

fate of the assessor. He is absolutely nothing but just a glorified human effigy occupying a chair. They have only to nominate a single member who is likely to sweep the polls if members of the Scheduled Castes happen to be in a majority.

[MR. DEPUTY-SPEAKER in the Chair].

If they happen to be in a majority, it will be an act of.....

Mr. Deputy-Speaker: Order, order. The hon. Member will kindly resume his seat. He can continue later. Half-an-hour has been allotted for discussion on a question tabled by Mr. Guha. That discussion will be over by five O'clock. The hon. Member may continue after five.

Shri Velayudhan: Are we sitting after five?

Mr. Deputy-Speaker: Yes. It will take half an hour to conclude this debate.

TEA GARDENS IN ASSAM AND WEST BENGAL

Shri A. C. Guha (Santipur): The House must have been aware of the crisis that is now prevailing in the tea industry of the country. (*Interruptions*).

Mr. Deputy-Speaker: Hon. Members are not able to hear so long as they talk like this in the House.

Shri A. C. Guha: During this session on so many occasions this question was raised on the floor of the House and there was also a Short Notice Question the other day. Government also have been making enquiries into the crisis for some months. So Government are also cognisant of the position, and the hon. Minister has stated in reply to the Short Notice Question that 20 gardens have already closed though information available from other sources would indicate that a larger number of gardens had been closed. Some points could not be really discussed during the Short Notice Question. So I gave notice for this half-an-hour discussion, particularly to cover the following points: the recommendations of the official Committee and how far the Government are going to implement those recommendations; the failure of sale of tea in the Calcutta market and consequent accumulation of large stocks of tea; and credit facilities available to the distressed tea gardens owing to the present crisis in the tea industry.

The official team went round the country and made a thorough enquiry into the tea industry. They have made as many as 50 recommendations as to how relief can be rendered to this important industry. So I think this House is entitled to know how the Government are going to implement these recommendations—how far they have been able to accept the recommendations and when these recommendations will be implemented.

Then, the failure of the sale of tea, in the Calcutta auction and the consequent accumulation of large stocks of tea. From paper reports, we have seen that at least on two consecutive occasions no sale of tea in the Calcutta auction could be held. But the strangest thing is that almost by the same date a tea auction was held at Chittagong and that was going on quite all right.

Mr. Deputy-Speaker: I may tell the hon. Member, without taking his time, that there are the proposer and the seconder, two people, the hon. Minister has to answer and there are seven hon. Members who have given me their names and desire to put questions. Therefore, he will finish in ten minutes, the hon. Minister will take ten minutes and the other ten minutes will be taken by other hon. Members, one or two minutes each.

Shri A. C. Guha: What is the reason for this failure of auction? Due to the failure of auction there has been an accumulation of these stocks. Sir, you also know we discussed this point in the Estimates Committee that auction should be held at Calcutta and Calcutta should be made the centre of the world tea market. While this auction is held at Calcutta, simultaneously an auction is also held at London. The better quality of tea, at least that which can be consumed by our foreign consumers, that quality of tea is almost entirely sent to London. So, in Calcutta auction we do not get the proper quality of tea that can be sold. The Government should have taken some step to prevent this duplication of tea sale and it was also suggested that in Calcutta proper warehousing should be arranged for storing all tea. As far as I have been able to know, that has not been properly done as yet. Then arises not only the question of providing the same but also the proper construction. Some steps should be taken that the quality of tea may not be impaired while being stored in those warehouses.

Shri B. Das (Jaipur-Keonjhar): By Government or the industry?

Shri A. C. Guha: By Government because they are collecting so many taxes.

Then, my third point was credit facilities for the distressed tea gardens, gardens which are closed. I may say they were solely or mostly Indian gardens. This crisis has not touched the bigger European gardens as keenly as it has touched the Indian gardens. One of the reasons for the closure of these gardens is that commercial banks have refused to give them any credit facilities. One of the conventions for these commercial banks was that while advancing money for the current crop they make calculations on the basis of the cost and the price realised for the last year's crop. So, the credit for the cost that will be incurred this year will be calculated on the basis of the prices realised last year. And, we know, last year the tea prices had fallen down and the last year's crop also has not been able to get a proper price. So, there has been automatically a limitation of the credit facilities. I know some of the commercial banks which have been lending money have refused to lend any further amount to these gardens. Then the official Committee suggested that the Industrial Finance Corporation and also the Land Mortgage Banks should be utilised for this purpose of financing the tea gardens. There also I think the Government should make their position clear, as to how far these tea gardens can get credit facilities either from Land Mortgage Banks or from the Industrial Finance Corporation or from some other commercial banks. If the commercial banks are persuaded to give more credit facilities, then I think the Reserve Bank will have to give some sort of guarantee.

Turning to the present crisis in the tea industry I would like to refer to one point, viz., the fixation of the price of tea. It should be done in collaboration with the auctioneers in London also. The official team on the tea industry has referred to some very dangerous features in the present tea trade in Calcutta. I would particularly refer the House to recommendations Nos. 2 and 3. Recommendation No. 2 says:

"There also appears to be some substance in the criticism of the Calcutta auctions, for the bids are not unrestrictedly open."

Recommendation No. 3 says:

"It must be admitted that a small number of firms (in Calcutta four to be exact and all of them

European) has a great influence on market sentiment. It is to be wished that there is a larger number of brokers and a greater diversification."

Tea brokers in Calcutta are almost all of them Europeans and they have a stranglehold over the entire tea industry in Calcutta. So, I should like to have some clarification from the hon. Minister as to what the Government intends to do to remove these difficulties. During the course of the supplementaries arising out of the Short Notice Question the other day, a suggestion was made that there should be some discussion with the U.K. Government regarding fixation of prices. I should also like to mention that the U.K. which is our biggest consumer of tea has since the year 1938 begun to consume less Indian tea. The consumption by the U.K. is going down and during the last 12 or 14 years, the U.K. has taken something like 100 million lbs. of tea less than before from us. This point about the U.K. diverting its tea purchases from the Indian markets to other markets has to be considered by Government. In this connection, I would refer to our obligations as regards what is known as "imperial preference". If we are asked to give a certain preference to goods manufactured in the United Kingdom and in certain other Commonwealth countries, we should expect that the U.K. also would purchase Indian tea in preference to tea from other countries. Why there has been a decline of nearly 100 million lbs. in the purchase of Indian tea by the U.K. has also to be explained to us by Government.

I think that I have covered most of the points on which I should like to have clarification from the Government.

Shri Sarmah (Goalghat-Jorhat) rose—

Mr. Deputy-Speaker: I know that one or two other hon. Members want to put some questions. It is, however, usual to ask the hon. Minister to reply first to the main questioner. But on this occasion, if one or two other hon. Members want to put some questions, I would allow that, and the hon. Minister may reply all of them together. How long would the hon. Minister like to take?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): As long as the House wants, Sir. I can dilate for 25 minutes if it is necessary, but if I am given three minutes I shall say all that I have to say.

Mr. Deputy-Speaker: This half-an-hour allotment is not exceeded generally. Therefore, may I enquire from him whether he will take ten minutes or fifteen minutes?

Shri T. T. Krishnamachari: Just as the Chair wills it, Sir. I will try to be brief. If I am given ten minutes, I shall cover the whole ground.

Mr. Deputy-Speaker: I will call upon the hon. Minister straightway then to give his answer. He can make a full statement and other questions may not be necessary at all. Otherwise, there would be only questions and no answer, and the whole discussion would be futile.

Shri A. C. Guha: The position is well known to the Government and the hon. Minister knows all the aspects of this problem.

Shri T. T. Krishnamachari: I recognise, Sir, that the problem is one in which a number of hon. Members are interested and I do hope to be able to say something which, if it would not altogether satisfy all of them, may provide some assurance that Government is taking action in this matter. The hon. Member did mention the background of the trouble. That background is really that there is a gap between the cost of production and the price that tea obtains, whether it is in the internal market or in the export market, and this gap is due to the reduction in price being "so precipitate that the tea interests have not been able to adjust themselves to the new conditions. I have got a telegram yesterday from the India Office, London,....."

Shri B. Das: Say India House.

Shri T. T. Krishnamachari: Call it India House or India Office. That telegram says that after deration and the removal of price control the retail price of low and medium quality tea is about 2 sh. 6d. whereas standard blends fetch anything between 3 sh. 6d. to 4 sh. 6d. and superior blends from 6 sh. to 10 sh. per lb.

This fact has been recognised by the official team on the tea industry as well. We have also now to recognise the fact that we cannot continue to sell indifferent grades of tea and obtain good prices in future. The reason for that is that while the United Kingdom was the sole buyer, we were able to exercise a certain amount of influence on the only buyer and all qualities of tea went to them.

Another silver lining, in my opinion, is a leading article, in the *Financial Times* of London, dated the 6th of

December, to which my hon. friend Mr. Tripathi drew my attention. It says:

"The decline in tea values has been the result of an unfortunate combination of circumstances. To begin with there is a considerable surplus of tea existing in 1951. At the same time, control was maintained in the United Kingdom which is the major world market in tea. Under this buyers were limited to the amount they can buy and sell. This control was lifted and before this ration has been increased quickly from two ounces to three ounces. The point is worthwhile noting. The ration of two ounces which people were accustomed to was quickly increased to three ounces. When control was raised stocks with the shops were high and also housewives had their own private stocks of a user. As a result of all these tea which costs 2 s. per lb. or in some instances 2 s. 9d. per lb. to bring over to auction in this country is now selling at a little over 1s. 6d."

Therefore, while the cause is given the remedy or rather the future is also indicated that the prices are low because of over-stocking and as these stocks get absorbed, there must be a change in the position so far as tea trade is concerned.

The point on which my hon. friend laboured was the question of bank finance. One is related to the other. If there is a gap between the cost of production and the sale price obtained for that product, naturally that militates against bank finance available to those tea estates. Therefore, while something has to be done in regard to this bank finance, the point has to be recognised by all concerned that the mere fact of either an increase in price to some extent—it will not go back to the old days, that is fairly certain—or even of temporary finance is not going to help us out of the woods. All people concerned have got to act. Tea estates have to bring down their profits for a year or two. They must go without any dividends. And labour will have to adjust itself.

There is one peculiar condition in regard to labour, which I think is a good one, that obtains in tea estates alone, namely that labour is still being supplied with rice at Rs. five per maund. Naturally it reacts on the wages they get. The wages are low. The minimum wages fixed are anything between 14 annas to Rs. 1/2/- as against Rs. 2/8/- that agriculture labour gets in Assam, as my hon. friend pointed out. None the less it is a fact which has got to be noted that rations are supplied at Rs. five per maund of rice. What the tea

[Shri T. T. Krishnamachari]

estates say is that it has no bearing, no relation, on the quantum of work done. Work is done only for one day in the week, but rations have to be supplied for the whole week, for all the members of the family, including the dependents. It may be right, it may be wrong, but there it is. It is an indication that some sacrifice is called for from all people all round.

Shri K. P. Tripathi (Darrang): The information which you have got is entirely wrong.

Shri T. T. Krishnamachari: I have no doubt that Government is always in the wrong and my hon. friends are always in the right. But Government can only depend on wrong information and put it up. The hon. Member can correct me when his opportunity comes.

Shri B. Das: There is nothing to correct.

Shri T. T. Krishnamachari: My hon. friend mentioned about tea gardens that needed finance. According to our information the present acute difficulty is broadly confined to about 275 Indian owned tea gardens. They are mostly in the North and North-East. These are being financed by banks—by eight scheduled banks and one Apex Co-operative Bank in Assam. I do not know how many of them are what are called sub-marginal uneconomic units. Some of them are apparently of that category. No amount of bank finance, no amount of minimum price subsidy is going to help them. They have got to take the finances, and some of them might have to close down. But I understand that that is not generally the case. The other gardens, I mean the marginal units and the sound gardens, may be helped to some extent. It has been indicated to Government that steps should be taken by us to make bank finance continue to be available to these marginal gardens and the sounder gardens for financing their operations for 1953, notwithstanding the possible deficits in their payments during their operations in 1952. And it is suggested that some kind of help from Government or guarantee, as the case may be, might prevent the closure of an appreciable number of marginal gardens and enable these, in particular the sound gardens, to get a minimum bank finance until such time as the price situation improves.

The Government has been considerably exercised by the present position of the tea industry. The Secretary of my Ministry has been twice to Calcutta and once to Bombay during the last

ten days. We had the benefit of the assistance of the officers of the Finance Ministry and also some of the officers of the Reserve Bank in appraising the financial position. And the Government now feel, that they might consider the possibility of offering to guarantee banks against deficits in the financing of the 1953 crop, such guarantees being limited in amount to a percentage of the repayment to the bank by these gardens in 1952. Naturally, Government would insist on suitable safeguards like securities, hypothecation and things that banks usually ask for, so that no ultimate loss will accrue to Government by reason of this guarantee. But from the estates who avail themselves of such help from Government through banks, Government will have to ask for additional guarantees as for instance that they will not pay dividends until Government's guarantee is completely discharged and, secondly, that they will not embark on any precipitous discharging of labour. Government hopes that labour will avail itself of this opportunity, provided they keep the estates going and would not in turn insist on their pound of flesh.

My colleague the Minister of Labour is, I understand, holding a conference in Calcutta in about a week's time where tea interests, both estate and labour, will be represented. Government hopes that some good will come out of this conference which will at any rate ensure that labour will not have to undergo any undue suffering by reason of the estates being closed.

I would like to add that what I have said is more or less confined to the Indian-owned tea estates about which we have collected statistics. It may be that some of these Indian-owned tea estates are being financed by, what are called, agency houses. We cannot help them. Unless these estates depend on banks, scheduled banks or co-operative banks, for their finance, Government cannot offer the assistance indicated. If they are dependent on agency houses, they have got to make their own arrangements. At the same time, it may be that some of the European owned estates are also in difficulties. Our concern really is, apart from the fact that we want tea to be produced in this country, we do not want labour engaged in this industry to suffer by reason of the fact that this Government is quite prepared to extend some help to these estates also in the same manner as we indicated with reference to the Indian-owned estates. I understand that these estates have got some reserves in many cases. In many cases they do not need

the same quantum of help as Indian estates but subject to the general overriding consideration that these European-owned estates will treat their labour fairly, we will agree to some measure of conciliation and arbitration which might be agreed to. My colleague, the Labour Minister, is in Calcutta and at the tripartite conference; we are prepared to extend similar help subject to the same limits to other estates as well.

I would like to say this before closing. Government is not now in a position to enter the field directly. We have no organisation. In fact, the hon. Member said we do not have even adequate information of how many estates have been closed. That is because the organisational set-up is such, it is not very efficient. We do intend during the period of the next 12 months to so revise our organisation that, at any rate, we can keep our finger on the pulse, but the House, the public, those who own the estates, those who run them and labour must realise that in the situation in which we are placed today, no good is ever done by saying that somebody in England had done something wrong, somebody in Calcutta had done something wrong and the Government is always wrong because it cannot help anybody. We have to put our heads together and see that those who make the least sacrifice are not asked to make all the sacrifice that is asked for of them but it is undoubtedly clear that some sacrifice is called for from all interests. If this assurance is forthcoming, I have no doubt that the Government can give the assurance that it will, to the extent possible, to the extent I am responsible to the House, not fritter away the finances of the exchequer. We are trying to do as much as we can. Again I depend upon this newspaper from London which says:

"First, the statistical position is much more promising than it was a year ago. So far as can be calculated there is no longer a surplus and for the 1952-53 season which ends in March supply and demand will be roughly in balance."

If that is a correct estimate, I think we will probably reach almost the zero point and hereafter things must look bright. I do hope that this paper is correct.

Mr. Deputy-Speaker: There is hardly any time, half a minute.

Shrimati Renu Chakravarty (Basirhat): So much has been added by the hon. Minister that now there is no time left for us to discuss any

thing. The whole discussion had been one sided. Anyway there are only two points, the most important, which I should like to bring out. If he is short and brief, he may answer now. One of the peculiar features of this tea industry is that 80 per cent of it is owned by British capital and the entire industry is within the grip of that capital. Now the British producing interests in India are people who are manipulating this market in such a way that now tea is selling at a low price.

Mr. Deputy-Speaker: What is the question? Half a minute is over.

Shrimati Renu Chakravarty: Sir, this is a discussion. We need not put everything in the form of questions. The whole question of collusion of the British tea companies has come up again and again in this House and the hon. Minister has not been able to supply us with any details. Usually, he just pleads incapacity or says that he is not able to go into it. We want to know exactly whether the whole question is going to be looked into. That is one question.

5 P.M.

My second question is this. We want to know whether the Government proposes to go into the whole question of the cost of production: exactly how much is going to labour, for food, for communications, how much is going to managing agencies, for brokers, etc., and for the high-salaried officers, etc. We know that the officers in most of these tea gardens live in palatial houses and are almost nabobs. Therefore, we want to know whether this whole question is going to be gone into and whether the demand of the tea garden owners that the Minimum Wages Act should not be applied, will not be considered by the Government.

Shri T. T. Krishnamachari: I can only promise that I shall consider all that the hon. Member has said.

Mr. Deputy-Speaker: I am sorry that I have not been able to call upon the other hon. Members. On previous occasions, it has been the practice for the hon. Minister, if possible, to accept any suggestions or questions sent to him. I am sure, he will satisfy individual Members as regards those points that have been raised or issue a summary memorandum replying to those points. There are these ways and they may be adopted. The hon. Minister has said that he will consider all the points, not only already placed before him, but also those that may be placed before him, hereafter.

BUSINESS OF THE HOUSE

Mr. Deputy-Speaker: The House will now resume discussion of the Delimitation Commission Bill. We have got so many Bills on the agenda. We have got a very short time. Therefore, I propose to sit from ten o'clock to six o'clock in the evening with an interval from one o'clock to 2-30.

Some Hon. Members: From tomorrow?

Some Hon. Members: Tomorrow, there are Private Members' Bills.

Mr. Deputy-Speaker: From day after tomorrow.

An Hon. Member: On the 12th, we have the Supplementary Demands.

Shri Gadgil (Poona Central): Even under the Factories Act, over time is paid. What about us?

Mr. Deputy-Speaker: On the day on which Supplementary Demands come up, we will commence at ten o'clock and the guillotine will be applied at five o'clock. There will be one more hour or 45 minutes. Today let us finish this matter.

Several Hon. Members: No, no.

Mr. Deputy-Speaker: Let the hon. Members sit for half an hour. Let us

finish this Delimitation Commission Bill first stage.

Several Hon. Members: From tomorrow. Not possible.

Mr. Deputy-Speaker: I do not want to take decisions over the head of the House regarding this matter. Tomorrow is a Private Members' Bill day. Day after tomorrow is allotted for Supplementary Demands. There will be guillotine at five o'clock. There is no good trying to sit after five. Therefore, from the 13th, when the Report of the Planning Commission is to be discussed.....

Several Hon. Members: From Monday.

Mr. Deputy-Speaker: All right; from Monday. Hon. Members wanted one more day for that. Whether a day is allotted or not, I can make up that one day by sitting three-quarters of an hour earlier in the morning and from five to six in the evening. One and three-quarters of an hour each for three days will make up one day. We will start from Monday.

The House then adjourned till a Quarter to Eleven of the Clock on Thursday, the 11th December, 1952.