

There are no amendments.

Clause 2 was added to the Bill.

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

SHRI D. P. KARMARKAR: Sir, I beg to move:

"That the Bill be passed."

"THE VICE-CHAIRMAN (SHRI R. C. GUPTA): The question is:

"That the Bill be passed."

The motion was adopted.

THE COFFEE MARKET EXPANSION (AMENDMENT) BILL, 1954

THE MINISTER FOR COMMERCE (SHRI D. P. KARMARKAR) : Sir, I beg to move:

"That the Bill further to amend the Coffee Market Expansion Act, 1942, as passed by the Lok Sabha, be taken into consideration."

Sir, as hon. Members are well aware, the production of coffee is of great importance not only to the coffee consumers but also to the national interest of the country. It is a fact that not only the internal consumption of coffee has increased,—being now more than double what it was some years ago—but Indian coffee is loved for its quality in outside countries, and though it is not an export commodity bringing in foreign exchange in very large dimensions, it does bring in a fairly good income to the growers and it is in our interest to develop the coffee industry. With that view, we have brought forward this measure and we are making principally two structural alterations or amendments in the original scheme of the Coffee Board.

Taking the amendments sought to be made by this Bill, serially, I would first invite attention to clause 6 of the Bill which deals with the structure of the new Board. There is also the

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provision for the appointment of the Chairman of the Board by the Government. This has been the subject matter of some controversy, as hon. Members are quite aware and I would like to deal with that matter quite briefly. I shall also be happy to give my reactions to such observations as may be made during the course of the debate. It has been considered in certain quarters that Government in introducing this amendment is trying to do something unjust to the growers. Firstly the original Act contained & provision for the election of the growers' organisations by panels.

SHRI H. C. DASAPPA (Mysore): No panels.

SHRI D. P. KARMARKAR: Yes, the idea was we chose members from those sent up. We did not specify it, but it was understood that rules would provide for that.

That was the understanding underlying the amending Bill. This is one sore point and I might start with that observation from now. Really speaking, Government could have absolutely no interest in affecting the growers adversely. We cannot kill the goose that lays the golden egg. If we kill the industry, no one could hope to have a development in this industry. No doubt sometimes things happened in the past and they made Government come to the conclusion—especially when prices soared very high—that the Coffee Board at that time did not do all in its power to see to it that the prices were under control. We have to strike a sort of golden mean. It is not that only the growers' interests are supreme—growers' interest! are important and there is no gain-saying that point at all—but I am quite sure that we here easily agree with the proposition that whereas the growers' interests have to be important—because we are interested in the development of production—, at the same time, the interests of the industry as a whole, especially the interests of the consumers have to be taken into account. If there is consumer prejudice against a particular in-

[Shri D. P. Karmarkar.]

dustry, it does not speak well indeed and so, taking the two as a whole, we have to balance the interests and see that it is not only the growers' interests that have to be safeguarded—there is no gainsaying that point—but the other considerations are also looked into. Of course we do all that is necessary to see that a situation is created in which there is as much of production as possible—this is not only true of the coffee industry but is also true of any other indigenous industry. Take the Tariff Commission, for instance. When it decides to give protection, what does it do? It goes into the cost of production of the indigenous product and also finds out the import price of an imported product. If the import value of an imported article is Rs. 30 and the cost of production of a local article is Rs. 20 the Commission tries to cover the gap of Rs. 10 and also add a little more so that the indigenous product may not work with an initial disadvantage *vis-a-vis* the imported product. That is what they do. So also, in the case of any productive industry, it goes without saying that the margin to the grower should be important and should be a sufficient incentive but then we have to look at other factors also. Take the case of silk, for instance. Silk is a relevant example. Supposing we stop all imports; the growers might get Rs. 58 or Rs. 60 per pound whereas the Tariff Commission price would be round about Rs. 32 per pound, giving a margin for the handicap sustained by local production. If prices soar high they have a deleterious effect on industry, though for the time being persons in charge of particular concerns may profit by it today and tomorrow. This is not beneficial from the long range point of view and inasmuch as we want this coffee industry to develop in the long run into a very prosperous industry, not only to satisfy the internal needs but also to satisfy our exports as much as possible, we must take effective and proper steps. Just as we must see to it that the grower gets a proper margin, It is equally important to see that the

growers' prices are not such as would result in prejudice to the particular industry in the long run. In the near future it may be advantageous for us to do that; for instance, when an export quota is released, people come to us and ask for more. During the current year we could find it possible to increase the quota because production was higher than before and we want to go ahead farther than we did so far in increasing production. Maybe, if production increases we might be able to do it and we would be very happy to give as great a quota as possible because it naturally helps the industry. But, we have to look after the internal consumer also. We cannot neglect the interests of the internal consumer. We believe also in coffee spreading to other parts; recently in Parliament House we have seen how popular coffee is growing day by day, not only warm but also cold. There should be further expansion.

Prof. N. R. MALKANI (Nominated): Have prohibition, and coffee will come into its own.

SHRI D. P. KARMARKAR: I am quite sure that both of us are on a sober subject. We can stick to it.

Returning to the point that I was trying to make, the industry has been developed, thanks to the growers themselves. We do not say that the growers have not done anything; we do not say that the Coffee Board has not done anything in the past. It has done something but then here now we have found it necessary, in the interests of the country as a whole to do this, and five or ten years later, the very growers, who are a little bit unhappy with us on some matters, themselves will say to Government, "Look here, God bless you; you were wiser than what some other people were."

Regarding the structure of the Board, there has been much controversy about the proposed change. The relevant provision is as follows: "Four persons to represent the coffee

growing industry in Coorg; four persons to represent the coffee growing 'industry' in Mysore; four persons to Represent the coffee growing industry in Madras; three persons to represent the coffee trade interests". The original idea was, as hon. Members would have 'noted, to specify the names of the organisations. In that we said that fourteen persons would be nominated by the coffee growing industry; three persons would be nominated by the Government of Mysore, three persons by the United Planters' Association of South India, one person by the Coorg Planters' Association, one person by the Coorg Indian Planters' Association, one person nominated by the Mysore Planters' Association and by the Mysore Indian Planters' Association and so on. In the present Bill we have said that the representatives will represent the coffee growers' interest; we have provided a certain number for each State and then we have provided one person to represent coffee curing and three persons to represent coffee trade interests and so on. The idea never was to take the nominations into our own hands; the idea was to give a number to the growers' interests and ask them to give a panel. If we had done that, then the complicated question of the interests of the small growers would have come in. In this matter, as in many other matters, it really comes about that the representatives of big growers become also the representatives of the small growers. We wanted to be specific about it that there should be representative for small growers. That is what the Select Committee thought and we are very happy about that suggestion. My colleague the Minister for Commerce and Industry has made a statement in the other House—and that is what I am repeating now—that instead of the original idea of inviting a panel of names from the growers, we shall be providing in the rules, as has been provided for in the clause relating to the rules—clause 21, amendment of section 48 of the original Act—for election of members of the Board. That was one sore point. From every

point of view, the growers felt very strongly about the panel though normally, in the very nature of things, even if a panel of three were called for, it would have been very difficult for Government to have chosen a representative except in accordance with the wishes of the association. In this matter, Sir, as hon. Members will easily appreciate, Government have absolutely no interest. It passes my understanding to know as to why Government under any circumstances, should be prejudiced in their own minds towards the interests of the growers on whom depends the future of the coffee industry. We are sure that these industries need to be controlled to a greater extent than they used to be before, whether it is the Silk Board or the Tea Board or the Coffee Board or any of the commodity Boards or the Rubber Board. We do not feel that way; you may call it being conservative but we call it progressive. The growers may feel that the power with them has been less but it is not normal for a third party, unconnected with the industry, to have the feelings that a grower has. If I am a grower, then naturally I will have some more feelings, some more passions but if I am an objective bystander, somebody who has the interest of the nation at heart, the way I shall look at the proposition is not whether a grower has preponderating power or whether somebody else has preponderating power but whether the Board, taken as a whole, is a Board which will deliver the goods

Sir, these two are pivotal points: one is about the constitution of the Board and the other is the fact that we want to have an appointed Chairman. These two points are like the pivots of the whole Bill. ^{P-M} When these two things have been disposed of there are a few minor matters left, which hon-Members must doubtless have noted for themselves. Now the underlying idea in reconstituting this Board as also in having this Chairman is to have a Board which will deliver the goods in respect of the development of

[Shri D. P. Karmarkar.] the coffee industry, which will function more efficiently than before, which will, in its outlook, be more objective than before and which will not only look after the growers' interests—which they should, no doubt—but other interests also. It will not be that it will allow the prices to soar or it will allow the prices to depress without sufficient grounds. That will not be the outlook of the Board. The outlook of the Board will be the vision by which the national interests and the development of the industry will be predominant in their minds. So it is from that point of view that the Board is being reconstituted.

Another argument is sometimes rather pressed into service and that is the argument of democracy. Very humbly I would like to submit that it is a wholesale misconception of democracy. If in respect of the constitution of these Boards we look at it just as we look upon the *Gram Panchayat* election or the municipal corporation election or some other election, how does it ultimately stand? Even in Parliament it will be in the interests of the country as a whole if we see to it that everybody was well able to represent everybody else's interests and if that were the case, here, we could have a committee of five public men of repute who can look after the growers' interests, the labour's interests and everybody else's interests. I am quite sure that the House may some day agree to have the Board represented by five people, perhaps absolutely unconnected with the particular interests which they are to represent. We have not yet come to that stage. This is rather a preliminary stage where we still believe that all the interests ought to be represented. It is as well because ultimately it is very difficult to take an objective view in such matters. Therefore, we have representatives of the Government, representatives of the growers' interests, representative of the curing establishments, four persons to represent labour, to be nominated by the

Central Government, then three persons to represent the consumers and all these things, if I might put it without disrespect to this House, really, Sir, it is a sort of an artificial arrangement whereby, to have an all-round view of things, we have people to represent all interests. We here, as, sitting Members of Parliament, represent everybody's interests. We represent the growers' interests, the consumers' interests, the national interests, the labour interests and so on and nobody said that we are not competent to do so. We are here to take an objective interest in all matters and that is the only justification as to why we are sitting as a sovereign Parliament. If it were only possible to find out, instead of as many as 35 members, a few people who could well represent all the interests, if Parliament felt and said so, we could reduce it. It may be possible ten years later or in the distant future.

Sir, I was on the point that it is a false interpretation of democracy to say that it was absent in constituting these Boards. If my friend, Mr. Dasappa, is serious about his suggestion I shall be also serious to take it into consideration. I hope he does not mean it seriously. Also it is too, late in the day. I believe that his suggestion was born more out of friction rather than of sympathy with the objectives of the Bill.

But I was on the point that we are here as a sovereign Parliament and the Government stands as representing the country as a whole and enjoying the confidence of this House. If the Government had done the nominations on its own, essentially theoretically, there would be nothing wrong. If we can be trusted to, take momentous decisions in matters regarding peace and war, and in respect of our foreign policy, cannot we be trusted with nomination to a board like this, when ultimately our objective is to have the development of the coffee industry?

SHRI H. C. DASAPPA: I was suggesting: Why not Members of Parliament be nominated members of the

Eoard? Why not M.Ps. also be nominated?

SHRI D. P. KARMARKAR: I wish Mr. Dasappa would argue for the other side. If he would do so, he would give a far more effective answer to the question than I could. He entirely sees it.

SHRI H. C. DASAPPA: J have done slhat job also.

SHRI D. P. KARMARKAR: So I shall try to leave this point at that. Let us not look at it as a municipal or local board or *panchayat* election. Let us have representatives of all interests. Let us not fight only for the growers' interests or the consumers' interests. Let us fight for everybody's interests. When we constitute a Board it is not on the basis of regional or class interests. We have not arrived at that stage when we can have a set of people who can look after the interests of everybody. I was only saying that when there is a Government which is entirely responsible to the sovereign Parliament, which is responsible to the people, there is the democratic way of pointing out the failings of the Government in respect of its actions. A Government may be wise in constituting a Board or may be unwise in constituting a board. It is a question of wisdom. This House is there and the other House of Parliament which holds the reins of Government is there, and if the Government acts unwisely on any crucial issue, it can turn out the Government. That, of course, is another point. I am only trying to meet the point of a democratic sort of set-up even for these Boards. Now why not go a step further and have organizations of growers, it may be asked. Many a time it happens that the bigger growers are more vocal and more powerful. They were occupying seats of power in the growers' organisations also. The people present at an annual meeting are some 200 and odd but there are always only some 10 people or so on the executive committee. Rather than have it like that.

why not our friends suggest that there must be a referendum on adult franchise and each member should be elected? That would be a better type of democracy. But I am on the point that all this comes to this that the insistence upon having a democratic principle in everything is not exactly easy. It may be in the growers' interests but the other interests may not be safeguarded. The growers' interests must no doubt be safeguarded, but I am not prepared to trust an organization whose interests are absolutely the interests of the big growers and their industry.

Sir, I have dilated on this for long because I do anticipate that such arguments may be forthcoming and it may be that I am inviting trouble for myself by anticipating those arguments. I am quite sure that in view of these observations Mr. Dasappa will be able to appreciate the position in a much better way than before.

Sir, having said that I will come to the next important matter and that is the point about the Chairman. Now, Sir, the appointment of a Chairman is very logical. It is because of our experience with the other Boards in the past. We had the Silk Board where the Minister presided. He had sometimes to reject the recommendations of the Board over which he presided. Things cannot move like that. We must have at the head of the organisation a Chairman who will be able to devote his whole time. We have now the Textile Commissioner as the head of the Silk Board, for instance. It is working well. We are able to budget for greater development and this year we have provided Rs. 40 lakhs for its development and the thing is working well. We have the Handloom Board and the Khadi Board in which we have such chairmen. Now here also it is very important and we do want to have a sort of a nominated chairman who would be responsible to someone. Otherwise many a time it does happen—as it had happened in the past—it is very anomalous—I was present at a meeting in which the Minister was the chairman. He was

[Shri D. P. Karmarkar.]

the Chairman and he attended it and the Board passed resolutions which exactly went counter to what the Government policy was. The Chairman sitting there could not have any say and naturally he cannot put himself in that position. He kept quiet. No doubt, indirectly he was a party to the decision of the Board, but he did not want to say anything. Well, he came over to the Secretariat and countered the decision. We do not want things to happen like that. We want a whole-time appointed Chairman who can be liaison between Government and the Board. We want to give the Board a set-up which will work well and in the interests of all. So, normally the Board will function unfettered though we have provided for a chairman to be appointed by the Central Government. He exactly knows and we know to whom he is responsible. And we shall be in constant touch with him. Many a time it did happen that when the Minister wanted to meet a Chairman of a particular Board it was not very convenient for the Chairman to meet the Minister. Even when the Minister desired to have a talk with him, it was not found possible. So now we have made the position quite clear and so far as we are concerned we are hopeful that this arrangement will work well. There will be someone who will be held responsible for these things. There will be someone who will always be available as being appointed by Government to look after the interests. He cannot say, 'I have no time'. He cannot shirk his responsibility. He cannot put forth any sort of excuse. He will be responsible to the Government which means he will be responsible to this House because the Government has to come before this House for everything, at the time of the Budget and at other times, so that this House will be in a position to say, 'Look here, you cannot say that the Chairman has not reported, that you are not aware and that it is for the Board and so on. You are responsible to us. You must call upon the Chairman to explain

things.' So we think this is a far more logical arrangement. Sir, I do not want to tire the House any more but, these are the two salient features and as I said so far as the growers' interests are concerned, provision will be made in the rules regarding election by organisations of their representatives on the Board- Sir, if there are any other points made during the course of the debate, naturally it will be my duty to explain them. Sir, I move.

THE VICE-CHAIRMAN (SHRI R. C. GUPTA): Motion moved:

"That the Bill further to amend! the Coffee Market Expansion Act; 1942, as passed by the Lok Sabha, be taken into consideration."

The motion is open for discussion. Mr. Basappa Shetty has given notice of an amendment.

SHRI BASAPPA SHETTY (Mysore): Sir, I am not going to move my amendment.

Sir, I feel that there is no need at present for the Commerce Ministry to bring forward this Bill. Everything was quite satisfactory. The Board which has worked all these 13 years has worked to the full satisfaction of the consumers as well as of the growers. This will in my opinion—of course, whatever my hon. friend Mr. Karmarkar might have said just now—is in a way a retrograde and most undemocratic measure.

Sir, I should like to give briefly the history of the origin of this Coffee Board but before that I should like to say how this Coffee Board has worked all these years. Between 1941 and 1950 the following progress has been achieved by the industry. Employment rose from 99,044 to 1,77,287. The area under cultivation has increased from 1,80,412 to 2,35,374 acres. The production of coffee has increased from 14,225 tons in 1940-41 to 23,175 tons in 1952-53 and in the year 1953-54 it has risen to 29,000 tons. Internal consumption of coffee has risen from

8,000 tons to 18,000 tons. And I think in this year it may go up a bit because of the propaganda that the Board has done. Sir, between 1930 and 1940 there was a great depression in the coffee market. The prices of coffee had gone down considerably and a number of estates were abandoned and neglected. That was a world slump. Then the growers approached the Central Government—they are all united—they approached the Central Government and requested them to levy a cess of eight annas per cwt. to do propaganda and all that. The Central Government agreed and they formed a Committee called the Coffee Cess Committee which did propaganda work. They created taste for coffee in places new to coffee. This voluntary organisation later on developed into a Coffee Board and in the year 1942 the Government gave recognition to this organisation and they passed an Act called the Coffee Market Expansion Act, 1942. As per that Act the Indian Coffee Board was constituted and it consisted of 30 members of which 14 represented growers. Of these 14, eleven were elected by various associations and the rest were nominated by the Central Government to represent labour, trade etc. In this Bill it is now proposed to convert all those 11 seats into nominated seats. Of course, I am glad to say that when this Bill was before the other House the hon. Minister for Commerce agreed to the elective principles and said that he would allow the various associations to send their representatives to this Board and all that. But still there is some danger in this Bill, that is, on page 3, lines 18 to 20, it is stated that the persons to represent the interests referred to in clauses (vi), (vii) and (viii) of sub-section (2) shall be elected or nominated as may be prescribed. My hon. friend Mr. Karmar-kar did not mention anything about this election or nomination. Here we have got our own doubts about the sincerity of purpose of the hon. Minister. He may nominate all members or he may allow us to elect all members representing the various interests. Though my hon. friend says election

yet there is that danger lurking. I am sure the hon. Minister will clarify the whole situation. Probably his doubt is that in the election the small growers may not come out successful because he says it is all dominated by big growers. He said that 10 to 15 members do not attend the meetings; it is not a truly representative body and all that. I am very sorry to say that the information that he has got is not quite correct. I am a member of the Mysore Indian Coffee Planters Association, Chikmagallur and I know how many meetings have been held, how the business is carried on. All things are done according to rules and regulations but the hon. Minister says that the small growers are not represented properly and it is to provide for that he has added this provision for nomination. Now, Sir, in the various associations—particularly in this Association of which I am a member—75 per cent. of the members are small growers. They elect a representative in whom they have confidence. Whether they elect a big planter or a small planter it is their will and pleasure. They elect a member in whom they have confidence. If a big planter is elected by small growers, it does not mean that the small growers are not represented on the Board. There is no cleavage or clash of interest between the small and the big growers. I do not know why the hon. Minister is bringing about this British policy of divide and rule. There is no difference at all between the small growers and the big growers. In fact, the small growers are in an advantageous position in this way. When the small growers deliver their coffee—"small growers" means those having below 25 acres—whenever they deliver their coffee to the pool, immediately they are given the full price of their coffee, whereas the big planters have to deliver the coffee to the coffee curing works which is more than a hundred miles away and they have to incur transport expenses and all that. After delivering their coffee at the curing works, the big growers have to wait for 12 months because payments are made to them only as and when their

[Shri Basappa Shetty.] coffee is sold, unlike small growers who are paid off immediately after they deliver their coffee. They are paid their full price at the rate of Rs. 37-12-0 per maund. That is the position. The big grower has to make some sacrifice; he may not be able to carry on the work of the estate for want of finance. So the small growers are not exploited by the big growers.

SHRI RAJENDRA PRATAP SINHA (Bihar): On a point of information, Sir. May I know from the hon. Member whether his Association has ever elected a grower having a holding of less than 25 acres, say, 10 acres, as a representative on the Board?

SHRI BASAPPA SHETTY: Why should that be? I cannot understand that. That is the point. In what way does that affect the situation? There has not been a single complaint from the small growers against the big growers. It is the big planters who supply them with spraying material, manure and all that. The big growers themselves are interested in spraying the pest infested plants other wise naturally their own plants will be affected and the pests will do havoc in their estates. So they provide him with money

SHRI RAJENDRA PRATAP SINHA: I do not know about coffee growing. Am I to understand that the problems of the small growers and big growers are all identical?

SHRI BASAPPA SHETTY: Yes, there is no difference—it is all identical. I tell you the small growers are not in any way inferior to the big growers. There is one small grower who has carried out coffee growing in one acre as an experimental measure. He manures the field and he has grown 60 maunds of coffee in one acre. They are doing intensive cultivation, unlike the big growers who own more than 300 acres

SHRI RAJENDRA PRATAP SINHA: What is the yield of a small grower and what is the average yield of the big growers—can you tell us that?

SHRI BASAPPA SHETTY: The small grower gets 15 cwts. of coffee in one acre.

SHRI RAJENDRA PRATAP SINHA: I want to know the average.

SHRI BASAPPA SHETTY: The average is one hundredweight or two hundredweight; the average for the whole of India—including big and small growers—is 3 cwt. per acre. Therefore, to increase production what the Government should do is that they should give financial aid to carry on the intensive cultivation work—like spraying his estate, manuring his estate properly, and all that. Then only his production can increase

SHRI RAJENDRA PRATAP SINHA: This demand will go to the Government on behalf of the small growers and I want to know the facts.

SHRI BASAPPA SHETTY: Therefore, the small grower is not at all aggrieved. I think it is only the 'nomination' which will bring in disruption and difference of opinion among the planting community and the Minister will be held responsible for any untoward incidents which may happen in the future—because there is cordial relation between the small and big growers, between the different groups of planters, for example, the Mysore Indian Planters' Association; the Malnad Planters' Association; the Palni Planters' Association; the Coorg Planters' Association, etc. As a matter of fact out of thirty-three thousand, twenty-nine thousand planters are small growers. There is room for small growers to get elected to various associations in larger numbers. As a matter of fact, in my Association seventy-five per cent, of the members are small planters and there is no difference of opinion. And this 'nomination' question, I think, is not welcome and it should be deleted from.

the Bill. I am sure the hon. Minister will accept that amendment.

Sir, in the present Bill it is proposed to levy a cess of Rs. 6. Formerly it "was Re. 1. Now, they have enhanced it from one rupee to six rupees. What is the object of this cess being levied? We do not know why they are levying it. The planters are already overburdened with a number of taxes such as excise duty of Rs. 21 per cwt; then export duty of Rs. 62-8-0 per cwt; and agricultural income-tax and other local taxes, thus forcing up further the price to the consumer. If they really intend to help the small growers, then the proper course would be to include this in the Five Year development plan and provide one or two crores of rupees out of the realisation from export and excise duties and try to improve the backward areas of Malnad parts and expand cultivation. This will help the small growers to increase their production also—if it is 1 cwt. it will increase to 3 cwt. and like that. Therefore, there is no difference between the small growers and big growers and I hope the hon. Minister will treat them equally and all that. According to the existing Act the Board elects the Chairman from amongst its members. My friend, Mr. Kar-markar did not say why there should be a change from the 'elected' Chairman to an 'appointed' Chairman. He did not tell this House why there should be an appointed Chairman. He only said: "We require a full time worker." What is the full time work of the Chairman? In the previous Board, the Chairman, who was elected by the members of the Board, was attending to all this work and the Coffee Board has worked very efficiently and, as a matter of fact, the hon. Commerce and Industry Minister has appreciated and admired the work of the Indian Coffee Board all these thirteen years. There was no hitch. As a matter of fact, it was only once (that a non-official Chairman was elected by the Board. From the inception of this previous Coffee Board all top ranking officials of the Central

Government were elected by the Board. Because later on there was some difference of opinion between the Chairman and members, nobody, not even the Secretary of the Commerce Ministry, accepted the Chairmanship of the Indian Coffee Board. Then they had to resort to the election of a non-official Chairman. After one and a half years, again, they elected one Minister from the Mysore Government and he is still continuing as the Chairman of the Coffee Board

The hon. Minister for Commerce and Industry, Mr. Krishnamachari, has mentioned that the Chairman was not available when he was in Bangalore on the 31st October—and then the prices rose very high and there was nobody to control the prices, there was nobody to bring down the prices and all that. So, he said: "We do not want this Chairman." This is all incorrect, I can say, Sir. If you appoint an impartial tribunal to go into the records and facts of the Indian Coffee Board, you will know the truth of it. He said that the Chairman was not present on October 31, 1952 in India. He was present in India. And he said that the Chairman had returned in the month of December, but in the evidence before the Select Committee he has himself accepted that the Chairman was present on the 31st October 1952. So his one statement contradicts the other; this is the situation. Supposing there was no Chairman available at the time when the coffee prices rose very high, there was the Vice-Chairman of the Indian Coffee Board. There was the Chief Marketing Officer, who is mainly responsible for fixing the prices and sending recommendations to the Central Government. He is the executive officer of the Board. Well, he could have immediately called a meeting of the Board and informed them, "Look here, the prices have risen very high; they are beyond the reach of the poor people, so the prices should be brought down." But he did not do anything of that sort. Afterwards the Chairman of the Indian Coffee Board came and immediately

[Shri Basappa Shetty.] contacted the Central Government Ministers. They rushed to Delhi to have a talk with the hon. Minister for Commerce and Industry. At that time the Commerce and Industry Ministry insisted upon the export of three thousand tons of coffee outside India. They told the Minister: "Look here, Sir, we are short of stocks. There is not enough stock to be distributed in the internal market. We cannot export your three thousand tons of coffee", and so on. They requested him not to permit the export of three thousand tons, but still they insisted upon doing so and it was reduced to two thousand tons. So the merchants came to know that they were short of coffee in the market and the prices rose abnormally. The hon. Minister for Commerce and Industry tries to throw the blame on the Coffee Board; on the other hand, the Coffee Board tries to throw the blame on the Commerce Ministry. The Coffee Board says that the Commerce Ministry has bungled and the Commerce Ministry says that the Coffee Board has bungled. Therefore, Sir, it is better that a tribunal or a committee is constituted to go into these questions and they should be asked to submit a report as to whether the Commerce Ministry is right or the Coffee Board is right. I think that will solve the problem.

When there was no coffee available, the coffee control was taken over by the Central Government—the Commerce Ministry. They used to fix the prices and issue directives from Delhi to the Indian Coffee Board. For two months, in spite of a number of letters written by the Board to the Central Ministry to release coffee to the market, no reply was given and there was no coffee in the market at all in the months of December and January. This is the situation which they have created. And the natural consequence was that the coffee prices rose very high, and there were cries from the public to the effect that there was no coffee available. I say that the Chairman of the Indian Coffee Board was not at all responsible for the

rise in prices. And it is said now that the Chairman was not available, although he was actually available. He has made a false statement. I challenge that statement. There are records in the Indian Coffee Board's office. Being a responsible Minister, he ought not have said that. I am sorry for it. Therefore, Sir, I find that no need has arisen to appoint a salaried chairman. After all, Sir, he will be paid about Rs. 3,000 or Rs. 4,000, which is our money, the growers' money. We meet all the expenses in connection with the Indian Coffee Board staff etc., and in addition to that, if a paid chairman is appointed, we will have to pay about Rs. 50,000 or Rs. 60,000 more byway of his salary. And moreover, the hon. Minister must have already somebody in view for the appointment. He might have already assured somebody and told him, "We are going to appoint you."

SHRI D. P. KARMARKAR: This is not at all true. If my hon. friend has any suggestion to make, we shall consider that also.

SHRI BASAPPA SHETTY: It may be true or untrue, but I cannot understand why they should appoint a salaried chairman. Moreover, Sir, it is an accepted principle that judiciary must be separated from executive. In the same way, if a salaried chairman is appointed, he will owe his allegiance to the Commerce Ministry; he will not be responsible to the Board. And naturally, the Commerce Ministry will take his opinion, and will not take the opinion of the Board. He does not care for the members of the Board. Therefore, Sir, the appointment of a paid chairman is not at all welcome. Sir, in this connection, I may point out that the hon. Minister, in the other House, has accepted the elective principle of Boards. Here, in this Bill, he can make some improvement and accept the election of a chairman instead of having a salaried chairman. I hope the hon. Minister will give his sympathetic consideration to this aspect of the question, because there are no

allegations against the previous chairman. Even now, Sir, let the Commerce Minister, Mr. Karmarkar, preside over the Indian Coffee Board. We welcome it, but we do not want a paid chairman.

SHRI D. P. KARMARKAR: The House does not want.

SHRI BASAPPA SHETTY: And I tell you, Sir, that the chairman should not be saddled with the executive functions, for which we have a separate officer, *i.e.* the Chief Coffee Marketing Officer, who is the head of the executive appointed by the Central Government. We would like that these deliberative bodies should be kept apart from the executive bodies. You know the advantage of the separation of the judiciary from the executive. The members of the Board are meant to chalk out vital and broad policies, and the details are to be executed by the executive staff. The paid chairman will not be responsible to the Board as he owes his allegiance to the Commerce Ministry. Till February 1952, the Centre had not taken any initiative and given any directions to the Board. It was only in December 1952 that they suggested the methods of marketing. So, there does not seem to be any instance worth mentioning where the Board has refused to follow the directions of the Commerce Ministry. If there is any heavy work, let them appoint one or two more officers. Very likely the work might have increased; we do not say that it has not increased. But to cope with the increasing work, let them appoint some more officers in addition to the Chief Marketing Officer, and carry on the work. Therefore, Sir, I suggest that instead of having a paid chairman, an elected chairman be approved of by the Central Government.

One other argument, Sir, they have advanced for bringing forward this Bill is that the Board did not work satisfactorily as the price of coffee soared high. I just mentioned about that. The Minister has been pleased to say that the Board does not deserve to exist in the interests of the con-

sumers. Sir, we, the growers, are mainly dependent on the consumers. Without them we cannot carry on our coffee trade. It is they who pay us and it is we who feed them. And it was with the sacred object of creating our home market for our coffee that we started the Indian Coffee Board and opened coffee houses all over the country. We thought it was risky to depend upon a foreign market. Therefore, instead of depending upon foreign markets, we wanted to build up our home market and we started coffee houses all over India. This has increased the consumption of coffee in India. The hon. Minister says that the consumers' interests are overlooked. But I may tell him that their interests are not at all overlooked. When the cost of production of coffee was Rs. 2-7-0 per point, as arrived at by the Coffee Board, the Commerce Ministry issued directives for its being issued at Rs. 2-1-0 per point to the coffee houses and to the co-operative societies. And they fixed the basic price of coffee at Rs. 2-4-0, when the cost of production was Rs. 2-7-1, that is, causing a loss to the growers to the extent of three annas and one pie. Well, Sir, the Coffee Board accepted the proposal because they thought that their coffee would be exported outside India, and they would get a higher price, and that higher price would compensate them for the loss incurred here for the sake of consumers. And still Sir, they say that the Coffee Board did not co-operate with the Commerce Ministry. That is all false. The Coffee Board fully co-operated with the Commerce Ministry. When the cost of production was Rs. 2-7-0 per point, they reduced it to Rs. 2-1-0 as per directions and issued coffee at that rate to the coffee houses and cooperative societies. So, there is no proof to show that the Coffee Board have disregarded the interests of the consumers. Sir, about 18,000 tons of coffee is consumed in India, and the carryover of 1952-53 was 7,600 tons. And this year, Sir, *i.e.* in 1953-54, we have produced 29,000 tons of coffee. Thus it will be seen that we have at the moment 36,600 tons of coffee. In the month of March or April, 1954, the

[Shri Basappa Shetty.]

Indian Coffee Board requested the Commerce Ministry to export 8,000 or 10,000 tons of coffee. They refused to permit us to export 8,000 to 10,000 tons, but after further pressure was brought on the Ministry, they began to allow us to export every month 1,000 tons, 2,000 tons, 3,000 tons and so on. If they had permitted the Board to export 10,000 tons in the month of April when the price in the external market was between Rs. 450 and Rs. 500 per cwt, and the internal price was only Rs. 184 or Rs. 200, the growers could have been benefited, and the Government would have got huge amounts by way of export duty and we could have released our coffee to the consumers here at whatever price the Commerce Ministry could have fixed. All the three would have been benefited, but now there has been a loss of some crores to the country and the national wealth has suffered. The Commerce Ministry should take into consideration the national economy of the country also. That is very important. The standard of living of the poor growers in the rural parts is very low. They are very backward educationally and economically. How can you raise the standard of living in these rural parts unless you give the people there more money and provide them with all the necessary facilities? Eighty per cent, of our people live in villages and coffee is grown only in the rural parts and that too in the hill areas, where the rainfall is between 80" and 200" annually. In the rainy season, the growers have to live in the plantations themselves, to be bitten by leaches and their blood sucked by them. Moreover, it is only after six years that coffee begins to give yield. That means that the growers have to go on investing money for six years and it is only afterwards that they will get something. These are the difficulties, these are the problems in the coffee plantations. Now, the Government have introduced Plantation Labour Act there, and we have to provide maternity benefits; we have to construct houses according to their

I specifications with cement concrete, 1 etc. and the cost of production of j coffee has gone beyond our reach. At 1 this rate, if the prices are cut down further and if we are not allowed to enjoy the benefits of the prices prevailing in the external market, I don't think the plantation industry will have any bright future. This is one of the major industries in the South. Mr. Karmarkar has promised that he would do his best to develop this industry in South India. If all the Ministers are of the type of Mr. Karmarkar, we would have no fears in giving all the powers they want, because they are interested in the welfare of the country and want to see that the national wealth is improved.

Previously, the Central Government used to fix coffee prices in consultation with the Coffee Board. Now, clause 8 of the present Bill says:

"Consultation with the Board.— Before taking any action touching the affairs of the Board under this Act, the Central Government shall ordinarily consult the Board:

Provided that no action taken by the Central Government shall be invalid or called in question merely on the ground that the action was taken without such consultation."

This proviso is a very dangerous one and must be eliminated from this Bill. Previously they used to consult the Coffee Board in every respect and cordial relations prevailed between the Coffee Board and the Chairman of the Board because there always used to be a top-ranking official of the Centre in the Chair. There was no trouble at all. The proviso is a dangerous one and should go. The Central Government should always consult the Board in all matters relating to the coffee industry, because it is the Coffee Board who are really in touch with the condition of industry. It is the Board which arrives at the cost of production after taking into account the expenses of the various plantations, etc. Therefore, they are the

proper body to fix the prices and send their recommendation in this behalf to the Central Government for their final approval.

Sir, the export policy of the Ministry is not a sound one.

SHRI H. P. SAKSENA (Uttar Pradesh): Why? Is that defective?

SHRI BASAPPA SHETTY: Yes, certainly, because when the price of coffee in the foreign market was very high—it was between Rs. 450 and Rs. 500 per cwt.—they did not permit us to export any coffee. What happened? The coffee stocks deteriorated and this entailed a tremendous loss to the industry, because when coffee deteriorates, it loses its flavour. Therefore, their refusal to permit us to export resulted in a heavy loss to the industry. Even if they wanted to reserve 18,000 tons plus even 3,000 tons more, i.e. 21,000 tons for internal consumption, they would have allowed us to export at least 9,000 tons immediately when the price in the foreign market was very high. Why should not they allow the growers to get the benefit of the higher prices prevailing in the external markets? Therefore, I say that the export policy of the Government is wrong and they must change it.

Then, Sir, as regards labour representation on the Board, the Central Government have taken powers to nominate four persons to represent labour. I think this is quite wrong. The nomination of the labour representatives must be by the State Governments like the Madras Government, the Mysore Government, or the Governments of Travancore-Cochin or Coorg, because it is the State Government which is in touch with the labour organisations in the various States. They know their labour problems. These problems differ from State to State, and therefore the respective State Governments should have the right to nominate the labour representatives on the Board and not the Central Government. It must be left to the State Governments to nominate labour representatives to the

Board because there are well organized labour associations there and the Government will consult them and nominate. Labour problems differ from place to place. There may be one kind of problem in Mysore and there may be another kind of problem in Coorg. Therefore, since they are in touch with the activities of the labour organizations there, they can nominate their representatives.

SHRI RAJENDRA PRATAP SINHA: Will our hon. friend not concede the principle of election to the labour?

SHRI BASAPPA SHETTY: I have no objection to it. I welcome it.

THE VICE-CHAIRMAN (SHRI R. C. GUPTA) : You have already taken much time, Mr. Shetty.

SHRI BASAPPA SHETTY: No, no. It is because I am a small planter myself and therefore in order to post you with all the detailed information, I have to speak.

SHRI RAJENDRA PRATAP SINHA: What does he mean by a small grower?

SHRI BASAPPA SHETTY: Having below 100 acres. For the middle of 1952, who is responsible? Is it the Commerce Ministry or the Coffee Board? As regards the cost of production also, there is some difference of opinion between the Coffee Board and the Government. Now we have suggested that the question of the cost of production may be referred to the Tariff Commission but the hon. Minister was pleased to say that the Tariff Commission is already over-burdened with heavy work and so they cannot look into this. But when there was some difference of opinion as regards the price of rubber, the question was referred to the Tariff Commission. It was referred to them in February and within 3 or 4 months, they submitted their report giving their opinions. Similarly, why not the question of price of coffee also be referred to the Tariff Commission so that, being an impartial body, they can arrive at the proper cost of production and then fix

L. Shri Basappa Shetty. I up prices later on. Now we say that it is about Rs. 2-7-0 per point and Government say that it is Rs. 2-2-0 and so there is difference of opinion and we can't come to any conclusion. They have fixed 2-4-0 as the basic price for coffee. Under the circumstances to solve this problem it is better to refer this question to an impartial body like the Tariff Commission.

Sir, various statements have been made in order to justify the proposals to amend the Coffee and other Bills. For instance it has been suggested that big growers are exploiting the small growers and they made huge profits. Probably our friend forgot to mention the consolidation of States. Therefore I request the hon. Minister for Commerce and Industry to view what all I have said on the floor of this House sympathetically and bring out changes. Though I had tabled an amendment that the Bill be referred to a Select Committee, still on the suggestion of my hon. friend Mr. Dasappa I have withdrawn the same. Now it is better that some of the Members of Parliament go round to the coffee growing areas and study the problems first hand. Otherwise they cannot appreciate them. They put many questions. I invite them and I welcome them to the estates. Now that they have been issued free passes to travel from any place to any place, I welcome them and I shall make all necessary arrangements for their food and all that and I shall take them round the coffee estates. "I welcome them after this session. If they will tell me when they are coming, I will make all the necessary arrangements. So unless you study the problems relating to the coffee industry, you cannot come to any conclusion. Supposing I tell my friends that coffee and cardamom are grown in the same plant they will say 'yes'. But coffee plants are different from cardamom. We are gambling with nature. Whatever amount of work we may do in the coffee estates and whatever amount of money we may spend

on them, say, Rs. 500 or Rs. 1,000 per acre, whatever quantity of manure we may put for 3 or 4 years, they may look healthy but still if we do not get that blossom shower by the end of March, we are finished and we are done for. It is that rain which gives us good crops and if we miss that, we are finished. For one more year we may have to suffer. The spikes will come out, turn yellow and wither. If my friends will study, these problems, they will surely sympathise with us. For one more year what are we to do without funds. If I expect to get 1,000 maunds of coffee and if rains fail and I get only 206 maunds, how am I to carry on estate work for one more year without funds? As a matter of fact if you conduct the economic survey of these growers, you will find that more than 99 per cent, of the planters are indebted to the banks or Marwari money lenders. I request the hon. Minister for Commerce to carry on the economic survey of these growers. They are in a miserable condition. One or two planters may have built palatial buildings or may be owning beautiful cars. But because of that, you cannot conclude that all the planters are enjoying a high standard of life. This is the situation. They are very much worried and you must do something to remove their indebtedness. Some remedy should be found to improve their economic condition in those hilly parts which are very backward areas.

In this connection I am glad to tell the House that the Coffee Research Station has done splendid work and it is all to the credit of the Coffee Board who appointed the research workers—eminent scientists who are engaged in research work. The Bale-honnur Research Station and the Chettahalli Research Station are giving us best seeds and with that we plant these. So we owe a deep debt of gratitude to the Coffee Board and to the Research Station also. Sir, we have to meet even the expenses of the Coffee Research Station—even the

going to be met from the funds of the Coffee growers. Therefore as the growers are already over-burdened with taxes, I would request the hon. Minister not to enhance the tax from Re. 1 to Rs. 6 and to see that the burden is lessened. I also request him not to impose the export duty of Rs. 62-8-0 as we have been paying Rs. 21 as additional excise duty already. Altogether it comes to Rs. 100 iper cwt. There will be no saving at

all. It is the highest on any agricultural product. With these words I resume my seat.

THE VICE-CHAIRMAN (SHRI R. C. GUPTA): The House stands adjourned till 11 A.M. on Wednesday, the 1st December 1954.

The House then adjourned at five of the clock till eleven of the clock on Wednesday, the 1st December 1954.