

of us to exercise control and wherever possible to have the powers delegated to the State Governments.

SHRI K. SANTHANAM: Is it the idea . . .

MR. DEPUTY CHAIRMAN: He is not accepting your amendment.

SHRI K. SANTHANAM: I want a clarification from him.

MR. DEPUTY CHAIRMAN: How many times can you speak? You have no right of reply.

SHRI K. SANTHANAM: Sir, I beg leave to withdraw my amendment.

**Amendment No. 5 was, by leave withdrawn.*

MR. DEPUTY CHAIRMAN: The question is:

"That clause 11 stand part of the Bill."

The motion was adopted.

Clause 11 was added to the Bill.

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

SHRI D. P. KARMAKAR: Sir, I move:

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

The question was put and the motion was adopted.

THE RUBBER (AMENDMENT) BILL, 1960.

THE MINISTER OF COMMERCE
(SHRI N. KANUNGO): Sir, I move:

"That the Bill further to amend the Rubber Act, 1947, as passed by the Lok Sabha, be taken into consideration."

**For text of amendment, See col. 547 supra.*

Sir, this is a very simple Bill which purports to achieve the object of more efficient collection of the cess which is levied under this Act. Under the present scheme of things, the cess on rubber is collected from producers of rubber which is the normal way of collecting all cess revenue. In this particular case of production of rubber, there happen to be 26,000 estates, the bulk of which are very small, maybe, 5 acres, 2 acres or even 1 acre or less. It is impossible to get all these estates registered because the penalty for non-registration is prosecution.

First of all, to spot out which estates have not registered themselves and then prosecute them is a tremendous task. Apart from that, it is very much time-consuming. The further step is that an estate which is registered as such is expected to submit periodical returns of the production of the rubber in the estate. On the basis of that production, which is checked by the Rubber Board, assessment will be made and collected. Considering the large number of small estates which do not register themselves, and which naturally escape payment of cess, it has been found that almost 40 per cent. of the cess due has not been realised. Therefore, this Bill provides that apart from the obligation on the producer to submit the return, the cess will be collected from the consumers, i.e., the consumers of raw rubber. It will be easier, more efficient and quicker because the consumers of raw rubber are only a handful. In fact, there are something about 347 consumers of rubber. So, it will be easier to collect the cess from the consumers' end though, as I said, it will be a legal obligation on the producer also.

[THE VICE-CHAIRMAN (SHRIMATI K. BHARATHI) in the Chair.]

Here opportunity has been taken to take powers, that the Government may, if they so think proper, enhance the cess. The cess, which stands today at the maximum figure of one anna per pound, can be raised up to, but not more than, 50 naye paise per

[Shri N. Kanungo]

kilogram. In other words, roughly the present cess of one anna per pound can be raised up to a maximum of four annas. This is merely an enabling power to the Government because in view of the large-scale developments in rubber plantation which are contemplated, it will be necessary to have more funds for the operation of the Rubber Board and after all the bulk of the operations of the Board are in the way of financing by credit or by subsidies to the planters of rubber. These are the two main features of the Bill and I commend that the Bill be taken into consideration.

The question was proposed.

SHRI JOSEPH MATHEN (Kerala): Madam, the Bill as such is a non-controversial one but I wish to offer a few remarks with regard to the rubber industry which is more concerned with the State which I am representing, I mean Kerala. Ninety per cent. of the production of rubber in our country is from Kerala and even though the Board is there to control and give directions for the development of the rubber plantation, I do not think either the plantation people or the people in general are satisfied with the functioning of this Board. A lot of cess is collected and spent for so many purposes but how far the purposes are served is still doubtful. The consumption of rubber in this country now is something like 60,000 tons a year out of which only 25,000 tons are produced in our country. The rest are imported and according to estimates, the demand for rubber by the end of 1970 would be something like 1,2000 tons a year. I do not know what provisions have been made for the development of rubber plantations in our country so that we may meet the demands when we are on the progressive side as far as industries are concerned. Rubber is an essential commodity for almost all industries and we can expect that even more than 1,20,000 tons will be

required for all the other industries that are to be developed according to our Third Five Year Plan. So, I wish to bring to the notice of the hon. Minister that sufficient incentive should be given to those who are now in the rubber industry. The cost of replanting to some of the estate planters who have taken up replanting is given at the rate of Rs. 400 per acre but most of the planters are disappointed. Even though a lot of money is spent on the Board, we have no provision for extending liberal loans to the planters. Unless and until we are in a position to extend sufficient loans to the planters, I do not think, we would be able to meet the growing demands for rubber. The cost of planting rubber may come to Rs. 1,500 an acre and unless we are prepared to give loans on a liberal scale, up to Rs. 750 an acre, we cannot think that this industry will develop in our country. Rubber can be increased by intensive and extensive cultivation. As far as Kerala is concerned, the climate and soil and other conditions are suitable for developing rubber plantation but the acreage is limited. For replanting we are giving Rs. 400. That should also be increased and persons who come forward to take up rubber plantation, should be encouraged by being given 50 per cent. of the cost of cultivation, namely, at least Rs. 750 per acre. For the increase of the present cess the reason given is that it is for implementing certain plans chalked out for the development of the industry. I do not know exactly what the plans are but I would say that to encourage the producers, we should give a slight increase in the price of rubber. The Tariff Commission's report has created some confusion among the planters and they are still in doubt as to what would happen if this control and stabilisation of prices are not properly handled by the authorities. Of course, I do agree that there should be stabilisation of prices and other such measures but we will have to help such industries in a more liberal manner and we will have to encourage

them by giving them all facilities, specially long-term loans to rubber planters. The increase in price will enable the planters to give more attractive wages to the labourers whose condition is not at all satisfactory now. Kerala, as you know, is a problem State. Till a few months back it was considered to be a problem State throughout India but gradually it is coming up by solving the problems one after another. Industrialisation is aimed at and every possible help is extended by the State Government for the development of industries and plantations. But the Centre will have to be liberal to the State Government also so that the State Government may take up new schemes and plans for the development of these industries. Thank you.

SHRI P. A. SOLOMON (Kerala): Madam, Vice-Chairman, I would like to say something about this measure. First of all by this measure the quantum of the cess will be increased by four times. As far as the smaller owners are concerned, I feel that it will be a big amount. They cannot pay such a big amount because the Minister himself said just now that there are about 26,000 estate owners. And among this 26,000, there will be even one-acre holders and half-an-acre holders. Such people cannot bear such a huge burden or such a levy.

There should be some slab 4 p.m. system and some people must be exempted from the increase in the levy. I would in this connection suggest that estates which are not included in the Plantation Labour Act must be exempted from this exceedingly high rate of levy. During the last few years, the Rubber Board was not able to collect the amount previously fixed and by the amendments now proposed we are making still further changes in the way of collection, that is, under the new scheme, collection can be made from the manufacturers. So that every producer, whether he is a

big one or a small one, will be compelled to pay. I accept this amendment but at the same time the small owners who are not able to pay even the existing rates will find it difficult to pay the increased rates and this will cause hardship to them. Previously, it was only one anna per lb. but now it is eight annas per kilogram; it is almost four times.

[MR. DEPUTY CHAIRMAN in the Chair.]

This matter should be considered.

Finally, I would request the hon. Minister to direct the Rubber Board to implement this measure in stages. If it is to be implemented all on a sudden, it would create difficulties.

SHRI RAJENDRA PRATAP SINHA (Bihar): Mr. Deputy Chairman, this Bill has come before us now after six years of the earlier amendment. This Act was amended in 1954. The purpose of the present set of amendments is to authorise the Government to collect the cess either from the owner of the estates or from the manufacturers. The reason, as you will find explained in the Statement of Objects and Reasons, is that Government has been losing heavily on the collection of the cess. During the period October 1947 to December 1954, the estates assessed were 20,608 and the Board suffered during the period a loss of Rs. 2,30,802. The Rubber Board assumes that under the present system there is no likelihood of more than 65 per cent. of the potential revenue being realised each year. Therefore, Sir, they are seeking power now to collect the cess from the manufacturers as well if they so choose. Sir, I would remind you of the humble suggestion that I made when Mr. Karmarkar moved the earlier amending Bill in 1954, on the 2nd December, 1954. At that time I had suggested to the Minister that it would be very difficult for him to collect the cess from the owners considering the fact that the owners are spread over large areas. I, therefore,

[Shri Rajendra Pratap Sinha.]

pleaded with him that it would be better to collect the cess from the manufacturers, the thing that they are going to do now after six years. Sir, I stated then—

“I want to insist that the Government must make up its mind to collect the cess at the manufacturers' end and they must collect the whole amount, the maximum amount leviable under the Bill. They should do it, and if they do not do it, we shall charge them with negligence and why I say this will be clear if I refer you to the Investment Year Book, 1952 to justify that the manufacturers are in a better position to pay the cess than the estate owners.”

The Tariff Commission had reported at that time that 67 per cent. of the rubber was consumed by three factories, that is what I also pointed out, Dunlops, Batas and another one. I quoted figures relating to the Dunlop Rubber Company. This company was making enormous profits and within a period of seventeen years they had capitalised from the reserves an equal amount as the share capital invested in that company. That was the nature of the profits earned by them and they were paying dividends at the rate of 40 per cent.—I had given all these figures—30 per cent. and 20 per cent. This was the minimum that they gave for two years. Their ten rupee shares were quoted at hundred rupees each. I pleaded with the hon. Minister at that time to have the cess collected at the manufacturers' end but they did not accept my advice and the State exchequer—the Rubber Board—lost to the tune of about fifteen lakhs of rupees during this period. At last wisdom has dawned upon them after that experience.

SHRI JASWANT SINGH (Rajasthan): They have listened to you now.

SHRI RAJENDRA PRATAP SINHA:

Yes, they have listened to me and now they are amending the Bill but even today they are not clear in their minds. They are masters at confusion; that is what it appears. Why not have a clear-cut measure saying that you will collect the cess from the manufacturers? They are still lingering to their past; they will collect from either here or there. What does this mean? They have said—and this is in the Statement of Objects and Reasons—that it is justified to collect the cess from the manufacturers—no question of Mr. R. P. Sinha now arguing; the Bill itself argues—because they say that 40 per cent. will not be collected if they were to collect it from the owners. There are 26,000 estate owners whereas there are only 347 registered rubber manufacturers. Here you have to collect only from 347 persons; instead of that, you are still lingering with the hope that you can collect it from 26,000 rubber estate owners. What will happen is that you will again lose if you continue this foolhardiness, permit me to use this expression. The thing is that the hon. Minister must make up his mind and say that he would collect the cess from the manufacturers. Recently we have decided to give up the collection of sales tax on very many items and to collect them in the form of excise duties. Because of the large amount of evasion that was going on in the collection of the sales tax, because of the difficulties that were there in the collection of sales tax, it was decided that on many items like coal, textile, steel, etc., the sales tax must be merged with excise duty so that at one point the collection can take place. The cardinal point that must be borne in mind in all taxation measures is that it must be easy of collection, with the least expenses and with the least botheration and there should be the least chance of evasion. Now, we are unnecessarily spending public money in having a large staff for collecting the cess from some 26,000 people instead

of collecting it from about 340 people. You must make up your mind and decide to collect it from the manufacturers instead of leaving it undecided. Now, we require this money very urgently. Not that we are short of funds, but we want it for implementing our plans. There are very good reasons, not only good, but from the national point of view very logical considerations, for putting this cess on rubber and that is for improving our rubber plantations.

Sir, I was looking through this Report of the Rubber Board and I find that our production has been going down. I have compared the production for the years 1956-57, 1957-58 and 1958-59 and I find that the production has gone down. In the 1959 Report it is said that the production of raw rubber amounted to 12,748 million pounds as against 13,339 million pounds during the previous year. This year it is still worse. In spite of all your efforts, why has the production been going down? You must explain why this has happened. Probably you do not have the money. You are actually losing money; probably Rs. 15 lakhs you have lost which you could have given for replanting. It is a very important point and I dealt with this also at length in my 1954 speech. You must improve the yield per acre; that is the real basic point and there is no mention in the yearly Reports as to how the yield per acre is improving. I was surprised; that is the basic thing that you must have given so that we may judge how effectively this Board is functioning. The real test is what improvement there has been in the yield per acre and how it compares with the yield per acre in other countries. In Indonesia I find that the yield per acre—I am talking of the small holdings of less than 50 acres—is more than four times the yield per acre in our estates having an area of more than a thousand acres each. What are you doing really? Why can't you ask these big planters to improve the yield?

One of the reasons why you are not implementing the scheme of ceilings and dividing the big estates is because the yield per acre in the bigger estates is higher than in the smaller holdings. But how is it that in Indonesia a 100 acre planter has got four times more yield than even the bigger estates in this country? I had given all these figures in the 1954 speech itself. Why have not things improved all these years? The planting subsidy scheme is a very very small thing. May be that they have no money; they cannot have the money because there is a good deal of evasion going on. Sir, I am not a technical man but I keep some sort of information about these things and this is very interesting. Now, the best yielders are the budded grafts. The total area under budded grafts as given in this Report is 36,301 acres. The next good strain which comes just below the budded grafts is the clonal seedlings and the total acreage under clonal seedlings is 38,674 whereas the acreage under the ordinary unselected seedlings which give a very very poor yield is 1,87,000. Now, if we take these two together, that is, the budded grafts and the clonal seedlings, the total comes to about 74,000 acres as against the area under the hopelessly low-yielding unselected seedlings of 1,87,000. If these things continue like this nothing will happen. You can see how slowly we are moving in implementing the scheme of replanting subsidy. If I remember aright, the scheme was that in 10 or 15 years the entire area under unselected ordinary seedlings should be replanted with high-yielding strains. Out of this period, now six years have already passed. It is about six years since you brought the last amending Bill. I think that was in December 1954. Now, if you refer to page 9 of the 1959 Report you will see how small the replanting subsidy scheme is. The total acreage that has been replanted under the subsidy scheme is 2,784.61. This is fantastically low; you are just playing with the whole thing. That was

[Shri Rajendra Pratap Sinha]

in 1957 and in 1958 the area for which subsidy was paid was 2,521. Now, in 1959—the figure is not for the whole year but for a part of the year—the area that has been promised to be covered is 3,840. If you proceed at this rate, when are you going to complete replanting the entire area of 1,87,000 acres? Probably, you will take one or two centuries. And our consumption of rubber has been going up. At that time I also pointed out to them that they must beware of the synthetic rubber that was coming up and I was surprised to see that we are now importing synthetic rubber to supplement our raw rubber. We imported 1,633 tons of synthetic rubber in 1957-58. We have also acquired some reclaimed rubber to the tune of 3,428 tons of which we have consumed about 2,086 tons. I hope I am not taking much of your time, Sir. I was told that there was time and that is why I want to deal with it in detail. What I was pointing out to you is this: I am not satisfied with the progress as revealed to us by these Statistical Reports of the Rubber Board.

DR. R. B. GOUR (Andhra Pradesh): They are 'statistricks'.

SHRI RAJENDRA PRATAP SINHA: Now, we have to see that we keep pace with the yield that is going on in other countries. Their yield is increasing. Our yield is going down. The price of rubber in the world market today is very much lower than the price of Indian rubber. Now, we have seen that the yield of the big estates is lower than the yield of even the small estates in Indonesia. You will not accept the proposition of dividing the big estates and handing them over to the small people. That is to say, you will not accept the principle of land ceiling so far as plantation is concerned, in the name of maintaining production. What I maintain is that unless you break up these estates, unless more

attention is paid to improve the yield per acre by the small man, who is to benefit by that, the problem of the rubber industry in this country is not going to be solved, because the big estates are making huge profits. Even by having an yield per acre at the present moment—I do not exactly remember it—of about 200 and odd pounds, they are quite satisfied. If a small man is given a small plot of land and the Government gives him subsidy that is necessary to improve the plantation, he will put in more effort, in order that he may earn more money out of that land that he is having. Therefore, what I feel is that the principle of land distribution and land ceiling in the plantation industry should be accepted. I have told you that so far as the money required for the purpose of implementing all your plans is concerned, you can get it very easily by the collection of the cess from the manufacturers and not from the rubber estate owners. I would again make a request to you that the Government should revise its opinion and confine itself to collecting the cess only from the manufacturers and not commit the mistake which they committed in 1954. They are now rectifying fifty per cent. in this Bill. They should rectify cent per cent by omitting the word "owner" in section 12, which they are amending, so that the collection of the cess must be from the three hundred odd manufacturers that you have in this country. Thank you.

SHRI N. KANUNGO: Mr. Deputy Chairman, the hon. Member, who preceded me, evidently has been under the impression that you were prepared to give unlimited time for discussion of this particular Bill. Even though time is available, I am not going to waste the time of the House by going into matters which are not germane to the Bill which is under discussion. While moving the Bill for consideration, I mentioned the purpose of the Bill, which is very simple. The hon. Member said that

he had suggested it six years back. I must congratulate him on his prediction and I suppose he deserves the self-satisfaction that he was wiser earlier than others had been. In this connection, I might mention that ultimately the cess is a tax on production. It cannot be a tax on consumption, though in the case of this particular commodity it happens to be that the number of consumers is small. Because we have not been able to set up a machinery for the collection of the cess at the source, which is certainly our shortcoming, we have taken to this device for quicker realisation and more efficient realisation. All the same it is a tax which has got to be collected at source. The hon. Member who preceded me mentioned that we ought to have completely exempted the producers in this amending Bill. I have to remind him that there are certain categories of consumers who are much smaller than the producers and it would be impossible to collect the tax from consumers only, apart from the legal ambiguities of collecting the tax from the consumers. Take for example, crepe rubber. Crepe rubber, I am told, is manufactured by a little more than a dozen establishments, but the consumers are thousands and thousands of cobblers in small bits. If I were to accept the suggestion of the hon. Member opposite . . .

SHRI RAJENDRA PRATAP SINHA: The hon. Minister has not understood me. I said that you collect the cess from the consumers of rubber, the rubber manufacturers. I did not say that you should collect the cess from those who consume the ready-made rubber.

SHRI N. KANUNGO: It is not ready-made rubber, Sir.

SHRI RAJENDRA PRATAP SINHA: I said that you have said in your own Bill that there are at the present moment 347 registered rubber manufacturers. I say that you

collect it from the rubber manufacturers. That is what I said.

SHRI N. KANUNGO: There are varieties of rubber which do not require any manufacturing process. The producers have to channel it for the consumers who are small men, who are generally cobblers, thousands of them. So, confining the collection of the cess from the consumers only will defeat its purpose. I do hope that in course of time the machinery of collection and the conscience and the efficiency of the producers would improve and that we can, much earlier than I imagine at the moment, go back to the logical method of collecting the cess on production.

Much has been said about the position of the industry. An hon. Member opposite wanted to find out what the activities of the Rubber Board had been. I would submit that the proper time for discussion of this matter would be when the annual report of the Board is placed before the House. That is the occasion when the House ought to take notice of it.

SHRI RAJENDRA PRATAP SINHA: The convention of this House has been if I may be permitted to say, Sir, that if we take a Bill like this we are entitled to review the entire industry or the problem that is covered by the Bill. That has been the convention.

MR. DEPUTY CHAIRMAN: You have reviewed it.

SHRI N. KANUNGO: Sir, I do not have the unique honour of being a Member of this House. I accept the proposition made by the hon. Member of which I was ignorant. Anyway, I think that elsewhere it is otherwise. Even then I would say that the Rubber Board, in spite of the handicap of low collections, has launched a scheme of replantation, which has just got momentum. Where a large number of small growers are concerned, it takes time for any

[Shri N. Kanungo.]

scheme to get accepted, particularly in the matter of replantation. The position is that for eight years you have to forego the current little income which you get. You have to cut down the rubber trees which yield you some income and for eight years you have to wait without any income till the new plants come into production. That is the rub whereby the small planters are rather in a difficult position. I believe the scheme has now got momentum and in course of time it will grow.

Sir, one of the hon. Members has suggested that today the price of rubber outside India is lower, which is not correct. Today the price of rubber outside India is Rs. 180 per 100 pounds as against Rs. 155 per 100 pounds in India. We have to remember that the price of rubber is guaranteed by the Government. Though the producer has not got the option of selling it at a higher price when such a higher price is available, he is at the same time guaranteed that even when the world prices are lower, he can sell his products at the price settled by the Government which has controlled the price—and Government does it by the process of consultation with the Tariff Commission.

One of the hon. Members referred to the present uncertainty about the decisions to be taken on the report of the Tariff Commission, the latest one. I can assure him that the decision would be taken very quickly. But it is a very difficult decision to take because the study of the matter has been done by a competent authority with all the importance that it deserves. Therefore, Government have tried to study the matter before they came to their decision. The important point is that the price is controlled, and therefore Government have got to see that they have certain responsibilities which they try to discharge by providing incentives for

replantation. Again, it has to be remembered that the scope of replantation is also very limited to the extent of the planting materials of superior quality which are available. Even if all the plantation owners, big and small, want to go in for replantation and want to forego their income for seven to eight years, it will not be possible even then because the right type of planting material is not in full supply.

Sir, when I hear about the subsidies and credits to be offered, which no doubt the Government is trying to provide through the Rubber Board, I sometimes think, when all these thousands and thousands of acres of rubber were planted who provided the credit, who provided the subsidy, who provided the price stabilisation? There was none. It was the adventurous spirit of the planters of bygone ages, be they small or be they large, that has given India the asset of these thousands of acres of rubber. Of course, it is our misfortune today that at that time the right type of planting material had not developed and it was not available. But I refuse to accept the proposition that without the provision of aid and subsidies and credits no new plantations will come up and replantation will be retarded, because I still believe that forward-looking and efficient men are there in this country who will do what is best for them irrespective of whatever action the Board or the Government takes.

Sir, one word more. There is no intention of increasing the present levy of cess on rubber as it is, though powers are being taken to raise the rate, but it will no doubt have to be done as the development programmes get going along. Even when the maximum cess is collected, I am not too sure whether there will be enough funds for providing incentives which Government has already adopted, because I have no doubt that new plantations and replantations will come along in wider areas, and, as one of the hon. Members has suggested, some of the State

Governments have also taken an interest in the matter and they are going in for large-scale plantation.

One of the hon. Members has suggested that we should have a slab system in the imposition of cess. From the very nature of it, when it is being collected from the consumer source, it cannot be a slab because one cannot differentiate as to where the rubber comes from. Of the thousands of pounds of rubber which come to a particular consumer, one cannot differentiate as to which has come from a plantation which is two acres in area and which has come from a plantation of two thousand acres in area. Therefore, from the very nature of it it has got to be quantitative and it has got to be based upon the quantity which is consumed.

SHRI P. A. SOLOMON: My suggestion was about the small size plantations which are not included in the Plantation Labour Act must be exempted. So, we can find that out.

SHRI N. KANUNGO: My hon. friend's suggestion will mean that almost 50 per cent. of the possible revenue has got to be written off, which is not possible. Therefore, the simple proposition being what it is, I commend the Bill to the House and I hope that when the next report of the Board is submitted to the House, the activities or inactivities of the Board will be duly considered.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill further to amend the Rubber Act, 1947, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now take up the clause by clause consideration of the Bill.

Clauses 2 and 3 were added to the Bill

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

SHRI N. KANUNGO: Sir, I move:

"That the Bill be returned."

The question was put and the motion was adopted.

THE DELHI LAND HOLDINGS (CEILING) BILL, 1960

THE MINISTER OF STATE IN THE
MINISTRY OF HOME AFFAIRS
(SHRI B. N. DATAR): Sir, I move:

"That the Bill to provide for the imposition of a ceiling on land holdings in the Union territory of Delhi and for matters connected therewith, as passed by the Lok Sabha, be taken into consideration."

Sir, you are aware that when this Bill was first introduced, we had a long discussion here as well as in the other House, and then the matter was referred to a Joint Select Committee. Their report is already before the hon. Members, but in addition to the improvements that were made by the Joint Select Committee, Government accepted an amendment in the other House regarding the quantum of compensation. Originally, as the House is aware, the Joint Select Committee stated that it ought to be 40 times the land revenue. The compensation to be given to one whose land was taken as provided for in the present Bill was on a uniform scale, forty times the land-revenue. This was what had been accepted by the Joint Select Committee. Then when the question came up for consideration before the other House, there was an opinion generally expressed by a number of hon. Members that the quantum of compensation that was being proposed was rather low. Therefore, out of regard for the views expressed by the hon. Members, Government reconsidered