

Prime Minister visited Australia in 1986 and signed an agreement for trade between the two countries. In the statement, it is also stated that the Australian Prime Minister visited India in February 1989 and both the countries have signed a memorandum of understanding for cooperation in sectors of railways, telecommunication etc. He also stated that conference is at present going on in Canberra. May I know, what is the present turn-over of the Indo-Australian trade and whether any decision has been taken in that regard in the Joint Ministerial Commission at Canberra and whether any agreement has been signed in that regard? If so, what are the details thereof?

SHRI P.R. DAS MUNSI: Sir, through you, I would like to convey to the hon. Member that if you trace the history of Indo-Australian trade, it started right from the East India Company but the actual trade agreement between India and Australia was signed officially after the independence. Thereafter the trade between the two countries started following the line of Joint Trade Committee which considering the trade and technological aspects was at a little lower level. Thereafter we had a Joint Business Council at the private level. During the first visit of our Prime Minister to Australia, and before the Australian Prime Minister came to India, a Joint Business Council was formed and it started functioning. It is nice to mention here that when the Australian Prime Minister, His Excellency Mr. Hawke, came to India he also attended the Joint Business Council meeting and responded to Indian trade just as our Prime Minister Rajivji responded to Australian trade. Thereafter a Joint Commission was formed. The first meeting of the Joint Commission was held in Canberra yesterday. The message that I received yesterday evening from Canberra through our High Commission is that the concluding part of the agreement will be signed today. So, I cannot exactly say whether the agreement has been signed between the two trade Ministers. But hopefully I may inform the hon. Member that an arrangement to provide 1.2 Billion U.S. Dollars trade by 1992 in order to double the trade turnover has been envisaged and

possibly in this regard some official declaration will be made today in Canberra. The provisional figures for trade turnover for the year 1988-89 shows that the export figure stands at Rs. 266.04 crores and the import figure is a little over Rs. 700 crores. So, obviously there is a trade balance in favour of Australia. Therefore, we are trying to find out what more new items can be added in our export basket so that we can neutralise the bulk import of cooking coal for which we are mostly dependent on Australia.

Apart from this a Memorandum of Understanding was signed between the two countries which identifies a few areas like the Railways and others. A Memorandum of Understanding was also signed between the National Dairy Development Board and Australian Centre for International Agricultural Research on 15th October, 1986. The purpose of this Memorandum was to increase the food production and to promote research, this involves exchange of missions, exports and delegations so as to exchange views in the field of research. So, these are the broad areas where we are thinking of expanding our trade.

So far as our export is concerned, we are mainly depending on machinery, transport equipment, chemicals and other related products and our import is mainly confined to coking-coal and raw-wood. These are the areas where we feel that the trade between India and Australia can be further expanded. We hope that the agreement which will be signed today will open new doors for the Indo-Australian trade.

#### Export of Tea

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\*181. SHRI BALASAHEB VIKHE  
PATIL:  
SHRIMATI PATEL RAMABEN  
RAMJIBHAI MAVANI:

Will the Minister of COMMERCE be pleased to state:

(a) the quantity and the value of tea

exported to various countries during 1 January, 1987 to 30 June, 1989, country-wise, year-wise;

(b) the foreign exchange earned, country-wise;

(c) the steps taken to increase export of tea;

(d) the facilities and incentives given at

present to tea exporters and whether Government propose to give more incentives in the further; and

(e) the steps taken to check the inferior and adulterated qualities of tea before it is exported?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P.R. DASMUNSI): (a) to (e). A statement is given below.

### STATEMENT

(a) and (b). As per Tea Board statistics, Export of tea from India earned an overall foreign exchange of Rs. 621.72 crores (Prov.) during 1987-88 and Rs. 644.26 crores (Estd.) during 1988-89. Value of export of tea for the period April-May, 1989 is provisionally estimated to be Rs. 59.60 crores as compared to Rs. 57.09 crores during the corresponding period last year. Export of tea to some of the principal countries during the years 1987 to June, 1989 are as follows:

<i>Name of the Countries</i>	<i>(Qty - M. Kgs.)</i>		<i>(Fig. Licences issued)</i>	
	1987	1988	1988	1989 (Jan-June)
1	2	3	4	
U.K.	24.63	26.52	1.61	
Poland	10.32	9.48	4.39	
U.S.S.R.	91.08	95.76	33.04	
U.S.A.	2.49	2.92	0.98	
Iraq	2.15	12.52	2.85	
A.R.E.	8.37	14.91	6.66	
Iran	28.11	11.77	1.24	

(c) and (d). Government from time to time on the basis of merits are giving facilities and incentives to exporters. Some of the important step initiated to enhance exports of Indian teas include:

1. Assistance to exporters for loan in foreign exchange for brand promotion.

2. Shift from generic promotion to uninational campaign for value added teas.
3. CCS on tea bags, packet tea/tea caddies, instant tea and quick brewing black tea has been sanctioned.
4. To counter misbranding of other

- teas as Darjeeling teas, a logo for Darjeeling tea has been launched.
5. Tea bags have been exempted from excise duty.
  6. Customs duty on filter paper used in manufacture of tea bags has been abolished.
  7. Rebate of Excise duty on packet tea exports.
  8. A provision of 10% of FOB realisation for advertising and promotion by individual companies abroad had been sanctioned.
  9. Small scale packeters upto a annual turnover of Rs. 1.5 crores have been exempted from Excise duty.
  10. Exports of tea under bond has been allowed.

(e) Checking adulteration in respect of any saleable tea for domestic or export purpose is primarily the responsibility of different state governments in accordance with the provisions of the Prevention of Food Adulteration Act and rules framed thereunder.

In addition, Tea Board implements the provisions of the Tea Waste (Control) Order, 1959 to check any misuse of Substandard Tea or Tea Waste as adulterated to tea.

SHRI BALASAHEB VIKHE PATIL: Sir, in Poland and USSR the trade is in Indian currency. So, I do not know how much foreign exchange we are earning from these countries. At the same time our trade with Poland and Iran is declining very fast. Some countries are doing well in trade. There is no doubt about that. I would like to know how the Government is thinking of increasing the tea trade abroad so that we can compete in the international market. You have given a number of exemptions but at the sametime you are going to re-consider the small scale packeters upto an annual turnover of Rs. 1.5

crores. That limit can be increased so that the margin of profit can be more and they can export. You calculate the total subsidy per Kg. after giving all your concessions to the tea exporters and see how you will stabilise tea export market so that, particularly the tea garden labour, does not suffer and the production can go up.

SHRI P.R. DAS MUNSI: The entire mechanism of tea export precisely depends on (a) the productivity and production of the country, (b) the supply and demand ratio in the domestic market, and (c) finding out whether there is any export surplus and also whether there is any market.

The hon. Member expressed his concern about the profit margin in the rupee earning area as well as earning profit margin from the hard currency areas, and finally whether we can increase the limit of small packets and all these things. I may inform the hon. Member that though India is the largest producer of quality tea in the whole world I may claim that India produces the best quality tea which nobody in the whole world produces—the difficulty that we are facing today is that the domestic demand is going up and the matching production ratio for making available the surplus for the export basket is not gaining momentum. This is precisely the fact. It is a fact that from 1951 to 1986, though our productivity had gone up by 67 percent, and the area under plantation had gone up by a little over 28 percent, still the domestic consumption is going up at a galloping speed. This year, we had estimated a production of a little over 700 million Kgs, while according to our information, about 470 million Kgs. would be consumed in the domestic market alone. The remaining, i.e. the surplus, which we will have in our hand usually will be around 200 million Kgs. or a little over that. In that there is also a black CTC tea.

We have a very steady market in the Soviet Union. We don't like to get out of that area because we feel that Society market is a very steady and a regular market for Indian tea. So, the Indian tea must go as much as

it can. We are giving 18 percent of C.C.S. if the tea is actually packed in the form of a packet and are exported by finding a market. The problem is—I would not include subsidy or cash compensation that many State Governments are not registering their small scale units. We have made a provision that if there is a small scale packaging unit, it will also be exempted from the Excise Duty. So, many State Governments are not actually registering those units. That is the new problem. We are sorting it out. Regarding finding new market area, as I had stated earlier, we have started gaining new ground. I may inform the hon. Member that West Germany is now the best market for the quality tea while the other kinds of teas are usually liked by the entire Europe. But in the United States, the type of flavored tea that they would like to consume is of a very inferior quality which India never stepped into. We are fighting in the international forum for the quality promotion only because it is here that India can get a better rate.

**SHRI BALASAHEB VIKHE PATIL:** My second supplementary is this. In reply to part 'e' of my question, you have mentioned about Food Adulteration Act and the misuse of sub-standard tea. I do not know how many cases you have registered. We have been getting cases about the foreign exchange earning. The Government is trying to increase the production of tea but at the same time, can the Minister inform the House as to which are the other areas in agricultural products where we can earn more foreign exchange so that we can substitute the tea with other agricultural product. By doing so we can earn more foreign exchange. If we can do that, we may not in future due to domestic consumption lose foreign exchange.

**SHRI P.R. DAS MUNSI:** First of all as far as adulteration is concerned, it is a fact that sometimes, cases are reported to us about the export of adulterated tea. And we

caught a few cases. But the actual problem is that checking adulteration of any saleable tea, whether for domestic consumption or export, is primarily the responsibility of the State Governments, as per the provisions of the Prevention of Food Adulteration Act. It is precisely their responsibility.

Finally, the export arrangements for tea are like these: for a long time it has been the practice that unlike in other commodities where a regular inspection agency e.g. export inspection agency is there, for tea they are between the buyer and the seller, through a surveyor, subject to the satisfaction of the buyer. If I buy tea from India or from England, I will buy tea through a particular party many times through a surveyor appointed by me or by him, subject to my satisfaction.

The quality itself has reached such a level that hardly any complaint comes, of this nature, except from the domestic market, and the domestic market is under the total surveillance of the Enforcement Department of the State Governments. But it is precisely within the ambit of the State Governments.

In regard to substitution of tea by other agricultural commodities, I would request the hon. Member not to plead for it, because tea is required for India. I feel that if we cannot increase productivity by the end of the 8th Plan, the situation may be very difficult for India, even to look after the domestic market. The consumption is going up, because it is the only beverage for the common, poor people. Therefore, we do not like to plant like that; on the contrary, our ambitious target is to expand the tea-growing areas to a greater extent, with the help of the State Governments, and provide a lot of support from our side. We are gaining ground in this direction.

**SHRI CHINTAMANI JENA:** I would like to tell the hon. Minister that the figure given in his reply shows that in some of the coun-

tries importing our tea, the quantity of such import has declined. What is the reason for this? May I know whether it is a fact that our tea is not being very much appreciated in the international market, due to adulteration and the deteriorating quality of it, day by day? If so, what are the measures taken by Government to see that such adulteration of deterioration in quality are not there?

Besides, may I know whether it is a fact that our Darjeeling tea is much more appreciated in the international market? Is it a fact that there is scope for growing such quality tea in some of the area in our country like the Nilgiris and others? Has this aspect been surveyed; and if so, what are the results?

SHRI P.R. DAS MUNSI: First of all, I would like to inform the hon. Member that it is not at all a fact that Indian tea is losing the market due to poor quality. On the other hand, the quality of the Indian tea is so good that the Kenyan tea and the Sri Lankan tea whose quality is very inferior are grabbing the market at any price, to charm the common consumer in the whole world. That is we have taken a very consistent position in the international forums, that only quality tea should be encouraged. It has started giving results in West Germany. You cannot sell bad quality tea in West Germany. That is why the Kenyans are losing. It is mainly India whose tea is going to their departmental stores. In England, we are trying our best to do this. In Japan, a new culture has started. Inferior quality tea is being supplied by some other countries I do not like to mention those names—at throw away prices. India will never try to compete at that level. Even if we sell a little less, we do not mind; we will not compromise our price and quality.

Secondly, Darjeeling tea is produced in a limited quantity. It is earning the highest value in the whole world. The Darjeeling logo campaign is now a precise campaign for the country. That is why in the whole interna-

tional market, nobody can sell any damn, bad tea in name of Darjeeling tea, without our logo. This is the second step. Finally, we have introduced a number of systems in our tea production arrangements, both in the Nilgiris as well as in the area to which the hon. Member belongs, viz. Orissa in Kalahandi, which, people feel, is a desert-prone area. In a part of that area also, we have been able successfully to show that we can produce tea; and Orissa has given its first tea production last year; we have sold that tea at the auction as well. So, we are really improving.

I would like to inform you with happiness that the position of India today is that if the quality campaign gets strong, except India, nobody is there in the whole world to supply quality brands. That is the position in the international market.

MR. SPEAKER: The Question List is over. Now, I am going over it again. Shri Kumaramangalam.

SHRI P.R. KUMARAMANGALAM: Q. No. 165.

### Foreign Aid

\*165. SHRI P.R. KUMARAMANGALAM: Will the Minister of FINANCE pleased to state:

(a) whether the attention of Government has been drawn to the news item captioned 'Indian can no longer bank on aid' appearing in the Times of India of 25 June, 1989;

(b) if so, the details thereof; and

(c) the steps proposed to be taken by Government in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS