

LOK SABHA

Statement

Wednesday, 16 December 1970/
Agrahayana 25, 1892 (Suka).

The Lok Sabha met at Eleven of the
Clock.

The most significant recommendation of the Committee is with regard to the provision of finance for the Kerala Government scheme. The Study Group has reassessed the financial requirement of the scheme during the Fourth Plan period at Rs. 6.99 crores made up of :—

[MR. SPEAKER in the Chair]

Rs. in crores

ORAL ANSWERS TO QUESTIONS

Development of Coir Industry

*751. SHRI MANGALATHUMADAM : Will the Minister of FOREIGN TRADE be pleased to state :

1. Working Capital	4
2. Subsidy on interest	1
3. Share capital contribution	0.45
4. Price fluctuation fund	0.50
5. Godowns and Sales Depots	0.50
6. Managerial assistance	0.44
7. Additional staff	0.10

Total : Rs 6.99

(a) when the Government of India received a Rs. 15 crore scheme from the Government of Kerala for the development of coir industry ;

(b) when this scheme was referred to the Study Team on Coir Industry appointed by the Planning Commission and when did the Study Team, headed by Dr. K. B. Rao, submit its report ;

(c) the major recommendations of the Study Team ; and

(d) the action Government have taken on these recommendations ?

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (CHOWDHARY RAM SEWAK) : (a) January, 1968.

(b) Planning Commission set up the Study Group in July, 1969 and the Study Group submitted its Report in August, 1970.

(c) and (d). A statement is laid on the Table of the House.

In addition to the above, an amount of Rs.1 crore is intended to be provided from Government funds initially to enable the cooperatives to obtain loans from banks.

Out of this, the working capital requirement of Rs. 4 crores is to be arranged through institutional finance. Rs. 45 lakhs for share capital contribution is to be met by conversion of loans already granted by the State Govt. into equity shares. Since the Fourth Plan already includes provision of Rs. 3 crores for development of the coir industry in Kerala, an additional provision for central assistance for the balance amount of Rs. 54 lakhs is under consideration. The State Bank of India have been requested to facilitate loans to 12 viable, cooperative societies initially to the tune of Rs. 3 crores.

The Government have accepted the major recommendations of the Study Group in principle.

SHRI MANGALATHUMADAM : May I know from the hon. Minister the recommendations which have been accepted by the government and the recommendations which have been rejected ?

CHOWDHARY RAM SEWAK : About 61 recommendations have been made by the Study Group. The main recommendations are about internal marketing, external publicity, non-traditional use of coir, finance for co-operative societies etc. Most of these recommendations have been accepted by Government.

SHRI MANGALATHUMADAM : Which are the ones which have been rejected ?

CHOWDHARY RAM SEWAK : I am not in a position to mention them.

SHRI MANGALATHUMADAM : The Kerala Government submitted a scheme in January 1968. Now after three years the Minister says that the major recommendations of the Study Group have been accepted in principle. May I know from the hon. Minister how long will it take for the government to take final and specific decisions on the recommendations of the Study Group ?

CHOWDHARY RAM SEWAK : The Coir Board has been seized of the matter and it is making all efforts to implement them. The Commissioner of Industrial Co-operatives in the Ministry of Industrial Development has written to the Kerala Government on the 7th December, reiterating the procedures to be followed regarding the arrangement of loans to viable units etc.

SHRI LOBO PRABHU : While we are concerned that it has taken three years for Government to come to decisions on this report, I would like to enquire from the Minister whether this report is confined only to Kerala. Coconuts are grown all over the West Coast and my own district has got a production of coconuts and coir equal to any district of Kerala. Therefore, should not these recommendations of this report be applied to all the important areas on the

West Coast and would Government take early steps to do this ?

CHOWDHARY RAM SEWAK : This report will apply to the coir industry as a whole.

SHRI LOBO PRABHU : I am not concerned with the industry. Will it apply to the whole Coast ? There are no co-operative societies and organisations at all in South Kanara.

MR. SPEAKER : I wish you would see the scope of the question.

SHRI LOBO PRABHU : It is important. My constituency is also entitled to the benefits of this report.

MR. SPEAKER : For that you should send your own question. Shrimati Gopalan.

THE MINISTER OF FOREIGN TRADE (SHRI L. N. MISHRA) : Whatever decisions we make will apply to the coir industry as a whole.

SHRI LOBO PRABHU : What about money ?

SHRI L. N. MISHRA : Whatever financial assistance has been mentioned, about Rs. 6 crores, in the statement will be given to the industry as a whole for modernisation and other purposes. Therefore there is no question of the Coast, Kerala or Madras; it will apply to the whole industry.

MR. SPEAKER : Will hon. Members take care that when I call the next Member, they should not get up. Already I had called Shrimati Gopalan and in between you get up.

SHRIMATI SUSEELA GOPALAN : At present we are facing very strong competition from synthetic fibres abroad. It is very difficult to compete with these synthetic fibres and it is absolutely essential to give subsidy to this industry. Has there been any recommendation by this committee about giving subsidy to this industry so that we could compete in the world market with

synthetic fibres, and what is the reaction of Government to it ?

CHOWDHARY RAM SEWAK : It is correct that we are facing tough competition from synthetics. At present about 15 per cent export duty is imposed on the export of coir goods and coir yarn. The Study Group has made the recommendation for 7½ per cent export duty. But I may be permitted to add that instead of a decline in the export of coir, there has been an increase of 23 per cent in quantity and 34 per cent in value during January-October 1970 as compared to January-October 1969. Therefore there is no case for considering cash assistance.

SHRIMATI SUSEELA GOPALAN : At present there is no duty on export of coir goods. There is a big difference between coir goods and coir yarn for freight charges. Is there any proposal to give subsidy for freight charges ?

SHRI L. N. MISHRA : The question is about subsidy and also about the duty that we are imposing on the export of coir products. About the question of reducing the duty or taking it away altogether, I cannot say because we have seen that in the last three months the exports have picked up. Therefore I do not think that it is necessary to reduce the duty on the export of coir.

SHRIMATI SUSEELA GOPALAN : There is no duty at present on coir goods.

MR. SPEAKER : Order, order. Shri Viswambharan.

SHRIMATI SUSEELA GOPALAN : He is giving wrong information.

MR. SPEAKER : You can proceed under the procedure.

SHRIMATI SUSEELA GOPALAN : There is no duty on coir goods at present.

SHRI L. N. MISHRA : I am talking about coir yarn and export of coir yarn. There is a duty and there is a demand to reduce the duty. This matter was referred

to the Finance Ministry and we came to the decision that the situation should remain as it is.

•SHRIMATI SUSEELA GOPALAN : That is not the question.

MR. SPEAKER : Kindly keep sitting. You cannot enter into a regular argument. If the answer is not correct, you can write to me.

SHRI E. K. NAYANAR : The Minister is ignorant of the facts.

SHRI L. N. MISHRA : I am not.

SHRI E. K. NAYANAR : We seek protection from you.

MR. SPEAKER : If the answer is not correct, the remedy is available under the procedure. Why are you entering into an argument ?

SHRI L. N. MISHRA : It is not wrong information.

SHRIMATI SUSEELA GOPALAN : There is a difference between the freight charges on coir goods and on coir yarn. In order to compete in the world market you will have to give some subsidy on the freight charges, the shipping charges, I mean.

SHRI L. N. MISHRA : There is no confusion about it. I might say what the position is. Currently, there is an export duty of 15 per cent on coir yarn. Following the devaluation of the rupee in 1966 the duty on coir yarn was raised to 25 per cent *an valore*. On the suggestion of the coir yarn exporters, the rate was reduced to 15 per cent. This position still continues.

SHRI P. VISWAMBHARAN : From the statement that has been laid on the Table of the House, it is seen that Government mainly depends on institutional financing for the development of this industry. This is what has been stated in the statement :

"The State Bank of India have been requested to facilitate loans on 12 viable cooperative societies initially to the tune of Rs. 3 crores."

In this connection, I may tell the hon. Minister that the Reserve Bank of India are imposing conditions that are impossible for the cooperatives in the coir industry to accept. I have participated in some of the discussions with the representatives of the Reserve Bank. The Kerala Government have come to the conclusion that the conditions imposed by the State Bank of India are unacceptable to the coir industry.

In view of this, may I know from the hon. Minister as to whether he will persuade the Reserve Bank and the State Bank of India to relax their conditions and rules to suit the cooperatives in the coir industry so that this institutional financing can be made available to the cooperatives?

Secondly, I would like to bring another urgent problem to the notice of the hon. Minister and that is about the difficulty in getting shipping space for lifting Rs. 2 crores worth of coir goods lying in the Cochin and Alleppey ports. I would like to know from the hon. Minister what steps he has taken to ease the situation.

CHOWDHARY RAM SEWAK : As regards the finances to be arranged for the industry, Rs. 4 crores will be from institutional financing. Rs. 45 lakhs will be converted into equity shares and Rs. 3.54 crores will be arranged from the State funds. The amount of Rs. 54 lakhs remains to be arranged. For that, we are making arrangements. As regards shipping facilities; this complaint was received by us and we have written to the Shipping Ministry to make arrangements. I am told, they have made the arrangements recently.

SHRI P. VISWAMBHARAN : Sir, the first part of my question has not been answered. I asked the hon. Minister as to whether the Reserve Bank and the State Bank of India would be persuaded to relax their conditions so that the cooperatives in the coir industry could get funds from these Banks? As the conditions exist, they cannot get it.

SHRI L. N. MISHRA : In the main answer I have said about the recommendations. The institutional financing will help to

implement the recommendations of the Study Team. The Reserve Bank and the State Bank of India are also the financial institutions. If the other avenues do not result in anything, they will also come to our help and rescue. There is no doubt about it.

SHRI A. C. GEORGE : The hon. Minister said that some of the recommendations of the Study Team have been accepted and some have been rejected. At present, the most difficult bottleneck is lack of shipping space. May I know from the hon. Minister as to whether he will at least request the Shipping Corporation of India to make a special reservation of shipping space?

CHOWDHARY RAM SEWAK : I have already answered that.

SHRI VASUDEVAN NAIR : Is it not a fact that while the Government is considering the question of institutional finances and such other long-term measures for the entire scheme, the Industries Minister of Kerala who met the hon. Minister recently wanted at least some *ad hoc* grants or loans for the Co-operative Societies, to go ahead at least in the rest of the financial year and wanted at least a help of Rs. 75 lakhs, and may I know whether the Government has taken any decision in the matter?

SHRI L. N. MISHRA : The Industries Minister of Kerala met me and we had a long discussion about the development of industries in Kerala. He also wanted some financial assistance. I have assured him and I will recheck it with the Ministry of Finance.

Perhaps, if my memory is correct, something like Rs. 45 lakhs is to be given to them as assistance and if more is required we will try to help the Government of Kerala so that the coir industry flourishes.

MR. SPEAKER : Qn. 752—Mr. Dhandapani—absent.

Mr. Mayavan—absent.

Qn. 753.