

14.35 hrs.

STATUTORY RESOLUTION RE : INCREASE IN EXPORT DUTY LEVIABLE ON BLACK PEPPER

[English]

MR. DEPUTY SPEAKER : Now we will take up Item No. 29.

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI) : On behalf of Shri V. P. Singh, I beg to move :

“That in pursuance of sub-section (2) of section 8 read with sub-section (3) of section 7 of the Customs Tariff Act, 1975 (51 of 1975), this House approves the notification of the Government of India in the Ministry of Finance (Department of Revenue), G.S.R. No. 1235 (E), dated the 27th November, 1986, increasing the export duty leviable on black pepper from the level of Rs. 3 per kilogram to Rs. 5 per kilogram from the date of issue of the said notification.

Sir, black pepper is specified under heading No. 2 of the Second Schedule to Customs Tariff Act, 1975. The rate of export duty prescribed therefor has been Rs. 3/- per kg. since May 1985, when the export value realisation of black pepper was Rs. 40/- per kg. Since then, international price of pepper has gone up steadily during 1986. The Government has been watching the trend of export prices for quite sometime. The latest export value realisation of black pepper has been around Rs. 65/- per kg. Accordingly, Notification No. 473/86-Customs, dated 27.11.1986 has been issued, subjecting black pepper to export duty at the rate of Rs. 5/- per kg. This measure is expected to bring an additional revenue of Rs. 10 crores in a year, against an expected export of 50,000 tonnes in a year.

Sir : Changes in export duty on traditional items of export are made from time to time, after ensuring that only a part of the gain arising from the rise in international prices is mopped up, and that such a levy

does not adversely affect our exports. This is also the case with the present increase in the export duty.

I commend the Resolution for consideration and passing.

MR. DEPUTY SPEAKER : Motion moved :

“That in pursuance of sub-section (2) of section 8 read with sub-section (3) of section 7 of the Customs Tariff Act, 1975 (51 of 1975), this House approves the notification of the Government of India in the Ministry of Finance (Department of Revenue), G.S.R. No. 1235 (E), dated the 27th November, 1986, increasing the export duty leviable on black pepper from the level of Rs. 3 per kilogram to Rs. 5 per kilogram from the date of issue of the said notification.”

SHRI THAMPAN THOMAS (Mavelikara) : This is a vital problem which is going to affect the economy of Kerala because, of the total export of black pepper in the world, 80 per cent is covered by India; out of this, 80 per cent is from Kerala. The three major countries producing black pepper are India, Malaysia and Indonesia. These were earlier known as the Black Pepper Community. Subsequently, Brazil also came in, and one more country has come in. This much is the whole production of black pepper. Out of this, 125,000 tonnes is the requirement in the international market. All of a sudden, this year it has so happened that USA wanted pepper from India; and, therefore, there is an increase of export from India to the United States.

Earlier, United States was not a buyer from India, it was not a buyer to that extent, as it was from other places. But our main market is Europe; and East European countries are getting these things from India.

Kerala had been the link in international trade relationship even in the ancient period. From Greek period onwards, people from European countries used to come to Kerala. Cochin had developed—so had Mahabali-puram. Even during the ancient period,

[Shri Thampan Thomas]

there were trade links for taking black pepper to European countries, from Kerala.

So, this has to be viewed very seriously, as a problem having wider repercussions in the economy of Kerala. I do not know whether Government has considered that aspect, and how far it will drastically affect Kerala if the export performance is reduced, on account of levying a new tariff rate, on this basis.

I would like the Hon. Minister to examine this, and to give me a concrete reply to this question, viz. whether this is going to affect the export potential of Kerala, i.e. of India on account of this export tariff.

The second point: when I am participating in this discussion, I would like to invite the attention of the Hon. Minister to the various problems that are confronted by the real cultivators of black pepper. Black pepper cultivation is mainly done by people who have merely two acres of land. That means either the middle class or lower middle class people are involved in the cultivation of black pepper, whereas in the case of rubber, coconut, ginger or some other spices like cardamom, they are all cultivated by planters—i.e. not by small growers. This cultivation is done by a community which is middle class, or people with two acre holdings. They are involved in its production. So, if it ultimately affects anybody, it will affect the poor and middle class men in the State. So, sufficient safeguards will have to be made when you are increasing it from Rs. 3 to Rs. 5. I think Government will take a lot of money from that particular business. It is going to gain a lot of money on that business. If that is so, promotional activities will have to be started for the purpose of increasing its cultivation. Otherwise, according to the data which I have collected, I feel that we may be going out of this business also. That is a possibility, because in 1947 we were catering to about 80 per cent, whereas it has come down to 26 per cent subsequently. In 1975-76 it came down. So, one way or the other, certain times we are losing the market. Now if we increase the tariff and ultimately it tells upon the cultivator, that too middle class, lower middle

class and the common man, this will have a very drastic consequence. So, methods will have to be devised to help cultivators, towards marketing, making buffer stock arrangements if they cannot sell the produce; and Government's involvement in these matters should be there. I am not against taxing the trader or the middleman who is getting the profit by involving himself in this business. I am not against taxing them. If this money can be generated from the money which the trader or middleman or the exporter gains after collecting it from the poor cultivators, I have no opposition to the Resolution I will gladly accept it. But ultimately if it affects the agriculturists, cultivators and poor people, I am against it; and that has to be given a double thought over this matter and such other things that I will submit.

Thereafter, I would urge that plantations, small cultivators may be helped. There were very serious problems recently which had crept in the field that is on account of flood. One flood will destroy the entire pepper cultivation in the central Travancore area from where I come. Really those are areas where it is being cultivated and it is there and a large portion of the area is utilized for that purpose. Therefore, care has to be taken in respect of the problems of those people.

This increase is very rational I feel. Last year only it was Rs. 3 and just before that, I think, much less; it was increased in 1985 to Rs. 3 and in 1985-86 it was increased to Rs. 5. Now, this all of a sudden market which you have got may go down; subsequently that may not be there. If that is the case, this increase will stay and the market will go down and ultimately we will be loser. Therefore, what I have to submit is that never kill the goose which gives the golden egg; that you are going to do by this and my submission is that don't do that; some way or other something we were getting from this black pepper and don't destroy it.

MR. DEPUTY SPEAKER : Since there is no name of other Hon. Member on the list to speak I would ask the Hon. Minister to reply to the debate.

SHRI B. K. GADHVI : Mr. Deputy Speaker, I very much appreciate the argu-

ments put forward by Mr. Thomas. We are not going to kill the golden goose that gives the golden egg. But, on the contrary, we are going to make it better. So far as pepper is concerned, internationally the price has gone around Rs. 65 per kg. When export duty was fixed at Rs. 3 per kg. in 1985, the international price of the pepper was around Rs. 40. Now there is a price increase. Therefore, with a view to mopping up certain additional resources, this resolution, this Notification has been issued for which I have brought this resolution. We have in-depth examined whether it will have an adverse effect on our export. We have also examined whether it would retard in any way cultivation of the pepper in the country; and on both accounts, the answers are indicative.

For the first time, I agree with Mr. Thomas that so far as prices in the country are concerned, a lot of incentives and impetus need to be given. In the Seventh Five Year Plan also certain schemes have been formulated and Agriculture Ministry also through the research is constantly trying to improve the quality, seeds varieties and the coverage of the area for cultivation of the spices. Therefore, just out of very many spices like clove, cardamom, pepper, I say that as far as first apprehension that middle class people and small people are engaged in this cultivation unlike rubber and others, where big people are there, in the Seventh Five Year Plan also a programme for improvement of production of spices in the country has been chalked out; and the important activities which may be undertaken and are being undertaken are as under :

- (i) Production and distribution of rooted cuttings of high yielding pepper varieties.
- (ii) Establishment of model gardens of high yielding pepper varieties.
- (iii) Increasing pepper production through the supply of input kits and sprayers.
- (iv) Field demonstration of improved management practices in pepper.
- (v) Rehabilitation of pepper gardens in Kerala State.

- (vi) Production and distribution of clove seedlings which is not applicable here and it is with regard to others.

With regard to Institutional support also I would say that the research in spices crops is carried out by the Indian Institute of Agricultural Research at its Central Plantation Crops Research Institute, Kasaragoda. The Institute is engaged in evolving high yielding varieties of spices and including the pepper and also research on pests and diseases, application of fertilizers, plant protection and post harvesting methods and also a number of other actions are being taken to increase the crop cultivation of the spices in the country.

So far as another point which you have raised that it will adversely affect our exports is concerned I would say that when the export duty was not at all there before 1985, the figures are—in thousand metric tonnes I am giving you—our export of pepper in 1981-82 was 20.61, its value was Rs. 27.98 crores, and 1982-83 it was 22.59 tonnes—this is thousand tonnes I am telling—in 1983-84 it was 25.79, in 1984-85 it was 25.42, and in 1985-86 it was 37.62 thousand tonnes.

So, despite the imposition of export duty in 1985 of Rs. 3 per kg, the exports have not dwindled. On the contrary, there is a trend of increase. And we are sure that when this enhancement of Rs. 2 per kg. comes, international market has gone from very high, and there is a good demand, it would not adversely affect the exports, and therefore, on that count also, as I said earlier, you need not have any apprehension.

He also raised a point about export to America. We are exporting this pepper mainly to USSR, USA, Poland, GDR, Italy, Yugoslavia, Germany, Canada, France and export to America and USSR is also very good. I would say to USSR we are exporting 7,636 tonnes, and to America we are exporting 5,815 tonnes and the value in rupees to USSR is Rs. 104.6 crores and to USA it is Rs. 104.3 crores—almost it is equal. The rest of the countries also I can give the figures.

[Shri B. K. Gadhvi]

On all counts, the Member's apprehension is not well placed. It is quite unjustified. It will not have any effect either on cultivation or on the people who are making their trade in the country or it will not mar the exports and export promotion also will not be hampered by it. And as such, I submit that the Resolution may be adopted.

MR. DEPUTY SPEAKER: The question is:

"That in pursuance of sub-section (2) of section 8 read with sub-section (3) of section 7 of the Customs Tariff Act, 1975 (51 of 1975), this House approves the notification of the Government of India in the Ministry of Finance (Department of Revenue), G.S.R. No. 1235(E), dated the 27th November, 1986, increasing the export duty leviable on black pepper from the level of Rs. 3 per kilogram to Rs. 5 per kilogram from the date of issue of the said notification."

The motion was adopted.

14.53 hrs.

DELHI APARTMENT OWNERSHIP
BILL, 1986

[English]

Consideration of Rajya Sabha
Amendment

THE MINISTER OF URBAN DEVELOPMENT (SHRIMATI MOHSINA KIDWAI): I beg to move:

"That the following amendment made by Rajya Sabha in the Bill to provide for the ownership of an individual apartment in a multistoreyed building and of an undivided interest in the common areas and facilities appurtenant to such apartment and to make such apartment and interest heritable and transferable and for matters connected therewith or incidental thereto, be taken into consideration:

Clause 24

That at page 18,—

after line 26, insert—

Provided that nothing contained in this sub-section shall affect the right, title or interest acquired by any allottee or other person in common areas and facilities from any promoter on or before the 28th day of February, 1986".

It has become necessary to protect the interests of apartment owners and allottees from prolonged and avoidable litigation. This protection for the allottees and apartment owners is all the more necessary as the proposed legislation seeks to remove the promoters from the scene when once the apartments and common areas have been allotted.

In cases where third parties have acquired interests in common areas the promoters are no longer affected, and have often disappeared. Laws are preferably not made retrospectively and since this amendment is proposed to protect the interests of the ordinary allottees, that is why this amendment has become necessary and I would request the Hon. Members to agree to this amendment.

MR. DEPUTY SPEAKER: Motion moved:

"That the following amendment made by Rajya Sabha in the Bill to provide for the ownership of an individual apartment in a multistoreyed building and of an undivided interest in the common areas and facilities appurtenant to such apartment and to make such apartment and interest heritable and transferable and for matters connected therewith or incidental thereto, be taken into consideration:

Clause 24

That at page 18,—

after line 26, insert—

"Provided that nothing contained in this sub-section shall affect the right, title or interest acquired by any allottee or other person in common areas and facilities from any promoter on or before the 28th day of February, 1986."