

I shall now put the substitute motion No. 18, moved by Dr. Ram Subhag Singh, to the vote of the House.

The question is:

That for the original motion, the following be substituted, namely:—

"This House having considered the food situation in the country is of the opinion that suitable measures be taken by the Government to increase food production in the country."

The motion was adopted.

Mr. Speaker: The substitute motion is carried. All the other motions are barred.

INDIAN TARIFF (SECOND AMENDMENT) BILL*

17 hrs.

The Minister of Industry (Shri Manubhai Shah): I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934

Mr. Speaker: It is a taxation measure. This is the end of the day. They do not want the country to know in advance. Now all the shops are closed. I am aware of a single case where two annas excise duty was imposed on silver. Somebody got knowledge of it and overnight he amassed Rs. 30 lakhs by purchasing silver and selling it. Now the question is:

"That leave be granted to introduce a Bill further to amend the Indian Tariff Act, 1934."

The motion was adopted.

Shri Manubhai Shah: I introduce** the Bill.

CASHEW INDUSTRY

Shri Kodiyan (Quilon—Reserved—Sch. Castes): I am raising this discussion to focus the attention of the House and the Government on three important points (1) inadequate Central aid to the cashew industry, (2) non-availability of imported cashew-

nuts at reasonable prices, causing frequent closure of factories, and (3) lack of adequate Central aid for the promotion of export of cashew kernels.

Although the cashew industry is very much concentrated in Kerala State, apart from it being of vital importance to the economy of that State, it is equally important for India as a whole. In recent years while our export earnings have declined almost in every exportable items, the export of cashew kernels has produced more and more foreign exchange. In the context of a sharpening crisis in the nation's foreign exchange resources, the export of cashew kernels acquires an even greater importance.

From the hon. Minister's reply to a question on the 14th November, it can be seen that in 1956 alone it has earned over ten crores of rupees, an increase of Rs. 1.6 crores over what was earned in the previous year. To my own State the industry is of great value as it provides direct employment to about one lakh of workers, of whom 80 per cent. are women. The development of the industry has been such that although it is only two decades since the industry started, all the raw nuts produced in the whole of India taken together do not meet the requirements of keeping the factories working. So, we have to depend for half of our requirements of raw nuts upon the African countries.

One of the difficulties that prevents the development of the cashew industry is the non-availability of raw nuts in sufficient quantity. So the main problem of this industry is to attain self-sufficiency in the matter of producing raw nuts in our country. The Spices Enquiry Committee, appointed by the Government of India, has stated on page 123 of its report:

"In all these regions, extensive cultivation of the crop on a plantation basis should be encouraged."

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** Introduced with the recommendation of the President.

[Shri Kodiyan]

The forest departments in the producing States should also encourage its spread and growth in all the reserve areas and arrange to collect the nuts along with other minor forest produce. Wherever possible, the Public Works Departments should also undertake to extend the cultivation of this crop in suitable lands under their jurisdiction. A Coordinated Ten Year Plan (Cashewnut Plantation Scheme) should be prepared in this connection in consultation with the State Governments and put through expeditiously."

Despite these pious resolutions and pompous recommendations and despite some schemes for increased cultivation nothing substantial has been achieved so far in the matter of attaining self-sufficiency in the production of cashewnuts in our country, in order to relieve our dependence on foreign countries. While the Indian cashew tree is capable of yielding nuts five or six years from planting and while we have tens of millions acres of waste land all over the country, it is regrettable that all the tall talks of the Government have not reduced our dependence on foreign countries even by one per cent.

It is true that Government have some schemes to increase the cashew cultivation in our country and some amount has been allotted to State Governments to give advance to private growers at the rate of Rs. 150 for every additional acre planted with cashew nuts. But how many private growers have taken advantage of this scheme and as a result of the scheme how many additional acres have been planted with cashew? Of course, when we examine the result of the achievement of this scheme, we find that the achievement so far is not commendable.

So far as Kerala State is concerned, the Centre of course, knows our limitations on land and resources. But the Centre has not discharged its

obligations to Kerala, which has been giving them a commodity, which is earning more and more foreign exchange in the present difficult position of our foreign exchange resources. The foreign exchange earning capacity of the cashew kernels alone justifies and demands more of Central assistance to every aspect of the industry. Calculated at the present rate of yield, i.e. of 25 lbs. per tree and two hundred trees per acre, we require for self-sufficiency an additional acreage of one lakh acres. But, as I have already pointed out, the achievement so far gained is not so much commendable.

In this connection I wish to ask the Government whether they have a well-planned scheme for achievement of targets, say, a ten-year target to attain self-sufficiency in the matter of producing raw nuts in this country.

Secondly, Government is not taking any serious action for checking and controlling the loot by certain firms operating in Bombay. In reply to a question yesterday, the hon. Minister has said that licences are issued for importing raw nuts to actual users. But the Spices Enquiry Committee, on page 104 of its Report, has stated:

"The imports and distribution of these African nuts are arranged by a few leading firms operating in Bombay. Having branches at the East African ports and established long business connections with these regions, these firms are very influential and hold almost a monopoly in the import trade and all the processing factories are obliged to obtain their requirements through them. The factory owners place their orders through these firms which then arrange to import the required quantities through their branches in East Africa."

Again, while submitting their recommendation they have said:

"While the bulk of the Indian cashewnut crop is collected by itinerant merchants, the imports of

foreign nuts are done mainly through a few influential firms for whom this forms only a side-business. The Government should, therefore, give all assistance to the factory owners in regard to the procurement of raw nuts from foreign countries."

The loot by these few firms at Bombay is continuing. And nothing has been done by the Government to check the loot.

The modus operandi of their looting is like this. The merchants who import raw nuts from Africa are merchants who have established themselves in the concerned African ports for over half a century, and even if the licences are thrown open to all, no newcomer can get raw nuts from Africa unless through the mercies of these monopolists. They hold up the imports when the Indian crop comes to the market. The local producers, the poor agriculturists are offered only the lowest of prices, and on the strength of such low prices the factory owners enter into firm commitments with the overseas buyers. Within a few months the indigenous raw nuts are exhausted and they have to depend on foreign imports. And at this time, the importers who know the trend of the prices through secret means rather than fair means, raise the prices to the maximum and the factory owners are forced to pay the maximum prices. That is taken as an excuse by the factory owners to close down factories. In fact several factories in my own State have been closed down, and thousands of workers have been thrown out of employment even this year, and now satyagraha is going on in Quilon for the reinstatement of the retrenched workers.

Today as a result of this the position of the industry is far from satisfactory; the whole industry is in a crisis. This crisis has not come about suddenly. It has been a recurring feature for the last so many years.

And then, working conditions in the factories are not merely unsatisfactory but miserable and inhuman. No protective measures are taken to save them from contracting occupational diseases. Take for example the cashew peelers. The corrosive substances extruded in the process blister the palms of the workers permanently making workers look like being leprosous. That is the position. And the minimum wage fixed in this industry is extremely low and inadequate. Even that low minimum wage is not given; the bonus question is pending. No unemployment relief is given. Such is the position so far as the workers are concerned.

Therefore, Sir, I would submit to the hon. Minister that certain immediate steps should be taken to develop this industry. The import of raw cashew nuts should be taken over by the State Trading Corporation, and the State Trading Corporation should distribute the imported African raw nuts to the factories on an equitable basis. Then the export also should be taken over by the State Trading Corporation. If it is not possible for the State Trading Corporation at present to take over the import and export of cashew nuts, I would request the hon. Minister to consider the suggestion of setting up a separate Cashew Corporation charged with the responsibility of collecting and pooling together all the indigenous raw nuts and also the imported African nuts and then distributing it on a fair basis to the factories. Then again, the processed cashew kernels should be bought by this Cashew Corporation. Then again....

Mr. Speaker: I have allowed fifteen minutes to the hon. Member already.

Shri V. P. Nayar (Quilon): Only twelve minutes, because after five o'clock we had voting.

Mr. Speaker: Even then, I do not allow more than ten minutes. He will have an opportunity of replying for two minutes.

Shri Kodiyan: I am now closing, Sir.

[Shri Kodiyan]

Therefore, there cannot be any industry which from the point of view of better labour amenities, for ensuring a better deal to the workers and for augmenting the foreign exchange resources of the country, has more claims than the cashew industry. Ensure regular work and no more closures to the workers, import raw nuts on government account, buy up all the kernels produced at fair prices and export on government account; diversify the trade on the basis of a definite plan. To enable all these things Government should forthwith have a comprehensive scheme for planting at least one lakh acres with high yielding nuts. And to deal with all the problems connected with the development of this industry and also the problems connected with increasing the cultivation of cashew nut, a Cashew Board should be set up.

Shri V. P. Nayar: Sir, I just want to ask one or two questions.

Mr. Speaker: Yes. No speeches are allowed; only questions are allowed.

Shri V. P. Nayar: From the passage that has been pointed out from the report of the Spices Enquiry Committee, up to now several times Government spokesmen have stated that the import of raw nuts is in the monopolistic grip of a few Bombay firms. But all of a sudden yesterday the Minister said that import licences were being given mostly to actual users. I have the honour to represent an area which has the largest concentration of cashew factories in the whole of India. I have met the industrialists and they still tell me that even in the recent recess they have been at the mercy of the Bombay importers for getting the available nuts. I want to know why it is not possible for Government to buy up all the imported nuts and distribute them at fair prices to the factory owners on some equitable basis, say, on the consumption of the preceding years.

I also want to know why, when it is replete with potentialities of export

it is not possible for Government to monopolise the export of this commodity, the more so in the present context of the foreign exchange position. What are the impediments? It will not involve any transport problem like iron ore or manganese ore which has been taken over. It does not require as much shipping space. And the market is ensured.

Thirdly, I would like to know why Government have not taken adequate steps, when they know for certain that cashew is a tree which yields fruit in five or six years and tens of millions of acres are

Mr. Speaker: All the three things have been referred to by Shri Kodiyan.

Shri V. P. Nayar: True. But I want to know why it is not possible for them to do it.

Mr. Speaker: Very well. The hon. Minister may note down that Shri V. P. Nayar also wants to know it.

Shri V. P. Nayar: I want to know why it is not possible.

Shri Achar (Mangalore) —

Mr. Speaker: Hon. Members must give their names to me in advance. Anyhow, Shri Achar is a new Member. Only one question. I shall waive the notice.

Shri Achar: I am very thankful to the hon. Member who has raised this question, but I must correct an inaccuracy in his statement that the State that is interested in this matter is only Kerala.

Mr. Speaker: Mysore also.

Shri Achar: I am only anxious to point out that Mysore State is as much interested in it as Kerala.

Mr. Speaker: What is the question?

Shri Achar: The question is this. So far as this cashew production is concerned, there are a large number of applications for granting lands,

that is waste lands in South Kanara, all the while pending and they are not disposed of. Mostly, these cashew nuts come from the Portuguese area..

Mr. Speaker: What can this Government do? If assignments are not made by the State Government, what can this Government do?

Shri Achar: The Central Government can also take some interest in the matter and advise them.

Another thing is this. In view of the present attitude of the Portuguese authorities, what does the Government propose to do? Because, I understand that now the import of cashew nut very much obstructed. In view of that situation, what does the Government propose to do to solve these problems?

Shri Thirumala Rao (Kakinada): The Government are aware that the Agriculture Minister of the Andhra Government announced that special steps are being taken to encourage the acreage under cashewnuts. My part of the country especially is an area which exports cashewnuts to America and other countries. Are the Government thinking of helping the Andhra Government who have come forward to help themselves?

Shri R. Ramanathan Chettiar (Pudukkottai): May I ask the Hon. Minister whether he will be taking steps to rationalise the industry as the manual labourers are working under very difficult conditions in this industry in Kerala?

Mr. Speaker: The Hon. Minister.

The Minister of Commerce (Shri Kanungo): My task is very simple because the Mover himself has produced almost all the replies.

The basic fact, as the hon. Mover himself has pointed out, is the non-availability of the raw material either in the country or from outside. The fact of the matter is that almost 60 per cent of the raw material for this industry has got to be imported.

The Hon. Member quoted something from the report of the Spices Enquiry Committee. He was not perhaps aware that as a result of the report of the committee and due to subsequent events, Government have launched a large-scale programme of encouraging the plantation of cashew-nuts, the details of which, I believe, have been given out on the floor of the House. Roughly, the Central Government will give a loan of Rs. 150 per acre of plantation on very easy terms. Apart from the Central Government, in view of the Spices Enquiry Committee's report, various State Governments, on their own account, have provided enough money for it.

Shri T. B. Vittal Rao (Khammam): What is the acreage of new plantation after that scheme was announced?

Shri Kanungo: It has gone into operation more or less 2 years back. Madras has reported 9,000 acres in one year and Kerala has reported 20,000 acres. At this rate, the momentum will go much further. Mysore, Madras and Kerala Governments have provided from their own resources something like Rs. 57 lakhs and I think that is a sizeable quantity which the State budgets provide. To catch up the target of 1,25,000 acres, we require much more efforts. One of the handicaps relate to the question of land and I am told that suitable land is not available. Recently, all the Governments have shown interest in this programme, particularly Andhra and Orissa. Wherever any State Government shows interest in it, the Government of India in the Food and Agriculture Ministry are prepared to advance money as per scheme. Therefore, pending the growth of the plantations, which come to bear in five or six years, we have to face the problem of shortages as it is.

The other problem that my hon. friend pointed out, rationalisation is very difficult. For one thing, packing, conditioning and all that is done in a very cheap way. None of the

[**Shri Kanungo**]

valuable by-products are being recovered, because to recover byproducts like oil, etc., it requires a rather expensive machinery. We are trying to interest the Council of Industrial and Scientific Research to find out if any cheaper machinery would be possible. But, that is in the realm of wishing more or less, because the present machinery which is available is costly and most of the establishments which are in this trade cannot afford it. Therefore, rationalisation as was asked is just not possible at the moment, unless investors with adequate funds are forthcoming.

I may mention one thing. The ecological conditions and agricultural conditions of this crop are not known very much. Therefore, the Government in the Food and Agriculture Ministry have established one research station in Mangalore and in the course of one year, it has progressed somewhat. But, the results to be applied to the fields will take a little time. First of all, we have to find out what are the breeds which give the best yield and faultless fruit and all that. Of that, we have no knowledge. The best method of propagation has got to be known. The States of Mysore and Kerala have established stations where planting materials of a superior quality are available. But, the basic point is that planters should be forthcoming who show interest in this type. One of the handicaps, I am told, is this, that many planters do not venture to go in for that, because unlike coffee and tea, cashew-nut is not classed as a plantation, which means that they are subject to the limitations of agricultural land which is common to all crops.

About the trading position to which my hon. friend **Shri V. P. Nayar** referred, the fact of the matter is that today, the actual users get something like 85 per cent of the import licences. The established importers get only 15 per cent. The difficulty is inherent in the sense that in East Africa even, the crop is not grown on a plantation scale. It grows wild and the collec-

tion has got to be organised. It is a very expensive process.

Mr. Speaker: What does it mean: users importers?

Shri Kanungo: That is, factory owners who require raw materials, are entitled to import licences.

Shri V. P. Nayar: They do not import themselves.

Shri Kanungo: They cannot find exporters from the other side, I do not know. But, Sir, as you will realise, the largest producer of this commodity is British and Portuguese East Africa and the relation between Portuguese East Africa and our country being what it is, we can't do anything. From its very nature, the difficulty which most of the operators find is this. To my mind there are too many establishments in the trade than is justified.

A suggestion has been made that the State Trading Corporation should go into it. It will be obvious that for the State Trading Corporation to organise the collection of nuts in East Africa is not a feasible proposition. I need not go into details of it, but whatever nuts are available in the world being available to the actual users, we cannot do anything more than that, because we have realised that the basic solution is in encouraging more plantations.

Mr. Speaker: So far as British East Africa is concerned, the same difficulty also?

Shri Kanungo: Because no one is going to organise collections over there, and it is a very expensive proposition.

Shri V. P. Nayar: Why not Government acquire all the stocks from the importers and then distribute it? We come from that area, and we are told that raw nuts are not available.

Shri Kanungo: It is not so simple as **Shri Nayar** mentions it. Importers do not stock it in the country. They import it as and when they get a demand, and after all, they are permitted to import only 15 per cent.

As regards the State Trading Corporation taking over the exports, I do not see why they should go into it because it is handled by capable persons in the trade. Anyway, the pattern of production has not suffered very much. The ratio between the export price and the price of raw nuts has been at one to six. It has been steady for almost six years now.

Therefore, until the basic problems are solved, the industry attracts more

entrepreneurs and goes into utilisation of by-products, the position will remain as it is, but in the meantime the Government's efforts in increasing the area under cultivation will show results in another couple of years, and the position will be very much eased.

17.33 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday the 4th December, 1957.
