

him—that where a person was appointed to a Part A State High Court after the merger of any State, if he was a Chief Justice, he would be given seniority over all Puisne Judges of that High Court, and if he was a Puisne Judge of a Part B State High Court, he would be placed after the Puisne Judges of the Part A State High Court. In the Part B States, the Judges, as a rule, received lower emoluments. Their terms of service did not compare favourably with those of the Judges serving in Part A States. Otherwise, there would be no occasion for bringing this Bill before this House today.

So those who had been serving as Chief Justices were given priority from the date of their appointment as Chief Justice in each case in the 'B' State, when they were appointed or allotted to an 'A' State High Court, and those who had been serving in the 'B' State High Courts as Puisne Judges were on their appointment placed as Puisne Judges after the Puisne Judges who had been serving in the 'A' State High Courts. The reasons are obvious. Those who have been serving in the 'A' State High Courts had been receiving a higher salary; they were entitled to larger pensions, and they had different rules also.

As to the general remark that this would interfere with the normal practice—the provision that we have made about vacations—I would again remind hon. Members that we have to deal with many matters which are of a trivial nature, but which vitally affect the comforts of the Judges. The rules about medical aid, rules about travelling allowance, rules about halting allowance, about leave and also the granting of leave—all these are dealt with by the executive, if you so choose to call those who have to deal with these matters. But nobody has ever said that the independence of the Judges has been affected on that account or that there has been any interference with the work of the Judge because of these powers that the executive possess. What is done here

is to subject every case to the control and scrutiny of Parliament. I do not see what greater or more effective safeguard could possibly be devised for any person or group of persons in this country—well, it would be a reflection on Parliament. My hon. friend, Pandit Thakur Das Bhargava, is so alert that nothing can escape his notice and every order will come under his scrutiny. If he feels that there is anything wrong about it, I hope he will set us on the right path and correct us. Depending on him, Shri Frank Anthony and other friends here, while fully confessing that we have our own weaknesses, I hope nobody will suffer because of the introduction of this clause.

Mr. Deputy-Speaker: The question is:

"That clause 7 stand part of the Bill".

The motion was adopted.

Clause 7 was added to the Bill.

Mr. Deputy-Speaker: The question is:

"That clauses 8 to 10 and 1, the Enacting Formula and Long Title stand part of the Bill"

Clauses 8 to 10 and 1, the Enacting Formula and Long Title were added to the Bill.

Pandit G. B. Pant: I move.

"That the Bill be passed"

Mr. Deputy-Speaker: The question is:

"That the Bill be passed".

The motion was adopted

14.49 hrs.

TEA (ALTERATION IN DUTIES OF CUSTOMS AND EXCISE) BILL

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi): I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1934, and

[Dr. B Gopala Reddi]

the Central Excises and Salt Act, 1944, for the purpose of altering the duties of customs and excise on tea be taken into consideration"

I need not make an elaborate speech on this matter because at the time of the introduction of the Bill, my hon. colleague, Shri B R Bhagat, made a long statement justifying this amendment. It has already come into force on the 28th September and we had to ratify it within two months. It has to go through this House and the other House and receive the President's assent before the 28th of this month.

At this stage, I may say again that Government are anxious to give relief to the common tea. For a long time we have been hearing representations from the industry and it was engaging the attention of the Government for a good deal of time.

Now, this amending Bill seeks to give a sort of relief to common tea enabling it to compete favourably in the international markets. We are aware that there are other countries also exporting tea to United Kingdom and other countries and we are anxious that our common tea should favourably compete with other imports into the United Kingdom, and this Bill seeks to give that relief.

As it is, there is no distinction between the different varieties of tea in the matter of excise duty or customs duty and they all pay a uniform rate. But, by passing this Bill, we now make a distinction between common tea, medium tea and fine tea and common tea will, hereafter, enjoy a relief of about 10 nP per lb. All teas are now paying 38nP at the point of export. But, hereafter all tea will be paying 26 nP at the point of export and tea grown in zone I 2 nP excise duty at the tea plantations, in all, such tea will pay 28 nP, as against 38 nP which it is now paying; and there would be a clear relief of 10 nP for common tea.

As hon. Members are aware, the production is roundabout 700 million lbs, of which 250 million lbs. is common tea. We export 460 million lbs. outside. Therefore, common tea must also compete with other common teas. We are now giving a relief of 10 nP and we are quite sure that the industry would also benefit by this concession. Government is losing, roughly, about Rs 1.58 crores by this relief. It is by no means a taxation measure; but, on the other hand, it is giving relief to the industry. Without giving any of the details, the industry was also consulted in this matter; and they particularly agreed with the principle underlying this amendment. I hope the House will accord its approval to this Bill which has already come into force from the 28th September, and thus enable the tea industry to export our common teas abroad in larger quantities.

Sir, I move that the Bill be taken into consideration.

Mr Deputy-Speaker. Motion moved.

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

There is a notice of an amendment from Shri Tridib Kumar Chaudhuri. The notice was given only today. Ordinarily, it would have been too late, but, because it is the opening day, I would suffer it to be moved.

Shri Bimal Ghose (Barrackpore)
What is the amendment about?

It was not circulated to us.

Mr. Deputy-Speaker: It is that the Bill be circulated for eliciting public opinion.

There is another thing which has just now struck me, because an hon. Member smiled. The hon. Minister said that we must pass this Bill within

2 months and this motion is for eliciting public opinion. As such it may be considered dilatory.

Shri Punnoose (Ambalapuzha): He may require only 15 days.

Dr. B. Gopala Reddi: The Bill was introduced on the 27th September.

Mr. Deputy-Speaker: In the motion the hon. Member says, 'by the 31st December'. It just now struck me because Shri Punnoose smiled. I thought that there was something wrong in that because then this motion would be dilatory. The motion is dilatory and will not be allowed to be moved. But, in the first instance, he may speak on it.

Shri Tridib Kumar Chaudhuri (Berhampore): I am not very happy in having to move this motion because a much-needed relief is being offered to an industry and to the export of common tea which it needs. But the way Government is moving about in this matter and the meagreness of the relief granted combined with the reluctance of Government to take into account the complex questions confronting the tea plantations industry in this country—the production of common tea forms a large proportion of this industry—all these factors, have prompted me to table this motion.

Without going into the detailed question of the structure of the entire tea industry and the various questions that are relevant, it will be better to concentrate on the problem of common tea. Roughly, sixty per cent of our tea exports is of the common variety. If I may say so, the problem of common tea is also, to a large extent, a regional issue because only certain States and certain districts produce this variety of tea. For example, in Assam, Cachar and lower Assam below the Brahmaputra valley are the main producers of common tea. In Bengal, it is the Duar and the Terai. (Interruptions) In Kerala, the lower regions of the State are the regions where common tea is produced.

15 hrs.

The problem that is confronting the export of common tea is that more and more countries are producing tea, particularly this common variety of tea, and there is a glut of common tea. In the context of higher duties on production and export, the demand for Indian common tea in the world market is facing increasing competition. Buyers only take such amounts of this type of tea from India they need to make good their balance of requirements after they have taken whatever is available from other countries or markets of production. If I may cite certain figures which are here with me, since the excise duty was imposed on Indian tea, all these countries have increased their production of tea on an unprecedented scale. There are the countries of the British East Africa: Kenya, Uganda and Tanganyika. The Portuguese colony of Mozambique in East Africa is coming up as a sizable producer of tea of the common variety. Then there is the Belgian Congo in South Africa. It seems, from the figures that I have before me, that by 1960 all the South American countries—there are several tea-producing countries in South America—would be producing considerable quantities of tea and Argentina alone would be able to supply the entire demand of tea in South America. So that market is going to be closed to us. Nearer home, Iran has also become a sizable producer and Turkey, in spite of the fact that conditions there are not very congenial for the production of tea, has also begun to produce tea. The Soviet Union has increased its acreage from 126,000 in 1956 to 183,000. Burma and Malaya are also planning to grow tea. Then, China, Japan and Formosa are there. So, we have to take into account this hard fact. Countries which were not and which could not compete with Indian tea have increased their production and are now successfully competing with us. That really presents a tremendous problem for us to solve.

Our tea is mostly exported to Britain. What do we find there?

[Shri Tridib Kumar Chaudhuri.]

Between 1948 and 1950, India supplied about 65.9 per cent of the British tea. Only four per cent of the total imports of tea into Britain was from some of these countries to which I referred just now: East Africa, Malaya, Formosa, Indonesia, etc. If an average for the three years, 1955 to 1957 is taken, our share in the London market for tea has come down from 65.9 per cent to 58.1 per cent and the share of all these countries had increased from 4 to 15 per cent. Thus, we are gradually being pushed out of the British market and also out of the other markets where our tea has some demand. Naturally, there was a loud demand from the side of the industrialists that some kind of relief should be given. As the hon. Minister has stated just now—he was must too brief and did not give the details—from the 28th of September, the combined effect of the reduction in export duty and excise duty has been this—the whole of the tea-producing area in India had been divided into three zones. In zone No 1, the extent of relief on export duty is 10 nP per lb.; in zone No. 2, it is 8 nP; and in zone No. 3, 2 nP. This is the combined effect of the relief given in the export and excise duties. Thus, the overall relief in zones 1 and 2 comes to 10 nP and 8 nP per lb. as against the demand for a relief of at least 25 nP per lb.

The hon Minister says that the industry was consulted and they agreed in principle to the reduction of the duties. I do not understand what he meant by this. As a matter of fact, there was no question of their agreement. They were crying hoarse for this kind of relief and reduction in export duty.

I have a letter from the Indian Tea Planters Association of Jalpaiguri who represent the Indian sector of the industry in Duar and Terai area mostly. They have really asked for at least a suspension of the duty or the abolition of the duty altogether, if possible.

It is quite understandable that the Government could not accede to that demand in its entirety because that would mean a sacrifice of nearly Rs. 17 or Rs. 18 crores. The extent of relief that they have granted now is only a little over Rs. 1.5 crores. That would hardly help the industry to regain its markets or assert its competitive position in the face of inter-national competition that it is confronted with. I would, therefore, plead that the whole position be examined anew and if they want to give this much relief for the present, I would plead that not only the tea-planters but the workers' interests should also be consulted. Because, it is not only that the industry is losing its market but the entire working class employed in the tea industry is confronted with a peculiar problem at the present moment.

A few years back there was no unemployment in the tea industry. A good deal of unemployment has emerged now amongst tea workers and the volume of unemployment there is increasing. The cost structure of tea industry was examined in some of its aspects by the Indian Plantations Enquiry Commission some two or three years back. I think, in view of the fact that we are going to lose our markets very rapidly, Government should immediately take counsel from the tea industrialists and from the workers. They can also name their own experts. They should all sit together round a table and find out how this industry can really survive. Otherwise, Sir, the prospects are very bad.

It is generally alleged from the employers side that the cost structure in Indian tea industry is very rigid and the proportion of wages paid here or the labour costs here is higher compared to countries from which we face competition. But that is an argument which I do not support. I only support the demand that the whole question should be examined *de novo*. The three parties concerned, that is, the

Government on the one hand, which is concerned about its revenues, and the tea industrialists or the planters on the other and the workers should again sit together and find out how best the industry can be given some relief.

So far as the excise duty and export duty are concerned, I think there is room for greater relief being offered to the industry provided we take care, at the same time, to mop up any extra profits that will go to the planters. There are ways of ensuring that. We can mop up the extra profits under the existing law or, if necessary, we can pass a new law to that effect. We can also try to see what proportion of the extra profits and extra gains is going to the management. Even now a majority of the management and control belongs to foreigners. Roughly, 70 to 75 per cent of the tea industry is owned and controlled by foreigners. I have known of cases where youngsters in their early twenties are brought over from Great Britain and are paid emoluments on various counts as high as Rs. 10,000 to Rs. 15,000 per month. Therefore, there should be some probe into that aspect of the matter. At the same time, all the three parties concerned—the Government, the employer and the labourers—should sit together and find out what sacrifices they can impose on themselves. All the three parties will be required to make sacrifices so that the industry can regain its position in the world market.

Shri Punnoose: Mr. Deputy-Speaker, Sir, while speaking on this amending Bill brought with the laudable object of giving some relief to the tea industry, I want to make two or three points. My objection or my quarrel with the Minister is not with regard to the quantum of relief. Of course, the quantum of relief has to be examined carefully, but I consider this as a very piecemeal measure.

The condition of the tea industry requires that the whole industry has to be studied very carefully and certain very important steps have to be

taken; I might say, certain fundamental measures have to be taken. There were certain very important recommendations made by the Plantation Enquiry Commission. I would like to know what has happened to those recommendations. Giving this relief at this moment cannot make any effective change in the whole situation.

I am afraid, Sir, that we are taking these planters a little too seriously. I have no doubt that Indian tea is dependable, but do not depend on everything that the planters say.

An Hon. Member: Planters are not dependable

Shri Punnoose: I do not go so far. When they say that the tea industry is in a crisis, that the Indian plantation is on its last legs and we are going to be overwhelmed by international competition, I am prepared to take it not with a grain but a ton of salt. My hon friend has been a little carried away by that propaganda.

The major question here is this. The Indian tea industry has been mainly dominated by foreign capital. The same gentlemen and companies who have got plantations in Assam and Kerala have their new plantations coming up in East Africa and other places. It is they who say that there is competition. Competition between whom? It is between their own companies and their plantations in those places and their plantations and companies here. They are asking us to give them relief. Of course, relief should be given. But what has happened to the major recommendations of the Plantation Enquiry Commission? They have to be studied and implemented immediately.

They say that relief should be given. No doubt, some relief has to be given; but that relief should not be exclusively given to the planters. What about the common man? There is a complaint—I am sure the hon. Minister is aware of it—that the Indian consumer gets his tea at a prohibitively

[Shri Punnoose]

high price. What are you going to do about it? Please see that he gets his tea, very ordinary tea, tea dust, at a cheap rate. Secondly, when they demand relief they demand it for them alone. What happens to the workers? You may remember, Sir, the storm raised in this House with regard to the relief to be given to the Assam tea planters. Relief was given at that time and the Treasury lost a lot of money. But what did the worker get? He lost his cheap grain and so many other concessions. Next year we were told that the planters had a boom. The result was that the workers lost everything that they had and they did not get anything when the planters reaped very high profits.

Tea industry has got a very crucial place in our economy and I agree that Government has to give some relief to this industry. But, as a welfare State we should also see that the condition of workers does not get worse with the relief that we give to the planters. Therefore before Government gives relief to the tea industry or, for that matter, to any industry Government should make it a point to see that the condition of workers does not become worse. When there was a crisis sometime back, the worker lost his cheap grain, and he was denied bonus and everything. But today some measure of relief is being received, and there may be more relief coming forth, but what happens to the worker? The worker is denied his benefit and he has to be satisfied with the minimum wage. They are even encroaching upon that. He is denied the bonus. One sees a set of very powerful planters coming forward and saying that they cannot give the pittance of bonus which they used to give. They are not prepared to evolve a principle on which bonus might be given. They have even denied what they had given last year.

I had occasion to come across the accounts of certain companies. These

companies say that they are going to be bankrupt. During the last ten years some of these companies have made 300 to 400 per cent profit. Nevertheless they say that they cannot give even the pittance of bonus which they used to give formerly. The Government of India should advise these planters to give the workers the relief, and say "All right; you give relief, but behave properly". The Government of India should ask them to behave themselves properly or else they should be shown their place. When the workers unitedly asked the quantum of bonus which they got last year, and when the State Government advised them to give it, they put on faces and they ran up to the Government of India for relief, and the Government of India, sometimes out of kindness, and sometimes out of other tender feelings—I do not know—immediately felt very much for the planters. But I am sorry to say that they forgot the worker. That should not be the case. That is not in the interests of the country. That is not in the interests of the industry either. Therefore, this relief should be given and the Government have to take certain very fundamental measures for the reorganization of this industry. For example, there is auction in Cochin and Calcutta. While it has been suggested that the State Trading Corporation may take it up, why should the brokers of companies who have got their own interest in other countries also be given a monopoly for it? Why not our State Trading Corporation take up this business and find out new markets for tea?

This morning there was a statement made in answer to a question, saying that there is likely to be a large market for our tea in certain countries. Why not we explore all those possibilities and put our tea industry on a sound footing? Therefore, let us not be satisfied with the piecemeal measure. We have to take this question seriously and bring about a reorganization of the tea industry.

The cost structure has been referred to. What is the matter? The number of workers they employ per acre has now decreased. But the wages have not increased. The cost structure has increased. I know a particular company in Kerala which has paid 13 months' salary as bonus to its high-salaried people; people getting Rs. 3,000, Rs. 4,000 or Rs. 5,000 have been given 13 months' salary as bonus per year. Those companies now come and say, "We are at a loss, and we cannot give bonus, and we want relief." Do not be misled like that. We are in difficulties but our tea industry can stand on its own in the world market provided the Government of India takes a stand which is in the best interests of the country. The Government of India must be prepared to tell the planters, "Look here; you have had good times. But our people must have a square deal, and therefore you have got to accommodate yourselves to a condition which we propose" If the Government of India take such a position, a national attitude, towards the whole thing, I believe the industry can survive, the crisis which is facing it, and also can be a source of prosperity to our country and our people.

Shri Heda (Nizamabad) Mr Deputy-Speaker, I welcome the Bill. The tea industry is one of the most important industries of our country. Taking into consideration the size of the industry or the fact that tea is a commodity of daily use, it is necessary that the speech made by the Minister who moved for the consideration of the Bill should have been a little more elaborate and he could have given more factual data, particularly about the cost structure of the tea industry here as well as in other countries which are competing with us and because of which the necessity for this Bill arose.

Our country is one of the oldest countries where the tea industry has flourished and it is a fact that the industry flourished because of the foreign investment in it. Even now, there is a good deal of domination

by those foreign firms. The investment of foreign capital in this industry was quite welcome. It developed the industry no doubt, but for a long time even export trade of tea was dominated by the foreign interests and that was not desirable. Even now, the domination has not been entirely removed. It is still there to a certain extent. One could appreciate the difficulties of the Government and of the Indian counterpart in this industry to remove this domination, and I know that things are improving, but even then, I think that Government should take a long-range view and make some arrangement by which the export of tea will be regulated, particularly to the United Kingdom, as desired. The loose tea that we send from here and the tea that is packed in the United Kingdom are sold particularly to the European countries. I think the time has come when we can organize the package of the tea from this country itself, and indeed we can very well look after the markets in the European countries. Knowing that our tea goes first to the United Kingdom and then to France, Italy, Spain, etc., they were able to achieve much. I think there will be greater domination of the Indian counterparts in the industry in the export trade and we may be able to earn more foreign exchange.

The hon. Minister has referred to the term 'common tea'. It is nowhere defined, and I think it is very difficult to define it also. The term has not been referred to, and I think rightly so, in the Bill. Common tea sometimes means tea which does not cost more than a particular price. In this case I think it is about 2.75. Sometimes, it meant to be tea produced from particular areas, sometimes the same tea from the same tea gardens in particular seasons becomes common tea while in other seasons it becomes medium tea. Giving relief to common tea was quite necessary, but the point is, whether the relief given is adequate, extra, or less. It is very difficult for us, our immediate neighbours, to feel that. But the point

[Shri Heda.]

is that we do not know the cost structure of the tea. The information furnished to us by the tea industry is bound to be one-sided, and it is very difficult to rely entirely upon that information. For authentic information we could depend only on the governmental sources, and from those sources we do not know the cost structure, and more than the cost structure, the point involved here is the cost structure, particularly, in the other countries. What is the cost structure in those countries, particularly in African countries which are coming into the field and which are competing with us? We have been told that the export of tea is not dwindling. If we take into consideration the amount, of course, it is not dwindling; rather the exports are on the better side, but when we take into consideration the poundage and the volume, they are decreasing. There is no doubt about it. And, therefore, it is a matter of great concern.

There is another point. There are certain areas which used to be developed for the production of tea just before and during the war when the prices were quite attractive and sizable amounts have been invested. Now these areas are not able to compete in the markets that are coming up from our neighbours.

All these things are complicated and therefore a thorough study is to be made. I hope Government must have done it, but I fear that they are withholding that information from us. When they took the decision of 10nP relief to be given for the export of common tea, there must have been some considerations for coming to that decision. I only say that the hon. Minister should take this House and the country into confidence and tell us the considerations which have made Government come to this decision, so that we will be in a better position to appreciate it.

There is one apprehension I would like to express before I close. The duties are fixed on the basis of the

prices *ad valorem*. There is an apprehension that many times the buyers and sellers might be in league and they might under-sell. In many places, the buying and selling firms are dominated and directed by the same source. So, there is an apprehension that with a view to obtain more profits, they might under-bill? When this happens, we are losers on many counts. We lose not only foreign exchange, but we also lose income-tax and other taxes, because the profits made by the firms concerned go to the black market and they are not shown in the books. Therefore, so many complications arise and we are losers on many counts. So, there is need to keep greater vigilance. There is already some vigilance now, and Government supervisors are there. But there is necessity for greater vigilance not only at the time of auctions taking place, but at other times also so that there might be no under-selling.

Lastly, some of the foreign firms interested in the tea industry here have started their own tea gardens in other countries. At the moment, they may not be able to compete with us, because it is just a new industry, but in the course of another 10 or 15 years, when the new plants start yielding they will become our competitors. These people are selling away their tea estates here and taking their entire capital particularly to East African countries. I am glad that Government have banned the export of seeds. I hope that this ban is thorough, so that we may not be charged that we had been ourselves responsible for the development of the rival industry in other countries, thereby hitting at our own exports. So, greater vigilance over the interests that have got estates here as well as in other countries which are competing with us is necessary.

With these words, I welcome the Bill.

Shri Barman (Cooch-Bihar—Reserved—Scheduled Castes): Mr. Deputy Speaker, Sir, Government have come

before this House with this Bill to make certain alterations in duties of customs and excise on tea. The main purpose of this Bill is to substitute two schedules—the second schedule in the Indian Tariff Act and the first schedule in the Central Excise and Salt Act. Comparing the old schedules with the proposed schedules, you will find that the bases of these taxes have altered in a manner which, unless Government explains the reasons, it is very difficult for us to understand.

I support the previous speaker, Mr. Head, in his view that when Government brings amending Bills regarding taxation measures, Government should circulate to Members the reasons for making the alterations and the basis for coming to that decision. Unless that is done, it is not possible for us to know whether the Government is doing the right thing. Especially in taxation measures, it is very difficult for common people to know how the Government is functioning.

It has been criticised by previous speakers that Government have given some concession, but the people to whom the concession is given are themselves dissatisfied. It is difficult for us to support either the Government or the other party. But from the papers that have come to us, we find that even before the revision of the duty structure, export duty on tea accounted for Rs. 18 crores and by this amendment, Government is foregoing Rs. 1½ crores only. But it seems that the concession that has been given by Government is not such as can save the industry from its difficulties. So, unless details are given in this matter, it is very difficult for us to come to any conclusion and support this Bill on the floor of this House. My submission, therefore, is that in such complicated matters, in which Government is in sole possession of facts, they should circulate broad details, so that the House can understand the matter and proceed accordingly.

Then, it is true that by giving these concessions in taxes and excise duties, Government is losing some revenue, whatever be the quantum. I want to submit only one factor as regards these taxation measures. At present, India is very much in difficulty about foreign exchange. If the grievances of the industry are genuine and if our export of common tea is falling, it automatically means that we are losing foreign exchange to that extent.

So, when comparing the loss of foreign exchange and the loss of internal revenue we have to consider which is the better course. If by reducing the export duty we can export more tea outside India, then certainly we are for more foreign exchange.

The other day we had been to a factory here, the Penicillin Factory. We asked them about the cost structure. We were told that though the cost of construction has been brought down sufficiently, yet it is very difficult to compete with imported product. The main reason is that those countries who are making penicillin and exporting it to India have a selling price in their own country which is much higher. But they sent their surplus to us at a subsidised price, so that they can get foreign exchange. So, I submit to Government that they should give some thought to the question how those countries are earning foreign exchange by subsidising their exports and whether in the case of our tea industry, which was and even is the largest industry of India, we shall not be losing our market, if we do not adopt the same procedure.

As I said in the beginning, Government have conceded, rather confessed, that the industry is losing market. That is why they have come up with a Bill. Now they have to consider whether we should lose a bit of revenue inside and gain more foreign exchange by selling more tea outside or whether we should make this industry face this difficult competition and go down gradually.

[Shri Barman]

I know some history of the tea industry. But I do not think it is appropriate to mention it now. The production of common tea increased enormously during the Second World War. When Indonesia was shut out by Japanese, there was a very good demand for tea. India and Ceylon produced and sold anything that went by the name of "tea". Since that time the workers in the tea gardens have been accustomed to coarse plucking. The ideal thing is "two leaves and a bud"; that is the usual rule of plucking. During the Second War any amount of leaves could be just ground and packed and sent as tea. Later on, when production gradually went up and Indonesia came into the market, it almost shattered our industry; competition came in and it was not possible for the tea planters to induce the workers to pluck only fine leaves, because that would bring them only much less remuneration. Even today we have asked and we have been told that it is not possible to induce the workers to change their hold habits, so that we could have finer qualities of tea.

Then there is another point. It is a known fact that Ceylon grows tea throughout the year. South India also has a longer season. In the eastern region the position is different; they grow tea only for six months. But they have to pay their workers throughout the year under the labour laws that have been introduced. In addition to that, while Ceylon and Indonesia have got no export duty, the Government of India charges export duty on tea. So, it is high time for Government to consider whether we shall save this industry, an indigenous industry, from competition and make it possible for it to compete with Ceylon and Indonesia. I specially ask Government to consider whether we could not lose internal revenue and earn more foreign exchange by encouraging or facilitating the export of common tea outside India. That is all what I want to say.

Shri Bimal Ghose: I know that this Bill has a very limited objective. But I might take this opportunity to say a few words about the industry as a whole, to which the hon. Minister also had referred.

The present difficulty of the Indian tea industry appears to be due to two factors. One is the relatively larger supply taking the world as a whole over the world demand. Now, this is a situation which had faced the industry in the past also and, Sir, you may remember that in 1933 an International Tea Agreement was arrived at with a view to restrict supply so as to bring supply in relation to demand. That agreement lapsed in 1955. We hear that there is a move and a delegation of planters had gone to Ceylon to revive that agreement. I should like to know if the Government has taken any view in regard to the revival of the International Tea Agreement and have taken any move in that direction.

The other method is to increase consumption, and that might be done in the markets abroad as also internally. Of course, we are doing propaganda abroad and also internally. But I might say a few words about the internal demand, which probably comes to about 250 million pounds or so. Now the trouble about the internal market has been one of high prices of tea and the fact that the purchasing power of the people has been going down. So far as the purchasing power of the people is concerned, that is bound up with our food prices, as many other problems, and unless something can be done that way, many of the industries internally, I am afraid, will suffer. So far as the prices are concerned, which are high, two things might be done. One is a demand which the planters have made about the local taxes in Assam and Bengal—Assam Road Tax and West Bengal Entry Tax. Have Government thought about this problem and done anything about it? If these

two taxes or imposts could be removed, prices could be made somewhat cheaper. The second factor which faces the tea industry is what one might say the cost structure. My hon. friend, Shri Punnoose said that our planters have gone to East Africa and put up plantations there and they are selling cheap. That is a fact. But it is not that if our prices were lower we could not compete with them in the world markets. It so happens that East African prices are cheaper by about one shilling per pound. In that situation what can be done about this cost structure? Is it the hon. Minister's contention that the Bill he has now brought forward will give any relief to the industry as such? Because the possibility is that it might, to a certain extent, give relief to shippers and help the export trade and not give any relief whatsoever

15.50 hrs.

[SHRI BARMAN in the Chair.]

to the industry as such, because the shipper is not likely to pass on this relief in the form of higher price to the producer. The possibilities are that he would like to quote a lower price so as to be able to compete in the world market. We should like to know, since these duties were reduced in September last, as to what has been the effect of this reduction. Has our export gone up? If so, by how much? Have our producers got any relief and if so, to what extent? The literature that we are getting from the producers is to the effect that this reduction is not helping them at all and even the small reduction that has been made is not going to give much relief to our export trade. The relief is about 10 or 8 naye Paise per pound, whereas it is said that the difference in prices between East African teas and our teas is about one shilling and between Indonesian tea and our tea is about 6 d. If that is a fact, this relief by itself is not likely to help the tea industry in the export trade very much. If that is so, I do not understand the reasons behind giving this measure of relief

which may not give much assistance to the tea industry and at the same time the Government will be losing revenue.

A much better course would be to find out what is wrong with the tea industry. If the cost structure is high, is it due to the management or due to other things? If it is due to wages and other facilities, then of course we shall have to sit down and find out how production can be increased and not that we should try to lower the wages and the facilities that the workers have already got. Probably they need more. Therefore, we shall have to address ourselves to increasing the production. This Bill, as it is, seems to me to be a very unsatisfactory one because although some relief is being given we are not sure that it has given encouragement to our export trade nor are we sure that it will help the industry as such. I shall be happy if the hon. Minister could assure me on either of these counts and tell me that it has helped our export trade to this extent or helped our industry to this extent.

Shri Naushir Bharucha (East Khandesh): Mr. Chairman, I was rather surprised when I looked at the statement of objects and reasons of this Bill. It is exactly two lines. That is the shortest statement of objects and reasons I have ever seen having been appended to any Bill. I think the hon. Minister deserves to be congratulated on setting up a record in itself.

I fully agree with you, Sir, when you said a few minutes ago that it is the duty of the Government to explain to this House as to how exactly it arrived at a particular measure of relief to the tea industry. The Government has maintained a sphinxlike silence all along. I was expecting some clarification on this subject from the hon. Minister when he moved the consideration of the Bill, but I was rather disappointed.

Let us get the facts as they stand. 10 naye Paise relief is hardly going to

[Shri Naushir Bharucha]

be adequate and certainly it would not give any material help in retaining our foreign market. Regarding the object of the Bill, those two lines say that the intention is to grant relief to common tea through differential excise duty so as to improve their competitive position in the world market. Is that object attained? Obviously, that object is not attained and the difficulty is that today the tea industry is definitely in a crisis. What better index can you get about the plight of the tea industry today than the Stock Exchange where you find that tea scrips have tumbled very badly? Does the hon. Minister deny for a moment taking the Madras Stock Exchange for instance that the tea industry have tumbled very badly in the last few months? If the prospect of the tea industry was good even after the grant of the relief proposed to be given by the Bill, how is it, I ask, that tea shares have declined? Surely, the investing public is a shrewd judge and it feels that the tea industry will continue to decline.

Of course, there is a contributory factor, viz., labour unrest and I for one will not say that the plight of the industry is merely due to the inability of the industry to compete in foreign market. The cost of production is going high. About 18 months or two years ago, an award was given which has imposed a very heavy strain on the tea industry because that award in favour of the labour gave certain reliefs with retrospective effect. As a result of this....

Shri Punnoose: That was not implemented at all.

Shri Naushir Bharucha: It has not been implemented at all, but the tea industry has to make a provision for its implementation if the Supreme Court appeal fails. But whatever the position, the point remains that today the tea industry is in a bad plight. I can understand the argument of my hon. friend that the plantations are controlled by foreigners. That is a very big question. I can also understand the plea that the State Trading

Corporation may take over auctions. This is again a different point. The point that I am making is that if the object of the Bill is to retain our foreign markets, then that object is definitely not attained by the very meagre relief that has been given under this Bill.

May I invite the attention of this House to the fact that in the last Session we passed a Bill for promotion of export of sugar. What was the relief that we gave to the sugar industry there? It was to the extent of Rs 13 per maund. That was the subsidy which worked out under the Sugar Export Promotion Bill. That means nearly 40 per cent of the cost price. Compared to that, I ask, what relief is given to the tea industry?

When I spoke on that Bill I said that it should be the duty of the Government to catch hold of such commodities where we have scope for promoting exports and not compete in a commodity like sugar where competition is very acute and where it will not be possible for this Government to keep on subsidising the exports of sugar. Instead, we should have selected a commodity like tea. Today, this Bill is brought before us and we are told that 10 naye Paise per pound is the relief that is being given. May I ask the hon. Minister to explain in the first place as to how he has arrived at this particular measure of relief. Secondly, I would like him to state categorically whether the industry has been consulted—I understand, the industry has been consulted, but is it satisfied with this relief? Thirdly, on what basis shall we be able to retain our position in the world market by this meagre relief? These are the three points on which the Government owes an explanation.

May I sound a note of caution to this House? Tea is one industry where we can retain our hold in foreign markets provided the Government gives it rational relief. Once the foreign markets in tea are lost, we should not hope that by giving further

relief we will be able to regain them. Old connections that are once broken in international markets cannot be easily re-established. Therefore, it is very necessary that we should not lose our dominant position in the foreign market.

By giving a relief of 10 naye Paise, the Government hopes to lose about Rs. 1½ crores. May I point out that if the relief was to the extent of 25 naye Paise, the Government would not lose more than Rs. 3 crores, firstly because it would be made up by larger exports and would thus get a larger revenue in that form and secondly, whatever we lose extra will be made up by the foreign exchange that we earn. In the case of sugar export promotion what did we do? We said that we wanted to earn foreign exchange and what a terrible price we paid for earning foreign exchange! We pay Rs. 13 per maund as subsidy for every maund that we export. I fully agree with you, Mr. Chairman, when you said that that is the point which Government should bear in mind. Taking everything into consideration, at the moment, I am not on the subject of who controls the plantations, and whether the industry is organised or not; I am not on this wider question. The immediately limited question is, our dominant position in the foreign markets must be maintained and this Bill cannot achieve the purpose which it seeks to attain. I appeal to the hon. Minister to take all the points of view into consideration and if necessary, come with another measure of further relief to this tea industry.

16 hrs.

Shri A. C. Guha (Barasat): Mr. Chairman, during the Budget discussion this year, several Members asked for some relief to be given to common tea and an assurance was given from the Government side that some relief would be given and they have considered the matter. It took the Government several months to come to a decision and the decision is that common tea should get a relief of 10 naye

paise. This relief has been operating for the last 1½ months. During this period, we have not only the literature that is being supplied by the producers, but also the market reports. My friend the previous speaker mentioned about the falling market value of the tea shares and the reports of export of tea also do not seem to indicate that this relief has been quite adequate. I am sorry the hon. Minister has not given us any indication as to the result achieved during these 1½ months on account of this relief operating during that period. Some Members have mentioned about the meagre information supplied on this Bill. We find in the statement made by Shri B. R. Bhagat on the 27th of September—Dr B. Gopala Reddi also referred to it—the tea areas being divided into three zones. We have not received any literature as to what are these zones, what is the price standard for dividing the tea areas into three different zones. I admit it is very difficult to define common tea. But, still, some tentative definition should have been given either in this Bill or in the opening speech of the hon. Minister himself. Nowhere do we find what is the price level at which common tea would stop and medium or fine tea will come in. These things should have been supplied to the Members of this House to enable them to take an intelligent part in this debate.

About five years ago or six years ago, I think there was some clamour that the tea industry was in a very bad condition. An enquiry was held and some relief was given to the tea industry about four or five years ago. The industry recovered, and it went on quite well. Again we have been hearing of difficulties in the tea industry. This periodical difficulty in the tea industry is a matter for proper enquiry by the Government.

Shri Bimal Ghose: So many enquiries have been made.

Shri A. C. Guha: I know that Hundred rupee shares of certain tea companies whose market value may be Rs. 200 or Rs. 250 were purchased at

[Shri A. C. Guha.]

even the fabulous price of Rs. 800 so that some particular firm may corner the shares of some garden and take charge of the managing agency or managing directorship. This is not a very uncommon feature in the tea industry. When the share scrips of the tea industry are going on at this high rate, it is very difficult for us to think that the tea industry is really in a very difficult position. My hon. friend, Shri Heda, has also asked that there should be some proper enquiry into the cost of production of tea. At the time of the Sugar Bill also, a demand was made that a proper enquiry should be made and that the matter may be referred to the Tariff Commission for finding out the real cost of production of sugar. And the Minister agreed to that. I think there is a proper case for similar enquiry into the tea industry also. There should be a proper enquiry as to the cost structure of the common tea, medium tea and fine tea and all varieties of tea.

Almost every Member who has taken part in this debate has mentioned his doubts about the adequacy of the relief given. I expect the hon. Minister in his concluding speech at least will give some indication as to how the tea industry, particularly common tea, has fared under this relief.

On the 27th of September, it was mentioned that the total loss would be Rs. 1 crore. Today we have been told that it will be about Rs. 1.58 crores. This is not only for common tea. By this Bill, the Government is reducing the export duty for all tea from 75 naye paise to 26 naye paise. This is a flat rate. Some differential excise duty is being imposed, a higher excise duty for the finer tea; only 2 naye paise is the excise duty for common tea. There is relief or reduction in duty for all tea of every variety. This sum of Rs. 1.58 crores—loss of revenue—is not only from this relief given to common tea, but from the total reduction of duty on tea as such. So, I do

not know whether this small fraction of Rs. 1.58 crores, that is, the relief given to common tea can help any industry if it is in real difficulty. That is also a point to be considered. If necessary, by this Bill, the Government has got the authority to reduce it further by notification. I think they should not be niggardly in this respect because tea earns about 20 per cent. of our total export earnings. I think in 1957, the total export earnings from tea was near about Rs. 125 crores. That is a big amount. For a small export duty, the Government should not be niggardly in this respect. If any further relief is necessary, they can give it by notification, without coming to this House for any further amendment of the Act.

Shri Bimal Ghose has mentioned about the International Tea Agreement. A delegation of Indian tea planters recently went to Ceylon and the Ceylon and Indian tea planters only recently agreed that there should be an International Tea Agreement to control and regulate tea production. But, Ceylon and India are not the only producers of tea. Previously, the signatories to the International Tea Agreement were Ceylon, India, Indonesia and Pakistan. Now, other countries have also started producing tea. So, it will be very difficult to have an agreement like that, but I think that is the ultimate remedy. Unless we can control the production of tea, I do not know how India can face the competition from other countries which can afford to sell tea at a much lower price than India either due to the labour conditions prevailing in those countries or due to some other factors. The Government should try to come to some agreement with all the tea-producing countries, and internally also they should try to control the production at least of common tea.

The prospect this year is that the production of common tea would be almost as much as in the previous year, and there is no chance of lessening the pressure of common tea on the market. I think the Government should try to

reduce the production of common tea in India and try to come to some agreement with all the producing countries. Though it is very difficult, still they should try, so that a common programme of production of tea may be framed and the total supply of tea in the market may be controlled and regulated.

In connection with this Bill, I may also mention some other matters. Some friends have mentioned that the tea industry is being controlled by foreigners. To some extent this is true. It is a very difficult and delicate matter. Over 66 per cent. of our tea production goes for export, and I think more than 50 per cent. is exported to the U.K. The producers here belong to the U.K. They have interests there, they have their own firms there, and they have firms here also. So, it is a very delicate matter, and simply this question of foreign capital or foreign management should not be the guiding principle in this respect. The guiding principle should be the retention of our foreign markets, because once we lose the U.K. market, it will be very difficult to get an equivalent market anywhere else in the world.

A policy decision was taken some years ago that Calcutta should be made the emporium of world tea trade and that the auctions would be held in Calcutta. Now, of course, some portion of the auction is conducted in Calcutta, but the main auction is conducted in London. The main difficulty in this respect is the lack of proper warehousing in Calcutta. I think that should be put up so that the auction of tea in Calcutta may be stepped up.

The retail distribution of tea is practically controlled by two firms—about 80 per cent of it. There also the Government should see that other firms come in. If the retail distribution is controlled by two firms, it is almost a monopoly arrangement, and they can control and regulate the price according to their convenience and interest, and the consumer will have to pay a higher price, and internal

consumption will naturally go down, or will not increase proportionately.

Some years ago, the Government appointed the Plantation Enquiry Commission. It was not an enquiry committee, but it was an enquiry commission. That Commission submitted a thousand page report on tea alone, but Government thought it wise practically to reject all its recommendations.

Mr. Chairman: May I just point out that this is an amending Bill? So, wider questions need not be brought in here, unless they have some direct relation to the alteration of the taxation.

Shri A. C. Guha: The relief given under this Bill falls short even of what has been recommended by the Plantation Enquiry Commission. That Commission's recommendations should again be considered by the Government, and if the tea industry is in real difficulty, now is the appropriate time for Government to see if the recommendations of that Commission, if implemented, can help the industry.

I do not want to say anything more. Only I think the hon. Minister would enlighten this House as to how far this relief has been able to give any impetus to the export of common tea during the last 1½ months. That is the only criterion for the success or adequacy of this Bill. If the result has not been quite adequate, I think the Government should immediately take steps to reduce the export duty on common tea as also, if necessary, on other tea, so that at least our export earnings may be maintained, if not increased.

Shri N. B. Ghosh (Cooch-Bihar): Before entering on this subject I would like to say that there is some confusion of thought about this tea industry. Some hon. Members think that the fears raised by the producers that the tea industry is in danger are really a bogey, that they are not as a matter of fact true. The danger is real and

[Shri N. R. Ghosh]

grave. Unless we realistically approach the subject, we shall not be able to consider it in proper perspective at all.

The tea industry started in India from 1866. For a long number of years this industry was not only controlled and dominated, but practically monopolised by the British people. The best tea-producing area is Upper Assam which is ordinarily known as the Brahmaputra valley. There you will not find any common tea. The expression "common tea" is also not intelligible to many people. I shall dilate on that point later.

I would say that the Brahmaputra valley and the hill areas of Darjeeling do not produce common tea. Their teas are of a very good quality, and under any circumstances they can compete with other people. The new countries which have started production of tea are not producing high class teas as of the Brahmaputra valley or of Darjeeling. Practically our high quality teas hold a sort of monopoly. Some portions of the Doars also produce good tea, but these were the reserves of the British people. Indians could not get any land there, they could not start their tea gardens there. We came later into the field, and we had to accept whatever good, bad or indifferent lands that were given to us. Terai, a large portion of Doars, Cachar, Tripura and Kerala are the different areas which generally produce common tea. There is no mystery in that word. These teas do not fetch much value, at least at present.

The tea industry has faced many crises. From 1866 right up to 1933 there were five big slumps, and then the tea producers sat down and thought whether anything could be found out to stabilise this industry. The idea first came from the Indian Tea Planters' Association, Jalpaiguri. They mooted the idea that if there could be some control over the export of tea and some control over the

starting of new gardens or expansions thereof there could be an equation between demand and supply. As it was a new and expanding industry, people began to produce without caring at all whether the market could consume the quantity or not, supply outstripped the demand and that resulted in these slumps. For the first time in the year 1933 the important tea-producing countries joined in a sort of agreement the result of which was the international agreement of 1933 for controlling export, and the stability of the industry was practically unruffled for about twenty-two years. Never before did the industry have such a peaceful time. The profit might have been more, or the profit might have been less, but the industry was not faced with that sort of crisis as it did face before. This 1933 International Tea Agreement expired on 31st March, 1955. Even prior to 1955, British East Africa dropped out of it. They had joined it later but they dropped out earlier. After that, our Government introduced this export duty. And what actually was the result? In answer to the doubts of some of my hon. friends who said that this question of competition outside India was really not true, I shall give some facts.

A few figures would convince hon. Members. In British East Africa, namely Kenya, Uganda, Tanganyika, Nyasaland and South Rhodesia, in 1939, their acreage was 41,282 acres; in 1948, it was 49,000 acres; in 1957, it was 85,000 acres. After 1957 also, they have been expanding their plantations. In Mozambique, in 1937, it was 2,000 acres, while in 1956, it was 30,250 acres. So far as Belgian Congo is concerned, they started their plantations after the tea duty was imposed, but, now, their acreage is 11,000 acres. South America also started its plantations much later, taking advantage of the duty which was imposed on export. Their acreage now is about 20,000 acres. In Brazil, the acreage in 1946 was 8,188 acres, while in 1956 it was 13,213 acres.

Iran was one of our best buyers. Practically, all the tea consumed in Iran was imported from India. After the duty has been imposed, they have begun to expand their plantations; they had some very negligible plantations before, but after this duty, they have expanded their plantations, and now, they have an acreage of 57,000. There is no doubt about it that we have once and for all lost this Iran market, and we must thank this duty for that.

In the USSR, at present, the acreage is 1,83,000. So far as China is concerned, we have no figures, but we have got this information that she is exporting in large quantities.

Now, we have in India this high export duty and excise duty. We approached Government on many occasions in regard to this duty, but we were told that Ceylon also had its duty. But Ceylon also burnt her fingers many times. And, of course, some tea gardens have also gone to the share of Pakistan. There also, there is the duty.

Now, the question is what will be the reflection on the market as a result of this keen competition. Some hon. Members have not liked the idea—I do not say that I like the idea either—that a very large slice or rather the bigger portion of this industry is in the hands of foreigners. But these British people are the biggest tea-drinkers also. If they produce a large quantity of tea in India, they also very largely consume it. If the British people can be weaned away from tea-drinking, perhaps, this industry as it is, will not survive in India.

Whether these tea gardens are owned by the British people or by the Indians, we have got a very large share of it in many ways, especially, the common teas are largely ours. Then, we should also consider that it is the biggest earner of foreign exchange. Besides, who is the biggest sharer of this profit? About 50 per cent of the profit goes to the Centre

and to the States. So, we would ask Government not to shed tears for us, but to realise that if this industry goes, then it will make a very great inroad on their resources also. We had a very high position in the international market, but we are losing that market now. Anybody can look at the figures. The figures can be checked. They are nobody's special property. Some hon. Members have said that these producers should not be believed, and that Government should check the figures, and Government should investigate into the matter. As a matter of fact, the hon. Minister himself knows that Government have checked it. Their own Plantation Inquiry Commission investigated it, went into the matter, and came to certain conclusions. And from many quarters warning is being given that the future of these common teas seemed almost to be doomed.

Then, again there is the Export Promotion Council, and they have also said that something should be done to promote export of these common teas. Now, look into this fact realistically. The other tea producing countries, excepting Ceylon and Pakistan, have not got these duties at all. I do not know their tax structure, but we have got figures to show that in British East Africa, the production cost is much less than in India. In India it is mounting up and rigid, and on the top of that, we have this duty in our country. Does this duty in the long run help Government? They have to choose between two courses. Are they going to kill the international market for common teas? Our common teas are being priced out and squeezed out gradually but surely. Are they going to do that? If they think they can afford to do so, then let them do it, but as a taxpayer, as a citizen, and as a Member of Parliament, it is my duty to sound this warning that that will be the greatest folly on the part of Government.

Shri Bimal Ghose: Oppose the Bill.

Shri Tangamani (Madurai): Is the hon. Member opposing the Bill?

Shri N. R. Ghosh: I am not opposing the Bill. Let the hon. Member kindly bear with me for a few minutes.

Mr. Chairman: I have also to remind the hon. Member that he should remember the limitation of time. He has taken ten minutes **already**, without touching the main point.

Shri N. R. Ghosh: I have got an amendment, and I am just going to argue in the line of my amendment. My amendment is this, that this left-handed charity will not do. The Government are to remove the duty altogether. That is my amendment. I am not introducing the other disputed questions as to whether our wage structure is high or low and so on. That is a different matter altogether, and maybe, it is irrelevant for the purpose of this Bill. If we are to be satisfied with Brahmaputra tea or Darjeeling tea alone, then that is all right, but if this industry has to survive at all, then common tea export should be promoted, if necessary properly subsidised. It is true that Ceylon has got an export duty, but Ceylon tea is much better, and it may compete with other markets in spite of that duty. They have some advantages. If Government actually want to help the industry here, then they must take courage in both hands.

They must have a bold approach to the whole thing. My amendment is to the effect that for at least six months do away with the duty altogether and see the repercussions, how much you lose; how much you gain in other ways.

Shri Bimal Ghose: How much will Government gain? Can the hon. Member assure the House that exports will increase?

Shri N. R. Ghosh: Let him put up with me for a few minutes. Let Government do what I have suggested in my amendment. Let them see what actually happens. I would say that in 1958 we have produced much more of

common teas than we did last year. We can export 50 million lbs. more. If 50 million lbs. more can be exported, it means that we will largely compensate our loss. In London, we have already lost about 9 per cent of the common teas which have been replaced by teas from British East Africa and other producing countries. We can regain our market in London. There is no reason why we should not do it, because after all the buyer cares for his own pocket. We cannot sell our teas competitively now. If the duty is gone, then we can sell them at an attractive price and the export market will expand. I say that this will not only earn a good deal of foreign exchange, but there will be additional profit. Government will get income-tax, super tax and other taxes; 70 per cent of it will come back.

As far as I could know, the entire earning in 1957 was Rs. 18 crores. Suppose they lose Rs. 9 crores to save this industry. It is for them to consider whether it is worth doing or not. The indigo industry was killed; jute industry has been very much weakened, and the tea industry is also facing a very grave peril. We are heading towards a precipice and beyond it is the abyss.

I would ask Government to consider approaching this question from this point of view, not from the point of view of giving some relief to the producers. They are saving this industry for India, to the benefit of the exchequer of India, not merely to the benefit of the producers. Do not care about the producers. It will not be a wise policy to see that these common teas are squeezed out of the world market. That will not be good for anybody. I would submit that that is a question which should be seriously considered by Government.

Again, I would ask the hon. Minister to consider whether the remedy which Government have suggested will give any relief by way of promotion of exports of common teas in the foreign market. It will not. Some hon.

Members have very pertinently said that there must be some result and that result should have been visible. As a matter of fact, the tea producers and the people who care about these market figures know that there has been no effect on the market. That shows that the relief granted is being wasted. It is illusory. It is no relief at all whatsoever.

The sugar industry has been saved. The tea industry can also be saved if actually Government take a courageous and bold stand. If there is anything wrong about the behaviour of the tea producers, as some members, on the opposite side are hinting this is not the occasion to discuss it. Let Government investigate their behaviour and do whatever they like. The question whether wages should be increased is also a different consideration. That is not the dispute here. The present question is whether as a matter of fact, the common tea industry is in peril or not. That has been practically admitted by Government; otherwise, they would not have come out with this measure for granting this relief. As I submitted, the Export Promotion Council has recognised it and the Plantation Inquiry Committee has also testified to it.

Therefore, the danger is there and the peril is there. The peril which is facing this industry is endangering the very existence of its industry. We have to take stock of this fact and consider it realistically. I would submit that actually the relief proposed is no relief at all.

Another aspect of the question is about the zones. There are zones 1, 2 and 3. Let me illustrate my case a bit. Suppose a grade of common tea is priced at Rs. 1.70. Suppose on the basis of the world price, the buyers' association or traders' association pay Rs. 1.70 for this tea. The brokers then show the price by splitting it up like this zone 1: Rs. 1.68 plus 2 nP. excise duty, zone 2: Rs. 1.66 plus 4 nP. excise duty, and zone 3: Rs. 1.60 plus 10 nP. excise duty. In this way

though there will be a theoretical difference in value, the buyer would always prefer zone 3 to zones 1 and 2. So the common teas would have no push for the export market by the lower excise. It will be frustrated by the above manipulations, if any body tries to do so. We have got information that some such move is afoot.

But the main point is that we should take a bold stand. We should remove the duty at least for six months—that is my amendment—and see the repercussions, how much Government lose and how much they gain. Do take a long view. If you lose the market once for all, what will happen? Is it not much better to lose a few crores of rupees now in order to have your footing steady and made permanent in the world market by removing this duty? We should never forget that we have got no monopoly of this tea. As a matter of fact, we have very keen competitors. They are raising their heads. They were encouraged to plant and expand their plantations on account of this handicap of duty in the case of Indian tea. That is what actually has led them to plant their lands with teas. Their lands are not very good for planting teas. Even British East Africa lands are not very good. We can compete with them on equal terms but not under a handicap.

Mr Chairman: Order, order. The hon. Member has already taken 20 minutes. He can speak on his amendment at the time of the clause by clause consideration stage.

Shri N. R. Ghosh: I would, therefore, ask the Minister to consider that it is necessary for Government to take a firm and bold stand and not try to tinker with the problem.

श्री हेम राज (कागडा) . सभापति महोदय, जो विधेयक अभी वित्त मन्त्रालय की ओर से सदन के सामने पेश है उसका हर एक सदस्य ने स्वागत किया है और मैं भी उस में शामिल होता हूँ । लेकिन जैसा कि बहुत सारे माननीय

[श्री हेमराज]

सदस्यों ने हाउस में कहा है, मैं भी समझता हूँ कि यह बहुत अच्छा होता अगर माननीय मन्त्री महोदय यह बतला देने कि इसको जो डेढ़ महीना लगे हुए हुआ है उससे कितनी आमदनी हुई है। उससे यह पता चल जाता कि आप हमें टी इडस्ट्री के लिए जो रियायत दे रहे हैं उससे किस कदर फायदा होता है या होना वाला है। मुझ से पहले बहुत से माननीय सदस्यों ने कहा है कि टी का हमारा सबसे बड़ा मार्केट इंगलिस्तान था। जो फिगर शायद हुए हैं उनमें तो यही पता चलता है कि हमारी जो इंगलिस्तान में चाय की मार्केट थी उसको आहिस्ता आहिस्ता चीनान ले रहा है। उसकी कुछ वजूहात हाँ सकता है लेकिन मैं इस वक़्त उन वजूहान में नहीं जाना चाहता। मुझ से पहले माननीय सदस्य ने एक वजूह दी। दूसरी तरफ़ मैं और माननीय सदस्य कहने हैं कि जिन वक़्त इडस्ट्री का बहुत आमदनी होती है तो उस वक़्त हमें मजदूरों को कुछ नहीं मिलना। कुछ भी हो। मैं बात को हमें तमलीम करना पड़ेगा कि यह जो चाय का उद्योग है यह हिन्दुस्तान के लिए एक निहायत ही मुफ़ीद उद्योग है इस लिहाज से कि इस के निर्यात में जो आमदनी होती है वह सबसे ज्यादा है।

जा टी की परिभाषा की गयी है उस वक़्त का मुताबिक वृद्ध ऐतराज हुआ था। मैं नहीं कह सकता कि उसका क्या परिभाषा शायद चाहिए। लेकिन मैं काम नौर पर उस हिस्से में बारे में कहना चाहता हूँ जिमको कि पञ्जाब या हिमाचल का पहाड़ी इलाका रहने है। वहाँ जो चाय होती है उसके मतलबिक मैं कुछ कहना चाहता हूँ। कामन टी मेरी राय में उसे कहा जाना चाहिए जिसे आम आमदनी इस्तेमाल में लाने हों। शायद हममें मतलब काली चाय में है। पर हमारे हिस्से में जो चीन टी होती है वह उन हिस्सों का जानी है जहाँ के लोग बहुत गरीब होते हैं। उसका

मार्केट अफगानिस्तान में है या लेंह और लद्दाख़ में है या चीनी तुरकिस्तान में था।

पहले पहले यह जो हमारी चाय थी यह एक कार्टेज इडस्ट्री थी। इसमें मशीनरी का इस्तेमाल नहीं होता था और उस पर एक्साइज़ ड्यूटी भी बरायें नाम यानी एक घाना थी।

प्लान्टेशन एन्क्वायरी कमीशन ने रिकमेण्डेशन की थी कि कागडा और हिमाचल प्रदेश का इलाका पिछड़ा हुआ है और वहाँ पर चाय बनाने का जो तरीका इस्तेमाल में लाया जाता है, वह बहुत पुराना है, जिस की वजह से वहाँ की चीन चाय बरंड मार्केट में स्पर्ड नहीं कर सकती, इसलिए उस पर मे ड्यूटी माफ़ कर दी जाय। मैं मन्त्री महोदय के निर्दिष्ट में कमीशन की रिकमेण्डेशन में ये शब्द लाना चाहता हूँ —

"We feel that by the enhancement of the levy of excise duty from the existing rate of 1 anna per pound to 3 annas, the financial difficulties of the small producers should not be aggravated. Though numerically they are large, their over-all production is very small. The bulk of them, particularly in Kangra, produce by hand process and the quality in consequence is very inferior and cannot bear the additional impost."

एक रिपोर्ट का मैं स्वागत करना हूँ और मन्त्री महोदय का ध्यान मैं इस तरफ़ दिलाना चाहता हूँ कि इस चाय की मार्केट अफगानिस्तान में थी, जो कि अब बन्द हो चुकी है। इस समय भी कागडा और हिमाचल प्रदेश की बरंड पच्छीम लाब पीड चाय समुत्पन्न की मार्केट में बन्द पड़ी है और बिकनी नहीं है।

मैं नतीजा यह है कि जिन स्माल प्रोड्यूसर्स का पञ्जारा इस चाय पर था, वे तबाह-हाल हो गए हैं। मैं निम्न में अर्ज करूँगा कि इस इलाके लोगों का ध्यान नौर पर बग़ल

रख कर ग्रीन टी पर छूट दे दें और उसकी पहली मोबिलिशन को कायम रखें। उस पर तीन चार आने की जो एक्साइज ड्यूटी लगी हुई है, उस को उड़ा दिया जाय।

इसके बाद मैं एक और बात आप की खिदमत में अर्ज करना चाहता हूँ। इंडस्ट्री से जो आय होती है, उससे उस इंडस्ट्री की प्रगति और विकास भी किया जाना चाहिए। हमारे यहां टी इंडस्ट्री पर इस उद्देश्य से खर्च नहीं होता है और अगर होता है, तो बहुत थोड़ा होता है। मैं सेंट्रल गवर्नमेंट से यह अनुरोध करना चाहता हूँ कि हमारा इलाका बहुत पिछड़ा हुआ है, अनडेवेलप्ड है। यहां के प्लानेशन हमारे लोगों ने नहीं बल्कि अंग्रेजों ने लगाए थे। उन के पास पैसा था और हर एक चीज थी। इस लिए वे बेहतरीन चाय तैयार कर लेते थे। अगर सेंट्रल गवर्नमेंट समें सहायता करे, तो यह चाय भी उतनी ही अच्छी बन सकती है। आज यह कहा जाता है कि अब ग्रीन चाय का जमाना नहीं है। मैं अर्ज करना चाहता हूँ कि अगर इसको प्रोत्साहन दिया जाय, तो यह चाय भी अच्छी बन सकती है और बाहर एक्सपोर्ट के लिए जा सकती है।

आखिर में मैं यह कहना चाहता हूँ कि टी इंडस्ट्री में एक साइकिल सा आता है। कभी उसमें घाटा पता है और कभी उसकी प्रगति होती है और वृद्धि होती है। इसलिए मेरा सुझाव है कि एक्सपोर्ट प्रोमोशन कौंसिल और टैरिफ कमीशन की मारफत गाहे ब गाहे इस की जांच होती रहनी चाहिए, ताकि जिस समय हमारी यह इंडस्ट्री नीचे की तरफ जाने लगे, तो गवर्नमेंट आगे बढ़ कर उसको सहारा दे दे और इस तरह इस बड़े फ़ारेन एक्सचेंज अर्नर की तरक्की की जाय।

Shri Khadilkar (Ahmednagar)
Mr. Chairman, Sir, tea occupies a very important position in our foreign export economy. If we are losing our tea market, for whatever reasons, we must try to study the situation in a
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thorough manner so as to rehabilitate our position in the international market.

So far as the present measure before the House is concerned, I am afraid it tries to give marginal relief for the time being in order to hold its own in the world market. How far it will meet the situation is the question. And, before touching this question, I would like to raise two points. First, we have to study thoroughly the problem whether in the present world trends the method followed by our Finance Ministry of adjustment of export duties in order to keep up the level of earnings or keep out position in the world market is going to meet the situation.

The second is this. The other day I happened to be in Assam; and by accident, a high executive, in the plantations, an Indian executive, a quite patriotic fellow sitting by my side in the plane gave me some of his experiences. He was saying: We are facing, we say, competition from African tea; but that competition is very well-planned. With the experience of 20 years in tea gardens where about 5,000 people were employed, he said that after freedom there has been a tendency, slowly but surely, to withdraw capital from here and create another competitor to India. I regard the future of the tea industry sometimes as even more important than the textile industry from the point of view of our economy. So, I would like to repeat a strong word which he used. He said that if Government failed to take note of the present plan that is being silently followed by the planters — and the majority of them are foreigners—tea industry will suffer serious difficulties. They are following, he said, a slow scorched earth policy in a sense. The maintenance of the tea garden is handled in a haphazard way so that, ultimately, if the time comes for them to quit, they will not lose much but they will see that the sort of monopoly position which the industry has got in the world market is knocked off. Further than this he

[Shri Khadiikar]

said that the African tea which is the real competitor is, in quality, much inferior to ours; but by raising this competition in an artificial way in the main market where auction takes place—that is London—we have been forced more or less to sell at a much lower price. If this information, for whatever it is worth, is taken into consideration, I feel that the marginal relief that is offered by the present Bill is not going to meet the situation and keep us in the world market. I shall give some figures in this connection. If we take the average of 1948-50, we, Pakistan and Ceylon—all put together—account for 56 per cent of the total imports in Britain. The present figure is 84 per cent. In the same period, the East Africa has raised its figures from 2.8 per cent to 6.9 per cent. These figures speak for themselves. So, I suggest that instead of presenting a Bill of this nature in order to give a little relief for the time the Finance Minister ought to have placed before this House all the relevant data concerning tea industry, and, as you have rightly pointed out, taken the House into confidence. He should have placed before the House the position of the industry and told us what practices were followed in the other countries. Then we could have properly assessed the situation and also seen whether the relief offered is adequate to meet the situation at the present moment.

A relief of 10 nP per lb. is given. But it works out differently in three different zones. The relief is 10 nP in the first zone; 8 nP in the second zone and 2 nP. in the third. How far is this going to meet the situation? I feel that the Finance Minister in his reply will clarify the position and say why this differentiation has been made from zone to zone though the total relief as it is given appears to be 10 nP.

One more point and I have finished—that is auction of tea. I learn

that Government ought to have taken steps to bring round the world importers of tea to the Calcutta market. Some hon. Members have just now said that there are warehousing difficulties. But they ought to have been met.

In the world market, we find there are several agreements in commodities. Take, for instance, wheat. The wheat market is controlled by a few who ultimately control it in such a way that they can dictate the prices. Now, we are receding in the world market; our position is gradually falling. Still, we are in a position where, if we do not lose confidence and take a little courage and show a little boldness in dealing with the world people who are fond of tea, we may be able to improve. I do not share the pessimism of the hon. friend who happens to be in close touch with the planter friends than the others that some day the Britishers will give up tea or the people will try to boycott it by following a puritan attitude as that of our Finance Minister on drinks. I do not think it is coming in the near future.

In order to break the London ring of the auction and the dictation of the prices to us, the Finance Minister should devise steps so that the ultimate auctions, so far as the world market is concerned, will take place in Calcutta, whatever the expenses or investment necessary for building warehouses and other things. If these measures are not taken, I do not think this measure alone would prove adequate to help the industry. We earn about Rs. 123 crores from tea exports according to the figures for 1957. I am not sure that this year we are going to earn so much. About 20 per cent of the value of our total export trade is accounted for by tea.

Te has studied the situation better with all the material available to him. But I feel that he will have to introduce another Bill later on with

alterations in duties with some tinkering or marginal relief. This method is totally wrong. The method of international trade must be devised in such a way that ultimately at least in respect of tea trade we shall be having the whip-hand of the situation.

Shri Achar (Mangalore): Mr. Chairman, Sir, I would like to emphasise only one or two aspects of the question. Most of the hon. Members who have participated in the debate have expressed fears as to the adequacy of the relief given. I too feel whether under the present critical position the relief given would really meet the situation. I would request the hon. Minister to consider the facts presented by some of the hon. Members.

From the situation as it stands, it looks as if India is losing the market. It is very difficult to build up a market. If the market is lost once, I fear it would be impossible to regain it. The question has to be considered from that aspect, and, if the relief now granted under this Bill is not sufficient, I would request the hon. Minister to consider that aspect of the question and see that more relief is granted. Of course, we welcome the measure to the extent it gives relief to the industry.

There is one other aspect which I would like to place before this House. From several reports we hear—some of the hon. Members have also referred to that aspect of the question—that capital from this industry is going out of this country. As a matter of fact, many of the foreign planters are taking away the capital out from this country. It may be that after we attained independence some of the planters are not anxious to continue here. That may be so, or that may not be so. So long as there is profit, a businessman does not very much mind where he lives. He looks to the profit aspect more than anything else. Therefore, I feel that it is not due to the fact that we have attained independence that these

foreign planters, especially from England, are anxious to take away the capital. It is more the condition and, probably, the prevailing circumstances that are inducing them to take the capital away from this country. We have been trying our best to see that our Plans succeed. We attract foreign capital in this country.

I have personal experience of the fact that planters, especially in Ootacamund and Nilgris, are disposing of their tea estates. I do not know how far it is correct with regard to Kerala. I have read in the papers that in Kerala also some of the planters are selling their estates and they are going out of this country. Of course, the consequence is that we are losing capital. A certain amount of fear also is felt that efficiency also is suffering.

Government has to consider why foreign capital is going out of this country. Is it due to labour unrest? I am told that planters who are selling their estates here are moving to South Africa. Is it due to the fact that labour conditions are easier there?

17 hrs.

Shri Narayanankutty Menon (Mukandapuram): In South Africa there is no labour.

Shri Achar: If there is no labour, there won't be any tea estates. I am really surprised at the remark made by my hon. friend. There must be some human labour. It is not that everything is done by machinery.

Shri Narayanankutty Menon: There you have got slaves.

Shri Achar: That is also labour. Whatever it be, the position is this. As I pointed out, the very planters who are having their estates here are shifting their capital and are having their estates in South Africa also. As one of the hon. Members remarked, the competition is not only from foreign countries, but our owners are having their estates both here and

Bill

[Shri Achar]

there We have to consider this aspect of the question, because, unless we tackle this problem, this competition from South Africa, it will not be good In fact, from the competition of the very planters who are here we are losing our international market Whatever be the reason, whether it is due to the fact that conditions of labour are such or whether it is due to the cost of production, we have to see that our important industry, an industry which is bringing large amounts of foreign exchange and also dollar, cannot be neglected We cannot afford to neglect it

So, as some hon Members pointed out, it is not merely a simple problem, but a problem effecting the whole national investment and a problem of our losing foreign markets This problem at this stage will have to be considered in a broad perspective, and as my hon friend Shri K R Ghosh submitted, if it is necessary we will have to give up all income No doubt, for carrying on our Plan we want every rupee possible but, at the same time, we have to look at this aspect of the question We cannot

afford to let the industry suffer and we cannot lose this important item in the foreign market I would submit to the hon Minister to consider this aspect of the question and see that this industry is saved at this critical stage

Shri Narayanankutty Menon: Give some subsidy also!

17 03 hrs.

BUSINESS ADVISORY COMMITTEE
THIRTY-FIRST REPORT

Shri Rane (Buldana) Sir, I beg to present the Thirty first Report of the Business Advisory Committee

Mr Chairman. The House stands adjourned till 11 00 a m tomorrow

17 03 hrs

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, the 18th November 1958
