SHRI C. P. PAKIKH: Sir, with regard, to the scrap or waste, it is a loss in the process of manufacture. In an article, say, if 90 per cent, is consumed and only the rest is scrap, the duty on the whole is to be recovered. It is left to the discretion of the Customs Officer to enable him to determine whether duty has to be recovered on the material contained in the goods in respect of which a claim is made. Government will have the option to have it destroyed or not. Really speak-ing. it is processed waste or processed scrap which is a portion of the raw materials which have been consumed in the course of manufacture.

SHRI A. C. GUHA: Sir, this provision is particularly meant to prevent the waste getting into some black market or put to some other illegal use. That is why either the importer has to pay the duty or destroy the material, and if he thinks it is not worth using, at the request of the importer the Customs authorities will have the option to destroy it. There is no other way of preventing the waste and scrap from going into black market. I think this provision should remain; and if we find later on any need to change it, we will do it. I am sorry, I am not prepared to accept the amendment.

MR. DEPUTY CHAIRMAN: Do you want me to put it to the House?

SHRI RAJENDRA PRATAP SINHA: No. Sir; I desire to withdraw my amendment.

The *amendment was, by leave withdrawn.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 3 stand part of the Bill."

The motion was adopted. Clause 3 was added to the Bill.

♦For text of amendment, *see* column 504 supra.

Clauses '4 and 5 were added to the Bill.

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

SHRI A. C. GUHA: Sir, I beg to move:

"That the Bill be returned."

MR. DEPUTY CHAIRMAN: The question is:

"Thaf the Bill be returned." The motion was adopted.

RESOLUTION *RE* EXPORT DUTY ON COFFEE

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

"In pursuance of sub-section (2) of Section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the Council of States hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry S.R.O. 1904, dated the 10th October, 1953, by which an export duty of Rs. 62/8/-per cwt. was levied on coffee with effect from the date of the said notification."

Sir, this is a very simple Resolution. Recently, we permitted exports of coffee to the extent first of 2,000 tons and later on of another 1,000 *tons* The need for exports arose from the fact that owing to high prices, the offtake of coffee considerably diminished, and in September, the stock of coffee with the Coffee Board was to the tune of 12,700 tons, out of which Robusta, the most inferior of the three qualities of coffee, was about 4.000 to 5,000 tons. Representations were made to Government that for some time some coffee must be allowed to be exported, mainly because of the reasons that coffee prices in the world are much higher than the coffee prices

in India, which in all conscience are high enough. As a result of these representations, Government felt convinced that the market for low-grade coffee in India was not very good. Therefore. Sir, Government decided initially to allow an export of 2,000 tons of Robusta which has been increased by another 1,000 tons.

As I said, the difference in the price between Indian coffee and the coffee in the London market is considerable. The price of Robusta in the Indian market is Rs. 146. That is the basic price for the pool auctions. This Rs. 146 is comprised of Rs. 21 by way of excise duty, coffee cess Re. 1, and the administrative expenses of the pool Rs. 7/4/-, making in all Rs. 29/4/-. Actually,- the price that is paid to the grower in the matter of Robusta is Rs. 117 per cwt. The price abroad is fluctuating. It is somewhere between Sh. 360 to 400 per cwt. for coffee of this sort. So, after taking into account the possibility of a very large amount of money passing into "the hands of middlemen, Government decided that they should impose a duty of Rs. 62/8/-on each cwt. of coffee exported. One thing, Sir, which hon. Members here may probably not be aware of is that in the case of coffee that is exported, the excise duty does not operate, so much so that even as it is, with this duty, the Coffee Board must have been able to realise an average of Rs. 168/8/-to Rs. 169 per cwt., which, after taking into account Rs. 117 to be paid to the grower, Rs. 7/4/- to the Coffee Board's expenses and Re. 1 for cess totalling about Rs. 125/4/-, still leaves a margin of about Rs. 43 for the Board. The fact that 2,000 tons have been taken off immediately and another 1,000 tons would be taken off as soon as offered shows that the middleman has also a fairly substantial margin. That, in sum, is the position in regard to this particular duty. If 2,000 tons are exported, the Exchequer will benefit to the extent of 37i lakhs of rupees on the basis of this duty. As I said, two thousand tons have already gone and the Exchequer has benefited when the goods have passed for shipment to the extent of Rs. 25 lakhs and another Rs. 12J lakhs will accrue.

There is no more to be said in regard to this particular resolution. But it may be that hon. Members will have some views with regard to the Government's policy *vis-a-vis* the Coffee Board, or with reference to the Coffee Board's policy *vis-a-vis* the Government's policy, or it may be with reference to the consumer's policy both with regard to the Coffee Board and the Government. All these matters, I suggest, might be dealt with at the proper moment when the Bill is taken up. Otherwise, we will probably have a double discussion. There is nothing more to be said with regard to this particular Resolution. It is a simple Resolution as I have already said, the objective of our notification being that we want really to mop off for the Exchequer the price difference between the prices ruling abroad and the prices ruling in India. I should like to tell hon. Members that we have introduced in the other House the Coffee Board Act (Amending) Bill. I think personally that this Resolution is of a quite non-controversial kind. If there are any points that arise in the course of discussion by Members, I will be quite happy to reply to them. Sir, I move.

MR. DEPUTY CHAIRMAN: Motion moved that:

> "In pursuance of sub-section (2) of section" 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the Council of States hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry S.R.O. 1904, dated the 10th October 1953, by which an export duty of Rs. 62/8/-per cwt. was levied on coffee with effect from the date of the said notification."

SHRI BASAPPA SHETTY (Mysore): Mr. Deputy Chairman, I should like to make a few observations on this

[Shri Basappa Shetty.] Resolution relating to approval of export duty of Rs. 62/8/- per cwt. imposed on coffee exported outside India.

Sir, in the annals of the coffee industry this is for the first time the Government of India have levied export duty on coffee. In previous years though thousands of tons of coffee were exported, no export duty was imposed and all the benefits and profits were going to growers. Why now this duty was put on coffee, one cannot make out. Now I learn that the duty collected and to be collected amounts to Rs. 37 lakhs. Now the planting community has incurred this heavy loss as this amount would be merged in the general revenues. This duty of Rs. 37 lakhs neither goes to the benefit of the consumer nor to the benefit of poor growers. It goes to the exchequer. But in a reply given to the debate in the House of the Peoole by the hon. Minister it is stated "that the increased price that we are getting is being equally shared between the Board and the Government". I am at a loss to know why our poor growers should be deprived of even this profit earned outside. The poor growers numbering more than 25,000 owning five acres, ten acres, two acres, are very hard hit and there is no en-couragement given to them to expand the coffee cultivation to meet the increasing demand and thus increase the national wealth.

Sir, the growers are conscious of the rising coffee prices in India and of the rising of cost of production also. How to solve this problem, is a question before the Government. The annual consumption of coffee in India is considered to be 18,000 tons and the annual average production comes to about 22,000 to 23,000 tons. This is subject to correction. The surplus coffee should be exported and higher prices secured which should be distributed among the growers. The growers also feel that the interests of consumers should be safeguarded and coffee should be sold to them at cheaper rates. They do not mind releasing the reserved coffee of 18,000 tons at some reasonable rate which may even be below the cost of production. TnTs loss, they hope, can be made good by higher prices we secure in the external market. That is why the Board reduced the price of coffee to Rs. 2/1/- per point as per directives issued by the Commerce Ministry. This price of Rs. 2/1/- is far below the cost of production which comes to Rs. 2/8/- per point. The Board thought they could make good this loss by higher prices obtaining in the external market and they agreed to reduce the internal market price to Rs. 2/1/-. But then they did not anticipate that the Government would levy an export duty of Rs. 62/8/-per cwt. and would merge the entire collection with general revenues. The growers are very much hard hit and they now lose about Rs. 18,00,000 which they would have utilised for expanding the coffee growing area and increasing the production by purchasing manures and applying them to their estates.

The problem of cost of production has not been solved as yet. This is the main cause for misunderstanding and friction between the Board and the Commerce Ministry. The cost of production as calculated by the Board comes to Rs. 2/8/- per pound which is not acceptable to the hon. Minister for Commerce. He recently deputed a cost accountant to visit coffee estates, check the accounts and find out the cost of production per cwt. Although it is more than six months "since he was deputed, the hon. Commerce Minister has not been able to give the correct figure. Without giving anyone consideration whatsoever to the cost of production they are fixing an arbitrary price far below the cost of production which the Board does not accept, as it does not give a fair return to the growers.

To solve this problem I suggest that this question may be referred to the Tariff Commission which is a neutral

body. But the hon. Minister *ie* not lor this. He says that the Tariff Commission is loaded with much work and it is not necessary for it to adjudicate between consumers and growers. He says, "I am prepared to take all the responsibility and adjudicate also". But I say that it is lor the Tariff Commission to say whether they can do it or not on account of heavy work. Why the hon. Minister should bother himself in this regard, I cannot understand. When he has resolved not to allow this question of cost ol production to be taken before the Tariff Commission, we will be led to doubt his sincerity of purpose to help both consumers and growers. That is why -we insist that this question should go before the Tariff Commission which is a neutral body and whose decision will be binding *on* both consumers and growers. Hence it is necessary that the Tariff Commission should take up this question and decide it once for all.

Coffee is grown in the slopy hills ol Western Ghats. The coffee industry in South India is one of the most important industries. The area under coffee cultivation is about 2,35,000 acres of which the Indian-owned is 2.60.000 acres and the European-owned 26,000 acres. Below 5 acres there are 21,442 estates. Between 5 to 10 acres there are 2,491 estates and between 10 to 25 acres there are 1,820 estates. Out of 28,436 planters 25,753 are below 25 acres. They are mainly depending for their livelihood on the coffee grown in that area. For want of financial resources they cannot manure and spray their estates and keep them in trim conditions. The result is that there is a poor yield and their standard of life is very low; they cannot educate their children properly and cannot give them nourishing food and clothe them sufficiently. They are all indebted to Marwaris and local banks. No planter is substantial except a few who *own* thousands of acres and whom our hon. Minister seems to know very well. Having in view a few big planters who own motor cars and palatial buildings and enjoy all luxuries of life, if the hon. Minister thinks that all these 25,000 smaller planters owning 3, 5, 10 acres are also equally enjoying all those facilities and comforts, I can say he is grossly mistaken. He seems to have misconstrued the whole situation and he does not seem to have a correct knowledge of the same.

[The VICE-CHAIRMAN (SHRI B. C. GHOSE) in the Chair.]

Sir, the coffee industry is an unreli able one. The coffee planters are gambling with nature. If they get good summer showers.....*(Interrup tion from Shri C. G. K. Reddy).* I know that the hon. Mr. Reddy has toured in the Malnad parts, but I do not know whether he has toured the interior parts and seen the coffee plantations.

SHRI C. G. K. REDDY (Mysore): I have enjoyed your hospitality also.

SHRI BASAPPA SHETTY: If they get good summer showers by the end of March of not less than 1", they will have good blossoms and can expect good crops for the next year. If the rainfall is below 30 cents, the spike-will develop, turn yellow and wither away. So, if nature is favourable, they get good crops. If not, they will have to suffer for one year without crops, and they will not get any income at all. The *coffee* plant is a very delicate plant. It is subject to several pests such as fungus, borer pests, etc. Thanks are due to the Coffee Research Station at Balehonnur in Mysore State which have done yeoman service to the planting ..community by solving several problems of coffee plantation.

Coffee cultivation is not so easy as one considers. The newly planted coffee area takes six years to begin to yield. Till then the grower will have to be investing money every year for his work without expecting any sort of return. He will have to clear the thick jungle, dig pits, raise seedlings and transplant them, and sacrifice his blood in favour ol leeches. The same amount of attention and

[Shri Basappa Shetty.] hard manual work should be given t« robusta cultivation also. It also requires large investment. With much regret I should like to say that our hon. Minister for Commerce and Industry does not hesitate to make an incorrect statement on the floor of the House and thus mislead the Members of the Parliament. He said in his reply to the debate on the Resolution in the other House:

> "Robusta grows wild. Nobody does anything for growing *robusta.* If anybody says that he does anything for growing *robusta,* please don't believe him."

The hon. Mr. Reddy knows this.

SHRI C. G. K. REDDY: I am not a coffee planter.

SHRI BASAPPA SHETTY: This is a 100 per cent, incorrect and untrue statement. But it is true that robusta plants are not attacked by pests as arabica is attacked. Why he said this in the other House *I* cannot understand. There seems to be some misunderstanding between the Board and himself. He seems to have some personal grievance with some executive on the Indian Coffee Board. That is why we say that the question of cost of production should be referred to the Tariff Board which is a neutral body, and I am sure we will get full justice from them.

As regards labour, about 2 lakhs of labourers are employed in the coffee estates. Fifty per cent, of the income should be spent on the estates in the shape of manure, labour, free medical benefit, maternity benefit, etc., to the labourers. With better cultivation on smaller holdings and with possible extension of the area, not less than a further 1,30,000 labourers can be employed, and the unemployment problem can be solved to some extent.

A definite plan should be drawn up to develop this industry and all possibilities of its development should be explored. Indian coffee is the best coffee produced in the world.

SHRI C. G. K. REDDY: Mysore coffee is even better.

SHRI BASAPPA SHETTY: There is a world shortage of coffee today and if proper encouragement and facilities are given to the growers, I am sure, our coffee will not only earn more dollars but increase our national wealth.

Unfortunately, for the past twelve months there has arisen considerable disagreement between the Board and the Ministry of Commerce and Industry, and cordial relations do not seem to exist between the two. The hon. Minister does not seem to view the situation dispassionately in the interests both of the consumers and the growers. I hold the Ministry mostly responsible for this sorry state of affairs. When the Board, in the interests of the consumers, suggested last year not to allow any exports, the Ministry compelled them to export 2,000 tons and stopped public auctions. Then there was no coffee available for the public in the market, and the prices rose high. For one or two months there were no public auctions. Therefore, I hold the Ministry responsible for this state of affairs and rise of prices of coffee.

SHRI C. G. K. REDDY: The Minister is just arriving.

SHRI BASAPPA SHETTY: In his reply to the debate in the other House, he threw out a threat that he would dissolve the Board, regulate export and depress coffee prices. This attitude on the part of the hon. Minister is nothing short of dictatorship. No Minister can suppress the legitimate demands of both the growers and the consumers, and I want to tell my hon. friend, Mr. T. T. Krishnamachari, that we who have secured the freedom of this country by our sacrifices and sufferings are not afraid of such threats, and we are prepared to lace the consequences of that threat.

SHRI M. MANJURAN (Travancore-Cochin): This is about coffee planters!

SHRI C. G. K. REDDY: Does it include Sir Ivor Bull?

SHRI BASAPPA SHETTY: Sir, the realisations from the export duty should be earmarked for the benefit of the poor consumers and the growers which will go a long way to lessen the prices of coffee and help the consumers.

For future export of coffee, I appeal to the hon. Minister not to impose any export duty and thus deprive the poor growers of the benefit of the higher prices obtaining in external markets. With these few words, I resume my seat.

SHRI KISHEN CHAND (Hyderabad): Mr. Vice-Chairman, I want to ask a few questions of the hon. the Commerce and Industry Minister. I agree, Sir, that export duties should be levied whenever there is a difference between the internal price and the world price, and I also agree that if there is any difference, it is the Government who should get the benefit of this difference. But let us see what is the situation in the case of coffee. There is a Coffee Board. Coffee is not an everyday necessity for a large number of people.

SHRI RAMA RAO (Andhra): It is.

SHRI KISHEN CHAND: Not for the whole country. It may be for a few sections of the people in certain areas. It so happens that the price of coffee is not fixed in the open market. There are auctions held by the Board. They fix arbitrary prices in the interests of the large growers and the prices are kept low, and the smaller planters do not get a fair price. You keep the internal prices low, much lower than the world prices, and then you levy this export duty. I think this is very unfair to the poor producer in this country. It is a welL-known fact that in the smaller plantations the conditions of the labourers are very bad and this is due to the fact that the price of coffee is low. An hon. Member has just now pointed out that the cost of production of coffee is fairly high. If the price of coffee is kept down in the interests ~*6i* the consumers, how is it fair to levy an export duty and deprive the cultivator of the better prices obtaining outside? I would therefore submit that the internal prices of coffee should be allowed to rise, and then there will be no difference between the internal price and the world price, arid there will be no need for an export duty. Further, Brazil had been the biggest exporter of coffee before the war. Even now, Brazil is a big producer of coffee. If we levy this duty, this is going to affect our export of coffee. We have had the experience of the jute industry. I know, Sir, that only last year the hon. Minister for Commerce and Industry levied an export duty of Rs. 1,500 per ton. What was the result? After one month he had to reduce it to Rs. 750, then to Rs. 200 and finally it had to be completely taken off.

Similarly the hon. Minister for Commerce and Industry has suggested an export duty of 9 annas per lb. of coffee. He has quoted that the price of *coffee* is 340 sh. per cwt. in the London market which comes to Rs. 220. He has quoted the internal price as Rs. 146 per cwt. I am only giving his figures. Therefore the total difference is Rs. 74.

THE MINISTER FOR COMMERCE AND INDUSTRY (SHRI T. T. KRISHNA-MACHARI): The calculation is rather funny.

SHRI KISHEN CHAND: Subtract Rs. 146 from Rs. 220, it comes to Rs. 74. It is a matter of subtraction only.

SHRI RAMA RAO: I want a blackboard and a chalk piece to explain the calculation.

SHRI KISHEN CHAND: Then the exporter has to bear the trade charges, packing charges, etc .....

SHRI T. T. KRISHNAMACHARI: If I could help my hon. friend, I would like to say that the *auction prices* have fetched an average price of

[Shri T. T. Krishnamachari.J

Rs. 168 and the person who bids is prepared to pay another Rs. 62/8 on top of it. In some cases the auction prices have gone up to Rs. 173.

SHRI KISHEN CHAND: These are new figures given now by the hon. Minister. The hon. Minister who introduced this Bill had given certain figures and I was working on them. If the hon. Minister now gives some different figures that in the case of auction, a price of Rs. 160 is realised and the person is prepared to pay Rs. 62/8 over that, I agree to accept these figures. But my contention is that if you levy a duty today, what will happen is that the other producers will immediately come into the market. It is surely a short-sighted policy. Our Government have been frequently following in the export trade a shortsighted policy. When they find a small difference between the world price and the internal price, they immediately impose an export duty and then after 15 days or a month when suddenly world prices come down, they immediately revise the policy. If there is a time-lag between the reduction in duty and the change in world price the result is that we lose the export trade. That has been our experience in so many other industries, in so many other exportable articles. I have already given you the figure of jute. The case of tea also is worth considering. There also they levied a very heavy export duty and we lost a good deal of our export market. Our export of tea has been reduced considerably in 1951 and 1952. Therefore I will submit that in the interest of the growers, it is very essential that if there is a small difference between the world price and the internal price, we should let the grower get the benefit of it, by slowly and gradually raising the internal prices. This is not going to create any great hardship to the consumer in view of the fact that coffee is not such a great necessity of life and is not consumed in such large quantities that it will greatly affect the budget f the consumers. Therefore I would , finally request the hon. Minister to reconsider this Resolution and if he is not prepared entirely to abolish this export duty, at least to reduce it by 50 per cent.

SHRI M. MANJURAN: Mr. Vice-Chairman, the only reason the hon. the Mover of the Resolution gave us was that this duty will put into the exchequer an amount of Rs. 371 lakhs. If putting amounts into the exchequer is the only reason for imposition of duties, I think the whole matter has to be reconsidered. I do not believe that coming in of money into the exchequer is the reason for imposition of taxes. There should be other reasons that should be given for us to be convinced that this duty is necessary. Some time back this House was debating about encouragement of our export trade and drawbacks were to be allowed for export trade on certain goods. At all times every nation would be trying for more exports in order to get more favourable balances in foreign trade but here it seems we are trying to restrict exports whether it is in the case of coffee or rubber or so many other commodities. At other times we are told that we should encourage exports. I find these two positions slightly irreconcilable. I could understand that in order to control home prices certain export is prevented but as a matter of fact it seems from figures available that there has been a surplus production of coffee in the country and there have been representations from the Coffee Board. In spite of this the Government had sometimes felt reluctant to encourage exports and when they would permit exports, they would do it only by the imposition of a duty. I would like now to think about the function of the Coffee Board and its relation with the Government and what all things have been transpiring in the meantime. The Government was not there in the year 1940 when the Coffee Board was formed for making propaganda for better sales of coffee. Coffee was not being sold as we could not export it to foreign markets. The

home market would not consume all the coffee produced. So it was necessary at that time under the situation existing then that coffee should be propagated and sold in this country and a Coffee Board came into existence. What did the Coffee Board do? It has been functioning for all these years much better than any agency of the Government has so far functioned. At least before us are available every item of statistics with regard to the coffee industry and it is a well-known thing with the Government that on no matter have they been able so far to give us any reliable statistics. When the question of unemployment came, Government were helpless. When the matter was acute and could not be solved, they are now despatching enquiries to fish out statistics about it. But here this Board has functioned for about 12 years with the result that they could give us information about any detail of plantations and trade. Now how have the plantations been working? As the hon. Mr. Shetty from Mysore stated, these are not all huge estates nor owned by multi-millionnaires. Most of them or the largest number—I think about 29,000 of the estates—belong to people who own less than 5 acres and I am not saying that the imposition of this duty is going particularly to jeopardise their interests but we have to see at whose expense the exchequer is going to gain some money. Might be possibly at the expense of some of these small holders. The duty is not confined to producers or plantations of over 100 acres. It is a general duty. Wherever *robusta,* coffee is made and whenever robusta coffee is exported, Rs. 62/8 per cwt. should be paid. What is its impact on the large number of small estate owners? Rs. 37J lakhs are being taken generally from the coffee estates and paid to the exchequer. I believe that 60 per cent, of this is being taken out of the small «state owners. The small estate owners owning one, two, three or four "acres do all the work on their plantations themselves and so I say that what they get back is generally the price for their labour. So the imposition that the Government is making is on the labour of these people who have got four or five acres of coffee plantation. I would like to disabuse the minds of hon. Members with regard to this matter and I would ask them whether this imposition would not indirectly mean a cess on the labour of these small owners. The small owner does all the work on the plantation himself. Some families which own two or three acres of *cofiee* estate are doing all the work and then what return do they get for their work? This imposition would only mean that a large number of families which own only two or three acres, about 29,000 of them, would be in difficulties, and that too in an area where even otherwise there is unemployment, depression and several other calamities. That is the strange and sorrowful part of this Resolution. It was said thai this was a very innocuous and very innocent Resolution. I submit it is not. It affects as many as about 30,000 families and curtails their revenues. On the other hand, if only the Government had encouraged the export of the extra coffee and given help to the Coffee Board to do it—about 7,000 tons,—I think the country would have prospered. That they did not. Some kind of an obsession is there in their mind that coffee could not be exported, and that attitude, I think, has created several dislocations in South India generally. An export duty was imposed on pepper when the price of pepper in the foreign market was Rs. 5,000 per candy. Now the price is running down, but Government thinks everything is all right. They think everything is all right if their exchequer is getting on well. They do not care about what happens to the country at large. If their exchequer could get something by a bargain, that is a complete bargain for them. That attitude should be changed. It is for the trade of this country, for the plantations of this country and for the industries of this country that this Government exists. They should not bit these plantations and then allow them to die a natural death. These coffee plantations employ or engage over 2 lakh

[Shri M. Manjuran.] people. These two lakhs of people working on coffee plantations could get us some money by foreign trade and that itself should have been taken by the Government to be a good thing, rather than put a further imposition on them, because this money will go back to the people. This industry has got great potentialities of development. If the world markets would consume larger quantities of coffee, it would be all the better for us. What is important is that coffee plantations should be encouraged and made more extensive and more productive and more labour should be employed on them so that so many national problems could be cured to that extent. But we are not doing that. We are saying that we should take Rs. 37£ lakhs and be done with it—no responsibility to the worker, no responsibility towards the small holder of land, no responsibility to anyone. I feel these matters have not been before the mind of the Government because whenever they thought of coffee plantations, they thought of those with 300 and 400 acres of plantations with palatial . accommodation for their owners. But there is the other side of the picture— the dark side—as a contrast, and that side has never been before the Gov.-ernment. I want to present the dark side of the picture to the Government. What happens to the people? Have you, by any organisation so far in the course of your existence, encouraged any of these people? Have you by any suggestion given to them so far, asked them to improve and increase the area of cultivation? As the House knows, coffee is not cultivated in places where no other agricultural operaticn is possible. It is generally done on highlands. So it is for the Government to encourage these people to cultivate coffee. If they had done that, more people could have got employed in this industry. Such a thing is not contemplated here. On the other hand, all attempts have been made to reduce the area, to reduce the activities of the Coffee Board which was effectively functioning, according to me. We want to know why all this trouble has arisen here. For twelve years this Coffee Board has workedT^and Government does not lay the charge that the Board is at fault. They propagated the use of coffee and increased the sales of coffee. They improved the quality of the coffee. None of these matters was referred to by the hon. Minister when he moved the Resolution. To people who are unacquainted with coffee and its various implications, it would seem this is quite a fair thing, that some big people who have got a lot of money are being asked to pay to the Government of India something which will be distributed. That is not so and it is a very unfair imposition. Really speaking, this money should be distributed among the small cultivators—those who own less than 5 acres so that they may at least extend their activities That is for the betterment of this nation. You cannot merely say: "Give us the money and we will not do any thing more". Government has had no agency so far to insist on the improvement of the coffee plantations. It did nothing for these plantations. There was, however, the Coffee Board. I know an officious nature has entered into the mind of the Government nnd whatever is to be done, they think, should be done by them in spite of their consistent incapacity to do anything at all. Wherever there is something well done, they create dislocation so that nothing may be done and wherever nothing is being done or where things go wrong, they do rot in their long period of incubation, mean to do anything, they only imagine about ghosts arising out of nothing. This is what is going on. As a matter of policy and as a matter of expediency, this imposition at this time, I feel, has been wrongly made. It should not have been made. Government was not in urgent need of this sum of Rs. 37J lakhs to be collected from the poor cultivators. On the other hand, an agricultural or land tax on a progressive scale may be imposed on the coffee plantations and not this kind of an imposition. Otherwise, during a period of depression, we will be landed in terrible difflcul-

ties. Coffee prices are not steady. You can only write on paper here; but prices of coffee are controlled by international contingencies over which you have no control. These fluctuations are not governed by your caprices and the Board should have been allowed to function as effectively as possible. If you could find a flaw, then your interference would be justified. If there is no flaw then your interference is wrong. This kind of duty, levied at a time when there is an occasional rise in price will be regrettable when there is a downward trend in the prices. What is more essential is the encouragement of our export trade and that principle should be accepted as a general principle and laid down as such. If we do that, we would function very much better than by this piece-meal Resolution and piece-meal legislations that have quite often been pestering us.

SHRI C. G. K. REDDY: Sir, it is, as usual, very difficult to deal with a question which arises from time to time and which is only part of a larger question. Whenever we are dealing with such questions, we are always at a disadvantage because such questions are influenced and affected by larger policies of Government. Just now, we have heard two or three sets of oninions in two or three directions which have been raised in this Council. It would seem to me, Sir, that such things arise because we have no integrated policy as such. We time and again try to change our policy to get over a temporary difficulty.

[MR. DEPUTY CHAIRMAN in the Chair.]

I do not imagine that at least so long as this Government lasts we will ever be able to have an integrated policy on which we can depend and on which we can have a long-term policy laid down for every commodity, for every issue. All the same, in some cases, we will have to see within these conditions what best can be done on any particular question. «

Now, so far as coffee is concerned, my relationship with coffee is only in so far as drinking it is concerned although recently I have been connected rather indirectly with the Coffee Board itself and, as my hon-friend, Mr. Basappa Shetty, pointed out, I also come from a State which grows the finest coffee in the world. It is very difficult to know, because claims have been made on behalf of the planters—I suppose my hon. friend, Mr. Basappa Shetty, represents the planters, he is a planter himself— that the price for the grower per pound of coffee is Rs. 2/8/- whereas only Rs. 2/1/- is being given by the Government. I do not know whether it is correct or not; I do not know how this figure has been arrived at. Nor do I know how the Government, on the other hand, has come to the figure of Rs. 2/1/-. We are unable to find out how the planters on the one side claim that Rs. 2/8/- is the correct price at which the grower is able to produce coffee nor are we able to know how the Government has arbitrarily or otherwise come to the figure of Rs. 2/1/-. In between these two, we are unable to find out what is best under the circumstances. In that regard, I should have thought that the demand of the planters in so far as they have asked for a commission to be appointed to find out" what exactly is the cost of production of coffee was apparently very just and one which ought to have been accepted by Government. They have asked that the Tariff Commission should go into it; even jf the Tariff Commission should not go into it, some other body which is competent and which can assess the factors of production could go into it and determine what exactly is the basis and that way the controversy could be set at rest for ever. During the last three or four years, there has been—I have no doubt at all that even the hon. Mr. Basappa Shetty must agree with me when I say this—considerable resentment in so far as the consumer is concerned, over the Coffee Board asking for a higher and higher price every six months or every three months.

[Shri C. G. K. Reddy.]

As a layman who has not gone into this question very deeply—nor am I equipped to go into this question very deeply—so far as I am concerned, I do not believe that the cost of production is Rs. 2/8/- because if it had been so during the last four or five years the coffee planters would have "been ruined. Thoss of us, who have had any occasion either to go to coffee plantations or to know the coffee plart-ters, know it cannot be. It is simple logic. Even if I cannot determine the price at which the grower produces the coffee, I at least know this much that it cannot be Rs. 2/8/- because he has not been getting Rs. 2/8/- for the last so many years. If he has not been getting it I cannot imagine how he can carry on with the production of coffee and sell it at a price of Rs. 2/8/-. It is something illogical. Therefore I do not believe it and yet I say this demand of the coffee planters in the interests of the consumer himself should have been conceded so that we would know, the consumer would know, the planter would know and the general public would know what the Government proposes to do and whether what it has done already is just or not.

Now, Sir, some of our friends have raised the question of small growers of which I am also aware and I have my friends in Malnad who own only 4 or 5 or 10 or 15 acres. I know it may not be so economical for them as it is, for instance, for the vast areas owned by the Consolidated Coffee Estates which make enormous profits and which, in spite of the nodding of my hon. friend, Mr. Basappa Shetty, have always, through their represen-tative on the Coffee Board, influenced its functioning and its policy. There is no doubt about it at all. Although today the Chairman of the Coffee Board is a different person, the Chairman of the Coffee Board, till a few months ago, was the Director of the Consolidated Coffee Estates, Ltd., which have extensive areas in Coorg and elsewhere. So far as the Consolidated **Coffee** Estates are concerned, if you examine their balance-sheets, if you examine the returns that they have given to the shareholders and to their employees and to others we can easily see that at least in the Consolidated Coffee Estates the production of coffee does not cost more than Rs. 2/1/-. It is much less than that. Otherwise they would not have been making profits. It is true that smaller estates may be less economical for so many reasons. There are more reasons than my friends would like to advance. The reason is also the mismanagement of some of the smaller estates. I have seen, Sir,—and my friends might have seen also—the vast difference even in appearance between the European managed estate and the Indian managed estate. It is a fact from which we cannot turn away. It is a well-known fact that an Indian estate is very badly managed. It is not weeded, it is not pruned, it is not sprayed and nothing is done to it and to an extent probably what the hon. Minister said in the other House, and to which my friend took exception, is true that the *robusta* grows wild in Malnad and in some other places. When the berries come up they pick them up and sell them. That is what is happening. What are you going to do? Now what is fair for the Consolidated Coffee Estates may not be fair for the smaller estates, I quite agree. It may he that some estates are working at a loss during the last few years. Even that I am not willing to believe; it may only be that they are working at a very small margin of profit which may not be economical. What is the alternative to this? Are we going, as has been suggested by some, to collect the 37J lakhs of rupees and distribute it to the smaller estates? I do not know whether that would be sound as an economic principle or even be just because that would be a premium on inefficiency.

SHRI T. T. KRISHNAMACHARI: It is possible.

SHRI C. G. K. REDDY: Everything is possible. The Coffee Board can lay down a graduated scale whereby

smaller estates get more, and larger ones less. It can be done. Everything is possible but it does not seem sound to me; neither is it just. It is not sound in principle because, as I said, here are the small estates which came up some time ago when the coffee prices were very high. Even in spite of their mismanagement they could earn enormous profits and so they took it up. Today they may not be in a position to carry on in the same way. But are we going to recognise this inefficiency? Then what is the altera native? An alternative must be found. We cannot have on the one hand huge areas managed by the Consolidated Coffee Estates and on the other 3 or 4 acres which are personally cultivated and personally looked after by a small planter in Chikmagalur. We cannot have it. Even the policy of the Government, however much the Consolidated Coffee Estates may protest against it, may at some stage work to the advantage of the Consolidated Coffee Estates because it will wipe off the small estates and the Consolidated Coffee Estates would be the sole producer of coffee in the country and they will be the only people who will earn any profit at all. So all the planters on the one hand and the Govern-ment on the other must work out some sort of a scheme whereby our smaller people, especially the smaller Indian planters can be saved from the threatening crisis. It seems to be that a crisis is coming. Therefore it is time for all of us to get together to see what can be done, maybe by cooperative farming or maybe by consolidating the smaller estates together, to see that better methods are employed, to see that the production of coffee rises, maybe many other things for which the two forces on either side can come together and think out a scheme whereby the coffee industry could be rehabilitated. I do not for a moment believe that for the smaller estates, and certainly for the bigger estates, the price, either internal or external, is uneconomic. I deny it. Why should it be so? Certainly not for the bigger estates, because they are making enormous profits and not for the smaller estates also because they have not closed down for the last four or Ave years and I do not see any visible distress so far. I would, however, request the Government to put an end to this controversy by conceding the demand of the planters, for then we would be on better ground. I know the hon. Minister for Commerce and Industry has a slight tendency to say that he has means of knowing what we do not know, but to allay the fears of the planters and to see that justice is done to them at least—we understand that justice is being done to them—what is the harm in appointing a Commission? Why not appoint a small committee? Even on the flimsiest excuse we appoint conv mittees. Why not have a committee to go into the actual conditions in the coffee industry to find out whether the price that is ruling in the country today is fair or not? Once that is established—and I have no doubt privately, even though I am a layman, ill-equipped as I am, I have no doubt whatsoever that it is economic—it would be better for all. I want the Government to establish it. There is a complaint that the hon. Minister is a dictator—I may hold that opinion privately—or that the Government is riding roughshod over the Coffee Board. I may say that the hon. Minister gives-us the impression that he knows it. It may be that he is right, but there is a manner of doing things. For instance, the Coffee Board Bill is coming up according to which the Coffee Board is; going to be reconstituted and a different procedure is going to be followed. I do not like it and I am going t» oppose it because it is going to be a departure from the accepted principle^—the principle of election.

The constitution of the Board should be by members who represent those-organisations without the Government taking upon itself the responsibility or authority to nominate those representatives. We are receding from that principle. The hon. Minister has given an unfortunate impression to the planters—certainly not to me—that he is-doing something which is not right.

[Shri C. G. K. Keddy.] To allay all those fears and suspicions it is but right that we should appoint a committee to go into the question to find out whether the price is fair or not and see what can be done.

So far as the export duty itself is concerned, I do not accept the argument that it should not be levied. After all, export duty is a well recognised principle. If there is a wide difference between world prices and the internal prices, export duty is levied and should be increased to see that due to certain windfalls the local producers or manufacturers do not make enormous profits. That is a normal procedure which is accepted everywhere. The coffee industry could be given the benefit if it establishes that it is being ruined. If it is to be given the benefit of the difference between the internal and the external market price without establishing its difficulties, then why not give it to any other industry? What is special about the coffee industry unless it establishes that it is being ruined? Tomorrow tire textile industry may say the same thing; the paper industry may say the same thing; every other industry may say the same thing. We cannot concede it unless it is established that the coffee industry is being ruined. Because in the interests of consumers if the coffee planters including Sir Ivor Bull are so philanthropic enough to get only Rs. 2/1, we should give this opportunity for the coffee planters to prove that Government should not impose this Rs. 62/8, and until that is done, there is no case whatsoever for the export duty not to be levied.

But I may tell the hon. Minister that it does not mean that he should escape his responsibility in proving to the people that the coffee industry is not being ruined. Every day, every week, I get—because I come from a constituency which produces coffee— letters, explanatory memoranda and so many other things from the coffee planters telling me that they are being ruined because of the acts of the Government. If I have to satisfy myself, and I have no doubt that there are other Members in the House who want to satisfy themselves, then the Government must prove that the coffee planters are making so much money because of this price. Let them prove it. It may be their private opinion; and it may be a right opinion; it may be a correct conclusion at which they have arrived. But what I protest against is the arbitrary way in which the Government is going about it. It may be that they are doing the right thing.

They may be right in doing it, but they must prove that they are doing the right thing. Well, I do not agree with my friends' fears that today the planters are suffering or are being threatened with ruination unless the Government lifts this export duty. I do not believe it. I request the Government to appoint some sort of a body to put this controversy at rest for ever so that the consumers on the one side and the planters on the other know whether they are to drink coffee or not, or produce coffee or not.

SHRI D. P. KARMARKAR: Sir, I intervene at this stage because my esteemed colleague who is posted with all the details will be answering all the points raised in the course of discussion. As some of the points raised require an answer by me. I will just content myself with touching briefly on one or two points. I quite appreciate the criticism of my hon. friend, Mr. Reddy, who has in fact made our task on this side very light. I appreciate very much what he said about the growers. Every care is taken to see that the growers are not put to a loss. Just as I appreciate the way in which the hon. Shri Reddy commented on the Resolution. I entirely dissociate myself from the way in which my hon. friend Mr. Basappa Shetty, referred to this question. He said that my senior colleague was being dictatorial and so on. Any democratic Government is bound to be firm in its actions, particularly when it depends on the suffrage of the people. That is the very essence of democracy. We have to judge every-

thing very carefully. We have to weigh the pros and cons in respect of each particular question. When there are two or more elements involved in this, it does not mean that the Government disregard the interests of the grower. All along, we have been advocating the development of the coffee industry because we thought it was necessary in the interests of the internal consumers to develop a strong export market. To us, the interests of growers are as precious as any other interest. The growers cannot afford to grow fat at the expense of the consumer. I am afraid we can only take care of the essential elements in the whole process of development. The hon. Shri Basappa Shetty had a hard word for my esteemed senior colleague. "He appears to have a personal grievance against the Coffee Board"—he seems to have said. It is not a question of any personal grievance. When we are functioning as a Government, we have to do our duty as a Government. Sometimes Government does something which appears to hit some particular interests, but wantonly it does not hit the interests of any particular section. Sometimes it, happens that if we take recourse to particular actions, as in this particular ease, some interests appear to be affected. If this duty were not there, the marginal profit would not have gone to the Government nor to the consumer but to the grower. The consumers' interests were being ignored in the recent past. The consumers should be grateful to my senior colleague, for it is he who did give this direction to safeguard the interests of the consumers and ultimately the interests of the growers themselves will be safeguarded. As there was a substantial difference in price, and as there was the danger of the Government losing revenue, they have resorted to mopping up the difference. But the essential losers will not be the growers themselves. My esteemed senior colleague has devoted considerable time and has taken a personal interest in the matter.

Sir, having disposed of this I should like fo sav something about the Tariff Commission. The point has been made, that this matter should be referred to the Tariff Commission for adjudication. We are almost looking upon this subject as if there are some disputes. But I say that we are here to discharge our duty as a Government and the Government must take action conducive to the public interests. It has got the growers' interests also in mind. We want the coffee estates to grow. We want them to be developed. The coffee industry should satisfy not only the consumer's demand inside the country but in course of time it should also be in a position to export. But times vary. We are glad to see that the Coffee Board has done a very useful work in respect of the development of coffee. Acreage has been increased. But that does not, mean that we must agree with whatever it says. Unfortunately sometimes it so happens that a man looks only to his own profits without looking to the interests of the country as a whole. And we cannot agree with the proposition that whatever happens to the country the grower must have his say. No doubt we will not come in the way of growers. We are interested in them. We cannot kill the goose that lays golden eggs. We cannot ignore the interests of the growers. But, Sir, to refer these things to the Tariff Commission is hardly reasonable. After all what is the Tariff Commission? This sovereign Parliament has set up a Commission to go into many questions and one of the principal duties that they have got to do is to see that the interests of the nascent and growing industries are protected by tariff. Now already the Tariff Commission are very much burdened with so much work. Many cases have been lying with them hanging Are and it is no use sending this matter also to the Tariff Commission and allowing it to hang fire. The hon. Mr. Reddy said that we must convince the people. That is quite all right. But we have taken all possible measures with the machinery of the Government to study this question and in our opinion the prices of coffee in the recent past have been much more than are justified by the needs of the

[Shri D. P. Karmarkar.] situation. So, Sir, it is no use sending this question to the Tariff Commission because very likely it might take time. We have on our part taken all necessary precautioiis in a very responsible way and we have satisfied ourselves that the action we are taking is in the best interests of all the parties concerned.

Then again. Sir, there was another point "Why not give the difference between the external and internal prices to the growers?" There is logic in respect of that also. Why does the exchequer stand in the way oi growers? That is the argument sometimes advanced. But I must say that sometimes some people consider the national exchequer as if it is a private man's purse. Sir, the point was made that it is a question of fluctuating prices. During the war conditions had been abnormal and economic factors had been fluctuating even from month to month. And this present action has been taken primarily with respect to the quota released for export. 2,000 tons have been passed for export; only 1,000 tons remain, and as I said, in about a short time it will also be available for export. If fluctuating conditions demand another action, we will certainly come before the House. I am sure hon. Members appreciate that these are days when we have to be very careful about matters. We cannot sleep over anything. We are wary and if fluctuating conditions require another type of action, certainly we shall take action. If world prices go down, it may require appropriate action which I need hardly say we shall be very prompt to take. These are the two or three general points raised. There was also some point regarding the exact margin that is available for export duty, as to how this duty will be utilised for the Industry, etc. On that point, my hon. colleague knows far more than I do, and I content myself with these brief observations on the general points.

SHRI T. T. KRISHNAMACHARI: Mr. Deputy Chairman, I think my colleague has covered most of the points raised, but the hon. Prof. Kishen Chand raised certain arithmetical conundrums which probably need some kind of reply.

SHRI RAMA RAO: And which have baffled the House.

SHRI T. T. KRISHNAMACHARI: Nothing can baffle my hon. friend, Mr. Rama Rao. Notwithstanding the fact that this Government is supposed to be riding roughshod over the Coffee Board and notwithstanding the fact that I am often taken to be a dictator, I am grateful to my hon. friend, Mr. Reddy, for feeling that I was on the right lines, but I would like to add another factor to what he said, *viz.,* the interest of the consumer is not a thing which we can ignore. What has happened during the last one and a half years is that the interests of the consumer have been sadly neglected. The Board fixed its own prices and the Government put its imprimatur^ on them. There is no scrutiny. They fixed the price at Rs. 2/4 per point thereby arriving at Rs. 180 per cwt. for Plantation A and progressively less for other varieties of orabica and *robusta.* They have fixed the floor price of Rs. 212 for Plantation A. Actually, some time last year the auction price went up to as much Rs. 351 per cwt.

SHRI BASAPPA SHETTY: It was due to the Government's policy.

SHRI T. T. KRISHNAMACHARI: The hon. Mr. Basappa Shetty is an angry man. Sir, it so happened that wherever I went, people asked me, "Why is the retail price as much as Rs. 3/8, per lb.?" The consumers of coffee are by and large in South India. They, by and large, belong to the lower-middle class, men belonging to the lower income groups. To them, coffee is the only luxury that they know in their lives. And very naturally they are vexed and they are vocal. I took over some time in May 1952. I went down to Cochin and asked the Chief Marketing Officer to meet me at Bangalore on the 31st October. 1952. I told hin%

"This must stop. Your floor price is Rs. 212 and the auction prices are anything between Rs. 300 and Rs. 350. The consumer refuses to pay. There is an outcry." He said, "The Chairman is not here. He has gone to England, and we can do nothing. We cannot have a meeting of the Board." The Vice-Chairman could not function apparently, and with very great difficulty we were able to arrange a meeting on the 31st December 1952. I went and attended the meeting, and I told them, "Well, you have already seen how the high prices are affecting consumption. Consumption is falling. The curve is going down."

6 P.M.

Now dealers don't come in for bidding at auctions. Consumer resistance has developed. I told them: "You are doing yourselves a lot of harm by these higher prices, because after all you must depend on local consumers. The foreign market may be good for the time being but it may not be good for all times." I told them: "Find out some method by which you don't make a pie more than Rs. 212 which you have fixed." They said "Today, this may be the position but the cost of coffee next year might go up tc Rs. 2/7 per pound." I said "Next year will take care of itself, but for the time being reduce the price." They promised to let me have a scheme. I told them that I would give them three months and if they did not reduce the price within that time, we would so arrange the auction that prices are brought down. I thought they would accept my scheme, *viz.,* to lower the retail price. The fact is that the cost is worked out. the cost is fixed at Rs. 180 plus excise duty plus the Board's charges plus the cess—all these come to Rs. 212. Now that acts as the floor price and not as a ceiling. The secret of why, even granting that the price is uneconomic, the growers do not complain is that the price fixed was only the floor and not the ceiling. The ceiling is very high. The limit is only the sky. Sir, I am afraid there is a lot of resistance to my proposals from this Board. I got a rejoinder from 97 C.S.D. them completely controverting all Lne position they had accepted when I was there. Naturally Government had to act. It is not I who am a dictator. Government's behests are such that they should be obeyed. Mr. Ivor Bull has ruled over the Board for 12 years without the hon. Shri Shetty's inicr-ference.

Let me now go into the history ot this Board. The history is this. In 1940 the Board came into being—not as the hon. Shri Mathai Manjuran has said. It did not fall from the heavens. It was constituted by the Government but the price of plantation coffee in those days was Rs. 35 to 40 an uneconomic price. The world prices were lower than the Indian price. In those days Brazilian coffee was dumped into the Carribean sea—thousands of tons of coffee were loaded in ships and were dumped in the Carribean Sea because the prices had slumped down further; the usual capitalist—may I use that word—device of restriction of production or restriction of goods available in the market was adopted.

SHRI S. N. MAZUMDAR (West Bengal): I find myself in agreement with you for once.

SHRI T. T. KRISHNAMACHARI: I can tell my hon. friend Mr. Mazumdar that there are more points in which he and I agree than most other people. Then the Coffee Board came into existence. Thereafter prices progress sively went down and between 1944 and 1948 in the world and because local consumption was not equal to production, some exports had to be made and the export prices were lower than the local prices. What happened? The Board raised the local prices and made the local consumer pay for the difference between the export price and what was paid to the grower. The consumer had to pay from Rs. 15 to Rs. 17 more per cwt. and he paid this from 1944 to 1948. These facts are forgotten. They go into the limbo of history. The consumer has paid but he is not vocal, he has no representative in the House excepting the hon.

[Shri T. T. Krishnamachari.] Shri Rama Rao and Mr. Rama Rao does not know the facts. If he knows the facts, he can hammer it down the throats of Government and the House put together. I am saying all this to the hon. Shri Rama Rao to give him the facts. Therefore, the consumer, this unfortunate non-vocal person, for a period of 4 years, paid for subsidis ing exports because the consumption was lower than production. In 1948, the price of plantation coffee was Rs. 90 and for 1946, 1947 and 1948, that was the price per cwt. The price paid to the grower—the floor price—what he actually got was a different matter. Next year, 1949, the price was Rs. 120 per cwt.; in 1950 it was Rs. 135; and then we got on to Rs. 180 per cwt. Sir, the appetite of one who makes money grows with the money and.....

SHRI BASAPPA SHETTY: Sir, on a point of clarification. Does the hon. Minister say that the price of plantation coffee in 1947 was Rs. 90 per cwt.?

SHRI T. T. KRISHNAMACHARI: Yes, Rs. 90 per cwt.

SHRI BASAPPA SHETTY: No, never in the history of coffee plantation has the price been more than Rs. 25.

SHRI T. T. KRISHNAMACHARI: The retail prices may be different. In 1946, 1947 and 1948, the price fixed was Rs. 90.

SHRI BASAPPA SHETTY: I deny it.

SHRI T. T. KRISHNAMACHARI: My hon. friend might deny it, but I have got the facts and figures here.....

SHRI BASAPPA SHETTY: I have got the facts too.

SHRI T. T. KRISHNAMACHARI: That is the price fixed by the Board. Now it is Rs. 180 per cwt. and if we had not interfered, the price would have gone up still further.

SHRI BASAPPA SHETTY: What about the rise in the cost of production?

MR. DEPUTY CHAIRMAN: Order, order.

SHRI T. T. KRISHNAMACHARI: That is the history of it all. As I said, the price in 1944, 1945, 1946 and 1947 was Rs. 90, in 1948 it was Rs. 120, and in 1949 it was Rs. 135, in 1950 Rs. 135, in 1951 Rs. 155, and in 1952 Rs. 180 per cwt.

My hon. friend Mr. Reddy mentioned the name of Mr. Ivor Bull.....

SHRI C. G. K. REDDY: I did not mention the name.

SHRI T. T. KRISHNAMACHARI: I mention the name; he mentioned the Consolidated Coffee Estates. This Company started with a capital of about £60,000 or roughly about Rs. 8 lakhs. It was split up into two in 1949. One of the companies controlled the curing house and another company controlled the estate. A large cash payment was made to the original owners. About Rs. 20 lakhs came from subscriptions from both the companies put together. There was a bonus issue of about Rs. 15 lakhs and odd, nearer Rs. 16 lakhs. The reserves now are Rs. 24 lakhs for the Consolidated Coffee Estate. In 1947 the reserves came to only Rs. 2 lakhs and odd. Today it has gone up 10 times. The dividends declared in the initial days, when the price was Rs. 90, were from 6 to 7 per cent. When the price went up to Rs. 180, they declared a dividend of 17 per cent, and today the value of these companies, including reserves would be somewhere about Rs. 1 crore. A concern which originally was worth Rs. 8 lakhs is now worth Rs. 1 crore.

SHRI BASAPPA SHETTY: Sir, I want one clarification.

SHRI T. T. KRISHNAMACHARI: I am not yielding.

SHRI BASAPPA SHETTY: Is it only coffee that is the source of income, or

do they have some other sources ol income—pepper, cardamom, etc.?

SHRI T. T. KRISHNAMACHARI: That is the history of this company. Some estates have made a lot of money. They have declared dividends of 35 per cent.

Reserves have gone up. Of course, the hon. Mr. Basappa Shetty did not make the money. He did not make as much money—he probably made little. That is the point my hon. friend Mr. Reddy has made and that is a valuable point which I recognise. I recognise that in the process of working the cost what happens is that we take the sub-marginal estates, an estate which produces 1-3/4 cwt. per acre, fix the price on that basis and then the estate which produces 7 cwt. or 8 cwt. or whatever else gets all the profit. In the Consolidated Coffee Estates I don't think there are more than 7 people who are getting more than Rs. 300 who are Indians. Of course, the clerks get paid lower; only the Europeans get all the money. That is the trouble, Sir, in fixing the price. Where there are units which are highly economic, partially economic, marginally economic and per *se* uneconomic, and if we work on the basis of the cost to the uneconomic units, well, naturally, somebody else makes the money. Ultimately, who pays? The consumer pays. The suggestion made by the hon. Mr. Reddy is a thing of which I have been seriously thinking. The first thing is that we must equalise it somewhere. We must take up the marginal estate and arrive at the cost of the article and then we must do something in order to help the sub-marginal estates so that they can come up to the marginal level. Pay them some subsidy on a sliding scale, tell them that if they did not come up to the marginal level in three years they would not get the subsidy. For that, I have to have legislative authority. Even there, I have got to sail very close to article 14 of the Constitution. Or, we can, as my hon. friend says, pay on the first acre Rs. 100, on the second acre Rs. 50, on the third Rs. 25 so that the Consolidated Coffee Estates will get only Rs. 250, nothing more and a small man may also get Rs. 250. This is something which I have to devise and I am thinking that we may have to devise something on these lines when we deal with the Coffee Bill. In the meantime, my hon. friend does not understand that in charging higher prices we kill the home market and the foreign market is not a market which will be available for us for all times. The hon. Mr. Mathai Manjuran and myself never agree, but I do agree with him when he says that the external market is a fluctuating market. There has been the history for over four years. The local consumer has subsidised the price for export and in order to keep the estate alive. Sir, there must be little gratitude for this unfortunate consumer who belongs to the lower middle class. Even though 1 know that certain marginal planters suffer, I must think of the man who ultimately is your master, not the Government. Government is not the master, it is the consumer who is the master.

SHRI S. MAHANTY (Orissa): Why only about coffee seeds?

SHRI T. T. KRISHNAMACHARI: We are talking only about coffee and when we talk about something else I shall speak about that something else also.

That, Sir, is roughly the position in regard to coffee. My hon. colleague mentioned about our willingness to go into the costs. I sent a cost accountant to do this work. Mr. Humphreys. I do not know who he is, says, "Oh! Government have doctored the accounts!" I have not seen the face of that gentleman, but if I had seen him. I would have told him something. We have not taken the estates at random but we took only those estates that the Coffee Board had taken in the past for this purpose. The cost accountant was given the same estates so that he could not cover new ground and even then it has been proved that the claim made for Rs. 2/7/- per pound as the

cost of plantation coffee is not right. Anyway, we have got the cost accountant's report and I am going to send it round to the Board to And out what their reactions are. In the meantime what we have done in order to see that the consumer is protected is that we have accepted Rs. 2/4/- per pound for plantation coffee and Rs. 2/4/- for raw,—both for the ceiling and the floor. That is what the grower will get. The reserve prices at auctions are fixed at Rs. 2 and the difference, if any, comes out of the pool.

In regard to exports, Sir, it is not quite so iniquitous. We levy Rs. 62/8/r per cwt. Out of this Rs. 62/8/-—we would have got Rs. 21 anyhow if it were sold in the home market—all that the Government gets is only Rs. 41/8/-. What has been realised by way of auctions is Rs. 173 in some cases and Rs. 168 in some others. The average price works out at Rs. 168/8/-for the two thousand tons that had been auctioned. For robnsta we have got to pay Rs. 117 per cwt. to the grower at the price fixed by the growers' representatives plus Rs. 7 to the Coffee Board plus the cess. Ultimately, it works out that there is a margin of Rs. 43 which goes into the Coffee Board Pool. So, roughly it happens that while the Coffee Board gets Rs. 43, the Government gets only Rs. 41; leave alone the excise duty because duty they get normally in any event. A.oart from this Rs. 43, the Coffee Board may get something in addition by way of difference in the auction price to local dealers. So, we have told them that they can fix the export reserve price at Rs. 2 and the difference of four annas per pound the Board pays to the grower from out of the funds of the Pool. That is the arrangement that has now been made and has been accepted. That is roughly the position, Sir. The inequity that has been portrayed is not as great. It is not a question of my being a dictator. After all I have some obligation to the consumer. My obligation is not merely to the planter. I do realise that there are small planters who have to be protected and I do propose to do my very best for the small plan,ter. My concern is not with the consolidated coffee estates or those estates which have been making 35 per cent, profit, but with the small man. One point which the hon. Mr. Reddy made is very vital in this connection. It is very unfortunate, Sir, much as we may dislike the European planter, there is no denying that the European planter is a planter in the sense that he knows his estate, that he knows the plants in his estate. I have heard that certain coffee planters own about 300 acres with 1,500 coffee plants in each acre and the planter knows every plant in every acre of his estate and he goes about from 5 in the morning till 3 in the afternoon and plucks off any coffee plant which is sub-marginal in condition so that the other plants may not be ruined. The European planter works on the plantation whereas the Indian planter is often a politician.

SHRI BASAPPA SHETTY: It is one of financial resources also.

SHRI T. T. KRISHNAMACHARI: We will be able to provide them with financial resources. I promise this House and my hon. friends also that we shall bring a Coffee Aid Amending Bill; though my hon. friend, Mr. Reddy, may not like the composition of the Board, it is my intention that the Board must be saddled with the responsibility for bringing up the uneconomic estates to an economic level.

Now. take the case of rubber. The price now fixed is Rs. 138 per cwt. There are marginal estates and sub-marginal estates. There are estates that produce 200 to 250 lbs. per acre. Again there are estates which produce 1,200 lbs. I do claim that this is another industry which has been neglected in the past. When rubber prices in Malaya were 4sh. 8id. our rubber prices were 14 annas per lb. Today the Malayan rubber is lsh. 4id. per lb. and we still pay our people Rs. 1/6/-per lb. I am not allowing any imports to be made.

SHRI M. MANJURAN: Will it compensate their past losses?

SHRI T. T. KRISHNAMACHARI: Past is past and at that time I never had any intention of becoming a Minister. I am speaking about the present. Whereas it is only lsh. 4£d. per lb. in Malaya we are making the industry in this country pay Rs. 1/6/-per lb. of rubber for delivery in the Port of Cochin or Alleppey because we \ have an eye on our rubber industry and on our consumer. We must produce enough for our own needs. Tomorrow, Malayan rubber prices may again go up. Merely because the Malayan rubber is lsh. 4§d. today we cannot let our estates go to dogs. We cannot say, "Let us take Malayan rubber because it is cheap". Government, in spite of the fact that their policy is not a lower range policy and does not meet with the approval of my friend opposite, is following that policy and our policy is that we shall be self-sufficient and we shall look to the consumption of our rubber industry's products in this country primarily.

I think the hon. Mr. Man ju ran referred to our tea having gone to dogs. The whole trouble was about the figures and facts. When there is no stock-piling in other countries prices come down. But we did maintain our exports on the quantitative basis. Today probably we are a bit lucky that way and things are not so black as my friend opposite would want to paint them in order to condemn us.

I do maintain, Sir, so far as Government are concerned, we are right on the saddle and we do propose to protect the small planters and I beg of my hon. friends opposite not to get angry. We shall not merely not deprive the small planter of what is due to him but also not deprive the unfortunate coffee consumers like myself and Mr. Reddy who have to pay 4 annas for a cup of coffee instead of one anna. That is all that 1 have to say. 97 C.S.D.

SHRI M. MANJURAN: What is the weightage for coffee in the middle class index figures? You were saying so much about consumers,

SHRI T. T. KRISHNAMACHARI: Unfortunately Mr. Manjuran comes from a place from where we could not get even a cup of coffee. I have been going to Malabar since about 1924.

SHRI M. MANJURAN: I am not concerned with all this. I want to know what is the weightage for coffee in the middle class index figures. *{Interruption.)*

SHRI T. T. KRISHNAMACHARI: I could not get a cup of coffee in Malabar. Coffee is grown only on the eastern side of the coast.

SHRI M. MANJURAN: I beg to con test that position. Firstly I want to know the exact weightage given to coffee in the middle class index figures, because I do believe that there is exaggeration in .....

SHRI T. T. KRISHNAMACHARI: The hon. Member had better put down a question and it will be answered.

SHRI M. MANJURAN: But, Sir .....

MR. DEPUTY CHAIRMAN: Order, order. The question is:

"In pursuance of sub-section (2) of section 4A of the Indian. Tariff Act, 1934 (XXXII of 1934), the Council of States hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry S.R.O. 1904, dated the 10th October 1953, by which an export duty of Rs. 62/8/-per cwt. was levied on coffee with effect from the date of the said notification."

The motion was adopted.

[The *Minister for Commerce (Shri* D. P. *Karmarkar)* rose.]

SHRI C. G. K. REDDY: The hon. Ministers may be tired. We may as we?l adjourn.

SHRI D. P. KARMARKAR: We are not tired, but we have no objection to adjourning.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 1-30 P.M, tomorrow.

The Council then adjourned till half past one of the clock on Friday, the 27th November 1953.