

LOK SABHA DEBATES

LOK SABHA

Friday, March 15, 1985
Phulguna 24, 196 (Saka)

The Lok Sabha met at Eleven of the
Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

[English]

Higher Price of Tea Despite Bumper Crop

*41 SHRI VIJAY KUMAR
YADAV : Will the Minister of
COMMERCE AND SUPPLY be pleased
to state :

(a) whether India had a bumper
crop of tea for two successive years in
1983 and 1984 ;

(b) whether despite the bumper
production, the prices at home have
almost doubled ;

(c) if so, the details of the produc-
tion and price variations during the last
five years ; and

(d) the reasons therefor ?

THE MINISTER OF STATE IN
THE MINISTRY OF COMMERCE
AND SUPPLY (SHRI P.A. SANGMA) :
(a) to (d) A statement is laid on the
Table of the House.

Statement

(a) to (d) ; Substantial increases in
tea production were registered in India
in 1983 and 1984 after a period of
stagnation as can be seen from the
following figures :

Production in M. kg.				
1980	1981	1982	1983	1984
570	560	561	589	644

However, tea prices are generally
determined by the position of interna-
tional supply and demand and in view of
an excess of world absorption of tea as
compared to world supply in the past
few years a substantial price increase
has been registered the world over in the
last two years.

Tea prices in India also started
rising sharply in 1983, after a period of
stagnation but it has been possible to
restrict the price rise in India, with
regard to tea consumed in the domestic
market as compared to the rise in world
prices, by regulating exports. The
average price of CTC teas (which form
the bulk of domestic consumption) in
Indian auctions varied from Rs. 12.88
per kg. in 1980, Rs. 13.77 per kg. in
1981 to Rs. 15.27 per kg. in 1982. As
compared to Rs. 17.98 in January 1983,
prices in January 1984 were Rs. 25.27
and the prevailing price is of the order
of Rs. 26 per kg.

[Translation]

SHRI VIJAY KUMAR YADAV :
Mr. Speaker, Sir, the reply given by
hon. Minister is not clear.

MR. SPEAKER : What is the way
out ?

SHRI VIJAY KUMAR YADAV :
I would like to know this from the hon.
Minister.

THE MINISTER OF FINANCE
AND COMMERCE AND SUPPLY
(SHRI VISHWANATH PRATAP
SINGH) : If one is not able to under-
stand, what can be done.

SHRI VIJAY KUMAR YADAV :
There has been a sharp and steady
increase in the prices of tea during the
past years. If the poor people of our
country do not get tea due to the in-
creasing prices, it is really sad.

It is said that the prices of tea
fluctuate on the basis of supply and

demand. From the statistics given by the hon. Minister for the last two years, it is clear that the production of tea has increased considerably in our country. The production of tea increased in 1983 and 1984 by 24 million kg. and 55 million kg. respectively. With the increase in production, the prices of tea increased by Rs. 2.71 paise in 1983 and Rs. 7.29 paise in 1984.

Mr. Speaker, Sir, it seems that the cause of this anomalous situation is our export policy and the manoeuvrings of our manufacturers, on account of which there is no control over the surplus tea in the market.

The production of tea was 644.52 million kg. in 1984 and out of it 215 million kg. was exported. The demand in our country is about 400 million kg. After meeting this demand, the surplus comes to about 30 million kg. In spite of this the prices of tea have increased. I want to know whether all the manufacturers are getting themselves registered with Tea Board as per rules? Is it not a fact that the surplus tea in our country is smuggled into Pakistan and other countries? Is it also a fact the manufacturers fail to get themselves registered with Tea Board and as such it is not possible for the Government to know as to how the demand of the consumers is met.

[English]

SHRI P. A. SANGMA : The prices of tea in our country have a bearing on the demand and supply position of tea in the world as a whole because India is the largest producer, exporter and consumer of tea. UNCTAD had made a study, and they came out that if there is one per cent difference in the supply position of tea in the world, it will have an effect of 7% difference in the prices of tea.

It is true that the production of tea has gone up substantially in our country; but in the other parts of the world, production has not been that much, because of the problem in Sri Lanka and weather conditions in other producing countries. So, when we take

the availability of tea for world consumption into account, there has been some gap. In fact, the gap in 1982-83 and 1981-82 have been 37 million tonnes and 19 million tonnes respectively. Now our problem is, as I have said, that since we are the *greatest exporter* of tea and we have to *cater to the needs* of the world market—we have established markets—the question is whether we should have a *sustained and consistent policy* of exporting our tea and not losing our market, or whether we should forget about the foreign exchange earnings and then we should cater to the needs of the domestic market. I think we have to take both the aspects into consideration. And our policy has always been to maximise our exports, at the same time making our tea available for domestic consumption. But if we look at the world picture about the rise in prices of tea, India is very much in a better position. I can give the figures for the last few years : in 1983-84 in India the price—in 1983—stood at Rs. 24.13, and the price went up to Rs. 26.09, whereas in Bangladesh from Rs. 45.19 it went up to Rs. 55.05. I will cite only three examples ; in London from 149.58 in 1983 it went up to...

[Translation]

SHRI VIJAY KUMAR YADAV : Mr. Speaker, Sir, I am not getting reply to my question. I had asked whether it is not a fact that in our country the consumption of tea is 400 million kg. and about 30 million kg. remain surplus and that this tea is being smuggled into Pakistan and other countries and that the Government is unable to check it? The tea manufacturers should get themselves registered with the Tea Board and the consumers should have knowledge about the movement of tea. This is not being done. The hon. Minister is not able to reply to it.

[English]

SHRI P. A. SANGMA : I have not come to the other part of your question. I will certainly come to the other part of your question. I have always tried to impress the House...

MR. SPEAKER : Satisfy him on these two counts, including whether there was smuggling or not.

SHRI P. A. SANGMA : It is not a fact that they are not registered with the Tea Board. These rules have been strictly followed. They are all registered with the Tea Board. Secondly, as far as smuggling is concerned, no incident has been brought to our notice. If the hon. Member has got any report to that effect, he is welcome to give it. We will investigate it.

[*Translation*]

SHRI VIJAY KUMAR YADAV : The whole machinery is at the disposal of the Government but the hon. Minister wants information about smuggling from us.

MR. SPEAKER : He has pleaded his ignorance.

SHRI VIJAY KUMAR YADAV : Because of poverty in the country, tea is the only commodity which everyone needs. Keeping this fact in view, what steps are being taken by Government to make tea available to the common man and is the Government making efforts to bring down the prices of tea ; if so, the details thereof ?

[*English*]

SHRI P. A. SANGMA : By giving all these statistics, I donot want to detend ourselves by saying that we will allow the rise of prices in tea and it is good for the country. I am not saying that. What I am saying is that under the circumstances it has been difficult for us to bring down the prices. But in order to bring down the prices of tea in the country, the government has taken a number of steps. We have regulated exports against such a bright prospect of export of tea and much higher value realisation outside in the world. But we have regulated exports of tea and several steps have been taken to bring down the prices.

MR. SPEAKER : Not outside the world, but outside India.

(*Interruptions*)

SHRI G. G. SWELL : The Minister in his statement has admitted that there has been a bumper crop of tea. He has also mentioned the rise in the price of a kilogramme of tea in the country. It was some Rs. 18/- in January 1983, and now, according to his own statement, it is Rs. 26 ; that means there has been a rise of Rs. 8, almost 50 per cent. Now, this could be explained only by three reasons. There has been a great increase in the export of tea. According to him, the price of tea in the world is very good ; we are getting a very good price. There are must have been a great increase in the quantum of exports. I would like to know how much tea was exported during 1983-84 and 1984 85 and what is the difference and how much foreign exchange we earned by this. Another reason could be that there is a greater demand of tea within the country, which I do not believe, because the consuming power of our population is limited, because we cannot go beyond a certain point. I would like him to enlightenus on this, the third explanation, which the Minister is trying to make light of, is that tea has disappeared from the country through non-conventional channels. The member who asked the question had hinted at smuggling. We would like to have the break-up : how much tea was produced, how much tea was exported and how much tea was consumed in the country so find out whether the tea has disappeared from the country by non-conventional channels.

SHRI P. A. SANGMA : Of course, the figure of production of tea has already been given in the main answer ; that figure is already available for the last five years ; I am not going to repeat that. As far as exports are concerned, in 1983, we had exported 208 48 million kilow and our foreign exchange earning was Rs. 516.82 crores. The value realisation at that time per kilow was Rs. 24.79 ; in 1984, we had exported 214.73 million kilow ; it is not very much, from 208 we have gone only to 214 in 1984, but the value realisation has been much higher ; against Rs. 24, it went upto Rs. 34, Rs. 10 more and

our foreign exchange earning has been Rs. 744.92 crores. So, it is not a bad performance.

SHRI G. G. SWELL : There are many questions which have not been answered. The quantum of tea exported abroad was marginal. If there has been a greater realisation of money, it is because of appreciation of the price of tea outside in the world; it has been explained. Secondly, I wanted to know whether there has been an increase in the consumption of tea. Whether all these figures, export figures and the figures of consumption in the country will relate to the production of tea; there has to be some kind of a realistic analysis.

SHRI VISHWANATH PRATAP SINGH : There has been increase in production, but due to increased consumption in the country the production has been — the quantum — more or less the same order. In 1975 the production of tea was 487 million kg. In 1983 the estimated figure is 587, but there is a sizeable increase in production. But so far as the exports are concerned, the exports in 1975 were to the tune of 218 million kg and in 1983 it is 208 million kg. The quantum of exports is about the same. The production has gone up. That has been taken away by the internal consumption.

A concern was expressed about this being the poorman's beverage, what steps the Government had taken. I may remind that when the prices went up we banned CTC tea and the tea industry was also asked to come to voluntary price control, which it did; and in some of the cosmopolitan towns it had package tea at agreed prices.

If you see, from August onwards when these measures were taken, there was an impact on the price of tea. In August it was Rs. 30.30 and in December it was Rs. 26.77. It is high, but these measures did reduce the price of tea.

SHRI INDRAJIT GUPTA : Poor people do not buy package tea, they loose tea.

SHRI SHARAD DIGHE : The hon. Minister has stated that it is possible to restrict price rise in India by regulating exports, and even then the figures show that from January 1983 the prices have risen from Rs. 17.98 to Rs. 26 today. I would like to know from the the Minister whether the Government proposes to take any strict measures regulating these exports with a view to restrict price rise so that there will be no further price rise or there would be reduction in prices.

SHRI P.A. SANGMA : We have already taken the steps and we have already announced our marketing policy for 1985.

PROF. N. G. RANGA : What is this marketing Policy ?

SHRIMATI GEETA MUKHERJEE : Now coming to brasstacks, it is the said that auction price of tea even in 1984 is Rs. 26 per kg. Though I strdailly feel that non of the questions was answered, I would like to know one thing. Are the Ministers aware how much does even this CTC tea today cost in the market? Do they know that even the cheapest variety of CTC costs Rs. 40? I would like to know if the price of Rs. 40 to 45 is the lowest. That being the cost, what is the reason that even after auction at Rs. 26 per kg., we poor souls are to buy it at Rs. 40 to 45 per kg? And, what measures have been taken by the Government to intervene in that sphere? In the other sphere nothing much has been done. But even in this sphere we would like to know how we can get cheaper tea. Please tell us, or get cheaper tea for us.

SHRI P.A. SANGMA : I am very much aware that the price of tea has risen. There is no doubt about this, because I am also a tea consumer. what I have explained is that in the circumstances it is not possible for us to bring down the price to the extent the consumer would have liked, including myself. We have been ourselves regulating exports even in the order to make it

available in the country within a reasonable price.

The cost of production of tea has been very high.

SHRIMATI GEETA MUKHERJEE : what is the difference between auction price and consumer price?

SHRI P.A. SANGMA : According to the figures available with me the consumer price of various grades of CTC tea, excluding local taxes, is as follows :

April-June 1983 —

Red Label — 28.76

Super dust — 30.47

Yellow label — 28.66

Ruby Dust — 30.48

April-June, 1984 —

Red label — 32.00

Super dust — 35.67

Yellow Label — 30.88

Ruby Dust — 35.68.

Export of Cotton Yarn due to Surplus Production.

*42 **SHRIMATI JAYANTI PATNAIK :** Will the Minister of COMMERCE AND SUPPLY be pleased to state :

(a) whether India has become surplus in cotton ;

(b) if so, whether Government have a proposal to export cotton yarn in view of its surplus production ;

(c) the quantum of cotton and cotton yarn proposed to be exported during 1985-86 financial year ; and

(d) the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND SUPPLY (SHRI P.A. SANGMA): (a) to (d). A statement is laid on the Table of the House.

Statement

(a) to (d) : The production of long and extra-long staple varieties of cotton has been surplus to our domestic requirements during the last few years. The export of cotton is determined on the basis of demand, supply and trend cotton prices. During the current season (1 September 1984 — 31 August 1985), a quantity of 1.00 lakh bales of long and extra-long staple varieties of cotton has been released by Government for export so far. During the Calendar year 1985, export of cotton yarn of counts 4ls to 60s is allowed within a ceiling of 6 million kgs., while that of counts 6ls and above is allowed without any restriction.

SHRIMATI JAYANTI PATNAIK : The Minister has replied that the production of cotton has been in surplus for the last few years. I would like to know the average surplus quantity of cotton per year. What is the price in the international bulletin? what is the f.o.b. and c.i.f. price of it? Will the Minister supply a copy of the bulletin to me regarding this ?

MR. SPEAKER : I am happy that she asked this question though there is no cotton produced in Orissa. It is I who should have done it. She must be knowing all these facts. If the prices of cotton are going down, why can you not export more of it ?

SHRI P.A. SANGMA : As far as this year is concerned, the estimated production - hon. Speaker knows it very well because he has been talking very often about this - is 84.75 lakh bales. The carry-over stock is 16 lakh bales. That makes the stock available 100.75 lakh bales. The consumption by the mills is expected to be 86.65 lakh bales. As far as export is concerned, the surplus that we talk about is only in the case of extra long and long staple cotton. Our estimated surplus at the moment is 2.86 lakh bales, out of which we have allowed export of one lakh bales so far. As far as medium staple is concerned, there is in fact shortage of it to the tune of 70,000 bales.