

THE TEA (ALTERATION IN DUTIES OF CUSTOMS AND EXCISE) BILL, 1958

THE MINISTER OF REVENUE AND CIVIL EXPENDITURE (DH. B. GOPALA REDDI) : Sir, I beg to move: "That the Bill further to amend the Indian Tariff Act, 1934, and the Central Excises and Salt Act, 1944, for the purpose of altering the duties of customs and excise on tea, as passed by the Lok Sabha, be taken into consideration."

This Bill, as the Statement of Objects and Reasons appended to it indicates, is designed to afford relief to common teas so as to enable them to compete better in world markets.

The question of how the common teas could be helped so as to reduce the tax burden on them *vis-a-vis* the other qualities of tea has been engaging Government's consideration for sometime and the proposals contained in the present Bill have been evolved after exploring all other alternative methods. For instance, a simple and straightforward and equitable method would have been to adopt an *ad valorem* levy, that is, a percentage of the value. But the practical difficulties would have been insuperable having regard to the character of the trade in this commodity with blending of several qualities for auction before export, sales on consignment basis or on forward contracts etc. Also an *ad valorem* levy might, in view of these peculiar features, have given rise to abuses too. The proposals now made have a dual effect; they reduce the tax burden on all teas exported and thereby should give a fillip to exports of this commodity; they also lead to a differential and more equitable tax burden broadly according to qualities, namely, common teas, medium teas and the rest, which are of higher quality.

I shall presently explain the features of the new system, and before I do so it would make for clearer understanding of the position if I

briefly explained the *system* that was in force before the proposals in the present Bill were brought into force on the 28th September by the Provisional Collection of Taxes Act. Before that date there was a flat rate of Central Excise Duty of one anna per pound on all loose tea, which as an interim measure had been halved, but this is not relevant for the present purposes. On all packed tea there was an additional levy of 3 annas per lb. which, as an interim measure, was raised to 3J annas. Whether loose or packed, the tea on export was eligible for refund of the Central Excise Duty paid. In other words, the excise duty was not reflected on tea exports at all. On all exports an export duty was levied under a slab system. On the first day of every month the price which would determine the rate of duty for the month was notified by Government and this rate was levied on all exports during the month irrespective of the quality of the tea. The price for the month was itself arrived at on the basis of the average of prices realised at the auction sales in London of Indian teas during the previous month. Thus it will be appreciated that the only fiscal burden on exported tea was on account of export duty, and this did not differentiate between qualities. So the common teas paid the same duty as tea of the highest quality and were handicapped.

Under the system proposed in the Bill, Central Excise duty is to be levied on loose tea at rates relatable to one or other of three categories broadly. These categories are determined by the Zone in which the teas are grown. Zone I comprises areas in which, by and large, 'common teas' or inferior grades of teas are grown, Zone II, those areas in which, what might compendiously be called, medium qualities are grown and Zone III, areas in which the higher qualities are grown. These zones are clearly demarcated and the details are contained in a Notification No. 96—Central Excises of 1958, issued simultaneously with the introduction •/

the Bill in Parliament on the 27th September. The zones themselves are fixed on the basis of the weighted average price realised for the teas grown in them in the auction for internal consumption and export during the preceding year. The zonal boundaries are readjustable once a year normally. The House may be interested to know that Zone I broadly comprises the territories of Cachar, Goalpara, Gudalur taluka of the Nilgiris district, Kanya Kumari, etc., Zone II the territories of the Terai, Dooars, Madurai, Coimbatore, etc., and Zone III, district of Darjeeling excluding Siliguri sub-division and Darang, Lakhimpur and Sibsagar of Assam, etc. The Bill itself provides (only for the levy of a maximum rate of Central Excise Duty of 19 nP. on loose tea, but the effective rates are fixed by Notification. Thus the present rates on the teas produced in the various Zones are Zone I—2 nP. per lb.; Zone II—4 nP. per lb., and Zone III—10 nP. per lb. Over and above these rates an additional Central excise duty of 21 nP. per lb. is leviable on packed tea. Another feature of the proposals is that no re- j fund of the excise duty paid on loose tea will be made on export. Only the additional levy of 21 nP. made on packed tea will be refundable on -export.

As regards export duty, the slab system prevailing until the 27th September has been replaced by a flat rate. The maximum export duty provided for in the Bill is 30 nP. per lb., but the effective rate which is fixed by Notification is 26 nP. per lb. So far as loose tea is concerned, the total tax burden on export will be, (2 plus 26) 28 nP. on Zone I teas; (4 plus 26) 30 nP. on Zone II teas and (10 plus 26) 36 nP. on Zone III teas, as against an effective incidence of 38 nP. which prevailed before 28th September. Common teas would thus enjoy a tax relief, on export, of 10 nP., medium teas of 8 nP., and quality teas of 2 nP. as a result of these proposals. Even in the field of internal consumption, common teas

would enjoy a tax advantage *vis-a. vis* other qualities of tea. I hope, Sir, I have succeeded in explaining the scheme embodied in the Bill.

Sir, while the object underlying the Bill has met with general and all round approval, the Bill has been criticised to a degree on the ground that the relief provided to the industry is too inadequate to achieve the purpose in view. It has been argued that Government should be prepared to part with a much larger slice of revenue than Rs. 158 crores, which is the loss estimated for a whole year from the proposals contained in the present Bill, if the industry is to be enabled to retain its supremacy in the foreign markets; in fact, one suggestion went, so far as to recommend the total abolition of the export duty, for a short period to begin with. I need hardly say that Government is no less anxious that the position of supremacy enjoyed by India in the tea export trade should be maintained. However, the figures of exports do not suggest that there is any reason for an alarmist j view. Our share in the U.K. market remains practically undiminished and belies the fear expressed by some that we are being displaced from that market by other countries. Government is constantly watching the trend of exports to, and prices in, foreign markets in respect of this important commodity, and is also mindful of all other relevant factors, *e.g.*, the interests of traders, consumers as well as the workers. Hon. Members will appreciate that while, on the one hand, a larger relief will quite obviously involve further sacrifice of revenue, which in present circumstances the exchequer can ill-afford, the result, on the other hand, may not necessarily be larger exports and larger earnings of foreign exchange; what I mean is the benefit of any increased relief may well accrue to the foreign consumers or shippers in India. Moreover, the relief granted by this Bill has only been in operation for about two months now and already there are reports »f

LDr. B. Ciopala KeddiJ better production, better clearances, better "exports and better prices. It is, of course, too early to draw any conclusions or to attempt to gauge the effect of the proposed measures, but there is unmistakable evidence that during the month of October, anyway, the reaction in the market was clearly favourable. Exporters are reported to be offering higher prices for true exportable types from the Dooars and Assam, and the prices of common and low teas are reported to have advanced in October by as much as 10 nP. per lb. To quote from a well-known Calcutta Review, "Despite generally gloomy prospects for common teas early in the season, a review of the market conditions during the period presents a satisfactory picture. Moment and disposal of teas have on the whole been swift and the volume of exports to date, as well as Calcutta sale prices, show an improvement as compared with 1957". Also, the Mid-season Review sums up by saying: "Thus, the usual seasonal decline in prices which sets in with the arrival of rains on the tea market has so far been averted". Even the tea shares have shown a tendency to move up. In Calcutta, for instance, Brooke Bond which had begun at 17-75 in the beginning of October moved up to 17-87, Hanthpara moved from 116 to 124, and Hasimara from 23-37 to 23-44. We shall wait and see whether the present favourable indications on the market of the relief already granted continue and whether they achieve the objective we have in view of strengthening the competitive position of the common teas in foreign markets and speeding up their exports. If our experience suggests 'that the matter need to be reconsidered, in the larger interests of the industry, we shall not hesitate to take appropriate measures to meet any changing situation. Sir, I move. MR. CHAIRMAN: Motion moved:

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

Central excises and Salt Act, 1944, for the purpose of altering the duties of customs and excise on tea, as passed by the Lok Sabha, be taken into consideration."

Two hours is the time allotted for this Bill.

SHRI BHUPESH GUPTA (West Bengal): Mr. Chairman, Sir, the time at our disposal would not permit us to go into this important question at some length. Yet it is necessary for us to give a little more attention to the issues involved in this otherwise 'simple-looking' Bill.

Sir, tea is a very important commodity from the point of view of our internal consumption. It has entered into the daily necessities of life of many people in the country. It is also an important foreign exchange-earner. Therefore, we are vitally interested in the fate of the tea industry. In order to maintain its position in the international market, if certain measures are required, we should certainly welcome them; and I have no quarrel as such with the relief that is being given, although it is debatable as to whether the amount is adequate or how it should be administered. But my approach with regard to the entire matter is fundamentally different from that of the Government. The Government has been dealing with the problems of this industry in a slipshod, half-hearted and one-sided manner. I say 'one-sided manner' because whenever the employers have been in need of some kind of relief or some advantages, the Government has gone out of its way sometimes to placate them. But this generosity has been found wanting whenever it has come to the question of the workers. And we have got about one million plantation workers in the country.

I think, Sir, today, in order to maintain and develop this particular industry, the Government has to review its entire policy and take certain steps for the reorganisation of the industry as a whole. Sir, we have been told by the hon. Minister that

our external market is more or less satisfactory, and he has in this connection referred to the tea market in the United Kingdom. What, however, he has not told us is that there is a tendency for this market to stop. Even when we send the same quantity of tea, we do not always receive the same amount of money that we have been receiving hitherto. In other words, the price is falling, and in any case, the proposition is working against our national interests. Now we know, Sir, that about 60 per cent, of our production goes for export; some say it is more, and even 75 per cent. And much of it—50 per cent, or so of the total export of tea—is accounted for by one country, namely, the United Kingdom. Therefore, Sir, it is important in this connection to review our trade relations with the United Kingdom, especially when we are discussing the question as to where we stand in the international market. But before I come to that problem, I should like to point out that we are facing some competition, and today, even this competition will grow. Those old palmy days for the tea industry, as far as the international market is concerned, are gone, and today, most of the countries are trying to find out their various sources of such imports, and some of the countries are also stepping up their production. For instance if we look to our own country, some of the gardens have been sold by the British managing agency concerns or British owners. They have taken the money to invest in East Africa, and tea gardens are being developed there. Therefore, Sir, in the near future we shall be faced with competition from different producing centres developed through repatriated capital from our country by the British owners. This is but one aspect of the situation. Therefore, Sir, today we must reconsider the whole thing in all its aspects. It is not merely by giving relief that we can protect the national interests. I am not at all concerned with how much the different employers get. Well, they are looking after themselves very well,

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and whenever they fail to look after themselves, the hon. Minister and his Government are there to fill in the gap and meet the deficit. But I am concerned here with two sides of the problem, firstly, the industry as a whole from a national angle, and secondly, the producers of tea, namely, the working class there. Now, Sir, until and unless these two aspects or sides of the industry are very well looked after, I think we are not going to fare very well in the near future.

Now, Sir, let us see who actually gets the benefit. Relief is being given. In the first instance, it is well known that relief will benefit immediately the exporters or the employers. And who are these people? They are a set of monopolists. I think the Plantation Enquiry Commission's report gives us a fairly good account of how concentration of economic power in this field had taken place. Thirty managing agency houses in Calcutta control 75 per cent, of the tea production in the whole of North India, which produces again three-fourths of the total Indian crop. Out of them seven companies control more than 50 per cent., and five of them as much as 36 per cent, of the total North Indian production. That is the concentration that has taken place. And if you look at the internal market, you will find that the internal market is practically in the grip of foreign concerns. This is the concentration that has taken place. Where huge national assets are at stake, that concentration is very great, and what is more, its control is almost exclusively in the hands of foreigners. The danger begins there. These people they are not only producers, but they are selling agents, they are buyers and they are here in India as well as in the United Kingdom, in order to take away the profits and earnings between themselves under different types of arrangements with the same institutions. So this is being done and, therefore, much of the benefit will go to them. Sir, what is important today is to break their con-

[Shri Bhupesh Gupta.] centration in the tea industry in order to defend our national interest. Government, of course, is very allergic to such suggestions. A lot of talk goes on about a socialist pattern of society. Recently we have been told that there will be a scientific approach to socialism. But that scientific approach has not brought about that sense in the Government in order to break this concentration, in order to maintain our tea industry and in order to help the external markets in tea. What is of vital importance today is to re-organize the entire industry by breaking up this monopolistic concentration by taking over a large chunk of the industry under the State sector. That is not being done by the Government at all. Is it a question of losing Rs. 1.5 crores by way of relief? We are losing heavily every year and the tea magnates are sending outside as remitted profits something like Rs. 3 to Rs. 4 crores every year. This is how we are losing. It is difficult to stop this loss for the simple reason that the money is being pumped out of the country and goes beyond our reach. Well, this is one side. Am I to understand that as long this position continues, we will be able to put our tea industry on a sound basis? Certainly not.

Then with regard to the external market, we know that tea is being exported to the United Kingdom. And the United Kingdom is reselling that tea to different countries like West Germany and so on. I have met many friends on the continent. I have met many friends from those countries and they have said that they buy Indian tea at a high price and the benefit of the margin of prices go to the British. For the present, of course, they are having some arrangement for tea auctions in Calcutta and Cochin. But this is only partial. The demand is that the auction should be on a much greater scale and that the entire tea auction should take place within our own country. Why on

earth, when India occupies such a prominent position in the annual production of tea, should the auction be held in the United Kingdom? The Government has not given us any satisfactory answer to the questions that we and others have asked in this country on this particular matter. And this has been going on. Who operates these things? The foreigners operate. What is important today is that in view of the present trend in world trade, we should diversify our foreign trade and we should direct our essential foreign exchange earnings to various countries and not merely keep them confined to a particular country or countries of a particular bloc—economic bloc, I mean here. But still the Government is sticking to this position. They do not see that in order to maintain and sustain our international market, we must create new markets for our tea. Where is the policy? Is there any such policy? What are you doing to send tea to other countries which do not import our tea? What steps are being taken? No steps are being taken by Government in this direction and the Government will have to explain to the House why such steps are not being taken

[MR. DEPUTY CHAIRMAN in the Chair.]

Sir, according to us, this Government has permitted itself to be bullied and badgered by the foreign tea concerns in this country, because taking advantage of their monopolistic position, they are interested in keeping the external trade in tea confined to certain particular countries so that they can carry on their manipulations. Thus they can earn more money and they can dictate monopolistic terms against India's national interests. Nothing is being done in this matter.

What sort of a government is it, sometimes I ask, which even after eleven or twelve years of independence though it talks of socialism, is

not able even to disband this monopolistic concentration in our vital tea industry? All talk of socialism is propaganda, a talking point for them for election purposes. The moment it comes to giving economic effect to it, the moment it comes to brass tacks, they surrender and capitulate to the foreign concerns, with the result that our vital industries like tea and jute are faced with crises in the international markets. I am not saying that the industry is faced with any crisis. That is getting on very fine, thanks to this Government, and their shares of Rs. 100 are selling at Rs. 200 and Rs. 250 and sometimes even Rs. 800. So they are doing very well, that I can assure you—these gentlemen in the tea industry. But we are not concerned with that. We are 'looking forward to future days. Therefore, I think that if you stick to the present policy, you will be facing a very, very critical situation. When we are facing foreign exchange deficits, we may be faced with a decline in our earnings on account of the crises in the international markets for tea, jute and so on. Therefore, we have got to take a long-term view of this matter. But nothing of the kind is being done.

I say these things because tea fetches us nearly Rs. 100 or Rs. 125 crores of foreign exchange every year. Do not think we are taking full advantage of all the earnings on that score. Much of it goes to the fore'gn-ers. Much of it goes to the British concerns in different ways. This in itself would suggest that the tea industry needs to be particularly looked after from a broad national angle. But this is something which the Government is not at all doing.

Here another point that I would like to make in this connection is that we cannot simply count, as far as this industry is concerned, on the external markets. Internal markets' have also got to be developed. But the policy of the Government comes in the way of the development of

internal domestic markets. You know that the Plantation Enquiry Committee recommended that the internal markets should be of the order of 50 per cent., that is to say, 50 per cent, of the tea should be sold in the internal market. How far have we progressed in this matter? We know that all the recommendations of the Plantation Enquiry Committee were rejected summarily by this Government and the entire labour was wasted. They rejected them because of the employers and the tea magnates in India, not because the country's paramount interest prompted it. Now there is no such view. If we do not develop our internal markets, the industry will always be in an unsatisfactory state and we may be always forced to face a crisis situation abroad. I say all this because we are interested in keeping and developing this industry, for the simple reason that it gives employment to a large number of our working people; and at the same time it enables us to tap the resources of our country.

The price of tea is high. Why? The Government is not reducing it. It is not interested in getting the price of common tea and other teas reduced in the country so that the internal consumption may go up. This is very important. You may say that it affects our external market. You may even say that if internal consumption goes up, our external exports will decline and, therefore, our foreign exchange will also register a fall. I do not view it at all from this angle. It is possible to develop our internal markets and at the same time to step up and increase the volume of the export trade in tea, provided the necessary changes in policies in all directions are brought about. This is exactly how the Government should view this matter.

Then, Sir, when we give relief to the industry, we are also interested in finding out from the Government, what view of the conditions of the

[Shri Bhupesh Gupta.] working classes, of the workers in the tea gardens, they are taking. They should tell us something about that. They listen to the counsel of the tea magnates and we would like to know what has been happening to the demands and representations systematically made to the Government from the side of the tea garden workers. Sir, I say this thing because it involves production also. Until and unless the tea garden workers are satisfied, until and unless their minimum demands are met, naturally production in that sector will not be very stable and might even face some kind of difficulties in the future. During the second quarter of this year, 325 workers of different tea estates in certain parts of Northern India have been retrenched—in the Chini Muri Tea Estate, and about 200 workers were retrenched in another tea estate. Retrenchment has become the order of the day and, compared to previous years, less number of workers per acre are being employed now. What does it mean? It means that you are increasing the intensity of labour, that is to say, you are increasing the workload on the workers. At the same time, their demands for bonus had been denied, their demands for cheap grain shop facilities had been denied. This is what we find. There has been no change of policy even on that score. I do not raise the question of minimum wages because everybody knows that our tea plantation workers do not get even the bare living or minimum wage to the eternal shame of those people who have taken this vital industry into their vicious clutches. Profits are not being regulated. Some of the companies are making 400 to 500 per cent, profits and they are very proud about it. If you look at the balance sheets, probably you will not get this figure because all kinds of subterfuges are used in order to conceal the profits. It is God's own truth that the tea garden owners are the greatest profiteers in our country and they are getting away with their profits, without Government doing anything to restrain them. If we were getting a

better part of the profits, it would have been possible for us even to give a bigger relief because the loss maintained on that account could have been made up by other relief on other accounts. Therefore, the question of taking their profits is very important. Government has no policy whatsoever except the policy of placating the tea garden owners. The entire industry has to be reorganised. We do not like the tea industry to remain in the hands of these monopolists. We want to rescue it from their hands. The managing agency system there should be scrapped. Some of the big gardens owned by the Britishers should be nationalised and made into State undertakings. The State Trading Corporation should enter the field as far as external trade is concerned and it should enter in a big way and handle directly tea exports. Until and unless this is done, it will not be possible for us to expand the export market in different directions because these people who are controlling the tea industry are not interested in such sound and variegated development of our external trade in tea. That question is very important. Nothing of that sort is proposed here. Relief will be given; after that, they will consider whether the pressure is great. If it is great, they will give some more relief. As I said, I am not opposed to relief as such because I want to face competition but we cannot face competition merely by filling the pockets of the employer. We cannot face competition or direct our tea into the international market by surrendering a part of our revenue. In order to face competition, we want to reshape the entire policy with regard to tea, internal as well as external. That is very important. This is the suggestion that I have to make in this connection.

In conclusion, let me say, Sir, that it is a scandal of the Congress regime that about fifty crores of our nation's wealth, or seventy-five crores, if you take the working capital, should have been allowed to be locked up in

management which is not ours, which is that of the British; that our industry should have been allowed to function in the old traditional colonial way even today when we are in need of foreign exchange, when we are facing competition abroad. When such are the facts, it is essential to take possession of this foreign exchange-earner and administer it in such a way that we are in a position to buy more and more things for the development of our industry, for meeting the needs of our vital nation-building projects. Everything is bartered away by the Government just because they dare not touch those magnates that sit on the top of the tea world in this country. This is the position. The Government Members opposite, the Congress Party men, should consider this matter. Do not take this as an ideological suggestion. This is something which the Congress at one time itself preached. This is something which is required in the broad national interest of the country. Doing away with the monopolists, British and Indian, is also in the interests of the small tea garden owners, let alone the public. Therefore, do not introduce party-politics here. What we should do in this connection here today is to make our views strongly felt so that the Government goes into the root of the problem, reconsiders it not from the point of view of the employers or from the point of view of their unfilled pockets or filled pockets that have to be more filled but from the larger interests of the nation. We cannot gamble away our tea industry and the future of our tea industry by retaining these things in the hands of a number of tea magnates. The nation must take possession of it and the sooner it does, the better it is for the country; the sooner it controls the tea industry, the better it is for the country as otherwise it may be too late and the situation may be very difficult then to overcome.

I have made some suggestions. Time is short but I would like to hear from the hon. Minister as to what he has to

say with regard to some vital points that have been ventilated from quarters, Communist, non-Communist and even from Congressmen, from time to time on this subject which is of great interest to the nation as a whole.

SHRI B. SHIVA RAO (Mysore): Mr. Deputy Chairman, I share the anxiety of the last speaker to see that the tea industry in this country is not only maintained in its present form but continues to expand so that it may continue, as the last speaker had pointed out in the earlier part of his speech, to be one of the most valuable items in our export trade. But, Sir, there I must part company with my hon. friend, the Leader of the Communist Party. Being a much older man, I have neither the energy nor the courage to keep pace with him in all the novel suggestions that he has made for the complete overhaul of the tea industry in this country.

SHRI BHUPESH GUPTA: You should have better wisdom.

SHRI B. SHIVA RAO: Even an attempt to put some of those suggestions into practice has brought the tea plantation industry in Kerala very near ruin and I have no doubt in my mind that if that experiment were to be tried elsewhere, the tea industry would soon cease to exist in India altogether.

My purpose in intervening in this debate is a more modest one. **Tha** main purpose of introducing this relief through this Bill is to give relief to common teas through differential excise duties. I shall have a word *to* say later about that word 'differential' but the purpose of the Bill is to improve the competitive position of India's common teas in the world markets. Sir, in the last Session, when we were debating the Re-appraisal of the Second Five Year Plan, I took that opportunity to invite the attention both of the Planning Minister and of his colleague, the Minister of Commerce and Industry, who were at that time present in the House, to the need for maintaining our export trade in a favourable position. And **I took parti-**

[Shri B. Shiva Rao.] cularly the instance of tea pointing out how we were losing a great deal of foreign exchange on the present volume of our export. I think the Finance Minister's speech today was reassuring in many respects and I particularly welcome the assurance that he gave at the end of his speech that he has an open mind on the repercussions of the relief that he is now giving to the tea industry and that if it should prove inadequate, he may review the situation later.

It may be true, Sir, that during the first ten months of this year, as I think he pointed out in the other House when this Bill was under discussion, there has been, in comparison with the exports for the corresponding period of last year, a considerable expansion and I believe the expansion was of the order of 40 million pounds. But while there has been this expansion, due to certain factors somewhat abnormal in character to which I shall refer later, there has also been correspondingly a drop in the prices that we have realised through the sale of our tea in the United Kingdom. Here I take my figures from a review of the industry which has been published by "The Hindu" only a few days ago. Subject to correction I quote from that survey. According to a special article in that survey, the price that we realised through the sale of our tea in the first nine months of last year was nearly £59 million, but for the same period this year our realisation for a much larger quantity of tea sold was only £45 million. In other words, there has been a drop of £14 million in the amount earned in foreign exchange through sales in the London market.

There is another point to which I would like to refer, especially as the Finance Minister himself mentioned it. I think he gave us the impression that prices of tea abroad were rising but from what I have seen of the latest London reports the price of plain tea in London seems to have fallen from three shillings three pence to three shillings. We are sending j

more tea; that is true, but we are earning less in foreign exchange. I know that for a world commodity like tea the regulation of prices does not rest with us. But I would like to make a point, especially as the Finance Minister seemed to take a somewhat optimistic view of the future, that under existing circumstances the situation—I am speaking as a layman—does not seem to me to justify such an optimistic assessment as the Finance Minister has given.

The last speaker referred to the competition that we have to face in the world market from other sources and he particularly mentioned East Africa which is undoubtedly a competitor which is becoming increasingly formidable. There are other competitors who have already been in the field, like Ceylon and also Indonesia, but, Sir, there are *new* competitors coming, new competitors of whom we have to be very careful; the Argentine Republic and Brazil, both vast countries with virgin soil, have entered the tea market and if they find that the industry is promising they will undoubtedly expand the cultivation enormously in their respective territories. I believe for the first time this year in the London market Republican China has entered as a competitor in broken teas. I am told that Republican China has in the last few years modernised her techniques in regard to tea industry and therefore the competition that we may have to face from Republican China will be formidable in the years to come.

Sir, I referred earlier to the fact that there was perhaps some reason why so far as the volume of export is concerned, our figures are much more satisfactory than last year. One factor has been somewhat abnormal. I believe that in the second half of 1957 owing to a very serious and somewhat prolonged hold-up in Calcutta port there was accumulation of tea in Calcutta which could not be moved out and much of that tea was exported in the first half of this year. And my information is that much of the so-called expansion in our export of tea

is due to the fact that tea which should have gone last year went only in the first half of this year.

Another factor, I believe, which is responsible to some extent in stimulating the expansion of our tea export is that this year for some reason tea has moved much faster from the plantations to Calcutta than they did last year.

Now with regard to the excise duty, the Finance Minister referred to a certain change in the policy. I believe that under the old system the excise duty was refundable in respect of tea exports. Now there has been a reduction in the excise duty but the reduced duty, I believe, is not refundable. It has been stated—and this is a point which I would like the Finance Minister to examine carefully—on behalf of the tea interests that this change has helped materially in the disposal of tea that had already left the tea plantations because overseas buyers are naturally anxious to take advantage of this refund concession before the new policy came into force. I hope that this aspect of the matter also will receive the attention of the Minister.

I will now turn to another point which also, I think, deserves consideration. There is a complaint from certain quarters that while the excise duty was uniform in the past, now differential duties have been levied in respect of different kinds of tea. The Finance Minister in introducing the Bill a little while ago referred to certain zones. I am told that Zone III which includes Darjeeling and certain parts of Assam have made a complaint that they are being adversely affected by the present differential duties without their deriving any compensatory relief in the shape of higher prices and I hope this point too will receive the attention of the Minister.

Then, Sir, one final point I would like to make, also for the consideration of the Finance Minister. It is said that the sacrifice of revenue by

the Central Government which I involved in the reduction of the excise duty will not benefit the producers to any considerable extent. In the last session, when I referred to the handicaps under which the export of tea was labouring, mentioned the fact that the Assam Government was levying a transit duty on all teas which pass through that State from the plantations to Calcutta; and, secondly when the tea entered the port of Calcutta, the West Bengal Government imposed a kind of octroi of its own. The suggestion seems to have been made in certain quarters—that I want the Finance Minister to examine—that the present change in the levy of the excise duty, in the form in which it is being levied, hurts the shippers much more than the producers. And, therefore, the suggestion is that the Central Government should discuss this matter with the State Governments of Assam and West Bengal. For the amounts that they get—Assam, through the levy of its transit duty, and West Bengal through the levy of the octroi duty—the Central Government should offer full compensation to these two States without sacrificing any more of its revenue than it is doing under the reduced excise duty. And if that were done, I am told, the benefit will accrue much more to the producer than does under the existing Bill. I hope the Minister will consider all these points that I have raised at once whether he can introduce any modifications in this Bill if he is convinced that these points are well founded.

SHRI N. M. LINGAM (Madras): *M* Deputy Chairman, as the hon. Minister pointed out, the measure is a very simple one and nobody can find exception to its provisions. As the hon. speakers who preceded me have stated, tea occupies a crucial position in our economy and naturally, therefore, the Bill focuses attention on certain aspects of the industry. The first speaker has said that the Government should go all out to reorganise it

[Shri N. M. Lingam.] industry and concluded by saying nationalisation of the industry . . .

SHRI BHUPESH GUPTA: No; I did not say nationalise the entire tea industry.

SHRI N. M. LINGAM: Probably partly in stages, he said.

SHRI BHUPESH GUPTA: I said that some of the British-owned big tea gardens should be taken over by Government.

SHRI N. M. LINGAM: It practically amounts to it, because 75 per cent, or nearly all the industry is in British hands. Whatever it is, the Plantation Enquiry Commission went into this question very fully and it has made several recommendations. Government, after careful consideration, have accepted recommendations which, they thought, could be implemented in the interests of the industry.

SHRI BHUPESH GUPTA: They rejected almost all recommendations.

SHRI N. M. LINGAM: It is true Government had to reject most of the recommendations, because at a time like this when we are hard pressed for foreign exchange, we cannot allow any dislocation to take place in the fortunes of the industry *vis-a-vis* our general economy as a whole. But even so, I feel that some of the recommendations should have been accepted. I for one felt at that time that one of the reasons for Government not having brought to bear an open mind on the question was that the Chairman of the Tea Board himself was appointed as Officer on Special Duty here in the Secretariat in the capacity of Joint Secretary to go into the recommendations processed by the Tea Board, with the result that he acted as an extension of the Government Department itself. It would have been better if an open mind, an impartial mind, had been brought to bear on the recommendations of the Commission processed by the Tea

Board. Probably it is too late now to go into the question, since Government have closed the whole question.

SHRI BHUPESH GUPTA: It is never too late to be good.

SHRI N. M. LINGAM: That is true and the recommendations are there for Government to initiate action on the development of the industry even today in some form or other.

With regard to the plight of the industry, the Commission itself had stated that the position of the common tea was very precarious and Government's measure of relief is very welcome. The reaction of the market has been very good during the last two months after the announcement of the relief. But this relief, welcome as it is, does not go far enough. If the common tea producing estates have to take their place in the world of tea, they have to find long range remedies. They have to increase their yield per acre. They have to adopt better measures of agronomy, soil conservation, technique of production and manuring. And it is because they are not able to adopt the latest practices and techniques that they are not able to compete with common tea producers elsewhere in the world. So, for this it is necessary that Government should provide finance. We have Finance Corporations for almost every type of industry in the world, from the heavy industries to the small cottage industries. But here, although the Tea Board has large balances itself, nothing has been seriously thought of with regard to the provision of cheap and easy finance to this sector of the industry. It is high time that Government either made the existing Finance Corporations to advance money to the tea estates or started a new Corporation for the development of plantations, so that the common tea producing sector especially may rehabilitate its estates and be in a position to stand competition, however severe it may be.

Then, Sir, there is the other fact that tea is being produced—and this

has been referred to by the previous speakers—unhampered in almost all the countries of the world, practically ! a dozen countries in the world now. It is said the Republic of China, in their scheme of the great leap forward, is planning to produce nearly 800 million pounds of tea before 1960. And the U.S.S.R. has developed improved techniques of production. It has evolved, we are told, new strains which are capable of producing three or four times the quantum we produce per bush. Then, there are other countries which are able to produce enough for their own consumption, for instance, Iraq and Turkey. They may not be able to export in the foreseeable future, but even these countries, which are not suitable for the cultivation of tea, have taken to tea plantation. And then, Mr. Shiva Rao referred to Argentina and Brazil, which are entering the tea market. South Africa with a virgin soil has made phenomenal strides in the production of tea. Its production is nearly a hundred million pounds a year. So, tea has ceased to be a monopoly of our country. Even our neighbours and who were partners with us in the international tea agreement, are going ahead. Indonesia, after the ravages of the war, is making tremendous strides in recapturing the markets it had once. So, these things have to be taken into account in the scheme of rehabilitation of the industry. We are faced not only with old gardens, with gardens which were not attended to during the war years and later, gardens with productivity which is diminishing, but also with others, with virgin soil, with better techniques, with an expanding scheme of production. So, Sir, if we are to hold our own in the world of tea, we have to take into account all these factors. And one of the factors which has not been sufficiently looked into is the disharmony in the industrial relations. Unless this aspect of the matter is also looked into, our tea industry cannot prosper. We do not know the extent of loss suffered during the strike last month in the high ranges in Kerala, but at this time when we are straining every nerve to conserve

our foreign exchange and when we are going abegging . . .

MR. DEPUTY CHAIRMAN: You will take more time?

SHRI N. M. LINGAM: Yes, Sir. I will take more time.

MR. DEPUTY CHAIRMAN: You can continue after lunch.

The House stands adjourned till 2.30 P.M.

The House then adjourned for lunch at one of the clock.

The House reassembled after lunch at half past two of the clock, MR. DEPUTY CHAIRMAN in the Chair.

SHRI N. M. LINGAM: Sir, I was saying that we should have a long-term programme for the improvement of the tea industry. Judged in this context, even the negotiation of an international tea agreement requires re-examination, because the circumstances under which such an agreement was concluded do not any longer hold good. In 1933 the principal tea-producing countries were India, Ceylon and Indonesia, and South Africa was just entering the field. But now the entire picture has changed and is fast changing. As I said a little while ago, other countries have started an intensive programme for the expansion of the industry. So, Sir, unless there is a prospect of all the principal tea-producing countries joining the agreement, there is no point at all in reviving the old agreement of which the signatories were India, Ceylon and Indonesia. Even on other grounds, Sir, an agreement of this type is going to be out of place in the new context of the tea industry. Tea like other commodities has to find its place by its own ability for acceptance by the consumer. Taking the example of textiles, we do not propose to enter into an international agreement for the control of

[Shri N. M. Lingam.] production of textiles. Each country is competing with the other. It is upon the ability of the country to produce the commodity efficiently and cheaply that the success of the industry depends. So, Sir, here also we have to face the competition. There is no short-cut to rehabilitate the tea industry. In the old days, when the foreigners were in power, they had this short-cut of entering into a sort of international agreement. Then they regulated the expansion and the exports. Then a high price was assured. We can no longer hope for those things to continue. We have to face competition, and for that the only remedy is to increase the yield per acre, to ensure proper labour relations, to bring research increasingly for application to the tea industry and to make finance available to help it to tide over crisis. Otherwise these periodical reliefs of duties are in the nature of administration of oxygen to a patient. In 1953 there was a revision of duties, after the crisis through which the industry passed in 1952. Here again, we are faced with another crisis.

Sir, these things are not going to stand us in good stead in the long run. We have to have a perspective plan for tea, and we have to look ahead as to how the industry would fare twenty years or thirty years hence, having regard to the world conditions. Sir, I would not dilate further on this point. I would pass on to another aspect of the problem.

Sir, in the Notification the tea producing areas in the country have been divided into three zones. The hon. Minister was good enough to say that they had explored other methods of defining common tea, and that this was the best arrangement they could arrive at, because others were full of complications in the matter of collection of duty, and so on. But this method, Sir, works hardship in a particular zone. I refer to Zone No. 3. Part of Nilgiris district in the South has been included in Zone No. 3. I

do not question the wisdom of having included this area in this zone. It generally produces high quality tea. And one of the taluks there, the Gudalur Taluk, has been included in Zone No. 1. I have no quarrel with that either. But within this zone there are a very large number of small estates which produce only common tea. There are nearly three thousand such estates, and the hon. Minister has personal knowledge of the ability of these producers to manufacture quality tea. They are handicapped by several factors, and I cannot do better than read the Report of the Plantation Inquiry Commission itself on the plight of these small growers: —

"It was understood from the representatives of the Nilgiri Small Tea Growers' Association, who met us, that the general practice in the region is for the small tea factories, which buy the green leaf from the small producers, to advance them money to finance their cultivation and other expenses. In return, the tea growers are expected to sell their green leaves to the factory giving the advance. In many cases the factories themselves are owned jointly by a group of small estate owners. As the competition amongst factories for green leaf is keen, usually no interest is charged for the advances made by the factories. The factories themselves are dependent for finance on private moneylenders who charge high rates of interest and they are also often under obligation to sell their teas to those who lent them money or to parties specified by them. The factories, therefore, do not get the advantage of competitive market prices. In consequence the former also does not get a fair price for his leaf either from the big or small factories."

Sir, this relief ostensibly for the producer of the common tea works additional hardship for the sector of the industry in this region. The practice,

as has been explained in the Commission's Report, is for the small producer to take his green leaf to the nearest factory, and now after the imposition of the new duty the factory owner deducts the enhanced duty before paying the price to the producer of the leaf; nor is the quantity of the leaf produced by the small producers insignificant. According to the Report itself, it is more than a million pounds per year. So, Sir, if this relief is to benefit the small man, the small growers attached to these factories have to be classed as belonging to Zone 1. Again, there is practical difficulty in delimiting the zone, because these small estates or pockets in the midst of the zone are classed as Zone No. 3. But I would suggest that these estates could be distinguished by the fact that their leaves are manufactured into black tea only by about 20 or 30 factories. If the tea going out of these factories is given the relief, then it serves the purpose of the small man.

DR. B. GOPALA REDDI: There is no blending?

SHRI N. M. LINGAM: No blending. The blenders buy tea from these people, and there is the danger of the blenders now buying from the neighbouring taluk of Gudalur because the same tea is available there at cheaper rate. So, Sir, there have been strong representations on this point in the region, and I have told them that I would represent the matter to the Government when the matter came up before Parliament here. I would earnestly urge upon the Minister to look into this question and see that relief is given to the small people of these hills. Otherwise we will have in practice the working of the old adage that the rich becomes richer and the poor poorer, by this measure.

SHRI PERATH NARAYANAN NAIR (Kerala): Mr. Deputy Chairman, from this side of the House the leader of my party has touched on the general aspects of this measure. It is not my intention to cover the ground

over again. No doubt, in the matter of foreign exchange earnings, tea occupies a pre-eminent position in the economy of our country and it must be the natural concern of all of us to see that nothing is done which would in any way affect our foreign exchange earnings.

The previous speaker, Shri Shiva Rao, advertent to this aspect of the question utilised the forum of this House and the occasion of this debate to make some very serious—I say, baseless—allegations against the Communist Party and the Kerala Government. In effect, he said that certain things are being done there in the High Ranges of Kerala and that these things are ruining the tea industry and through that, our national economy. Sir, Shri Shiva Rao has been speaking without his books. I wish he actually had some idea of what exactly is happening and has happened in those regions. I think, in fairness to the Kerala Government and the Party ruling there, certain facts relating to this must be placed before this House and before the country. A certain strike has taken place there in the Kanan Devan Estate which, Shri Shiva Rao and others know, is a British Company with a capital of £ 1.3 million. If only he would refer to the Investors' Encyclopaedia, he would find that this company which owns 250 sq. miles of our land and has been in occupation of it for several decades now with this investment of £1.3 million by the end of 1954 had a reserve of £0.7 million and every year they have been making three lakhs or four lakhs. In 1954, they earned £1 lakhs. My authority is the Investors Encyclopaedia. Now, that company has accepted the principle of paying a minimum wage to the workers in their factory. They have been paying it for the last several years. All of a sudden, for reasons which Shri Shiva Rao and people of his way of thinking must know, they have stopped paying to their workers even this minimum wage and the dispute started—a dispute in which the various trade unions like the A.I.T.U.C., the

Anyway, now, the Government and all the trade unions have accepted this proposal of the State Government that a Conciliation Board would be appointed. There is no strike going on there now. In such a vast region where the foreigners are minting millions of pounds year after year, when the poor workers of those hilly regions carry on their struggle to realise even their legitimate demands, it is surprising that responsible Members of this House, trade unionists of the experience of Shri Shiva Rao, must come ^ here and say that the whole thing is ruining the industry, which will give a totally different impression to the people outside. I do not want that impression to be formed; I want to refute those allegations.

tion in those High Ranges. The vast acreage of tea plantations there, the rubber plantations there, is owned by four or five foreign concerns. This Kanan Devan Estate, I tell you, owns 250 square miles and with a nominal investment of just over a million pounds they have been minting every year four lakhs.

Sir, I just wanted to place these facts before the House so that, in regard to this particular happening there, there need not be any different impression.

MR. DEPUTY CHAIRMAN: Shri Purna Chandra Sharma. Ten minutes.

SHRI PURNA CHANDRA SHARMA
(Assam): Mr. Deputy Chairman. Sir,

while I give my wholehearted support to this Bill, I appeal for further relief to this industry which is one of the main industries of the country. In the matter of foreign exchange, of course, this is second only to jute although the first at present and it has been earning to the extent of Rs. 145 crores by the export of so much quantity of tea outside this country.

I come from an area where tea is the most important industry. Sir, I am not directly interested in this because it does not concern me. I do not enjoy anything out of it. I am not in the tea industry nor am I associated with it economically. But I am interested only to the extent that it has been the main industry of the State of Assam and also of India. Of course I am a little socially related to some of those industrialists, and so far as I could learn from those who are associated with this industry I find that some of these industrialists at the lower level are struggling for their existence since they are being strangled by several taxes and duties. They have firstly to pay the land tax, which is very small though, but they have got to pay the income-tax arbitrarily assessed; secondly they have to pay the excise duty; thirdly they have to pay the agricultural income-tax, which is not a small amount; fourthly they have to pay the sales tax, and fifthly they have to pay the road tax, and as a result of all these taxes and levies some of the smaller concerns have gone into liquidation, and it has been the concern of the Government of Assam at the present moment how to revive some of these tea estates which were closed down some two or three years ago. Of course, Sir, this industry gained a large amount of profits till the country's independence. But after independence we have been trying to have a socialist pattern of society; we have been trying to give good relief to the labourers who were deprived of their legitimate dues till about ten years ago when the country attained independence. Now, Sir, with the condition of the labourers improving, we

I should see that their efficiency also increases, that there is more production and that it becomes a profitable business for the concerns, to the small industrialists particularly.

In this country, Sir, this industry is employing a million people and another million is subsisting indirectly on this very industry. Also, Sir, it is perhaps the biggest industry, or the second biggest industry, second to railways only, in this country, and the largest amount of capital is invested here although much of it is foreign. In the present state of the industry we should certainly be cautious too to see that our market outside India is not captured by the cheap tea from Africa. I am told and I have also read in the papers some time ago. Sir, that African tea in the London market is selling at a profit of about 400 per cent, and it has encouraged a large number of foreign industrialists in India to transfer their capital to Africa by selling out their concerns here. Of course, Sir, we cannot feed their greed but we must feed the appetite. We should see that no concern goes into liquidation on account of our taxation and that the industry can flourish. There should be no strangulating of the industrialist. For that purpose I would ask the Government to consider if more relief could be given at least to those planters in Assam who do not own very big gardens and have only small plantations. I know that several of them are considering as to how they can dispose of their gardens to some merchants so that they can turn their capital to some other industries. But they are not getting the purchasers because those who purchase them and go there, they go to earn a reasonable profit so that they can also have a decent living and have the incentive to produce more.

Now about the foreign market for Indian tea, Indian tea has to compete with other countries, particularly with Africa, in the London market, where the profit for African tea is much greater. So, when this will come in large quantities from Africa, which

[Shri Puma Chandra Sharma.] will be producing • tea in a very great quantity in the near future, the quality of the tea of India must be improved, and for that purpose I ask the Tea Board to see that adequate machinery is set up to help the small industrialists to improve the quality of their tea. I am told that there is some tea here in Assam itself, which sells at Rs. 20 per pound in the London market, while there are others which sell at about Rs. 150 per pound in the same market. The reason is obvious; the quality of the former tea is far far superior to the other teas of lower grade, which naturally are fetching a small price. I, therefore, ask the Government to see that the quality is improved and for that a machinery is set up, so that the small industrialists may not have to close down their small concerns. I, therefore, also urge the Government to give a little more relief in any way they can, as and when possible, so that no concern in this country has to close down its undertaking or sell off its estates for these taxes. I was told by a European planter recently that they have to vacate, that they have to sell out their concerns only because the taxation has been so heavy on them that they cannot bear the burden of it. He further said that they did not want very large profits but profits sufficient enough to keep up their incentive to work here, and that it is only reasonable profit that they aspire for. It has, therefore, to be seen that the impact of these taxes is not very heavy on the small industrialists and on the tea industry as a whole.

Thank you.

SHRI AMOLAKH CHAND (Uttar Pradesh): Mr. Deputy Chairman, Sir, I rise to support the Bill wherein the export duty on common teas has been reduced by 10 nP. per lb. Now, Sir, this tea industry is a very important industry as far as the economic position of this great country is concerned. We know, Sir, there was a time when India was supplying tea to the world

market. And what is the position today? I was expecting the hon. Minister to let us know something about the International Agreement regarding tea wherein India was a member till the year 1955 and the only competing countries were Ceylon, Pakistan and Indonesia. And now, since India is not a member of the International Agreement on tea we find that other countries have come up in the world market and are competing with India and are causing loss to the earning of foreign exchange for this country.

Now, Sir, as Mr. Sharma pointed out, over a million workers are employed in this industry. Also India has a particular climate and soil where tea grows in abundance. The policy of the Government to which they have now decided to give a change by reducing this export duty at this late stage, it is hoped, is going to improve the market. The trial is on for the last 2½ months and the Minister was pleased to let us know that the Indian tea is getting a better market in the world market. Anyway, Sir, as I was pointing out there are over a million workers who are interested in it. India produces 700 million pounds of tea out of which common tea is to the tune of 250 million pounds, and the rest is medium or good quality tea, and the export duty is to be reduced in the case of common tea only. Now, Sir, regarding this common tea those of us who have had the occasion to go to the places where this common tea grows feel that this industry is not well supported by the policy of the Government. 3 PM ^{^nat} I mean to say is this: When we were in Kangra, in Palampur, in Punjab, where this green tea is grown, we found that tea was being supplied to Afghanistan and other places. It was going even to Japan and China, but because of certain rules and regulations of the Tea Board, about which they represented both to the State Government and to the Ministry of Commerce and Industry at the Centre, they could not do anything, and all those factories are now producing practically no

tea for our foreign market. What is the reason for that, Sir? Why should a commodity which has been earning Rs. 125 crores worth of foreign exchange today, and from which the Government of India and the State Governments get Rs. 35 to 40 crores a year, not be able to compete in the world market profitably? In that direction so many suggestions have been made. And I am only sorry, and I am happy also at the same time that after all the Government have decided to reduce the export duty by 10 naye paise. From today's paper we find that they have become wiser by removing the export duty on manganese ore. When we have lost the world market for manganese ore, this export duty has been abolished. The hon. Minister did say in his speech that he was concerned about this matter and if there was any probability of getting more and more foreign exchange, he would like to take the step of abolishing this export duty on common tea.

Now, Sir, what is the reason of levying this export duty? From the point of view of internal consumption, it is all right. The Government of India must be aware that there are certain countries which are exporting tea but are not imposing any export duty. Now, Sir, China, Africa and Japan are competing very badly as far as the common teas are concerned and that affects our interests very much. Now, Sir, if the Government of India can see its way to become a member of the International Tea Agreement again, I think probably the position with regard to the earning of foreign exchange may improve. I know that there are proposals from the tea-growing industry that India should join that International Tea Agreement.

Then, Sir, I have to say something about the Tea Board itself which is supposed to popularise the Indian Tea not only in this country but outside as well. I was reading a journal of the Ministry of Commerce and Indus-

try, probably it was the September 1958 issue or so. I found that there was one international fair held at Damascus in the year 1957. The Tea Board was having a pavilion, and by the side of that pavilion there was a pavilion of the Ceylon Government. The Tea Board people were thinking whether they should offer tea to the visitors who went there, and they were trying to contact the Ministry of Commerce and Industry, and in the meantime, the Ceylon Government's pavilion was giving free drinks of its tea to the visitors there. Thus India lost its foreign trade in tea, and that thing was published in that journal itself, saying that the Tea Board could not contact the Commerce and Industry Ministry and hence the loss. I am going to ask that question as to how that thing happened. But anyway, what I want to impress is that our aim should be to earn more and more foreign exchange, to encourage more and more plantation of tea and to take all the necessary steps to secure a better foreign market. In this matter, Sir, the Government should not stand on prestige and say that since it has imposed the export duty, it would not be better or proper to withdraw it. I think, Sir, the Finance Ministry should help the Ministry of Commerce and Industry in finding out whether there are other minerals, ores or other commodities which have a foreign market and whereon the export duty or the excise duty can be reduced.

Now, Sir, there is a convention in this House that whenever any Tea Bill comes before this House, the hon. Minister has to give tea to the House. When Mr. T. T. Krishnamachari—'Tea, Tea'—was piloting the Tea Bill, we got tea. I do not know whether the new Finance Minister will follow that precedent or not. But I do wish, Sir, that the Tea Board should act more sensibly than it has been doing now. (*Interruption.*) If you go to the Exhibition, Sir, you will find a stall there. If you go to one place there, you will get tea just for two

[Shri Amolakh Chand.] annas a cup, and if you go to the other side of it, you will have to pay, I think, one rupee per cup.

SHRI P. N. SAPRU (Uttar Pradesh): That quality may be better.

SHRI AMOLAKH CHAND: It is not so. Had it been so, I would have understood it. It is all Darjeeling tea at both the places, the same tea and the same stuff. The price differs for the simple reason that at one place one has to himself go and take the cup and at the other place that cup is served. Anyway, what I would like to suggest is that if you want to improve your market, if you want to improve your production, if you want to have your labourers more satisfied about these tea plantations, and if you want to earn more foreign exchange, I think you should act more sensibly and try to earn as much foreign exchange as you can. With these few words, Sir, I support the Bill.

DR. B. GOPALA REDDI: Sir, I am really happy that the Bill has received support from all sections of the House. I do not think any hon. Member quarrelled with the Government that the relief was too much. On the other hand, they welcomed the relief and pleaded that there should be more relief, and if necessary, we should not stand on prestige but we must be prepared to forego our entire export duty. Sir, as I said in the other House, we are always watching the trends in the tea market, the internal as well as external auctions, the quantities of tea exported to other countries, the production, etc. and if necessary, as I said in the concluding paragraph of my speech, we would not stand on prestige, but we would be prepared to go further and give further relief. But as things stand today, Sir, we do not feel that any further relief is warranted. The auctions are already going up, the prices are already going up, the tea I shares are also going up, and there is no reason why we should take a pes-

simistic view of the tea trade in general. Sir, I know that there are other countries which are also emerging into the tea market and they are challenging the supremacy of the Indian tea in the world markets. There again, we have figures to show how East Africa and South Africa are developing their plantations and I think, Sir, for the present there is no reason why we should be alarmed at the plantations that are coming up in East Africa. I think, sometimes, hon. Members are apt to exaggerate the figures about East Africa. I do not think Mr. Lingam's figures about tea production in East Africa are correct.

SHRI N. M. LINGAM: I said it is coming up to one hundred million pounds.

DR. B. GOPALA REDDI: I think it is a little exaggerated and we feel that we need not take a pessimistic view of India's tea.

I have listened very carefully to the speech of the hon. Member Shri Bhupesh Gupta, but I could not quite realise whether he was supporting the Bill or opposing the Bill, whether he was for the relief, or whether he was for further relief or whether he was against any relief. He did not say anything about the intrinsic merits of the Bill. As I said, this is a simple Bill, enabling the common tea to compete favourably in the international market. We did not go into the economics of the tea industry as a whole, whether this relief is going to help the planters or the traders or the consumers or the producers or anything like that. Because this matter was engaging the attention of Government for a very long time, we thought that we should give some relief to common tea for enabling it to compete favourably in the international market, because previously we felt that the burden on common tea was very heavy, since it was bearing the same burden as the medium tea or the quality tea, and we

thought that it was not fair and that some *via media* must be found, some way must be found to give relief to the common tea. Therefore, the scope of the Bill is very limited and I am sure that point has been realised by hon. Members and they have given their general support to it.

Shri Bhupesh Gupta went into the entire tea industry. He wanted that the monopolist trade by the British must be broken, and he said that the 'Congress Government which claims to aim at a socialistic pattern of society must have done it a long time ago and that though eleven years had passed, they had not moved in that direction. Some of these matters, I do not know, how they are germane to this issue. But as far as this Bill is concerned, it is a simple Bill. Its aims and objects are also given in two sentences, because it is a very simple matter, though some hon. Members have gone out to go into the entire tea industry and to decry the people who are responsible for running these plantations and how they are treating the labour etc. etc. I do not want to go into those issues. Whether what happens in Kerala today is relevant or not, I am not concerned with just now. It is a matter more for other Ministries. But Mr. Gupta has taken this occasion to have his say against the so-called monopolist traders who are entrenched in these plantations.

SHRI BHUPESH GUPTA: And their friends in the Ministry.

DR. B. GOPALA REDDI: And they are friends of the Ministry, is it? Well, we claim everybody to be our friends, not merely the tea planters, but the tea labourers are also our friends certainly, and it is up to us to see that we stand by the industry, that we stand by the plantation labour also.

DR. RAGHUBIR SINH (Madhya Pradesh): What about the tea drinkers? 80 R.S.D.—A.

DR. B. GOPALA REDDI: The tea drinkers, producers, everybody, they are all our friends.

SHRI M. GOVINDA REDDY (Mysore): And the teetotallers too.

DR. B. GOPALA REDDI: Anyway, I do not think, Mr. Gupta was right when he referred to these matters when on this Bill. He could have said whether the relief is necessary or not, whether it is adequate or not, instead of going into all the other matters of British trade and so on. And he also pleaded that the entire trade should be reorganised.

SHRI BHUPESH GUPTA: And how to improve our position and retain our position in the international market. For that I gave certain alternative suggestions.

DR. B. GOPALA REDDI: One of them being that the entire trade has to be reorganised, including the nationalisation of some of the large plantations. Sir, we are not quite sure whether mere nationalisation will improve our production, or whether it will improve our export. That need not necessarily fallow.

SHRI BHUPESH GUPTA: And State trading also.

DR. B. GOPALA REDDI: All these things, of course, have to be carefully into, instead of merely rushing through on mere ideological grounds. We will have to take a very realistic view. Even the Auction Committee have recommended that we should go slow with regard to auctions. Of course, Mr. Gupta has pleaded that instead of allowing all this tea to go to the London market, and get auctioned there, why not we encourage our own local auctions in Calcutta and in Cochin? That is a relevant matter. Sir, the Tea Auction Committee has also recommended that this is a very

[Dr. B. Gopala Reddi.] technical matter and that we have to go slow with it. The auctioning of tea is now of international importance and there are very highly paid tea-tasters, persons who are very highly paid in the London auctions. I am told that this is a very technical matter and what prices should be paid and all that is decided in consultation with these highly paid tea-tasters.

DR. SHRIMATI SEETA PARMANAND (Madhya Pradesh): We have got it in Calcutta too.

DR. B. GOPALA REDDI: Yes, we have got it in Calcutta. But perhaps we should acquire greater experience in this matter, better judgment in these matters, about the prices and. . . .

SHRI N. M. LINGAM: Even now the entire quantity is not auctioned in London.

DR. B. GOPALA REDDI: Yes, and I have got figures here to show that more and more tea is being auctioned locally. I have some figures to show that we have tried to encourage local auctions, and instead of merely rushing through and banning all exports to London auctions we will have to go slow with it and see what can be done.

Mr. Shiva Rao also, gave some figures. He complained that we are getting less money for the exports we are making this year. I think that is not correct. Perhaps I do not know to what the figures he mentioned actually related. There may be a little time-lag. But as far as we are aware, we got Rs. 5 crores more this year on our exports than last year. But he said we were down by £ 14 million. However, our figures for the same period last year showed that this year we have got Rs. 5 crores more on the tea exported from our country. As I have said, we are earning more foreign exchange. The tea exports are also more and the prices they

fetch, both internally and in the United Kingdom, are more. So there is no reason why we should feel depressed about the future of tea. I have got figures right from 1910-41 to 1957-58 and also for 1958 the figures up to the end of October, 1958.

MR. DEPUTY CHAIRMAN: I think, what Mr. Shiva Rao said was that the tea that was exported in the earlier part of this year was what should have been exported in the latter part of last year, and therefore, the present figures of export do not show the real position.

DR. B. GOPALA REDDI: Maybe, because of some trouble in Calcutta, what should have been exported last year was exported in the present year. I do not know how far that is correct. Anyway we shall have to wait and see how this relief is going to stimulate our exports. So we should not rush to any judgment. We have to see these figures and also the receipt from our export duty. The receipt from export duty has also increased this year. Last year, up to the end of September we got Rs. 6,41,00,000 by way of export duty on tea and this year the amount is Rs. 9,10,00,000. Maybe part of it, due last year, was actually exported this year. Anyway, judging from all the figures available to us, I may say we are doing much better now than last year and the prices are also higher and even in the London auctions our tea is getting higher price.

As I said in the beginning, we are not concerned just now with how this relief is going to affect which section of the tea industry. What we are concerned with is to give some relief to the common tea. We are sure that common tea will get more exports hereafter. Whether this relief is going to the plantations or to the labour or to the shippers or to the internal consumers is a matter to be judged only after a long time but just now we cannot say how this relief is going to . . .

SHRI H. P. SAKSENA (Uttar Pradesh): Or to the consumer. Or, is it that you have already neglected completely the consumer?

DR. B. GOPALA REDDI: No, Sir, we have not neglected the consumer. On the other hand, we want to stimulate internal consumption. The Indian consumption of tea *per capita* is 6 pounds today as against 10 pounds in the United Kingdom. The Tea Board people are also taking steps . . .

DR. SHRIMATI SEETA PARMA-NAND: What is the ratio of the income of the Indian people as against the income of the people of the U.K.?

DR. B. GOPALA REDDI: That is everybody's knowledge. You and I know. Anyway, there is a vast scope for developing internal consumption also. The Tea Board is taking all possible steps to popularise tea. They have already opened one Tea Centre in Bombay and -another in Madras which I have visited. They are also trying to open one Tea Centre in Delhi and in other places also. Therefore, internal consumption has also to be looked after. It has to be popularised and the industry's supremacy must be maintained.

SHRI SONUSING DHANSING PATIL (Bombay): In the present state of the industry is it advisable to inflate internal consumption?

DR. B. GOPALA REDDI: Mr. Lingam has said that for greater production greater facilities should be given to them by way of finance and so many other things. Certainly, we must increase our internal production so that, while internal consumption gets increased, exports do not get diminished. Mr. Lingam has made very valuable suggestions. He has said that we must make attempts at improving the per acre production by taking all possible steps. We must take all possible steps to see that whatever is possible in that direction is done. He has suggested the crea-

tion of an independent corporation to finance these plantations. The question of financing is certainly under the consideration of the Government in consultation with the Reserve Bank. I hope that will be settled soon so that these plantations might get the finance and try to increase their production. I also agree with Mr. Lingam that mere agreements with Ceylon and Indonesia would not serve our purpose. Either we have an international agreement with all the tea producing countries or we do not have anything* at all because there are other countries coming in the horizon and unless we come to an agreement with all of them, an agreement with Ceylon and Indonesia would not be of very great help to us. Mr. Lingam has again made a very valuable suggestion. He has said that some plantations by the side of 1 other plantations producing quality tea are suffering because of this increased excise duty. Previously they were paying 6 nP and later it was halved and made into 3 nP. Now, because they are classed in Zone III, they have to pay 10 nP. for the fault of living by the side of the rich people, namely, people who are producing quality tea. That is a matter which has to be looked into very carefully. We could not devise any other method. This is a kind of measure which has to be experimented for a long time. We were trying to give relief but we have now come to this decision, namely that we will have to divide the entire country into three Zones. We know by past experience what price they are fetching in these auctions. We are also aware that even in Zone III, there are plantations producing medium tea and there are plantations producing common tea and how to give relief to them is a vexed question. Mr. Lingam has now come forward with a suggestion. There are certain factories dealing exclusively with common tea—in Zone III. If it is so, we would like to consider the matter in greater detail so that if there are such factories dealing exclusively in such teas even though situated in Zone III they

[Dr. B. Gopala Reddi.] could be given some relief. This is a matter which has to be gone into more carefully to see whether real help could be given to those plantations. I can give the assurance to the hon. Member that we will certainly go into the matter in greater detail. Both Mr. Amolakh Chand and Mr. Sharma pleaded that greater relief should be given and I can give them this assurance that we are always on the watch and if relief is needed we will give. But mere relief, as I said in the other House, will not stimulate exports. Sometimes mere relief may only mean that we are giving more profits either to the shippers or to the owners of the plantations without getting the necessary results, namely, an increase in exports. These things have to be looked into very carefully.

I am happy that all sections of the House have given general support to this Bill, including Mr. Gupta and Mr. Nair.

Thank you, Sir.

MR. DEPUTY CHAIRMAN: The question is:

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

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now take up clause by clause consideration of the Bill.

Clauses 2 and 3 were added to this Bill.

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

DR. B. GOPALA REDDI: Sir, I beg to move:

"That the Bill be returned."

• MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill be returned."

DR. SHRIMATI SEETA PARMA-NAN D: I would like to say only a few words with regard to promoting exports. The real reason why our commodities abroad do not have the sale is that there is not enough of publicity and I think, if we want to step up our sales in any commodity, we have to carry on publicity and propaganda not only at the time we want to sell but years in advance. That is the reason why other countries are making headway over us and here, perhaps Eastern Africa where tea is going to be grown will march over us. I would only make this suggestion and ask the hon. Minister to say whether any further steps have been taken for advertisement and publicity and for popularising our tea in the foreign countries and also, which are the countries where this is being done.

SHRI N. M. LINGAM: I will say only a few words. We are having a grand scheme of tea propaganda in foreign countries. In collaboration with Ceylon and Indonesia we have opened Tea Councils in the United States of America and in Canada. It is a joint venture and these Councils are functioning along with the tea trade there. They are holding the line and tea sales are improving in the United States and Canada. We have separate Tea Councils in West Germany and Ireland. Shortly, we propose to open Tea Councils in Egypt, the Middle East and other countries also. So, Sir, the foreign propaganda side of the campaign is going on full blast ahead. Internally also, our progress is remarkable. As the hon. Minister said, if we could increase the *per capita* consumption in India to 1 lb. then most of the problems will have been solved. That is, Sir, the position with regard to propaganda.

SHRI BHUPESH GUPTA: I would like to say a few words. I am sorry that the hon. Minister permitted himself to some measure of confusion which was absolutely unnecessary. Towards the end of his speech, he said that I was not opposed to the Bill. In this connection, I would only *like* to impress upon him that what I suggested in order to maintain and improve our position in the international market was that there should be some reorganisation. In this connection, even if nationalisation cannot be undertaken—I know it cannot be undertaken by them; I see their difficulties—they can take up the trade in the State sector through the operation of the State Trading Corporation. That will enable them to manoeuvre in the international market better than what the private elements are doing. We had been suggesting in the past that foodgrains should be taken in the State sector. Now, you hear of the National Development Council discussing it. The matter is being discussed in the Congress Party and I believe in the Government but the only thing is that they are realising the need for it now. It may be too late but does not matter. Here again, we want to suggest this because the situation has developed to a point where this kind of reorientation is warranted.

The hon. Minister made a point about the tea tasters. I understand the technical skill and all that but as I am coming from Calcutta, I should like to tell the House and the hon. Minister that the European concerns in Calcutta are not interested in imparting the technical know-how to Indians. In fact, some of these undertakings are trying to victimise those Indian nationals who have got training abroad and are working as tasters in some of the concerns. Here I understand in Calcutta some of the Indian interests are trying to start a co-operative in order to protect national interests and improve the situation. I hope such proposals—I do not know what the proposals are—would be sympathetically con-

sidered by the Government. Therefore it will all depend on how they are handling the whole business. He was very right towards the end when he said that merely by giving export duty relief the position cannot be improved. It might as well go to improve the position of profiteers and industrialists. This was precisely what I was trying to impress upon the hon. Minister that until and unless such measures are simultaneously backed by effective steps in different directions the results will not be what are aimed at.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned."

The motion was adopted.

THE WORKMEN'S COMPENSATION (AMENDMENT) BILL, 1958—*contd.*

SHRI P. T. LEUVA (Bombay): Mr. Deputy Chairman, Sir, in the morning today we had informal discussions regarding the provisions of this Bill and I hope now in view of the informal discussions we had in the morning, my hon. friend, Dr. Raj Bahadur Gour, will see wisdom and withdraw his motion for reference of this Bill to a Select Committee.

Now, Sir, with respect to this legislation I have to make a few observations. It is no doubt true that the Workmen's Compensation Act is itself a part of our social security measures provided to our workmen. Whenever a person who is engaged in a hazardous occupation wants to engage an employee he does so with open eyes and therefore it is quite equitable and justified that in case of injury or loss of life as a result of injury caused in a hazardous occupation, the workman should be entitled to compensation. In spite of this I would suggest one thing that in view of the fact that we have got