

**Mr. Speaker:** He has only corrected his statement.

**Shri Karmarkar:** I shall find out and supply the information.

**Mr. Speaker:** Hon. Ministers who correct their statements must also be prepared to answer supplementary questions arising out of the correction.

12-04 hrs.

**BUSINESS ADVISORY COMMITTEE  
THIRTY-FIRST REPORT**

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):**

I beg to move:

"That this House agrees with the Thirty-first Report of the Business Advisory Committee presented to the House on the 17th November, 1958".

**Mr. Speaker:** The question is:

"That this House agrees with the Thirty-first Report of the Business Advisory Committee presented to the House on the 17th November, 1958".

*The motion was adopted.*

12-05 hrs.

**TEA (ALTERATION IN DUTIES OF  
CUSTOMS AND EXCISE) BILL—  
contd.**

**Mr. Speaker:** The House will now resume discussion of the Tea (Alteration in Duties of Customs and Excise) Bill.

The House has already taken 2 hours and 11 minutes on this Bill.....

**Sardar Hukam Singh (Bhatinda):** No time has been allotted.

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

**The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi):**  
**Mr. Speaker.** Sir, as many as 11

speakers have spoken, and the majority of them have pleaded that the relief given is not adequate. They also complained that enough information was not given at the time when the motion was moved.

This came into force on the 28th September, 1958 and when my hon. colleague, Shri B. R. Bhagat, spoke at the time of the introduction of the Bill, he gave all relevant facts to the House. Yet hon. Members pleaded that the cost structure was not made available, labour was not consulted, consumers' interests were not consulted and so on. All these matters are not quite relevant to the Bill under consideration. We are not putting any new impost on tea. On the other hand, we are giving relief after duly considering the representations of the trade, consumers' interests and labour's interests at great length.

The object of the Bill is very simple and, therefore, the Statement of Objects and Reasons is only in two lines. Shri Naushir Bharucha complained that this was the briefest Statement of Objects and Reasons he had ever seen. The object is very simple, namely, to enable the common teas to compete in the international market. so there was no need to elaborate the object. We are sure that what is being sought is being gained by the relief given.

Shri Naushir Bharucha also complained that the tea shares were going down in the market. I do not know whether he has seen the latest figures. I have some figures with me. They all show that perhaps due to the relief given tea shares are moving up. In Calcutta, for instance, Brooke Bond which had begun at 17-75 in the beginning of October moved up to 17-87, Hanthpara moved from 116 to 124 and Hasimara from 23-37 to 23-44.

**Shri Naushir Bharucha (East Khadesh):** They are minor daily fluctuations.

Dr. B. Gopala Reddi: In October, tea shares had moved up. I am also able to say that the demand for tea in October has certainly been more than in the preceding month, and there is no need for taking any alarmist view of the situation.

Member after Member has pleaded that our exports are likely to go down and we are being elbowed out in the international market, and African production is going up and the chances of our exports going down are visible. But we have been constantly looking at the trends of the tea export market and we need not take an alarmist view of the situation. The trade has reacted very well to the relief given in the Bill. Our exports have not dwindled to the extent that we should abolish our export duty. Abolition of export duty also need not necessarily mean that our exports will be stimulated. We are sure that when we abolish our export duty, Ceylon might do likewise and do away with their export duty, and when this happens, the position at the London auctions will be the same. Whatever we forgo will go to the benefit of perhaps the European consumers or the shippers in India.

So we have to bear all these things in mind and without forgoing much of revenue we must also see that we do not lose our export market. Therefore, the Tea Board, the Ministry of Commerce and Industry and the Ministry of Finance are always watching the situation and there is no warrant to feel pessimistic about the tea trade as a whole.

I have some figures with me. In 1954, we exported 448 million lbs. tea. In 1955, the exports fell to 367 million lbs., but this shortfall was made up in 1956 when exports jumped to 533.6 million lbs. In 1957 the performances are comparable to 1954. And, taking the period, January to October 1958, for which figures are available, this year's performance is about 40 million lbs. better than that

for the same period last year. Therefore, 1958 has been more favourable for the tea export trade than 1957 and exports have been increased by 47 million lbs.

Likewise, the demand for our tea is also greater in October. In the review for the month of October—I may say this is a review of the market as a whole, it says:

“The alterations in the rates of export and excise duty, which provided a small relief, enabled Exporters to bid lonely and offer higher prices especially for true exportable types from the Dooars and Assam.”

Likewise, they say:

“Common and low medium teas were the most popular descriptions during the month and their prices advanced by 10 nP. for Fannings, and up to 15 nP. for Broken grades above the levels ruling at the end of September. Medium Assams of orthodox manufacture were also a strong feature being fully firm.”

“The current levels are well over a rupee below the high levels ruling earlier in the season.”

So, all points taken together relief has been received very well both by the indications of prices and also by the market and the 10 nP. relief is, certainly, welcomed all round, without forgoing much of the revenue. As I said, we must also safeguard our revenues internally. Merely for earning foreign exchange, we need not pass on the benefit to foreign consumers. I mean the danger is that what relief we give to the industry here may not all be passed on the consumer here; on the other hand, the relief might go to the foreign consumer.

Previously, common tea did not enjoy any preferential treatment and, to that extent, we are now changing

the basis. Common tea hereafter will have a preferential treatment. Prior to this, common tea, medium tea or quality tea were all treated alike both in the excise duty and in export duty. But, hereafter, common tea is going to pay only 2 nP. excise duty, while the export duty is the same for all the varieties of tea. We have divided the entire country into three zones according to the prices fetched in the previous auctions. I am sure hon. Members are in possession of the division of the zones. The excise duty leviable on common tea—of course it is not levied on common tea as such but on teas grown in certain areas—will be only 2 nP. We have been watching the auctions all these years and we know the prices certain teas from certain areas fetch. Taking the past performance period we have classified these areas into 3 categories. Where the tea was fetching a low price, we have put it in the lower grade; where it was fetching more than Rs. 1.75 per lb., we have classified into grade II; and where it is good tea, quality tea fetching above Rs. 2 per lb., we have classified under grade III. This is a new basis indeed.

For the first time, we are trying to give relief to common tea not by defining common tea because it is very difficult to define what it is as it gets blended. But, we have taken care to see that the entire growing area is divided into three zones. Vast areas in Siliguri sub-division of the Darjeeling district and the district of West Dinajpur and other districts in West Bengal excluding Jalpaiguri and other sub-divisions of Jalpaiguri, the Gudalur taluk of the district of Nilgiris, the Peermade and Meenachil and other districts of West Coast would also get the benefit of this 2 nP. I think this is the only way by which we can give some relief to the common tea. As I said the market has reacted favourably.

It is not as if there are huge stocks lying in the godowns at Calcutta and the auction markets. Tea is in great

demand and we need not take an alarmist view of the future of the trade. We shall certainly be constantly watching the situation and how the London auctions and auctions in India are taking place and whether there are huge stocks remaining. As far as we are aware there is no stock and the demand is very keen. Therefore, I think, the relief that is now being given is sufficient for the time being. We cannot do much at present because we do want certain revenue resources from this export trade also without jeopardising our export trade. Therefore, there is no use going all out for abolishing the export duty.

In some cases, this 10 nP. comes to about 26.5 per cent. of relief. That must be adequate for the time being, as far as common tea is concerned. As far as medium tea is concerned, it goes up to 21 per cent; and, of course, quality tea will get only 5.33 per cent. There is no danger of the trade getting any adverse effects because of the African competition. After all, our own *per capita* consumption is only .6 lb as against 10 lbs. of consumption in the United Kingdom. Our population is growing and our Tea Board is also taking all steps to do propaganda for the consumption of tea. Very likely, when the standard of living is going up in our country, the *per capita* consumption of tea in our country is also likely to grow. Therefore, when this .6 lb. *per capita* consumption moves up, there is vast scope for internal consumption alone. Internal consumption should be developed and our export trade must also be maintained. Our supreme position in the tea market must also be maintained. We are constantly watching to see that nothing adverse affects our trade.

We know that there are certain duties in Bengal and Assam—and it is a purely State subject—and I do not know whether we can successfully persuade the State Governments to forego that because they would immediately want compensation to be paid

[Dr. B. Gopala Reddi]

by the Centre. It is a very delicate matter. Anyhow, the importance of tea trade is being felt by the Assam Government and the West Bengal Government also. Their Chief Ministers and Finance Ministers are also aware of the importance of this tea trade and, I am sure, they will, certainly, take the necessary steps to see that no untoward hardship is put on the tea industry. It is a matter concerning the State Governments and there is nothing much that we can do from our side.

It is also not true to say that our share in the United Kingdom market is going down. That, again, is an exaggerated notion of our export trade. In 1954, our percentage in the United Kingdom market was 46·7 and in 1955 it went slightly down to 43·1 per cent.; in 1956 it had gone up to about 51·3 and in 1957, it was 46·6. We were doing better in 1957 as compared to 1955 and in 1958 it is likely to go up. We are still having a sort of a supreme position in tea market in the U.K. auctions. Therefore, without taking an alarmist and pessimistic view of the future of the tea trade, we can safely go ahead with the relief now proposed. We will certainly be on the watch. We will study the figures from time to time. There is also the Tea Board with a number of non-officials who are interested in the trade and we will certainly be prepared to come forward with any further relief if needed and warranted. But as far as we are concerned, we feel that this is enough for the present and our export trade will be stimulated. It is already looking up and we feel that without foregoing much of the revenue we can stimulate export trade. This relief means foregoing about Rs. 1·58 crores or so and for the time being we feel that it is enough. As I said we are not levying any impost on tea trade; on the other hand, we came forward, on the representations of the trade, to give relief. The relief has had an immediate effect on the market; the shares are also looking up. The demand is growing.

Therefore, for the present what we have proposed is adequate.

I do not agree with the view of the hon. Member that we should suspend the entire export duty for the first six months or so. That will be too much of a sacrifice without benefiting the trade as a whole. It may be we are passing that benefit to the European consumer or the shippers here who are mostly foreigners. Perhaps that amount of relief is not warranted. Therefore, I am really happy that the hon. Members have given general approval to the relief given. They only pleaded that we should go some steps forward and do away with the duty altogether which we cannot do for the time being. I am glad that the hon. Members have generally appreciated the relief given and the market also has reacted very favourably. I have nothing more to say except that I thank the hon. Members for the general approval that they have given to the Bill under consideration

**Mr. Speaker:** The question is:

“That the Bill further to amend the Indian Tariff Act, 1934, and the Central Excises and Salt Act, 1944, for the purpose of altering the duties of customs and excise on tea, be taken into consideration.”

*The motion was adopted.*

**Clause 2—(Amendment of Second Schedule, Act 32 of 1934)**

**Mr. Speaker:** Now, we shall take up clause 2. Shri N. R. Ghosh.

**Shri N. R. Ghosh (Cooch-Bihar):** Sir, I am responsible for the amendment. I must at the beginning say that I am grateful to the Government for it has realised that the common tea needs protection. That is a great point and I would submit that I do welcome the principle of the Bill. But I am afraid that the relief that has been given is not adequate and I

am also afraid that if the relief is too inadequate it will defeat its purpose. The hon. Minister has said that this relief has actually reacted on the market. But if you look at the price of auction sales, you will find that the price of common tea has not gone up.

12.24 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

That is a point which may be taken into consideration. The second point about which I want to say a few words is this: whether the removal of the duty altogether will really be to the interest of our country. If facts are gone into carefully, the hon. Minister will find that 88 per cent. of the market which the common tea had in the London market has been lost to us and has gone to the new countries. The figures will prove it. I need not dilate on that point. The hon. Minister should remember that there is no duty anywhere in the world except in Ceylon and Pakistan. Ceylon has got a better climate and the tea there is of a better quality. The tea grown in Pakistan is not much. In other countries, there is not only no duty but a sort of a subsidy. There is besides less carriage cost and lower cost structure so far as British East Africa is concerned. Java tea had a very large market and they are trying to regain that position. They are also giving a sort of a subsidy.

I do not for a moment want as such that the British consumers should benefit by our removal of duty. The only object of my amendment is this. It will be a great boon to the country; we will have a predominant position in the world tea market and it will be the greatest earner of foreign exchange. That is the only point which I wanted to make.

The hon. Minister has said that Ceylon may also remove the duty, as also Pakistan. If they do so, it will be a great boon. If they do so, what will happen? We have it as a mill stone

hanging from our neck. We are trying to compete with the other world markets under a handicap. If this duty goes, then this impetus about expansion of tea in British East Africa, in Iran and in other countries will disappear. Then, I do not think they can compete successfully with our Indian tea. There will be very probably no further expansion of tea plantation in those countries.

There is also another point. If the duty is done away with by Ceylon and Pakistan, there will be a greater chance of international agreement. That will also go a great way to stabilise this industry.

The only object of my amendment was to bring pointedly to the notice of the Government that the common tea does require protection and that this protection is not enough. It is not that I want to oppose the principle of the Bill. I am quite sure that the intention of the Government is not different from mine. The Government also wants to safeguard the tea industry because it is a great earner of foreign exchange. My only request to the hon. Minister is that he may again go deeper into this question and consider whether this relief is adequate or not.

**Shri Achar (Mangalore):** Sir, I would only like to have information on the questions which I raised yesterday. We read in the papers and we have some experience in this matter. I mentioned this point yesterday that some foreign capital invested in this industry is going out of the country. As I said yesterday, we are trying to attract capital into our country; capital is very much required now. From that point of view, we should consider the question of the adequacy of the relief granted. I raised this question and wanted to have a little information as to how far this position was correct. We read in the papers but we have no exact information. Is it a fact that foreign capital invested in this industry is going out of the country and many of them are killing the

[Shri Achar]

estates, shifting their activity to British East Africa? Is it because of that competition we face this position in the international market? I would like to know whether the Government has gone into this question and if it has gone into this matter, I would be glad to have that information.

**Dr. B. Gopala Reddi:** Sir, as far as the transfer of capital is concerned, we do not have any figures readily available. I do not know whether even the Reserve Bank of India will have those figures. Anyhow, since Shri Achar has raised the point yesterday and today, we will enquire from the Reserve Bank whether these figures are available with them for the last two or three years and see how much of capital was transferred on account of the sale of tea plantations in India. That information is not readily available.

I am also happy that the mover of the amendment wanted to bring this to the pointed attention of Government. As I assured in the very beginning, we are constantly on the watch. We will certainly see that our trade does not suffer any impediment because of the export duty. I can assure him that we will certainly not stand on any prestige or anything and, if it is warranted, we will certainly think of giving additional relief; but just now we do not feel that it is necessary. As I have already said, the October reaction in the market was very favourable. The Calcutta Review also says: "Despite generally gloomy prospects for common teas early in the season, a review of the market conditions during the period presents a satisfactory picture. Movement and disposal of tea have on the whole been swift and the volume of exports to date, as well as Calcutta sale prices, show an improvement as compared with 1957". The prices also moved up this month. Medium Doors which was roughly between Rs. 1.60 to Rs. 1.64 in 1957 moved up to Rs. 1.86 in October 1958. Medium Assam which used to be between Rs. 1.64 to

Rs. 1.68 moved up to Rs. 1.85. Medium C.T.C. which was between Rs. 2.18 to Rs. 2.30 has now gone up to Rs. 2.25. Best C.T.C. which used to be between Rs. 2.60 to Rs. 3.00 has now moved up to Rs. 2.80 to Rs. 3.10. Therefore, the October reaction, as I said, is really very favourable. Also, the Mid-Season Review sums up by saying: "Thus, the usual seasonal decline in prices which sets in with the arrival of rains teas on the market has so far been averted."

I would, therefore, request the hon. Member not to press the amendment. I give the assurance that we will certainly look into the matter constantly and we will be watching the reactions very carefully.

**Mr. Deputy-Speaker:** What is the reaction of the hon. Member so far as the amendment is concerned?

**Shri N. R. Ghosh:** In view of the assurance, I am not moving it.

**Mr. Deputy-Speaker:** The question is:

"That Clause 2 stand part of the Bill."

*The motion was adopted.*

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

**Dr. B. Gopala Reddi:** Sir, I beg to move:

"That the Bill be passed."

**Mr. Deputy-Speaker:** The question is:

"That the Bill be passed."

*The motion was adopted.*