

RAJYA SABHA

Tuesday, the 11th April, 1967/the 21st Chaitra, 1889 (Saka).

The House met at eleven of the clock, MR. CHAIRMAN in the Chair.

MEMBER SWORN

Shri Bhupendra Singh (Punjab)

CALLING ATTENTION TO MATTERS OF URGENT PUBLIC IMPORTANCE

I—ACUTE FALL IN PRICES OF ALL GRADES OF NATURAL RUBBER

SHRIMATI DEVAKI GOPIDAS (Kerala): Sir, I wish to call the attention of the Minister of Commerce to the acute fall in prices of all grades of natural rubber on account of the import of rubber from outside India and the consequent alarm and frustration amongst the rubber growers, and its immediate long-term effects on the country's economy.

THE MINISTER OF COMMERCE (SHRI DINESH SINGH): Sir, hon. Members are aware that indigenous production of natural rubber is not adequate to meet the full requirements of the rubber goods manufacturing industry. Imports, to the extent necessary to cover the gap between supply and demand, have to be allowed every year. However, owing to the acute shortage of foreign exchange in 1965-66, imports of rubber had to be severely restricted during that year. This resulted in shortage of rubber in the country. The shortage was further aggravated by a setback in the production of synthetic rubber due to a fire in the only factory producing it. As a result, from about the middle of 1965 till upto September 1966, the price of indigenous rubber rose to abnormally high levels, reading at one time a peak of about Rs. 7,000 per tonne. As rubber is the main raw material for a number of essen-

tial industries, the scarcity of rubber and consequent high prices were adversely affecting the consumers. This had to be remedied. Therefore, after a careful assessment on the situation, Government decided to issue licences for the import of about 30,000 tonnes of rubber during 1966-67. As was anticipated, the price of natural rubber fell from the artificially high levels reached during the period of scarcity. The prices of Indian raw rubber currently stand at about Rs. 4,200 per tonne f.o.b. Cochin. This, however, is still well above the floor price of Rs. 3,232 per tonne. It is also higher than the landed cost of rubber imported from Malaysia, which is, even after devaluation, about Rs. 4,100 per tonne inclusive of import duty.

The question of fixing a fair price for rubber has been referred to the Tariff Commission. Their report is expected in May 1967.

Government fully appreciates the important role that rubber plays in the economy of the country. At the same time, the Government must also take into account the vital role that some of the rubber products play in that economy. The price of rubber has to be fixed at a level which would be equitable not only to the growers but to the consumers as well. Government are now awaiting the recommendations of the Tariff Commission.

SHRIMATI DEVAKI GOPIDAS: May I know whether the Government is aware that there is a stock of about 36 thousand tonnes with the producers and dealers in Kerala and whether the Government will consider taking over this stock at a very reasonable price and keep it as a buffer stock, so that in future the price may not go up? I would like to know whether the Government have fixed this price of Rs. 415 per 100 kilograms, suggested to

[Shrimati Devaki Gopidas.]

the Tariff Commission, before they went to Kerala, after consulting the Rubber Board and the producers.

SHRI DINESH SINGH: As I have tried to make out, the difficulty in this is with regard to the price of rubber. What is the reasonable price, is a matter which is before the Tariff Commission now. As soon as they let us know what they consider to be the reasonable price, we can go into it. For the time being the floor price of rubber is Rs. 3,232. The price of imported rubber inclusive of import duty and transport, even after devaluation, is Rs. 4,100. Now the general price that is being demanded is about Rs. 4,200. This is the main difficulty. While the price of imported rubber in Calcutta is Rs. 4,100, if in Cochin we can get it at Rs. 4,100, the consumer industries of rubber have assured us that they would buy all the rubber that is available at that price.

SHRIMATI DEVAKI GOPIDAS:

Sir, this contingency has arisen because we gave import licences to four big industries at the fag end of the year and nobody is prepared to lift the stock that is available in Kerala. Only 70 per cent. of the demand is met by the natural rubber produced in Kerala. May I know whether the Government have considered the price reasonable so that we may increase the production by giving some incentives to the producers and make the country self-sufficient rather than depend upon other countries and spend our valuable foreign exchange? I would like to know whether the Government have consulted the producers and the Rubber Board before fixing such a price by the Tariff Commission.

SHRI DINESH SINGH: Sir, the Tariff Commission will have both the views of the growers and those of the consumers and also the Rubber Board. They will take all these things into account.

SHRIMATI DEVAKI GOPIDAS:

Sir, my question has not been answered. Here I have got a copy of the Press Release issued from Kottayam on 31st March 1967. It says:

"The Commerce Minister is reported to have told a deputation of rubber growers that Government will suspend further import of raw rubber till the Report of the Tariff Commission was made available provided that growers agreed to sell rubber at Rs. 415 per 100 kgs. Producers would not consider the Government was helping the Tariff Commission to arrive at a fair and unhampered decision on raw rubber price by the suggestion that rubber will be lifted at Rs. 415 per 100 kgs. This is what the manufacturers want to establish as an indicator of ruling and accepted price for rubber before the Commission. But by the Government echoing that demand of the manufacturers the growers have ground for apprehension that the present enquiry is being vitiated. We feel that there should have been proper consultation with producers interests before this suggestion was made instead of merely sounding the Rubber Board on the matter."

SHRI DINESH SINGH: Who has issued this?

SHRIMATI DEVAKI GOPIDAS:

By the Producers Association, Kerala. What are the reactions of the Government to the points raised?

SHRI DINESH SINGH: Sir, I had an occasion to discuss this matter with some representatives of the rubber growers. I also discussed it with the Chairman of the Rubber Board. We have had some talks with them. I am sorry this statement has been issued. The point is that we have not fixed any price except the floor price and we have

not recommended any price to the Tariff Commission. It is for the Tariff Commission to determine the price. What I had said to them was that if they were willing to sell rubber at the price at which the manufacturers were willing to buy, which was not lower than the price of imported rubber plus the duty that was to be paid on it plus transport and everything else, the manufacturers had assured us that they would lift any rubber that was available to them. So, till the Tariff Commission fixed the price, if they have large stocks, they should try to sell them at a price that is now being paid by the consumers, by the industry and as soon as the Tariff Commission refixes the price, we can go into it but they should not keep this rubber with them, because it is an unnecessary stock with them.

SHRI M. M. DHARIA (Maharashtra): Sir, the hon. Minister stated that because of shortage of rubber Government took the decision to import 30,000 tonnes of rubber during the year 1966-67. Now the point is that the rubber producers say that they have got enough stocks. And when that stock is available in the country, instead of paying a remunerative price to the producers—we fail to understand it—when we have been facing a crisis in foreign exchange, why should we have gone in for importing it from foreign countries? And, Sir, when this matter is now before the Tariff Commission, instead of going in for more imports from foreign countries, why had the Government not settled the matter earlier before the import was made? In this country we have been making the demand that for more and more production remunerative prices should be paid to the growers. So why is the Government not taking a definite policy in this regard?

SHRI DINESH SINGH: I am sorry, Sir, the hon. Member has not understood me at all. The whole point is that we are not importing rubber beyond our requirements. There is a difference between our consumption

and production. What we are importing is the difference between consumption and production, not beyond that, only this difference, and it will be required anyhow. Last year, because of the shortage, we had to dip into our stocks, the stocks that are maintained for running for four months, and we are trying to replenish these stocks. So all that we are importing is the difference between our consumption and our production plus the replenishment of the stock. Now these imports naturally brought down the price of rubber. So far as the question of rubber price is concerned, as I mentioned, rubber price had jumped up to as much as Rs. 7,000 per tonne. It is an abnormal rise; at that price we cannot produce the tyres reasonably economically, and if the price of the tyre increases by a corresponding margin, the hon. Member will then say that the tyres must be available at reasonable prices. The normal figure is ruling around Rs. 4,100 per tonne. Now, if the raw material price jumps up by about Rs. 3,000 to Rs. 7,000, obviously it will have its impact on the cost of tyres and cost of transport, and the industry is such that it is a factor reflected in other prices, and then the entire price index will go up. I have no objection to allow anybody to charge any price provided we are not expected to keep the prices of consumer goods down. If it is the general desire of the House that all prices should be freed, I have no objection. But for me it is a problem to restrict its price and so we have to look at the overall picture.

SHRI C. D. PANDE (Uttar Pradesh): The hon. Minister has said that the price had gone abnormally high but at the same time he said that the floor price fixed was Rs. 3,232 per tonne. Now when there is such a great discrepancy between the ruling abnormally high price and the floor price, the floor price has no meaning whatsoever. So why do not the Government fix the floor price at a price which is likely to remain

[Shri C. D. Pande.]

stable, which means Rs. 4,200 per tonne? And at the same time, when you knew that there was a stock of 30,000 tonnes in the country, which was not lifted, was it not known to the Government before they imported it that the stock in the country piled up? Whatever it be, may I know whether the Government will assure the growers now that hereafter no imports will be allowed whatever be the difficulties, so that the rubber from within the country may be available at that reasonable price of Rs. 4,500 or whatever it was?

SHRI DINESH SINGH: I did not say that we had this stock. The hon. Member had mentioned it, that we had a stock of 30,000 tonnes. I could not say off hand what stock it was. It varies from month to month, in December 20,000, then 17,000, then 15,000 and so on. So it has been fluctuating like that. Because production is such, they have to keep a stock. It is consumed very quickly. I did mention that we had the floor price of Rs. 3,232, and it was now before the Tariff Commission. If the Tariff Commission feel that it should be raised, we shall certainly consider it.

SHRI ABID ALI (Maharashtra): What happened to the proposal to expand the manufacturing capacity of synthetic rubber, so that the import of rubber may be proportionately reduced?

SHRI DINESH SINGH: Sir, the production of synthetic rubber is going up. In 1963-64 it was 8,000 tonnes. In 1966-67 it was 22,000 tonnes. It is going up.

MR. CHAIRMAN: Shri B. K. P. Sinha

SHRI C. D. PANDE: What is the price structure of this synthetic? That will help us to understand matters.

MR. CHAIRMAN: I have called Mr. Sinha to put the question.

SHRI B. K. P. SINHA (Bihar): Sir, when the hon. Minister says that because of short supply the price of rubber rose to great heights—artificial heights—may I know, the price rose to artificial heights, did the wages and other elements that constitute the costs of production, did they rise *pari passu* with the higher price which was artificially high? And now that imports have come and the prices are, according to the Minister, attaining their natural levels, may I know whether the wages and other elements, whether they are so elastic that, as prices fall, they shall also get adjusted with the fall in prices, adjusted with the new comparatively low prices because, if they are not adjusted, there will be serious consequences? Many of these growers will have to close down their plantations; many of the labour would be unemployed, and there would be other evil consequences also. Therefore, may I know, Sir, what Government propose to do about these elements in the situation?

SHRI DINESH SINGH: Rise in wages and other elements was not part of this abnormal jump which I had mentioned. It was because of the acute shortage in the country. Imports had been curtailed because synthetic rubber was being manufactured. But the factory caught fire and there was no production and consequently there was a terrific shortfall, and because of that the prices jumped up. It was not related to wages or anything at that time. That is an entirely different factor. This is the factor of the raw material as such. Wage is an entirely different factor in the industry, and that has nothing to do with this price rise.

SHRI M. P. BHARGAVA (Uttar Pradesh): May I know, Sir, from the hon. Minister whether the shortfall between the production and the consumption was assessed by the Ministry itself, or was it assessed on the assessments received from the consumers, and whether the S.T.C. imported the rubber or the actual users were allowed to import the

necessary rubber which was required by them?

SHRI DINESH SINGH: Sir, if my memory serves me right, I think it was the individual importers and not the S.T.C. that imported the rubber. The Ministry made the assessment in consultation with them. I am afraid I do not know what the exact mechanics was in this case, but they must have taken the production figures from these factories, and also the figures from the Rubber Board, and from any organisation of the planters.

SHRI K. DAMODARAN (Kerala): Some time back the Government asked the people to produce more rubber. The people took it seriously and produce more, extended the plantation to further areas and produced more. And now the stock with them is some 36,000 tonnes. I want to know whether the Government want to do anything at all to utilise this indigenous stock and save the situation.

SHRI DINESH SINGH: Sir, again it is exactly the same thing as I said earlier. Again it is for this House to say, and we are subject to the wishes of the House to decide what price people should pay. I have no objection to raising the price of rubber provided the House does not expect me to keep the prices of tyres down. The rubber is available. They are willing to sell. The manufacturers have taken the price of the raw material at a certain level in determining the cost of tyres. Now if the price of the raw material jumps up, then they come to us and say that the price of the raw material has gone up, "You allow us an increase in the price of the finished goods." If we allow an increase in the price of finished goods, then the general index goes up, and then we have criticism in Parliament that, "You have allowed the price to go up" If the hon. Members want us to do that, I have no objection. I have said it several times.

श्री राम सहाय (मध्य प्रदेश) : क्या मैं माननीय मंत्री जी से यह जान सकूंगा कि क्या उन्होंने इस बात की जाच की है कि देश की आवश्यकता के लिए कितना रबड़ चाहिये और साथ ही अपने देश में ही उसको उत्पन्न करने के लिये जो उद्योग यहां है उनके लिये क्या विशेष साधन जुटाये जा रहे हैं ?

श्री दिनेश सिंह: जी हां, हम को इसका अंदाज है कि कितने रबड़ की आवश्यकता हमको है। इस साल 1966-67 में हमारा अंदाज है कि हमको कोई 1 लाख 28 हजार टन की आवश्यकता है और इसीलिये हम कोशिश कर रहे हैं कि रबड़ इस देश में पैदा किया जाय। पहली दिक्कत आती है कि क्या दाम हों। आज भी जो हमारे यहां रबड़ पैदा होता है उसको जिस दाम पर लोग यहां पर खरीदने के लिये तैयार हैं वह दाम, जो खर हम बाहर से नगते हैं और जिन पर हम ड्यूटी लेते हैं, ट्रान्सपोर्ट का खर्च ब्रेटना है उस सबसे बहुत ज्यादा होता है।

II. REPORTED CROSSING OVER OF REBEL NAGAS INTO CHINA

श्री राजनारायण (उत्तर प्रदेश) : श्रीमत् मैं निम्नलिखित बातों की ओर वैदेशिक-कार्य मंत्री का ध्यान दिलाता हूं :

(1) आपामार लड़ाई में प्रशिक्षण प्राप्त करने और हथियार था साज-सामान प्राप्त करने के लिये 300 नागा विद्रोहियों का अपर बरमा हो कर चीन में कथित प्रवेश कर जाना, श्री

(2) नूमिगत नागा विद्रोहियों और अवैध मिजो नेशनल फ्रंट के बीच कथित गठजोड़।