sit tight over them and do nothing. The planting season is on now and it will be over in another 30 days. Replanting has been thoroughly scuttled because of the inaction of the Ministry. I think an explanation is necessary in that respect and unless that is coming forth this House will not be in a position to approve of this amending Bill.

Then I have to ask one question. Even when the major amending Bill was passed in 1954 a demand was

made in this House that the cess may be recovered from the manufacturers themselves because they are in a position to pay. Four or five companies like Dunlop and Firestone monopolize 80 per cent of the manufacture of rubber. But that suggestion was turned down and the cess was imposed on the producer. Now I will explain why it should be collected from the manufacturers and not from the producers. The manufacturers are big companies earning good profits whereas the producers are small peasants. A vast majority of the rubber cultivators are poor people. Many of them own five acres or less.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

Many of them are uneducated and illiterate. Now they have to pay cess on every pound of rubber. Why should that be there? Why do you want to collect it from the cultivator? I oppose it. Let us collect it from the manufacturer and go on with our development schemes.

Then, if the cess is collected we must have a clear idea as to how we are going to spend it. Are we are we not going to have these additional three lakhs of acres under new plantations. The Kerala Government is very much interested in the matter. Madras and Mysore Governments are also interested. Because, lakhs of acres can be planted in these States provided the Central Government is prepared to set apart some money, not as grant but as a loan. Then we will have a big industry, a flourishing industry which will bring prosperity and self-sufficiency to our country. I wanted to move any amendment to refer the Bill to the Select Committee but as I do not want to obstruct the Bill I am not moving it. Therefore, I will simply make these suggestions and I hope something will be done immediately.

Coming to extra staff, either you give them extra staff or please write off the

arrears. You cannot expect the existing staff to clear off the arrears. It is not fair. Every year arrear is accumulating. Therefore, they want additional staff. But I am told the Finance Ministry is objecting it. Then the easiest thing is to write off the arrears. Now new planting has to be done and extension service work has to be undertaken but the staff is not able to do that because of the dead weight of arrears. Therefore, my suggestion is the demand put up by the Board may be taken up immediately and granted and at least the replanting scheme may be included in the Third Five Year Plan. Already you have done much havoc with it and people have lost faith in the recommendations of the Board because they are neither accepted nor rejected. So, I suggest that it has to be accepted immediately so that people may have some faith in it.

There is another point which the Hon. Minister will have to consider. Already the rubber planters are demanding a higher price. I am not very enthusiastic in supporting them for a very big change. I do not want the price of rubber to be enhanced in a very big way because there are several aspects to be considered. Now this increase of cess comes to almost 400 per cent. But the Minister says that it is only an enabling provision. In 1954 also when in the Bill they provided that the Central Government will have the right to impose a cess of one anna per pound, the hon. Minister said that it is only an enabling measure. The wording here is also the same. But within a few months they imposed the cess of one anna. In the same way, if this increase to 4 annas is introduced it will result in utter confusion. The planter will turn round and say to the worker "Look here, Government have increased the cess; therefore, we are not prepared to give you any bonus". All that sort of trouble will come up. Therefore, I strongly urge that if the Government is not in a position to enhance the price of rubber very much, nothing should be

done which will give the planters a right or reason to deny the existing facilities to the workers. Because, if this increased cess of 4 annas is introduced, immediately it will reflect on the wage bill and difficulties will arise. We should not do anything which will create such difficulties. But for that a Bill like this is a welcome measure.

In the end I will say that we should know the mind of the Government with regard to development programmes and this House must have an early occasion to discuss the whole scheme.

Shri Maniyangan: Sir, I very much welcome the provision in the Bill enabling the Government to collect cess from the manufacturers. As my hon. friend, Shri Punnoose, has said, it was suggested even the amending Bill was moved in 1954. Subsequently, the growers also requested the Government that the collection of the cess might be made from the manufacturers. Now the Government has realised the difficulties of collecting the amount from the growers, small as well as big, and have come forward with this Bill.

Along with that provision there is also another provision which enables the Government to fix the cess at 50 nP per kilogram. The hon. Minister was saying that it is only an enabling provision and that it will not be collected. I do not go to the extent of saying what Shri Punnoose did, namely, that the same wording was put last time also when the Government was enabled to raise the cess from Rs. 8/- to Rs. 6¼/-. A few months afterwards it was raised to Rs. 6¼/-, but at the same time another thing was also done by the Government, namely, the price fixed by the Government was also raised by that same amount so much so that the rubber grower was not at a loss by increasing the cess. Whether Government intends to collect a higher cess or not, my only submission is

[Shri Maniyangadan]

that the producer of rubber should not be put to a loss.

The statement of objects and reasons of the Bill says that this cess is intended for the implementation of certain plans for speeding up the production of natural rubber in the country which are now under consideration. I very much welcome any measure which will effectively speed up the production of natural rubber in the country and the growers will not be grudging in paying the Government something more in the interest of the nation.

In this connection my hon. friend, Shri Punnoose, was saying that he was not for raising the price of rubber very much. I also do not want the price of rubber to be raised very much, but I would submit that the present price fixed by the Government in 1955 or so was based on the recommendation of the Tariff Commission and I understand that the Rubber Board has also recommended to the Government that the price of rubber should be increased. I am not aware as to what happened to the recommendation. If my information is correct, the Tariff Commission has again gone into the question.

In this connection, I may submit that the importance of rubber should not be ignored. It is a strategic material, as important, if I were permitted to say, as steel or any other basic material for the industrial and other development of India. Such an important commodity we are now importing in large quantities. The latest report of the Rubber Board says that from October, 1958 to March, 1959, India had to import more than 7,000 tons of rubber. The uses of rubber are increasing and it is estimated that if the manufacturing industry goes on like this, we will have need for more rubber. So it is highly necessary that production of rubber should be increased. If Government can spend large amounts for cottage industries, Khadi Commission

and such other things, why do Government not spend some amount for the production of rubber which will give employment? The calculation is that for about every three acres two persons will get employment. So in such areas of the country where unemployment is very acute and where rubber can be planted, and reared, unemployment problem could be solved to some extent by this. My submission therefore is that Government should come to its aid and it should not depend on the cess collected from the producers alone.

Another thing that has to be looked into is that some incentive should be given to the grower. As the statistics published now show nearly 50 per cent of the area under rubber plantation is owned by small holders. Persons who own five acres and less own about 25 per cent. of the total area under rubber plantation and those people are not able to replant their old rubber trees with clones or budded trees.

My hon. friend, Shri Punnoose, was saying that the recommendation of the Rubber Board has not yet been implemented by the Government for increased subsidy. I may go to the extent of saying that a man who owns only three or four acres has to live by the income from that. If the trees are cut down and are to be replanted, for another seven or eight years he has no income. So, some compensation also should be paid to small holders for the purpose of replantation. Anyhow, the question of increasing the subsidy must be immediately attended to.

In the case of rubber planters the cost of living has increased. Additional taxes are being imposed. The Kerala Government has recently imposed a tax, which is called plantation tax, at the rate of Rs. 10 per acre. For a rubber plantation this is an additional tax and the additional cess also is now going to be imposed by the Central Government. At the

same time it may be seen that the prices of manufactured articles are increasing. So here is a contest between manufacturers on the side and the rubber producers on the other. I would most humbly submit that the Government should come to the aid of the rubber planters, especially of the small holders and give some incentive to them to improve their present cultivation by replanting and also by new plantations.

If all these aspects are taken into consideration, there is a good case for increasing the present price of rubber. I will request the Government to consult plantation interests also before coming to a decision as regards the price of rubber.

Then, small planters who expected to be benefited by the Cess Fund have not very much benefited. One reason, I may submit, is this. In the Rubber Act at present there is a provision that representatives of the small holders will also be there on the Rubber Board. I think that three members are expected to represent the small holders, and they are nominated by the Government. In Kerala there is an association called the Small Holders Rubber Association, an their complaint is that there are no representatives of the small holders on the Rubber Board. They have their own problems. But there is nobody in the Rubber Board to represent their interests. I hope Government will look into this and see that the representatives of the small holders are persons who are interested in the small holders. I hope that aspect will also be taken into consideration.

Dr. M. S. Aney (Nagpur): Who exactly are the small holders?

Shri Maniyangadan: Small holders as defined in the Rubber Act, are those who hold less than fifty acres. And their number is very big; nearly fifty per cent of the present area of rubber plantations is owned by small holders.

In the matter of price I would submit that, as an incentive, considering the importance of the commodity and considering the prices of other articles, the cost of living and other things, the price of rubber should be increased. In that matter the opinion of the growers should also be taken into consideration. There are various organisations of growers, the United Planters' Association, the Planters' Association of Kerala, etc. They know very well the cost of production and all that.

Now, there are certain diseases which affect the tree. To prevent that, some treatment has to be done, manuring has to be done. If production has to increase, all these new techniques and scientific methods have to be adopted. And if they are to be adopted there is no way but to increase the price of rubber. The world price of rubber is higher than that prevailing in India. So, if the Government is going to increase the cess, I believe, as the Government did on the previous occasion, they will increase the price of rubber this time also.

Then there is another matter that I would like to bring to the notice of the Government. Certain representations have already been sent to Government by these dealers. The Rubber Dealers Association of Kottayam has sent a telegram to the Government a copy of which has been sent to me also.

On hearing that the collection of cess is to be made from the manufacturers, the fear of the dealers is this. They have already purchased the rubber the cess for which has already been paid. Now suppose from a particular date the cess is going to be collected from the manufacturers. Then, those dealers who sell the rubber after that date to the manufacturers will get only a price which is less than the original price, that is a price from which the cess is deducted. In order to avoid that difficulty the dealers have requested

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Government that they must be given some time to dispose of the rubber which they have already purchased, that is beyond the date on which the notification by which the manufacturers is to pay the cess comes into force. I think it is a genuine fear and the Government will look into it when the rules are framed, so that the dealers who have already paid the cess and purchased the rubber will not be assessed twice, once on the side of the manufacturer and the other on the side of the producer. That is a genuine grievance which, as I said, I think Government will look into when the rules are framed. Unless that is done they will be put to immense loss. From Kottayam rubber is sent to Calcutta and other places by train or ship. It will take nearly a month for the rubber to reach the manufacturer. In the course of this one month it may happen that the Government may pass an order by which the manufacturer will have to pay the cess, and the manufacturer will pay the dealer only an amount after deducting the amount of the cess from the actual price. Actually, for this rubber the dealer would have already paid the cess while producing. So I hope that Government will take proper steps to avoid that difficulty.

I also hope that in order to implement the decision of the Government to increase production, the recommendations which have been sent forward by the Rubber Board will be taken into consideration. As my hon. friend Shri Punnoose has said, there are very good schemes now put before the Government by the Kerala Government, the Rubber Board and the rubber plantations. In the interests of the country as a whole those schemes should be given attention to and implemented. It will give employment to people, it will save foreign exchange and it will cause industries to thrive in India. So those schemes must be seriously looked into and all aid must be given in this respect by

the Central Government. The Kerala Government has schemes for planting a few lakhs of acres with rubber. For that purpose some aid may be given to them from the Centre. I hope that will be taken serious notice of and all necessary aid will be given.

With these words I support the Bill.

Shri N. R. Muniswamy (Vellore): Mr. Chairman, this amending Bill is a very simple one, dealing only with two sections, namely section 12 and section 25 of the Act, as pointed out by the hon. Minister.

On a perusal of the Statement of Objects and Reasons I find that there is a certain lacuna here which might possibly be to the detriment of the objects with which the Bill has been introduced. This is an enabling provision, which might be regarded as a fiscal measure also to some extent. This Bill contemplates certain administrative changes in the collection of the cess. Section 10 of the original Act deals with the obligation on the part of the owners to get their names registered with the Rubber Board so that they may submit their returns to the Rubber Board. Actually, these owners either submit defective returns or do not submit any returns at all, in spite of having registered their names. In view of the large number of these producers numbering about 26,000 estates, Government was not able to catch those producers or deal with them effectively and they could not make the necessary collection. With a view to avoid or minimise that difficulty in the matter of collection, they want to amend the section and bring about an administrative change: that is, instead of collecting it from a large number of estate owners, they want to have it collected from the manufacturers who ultimately would be the consumers.

I find one lacuna here in the sense that section 10 of the original Act requires every owner of the estate to get his name registered with the Rubber Board. Now, if the manufacturers are asked to pay the money and if correspondingly section 10 is not amended requiring the manufacturers also to register their names with the Rubber Board, then they would escape this onus. In all fiscal measures we all know that people find a way out as to how they can escape or evade payment of any cess or tax. In this case, if *prima facie*, the manufacturers are not obliged to have their names registered with the Rubber Board, then by what provision or machinery could they be compelled to pay the tax or cess? Therefore, I would request the hon. Minister to examine whether it really amounts to a lacuna. I do not find section 10 in the Annexure to the Bill. Otherwise I would not have made this suggestion. It may be that section 10 might require even the registration of manufacturers and consumers also. If that is not so, I would like to bring to his notice that, in the absence of an amendment of section 10 making it obligatory on the part of every manufacturer, who is the ultimate consumer of rubber produced in the estates, to register, they will certainly escape this. What the Government want to achieve, it will never get. As a matter of fact, they will be losing a lot. The Statement of Objects and Reasons says that they could not even collect 65 or 70 per cent of the potential revenue expected from this. If this big lacuna is allowed, they cannot even think of getting 20 per cent. Here, the object is a change over in the method of collection, from the owners to the manufacturers. In the absence of an amendment of section 10, there will be difficulty. The owners are even now obliged to get their names registered. The estate owners have got to do it. They may not get notices, because, according to the scheme of the present Amending Bill, only the manufacturers have to submit a return within a prescribed time. I

would only draw his attention to see if there is any substance in what I say. Otherwise, it stands to reason that he must consider it twice.

The other aspect which I wish to bring to his notice is this. In all these amending Bills, the method adopted by the Government is also to amend the other sections to the advantage of the Government because the money that we collect goes into the Consolidated Fund of India. Here, I find, it goes from 1anna per pound to 50 Naye paise per kilogram. I do not know the comparative table. One kilogram may be 2 pounds; it may be more or less. This may work a 300 per cent increase. It may not be possible to recover the maximum of 50 Naye paise. But, still, when there is the enabling provision to collect 50 Naye paise, there is always this fear that it will go to the maximum. All the same, if it works to 2 pounds per kilogram, it will be a 300 per cent increase. This seems to be a bit exorbitant. While introducing an amending Bill which is merely a fiscal measure, Government should see that they do not exceed a maximum of 25 Naye paise.

With these observations, I commend this Bill for the acceptance of the House, because, it ultimately adds to our exchequer and the money that is collected would certainly go to welfare schemes of the workers and other amenities.

Shri Vasudevan Nair rose.

Mr. Chairman: One hour has been fixed. There is not much time. If he has any special point to make, he may make it in a few minutes.

Shri Vasudevan Nair (Thiruvella): Mr. Chairman, as the Government is proposing to increase the cess, we should naturally look to the Government to spend it in the best way possible. As my hon. friend Shri Punnoose said, already several

[Shri Vasudevan Nair]

schemes were submitted by the Rubber Board, which were not at all attended by the Ministry. Many of them are perhaps sleeping in the files of the Central Government. I would like to emphasise the necessity of encouraging new planters. That is the only point which I want to emphasise here.

I understand that already schemes were submitted by the Rubber Board to all concerned authorities containing concrete proposals with regard to helping new planters. I also understand that a lot of money is kept by the Rubber Board and that can be very well used for the purpose of new plantations. I need not go into the figures which were supplied by hon. Members in this House. But, I was surprised to find that in the Draft outline of the Third Plan, they estimate the maximum production by the end of the Third Plan as only 45,000 tons. The gap between production and requirement will be very big. We will again be importing large quantities of rubber from other countries. There is large scope for new plantations.

For example, in our State, even the State Government is having a proposal for planting 3 lakh acres. I am sure, if the Central Government as well as the Rubber Board could come to the help of the State Government, the new planting in all the 3 lakh acres can be carried out in the Third Five year plan period. If it is very difficult to the Government to advance large amounts of money for all new planters, for the time being, as a first step, I would urge upon the Government to begin to help the small growers. Large planters who may be planning new plantations, may be having reserve funds. They may depend on bank loans or anything like that. They are rich people. Small growers up to 50 acres should be helped by the Government. I understand that in some other countries, for example, Ceylon, if there is a new planter, as soon as he begins planting, if it is one acre, he is given something like a

donation of Rs. 1,000. Government is taking such a lot of interest in encouraging new planters. That may be the case with some other countries also. It is a long time since the Rubber Board, as I understand, submitted its own proposals. The hon. Minister stated the during the last two or three years, there is such an amount of enthusiasm among a large number of cultivators to have new plantations. If only the Government moves in the matter, at least to help the Rubber Board to have more initiative in this field, I am sure, much work could be done.

I want a clarification from the Minister whether, before preparing this Bill about increasing the cess, etc., the Rubber Board was consulted by the Ministry. Naturally, as an expert body dealing with the whole problem, we presume the Government ought to have consulted the Rubber Board. I would like to know whether the Government has done the same.

Shri Kanungo: At the very outset, I may correct myself a little bit, because, perhaps, I was a little bit confused and I confused the House also about the quantum of cess which is collected. The fact of the matter is that the quantum of cess today is the maximum as envisaged in the current Act. But, this was only in 1955. Till 1954, the rate was eight annas per hundred pounds.

14 hrs.

I am grateful to the hon. Members for their very helpful remarks, and particularly the comments of Shri Punnoose, some of which certainly deserve attention. I may plead guilty to the charge of Shri Punnoose that we have not been as quick in taking decisions as we ought to have been. Of course, there is an explanation for that, but explanations should not satisfy Parliament at any rate.

My only excuse for that is this. Take the matter of staff. We cannot

judge a particular organisation like the Rubber Board in isolation from other activities of Government, we have to see what the repercussions elsewhere will be, and therefore it does take a little time. In spite of this explanation, I plead guilty that we have not been quick enough in taking decisions and communicating them to the proper authority concerned.

I will not take up the time of the House recounting the activities of the Rubber Board, reports on which are placed on the Table of the House from year to year with opportunities to the House to comment on them. The only thing that I would say is that when the Rubber Board was conceived, the markets were very much fluctuating, and our own plans were not so comprehensive as they are at present. For example, we could not conceive what would be the pace of our industrialisation and the extent of our requirements in every sphere. Naturally, it took time to make up the mind, I should say, not of the Government alone, but of the country as a whole. Now we have got a fair idea as to what is going to be the nature of our development, though that also is subject to change, but the fact of that matter is that we will always remain far short of our requirements in our production of rubber. We cannot switch on and off an agricultural product as in the case of a factory manufacture. With all the will and resources, you cannot make a rubber tree yield in a year; it has got to take its natural course. Further, I understand that we have got certain serious limitations, because of the limited availability of good planting material. I hope in the years to come, with the enthusiasm of the various State Governments concerned, we will be able to do more in the sphere of development, particularly in the sphere of replantations. Personally I am of the view that replantation should have priority over fresh plantations, not that fresh plantations should wait, but there is greater urgency for replantation.

The justification for enabling the Government to have powers to raise the ceiling on the cess is that we are having ambitious plans. The Working Party on Rubber has produced certain ideas which have been incorporated in the Third Plan which the Members will have an opportunity of discussing in the course of the debate on the Third Plan. If that plan is approved and set in motion, it will require resources to be provided by the Government. So, we believe we should have powers for raising the rate of the cess as and when necessary. If we do it in an unjustified manner, Parliament is always there to pull up the Government. This cess is largely intended, at least the enhanced part of it, to meet the additional expenditure in the matter of development. Here I must make it clear that I cannot assure when the cess will be enhanced. At any rate, till the Third Plan is finalised we have no intention of raising it. And when it is raised, as I said, it will be subject to the comments of Parliament.

It was asked why this method of collection from the manufacturers was not taken up earlier. This is not a tax but a cess, and a cess on production, in the present Act and amending Bill. The fact that we have come up against rather insuperable difficulties is no proof that this is anything but a cess on production. And the correct thing to do, fiscally and legally, is to collect it at the source. Going to the manufacturing end to collect is, fiscally, rather a clumsy way of doing it.

A comment was made that the manufacturers are not compulsorily registered and so on. Their number is limited, and is bound to be for some time, and Government has knowledge about them, whether large or small, and they cannot escape submitting returns. Under the Act they are compelled to submit returns, failure of which will entail a penalty.

It was asked why it was required that statements should be provided by both the producers and the consumers, why it should not be left to the manu-

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facturers alone. Here, we come up against a peculiar feature in the rubber industry. Take for example crepe leather. There are only 13 manufacturers today, but the consumers are thousands and thousands of cobblers. It would be impossible to get returns from all these consumers. Therefore, both the ends are kept in view for the purpose of judging consumption and production, so that the one can be checked up with the other. And I believe that the time will come soon when the production will be higher, and even though the estates are small, their income will be higher, and they will be put in a position where they have to submit their returns. For the present, according to the Bill, the cess will be collected from the manufacturers.

Comments have been made about the price of rubber. I would submit that the price of rubber is not fixed by Government on their own judgment, but on the advice of the Tariff Commission. The latest enquiry by the Tariff Commission has been completed, and the Tariff Commission have submitted their reports. In the course of their hearings, every interest in rubber, the growers, the dealers and the manufacturers had all an opportunity to place their points of view. The Tariff Commission have submitted their reports, and Government will shortly be taking a decision on them. What that decision will be, I am not in a position to say today, because the decision has not been taken so far.

One hon. Member mentioned about the representation of small associations or associations of small holders on the Board. I suppose he will revise his argument when he sees that three members are nominated on behalf of the small growers. If it is considered that there should be a process of election, then I suppose half the revenue of the Board will go into the elections. As far as the representation of any particular association is concerned, I

am not sure if there is any association which can claim to have anything near half the membership of the growers. Therefore, the safest and the best method in the circumstances is to leave it to the judgment of Government, just as Parliament has left it to them in the original Act.

Mention was made about the difficulties which dealers would come across in the transitional period. I am sure that when the mechanics of the switch-over is worked out, this will be taken care of.

I am glad that as has been mentioned, some of the State Governments like the Kerala Government or the Mysore Government or the Madras Government have shown interest in the matter, and I hope they will produce the necessary resources; it will be helping in the national effort, if the State Governments themselves will go into the plantation business, just as they are said to be going into. But the recent expectation that every endeavour in progress should be financed by the Government, Treasury is rather not right, to my mind. Of course, in the case of small growers, they need help, and they are justified in expecting it, but the assistance should be given in such a way that enterprise is not inhibited by the expectation of incentives. After all, progress can be achieved only when efforts are made without incentives. I am talking broadly; of course, I entirely sympathise with the small grower, and I entirely agree with the proposition that the small grower has got to be provided with finance, because his creditworthiness, in spite of his potentiality as a producer, is rather limited; and Government have accepted that principle in the case of small industries, cottage industries etc. So, this help obviously will be there. But I believe the State Governments will take a wider view of the matter.

Perhaps, with the additional resources which will be available to the

Board, the worries of the Board will be reduced in the matter of collection. Shri Punnoose who is a member of the Board has mentioned already that most of their time goes in collections, and they are not able to realise even those collections in full, in the very nature of things. When once they are relieved of this worry, I believe Shri Punnoose will have less reason for complaint next year about the inactivity of Government of the Board.

Mr. Chairman: The question is:

"That the Bill further to amend the Rubber Act, 1947, be taken into consideration".

The motion was adopted.

Mr. Chairman: We shall now take up the Bill clause by clause.

Clause 2—
for section 12)

Shri Punnoose: I beg to move:

(1) Page 1, line 14, for 'fifty naye paise' substitute 'twenty-five naye paise'. (1)

(2) Page 1 lines 18 and 19, omit "either from the owner of the estate on which the rubber is produced or". (2)

In my first amendment, I have suggested that the rate should be 25 nP. instead of 50 nP. I am glad that the hon. Minister says that it is only an enabling provision, and that the immediate imposition of 50 nP. is not contemplated, but he added that at least till the Third Five Year Plan is finalised, this was not contemplated. That is a very subtle way of saying that he is going to do it immediately.

I am more worried about not properly utilising the amount that is collected. Even now—I do not believe that the hon. Minister was purposefully doing so—the hon. Minister has been evasive in making a statement as to what he is going to do with regard to new planting. Certainly,

re-planting must have priority, but that itself is going to sink because Government have not given final orders with regard to the revised rates.

Therefore, in the first place, this replanting scheme should be vitalised immediately. Secondly, the new planting scheme has to be taken up. Nobody has suggested that Government should give grants to those who are prepared to plant. After all it is a matter of just giving some loans. That is a very wise investment also; it is a profitable investment in the sense that they can get back the money, they would get a small interest, and they would also get the cess. Therefore, we are not asking for anything very extraordinary when we say that Government should help the new planter.

Government should not also do anything at this stage, that will make the people feel that the future of rubber industry is not bright. Suppose, they reduce the price of rubber even by one naya paise, immediately, it will cool down the enthusiasm of the people. Therefore they should never do that. If they can nominally raise the price, I would welcome it, not because I love the planters so much but because I want the planters to develop the industry. For Heaven's sake let them not make any reduction, whoever may recommend it. I do not know anything about it, but no such recommendation should be accepted, if anybody is so unwise as to make that recommendation.

With regard to the second amendment I have suggested that the cess may be collected from the manufacturers alone, and there need not be any power to collect it from the growers. I understand that there are certain types of rubber, very small in quantity, which do not go to the manufacturer at all because they are put to use in the estate itself, as, for example the sole and other things. It may therefore, be necessary to collect it from the growers. But if it becomes obligatory on every grower to

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keep an account of every pound of rubber production etc., then it becomes a very complicated affair. It will be a very unnecessary burden also on the grower, and the Rubber Board also will have to be very busy all the time in checking up their accounts and so on. If Government could specify or the Rubber Board could specify that such and such growers should give their accounts, that would suffice, because their commodity does not go to the manufacturers at all. If only those growers are required to submit their accounts, then I have no objection.

Shri Ranga (Tenali): May we know what Government propose to do in regard to the incidence of this cess on the small growers, as distinguished from the bigger growers? Do they propose to exempt the small growers?

Mr. Chairman: Amendments Nos. 1 and 2 are before the House.

Shri Kanungo: Notwithstanding the impetuosity of the leader of the Swatantra Party, I have to mention that it has not relevancy to the subject under consideration.

Shri Ranga (Tenali): There is no question of relevancy; I am only asking for information. My hon. friend seems to think that he can crack a joke at my cost.

Shri Kanungo: He can do it double on me.

Shri Ranga: I am asking for information. If he can, let him give it.

Shri A. M. Tariq (Jammu and Kashmir): Do not mention the Swatantra Party here. With that name, he is not feeling comfortable.

Shri Kanungo: Shri Punnoose asked me about reducing the quantum of the cess. I have mentioned in what circumstances the cess will be imposed. Of course, the action of the Board will be subject to the approval of the Government every year. All I can

promise is that I hope that Government and the Board will be more purposive; at least the Government will not stand in the way of the Board being purposive. But as I made it clear while moving the motion for consideration, this power is necessary, because if we have got to go in a large way for replantation, plantation and all that, we require resources and resources can be had in this way only. Government cannot, and will not, do it without any relation to the existing prices.

One of the reasons why Government could not come to a decision about the price of rubber is that they were awaiting the report of the Tariff Commission. As I said, the Tariff Commission is the forum where all points of view are canvassed. They offer their advice and then, as I said, we will be in a position to announce our decision on the report of the Tariff Commission very very soon.

As far as the duty is concerned, I can only assure the House that no decision will be taken without relation to the existing conditions regarding prices and other factors.

As regards the second amendment, I have explained under what circumstances we need this provision. I suppose the rules will take care of the anomalies, if there are any, at any time. I hope Shri Punnoose will not press his amendments.

Mr. Chairman: Is the hon. Member pressing his amendments?

Shri Punnoose: Yes.

Mr. Chairman: I shall put amendments Nos. 1 and 2 to vote.

Amendments Nos. 1 and 2 were put and negatived.

Mr. Chairman: The question is:

“That clause 2 stand part of the Bill”.

The motion was adopted.

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Clause 2 was added to the Bill.

Clause 3, clause 1, the Enacting Formula and the Title were added to the Bill

Shri Kanungo: I move:

"That the Bill be passed".

Mr. Chairman: Motion moved:

"That the Bill be passed".

Shri Sinhasan Singh (Gorakhpur): Now we have increased the cess from one anna to about 4 annas per lb. May I ask how this will affect the price, whether it will increase the price of rubber or not?

Shri Kanungo: We have not done anything like that. It is an enabling provision enabling Government to raise the duty if and when it is necessary. The price of rubber is governed by the control price notified by Government. As I said just now, under the advice of the Tariff Commission, Government will take a decision now.

Mr. Chairman: The question is:

"That the Bill be passed".

The motion was adopted

14.26 hrs.

COTTON TRANSPORT (AMENDMENT) BILL

The Minister of Commerce Shri Kanungo: I beg to move:

"That the Bill further to amend the Cotton Transport Act, 1923, as passed by Rajya Sabha, be taken into consideration".

This is an old Bill of long standing. In certain areas of India certain qualities of cotton are grown, and the efforts of Government and the growers have been to see that in whichever area a particular strain of cotton is produced, it should be protected

against being bastardised by importation of bad varieties of cotton. The purpose of the original Act was to ensure this. This Act has been in operation for quite a long time. Now, because of the realignment of States, it is necessary that this amendment should be brought forward because in certain areas of the country which were formerly called Class B States, this Act was not in operation. The provision for collecting fees and all that for the purpose of the operation of the Act was rather doubtful in the old Act.

These are the two matters sought to be rectified under the amending Bill. This Bill has been passed by the Rajya Sabha and I commend it for the consideration of the House.

Mr. Chairman: The question is:

"That the Bill further to amend the Cotton Transport Act, 1923, as passed by Rajya Sabha, be taken into consideration".

The motion was adopted.

Mr. Chairman: There are no amendments to clauses. The question is:

"That clauses 2, 3, 4 and 1, the Enacting Formula and the Title stand part of the Bill".

The motion was adopted.

Clauses 2, 3, 4 and 1, the Enacting Formula and the Title were added to the Bill.

Shri Kanungo: I move:

"That the Bill be passed".

Mr. Chairman: The question is:

"That the Bill be passed".

The motion was adopted.

14.29 hrs.

MOTION RE: REPORT OF UNIVERSITY GRANTS COMMISSION

The Minister of Education (Dr. K. L. Shrimali): I beg to move:

"That this House takes note of the Report of the University