

Title: Shri P.C. Thomas called the attention of the Minister of Commerce and Industry regarding steep fall in prices of tea, coffee, pepper, vanilla, cardamom and areca-nut.

12.07 hrs.

CALLING ATTENTION TO THE MATTER

OF URGENT PUBLIC IMPORTANCE

**Situation arising out of the steep fall
in prices of coffee, tea, pepper, vanilla,
cardamom and areca-nut owing to the
free trade agreements with the neighbouring
countries and steps taken by the Govt. in regard thereto**

SHRI P.C. THOMAS (MUVATTUPUZHA): Mr. Speaker, Sir, I call the attention of the hon. Minister of Commerce and Industry to the following matter of urgent public importance and request that he may make a statement thereon:

"Steep fall in prices of coffee, tea, pepper, vanilla, cardamom and areca-nut owing to the free trade agreements with the neighbouring countries and steps taken by the Government in regard thereto."

THE MINISTER OF COMMERCE & INDUSTRY (SHRI KAMAL NATH): Hon. Mr. Speaker, Sir, in recent years, the prices of commodities like coffee, tea, pepper, vanilla and cardamom in international markets have generally been depressed. The main factor that has caused this fall in international prices is that of demand not keeping pace with supply. Domestic prices of these commodities move in tandem with international prices and the larger global situation, not necessarily regional free trade agreements, determine prevailing domestic prices. Indeed, the prices of commodities like tea and coffee have improved somewhat during the current year since our Government came at the Centre.

Over the past few years, international coffee prices have fallen due to surplus coffee production by the producing countries overtaking the consumption of coffee. Prices of coffee that were Rs.130 per kg. for top grade Arabica and Rs.56 per kg. for Robusta in 1997, came down to about Rs.56 per kg. and Rs.34 per kg. respectively in the year 2003. In the current year, there has been an improvement in the domestic prices of coffee especially in Arabica coffee. In October, 2004, the prices prevailed at Rs.80 per kg. for Arabica and Rs.37 per kg. for Robusta. Since nearly 80 per cent of the coffee produced in India is exported, the industry is mainly dependent on international coffee prices and the regional trade agreements have not affected the price of coffee.

In continuation of the Special Coffee Term Loan which gave certain credit related concessions to coffee growers, and to further reduce their problems, a package for the coffee sector for debt reduction is under consideration.

Tea prices started declining from 1999 onwards and the all India average auction prices came down from Rs.76 per kg. in 1998 to Rs.56 per kg. during 2003. However, during the year 2004, the average auction prices have shown an upward trend, again, since our Government came at the Centre.

The average prices of tea sold at Indian auctions registered an increase this year and prevailed at Rs.67 per kilogram in October 2004. The total import of tea was approximately 8 million kilograms, which is a small quantity in the context of our production of 850 million kilograms for the year 2003-2004.

Government have taken a number of steps to help the Indian tea industry including a Special Tea Term Loan (STTL) for the tea sector, price subsidy scheme for small tea growers for a four month period from February to May 2004, a price sharing formula between small tea growers and manufacturers of tea etc. A special fund has been set up with the collections of additional excise duty of Re.1 per kg. On tea for the development, modernization and rehabilitation of the tea plantation sector. A stakeholders' conference on challenges before the Indian tea industry was organized in New Delhi on 16th and 17th September. I sat through that Conference for several hours. The recommendations that emerged at the Conference are under consideration. I think, I have called a meeting of all the hon. Members of Parliament from the tea growing areas on the 21st. On one of the days in the next one week, I have called a meeting of all the Members of Parliament who are from tea growing areas.

Prices of Indian pepper started increasing from 1995-96 and almost tripled by the year 1999-2000. Unprecedented increase in prices of pepper during 1995-96 to 1999-2000 resulted in the emergence of new producing countries such as Vietnam. The high productivity of pepper coupled with negligible domestic consumption of pepper in these countries created an over supply position in the international market, causing prices to fall. However, there is a view that imports of pepper into India, is also a factor in the fall of domestic prices. Government has taken certain steps in this regard.

Vanilla prices had increased to abnormal and unprecedented levels to around US\$ 500 per kg. of cured beans during the last three years purely due to natural calamities in major producing countries like Madagascar and the shortage resulting therefrom. Simultaneously, domestic prices of green beans had soared to Rs. 4000 per kg. which have now declined to Rs.250 to Rs.300 per kg. This Calling Attention has so many things right from pepper, tea, coffee, vanilla, cardamom and I think, it is very unfair, subjecting me to all the items in one Calling Attention.

MR. SPEAKER: They have faith in your ability.

SHRI KAMAL NATH: Decline in the prices of cardamom is also reflective of international prices. Substantial increase in the production of cardamom in Guatemala has created a surplus situation in the world market, pushing down the prices. On the domestic front too, increased production has caused an increase in arrivals at auctions recently. As a result, the prices of cardamom which were ruling at Rs.623 per kg. in 2001-02 have now declined to Rs.300 per kg. Imports of cardamom have fallen significantly.

With regard to arecanut, the average prices that were ruling at about Rs.13181 per quintal in 1999-2000 are presently about Rs.6094 per quintal. However, these prices are still higher than the prices of 2001-02 which was Rs.4646 per quintal and of 2002-03 when the prices were Rs.4804 per quintal. The imports of arecanut at 30737 tonnes in 2003-04 was a very small percentage of domestic production.

A Price Stabilisation Fund with an initial corpus of Rs. 500 crore has been established for providing relief to small growers of plantation commodities like coffee, tea, rubber and tobacco. An expert committee has been set up to review the scheme and to make it more useful and attractive to the growers.

Sir, it is encouraging that the prices of certain commodities have improved during the current year. This is likely to have a positive impact on the plantation sector. We further expect improvements as a result of the measures taken by the Government.

SHRI P.C. THOMAS : Sir, the statement of the hon. Minister itself shows that the farmers are having a real tough time because of the steep fall in prices of each item. He has specifically stated that the prices of each item have come down rashly and steeply. Though some steps were taken, but they have not proved successful in many of these items.

About tea and coffee, though the hon. Minister has said that there is slight improvement, but it has not come up to the farmers. The farmers are still in doldrums.

I would like to submit that there is a large-scale import from some of the nearby countries like Sri Lanka, where the import duty has come down to zero. For tea, it has come down to 7.5 per cent. The previous Government had increased it from 70 per cent to 100 per cent and it was helpful to the farmers also. Because of the Sri Lanka Accord and also because of the large-scale amount of tea, it is flowing inside our country. But we cannot say that because the prices of these commodities are coming down in the whole globe, that is why we are suffering. We are importing items. But why not we export? We can export. We can find our markets.

Take for example, rubber. Rubber was a commodity whose price, which rose to Rs. 60 per kilo, had come down to Rs. 20 per kilo. Of course, the last Government interfered when the farmers represented and did it. It was for the first time in India that the export subsidy was contemplated. Rs. 3.50 was given for export of one kilo of rubber. So, here also, it is not an impossibility. The global agreements or the WTO will not stand against that.

So, why not we think of giving an export subsidy for each of these items? This way, the farmers will find markets also. Therefore, I would request the Government to kindly give export subsidy for tea, coffee and vanilla. For vanilla, the hon. Minister said that its price has come down from Rs. 350 to Rs. 200 per kg or even less. That is the plight of arecanut farmers, who are really facing problems. The situation is so serious that in the northern part of Kerala near Kassargod, in one *taluk* alone, about 90 to 95 farmers have committed suicide. It is all because of the low price of arecanut.

Therefore, the banks have also to come forward to help the farmers. Of course, there was a scheme of writing off an interest component on Rs. 50,000 or above. That is not there now, and the Government has not thought of

either writing off or giving a new relief to the farmers in this regard.

Sir, import of pepper from Sri Lanka, which was earlier 1,759 tonnes, has increased to 6,099 tonnes in 2002-03. From April to October alone this year, it is 2,471 tonnes. It is all being imported from Sri Lanka. But it is not the production of Sri Lanka alone. As the hon. Minister rightly mentioned, the other countries like Vietnam are also producing these items, but their quality of items as compared to what we are producing is very low. Our quality of tea, coffee, pepper and cardamom is the best. I want to say that pepper from other countries is coming to Sri Lanka and by using zero duty or the agreement, they are bringing it to other countries including India.

So, the steps that we are taking are not enough to check and see whether the country of origin is importing or exporting its own stuff or the one which it gets from other countries. The traders who want to make profit are very much in the field and are bringing this.

For example, for cardamom - it is not coming from Sri Lanka, it is coming from Nepal through Calcutta Port - there was a restriction for importing through only specified ports, but now that has also been removed. For rubber, it has been made free but its import used to be only through Calcutta and Visakhapatnam Ports. It was to check the rapid import that was done. This was rightly done and was helpful to the farmers. India has gained a lot due to this but now, that has also been lifted. Within one month of this Government taking charge, this was completely lifted. I do not know whether it was due to some pressure from the industry that the import restriction has been completely lifted. Now, the price of rubber is also coming down.

The Spices Board, which deals with cardamom, has suggested - in fact written a letter to the Commerce Secretary - saying that the cardamom price is determined by auction. The auction prices have come down very steeply. It was Rs.1000 a kilo and came down to Rs.600 a kilo. Now it has come down to about Rs.200 a kilo. There was a time when it was Rs.327, I think the year before last. The Spices Board has suggested that instead of import duty being fixed on percentage basis, why not fix it on the basis of auction price. So, they have suggested that Rs.327 was the price per kilo in the auction of 2003 and, therefore, they have requested that 70 per cent is the import duty and that may be fixed as the percentage of the amount of duty which should be levied for cardamom. It should be levied for cardamom because the auction prices change and the farmers...*(Interruptions)*

MR. SPEAKER: You may put your question.

SHRI P.C. THOMAS : In fact, nobody thought of these farmers. I am very glad that the previous Government has done one good thing in setting a Price Stability Fund of Rs.500 crore. Nobody has done anything. Nobody has given any amount. I can proudly say that the previous Government formulated a fund of Rs.500 crore. This was done only by the last Government and I am happy that the Minister has reiterated that in his answer...*(Interruptions)*

MR. SPEAKER: No cross talk, please.

SHRI P.C. THOMAS : I have not said anything about the Government but since the Minister has also talked about it, I only suggested...*(Interruptions)*

MR. SPEAKER: So long as you are relevant, you are allowed to speak. Time is the only constraint.

SHRI P.C. THOMAS : I will further be relevant. The Price Stability Fund of Rs.500 crore, which was fixed as a dole to the farmers for the first time has to be improved. It is there only for four items; rubber, coffee, tobacco and one more item. It can be extended for all the items and the fund can also be increased. Its way of operation also has to be made a little different because times have changed.

My question is, will the Minister be pleased to take some urgent positive steps to see that the farmers get a better price deal. Unless the farmers are able to get a better deal, whatever be the global situation, we are likely to go back in production. So, to reduce the cost of production and increase the production, will the Government take some steps? Secondly, will the Government call a meeting of the farmers? Of course, MPs have been called for a meeting and I congratulate the Minister for that. We will come, submit and try to find a way out. I would submit that the real farmers also may be called. You can go over to the producing States, maybe Kerala, Karnataka and to the North-East, and call the real farmers because they have got the real problems which they will tell you.

We are also going to tell their problems but they will tell you the grass-root level problems. The plantation workers are in real difficulty. Many of the plantations which were in Kerala, West Bengal and also in North-East have been closed. Many of the plantation workers are in real difficulty. They do not even get the minimum wages. That is the position. So, will the Minister take further steps to see that the plantation farmers as well as the workers who are in large numbers, and their families are sustained? The Government should take some positive action in consultation

with farmers and their associations.

SHRI M.P. VEERENDRA KUMAR (CALICUT): Hon. Speaker, Sir, we have the statement of the Minister which also says that the entire plantation belt is in depressing state. There are one or two comments to make about Rs.500 crore fund which have been set apart to help the farmers of coffee plantation areas. Our own experience is that not a single *paisa* has percolated down to the growers. The growers are in such a state that in the coffee, pepper and areca-nut growing areas, the highest number of suicides are listed. There is one report which I want to bring to the notice of the hon. Minister. It appeared in *The Hindu* of 12th December, 2004 written by Mr. Sainath. I want to impress upon the House how depressed the condition is. It relates to Pulpalli and Mullamkolli areas, which produce the best pepper in the world. It is called Malabar pepper. There is a quote from a farmer that they got Rs.50,000 from 90 acres and earlier they used to get Rs.20 lakh from the same area. So, this is the disparity of income.

Now I come to the point regarding coffee. There is a Coffee Board which is supposed to help the farmers and also to see that domestic market goes up because we are producing coffee mainly to export. Now there is a decline in the international market prices. We have to push the domestic market. What steps have been taken in this regard? There is a large scope in India to enlarge the domestic market but nothing has been done so far. The coffee affects Karnataka, Tamil Nadu, Kerala and also some parts of Orissa and Andhra Pradesh. In all these areas the coffee growers are facing a very serious situation. In our State, 99 per cent of the farmers have only one or one and a half acres of land. In my district, there are hundreds and thousands of small coffee growing farmers. They are in distress and are committing suicide. In my own district in Kerala, 116 suicide cases were reported in the last one or two years.

Now I come to tea. Shri Basu Deb Acharia raised a question about tea and its import. It is being imported and a value is added. But what value is added? How many plantations have been closed? Sir, in your own State, so many plantations have been closed. In my own District Padur, and Assam Bruke so many plantations have been closed. Same is the case in Assam. That is the story of tea plantations.

Now I am coming to pepper. We should have very good relations with the neighbouring countries. There is absolutely no doubt about it. But what is the position of FTA? We have to honour the Agreement with our neighbours but what about our own States? In Sri Lanka, the total pepper production is about 8000 tonnes. They consume about 4000 to 5000 tonnes. Only the balance which is about 2000 to 3000 tonnes, they have for exports. Even then, there is 600 per cent increase in the import from Sri Lanka. Around 80,000 tonnes of pepper is lying here and only 20,000 tonnes is being exported. We have already imported around 15,000 to 16,000 tonnes. What will we do with our pepper? We have to find some market. How can we find the market? If you go on importing pepper, you cannot export pepper. What is the value added? Inferior quality of pepper is coming from Vietnam and other places through Free Trade areas, especially Colombo. This is what is happening.

What is being done is that it is being added to the Malabar pepper. Malabar pepper is a very superior variety of pepper. When Vasco-Da-Gama came to Malabar, he took this variety of pepper to Portugal. In the year 1948, this variety of pepper had cost Rs. 4,500 for $\frac{3}{4}$ of ton. But now this variety of pepper is being mixed with inferior quality pepper and is being exported. We are losing our foreign market because of this. In the European countries and to wherever we are exporting, it is rejected on the ground that it is being mixed with an inferior variety of pepper. What we are doing in the process is destroying our foreign market. Can there not be some geographical indicators and have some regulation about it? We would have to protect our own people and our own farmers. I think, we have to make our relations with our own people much better by looking after their interests.

Sir, I have a few very pointed clarifications to seek from the hon. Minister. I would like to know whether the Government is ready to review the concessional duty regime or not. Is the Government ready to impose Quantitative Restrictions on the import of pepper from Sri Lanka? What steps is the Government going to take for strict implementation of the Rule of Origin? Is the Government ready to change the policy regarding concessional import for re-export in order to help the farmers? Are there any safeguard measures available in the Agreement to protect the farmers? Is there any strategy to boost export of agricultural commodities? Is the Government ready to announce a package for the revival of the agriculture? Would the Government consider having geographical indicators for protecting the interest of the farmers?

Sir, there are issues relating to arcanut and cardamom. Around 31,000 MT of arecanut is being imported and the prices are crumbling. I would like to know, when the prices are crumbling, whether the Government, in order to protect the interest of the farmers, would consider a review of the entire policy in this regard or not.

MR. SPEAKER: I would like to give opportunity to two more Members provided they put specific questions only. They should make an effort to be specific and brief.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Sir, the statement made by the hon. Minister is not in any way related to the ground realities.

MR. SPEAKER: Please put your clarificatory question. Please do not make a preface.

SHRI VARKALA RADHAKRISHNAN : Sir, the vital question here is that of market stability. So far as agricultural produces are concerned, there is no market stability neither in my own State nor in the country. To illustrate my point, I would like to submit...*(Interruptions)*

MR. SPEAKER: Please do not give any illustration. Put the question please.

SHRI VARKALA RADHAKRISHNAN : Sir, if you are intervening, then what can I say?...*(Interruptions)*

MR. SPEAKER: I have to intervene because I am doing a special favour to you.

SHRI VARKALA RADHAKRISHNAN : Sir, I am speaking about the condition of the tea workers. My clarificatory question relates to this.

MR. SPEAKER: You never gave notice so that you could make your submissions on this.

SHRI VARKALA RADHAKRISHNAN : Sir, there are a number of places in my constituency where the tea estates have remained closed for months together. None of them have been re-opened. Thousands and thousands of poor workers, mainly the women workers, have been thrown out of employment due to market instability.

MR. SPEAKER: Please put your question regarding prices of these commodities.

SHRI VARKALA RADHAKRISHNAN : Sir, this is a serious issue. The hon. Minister himself would admit that there is a fall in the prices of tea not only in the international market but even in the domestic market as well.

MR. SPEAKER: What is your question?

SHRI VARKALA RADHAKRISHNAN : Sir, regarding pepper I would like to submit that thousands of workers are engaged in the production of pepper but now their condition is deplorable. Pepper cultivation is in a very bad shape now and the farmers are not able to sell their produce during the season. I would like to request the hon. Minister to take immediate steps and come to the rescue of the tea and pepper growers.

SHRI K. FRANCIS GEORGE (IDUKKI): Mr. Speaker, Sir, I would restrict myself only to two subjects – pepper and cardamom.

Sir, in the case of cardamom, as has been pointed out by my colleagues, the Ministry has imposed an import duty at 70 per cent of declared cif value. Now, that has to be changed to arrest the fall in prices. I would like to know whether the Government would consider fixing the duty at 327 per kg or not. On the average per kg basis the duty is to be fixed. Now, instead of 70 per cent of declared cif value, it has to be raised to 100. The hon. Minister has said that there is a global over-supply of cardamom. We are producing about 12,000 MT. Then, from Guatemala there is around 20,000 MT and then around 1200 MT to Neapl is routed to India *via* Kolkata. Under such circumstances, the prices are again going to fall. I do not know from where the hon. Minister has got the figure that average price has fallen up to only Rs. 300/-. The ground reality is that it has fallen to a level below Rs. 250/-.

MR. SPEAKER: What is your question?

SHRI K. FRANCIS GEORGE : Sir, I would like to know whether duty will be imposed on per kg basis or not and whether it will be fixed at the average rate of Rs. 327 per kg.

Sir, in case of pepper it has been said that imports are very high from Sri Lanka and there is no doubt that prices have declined to a level below Rs. 60/-. In the year 1999 it was around Rs. 236/-. The farmers cannot sustain themselves any more.

Sir, I would like to know whether the Government would impose quantitative limits on imports from Sri Lanka and not allow export above the domestic production of Sri Lanka and also insist on a certificate of origin for imports from Sri Lanka and insist on minimum value addition on import for re-export at the rate of ten per cent, and import only through selected ports with quarantine and quality control measures.

Sir, there has been mention about the Price Stabilisation Fund...*(Interruptions)*

MR. SPEAKER: Now, you are throwing all rules to wind. You are misusing the indulgence.

SHRI K. FRANCIS GEORGE : Sir, I agree with what has been said by Shri Thomas. But only 100 farmers have joined that scheme. That scheme has to be re-worked and should be extended to include all plantation and horticulture crops. At present this scheme is restricted to only tea, coffee, tobacco and rubber. I would like to know

from the hon. Minister whether he would think of re-working the Price Stabilisation Fund and include all these crops under the Price Stabilisation Fund.

Sir, presently, all these crops have also to be included in the National Crop Insurance Scheme. None of the plantation crops that are grown in the State of Kerala are now under this scheme. This also has to be considered by the hon. Minister. I expect a positive reply from the hon. Minister.

MR. SPEAKER: Now, since this is an important matter, I have allowed a Calling Attention on this. But I am sorry to say that you have never bothered to give a proper notice on this and later on you are asking for opportunities to speak on the subject. I am calling your names but you are not co-operating with the Chair.

SHRIMATI TEJASWINI SEE RAMESH (KANAKAPURA): Sir, as hon. Members would know, Karnataka is the largest grower of coffee, particularly, the Coorg coffee is very famous worldwide. The coffee growers in my state were in deep trouble because of instability in prices. Also, the chilly growers in North Karnataka were in trouble because of this.

Sir, I would like to request the Government to take steps to maintain stability in prices. It would help the farmers.

SHRI KAMAL NATH: Mr. Speaker, Sir, the hon. Members have brought out several issues to the fore, but I would like to start first with the question of Price Stabilisation Fund.

Sir, the Price Stabilisation Fund was a Rs. 500 crore scheme. But unfortunately, the scheme never took off. It was a scheme that was not very well conceived. If the hon. Member would go into the scheme in details, then he will find that out himself. To improve the scheme and make it workable, we have set up a Committee under Prof. Pronab Sen, Advisor in the Planning Commission to see how this scheme can be worked better. Eventually it should be such a scheme that gives more mileage to the farmers. The amount may be Rs. 500 crore or even Rs. 1,000 crore, but finally it must be able to give full mileage to the farmers. The scheme, in its present form, is not workable. The hon. Member may like to review his statement that it was a great scheme. It was a great announcement but unfortunately it was not a great scheme.

Sir, the thrust of this Calling Attention, as it is worded, is the impact on prices because of the Trade Agreement.

Sir, I want to dispel this notion. There is a false notion that these Trade Agreements which are being entered into lead to, in all these commodities, a depression in prices and a hardship for the farmers. Other than the case of pepper to which I will come later, I want to be very categorical in saying that the Trade Agreement with Sri Lanka was entered into by the earlier Government. It was not entered into now. In fact, most of the protocol agreements for these things were entered into earlier, but we are looking at these very carefully to ensure that domestic industry, specially the domestic farmer, is not affected. Where the case of pepper is concerned, it is a fact that prices of pepper have gone down. It is a fact that there is 70 per cent tariff, but from Sri Lanka, there is zero duty. However, the largest quantity of import of pepper into India is coming from Vietnam and Indonesia. Almost 9000 tonnes is coming from Vietnam and Indonesia whereas, in the last year, 4900 tonnes have come from Sri Lanka.
...(Interruptions)

MR. SPEAKER: Unless the hon. Minister yields, I cannot permit you.

SHRI KAMAL NATH: I would be happy if he would like to say something on this point.

SHRI K. FRANCIS GEORGE : The Spices Board says that there is absolutely no import of pepper to this country at the rate of 70 per cent. The import is only from Sri Lanka at zero duty and also the import for re-export is also at zero duty. It is a fact.....(Interruptions)

MR. SPEAKER: After his reply, if you have still got any questions, then you may put them.

SHRI KAMAL NATH: In fact, I was coming to that point when I said that 9000 tonnes are imported from Vietnam and Indonesia which are supposed to have 70 per cent duty. I am looking into these facts. But I believe that these have come in without payment of duty under the Advance Licence Scheme. We have now suspended the issue of advance licences for pepper. So, no pepper will come in now which is going to be duty-free other than by our Trade Agreement with Sri Lanka.

As far as Sri Lanka is concerned, we are taking up with the Sri Lankan Government and I had personally taken it up with their Minister and their Prime Minister saying that pepper which is apparently leaking into India is not of Sri Lankan origin. The Sri Lankan Government is cognizant of this and we will ensure with the Sri Lankan Government that this is not so. But, as I said, if we were to look at the figures and see that how the prices have changed, we may find that it is true that prices have gone down from the peak of Rs. 215 in 1999 to about Rs. 70 now.

AN HON. MEMBER: It is Rs. 64.

SHRI KAMAL NATH: Okay, it is Rs. 64. It is a fact that this is an area of hardship and an area of concern of the Government. One step amounting to almost shutting down close to 10,000 tonnes, has now been taken and the matter has already been taken up with Sri Lanka. But there is a common denominator in all these things. These commodity prices are driven by international prices. Just to cite to you one example, the cost of vanillin is at Rs. 10 lakh per kilogram. Pure vanillin is Rs. 10 lakh per kilogram and 250 kilogram of green beans, or 50 kilogram of cured beans will produce one kilogram of vanillin.

Sir, as regards the synthetic part, if we import synthetic vanilla, then the price of vanilla beans will go up. This is an unnatural situation created by a cyclone which occurred in Madagascar. So, prices of vanilla beans went up. We must bear in mind the correlation between the international prices and the domestic prices. In fact, vanilla prices reached so high that the farmers took all kinds of loans and we are having enormous problems in dealing with the loans given in unnatural circumstances.

Sir, as far as tea is concerned, tea has been our concern. On the floor of the House, I have said that tea is an area of concern. Over the years, we have not rejuvenated our gardens. We have not rejuvenated new bushes. The problem is high cost and non-rejuvenated of bushes. It is a fact that gardens are closed.

About 34 gardens, four in Assam, 10 in West Bengal, 19 in Kerala, and one in Tripura, are closed, affecting about 21,000 workers. As I said, I am holding a meeting. I have held a Tea Conference with all stakeholders. I am holding a meeting also with the Members of Parliament. We are considering a tea package. The problem of tea industry is that industrial prices did sharply go down from 1999, but over the last six months, tea prices have gone up.

As far as coffee is concerned, it is true, as I said, that 80 per cent of our coffee is exported and again international prices affect the supply-demand position. It has nothing to do with the imports. As far as trade agreements are concerned, no coffee is imported. Negligible amount of cardamom is imported. Fifty-nine tonnes of cardamom was imported, representing only half a per cent. So, this impression that imports, and especially imports by virtue of trade agreements, is leading to this situation, I think, is not a very well placed impression. Only 59 tonnes of cardamom have been imported. The price of cardamom also went down from Rs. 622 in the world market, in 2001-02, to almost half that price now. So, this is a fact of life. There are cycles in this. In some commodities we have been through the bottom of the cycle. We started rising. But in some commodities, we continue to be in the bottom. Sometimes, for two years, this very unnatural situation continues, as it happened in the case of vanilla etc.

Now, with regard to specific questions, I have said that we are working on Price Stabilisation Fund. A Committee has been appointed. I am having interaction. The Members know that. But as hon. Members have suggested, I will have greater interaction with the growers of these commodities and the plantation sector.

As far as pepper and QR is concerned, I do not think there is any need for Quantitative Restrictions I have already taken this step on advance licences. Also I have taken this up with the Sri Lankan Government. As far as Geographical Indications is concerned for Malabar pepper, under the WTO negotiations, we are taking up all issues, like Darjeeling tea, Assam tea, etc. We will see whether we can get Malabar pepper included in the Geographical Indications.

There was this question whether we are willing to put specific rates of duties. The shift has been to *ad valorem* rates. Having specific rates, I do not think, is necessary. I think that the safeguard measures that we have taken for the domestic market are adequate. We do not need to increase bound rates because in any case our bound rate is 70 per cent. We need not go beyond that. If we are going to discontinue or suspend advance licences, which is done in the case of pepper, we will, I think, be able to control it. But we must live with one fact. That fact is that international prices at times have been very high. Our farmers get used to these high international prices and even if that comes down to the previous normal prices, there is some concern as to why the prices have fallen. Artificially high prices are not the price level which our farming community must consider as normal prices.

SHRI K. FRANCIS GEORGE (IDUKKI): The fall in prices has not been for a very short time. There is fall in prices for the past four years. How can they sustain themselves ?

SHRI KAMAL NATH: It is only in the case of pepper

SHRI K. FRANCIS GEORGE : What about cardamom?

SHRI KAMAL NATH: In cardamom, the price in 2001-02 was Rs. 622. In 2003-04, it was Rs. 361. Now, it is Rs. 300. But it is not because of imports. It is because of increase in the production by some countries, like Guatemala. If other countries start producing this, then the supply-demand situation gets affected. Or else the demand should increase in our own country. Now, if cardamom demand is not increasing in our own country, what are we to do? Other countries have started growing this. For example, let us take Vietnam. Fifteen years ago, there was no pepper in Vietnam. Today, they are one of the largest producers of pepper and the largest exporter to India.

SHRI K. FRANCIS GEORGE : In the case of cardamom, there has been this complaint from the growers. Now, the on-line business is on with regard to cardamom and other commodities. What is being quoted in the online market is the only price that they are getting in the auction market. The ground reality is that at the auction place, they are getting something between Rs.200 and Rs.250. But, in New Delhi, for a kilogram of cardamom, we have to pay nearly Rs.1000. Where does the differential money between these two figures go? We do not understand it. So, will the Government take a serious look at the online business that is going on?

SHRI KAMAL NATH: It is true that new methods of online businesses are there. Today, the prices of all these commodities are available online. You put it on and it is available in the internet. The traders are getting smart today. It is undoubtedly

true. So, we have to evolve a method. There cannot be a directive strategy. We have to evolve a method. We will see that domestic prices do not get affected by this....(*Interruptions*)

MR. SPEAKER: But please show your concern for this and look into it.

Shri Thomas to make his point now. Do not make a long speech. Because of the importance of the subject, I am allowing a lot of time.

SHRI P.C. THOMAS : Sir, I am thankful to you. The whole House is thankful to you. I have suggested about export subsidy....(*Interruptions*) I have suggested about the export subsidy. That is one way of dealing with it. There are two matters involved in this. For all these produces of the farmers, export subsidy may be given. It is a new way of encouraging and helping the farmers. This has been done for rubber. Though it has been withdrawn now, it has been done. It has been shown that it could be done. So, my question is this. For tea, coffee, vanilla, cardamom, arecanut, tobacco and other like produces, can you think of starting a subsidy for export? Secondly, the cost of production is also there. It is a very important matter....(*Interruptions*)

MR. SPEAKER: About cost of production, I do not know what he can do. Mr. Minister, are you considering giving some export subsidy?

SHRI KAMAL NATH: This regime of subsidy has to be looked at in the context of WTO....(*Interruptions*)

SHRI P.C. THOMAS : Already, you gave it for rubber. Why can it not be given for other produces?

SHRI KAMAL NATH: All subsidies have to be WTO compatible. If we are going to subsidise our exports – like, for example, rubber – what does it mean? It means that we are giving cheaper rubber for the final product to compete with us.

MR. SPEAKER: I think the hon. Minister may invite the hon. Members from Kerala. They are very much upset about this.

....(*Interruptions*)

SHRI J.M. AARON RASHID (PERIYAKULAM): Members from Tamil Nadu are also upset....(*Interruptions*)

MR. SPEAKER: I think Members from Tamil Nadu are also upset. All the States which are producing these produces are upset.

....(*Interruptions*)

SHRI KAMAL NATH: All this has to be looked at holistically. One is our domestic market, our domestic demand and the other one is the question of international market and demand....(*Interruptions*)

MR. SPEAKER: I am interceding on your behalf. I have already requested him in this regard.

Now, we will take up matters of urgent public importance. Shri Ramji Lal Suman.
