

NOTIFICATION UNDER REQUISITIONING AND ACQUISITION OF IMMOVABLE PROPERTY ACT, 1952.

The Minister of Works, Housing and Supply (Sardar Swaran Singh): I beg to lay on the Table under sub-section (2) of Section 17 of the Requisitioning and Acquisition of Immovable Property Act, 1952, a copy of the Ministry of Works, Housing and Supply Notification No. 5997-EII/53, dated the 9th October, 1953.

[Placed in Library, See No. S—168/53.]

RESOLUTIONS RE EXPORT DUTY ON COFFEE—Contd.

Mr. Speaker: Now, we will take up the Resolution. Hon. the Minister.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I have finished my speech on the Resolution.

Shri S. V. Ramaswamy (Salem): I wish to move my amendment:

Yesterday, when the hon. Minister was speaking I was hoping for some light as to the way in which...

Shri T. T. Krishnamachari: May I make a submission? I am not raising really a point of order. I am asking for the guidance of the Chair.

The amendment seeks to dispose of the tax proceeds in a particular manner. I thought, Sir, any question of disposing of tax proceeds has got to be done by a different method altogether. There must be a Demand, and there must be appropriation. Of course, I can understand that a Resolution of this nature itself is an innovation in Parliamentary procedure, but it is giving a certain imprimatur on what has happened already. But I think the proper time would be when the Budget is taken up for Members to make a representation or move the Government in any other manner to dispose of the moneys in the manner they suggest. Whether an amendment would be a proper thing is a thing on which I would like to have the Chair's guidance.

Mr. Speaker: That will depend upon how the proceeds are to be dealt with. Are they part of the general revenues?

Shri T. T. Krishnamachari: Yes, Sir. The whole thing goes into the Consolidated Fund.

Mr. Speaker: Then, I should like to call upon the hon. Member just to tell me as to how his amendment is in order.

Shri S. V. Ramaswamy: I invite your attention to Rule 159 of the Rules of Procedure and Conduct of Business:

"A resolution may be in the form of a declaration of opinion, or recommendation or may be in the form so as to record either approval or disapproval by the House of an act or policy of Government, or convey a message; or commend, urge or request an action; or call attention to a matter or situation for reconsideration by Government or in such other form as the Speaker may consider appropriate."

The hon. Minister perhaps...

Mr. Speaker: I would like to explain the point here—what it means, and why I am inclined to agree with the hon. Minister.

The hon. Member has read a Rule about the form of the Resolution. Now, here, I asked the hon. Minister as to whether the amount of duty was to form part of the general revenues and he said "yes". The amendment goes beyond the scope of the Resolution and wants to ear-mark the revenue for a particular purpose. I think this should be done by a different procedure, and not by an Amendment to this Resolution.

Shri S. V. Ramaswamy: With your kind permission, I would like to submit that perhaps the word "resolves" gives the impression that the amendment goes beyond the scope of the Resolution. In that case, I will move my second amendment of which I have given notice today, which says:

"...recommends that the proceeds be utilised for the purpose of...".

I am sticking to the letter of Rule 159 when I substitute the word "recommends" for "resolves".

**Shri T. T. Krishnamachari:** May I make a submission? The proper course by which the hon. Member's intention can be brought into being is this: If the Resolution is thrown out and if the export thereafter is allowed by Government, then the money will go into the pool of the Coffee Board, and might be utilised for the purposes mentioned by him. The proper way in which the hon. Member can achieve his object is to throw out the Resolution, so that the Government's ability to collect the money will stop.

I would refer again to Article 113 which lays down the procedure in Parliament in respect of estimates. Sub-clause (3) of it says:

"No demand for a grant shall be made except on the recommendation of the President."

We cannot make a grant or a demand for a grant by making a recommendation and annexing it to a Resolution of this nature.

**Shri T. K. Chaudhuri** (Berhampur): Is it not a demand for grant?

**Mr. Speaker:** I have not been able to follow what the hon. Minister said. To my mind, it appears—of course, I am open to correction—that if the Resolution is thrown out, it will mean that the Notification is disapproved and the act of Government in realising those dues will probably be open to question.

**Shri T. T. Krishnamachari:** No, Sir. The emergency powers of the Central Government under the Tariff Act do protect the Government in regard to action taken so far, but it is only in future we cannot collect any more export duty.

**Mr. Speaker:** But that means, if the Resolution is thrown out, there will be a stop.

**Shri T. T. Krishnamachari:** We cannot levy any more export duty, and if we allow any export, the money will go into the pool of the Coffee Board.

**Mr. Speaker:** But the reason for which I am inclined to agree with the hon. Minister's objection is not that the word "resolves" or "recommends" are not there. That makes no difference. In substance, the amendment is an attempt to allocate the proceeds to a specific purpose. That is, I believe, obviously beyond the scope of the original Resolution which requires the approval of this House to what Government have done in the matter of having this export duty. It has nothing to do with the application of the funds so received. That is the point.

**Shri S. V. Ramaswamy:** I have one more submission. By stating that we resolve it may be that we bind ourselves to the Resolution, but by substituting the word "recommends" I change the entire character of the Resolution, because this House expresses an opinion and recommends that it may be done so. That recommendation may or may not be acceptable. It is not binding upon the Government to accept that, but at the same time, this House has got a right to express an opinion as to how it should be done. That may not be binding. The Government need not accept that view, but still the House will be within its rights, and I submit once again it is strictly within the letter of Rule 159. How the sanction of the President is required under Article 113, I respectfully submit, I fail to understand.

**Mr. Speaker:** I do not think it requires any further argument. I am not able to agree with the view of the hon. Member. Shri S. V. Ramaswamy. I think this amendment which he seeks to move will be out of order, as beyond the scope of the Resolution.

The hon. Member can speak on the Resolution, if he likes.

**Shri S. V. Ramaswamy:** I shall speak on the Resolution, Sir.

The coffee industry is a very important industry.

[MR. DEPUTY-SPEAKER in the Chair]

My interest in this business, is only as a consumer.

**Mr. Deputy-Speaker:** In this Resolution, not the business.

**Shri S. V. Ramaswamy:** Yes, in this Resolution.

The hon. Minister moving his Resolution said yesterday that there is a great difference between the world prices and the internal prices. At a rough estimate, it is about Rs. 100 per cwt. The hon. Minister told us yesterday that the internal price was somewhere about Rs. 146 per cwt., and I understand the world price to be round about Rs. 240 per cwt. Roughly, therefore, there is a difference of Rs. 100 per cwt. Instead of this difference going entirely to the producer, the State steps in, and wants to mop out this difference, and credit it to the Consolidated Fund. I was expecting the hon. Minister to say how this huge sum that will be collected by the levy of this export duty was going to be utilised.

This amount is specifically collected out of a peculiar situation in a specific industry. The question therefore arises, what Government are going to do with the amount thus collected. There are three parties to this affair, the consumer, the producer and the industry as a whole. How is this amount going to be distributed between these three parties? The main idea behind this export duty seems to be that the price of coffee in the country is rather high, the consumer is not benefited, and therefore this duty is levied. In order to reduce the internal price, the export of this commodity was banned, when there was a persistent demand for the same. The result is that we are now having a stock of about 12,000 tons lying in the warehouses, since April or May last. Preventing export seems to me

to be a novel way of reducing the internal price of a commodity. It seems to me contrary to all canons of international trade, and fiscal policy. If the world prices are high, I should have expected the difference between the world price and the internal price to be given to the consumer by way of a rebate.

We know that the total quantity of production of coffee is somewhere about 23,000 tons. We also know that the internal consumption is to the tune of about 18,000 tons. There is therefore a net margin of about 5,000 tons. At an approximate cost of about Rs. 4,500 per ton, the value of these 5,000 tons comes to about Rs. 2½ crores. The reason why this quantity was not allowed to be exported earlier has not been made plain to this House.

I read recently that there was an adverse balance of trade of about Rs. 40 crores. If the export of the 12,000 tons which are now lying in stock, had been allowed earlier, my submission is that the adverse balance of trade would have been lessened to the tune of about Rs. 5 or 6 crores. While we have not allowed this export, we have allowed the stock to accumulate and deteriorate. Coffee is not a commodity which will keep its quality intact, it deteriorates as each day passes. I understand that the stock of 12,000 tons which we are having now is not in a fit condition to be exported. I would request the hon. Minister to explain to this House why the export of these 12,000 tons was not allowed earlier.

The broad facts of this industry are as follows. About 2,30,000 acres are under coffee cultivation, giving employment to nearly 300,000 people. The total production is about 23,000 tons. The coffee estates are about 28,000 in number, and of this, over 21,000 are estates with less than 25 acres extent.

**Shri T. T. Krishnamachari:** You would not be able to give all this information in the Coffee Bill.

**Shri S. V. Ramaswamy:** I will give you today.

It appears to me therefore that this industry is mainly run by persons having not more than 25 acres extent in their estates. If the idea was to give the consumer benefit by way of a reduction in the internal price, I should have expected the hon. Minister to allow more exports, of course, keeping a buffer stock in hand, so that the internal prices may not rise unduly. Whatever surplus is available could have been allowed to be exported.

The other point that I wish to submit is that there must be a fair deal to the producer as well. The hon. Minister was pleased to say that the cost was fixed at about Rs. 2-4-0 per lb. I do not know how this was arrived at. But I understand from discussions, that this price fixation that has been done is open to doubt and dispute, because the price has got to be determined in relation to the cost of production, of which the major item is labour. I understand that a labourer who was paid about As. 5 or so in 1939, gets about Rs. 1-9-0 in Mysore, Rs. 1-14-0 in Madras, and about Rs. 2-1-0 in Travancore-Cochin State. This seems to have worked a fairly large part in the cost of production. I also find that the wholesale price of coffee is not extraordinarily high, compared with the increase in the wholesale prices of other similar commodities.

In the Government publication on the 'Index of Wholesale Prices', I find that whereas the index in 1939 was 100, in 1953, the index for tea seems to have moved to 606, that of rice to 715, that of coconut oil to 793, that of betelnuts to 1238, of tobacco to 1893, while that of coffee has moved only up to 537.

This does not seem to be abnormally high. Therefore, I submit it is a matter for an impartial body to assess and fix the price of coffee and see that not merely does the consumer pay a fair price but the producer also gets a fair deal.

Now, the third point would be, Sir, that the industry, itself has got to be developed. I understand it is capable of very great development. After all, we are having only about 2,30,000 acres. Within a few years of concentrated effort, I understand the acreage under cultivation can be increased by more than 1½ lakhs. This, I submit, is the proper thing to do because if production increases, the consumer can certainly hope for a reduction in price.

Now, considering all these things, Sir, I submit it would be proper and just for the hon. Minister to state what exactly he is going to do with this fund so collected so that the industry may thrive, the producer may have an assurance that there will be some steady policy with regard to the development of this industry and also that the consumer will ultimately be benefited by this. It is for this reason that I moved the amendment, and even though this was disallowed, I hope and wish that the hon. Minister will be pleased to apprise this House of what his views are on all these three matters.

**Shri N. M. Lingam (Coimbatore):** The Resolution before the House is, by itself, not controversial, but it brings to a focus the problems connected with the coffee industry. So it is germane, I think, to give a short review of the history of coffee and its present position in the economy of the country.

Sir, the House may be interested to know that as early as 1872 India exported nearly 25,000 tons of coffee abroad. Since then the export has dwindled progressively and during the thirties of this century, the industry had its worst slump. Then as a result of the constitution of the Coffee Board, it has steadily rehabilitated itself from 1940. Sir, it is true the Coffee Board came into being originally as an organisation for the protection of the growers. But the other side of the picture is that whereas during the boom following the war other commodities enjoyed a period

[Shri N. M. Lingam]

of prosperity, coffee did not enjoy any such advantage. As has been printed out already, the coffee industry is one mainly of the small growers. It is now predominantly Indian-owned. This industry is concentrated mainly in South India. Although the production of Indian Coffee is only 1 per cent. of the world output it enjoys a pre-eminent place in the world markets because of its high quality. And there are other reasons why coffee plays an important part in the economy of South India. It employs nearly 2 lakhs of people in the industry. It is true, Sir, that it is also a beverage consumed in every home in South India, and I can appreciate the attempts made by the Ministry to reduce the price of coffee so that the common man may have it without undue strain on his purse. But, Sir, an examination of the budget of a middle class family shows that even after the price is reduced to its rock bottom level, coffee nearly consumes 10 per cent. of the budget, because the beverage cannot be prepared by the liquor out of this bean alone but it requires milk and sugar. So to really bring coffee to the doors of every home in South India, or for that matter in any other place in India, the price of coffee has to be reduced drastically. So in this context I appreciate the efforts of the Ministry to bring down the price of coffee in India. But, Sir, this should not make us forget the problems, the grave handicaps, the industry has to contend with. Figures are quoted showing that the price of coffee has increased nearly four-fold since 1946. But, account has not been taken of the other handicaps that the industry has been suffering from. The yield has not been uniform. This is an industry where the yield is fluctuating. The plant is very delicate. It has to be tended most carefully. The cultural operations require a high degree of experience and skill. It does not depend upon irrigational facilities. The vagaries of rainfall, climatic conditions and soil play a large part in determining the fortunes of the crop.

Here, Sir, I shall give some figures to show how unpredictable the fate of the industry has been. Taking the period 1941-42 to 1950-51, the lowest Arabica crop was 6,970 tons per year and the highest 19,300 tons. Figures with regard to Robusta correspondingly are 3,250 tons and 15,350. So the figures of production vary so greatly in spite of the best cultural operations, in spite of the best care taken by the planter, that one does not know what the crop of a year will be; it depends so much on the seasonal conditions. For instance, if soon after the blossom period there is rain, the entire crop is washed off. Then again if the plant is subject to diseases like the 'leaf rust' and the 'stem borer' and if these affect our estates—as they did affect and wipe out entirely the industry in Ceylon—then the crop is a failure. Thirdly, Sir, in South India the industry began to thrive actually in the latter part of the 19th century with the result that the plants have become very old. If the best results are to be achieved, they are to be replaced periodically and the entire coffee plantation renewed. Sir, in this context one can appreciate the hardships of the grower. But it is the business of the House to see that not only the grower is protected but also consumer is benefited. So, Sir, I venture to submit that the best way of effecting this desired consummation is to give an incentive to the industry itself to increase production.

3 P.M.

Sir, in the Five Year Plan we have set apart crores of rupees for agriculture. We are constructing dams; we are subsidising the distribution of fertilisers. In fact, the lion's share of the allocations in the Plan go to the development of agriculture, but this industry does not want any such aid from Government. It only wants to be allowed to look after itself so that it can play its role fully in the economy of the country. So, Sir, the least that the Government should do is to give an incentive to the development of the industry. And, by giv-

ing this incentive the Government would be achieving the objectives set out in the Plan, namely, the provision of employment, the increase of the standard of living of the people and the improvement of our foreign trade.

Sir, now the average production has reached the level of 23,000 tons a year and thus about 3 to 4 thousand tons are exportable. If the production is increased to say, about 30,000 tons, it will be possible to export 10,000 tons, the income from which can go entirely to subsidising the price of the consumer. Sir, this practice of subsidising the consumer's price is not something new. It is in vogue extensively in the United States of America; although the produce of the grower is condemned and consigned to the flames later on, the grower is not allowed to suffer on that score. He is given a fair price. I therefore submit that Government should do everything possible to extend the acreage under coffee. From 3 lakhs of acres in the latter part of the 19th century it came down to about 2 lakhs of acres and during the last 10 years it has gone up to about 2,50,000 acres. At this rate, it is possible to double the area under coffee in another ten years; and, with the results of our research to combat pests and diseases and with the great experience of the planters, it is easily foreseeable that the production of coffee will have doubled itself in another decade. Sir, ultimately, if the consumer is to benefit, the production of coffee has to be increased and the cost of production has to be brought down. I would, therefore, most earnestly suggest to the Minister in charge to see that the industry thrives. The industry now has to undergo very real hardships. I speak from personal experience. You cannot point out to a planter during the last 10 years who was made more than a marginal income out of coffee. I also have seen in my constituency coffee estates which were moved down because they were not remunerative and they were replaced by tea later on; and, there are also estates which have been abandoned because of sheer lack of means to maintain them. So,

we cannot be guided merely by the rise in prices during the last 6 or 7 years in respect of the various grades of coffee. The difficulties which the industry had to contend with have been very great and if the Coffee Board is a growers' monopoly and has a bias in its own favour in fixing prices, it was not a concession which other industries did not enjoy in the period following the war. If the policy of the Government is to give any incentive to the private sector with a view to increase production and to increase employment, I think it is the duty of this House to see that all facilities are given for coffee to expand itself in the country.

Sir, the time is most opportune for such an expansion. There is world shortage of coffee; the coffee prices today are very high and conditions in India are favourable. We are straining every nerve to absorb more people in employment and to increase the national wealth and if such an opportunity is lost, it may never again return. I have no quarrel with the basic price fixed by the Ministry with regard to coffee just now. I am told the Board fixed it at Rs. 2/7/1 per lb. and at the instance of the Ministry it was reduced to Rs. 2/4. Now, Sir, it has been reduced to Rs. 2/1. I understand that the Board has agreed to this price without prejudice to the results of the enquiry...

**Shri T. T. Krishnamachari:** I am afraid, Sir, the figures given by my friend are not quite correct.

**Shri N. M. Lingam:** I speak subject to correction, Sir.

I understand that the Coffee Board has agreed to this price without prejudice to the result of the enquiry into the industry as a whole by the Tariff Board or any other agency that may be set up by Government. Sir, the understanding was that it should reduce the price and that when the Coffee Board has really implemented the understanding by selling coffee at the lowest price suggested by the Ministry, it is not fair to deprive the growers of the income that will accrue

[Shri N. M. Lingam]

from the export of this small tonnage of coffee. I submit, that it is not fair to have it both ways. Either fix a fair price and give the benefit of the export of coffee to the grower or let us take the industry entirely out of this control so that it may shift for itself, now that it has come out of the period of slump. Sir, my emphasis on the state of the industry does not blind me to the hardship of the consumer. As I said at the beginning, even at the reduced rate of Rs. 2/1 per pound, the consumer does not feel any comparative or appreciable relief. If he is really to enjoy coffee and if coffee is to go to the door of every house in South India, the price has to go down still further. The remedy is for the Government to subsidise it and if the industry is also to thrive along with it, there is no other alternative for the Government except to give an incentive to the industry. If the industry is killed, it will have serious repercussions in the economy of the South.

With these observations I commend the resolution to the House.

**Shri Damodara Menon (Kozhikode):** I come from a coffee-producing area. In fact, the bulk of Wynad, which is the largest coffee producing area in Malabar forms part of my constituency. I am, therefore, very much interested in this industry and when this Resolution came up for consideration, I had occasion to look into some of the figures concerning this industry. I must, at the outset, assure the hon. Minister that I am not against the imposition of this duty. What I want the Government to consider in this connection is their attitude towards this industry which must undergo a helpful change. As a matter of fact, this industry, as has been pointed out by some of my friends who spoke previously, underwent a slump some-time ago and it is today recovering and is progressing satisfactorily. I know the people from South India are used very much to this beverage. They drink coffee and that is a matter of daily enjoyment for them. I am

also happy to know that people in Northern India are also now taking to coffee largely due to the propaganda carried on by the Coffee Board. Lately, after the opening of a canteen in the Parliament House...

**Mr. Deputy-Speaker:** Does the hon. Member suggest that it is not on account of the intrinsic quality of coffee but more on account of the propaganda that members are taking to it?

**Shri Damodara Menon:** It is very much due to the intrinsic merit of coffee but that merit unfortunately happened to be not much appreciated in Northern India for want of propaganda. That propaganda is being carried on now, and as I was suggesting, because a canteen has been opened in the Parliament House, Members of Parliament from Northern India are very much patronising it and that is all for the good. This only shows that we must supply coffee to the consumers at cheap rates. The consumer's interest ought to be protected and I am very happy to know that the hon. Minister, who comes from South India, understands the difficulties of the consumer and is bent upon giving them cheap coffee. In all these things I am one with him, but my fear is that he does not appreciate the difficulty of the producer properly. Of course, in coffee industry, there is lot of vested interests and I have no sympathy for them. If Government come with a measure which will do away with the vested interests in the coffee industry, we shall very happily support it and that will be a measure in the right direction. I find from the figures that especially in Wynad and other areas, there are a number of small cultivators; plantations below five acres number about 21,442 and these estates when they are very small in extent, do not produce as much on an average as large estates. Therefore, whatever little concession that you can give by way of enhanced prices to the producers, will be of great benefit to them.

I have had occasion to point out to the House before that the Central Government are at present controlling the economic life of Malabar to a greater extent than any other part of India. We are producers of coconut and there is a Central Coconut Board which controls its production and also distribution; we produce arecanut and there is a Central Arecanut Board mainly nominated by the Government of India which controls that industry; we produce coffee and that is under the control of the Coffee Board; we produce tea and that is also under the control of the Tea Board; and now, I am sure, very soon the Coir Board will come into existence and probably in the course of another year or so we may expect a Spices Board which will control the production of pepper and such other products that we produce, so that, by and large, every aspect of the economic life or activity of Malabar and of Kerala is now coming under the control of the Central Government. Therefore, we have a large claim on the Central Government and that is why I am making a special appeal to the hon. Minister for Commerce and Industry that the producer's interest also must be taken into account—we are making it on behalf of a large number of people of this area, who depend upon money crop. In my area, Robusta coffee is mainly produced; we don't produce Arabica coffee, which is a high-grade coffee. As you will note, Sir, this export duty is on Robusta coffee and so we have to bear the main burden of this export duty. It is a fact that, as the hon. Minister has pointed out, the price of coffee abroad has gone up and, therefore, it is only right that the Government tries to take away a portion of the profit that may go to the producers and also traders in this industry. I have no quarrel about this, but the utilisation of this amount must be for the benefit not only of the consumer or of the general taxpayer, but it must also be for the producer, because if the producer is not encouraged, probably the industry itself will be destroyed in the long run and what you get now by way

of export duty may never be realised unless we show a great deal of consideration for the producer. It has been our painful experience—for the people of Malabar—that whenever there is a rise in price of our commodities abroad, the Government steps in to take away whatever profit the producer may get or at least a portion of it, or they don't step in at the right time so that the merchant or the industry gains at the expense of the producer. Recently we had the experience of rubber. At a time when rubber was fetching Rs. 450 per 100 lbs. in the foreign market, the local price fixed by the Government was only Rs. 98-8-0 per 100 lbs. and there was a lot of agitation in Parliament, as you will remember, and later on it was increased to Rs. 138. Now for a long time when we were agitating, the Government did not move in this matter, with the result that at the boom period our producer fails to get his due share. We have to encourage the producer and we should see that more and more acreage is brought under cultivation. If that is the idea of the Government and also if it is to the advantage of Indian economy as a whole, whenever such opportunities come, the Government must really help the local producer to get the advantage of the world market. At present, as I have suggested, the world market price of coffee has gone up and the Government have stepped in to take away a portion of it. We have, therefore, a right to demand of the Government that the producer gets his share. The hon. Minister has now fixed the local price of coffee at Rs. 2-4-0 per point, I am told. It appears that a cost accountant was taken and his recommendation was only Rs. 2-1-0, but the Minister has fixed it at Rs. 2-4-0. The information given to me by the coffee producers is, according to their calculation, that one point would cost Rs. 2-7-0 and a little more. There is a difference between the calculation of the Government cost accountant and the calculation of the Coffee Board. When such variations occur, would it not be fair, Sir, to refer the whole matter to an impartial body to go into the whole ques-



[Shri Damodara Menon]

tion of the production of coffee and to fix a fair price. I would, therefore, appeal to the hon. Minister to see that this matter of fixing of the price of coffee be referred to the Tariff Board, if possible. I don't know if Government can have any valid objection to it. That is one of the suggestions I would make to the hon. Minister in this connection.

I endorse the views expressed by the previous speakers that the coffee producer should have his due share of whatever profit that we make as a result of the enhancement of world prices and in that direction also, I hope the Ministry will turn its attention. I do not want to take more time of the House.

**Shri A. V. Thomas (Srivaikuntam):** I am very happy to see the hon. Minister of Commerce and Industry in a happy mood especially so today. The amendment to the resolution has been very nicely or cleverly knocked off. We, as coffee producers, have really no quarrel at the price fixation. We are anxious that the consumer should get his coffee at a reasonable price. There have been complaints that those who drink coffee have to pay very heavy prices for same. That is true. In fact, as growers, we are thankful to the consumers, because during the few years when the world markets were low, they did in a way help the grower by paying a higher price and keeping things going. When the world prices were lower, the prices in India were higher, but in the past few years things have changed. The world markets are higher and the price here in India is lower. But I still feel that the prices to the consumer are not yet lower. I am glad the Minister has been trying to reduce the prices for the consumer. I am quite in agreement with what he has been trying to do in reducing the price for the consumer. But, Sir, at the same time, what we ask for is a reasonable price for the producer, so that he may keep his estates in good condition, produce more by spending more money in fertilisers,

and run his estates on up to date lines of cultivation and also to enable the grower to open up more areas for cultivation. It is a well-known fact that large areas in the southwest of India are ideally suitable for coffee. In fact, it is estimated that about a lakh of acres or slightly more than that, is available for coffee cultivation. If reasonable prices are given which allow a fair return of profits to the grower, it will be possible to open up all these areas and bring them into cultivation, and thereby give employment to a large number of people and also increase the country's wealth, as the quantity produced, both by opening new areas and also by improving the cultivation on the existing estates, will be very much heavier and would ensure a ready export market and, bring in a large amount of money. My only request and appeal to the Minister is to consider the case of the grower also in as sympathetic a manner as he is considering the case of the consumer. I have heard it said that on account of the high price of coffee, those who were drinking four cups of coffee a day only drink one cup a day nowadays. I do not know how far it is true, but in the south, quite a lot of coffee is being drunk, but then, coffee-drinking habit is also spreading to the north, mainly by propaganda work done by the coffee-houses. There is a coffee-house even here near the lobby for the Parliamentarians. So, the habit is spreading in Northern India also. So, a large proportion of the coffee we produce could be consumed in course of time in the country itself. Still, it would leave a certain quantity to be exported which would bring foreign exchange.

One more request to the Minister, is, that more attention should be given to the cultivation side of this product. Although the Coffee Board is constituted by the Government, and the Minister himself is taking a deep personal interest in the marketing of coffee, fixation of prices, etc., I do feel that sufficient attention is not

given to the cultivation side of coffee, that is, the bringing in of more areas into cultivation and also encouraging the smaller owners to cultivate their estate in a proper manner so as to increase the crop to a considerable extent. For instance, the present crop is about 20 to 23 thousand tons, but by proper methods of cultivation on the existing areas, this crop of 20 thousand tons could be easily increased in the course of the next few years to 30 or even 40 thousand. 40 thousand may be a very high figure, but I am quite sure it could be increased by at least 50 per cent.—from 20 to 30. Then, if new areas also are brought into cultivation, the crop will be much more. My request, Sir, to the Minister is not to peg down the prices to the grower to the very lowest level. There should be a reasonable margin. Moreover, coffee crop is subject to the vagaries of climate. In a certain year, when there is a proper rainfall, they get a reasonable quantity of crop, but there are certain seasons when the rainfall falls or is untimely when the crop goes down. The hon. Members who spoke before me covered most of the points regarding acreage, etc., to which I do not want to refer again. But one point I would say, Sir. It is that there are 21,442 persons who are holders of five acres and below. These are all peasant class people who, in addition to the five acres, may have a little bit of other land for paddy cultivation, etc. They entirely depend on the income from their small holdings for their livelihood, and they have not been able to cultivate their estates in the proper manner. Their yields are low. So, if they are to live and get a reasonable return, the prices should be on a reasonable level.

**Shri Keshavalengar** (Bangalore North): Now that the amendment has been rejected on a technical ground that the funds will go to the general funds, I do not propose to make any long speech on this matter. I shall reserve the same for a prospective Bill that is promised to

be put forward before the House. Whatever it is, Sir, I would like to suggest that the coffee industry is a very important industry so far as Southern India is concerned. Just as the north is a granary of India so far as rice and paddy are concerned, every grain of coffee that is grown in India is grown in the south, in the slopy hills and plantations in the south. This is one of the industries which is likely to employ lakhs of labourers and luckily for us, it is in this industry that no machinery can be employed on account of the very nature of the processes involved in this industry. Large numbers of labourers have got to be engaged for the purpose of picking the coffee seeds, which work spreads over several weeks. Naturally lakhs of labourers are employed in this industry and there is still a very large amount of scope to increase the extent of the area under coffee and at the same time increase the production of this product.

One other factor which I would like to bring to the notice of the hon. Minister is that we talk so much of encouraging the cottage industries and the private sector and things of that kind. This is one of those industries which certainly gives us vast scope in that direction. From the figures that are available now, it is found that out of about 28,000 estates under coffee, nearly 24,000 estates are below the extent of 10 acres each. That shows what a large number of small estate-owners are there in our country. Even considering that aspect of the matter, it is very necessary, Sir, that we should devote every attention to the encouragement of the coffee planters, particularly, small holders and owners of estates.

So far as the consumer's point of view is concerned, the class that is very seriously affected is the middle class, particularly of Southern India. Almost every member of a middle class family is addicted to coffee drinking. As the previous speaker was pleased to observe on behalf of

[Shri Keshavaiengar]

the planters the Indian consumers came to their aid when the coffee prices in the whole world were much lower than the Indian prices; in those days we were paying a higher price. That clearly shows as to how once we get into the habit of drinking coffee we do not give it up whatever may be the cost. From that point of view also there is every scope for increasing the consumption of coffee in our country. Considering all aspects of the matter, I would appeal to the hon. Minister not to bother himself about technicalities of the issue before us, but bring forward even an Appropriations Bill and render help and encouragement not only for the small coffee planters and owners of small estates, but also the unfortunate middle class consumers who have to pay a high price.

That is why, Sir, some of us made bold to propose an amendment to this Resolution just to bring it to the notice of the hon. Minister that just as he wants to intervene in the excess profit that is likely to be made by the coffee planters, he has also to take care of the interest of the consumers and provide, even if necessary, a subsidy, and try his level best to reduce the coffee prices.

I do not wish to take the time of the House unduly. I would only request the hon. Minister to bring forward at the earliest opportunity a measure of appropriation in respect of the relief which we want to afford to the consumer as well as to the coffee planter. It is a known fact, Sir, that once moneys are realised by various levies and taxes, they go into the exchequer. It is very hard to get it out of it. Let there not be one-way traffic. I would very much appeal to the hon. Minister once again to bear these two facts in mind and try to help the consumer by bringing down the prices and at the same time afford every facility to the small coffee planters.

Shri M. S. Gurupadaswamy (Mysore): When we look at the figures

of production of coffee in India and compare them with world production, we find that in spite of great increase in production in our country, we are still producing only 1 per cent of the coffee produced in the world. So, there is very large scope for the development of this industry.

Another factor which we must bear in mind is that the world price of coffee today is much higher than the domestic price. Taking these two factors into consideration, we can say that there is still vast scope for the expansion of this industry. It can also be safely presumed that further production of coffee will not in any way bring down the prices, or discourage in any manner the growth of this industry in our country.

In this connection I would like to make a few observations about the policy pursued by Government. In spite of the fact that there is vast scope for the expansion of this industry, it is not possible to make any headway on account of the wavering policy pursued by the Government. It is a policy which helps neither the producer, nor the seller, nor the consumer.

Sir, recently I came to know of a very interesting story connected with this industry. There was a demand, a long standing demand from certain coffee interests that the cost of production of coffee should be enquired into and a fair price fixed. It was represented that the enquiry should be entrusted to the Tariff Commission. But the hon. Minister of Commerce and Industry did not favour the idea on the ostensible ground that an enquiry by the Tariff Commission would take a long time. So a cost accountant was deputed to visit the various plantations in South India to collect statistics and recommend a fair price, on the basis of the cost of production. The cost accountant visited the various plantations. He did not write his report in the Office of the Coffee Board, but at Conoor or Madras. The report, I was told, was

not based either on figures of Government, or the figures supplied by the Coffee Board. He proceeded on some imaginary data and calculated the cost of production as Rs. 2|1|- per unit. This fixation of the cost of production was not approved either by the Coffee Board or the planters. They placed the cost of production per unit at Rs. 2|7 or Rs. 2|8. I don't mean to say that the point of view of the planters should have been accepted. I would only be interested to know as to how he arrived at the cost of production.

Then again, I was told that it took him five months to enquire into the matter. Previously when the Minister was approached with a request to refer the matter to the Tariff Commission, he did not agree to it on the ground that it would take about six months, as in the case of the rubber industry. But the cost accountant appointed by Government took nearly five months. If the Government had only referred the matter to the Tariff Commission instead of referring it to a cost accountant, they would by now have received the report of the Commission. And the picture would have been fairly clear to us. Now there is disappointment on the part of the productive circles, and the consumers also are not benefited. So I take this opportunity of telling the hon. Minister that even now it is not too late and he can refer the matter of cost, or the whole matter of the coffee industry, to the Tariff Commission. It will not take more than six months for the Tariff Commission to produce the report. The Tariff Commission, as you are aware, is a neutral body and nobody—either the consumers or the producers or any interests involved in the coffee industry—will feel upset about the Tariff Commission report and it will be accepted by all concerned. All the dispute, the anger on the one side or the complaints on the other, will come to a stop. So in the existing circumstances the only way to solve the problems of the industry is to refer the matter to the

Tariff Commission and take its opinion in the matter.

The next point is about foreign interests which are operating in this industry. I was told that nearly 12½ per cent of foreign interests are involved. I feel that these foreign interests should not be allowed to remain in the country for long. As far as possible we should follow a policy of Indianising these plantations. So far no serious attempt has been made by the Government to Indianise the coffee estates. So I urge upon the hon. Minister to think about this matter seriously and take measures which will bring all these foreign estates under the ownership and control of Indian interests.

The next point is regarding the expansion of coffee production. I have briefly referred in my preliminary remarks to the fact that there is much scope for development. Now we are producing 23,000 tons of coffee.

**Mr. Deputy-Speaker:** The hon. Member is stating only what all others have stated.

**Shri S. S. More (Sholapur):** For the purpose of emphasis.

**Mr. Deputy-Speaker:** What is the emphasis? Without any emphasis people are drinking coffee.

**Shri M. S. Gurupadaswamy:** I think I am not repeating, Sir.

**Mr. Deputy-Speaker:** This 23,000 tons has been said already.

**Shri M. S. Gurupadaswamy:** I have my own inferences on this.

I think I am not barred from referring to it.

**Mr. Deputy-Speaker:** No, no. He is barred from repeating what all has been said.

**Shri M. S. Gurupadaswamy:** I am not repeating.

**Mr. Deputy-Speaker:** All right, I leave it to him.

**Shri M. S. Gurupadaswamy:** My point is that there is scope for production of coffee up to 40,000 tons within

[Shri M. S. Gurupadaswamy].

seven or six years. And for this it is not necessary to explore new lands which are lying vacant, but if we bring all the lands which are under the ownership of planters into cultivation it is possible to increase the production of coffee to 40,000 tons. Sir, we know when coffee is in high demand in the world market it is necessary that Government should have a planning for the development of coffee. Till today we have no plan or target fixed—that is my complaint—though it is absolutely necessary from the point of view of developing this industry. So I emphasise that a plan may be drawn for a particular period of time so that we may reach a particular target of production.

Lastly, I say that the treatment meted out by the hon. Minister has not given any encouragement to any section and I request him that he should be very fair. In this connection when we are discussing the question of taxation of export of coffee I say that the revenue realised out of this export duty should not be allowed to go to the general coffers. It should be utilised for the benefit of either the consumers or the producers. And subsidy should be given to the consumers by lessening the price of coffee. That is the only purpose for which these proceeds should be utilised. It is not advisable that the proceeds realised by the export duty should go to the general revenue.

With these few remarks I conclude.

Mr. Deputy-Speaker: Shri V. B. Gandhi. Is he also a coffee grower?

श्री सिंहासन सिंह (जिला गोरखपुर दक्षिण): मैं चाहता हूँ कि यह बहस बन्द की जाय। कल आनरेबिल मिनिस्टर ने यह कहा था कि काफी का बिल लाने वाले हैं। उस पर भी बहस होगी और यह एक मामूली रिजोल्यूशन है काफी पर एक्सपोर्ट ड्यूटी के बारे

में। तो इस बहस को अब बन्द किया जाय और जो आयन्दा बिल आवगा उस समय बहस हो जायगी।

Shri V. B. Gandhi (Bombay City—North): In this field of coffee trade I must tread with caution. You just pertinently asked, Sir, if I was a coffee drinker. I rise to say a few words because I am a non-coffee drinker. I thought after we have heard the speeches of so many Members who have been deeply interested in the coffee trade, perhaps a lay man, an outsider, a non-coffee drinker can supply some new perspective to this problem.

Now, Sir, many of us in this House have been confirmed believers that our country must be made export-minded. Every opportunity to expand our exports should be an occasion for rejoicing. I should think that here is an occasion for tendering congratulations to the hon. Minister for Commerce and Industry for being so vigilant in the interests of the export trade. We know he has always been watchful for any opportunities to do something for the export trade.

Now, Sir, the central point in a majority of the speeches has been clearly summarised in the amendment moved by six....

Shri T. T. Krishnamachari: Sought to be moved.

Shri V. B. Gandhi: Yes; sought to be moved; I beg your pardon..... amendment sought to be moved by six of our important Members, important in the coffee field. What exactly did they want through this amendment? First, they desired that something should be done for the consumer of coffee. In fact, as they described it in the amendment, they would subsidise the price in favour of the consumer. What exactly is the situation? To our way of thinking, it seems coffee is one of the products which has, what we generally call, an inelastic demand,

that is to say, a demand that does not respond to any changes in the price. In other words, we do not believe that if the price of coffee today is reduced to half of what it is, a coffee drinker who probably takes 5 cups of coffee a day is going to start taking 10 cups of coffee because the price has been reduced. Coffee, undeniably, belongs to that category of products which have an inelastic demand. However, my hon. friend Shri A. V. Thomas told us that because of the high price of coffee to the consumer, he has heard that some people have reduced their coffee drinking from four cups to one. I was just about to treat this information with the respect that it deserves since it comes from Shri A. V. Thomas, but, immediately in a few minutes, Shri Keshavaiengar, another of the important men from the coffee field said that nobody stops drinking coffee or the quantity of coffee that he likes because of the price, and that a man who likes coffee will pay any price and have his coffee.

**Shri T. T. Krishnamachari:** No.

**Shri V. B. Gandhi:** This is what Shri Keshavaiengar said. I am saying that the two Members have cancelled each other.

**Shri A. V. Thomas:** A man will continue to drink coffee provided he has got the money.

**Shri V. B. Gandhi:** What exactly can be done for the consumer? I understand that the present price of Rs. 146, which has been fixed by the Government is a price at a low level, a level which has not been reached before. In other words, the price today is as low as it has not been for several years.

**Shri T. T. Krishnamachari:** No; for Robusta, it is the highest on record.

**Shri V. B. Gandhi:** Any way, so far as the relief that can be given to the consumer is concerned, I think the action lies with the Government. I do not believe that any of the speakers

very seriously objected to the idea of export of coffee. Their chief point was that the receipts or revenues received from the export duty should be utilised for relief or some kind of benefit that should be given to the consumer as well as the producer. If we accept the theory that coffee has an inelastic demand, I do not think much can be done by changing the price. So far as the producer is concerned, I am all for doing something for the producer. From the description that we have heard in this House today about the lot of the producer, he seems to be one who deserves our sympathy and I would join in any plea for Government to do something in that direction. But, the way or means for doing something for the producer is certainly not by asking Government to utilise the revenues received from this export duty. There is, I understand, a cess of one rupee being levied already. Now, these Members who know so much about the lot of the producer and the condition of the industry should press for an increase in this coffee cess and press for a proper utilisation of the revenues from the cess in the interest of the producer.

Finally, one word, Sir. This amendment has been declared out of order on a technical ground. But, even if it has not been declared so on that ground, the very fact that the Resolution moved by the hon. Minister talks about the levy of an export duty, would have precluded the hon. Minister from utilising the revenues from this duty for any purpose other than for the Consolidated Fund of India, for the simple reason that a duty is a tax and a tax is levied without any reference to any specific benefit to the tax payer. Therefore, in the case of an export duty, which is a tax, it will not be right to ask the Government or for the Government to do anything such as allocating the revenues for the benefit of any specific class or community of tax-payers.

**Mr. Deputy-Speaker:** The hon. Minister.

**Shri Kelappan (Ponnani):** I want to ask a question, Sir. I shall just say a few words.

**Mr. Deputy-Speaker:** Only questions.

**Shri Kelappan:** I understand that the hon. Minister has permitted the export of 2000 tons of Robusta coffee. I know that Arabica is a better quality and probably has a better foreign market also. If we look to the production, we find that there are 168,000 acres under 'Arabica' and only 67,000 acres under 'Robusta'. I should like to know why 'Robusta' alone has been set apart for export. Another thing I wish to say is this. I find that the production has gone up to 22,000 tons and the home consumption is only 18,000 tons. As export was not permitted for some time, there is an accumulated stock of 12,600 tons in the country. This year's crop is expected to be more than what it was last year.

4 P.M.

So, at least 10,000 tons would be available for export. I do not know why now export has been restricted. At least 5,000 tons could be allowed to be exported without any risk of the internal prices going up.

One thing more to which I wish to draw the attention of the Minister is our chronic ailment of unemployment, the ever-growing and alarming unemployment. There is scope for the development of this industry. In Wynad alone vast areas await development. There are similar areas in other parts also, and I understand that there is a steady and ever-growing market for coffee. So, here is a field which would give work for at least a lakh and a half labourers. And if the producers are not left any margin and there is no incentive for further production, this industry will really deteriorate. Therefore, in the interests of the poor people who have not got employment now, the hon. Minister

will consider the question of utilising the proceeds of this duty for further expansion of the industry.

**Shri T. T. Krishnamachari:** I am very grateful to my hon. friend Mr. A. V. Thomas, who must be acknowledged as the only Member here who knows about coffee, for his very short and helpful speech. I am sorry I am constrained to make the remark that the speeches from the other Member did not carry either correct information or any advice to Government which is acceptable, for the reason they were all based on hearsay. My hon. friend Mr. Gurupadaswamy said: "I am told" and "I am told" and "I am told". I was reminded of the fact of the three monkeys: which were intended to represent the three injunctions "Hear not, see not, speak not", for, oftentimes, that would be a very good advice to some of us.

And then, my hon. friend Mr. V. B. Gandhi, the economist, was floundering. He said he did not know whether coffee is a material with an elastic or an inelastic demand. As a material it is inelastic. So far as its demand is concerned, it is elastic because we can do without coffee.

**Mr. Deputy-Speaker:** As a material it is volatile!

**Shri T. T. Krishnamachari:** And unfortunately his fixation of mind that every article must have an elastic or an inelastic demand and the fact that two hon. Members gave contrary versions of the elasticity of the demand of coffee put him in a very difficult predicament, for the economist could not reconcile an obviously unreconcilable fact. Well, I am afraid I am far too much a student of economics to teach a professor about there being certain substances which, though they are food products, are consumable products which will, nevertheless, have an elastic demand. It is not like the cereals. So, the demand is elastic. And it is also a fact that people con-

sume more than one cup of coffee, and they consume it because they have the money in their pocket and the inclination and sometimes the time.

Plantation "A" is supposed to be a reasonably poor quality of coffee. Its price in 1940 was somewhere about Rs. 38 per cwt. Today, including Government tax and the Coffee Board's collection, even the upset price is somewhere about Rs. 212. The market price is Rs. 250/- per cwt. So, obviously the economic factors must have a play. Elasticity is really a matter which responds to circumstances, and in this case I think the demand is extremely elastic because from Rs. 38 it has risen to Rs. 250. There are many people who cannot afford to pay this price. And that is the position today.

Nevertheless, coffee is a good thing. My hon. friend Mr. A. V. Thomas said: The Minister is in good humour. I may tell him that thanks to the hours of Parliament fixed at 1.30, when a man has got to go without his lunch, today being a Question Hour and also because of my having Bill's and resolutions to look after I came fifteen minutes earlier, and had a cup of coffee. If it puts a Minister in good humour, it ought to put Members of Parliament in better humour if they follow in his footsteps.

I am not being facetious, but the real fact is that there is nothing much I can say now at this stage. I can disprove quite a lot of information that was gratuitously offered to me, from the facts that I have in my possession, but I do believe, Sir, that this House will have an opportunity ere long to discuss an Amending Bill so far as coffee control is concerned. My hon. friend Mr. Thomas has very wisely refrained from making any remarks now. Naturally he will start the battery on me, and I will probably shiver, but at the moment I am smiling because the battery is not there.

The fact in regard to this export duty is this. Rs. 62½ per cwt. is 537 F.S.D.

the export duty. Normally we get Rs. 21½ by way of excise duty. That is not levied on anything that goes into export. So, the net addition to the Exchequer is Rs. 41½ per cwt. exported. Simultaneously with this Rs. 41½, because the average realisation by means of these auctions has been about Rs. 168½, the Board gets another Rs. 43½. So, this increased price that we are getting from this export is being equally shared between the Board and the Exchequer. And I do maintain that this Rs. 43½ per cwt. of Robusta coffee which is exported is good enough, large enough, ample enough for them, if they want to benefit the consumer by cushioning the price, and it is what they are doing in one sense. Because, today, or rather from the 1st December when the auctions will be held—and I hope the auctions will have a good response—the price for Plantation "A" which is a superior brand will be about Rs. 2/- per point, i.e., roughly about Rs. 195½ or so and Robusta will come down to somewhere about two-thirds, a little less than two-thirds of that amount. But we are however ensuring to the grower Rs. 2¼ which is the cost they have fixed for the current year's production. So, the lag between Rs. 2 and Rs. 2¼ has got to be found from somewhere. It might be that we will get some more money by means of auctions, but there will also be in the pool this Rs. 43½ per cwt. which we realise by way of exports on Robusta coffee. So, it is intended that the price of the consumer should be reduced some way. That is, the upset price in the auctions will be Rs. 2½ instead of Rs. 2¼. An effort is being made in the direction. The Board has agreed to it, of course subject to certain conditions which are not acceptable to us. Nevertheless, we are attempting to bring down the price of the consumer, and with the larger supply of coffee available, it is expected that the consumer will get Plantation "A" somewhere about Rs. 2½ or Rs. 2¼ per lb., instead of



[Shri T. T. Krishnamachari]

about Rs. 3/4 or Rs. 3/5 which he gave sometimes last year.

Hon. Members have said something about the Tariff Commission. Of course, for one thing the Tariff Commission has been loaded with so much work, and the Tariff Commission is usually used where Government feel that if they give a higher price or protection to a particular industry, they may be accused of reacting to pressure groups, using their individual discretion so as to saddle the consumer with a higher price. In order to cushion themselves from such charges, the Tariff Commission is used, so that the Tariff Commission can adjudicate between the consumer and the producer, because a higher price is given. In this particular instance, that kind of conflict is not there, and I am not afraid of any charge being made so far as I am concerned that I am giving to the coffee producer anything more than what he deserves, and I do maintain that in this case the reference to the Tariff Commission is not necessary. The Tariff Commission is not necessary for purposes of adjudicating between the consumer and the producer, because I am prepared to adjudicate and I am prepared to take all the responsibility. If hon. Members think I have done something wrong. I am quite prepared to face the charge and take the punishment if the guilt is proved.

Nevertheless, we did have an enquiry into the cost structure. All along, the prices have been determined by the Board, a Committee of the Board, which is a producers' Board by and large, and prices have been going up from Rs. 38 to Rs. 250 per cwt. Don't think of Robusta which is cheap coffee. It almost grows wild. Nobody does anything much for growing Robusta. If anybody says that he does anything for growing Robusta, please don't believe him. It grows wild more or less.

So far as 'Plantation A' is concerned, the price was in the region of about Rs. 38, in 1940, when the Board came into existence. The prices have gone up in 1946 to Rs. 90, in 1947 to Rs. 90, in 1948 to Rs. 90, and from 1949 onwards, they went up to Rs. 120, Rs. 135, and Rs. 180. Now the price is Rs. 2-4-0 per point, and they want to raise the prices to something further than that i.e. Rs. 2-7-0 per point. An increase from Rs. 38 to Rs. 180 is bad enough, in all conscience, but if it goes somewhere beyond that, I am afraid that it is time for us to cry halt.

There is also the other side of the picture. From 1943 onwards, we were exporting outside, and we found that the export price realisable was much less, because during the last decade, it happened that Brazil was producing so much of coffee and the Americans had not become coffee-minded, and therefore quite a few thousands tons of it had to be dumped into the Caribbean Sea; and in order to maintain our export, the consumer was asked to subsidise exports. He did so to the extent of about Rs. 15 to Rs. 17 per cwt. from 1944 till 1948. We charged the consumer at a higher price, so as to sell in the export market at a lower price. It cannot therefore be said that Government have been oblivious to the interests of the coffee producer, because we have made the consumer pay, but at this time, we cannot make the consumer pay more than what he is paying now. At the same time, it is said that coffee, at its present prices, is unproductive, and unremunerative. My hon. friends who know the position, from Malabar and from Wynaad have said so, but may I tell them that though it is certainly unremunerative for the sub-marginal estates, it is remunerative for the marginal estates? It is ultra-remunerative for the better type of estates which make an enormous amount of money. I shall at a later occasion, give facts and figures to

this House to show that a company which had a capital of £80,000 or about Rs. 8 lakhs in 1943, has a capital today, of roughly—it has been split up into two companies now—Rs. 100 lakhs, and money has been pumped in to the tune of not less than Rs. 60 lakhs, which is nearly 750 per cent. of the original capital. Obviously, somebody has made this money at the expense of the poor consumer, whose demand is extremely elastic, may I tell my hon. friend Shri V. B. Gandhi?

All this will again be discussed when we bring in the Coffee Bill. It is Government's intention that the coffee producer must be given a fair deal. It is also Government's intention that the small producer must be protected. Otherwise, tomorrow I can dissolve the Coffee Board, and the prices will find their level, and I can always regulate the exports, so that the prices can be depressed, and the consumer benefited, but then the small man who produces about 1½ cwt. per acre will go to the wall whereas a man who produces 8 to 10 cwts. will make a profit. It is not our intention to allow the small man to go. We shall devise, with the help of people like Shri A. V. Thomas, who know the industry, some method by which we shall put an additional burden on the man who makes more, subject to the provisions of Article 14 of the Constitution, so as to give the small man some kind of a rehabilitation allowance. It shall be our attempt to devise that, when the Coffee Bill is brought forward for discussion.

For the nonce, all that I have to say is that this export duty has been levied in a very fair manner, i.e. whatever profits we make out of it, we share equally with the Coffee Board. Normally we would be making by way of excise duty at the rate of about Rs. 21 per cwt., about Rs. 17 lakhs on 4000 tons and the additional amount that we are getting by this export duty is about Rs. 33 lakhs, on the 4000 tons which we might export. And the Coffee Board

will be making the same amount, and this amount will be available for them to subsidise the prices for the consumer.

That more or less covers the good intentions—they say oftentimes that hell is paved with good intentions—of my hon. friend Shri S. V. Ramaswamy, who wanted this amount to be earmarked for a particular purpose. I have already cushioned this export duty in such a manner that the money will be available to the Coffee Board.

I have nothing more to say at this stage. However I am grateful that much as some members had to say against the Government's policy or lack of policy or whatever it is, the House generally approved of this levy of an export duty.

**Shri A. V. Thomas:** May I make one submission, Sir? The hon. Minister stated that Robusta coffee grows wild. That statement is not correct, because Robusta coffee does not grow wild.

**Shri T. T. Krishnamachari:** In relation to 'Plantation A', it does.

**Mr. Deputy-Speaker:** I shall now put the Resolution to the vote of the House. The question is:

"In pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the House of the People 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. 62-8-0 per cwt. was levied on coffee with effect from the date of the said notification."

*The motion was adopted.*

#### DHOTIES (ADDITIONAL EXCISE DUTY) BILL

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** I beg to move:

"That the Bill to provide for the levy and collection of an ad-