

REPORT
OF THE
OFFICIAL TEAM
ON THE
TEA INDUSTRY



1952

MINISTRY OF COMMERCE & INDUSTRY
GOVERNMENT OF INDIA
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REPORT OF THE OFFICIAL TEAM ON THE TEA INDUSTRY

Appointment of the Official Team and terms of reference.

In March and April 1952, several representations from Associations of tea producers were received by the Government of India drawing attention to the difficulties facing the tea industry as a result of the steep fall in prices and requesting immediate relief. A reference was also made to the grave situation facing the tea industry, particularly the tea gardens situated in the district of Darjeeling, in the House of the People on 30th May 1952, by Sri A. K. Basu, Member from West Bengal. Sri Basu referred to the heavy losses incurred by the tea gardens in Darjeeling District and the consequent unemployment that would follow if the gardens were forced to close down. He urged that unless Government came forward to give special protection to the tea industry in the District, the industry was likely to disappear. The Government of India in the Ministry of Commerce and Industry, therefore, towards the end of May 1952 appointed a Team of Officials consisting of the following to investigate into the representations received by Government:—

1. Sri E. Rajaram Rao, Member, Central Board of Revenue,
2. Sri M. A. Mulky, Ministry of Commerce and Industry,

and to advise them generally on the relief to be accorded.

2. A Cost Accounting Officer from the Finance Ministry was to be attached to the Tea. Sri S. V. Ayyar, Chief Cost Accounts Officer, Ministry of Finance (Industry and Commerce Division) was subsequently deputed to the Team to attend to cost accounting work. He was assisted in his work by Sri K. Nagaswami, Cost Accounts Officer, Ministry of Finance (Industry and Commerce Division).

3. The Team had no formal terms of reference; they were, however, guided in their work by a Press Note issued by the Ministry of Commerce and Industry, which stated as follows:—

“The Government of India have received a number of representations from various quarters in recent weeks for affording relief to the tea industry owing to the significant fall in prices.

“To investigate into this matter, the Government of India have decided to appoint a team of two officials of the Government of India, who will be assisted by a Cost Accounting

Officer. The team will start work as soon as possible and submit its findings with recommendations to Government on the completion of its investigation.”

The Minister of Finance also desired that the Team should cover in its investigation the question of warehousing facilities to the Tea Industry, so that excise duty may not have to be paid considerably before the auctions.

4. Though the object of the enquiry was to advise on the immediate reliefs to be given to the industry on account of the steep decline in auction prices, many questions which had no immediate bearing on this aspect, but which were raised before the Team by the Tea Industry and others connected with it, have been included in the following paragraphs. The Report is, therefore, a fairly comprehensive review of all the problems of the industry.

Method of Inquiry.

5. As the Team had to proceed with its work with speed, it was decided not to issue any questionnaire, but to examine on the spot representatives of the Associations who had submitted memoranda to Government and allied interests. The Team assembled in Calcutta on the 9th June 1952 from which date to the 16th June 1952 the following Associations representing Tea producers were interviewed:—

- (1) The Indian Tea Association.
- (2) The Tripura Tea Association.
- (3) The Surma Valley Indian Tea Planters' Association.
- (4) The Assam Bengal Indian Tea Planters' Association.
- (5) The Assam Tea Planters' Association.
- (6) The Terai Indian Tea Planters' Association.
- (7) The Indian Tea Planters' Association.

Besides the above Associations, representatives of the following interests and Associations were also heard:—

- (1) Members of the Central Tea Board, representing internal traders in Tea and exporters.
- (2) The Calcutta Tea Merchants' Association.
- (3) The Calcutta Tea Traders' Association.

- (4) The Bengal National Chamber of Commerce.
- (5) The Plywood Manufacturers' Association.
- (6) The All India Plywood Mills' Association.

6. The Team returned from Calcutta to Delhi on 23rd June 1952. It then proceeded to Coonoor, South India, where on the 7th and 8th July 1952 representatives of the United Planters' Association of Southern India, the Association of Planters of Travancore, Kottayam, and the South Indian Small Tea Growers' Association were heard. Opportunity was taken at Coonoor to visit two gardens, viz., "Glendale" Tea Estate and "Nonsuch" Tea Estate. The Team was kindly shown round the estates by the respective managements. Subsequently, the Team proceeded to Cochin where on the 11th July representatives of the Tea Traders' Association of Cochin were interviewed. The Team then returned to Delhi, where on the 22nd July, the views of Sri B. C. Ghose and Sri S. P. Ray, Member of Parliament, representing the Indian Tea Planters' Association, Jalpaiguri, were heard. On the 28th July, representatives of the Indian National Trade Union Congress were interviewed. The Team also heard Sri R. Venkataraman, Member of Parliament, on the 9th August 1952.

Importance of the Tea Industry.

7. The importance of the Tea Industry to the economy of this country hardly needs emphasis. The *Ad Hoc* Committee on Tea in its Report submitted in 1950 devoted a whole chapter to the subject. The industry

produces over 620 million lbs. of Tea every year, of which about three-fourths is exported. Next to jute, Tea is the most important industry as a foreign exchange earner. During 1951-52, for example, India exported Tea worth Rs. 93.36 crores, the hard currency countries taking nearly Rs. 11 crores worth out of this amount. A large labour force numbering about one million is dependent on the industry. The industry also contributes a very substantial amount to the Central Exchequer by way of export and excise duties, income-tax and super-tax, besides contributing to the Tea producing States' Exchequers substantial amounts by way of Agricultural Income-Tax. The industry also contributes to the several States' revenues by way of sales taxes, local cess and other imposts. The Railways, river steamship companies and aviation companies earn considerable freight from Tea and Tea garden stores. Any fluctuations in the economic conditions of this industry are, therefore, of considerable importance to India's economy.

In the past, the *Ad Hoc* Committee on Tea, the Cachar Plantations Enquiry Committee and Sri M. S. Nadkarni of the Reserve Bank have submitted reports on one or other of Tea's problems. We have derived great benefit from the discussion of the questions therein. The investigations are also evidence of Government's sustained interest in the Tea Industry's problems.

Post-Korean slump—Tea prices also affected.

8. The following summary will give an idea of the considerable variation in prices. The detailed figures and graphs to illustrate them are given in Appendix A.

(Prices per lb.)

London Tea Auctions North Indian@		Calcutta Tea Auctions for Export		Calcutta Tea Auctions for Internal Consumption (Average black tea)		Cochin Tea Auctions for Export *	
Date	d.	Date	Rs. As. P.	Date	Rs. As. P.	Date	Rs. As. P.
7-2-52	38.50	4-2-52	1 8 3	5-2-52	1 0 10	5-2-52	1 12 5
6-3-52	38.76	3-3-52	1 7 8	4-3-52	0 12 11	4-3-52	1 15 6
3-4-52	36.32	7-4-52	0 15 2	1-4-52	0 9 0	1-4-52	1 15 3
1-5-52	34.62	5-5-52	0 15 8	6-5-52	0 8 7	6-5-52	1 8 9
12-6-52	34.78	2-6-52	1 8 8	3-6-52	1 2 6	3-6-52	1 4 9
3-7-52	33.99	1-7-52	1 6 10	2-7-52	0 9 8	1-7-52	1 5 5
31-7-52	29.70	4-8-52	1 8 2	23-7-52	0 13 7	12-8-52	1 9 8
14-8-52	29.15	11-8-52	1 7 5	4-8-52	0 10 1	27-8-52	1 7 4
21-8-52	30.50	25-8-52	1 7 11	27-8-52	0 12 9		

@About 9 d. less would represent f. o. b. Indian price.

*Messrs. Forbes, Ewart and Figgis Ltd.—Tea Market Report.

These prices include in many cases the sale values of teas of average or above average qualities. Sales from June onwards included a high proportion of fresh season teas. Considerable quantities of medium quality grades were withdrawn from the auctions either because there were no bids

or the bids were unattractive and the yields to the estates per lb. of their total production will certainly be less than the above figures (*vide* Appendix B). The cost of production has been assessed after a careful analysis of the audited balance sheets at 20.50 annas per lb. for the North Indian.

(vide Appendix C). The results have been studied for the possible margins of error, and the report of Sri Srivastava, the statistician attached to the Statistics and Intelligence Branch, Central Excise Department is attached to the Cost Accountant's Report. It appears that for the average-medium estates, the cost of production would lie between 18 annas to 22 annas. For the smaller gardens, it may be higher and for the larger gardens, lower. It is clear that in present circumstances, many estates must suffer losses.

9. The causes for this decline in prices are not clear beyond doubt. The 'STATIST' in its issue of 19th April 1952 discussed the stock position and after taking into account the likely increase in demand after de-rating in England, computed that there might be an increase in supplies of Tea in England of about 7 per cent. It stated: "Against such a statistical background the falls in prices in the different Tea centres of the world are disappointing and somewhat puzzling."

10. The Tea Industry is naturally greatly perturbed over this recession in prices witnessed during the last few months. In this connection, it should be pointed out that the slump in prices is not confined to the Tea Industry alone. As is well-known, following the outbreak of the war in Korea in June 1950, there was a boom in prices. Prices rose mainly as a result of the stockpiling of commodities in the major countries of the world. Since July 1951, however, a downward trend in prices was noticeable and with the cessation of stockpiling there has been a general fall in prices. The decline began to be more pronounced in India especially between January and March 1952. At the end of January 1952, the general index number of wholesale prices stood at 430.3, compared with 457.5 which was the peak figure reached in April 1951. By the middle of March 1952, the index number had dropped to 364.9. Since then, there has been a slight upward movement and the index number has been rising. At the end of April, the index number had risen to 377.4, but in the month of May there was a slight downward tendency. The index rose again in June and at the end of that month it stood at 380.6. By the second week of July, the index had risen to 386.4 and on the 23rd August the index stood at 391.4. The post-Korean slump has not been confined to India alone, but has affected other countries as well. Tea could hardly be an exception to this all-round recession.

11. Nor is this the first occasion when such a recession has occurred; there have been two similar slumps in Tea in past years; one after the first World War was due to expansion of production during the war years overtaking consumption. In 1930, Tea suffered along with other agricultural commodities in the great depression.

The situation was met by mutual agreement on restriction of production and by world-wide propaganda to stimulate consumption. There were also cuts in wages both of labour and management. Many witnesses have pointed out that on account of the fixation of Minimum Wages, the industry is unable to carry out adjustments of that kind in the present crisis.

12. Many in the trade had feared that sooner or later, a decline in prices was bound to set in. The question was asked as to why the Tea Industry, which had had years of prosperity, could not tide over the present recession. The stronger gardens have set aside reserves, but it is claimed they would be inadequate to cover the big losses, should the present prices, which are much below even the cost of production, prevail longer. The smaller gardens state that on account of heavy taxation and far smaller margin of profit, they could lay by no big reserves. The industry assert that the high rate of dividend on nominal capital declared in recent years was no more than a fair return on the working capital, though it appeared high on the nominal capital.

Causes for the decline in prices

13. The industry's representatives as well as other interests were questioned as to the causes for the decline in the prices of Tea. The recession in prices was attributed by them to various reasons among which the following may be mentioned as the more important ones:—

(1) Discontinuance of the bulk purchase of Tea by the United Kingdom, and re-opening of the London Tea Auctions early in 1951. It was explained that so long as the bulk purchase system continued, the gardens were assured of a market and even poor quality teas could be sold under the contract to the United Kingdom. With the cessation of the bulk purchase scheme and the re-opening of the London Auctions only quality teas could be offered for sale at a higher price, with the result that the prices of poorer quality Tea have declined. For many months after the resumption of London Auctions, there was actually an increase in auction values and this reason does not seem to be a full explanation of the fall.

(2) Owing to the increase in interest rates in London, there was a desire to keep down financial outlays, and stocks were, therefore, kept down to the minimum.

(3) The cessation of stockpiling by many countries led to reduced off-take.

(4) Some of the producers' Associations also referred to the fact that London did not want to buy Tea of the quality that it had already in stock, viz., medium quality Tea. This has adversely reacted on prices of common and poorer types of Tea.

(5) The slump in prices was also attributed to over-production. Supply which up to 1951 had lagged behind demand had thereafter outstripped demand to the extent of 64 to 100 million lbs.

(6) In the Calcutta market, it was stated that prices fell mainly due to the reluctance of the principal blenders to make fresh purchase of medium quality Teas.

(7) Some witnesses stated that up to April 1952, the ceiling price on packet Teas in England and the ceiling on brokers bids up to the extent of their quotas or "entitlements" prevented realisation of fully favourable prices in London Auctions. In view of the frequent complaints about the nature of the London Auctions, the following extract from an article by Sir Percival Griffiths in "Commerce" dated 24th May, 1952, is informative:—

"In some respects, however, these auctions have rightly been described as "phoney". The essence of a genuine auction is that bidders should be guided solely by their commercial judgment and by the laws of supply and demand as to how much to buy and what price to pay. No such freedom exists in the London Tea auctions today. First, the statutory control of retail prices in effect fixes a ceiling to auction prices—and surely an auction with an upper limit is a contradiction in terms. Moreover, since the packet price of each grade is fixed by order, a buyer has to be careful not to buy too much high quality and, therefore, expensive Tea. Prices are thus damped down in relation to quality and there is not much incentive to the producer to send his best Teas to England when he can sell them elsewhere without any artificial ceiling.

"Far more serious, however, has been the limit on the amounts which, up to 26th March, might be bought. The matter is too technical for detailed discussion here but it may be stated that, in any monthly period, a registered buyer could buy only his "entitlement", i.e., the amount he was expected to sell in order to support the ration. This system might have worked satisfactorily, if Tea of uniform quality came in at an unchanging rate throughout the year. Unfortunately, this is not the case. Let us take, for example, the case of Ceylon. Very high quality Teas come from Ceylon in January, February and March and they should fetch high prices. Normally, a buyer would pay well for them and would then release them gradually for blending with more ordinary quality throughout the year, thus providing a reasonably

uniform brand of Tea at a fairly constant cost price. Under the "entitlement" system, he could not do this. He had to sell what he bought *seriatim* or the rationing scheme would have broken down; hence he could only buy, in each "entitlement" period, Tea which went at once into packets. If he paid for the Ceylon teas in January, February and March a price commensurate with their quality in relation to the rest of the year, the packet Teas made for those three months would cost more than the maximum permissible retail price.

"Similar arguments apply to high-class Indian Teas. The system thus effectually damped down the price of such Teas and encouraged producers to send most of their quality Teas elsewhere, reserving the medium and common Teas for Britain. The abolition at the end of March of monthly "entitlements" is one remedy for these two difficulties but they cannot be fully overcome without the removal of the wholly unnecessary price control. The case for price decontrol is, therefore, now stronger than ever. It is unlikely that this would produce any spectacular rise in prices but it would provide the elasticity which is essential in a satisfactory auction; and since a pound of Tea makes, on an average, 240 cups, the effect of this change on the cost of living would be negligible."

The Team has ascertained from the Indian Trade Commissioner, London, that no such restrictions are now in force (*vide* para. 23 below).

14. It appears to us that there are two main causes for the decline in prices: one temporary and the other long-term. The temporary cause is the current glut of medium quality and cheap Teas. It has been estimated that the U.K. holds about 140 million lbs. and India about a 100 million lbs. of these varieties. Over and above this with the decontrol of Tea, the U.K. Food Ministry will have to unload on the market their stock of 70 million lbs. of not too fresh Teas. Blenders, therefore, do not want to buy more of this quality of Tea just now. As a result, there have been heavy withdrawals from the auctions of these grades either because there are no bids at all or the bids are much below the cost of production and, therefore, unattractive. When the current heavy stocks are depleted, prices are bound to revive. In any case, prices cannot for long remain below the cost of production without supplies becoming affected, and it is, therefore, to the interest of the consumer-countries to offer a fair price now as an insurance against a steep rise later.

15. The second and long-term cause is, however, a steady increase in the production in all Tea growing countries and the consequent imbalance between supply and

demand. The following table shows the figures of demand and supply in recent years:—

	(In million lbs.)						
	1934-38	1946	1947	1948	1949	1950	1951
World Supply . . .	981	933	985	1,028	1,100	1,163	1,212
India's share of world supply.	414*	592*	561	568	585	613	622
World absorption . . .	976	868	1,006	1,034	1,128	1,103	1,175

*Includes produce of areas now in Pakistan.

The detailed statement will be found in Appendix D.

16. Nor has the increased production been evenly distributed over all growing areas. The average annual crop harvested in North-East India during the past three years was 498.88 million pounds as compared with the average of the crops produced in the three years prior to the war, which was 319.50 million pounds. This increase of 179.38 million pounds was not distributed evenly throughout the tea-growing districts, the individual average outturns of which were:

	Average Annual Production		Average Increase 1949-51 over 1937-39	
	1937-39	1949-51	Actual	Percentage
	Million lbs.	Million lbs.	Million lbs.	
Assam . . .	194.75	279.61	84.86	44
Darjeeling . . .	13.00	16.48	3.48	27
Dooars & Terai . . .	84.00	152.78	68.78	82
Cachar & Others	27.75	50.01	22.26	80
All Districts . . .	319.50	498.88	179.38	56

17. It is estimated that even after making allowance for the anticipated increased consumption in the U.K. following derationing, there will be more Tea—certainly more of medium quality Tea—than is required in the next few years. This is bound to act as a depressant of prices. This situation can be met only by stimulating consumption through propaganda, capturing new markets and such other ways. Any such increase in consumption may not, however, be adequate to cover the ever-increasing production and some kind of restriction or diversion to fine plucking and production of quality Teas will be essential if remunerative prices are to be obtained. These points are discussed in greater detail in the following paragraphs.

One suggestion was made that if the entire export quota was not announced but smaller quantities released successively, buyers may be inclined to offer high prices in the fear that the quantity available would be less than in the past years. The Team does not think this is likely. In informed quarters the total Tea grown and the amount available for export must be matters of common knowledge, and buyers are not likely to be impressed by the announcement of small quotas in instalments.

Another allied suggestion was that the sale in Calcutta auctions, release of export quotas and actual shipment of tea should be so regulated as to avoid over-loading at the auctions and to maintain steady prices. This would require much greater co-ordination between Traders and can only be done by a suitable Marketing Board with suitable storage facilities. The creation of a body like the Australian meat, wool or wheat Boards may be explored.

Lack of demand for medium quality Tea.

18. One of the potent causes for the decline in prices has already been described as the glut of medium quality Teas. During the prevalence of the bulk buying system, due to the fact that the United Kingdom stood ready to buy at a price whatever quantity was offered, the Tea gardens had greatly increased their production. They had, however, to sacrifice quality for quantity and take recourse to coarse plucking for increasing the production. But with the cessation of bulk buying by the U.K., it was not possible to continue to sell indifferent grade Teas to that country. It is alleged that consumers in the U.K. and other countries are now showing a preference for better quality Teas.

19. Many producers deny, however, that there has been any great deterioration in quality and dismiss the criticism as propaganda, deliberately made to bring down the price of Indian Teas. On the other hand, brokers and buyers claim that Tea has been deteriorating in quality and that last year the quality was very poor. There is a general measure of agreement that Indian Tea must improve in quality if it is to hold its own. The industry has to overcome certain difficulties in this regard. The older and more experienced Tea garden managers skilled in the art of making good Tea are believed to have retired in recent years and owing to the gap in recruitment in the war years, have been replaced by younger and less experienced men. Tea making machinery is now dearer and the marginal gardens cannot afford to replace it or expand their factories to take care of the added green leaf brought in for processing. As already stated, bulk buying by the U.K. had resulted in coarse plucking when the Tea estates wanted to increase production

to meet the greatly increased demand. We understand that the Tea garden workers who have got used to wages based on coarse plucking are now reluctant to change over to fine plucking, unless their wages are increased. Gardens have explained that as they cannot make both ends meet with coarse plucking and manufacture of medium quality Tea, they are bound to be worse off with reduced production of better grade Tea which would follow with fine plucking. Their overhead and wage bills would increase and their competitive position would, therefore, be worse.

Allegations that prices of Indian Tea have been depressed.

20. We should like to mention here that several representations have been made before us that prices of Indian Tea have been deliberately depressed. When questioned, however, the individuals were unable to produce any objective evidence in support. One of the labour representatives, for example, stated that he was told that there was collusion amongst British interests in Tea for bringing down the price of Tea in the Calcutta and London auctions. He said it was stated to him that in the Calcutta auctions, at the time of bidding, there was collusion amongst the buyers and only one buyer could bid and he would give a signal to others that he was buying the whole lot and the others would refrain from bidding. The result was that as there were no bids, the Tea was sold at a low price and all the buyers then shared the profit. The Labour Representative could not, however, vouch for the accuracy of this and asked the Team to investigate it for itself.

21. The position up to March as described in Sir Percival Griffiths' article quoted in paragraph 13(7) above shows that these fears are not entirely unfounded. There also appears to be some substance in the criticism of the Calcutta Auctions, for the bids are not unrestrictedly open. The Calcutta Auctions are conducted under the auspices of the Calcutta Tea Traders' Association according to the Rules and Bye-laws framed by the Association for the purpose. According to these Bye-laws, not more than one party can bid for a lot of not exceeding 11 chests (each chest containing about 100 lbs. of Tea); not more than two parties are allowed to bid for a lot comprising 12 to 23 chests; not more than 3 parties are allowed to bid for a lot comprising 24 to 47 chests; and not more than 4 parties are allowed to bid for a lot comprising 48 chests and over. On the representation of traders of limited means, particularly the Indian section of the trade, the maximum number of parties allowed to bid for any lot has been recently increased from 3 to 4. These peculiar auction practices should be corrected by the Central Tea Board by persuasion and, if necessary, by Government legislation.

22. Another allegation made by the Labour Representative was that the present slump in the Tea trade was manipulated. He thought that as the British producing interests in India were also blenders and retailers in England, what they lost by way of selling at a low price in India as producers, they made up by the profits realised by them by retailing the Tea in England and in other directions. The complaint that prices of Tea are manipulated to the advantage of British interests has been made in other quarters as well. The Team feels that it would be outside the scope of its reference to investigate into the ramifications of capital, nor has it the legal authority to call for such information. On general considerations, however, these allegations seem far-fetched. Not all rupee companies are owned by interests in Britain. The fall in prices is common to many commodities, and is equally common with Teas of all countries and of Teas for internal consumption as well as for exports. In the absence of definite proof, it is unnecessary to assume that sinister forces are at work, when there are causes which would satisfactorily account for the fall in prices such as the plethora of medium quality Tea and the excess of supply of all grades of Tea over demand.

23. It was alleged that restrictions on bidding in London Auctions had further depressed prices. It has been ascertained from our Trade Commissioner that there are no such restrictions now. He states: "The London Auctions are not public auctions, Tea being still a rationed commodity. Only registered primary wholesalers or registered exporters can buy at the Tea auctions. Formerly, under the Ministry of Food regulations, a primary wholesaler had an entitlement to buy equal to his sales under the rationing scheme over a sixteen-week period, less any quantity privately imported by him. Even this restriction has been removed three months ago as part of a general plan to relax controls and also to enable the buyers to build up reasonable stocks as a step towards de-rationing of Tea. Since re-export of Tea is now allowed, registered exporters can buy in the auctions for re-export also up to the quantities permitted by the Ministry of Food There are thus no legal or administrative handicaps to free and competitive bidding at the Auctions; but the existence of price control on retail sales does, of course, have a restrictive effect on bidding."

Removal of the subsidy in U.K.—Effect on prices.

24. Reference was made by several representatives in their evidence before us or in their memoranda to the effect of the removal of the subsidy in the U.K. on tea prices. The subsidy on tea in the U.K. was reduced from 12d. and subsequently has been removed altogether with effect from 15th

June, 1952. With the removal of the subsidy it was feared that prices of tea would rise in the U.K. There was provision for raising the retail price but it is reported in the London "Economist" of 19th April, 1952, that "the trade has given an assurance that adequate supplies (of tea) will be made available at between 3sh. 8d. and 4sh. a lb.". At Calcutta, we questioned some of the representatives of the retail trade regarding this matter, and they told us that as the U.K. blenders were carrying sufficient stocks for the next six months, on the strength of such stocks the assurance was presumably given that there would be no immediate rise in prices in the U.K. on account of the increase in the ration. It is clear that with the fall in prices the entire burden of the withdrawn subsidy has fallen on the producer. Much more evidence is required to say whether this has been deliberately brought about by group forces as alleged or is due to general economic forces. The Team is not fully aware of all the circumstances responsible for the decline in prices in London but on the evidence before it, it has already indicated why it favours the latter view.

It is also interesting to note that the general fall in Tea prices is already reflected in the retail prices in the U.K. According to "Capital" (21st August, 1952), the leading retailers have cut prices by 2d. to 4d. a pound.

Brokers' Valuation—Complaint that they undervalue purposely.

25. Another complaint made to us by a section of the industry was in regard to the brokers' valuation. It was stated that brokers purposely undervalue Tea, giving a wrong lead to bidders and that this has led to the sagging in prices. One of the representatives in his evidence before us cited as example a case where a certain quotation was given by a broker for a sample of Tea drawn from a chest, and later on when another sample from the same chest was sent for valuation, the broker valued it at 6 to 7 annas less. When his attention was drawn to this wide disparity in valuation, he attributed it to market fluctuations. It was pointed out to us that low brokers' valuations have particularly hit the small gardens, as they are not in a position to withdraw their offerings, as fresh samples have to be drawn for the purpose of cataloguing the withdrawn Tea for the following auctions, thus increasing the marketing cost. We do not think that the brokers deliberately under-value Tea. Tea values cannot be determined absolutely but are estimated on prices fetched in previous sales and current market trends. In a period of falling and uncertain prices, the brokers' task is difficult and it is not surprising that their judgment often proves wrong in the event. Some of the representatives of the industry agreed that there was no reason to suppose that the brokers were

acting in other than good faith. There is also no doubt that buyers do not go exclusively by the brokers' valuation, which after all is only an estimate. That buyers do rely on their own judgment can be seen from the fact that parcels of tea are sold quite often above as well as below the brokers' valuations. Tea brokers perform services not ordinarily rendered by brokers in other commodities. They advise on the quality of the Tea and suggest improvements where possible. They also act as financiers for many gardens. Nevertheless, it must be admitted that a small number of firms (in Calcutta four to be exact, and all of them European) has a great influence on market sentiment. It is to be wished that there are larger numbers of brokers and a greater diversification. One Indian firm of brokers has started business recently in Calcutta, but it will necessarily take time to reach the stature of the others. In Cochin, there are no Indian Tea broker firms to our knowledge.

Reasons why prices are not rising to the extent desired.

26. The Team feel that the present recession in prices must be a passing phase. Unfortunately, producers cannot wait for better times to market their Tea, as many of them have no holding power. Attempts have been made to regulate offerings at auctions so that heavy supplies may not depress markets. (The limits fixed will have to be increased as the Tea season advances.) With the decline in prices since September and October of last year, there have been withdrawals by producers at the auctions. Naturally such withdrawals are made in the hope that at the following auctions they will be able to realise better prices. But what happens often is that with every withdrawal, stocks with the producers accumulate. If the producers have the necessary holding power, they can afford to wait; otherwise, the stocks have to be unloaded on the market leading to still lower prices. Even assuming that the producers had the necessary holding power (which the smaller producers do not have), the position would still be difficult as there are no adequate warehousing facilities for storage of the Tea which the producers do not want to market immediately. The warehouses at Calcutta were meant to be only transit warehouses. Warehousing accommodation has been considerably expanded on the recommendation of the Ad Hoc Tea Committee of 1950. But the increase is still inadequate. Many of the smaller purchasers have tended to use these transit warehouses as godowns with the result that further receipt of Tea from the gardens is impeded. The trade fear that the situation may become worse as the season progresses and more Teas have to be received for internal sales and export. On the other hand, owing to the lack of such storage facilities, the Bombay Tea purcha-

sers who used to buy Tea for export to the Persian Gulf area are reported to have been less brisk and some useful support for special grades and for medium quality Teas has been, therefore, temporarily lost. It is understood that the Calcutta Port Commissioners have been forging ahead with the plans for building additional warehouses. It will be necessary to give top priority to the scheme. The question of air-conditioning the warehouses so that Tea in storage will keep fresh for long periods will doubtless be considered as it should greatly add to the success of Calcutta as a Tea auction centre.

Financial difficulties

27. Producers who do not sell their Tea but hold it back in expectation of better prices are faced with financial difficulties unless they have strong reserves. Representatives of the industry, especially the Indian section, complained to us that their financial difficulties were increasing as a result of banks contracting their credit. The banks no doubt were reducing their advances owing to the fall in Tea prices. But this action tends to depress prices further. For, to repay the loans to the banks, the Tea gardens have no option but to unload their Tea on an already falling market with the result that prices decline further. The decline in prices and contraction in advances have coincided with the busy season when plucking is brisk and the wage bill heavy. Some banks set aside a part of their advances to meet the Excise or Export duty, thus reducing the advances for garden work. The industry complained that the present system whereby excise duty and income-tax had to be paid in advance reduced the Bank advances and added to their financial difficulties.

Remedies suggested to overcome financial difficulties.

28. The industry's representatives made various suggestions regarding the measures to be taken whereby their financial difficulties could be overcome. In regard to assistance from the banks, the industry represented to us that the scheduled banks were not willing to lend money to the Tea gardens for capital works, because they could not get rediscount facilities from the Reserve Bank. They also referred to the fact that the Tea gardens in addition to hypothecation of their crops have to deposit the title deeds as additional security for such loans from banks. They wanted the financial policy of the Reserve Bank to be liberalized to enable it to render help to the industry in its present difficulties. Some of the representatives suggested that the Industrial Finance Corporation should also extend financial assistance to the tea gardens by liberalizing its terms and conditions of giving loans.

29. These suggestions have already been examined by Sri Nadkarni of the Reserve

Bank. Commercial Banks cannot be expected to tie up their liquid resources in long-term capital projects. These are functions of Land Mortgage Banks and the smaller Indian gardens would benefit by forming a suitable Co-operative Bank. The Industrial Finance Corporation is prepared to consider requests for assistance in capital projects from nonproprietary gardens.

30. In regard to financial assistance from the banks, that is, the obtaining of short-term finance, and the suggestion that the Reserve Bank should render the necessary assistance, we understand that the Reserve Bank has adequate powers under Section 17(2)(b) of the Reserve Bank Act to finance the seasonal requirements of Tea gardens. Advances can also be made by the Reserve Bank under Section 18(1)(3) of the Act. There should, therefore, be no difficulty for the scheduled banks or the co-operative banks in obtaining rediscounting facilities from the Reserve Bank in respect of their loans to the Tea gardens. The system of demanding additional security, viz., deposit of title deeds, in addition to hypothecation of crops, seems to be essentially a practice followed by the commercial banks and in respect of which the Government can do nothing. It is for the banks to relax these conditions if they think fit.

31. It was made clear that the Industrial Finance Corporation was precluded by statute from lending to proprietary concerns. As for non-proprietary gardens, they could get advances for their capital requirements provided they offered adequate security. A second mortgage (the first having been made to another bank on crops with a lien on factory and machinery) could hardly be accepted as adequate.

Another request is that the Act may be suitably amended to permit the Industrial Finance Corporation to make advances to proprietary gardens. If the Corporation is to be of benefit to the Tea gardens, some such amendment is essential, as many of the gardens in need are proprietary.

Deferred payment of Excise Duty and Income-Tax.

32. As regards advance payment of excise duty and income-tax, the industry's representatives pressed for a system of deferred payment or payment "in arrears" so as to give the necessary relief to the industry.

Some of the representatives suggested that the excise duty should be collected only after the sale of the Tea and when the proceeds were realised. In regard to the prepayment of income-tax, the representatives urged that Section 18-A of the Indian Income-Tax Act under which they were required to pay income-tax in advance in quarterly instalments should be relaxed. Some of the representatives said that there was practically no Tea business in the quarter April to June, and so it was very hard on

them to make advance payment of income-tax for that quarter.

33. In regard to the industry's suggestion that in order to give it the necessary relief at the present juncture, a system of deferred payment should be introduced in respect of the payment of the excise duty in advance, the Team was anxious to explore a system of warehousing Tea in the auction centres and to the Tea being removed from bond on payment of duty just before the auction. It was unanimously agreed that in the conditions in which Tea was received, sampled, lotted and prepared for auctions, no convenient warehousing procedure could be devised.

34. The Team made the following alternative suggestions during the discussions with the representatives of the Tea producers:—

Government would allow clearance of Tea from the gardens without prepayment of Excise duty on the following conditions:

- (a) The gardens should give a bond to pay within the first week of each month excise duty on its clearances during the preceding month, and
- (b) As security, deposit 20—25 per cent. of the duty payable on its average monthly clearances based on its previous year's clearances together with a guarantee by a scheduled bank to pay on demand all duties due from the garden in the event of its failure to do so.

This will save the Industry from depositing about Rs. one crore much in advance of the sales and give it credit for a period up to five weeks depending on the date of clearance.

While many Associations welcomed the relief, others thought that it was inadequate. It would still take some more weeks for the Tea to reach the auctions and gardens would, therefore, be still locking up their scarce working capital, though for shorter periods. They also did not see the need for security in view of the Bank's guarantee. They, therefore, wanted bi-monthly settlements. They were told that even the above was a considerable relaxation of the present rules which provided for prepayments of Excise duty before clearance. The Central Board of Revenue is already favourably considering the above proposal and the condition of deposit will probably be waived where acceptable Bank security is given.

35. As regards the suggestion for the relaxation of Section 18-A of the Income-Tax Act, under which payment of income-tax has to be made in advance in quarterly instalments, it was explained to the industry's representatives, that there would be no difficulty in making suitable concessions if they applied to the Income-Tax Officers. Income-tax was to be paid on the anticipated profits, and if they did not anticipate profits, the question of their payment of income-tax in

advance did not arise. At our instance, the Central Board of Revenue has instructed their Income-Tax Officers to make concessions in suitable cases as regards the payment of income-tax in advance. In those cases where advance payments have been made, but it is necessary to refund them, such refunds should be expeditiously made. (A copy of the instructions is attached. Please see Appendix E).

A request that penalty should not be imposed if it turns out that gardens make profit on account of an unforeseeable rise in Tea prices has also been accepted by the Central Board of Revenue and suitable instructions issued to the Income-Tax Officers.

Similarly, action is being taken to expedite repayment wherever due of Excess profits.

Remedies suggested to correct imbalance between production and demand—Restriction on production.

36. Reference has already been made to the growing imbalance between the production and consumption of Tea. At the present rate of growth the surplus may reach considerable dimensions in the next few years. At our request, Sri Srivastava, Statistician of the Statistics and Intelligence Branch, Central Excise Department, has estimated the likely production of Tea in the next 3 years on the basis of past growth, assuming that conditions remain unchanged. According to his estimate (please see Appendix F) there will be an increase of 8.5 million lbs. in 1952, 25 million lbs. in 1953 and 50 million lbs. in 1954. As the demand for Tea is practically inelastic, this must produce a considerable fall in price unless production is controlled and consumption encouraged. It is impossible, however, for consumption to always increase at the same rate as production.

37. Certain sections of the industry have, therefore, suggested that international action should be taken to restrict the production of Tea. This, they expect, will bring about the desired result to correct the imbalance between production and demand.

38. Some of the representatives of the industry stated to us that restriction of production would not be objected to by the other producing countries. For example, it was stated that in the case of Indonesia, as long as that country could manage to cover the cost of production (which it was alleged was lower than that of India), it would not come into any restrictive scheme, but when it had to sell tea at a loss it would come to terms. Ceylon's case, it was further stated, was similar to that of Indonesia.

39. It is doubtful, however, if countries like Indonesia and Ceylon which will not immediately benefit by such restriction will agree to the proposal. It is not clear how Indonesia will gain thereby when her permissible exports for 1951-52 are, for example, 234 million lbs., while her production was

102 million lbs. at the end of 1951. In the case of Ceylon, while her permissible exports for 1951-52 were 340 million lbs., her production was 326 million lbs. in 1951. East Africa is not a party to the Agreement and would not benefit by agreeing to any restrictive scheme.

40. A certain section advocated India breaking away from the International Tea Agreement. No benefit would, however, seem to accrue to India by such a step as none of the participating countries has exported upto the full permissible quota even as it is. If the object is to carry on unrestricted competition with other growing countries with a view to eliminate them, such competition could still be carried on within the frame-work of the Agreement. It would cause suffering to this country itself, for estates producing medium quality Teas find it difficult even as it is to profitably market their Teas. The possible repercussions in a consumer country like the U.K. of internationally restricting the production and exports of Tea must be also reckoned. It is possible that if there were any reduction of supply, the U.K. might reverse its decision to deration Tea.

41. It is, therefore, necessary to proceed cautiously in the matter. In this connection, it may be recalled that though the permissible acreage for India is 806, 728 under the

Agreement, actually the area planted has been much less, viz. 776, 898 acres in 1950. Then again, as against an export allotment of 452 million lbs. in 1951, our exports during 1951-52 actually amounted to 425 million lbs., that is, they fell short by 27 million lbs. of the allotment.

Further, any scheme of restriction of production should be evolved on a voluntary basis by the industry itself. We do not think that such a scheme would prove equally successful if imposed by the Government on the Indian Tea Industry. This might also enable all foreign competitors to forge further ahead. We would suggest that the schemes of international and/or internal voluntary restriction may be further discussed in detail in the Central Tea Board.

Stimulation of Demand—Need for expansion of foreign markets.

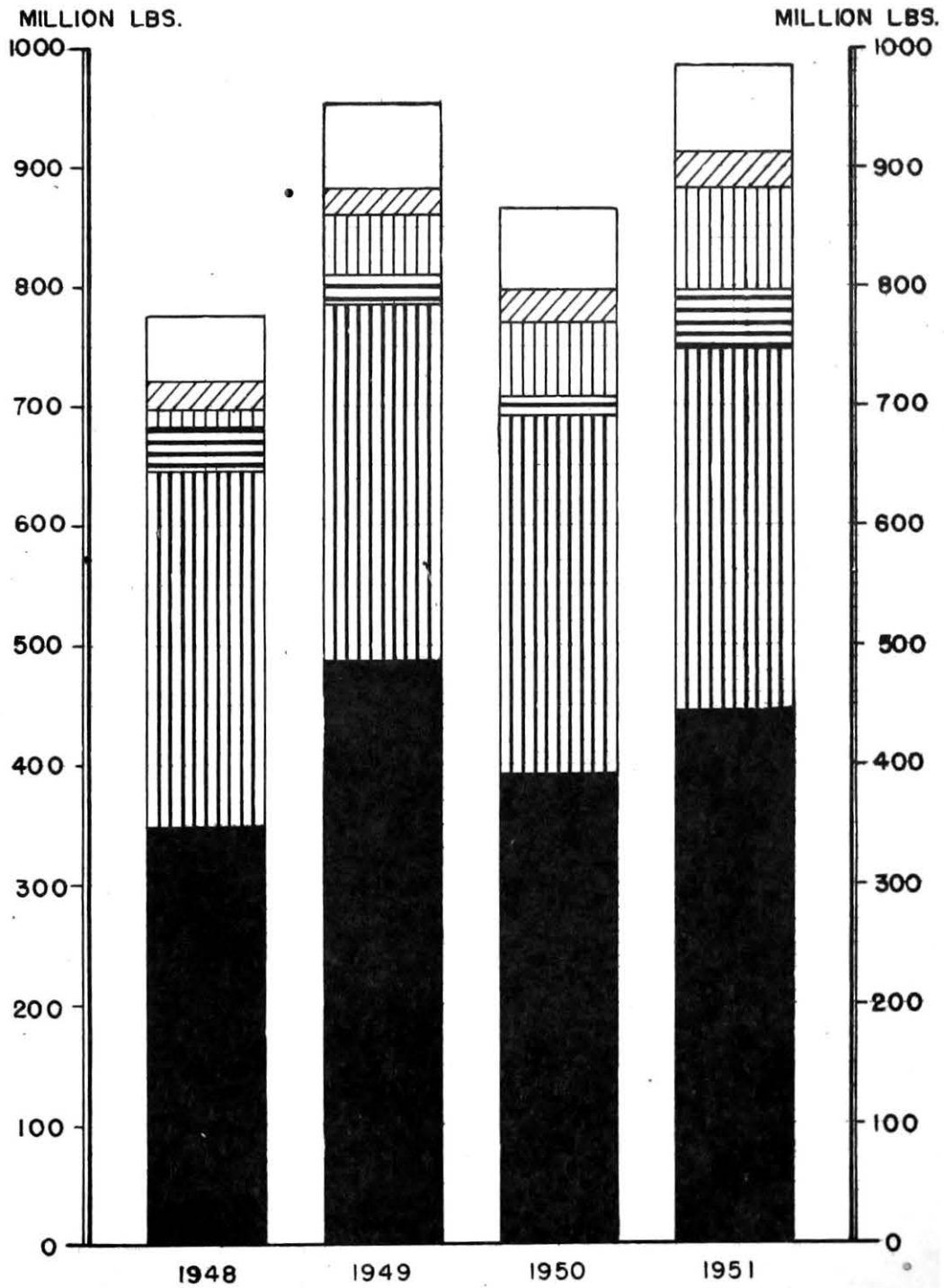
42. In paragraphs 39 to 41 above, the difficulties in the way of adopting a scheme for the restriction of production have been described. A more hopeful solution to the problem of increased production would be increased consumption both externally and internally.

First, as regards the stimulation of exports. The graph below gives information as regards total exports of Tea from the principal producing countries from 1948 to the end of 1951:—

TEA

TOTAL EXPORTS FROM PRINCIPAL PRODUCING COUNTRIES

REFERENCE



DRAWN BY
STATISTICS & INTELLIGENCE BRANCH,
(CENTRAL EXGISE)

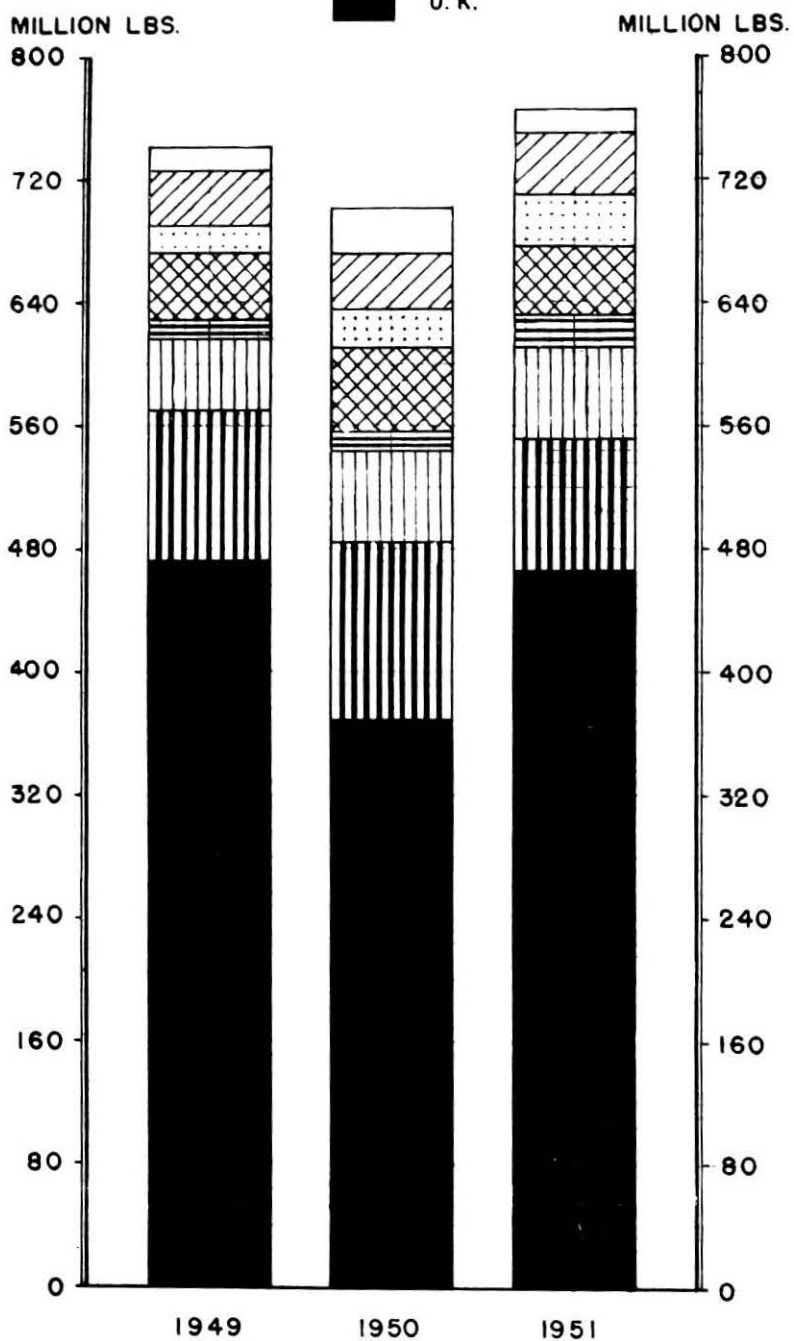
Similarly, the graphs below illustrate the exports of tea by the producing countries to

the principal consuming countries during the years 1949, 1950 and 1951:—

TEA

DISTRIBUTION OF TOTAL EXPORTS BETWEEN VARIOUS IMPORTING COUNTRIES 1949 TO 1951

REFERENCE

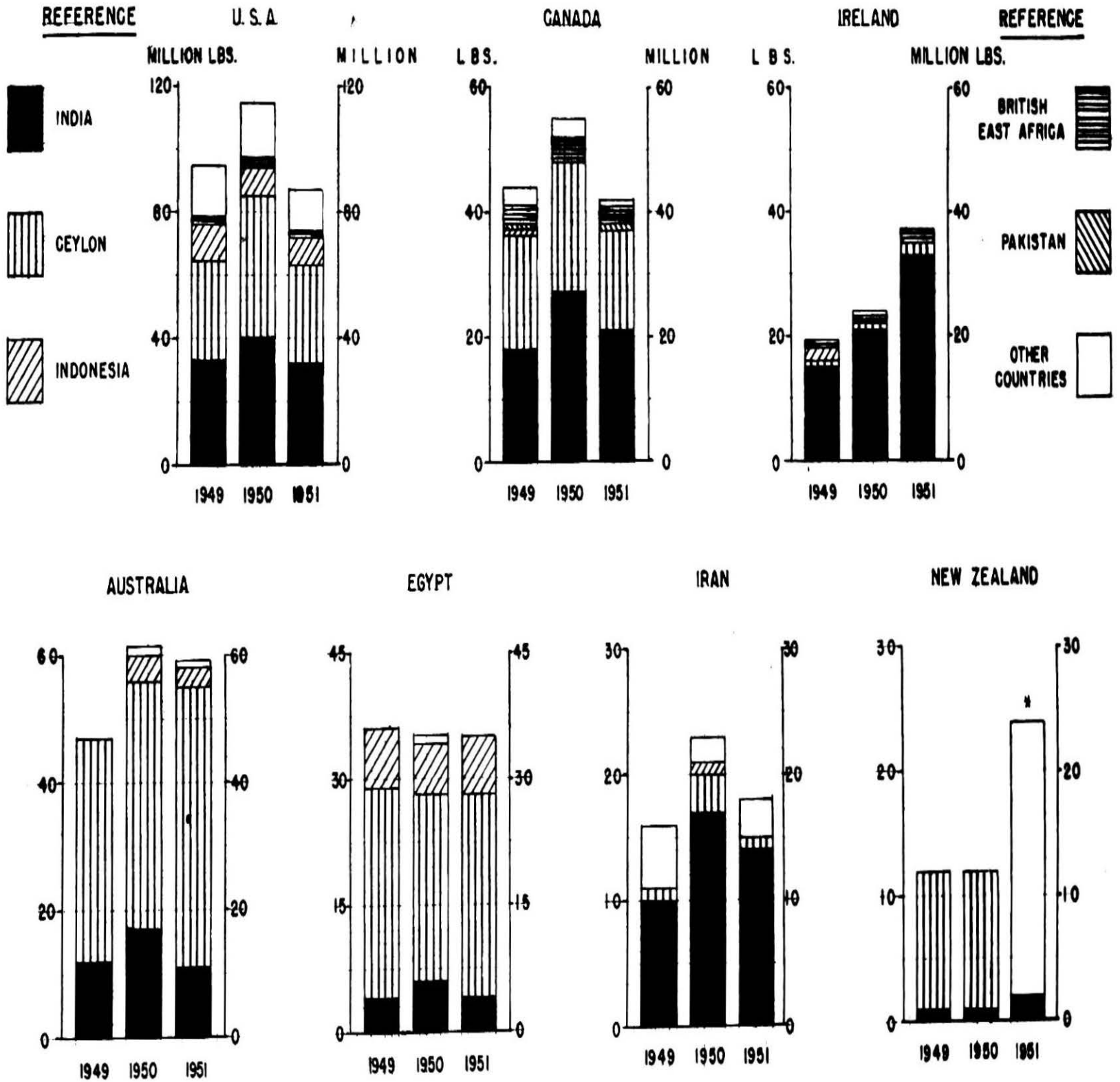


DRAWN BY:
STATISTICS & INTELLIGENCE BRANCH.
(CENTRAL EXCISE)

TEA

IMPORTS BY PRINCIPAL CONSUMING COUNTRIES

1949 TO 1951

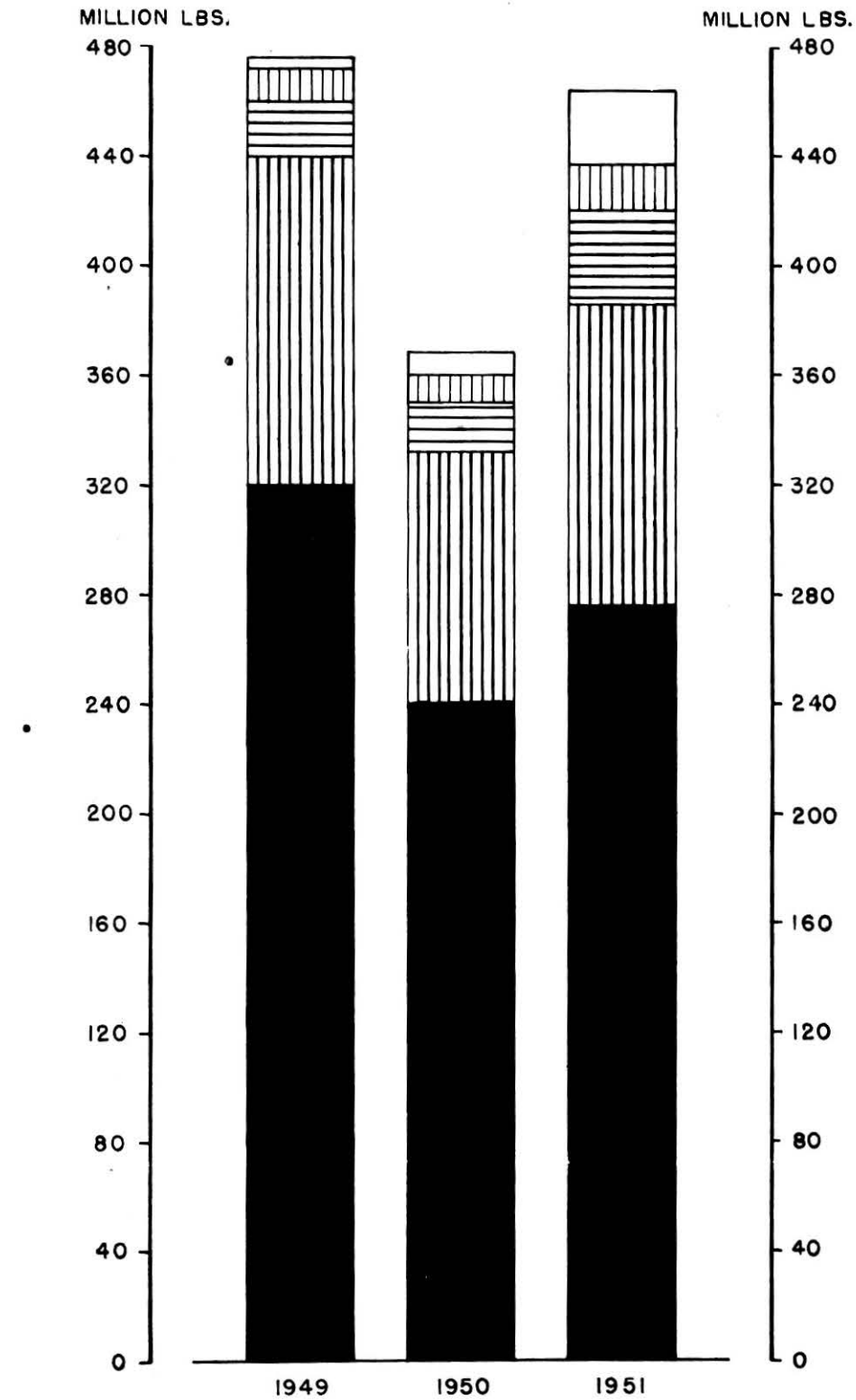
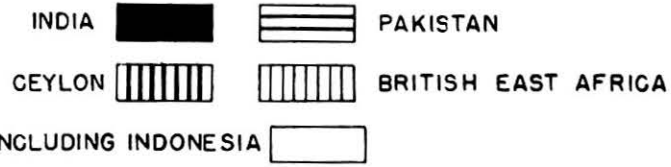


NOTE: * FOR 1951, COUNTRYWISE FIGURES EXCEPT INDIA ARE NOT AVAILABLE.

DRAWN BY:
STATISTICS & INTELLIGENCE BRANCH
(CENTRAL EXCISE)

TEA
TOTAL IMPORTS INTO U.K. FROM THE PRINCIPAL PRODUCING COUNTRIES
1949 TO 1951

REFERENCE

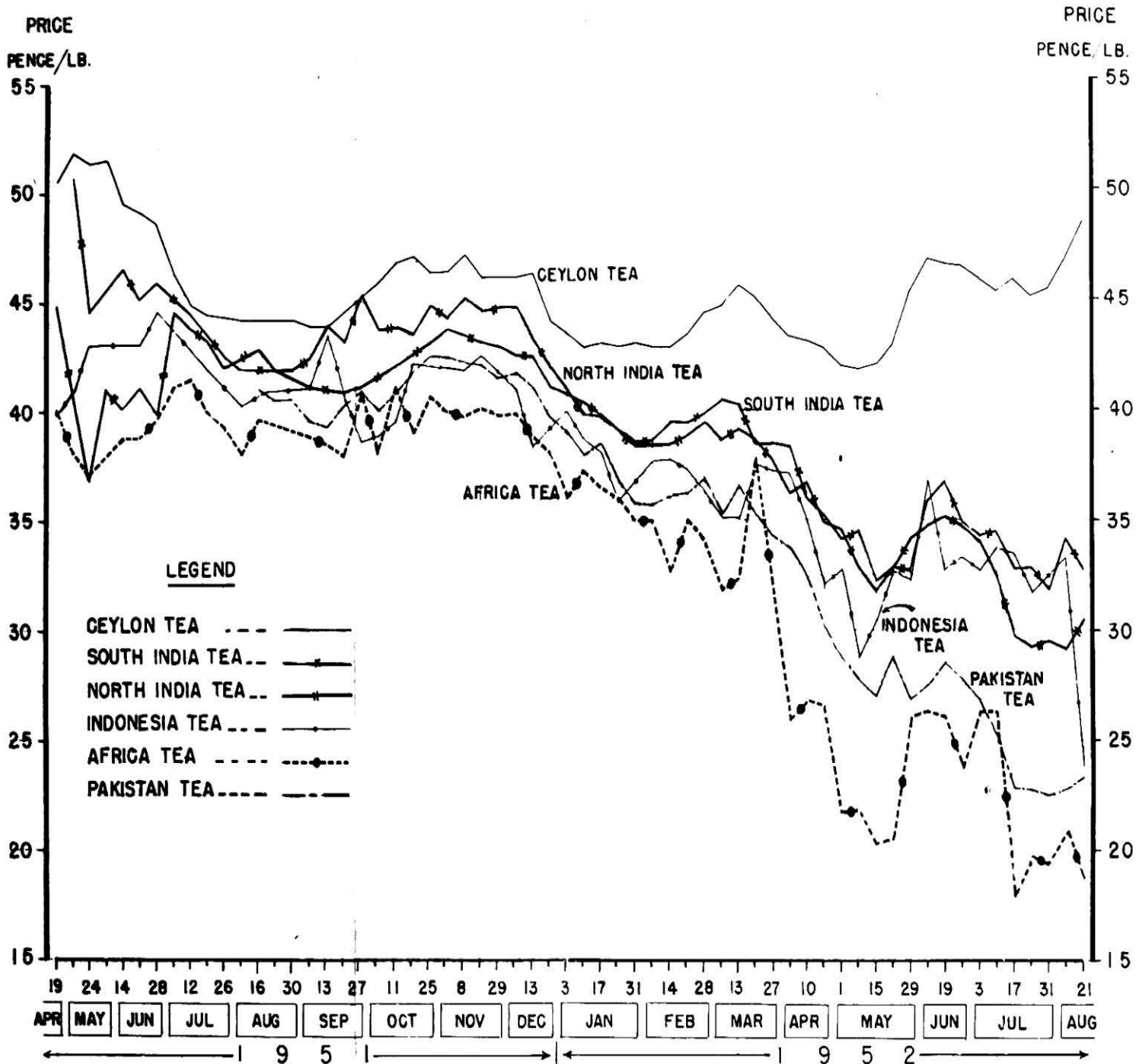


DRAWN BY:
 STATISTICS & INTELLIGENCE BRANCH
 (CENTRAL EXCISE)

T E A

PRICES AT LONDON AUCTIONS

1951 & 1952



DRAWN BY:
STATISTICS & INTELLIGENCE BRANCH,
(CENTRAL EXCISE)

Factors responsible for the reduction of India's exports in certain countries

43. The pillar graphs make it clear that there is scope for making up lost ground in the U.K. and capturing further orders from the other principal Tea consuming countries. No satisfactory reason has been offered for the poor sales of Indian Tea in Egypt. For Australia and New Zealand, it is claimed that the nearness of Indonesia and Ceylon to them and the fact that their Teas are attractively packed in imported Tea chests have boosted sales. The decision to levy Sales Tax at Cochin on sales to Australia is also said to have diverted demand to Ceylon and Indonesia. The unfortunate prosecution of some tea-dealers on a wrong interpretation of adulteration in Tea is said to have temporarily slowed down exports.

Arising from this prosecution, and because of some anomalies in the levy of Sales Tax, the Industry suggests that "Tea" should be authoritatively defined by law by the Central Government. This point may be considered by the Commerce and Industry Ministry in consultation with the Law Ministry.

44. Tea sells on account of its quality (flavour, appearance, cup-quality, etc.) and price. The retention of a market depends on our offering better quality for a given price or the same quality at a cheaper price. In recent months, Indian Teas have been quite cheap but this has not led to their displacing rival Teas. To some extent, this may be due to consumer preference for the qualities obtainable in other Teas.

45. Here the Team were struck with the scope for much more study of this aspect of the problem. It would seem that producers have been content to grow the same Tea for the last several years. It is not known if any attempt has been made to see if Tea of the type grown in Ceylon can be grown in Southern India where climatic conditions are believed to be similar. No consumer-country surveys appear to have been made and there is a complete divorce between growers and outside markets (except where the same companies own both growing and distributing units). While it is not necessary that

there should be a vertical combination so that growers themselves undertake all work from growing to marketing, there appears to be a much greater need for understanding the needs of markets. This will be particularly necessary to sell the larger volume of Tea which will become available in the immediate future.

46. It will be interesting to review briefly the factors which are said to have been responsible for the reduction of India's exports in certain countries. The time at our disposal has been short and it is not within the scope of our reference to make a detailed investigation into the question. Besides, in regard to each country, the investigation will have to be best made on the spot. In this connection, we would suggest that the Ministry of Commerce and Industry should direct its Trade Representatives in the various countries affected to conduct the necessary inquiries and submit reports. In regard to one country, we understand that the Trade Commissioner is engaged on such an inquiry, and his report is expected shortly. The information that we have been able to collect, therefore, is not detailed.

47. In regard to the U.K. market, we are of the view that the decline in the imports from India may have been mainly due to the fact that there were large stocks of medium quality Tea and that that country was, therefore, buying Teas of other types for blending. When these stocks are reduced, naturally, there will be a demand for medium quality Tea. But then, India would have to face competition from Indonesia and East Africa. India enjoys an advantage over Indonesia in that in the U.K. while her Tea pays no import duty, Indonesian Tea has to pay an import duty of 2d. As against this, Indian Tea bears an export duty of 4 as. per lb. while there is no export duty in Indonesia. The actual net disadvantage to Indian Tea is 2½d. per lb. India has also the advantage of shorter distance to the U.K. As regards prices, the following table gives an idea of the Tea prices at the London auctions since the auctions were resumed on 16th April, 1951:—

PRICES AT THE LONDON AUCTIONS.

(Prices in pence at the end of each month from January, 1952)

	North India.	South India.	Pakistan.	Ceylon.	Indonesia.	Africa.
1951 (a)	43.90	42.44	41.09	46.05	39.97	39.05
1952:						
January	38.5	38.6	35.8	43.2	35.9	35.0
February	39.5	39.9	36.9	44.5	36.4	34.1
March	36.3	38.4	33.7	43.4	37.2	26.0
April	34.6	34.0	29.0	42.0	32.8	21.8

	North India.	South India.	Pakistan.	Ceylon.	Indonesia.	Africa.
May	34.2	32.7	26.8	45.3	32.3	26.0
June	34.6	35.0	27.8	46.5	33.3	23.7
July	29.7	30.9	22.6	44.5	32.0	19.4
August*	30.50	31.66	23.25	47.49	23.95	18.66
Export duty	4 as. or 4 1/2 d.	Nil	3 as. (Pak) or 4.2 as.	35 cents. or 6.3 d.	...	...
Import duty in the U. K.	Nil	Nil	Nil	Nil	2 d.	Nil

(SOURCE : International Tea Committee's Monthly Statistical Summary).

(a) London auctions resumed on 16th April, 1951, and the average relates to the period April—December, 1951.

* Figures for August have been taken from the Tea Brokers' Association of London Tea Market Report No. 62, dated the 21st August, 1952.

48. Until recently, in spite of the handicap of 2½d. per lb., Indian Tea was selling better than Indonesian Tea, and Ceylon Tea still continues to do so in spite of a handicap of 4.3d. So that the demand for removal or reduction of export duty on this ground seems to be unfounded. The preference for Indonesian Tea in some markets may be based on quality but the Team has not enough evidence to record a finding. It will be observed that Ceylon's prices have been higher than India's prices—Ceylon Tea is said to be more suited for certain blends. As regards Australia (and also New Zealand), the reasons for the reduction of India's exports to that country are, it appears: (1) comparatively higher prices of Indian Tea *vis-a-vis* the quality offered, and (2) partiality of Australians for Tea of the types grown in Ceylon and Indonesia. We understand that the Commerce and Industry Ministry have under consideration a proposal of the Central Tea Board to send a Tea Mission to Australia and New Zealand. This Mission will no doubt go into all the aspects of the subject. We would like to mention here that some of the representatives of the industry stated to us that the lack of direct shipping from this country to such countries as Australia, New Zealand, U.S.A. and Canada, was responsible for the decline in our exports to these countries. Ceylon, for example, has direct shipping to Australia. It was explained to the representatives that the freight disadvantage may account for ½ anna to 1 anna disadvantage in prices, but actually the difference has been 3 annas between Indian Teas and other Teas. The representatives of another producers' Association pointed out to us that during the War, Australia was buying Teas from this country, but now it was taking Indonesian Tea because of its better quality. Besides cheaper transport, it was further stated that Indonesian Tea did not bear any export duty. Since the freight disadvantage would not be considerable, there must be other causes why Ceylon and Indonesian Teas are faring better in that country. The

Central Tea Board Mission will no doubt go thoroughly into all these questions. As regards Egypt, it is understood that that country prefers Tea with bright colour and without stalk.

49. As regards the U.S.A. market, the representatives of one of the producers' Associations in their evidence before us explained that the types of Tea sent to the London market are types which are not very popular in the U.S.A. Ceylon and Indonesian Teas were considered superior in that country. They also stated that South Indian Tea was not exactly of the same quality as Indonesian. In Canada, too, there is a preference for Ceylon Tea, so that India would have to face competition from that country. These are matters requiring further careful investigation—perhaps on the spot.

Need to explore foreign markets.

50. Our brief examination of the recent trends in India's exports of Tea to foreign markets would thus show that there is need for studying intensively the nature of those markets to see how our exports can be further increased. There are other areas where immediate enquiries into potentialities should be made. For example, Egypt is one of the markets which is near to us. Attempts should be made to export more Indian Tea to that country. Turkey and Iraq have already been taking Tea from India, but attempts could be made to increase our exports to them. Nearer home, Burma is another potential market. We exported 2 million lbs. to that country in 1947-48, but exports have been negligible thereafter. Russia is also another potential buyer. Some of the representatives of the industry during the discussions inquired whether they could trade with Russia and export Tea to that country as she once used to buy our medium quality Tea of the type which is now surplus. It was explained to them that there were no export or exchange control restrictions in regard to trading with Russia and

there was nothing to prevent them from negotiating sales and exporting Tea to that country. But in addition to exports of Tea to Russia on private account, the question raised was whether Russia could be persuaded to enter into a barter agreement for the exchange of, say, 12 million lbs. of Tea from India for some of her own products. The Commerce and Industry Ministry may consider if this is possible.

Need for External Propaganda.

51. In exploring the foreign markets with a view to increasing India's exports of Tea, the need for propaganda becomes apparent. The International Tea Market Expansion Board in London, towards whose expenses India also subscribes, undertakes propaganda for Tea in foreign countries. But it was stated to us that there is no such propaganda abroad for Indian Tea as such, and the several representatives, who were examined by us, emphasized the need for some kind of propaganda directed solely to popularize *Indian Tea*.

52. It was also stated to us by one of the industry's representatives that though the International Tea Market Expansion Board has been doing good work, actually the propaganda for Tea in the world has been carried out by blenders, particularly the British blenders. Due to this, it is more economical for certain countries, e.g., U.S.A., to buy blended Tea from London than to buy straight Tea from Colombo, Calcutta or Cochin, and then to blend it. Since Indian Tea mostly goes into blends, propaganda for Indian Tea as such might not prove successful in stepping up its consumption. It is no doubt true that it would be no good advertising Indian Tea if the consumer cannot get in response to such advertisement a packet blended entirely from Indian Tea. But it will be essential to create goodwill for Indian Tea if it is to hold the market in future years in the face of competition. We understand that in many packets of Tea sold abroad, there are marks on the packets to the effect that they contain Ceylon Tea and even Darjeeling Tea. But there is no mention that they contain Indian Tea! One of the industry's representatives stated to us that many foreign blenders were willing to use Indian Tea in their blends and mark the packets that they contain Indian Tea, provided they were given financial assistance. We would suggest that the question of propaganda for Indian Tea abroad should be gone into in much greater detail. Perhaps the Central Tea Board would be able to do this.

53. Much can and must be done by India's Trade Commissioners abroad to popularise Indian Tea. It is believed that opportunity is already being taken at International Exhibitions and Fairs abroad to publicise Indian Tea as such by opening stalls. These and allied matters may usefully be explored by the Central Tea Board.

Need for Internal Propaganda.

54. Fortunately, we have a big potential market for Tea in this country itself. Internal consumption of Tea during the last few years has been estimated as follows:—

	(Million lbs.)		
1948—49	140
1949—50	1
1950—51	145

These figures are estimates and represent the difference between production and exports.

55. If internal consumption is further stimulated, it will help much to lessen our dependence on foreign countries for the sale of our Tea. The problem is mainly of how to dispose of the medium quality Tea for which the outside markets have shrunk. The Central Tea Board is believed to be doing much useful work already as regards internal propaganda. By means of what is called "campaign" work, non-tea-drinkers are persuaded to take to Tea. For this purpose, Tea has been distributed free from door to door in certain towns. Later on in these towns, when it was thought that sufficient campaign had been done, the free distribution was replaced by selling a good cup of Tea for one anna. Canteens have also been opened for the selling of Teas. By means of what are called Knapsacks, Tea is also sold to lower-class passengers on the Railways. The Board has also participated in Exhibitions, public functions and other activities. In collaboration with the All India Women's Food Council, cafeterias have been organised where Tea is the only beverage sold. Publicity for Tea also has been undertaken through the press and other media such as neon signs, etc. In connection with the publicity work of the Central Tea Board, it was complained to us that its last budget for propaganda was cut down by Government from Rs. 25 lakhs to Rs. 18 lakhs. In view of the continued need for internal propaganda on a larger scale, we would suggest that Government should restore the cut of Rs. 7 lakhs in the internal propaganda budget of the Central Tea Board.

Improvement in Quality.

56. During our inquiry, we heard complaints about the deterioration of the quality of Indian Tea in recent years. Broadly, it was stated to us that 60 per cent. of the total Indian production of Tea was medium Tea 20 to 25 per cent. superior quality, and the balance residual tea including 'rejections'. In the South, what is called Premium Tea formed 25 per cent. to 33 per cent. of the production. Some people suggested that it would help to support Tea prices if the rejections could be compulsorily destroyed

as they were used as adulterants and were depressing the price of good quality Teas. This may require legislation if voluntary agreement among the Trade is not reached. Some of the industry's representatives themselves thought that the quality of Indian Tea had declined somewhat. We have already earlier in the Report drawn attention to the fact that the U.K. bulk buying system was indirectly responsible for the decline of the quality of Indian Tea (*vide* para. 18). Coarse plucking was restored during the War and immediate post-War period to meet the heavy demand. Today, coarse plucking is still resorted to to keep production at such a level as to cover the overall cost of production of the Tea gardens.

Another point mentioned was the inadequacy of Excise staff to supervise the destruction of sweepings. Under the Excise Rules, Inspectors can supervise destruction up to 10 maunds per month, Circle Officers may do so up to 50 maunds and Assistant Collectors without limit. By planned destruction of waste Tea, gardens should be able to carry on with the present disposition of staff. They were invited to bring up any special cases to the notice of the Assistant Collector or Collector concerned.

57. The industry agreed that there was room for improvement in quality, but they said that labour which had got used to coarse plucking would not agree to fine plucking without additional wages. Some of the industry's representatives stated that they were handicapped in regard to production of better quality tea, because their machinery was old.

58. As regards plucking, we were told that it had improved to some extent recently, but it was not yet fully up to the mark. The chief obstacle to labour's changing over from coarse to fine plucking is, of course, the wage question. It was stated by one of the representatives of labour that unless higher wages were paid, the workers would not take again to fine plucking. It appears that the question of granting a bonus for good plucking was examined by one of the producers' Associations, but it was not found feasible to grant such a bonus. The problem is thus difficult and a way out can be found only by industry and labour co-operating in this matter. It must be explained to labour that it is no use producing Tea of a quality that is not wanted. Indeed, this would be suicidal to the industry, and the workers themselves would suffer in the long run.

59. If fine plucking were resorted to on a greater scale, the improved quality of Indian Tea would be sold easily abroad. Fine plucking would also partially solve the industry's problem in regard to overproduction for, the production in that case would be reduced.

Need for improvements in other directions.

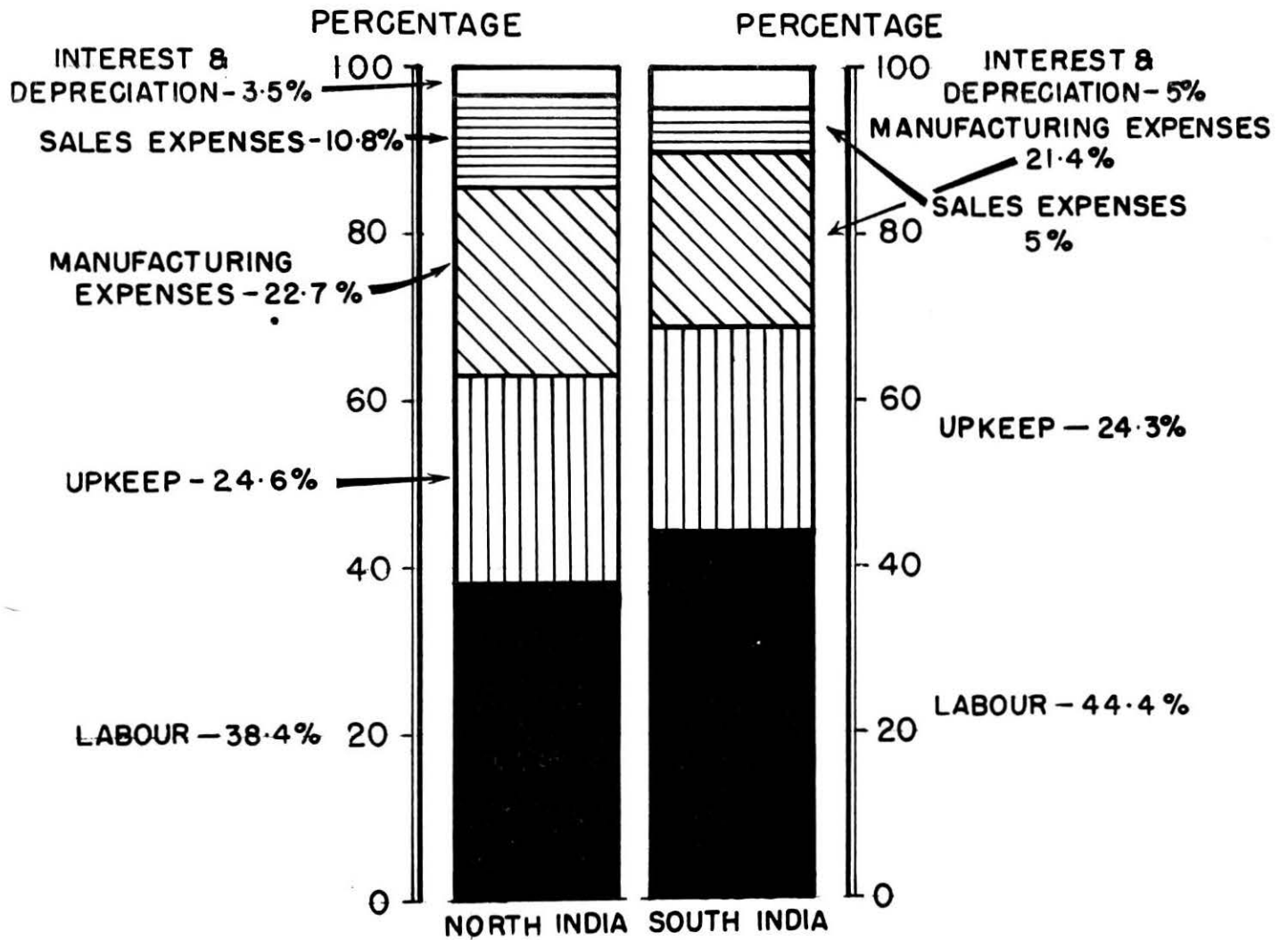
60. So long as the industry was assured of an off-take under the bulk-purchase scheme at prices linked to its cost of production, there was no need for it to reduce the cost, and it concentrated its attention mainly on increased production. Now that free competitive conditions have returned, the industry must pay its attention to the cost of production. It claims that its wage-bill is fixed by law and that its costs are, therefore, rigid. The Cachar Plantation Inquiry Committee's Report contains several recommendations in regard to the better cultivation of Tea in the District of Cachar. These recommendations are contained in the technical Chapter of the Report (*viz.*, Chapter II). Briefly, these are in respect of correction of drainage, re-shading and shade inter-planting, pruning, replacement of old and worn-out Tea bushes, manuring, green cropping, wind breaks and sun-shields, mulch dressing, pests and diseases, etc. It is imperative for the industry to effect such technical improvements wherever possible.

The Wage Bill—Industry's demand for its reduction.

61. While improvements in the technique of cultivation might bring about some reduction in the cost of production of the Tea gardens, this by itself would not be enough. Besides, any measures taken to improve the methods of cultivation would not bring in immediate results and the reduction in the cost of production may not be significant. The reduction in the cost of production has, therefore, to be effected in other ways. The industry claims that the principal item in the cost of production is the wage bill, and the question is whether any reduction is possible in regard to this item. As a result of the implementation of the Minimum Wages Act, minimum wages have been introduced in all the Tea producing States, *viz.*, Assam, West Bengal, Madras, Travancore-Cochin and Tripura. The industry claim that its cost of production has increased since the minimum wages have been fixed at rates higher than the rates of wages prevailing before the introduction of minimum wages.

62. Opinions differ in regard to the proportion of labour costs to the total cost of production. One of the labour representatives stated to us that at one stage producers had estimated the wage bill at 15 to 17 per cent. of the total cost of production, though some of his own calculations indicate that it was 22-26 per cent. In an article on "The Indian Tea Industries" in the "CAPITAL" (Plantation Industries—Survey and Directory), dated 17th July, 1952, labour costs in 1951 were estimated to form 56 per cent. of the cost of production. Representatives of one of the important Tea growers' Association, stated to us that the wage bill represented 60 per cent. of the total cost.

TEA BREAKDOWN OF COST PER LB.



DRAWN BY:
STATISTICS & INTELLIGENCE BRANCH,
(CENTRAL EXCISE)

These estimates have been criticised as inflated by the representatives of labour. According to estimates in the Report of the Cost Accountant attached to the Team, in the case of the Tea estates in respect of which investigation was made, the wage bill (excluding minimum wages) forms 38.4 per cent. of the total cost of production for the estates in North India and 44.4 per cent. for the estates in South India. On these figures wages form the principal item in the cost of production.

63. According to the industry, because of the fact that labour costs form such a great proportion of the cost of production, consideration should be given to possible savings in this item of expenditure. The industry's claim is that the present level of wages of labour is based on a prosperity period, but now that there is a recession, the position should be reconsidered. The implementation of the Minimum Wages Act and the enforcement of minimum wages awards have led to increases in the wages paid to labour and thus added to the gardens' financial difficulties. Important sections of the industry have stated that they do realise that any suggestions by them for reduction in existing wages would be unpopular with labour, and would be regarded as a retrograde step. But they state that there is a growing realization amongst them that labour costs provide the most fruitful field for economy.

64. Suggestions for the reduction of wages are naturally strongly opposed by labour. Representatives of labour stated that economies in the cost of production should be effected from other directions. They claim that the minimum wages were not fixed as high as could be wished and as the data justified. The industry did not share its prosperity with labour which should, therefore, not be called upon to share its adversity. Where, as in Cachar, Labour voluntarily agreed to lower wages temporarily, the arrangement has tended to become permanent. The Cachar Report shows that plantations were not efficiently run and Labour should not have to suffer for such technical incompetence. One of the representatives suggested that economies would be possible if the following items were looked into:—

- (1) Emoluments paid to the supervisory staff are too high. Such staff are in large numbers and are overpaid. The visiting Managers who are retired planters are often grossly overpaid, though it is not denied that their advice is quite often useful. They also point out that in 1930, retrenchment and pay cuts were shared by the Managerial staff.
- (2) Managing agency charges are too high, and should be reduced.
- (3) The stores purchase system should be looked into.
- (4) Purchase of foodstuffs should be at reasonable prices. The correctness

of the amounts said to have been spent is questioned.

- (5) Exaggerated costs of repairs of houses etc., are given. This should be looked into and the costs reduced.

65. These general suggestions require much detailed scrutiny by the industry itself. Assuming that a 10 per cent. reduction can be effected under these heads except the last (and this is a very considerable percentage) the total saving in the cost per pound on the figures calculated by our Cost Accountant for these items would be 13.5 pies for Northern India and 8.7 pies for Southern India.

66. The reduction in management and other expenses will not, therefore be sufficient by itself to bridge the gap between the cost of production and the present selling prices. It is, therefore, that the industry has urged that wages will have in some cases to be refixed. It was pointed out by the industry that in previous slumps the Tea gardens were able to meet the crises by making cuts in the wages paid to labour as well as in management expenses. They expect in the present slump, too, that labour would co-operate by agreeing to a reduction of their wages. Their main demand in this regard, therefore, is that the minimum wages awards should be suspended, or revised so that the industry may be able to obtain the necessary relief.

Suspension of the operation of the Minimum Wages Act.

67. At a very early stage of the enquiry, it was pointed out to the industry that almost its first attempt to effect economy must not be by attempted reduction of Minimum Wages or retrenchment. This would not lead to industrial harmony; on the other hand it might affect production. It must be recorded with appreciation that the industry appeared to readily accept this view. All that they wanted was that certain anomalies should be corrected and some improvements effected.

68. The industry's case for the suspension of the operation of the Minimum Wages Act, in so far as it affected the Tea Industry was stated to us in strong terms. As already stated, Minimum Wages were introduced in West Bengal in December 1951, in Assam and Madras in March 1952, in Travancore-Cochin in June 1952, and in Tripura in July 1952. Important sections of the industry represented to the Team that Minimum Wages have come at an inopportune time when the industry is not in a position to bear any extra cost. The industry's case regarding Minimum Wages was as follows:—

One of the complaints of the representative of the industry was that the Reports submitted by the Minimum Wages Committees which were appointed by the Tea producing States were not unanimous in all

cases. Some of the Reports were signed by the representatives of the industry on the Committees concerned with reservation. Nevertheless the awards were made and enforced. The industry's main contention, however, was that the minimum wages fixed

in the several States as a result of the awards were at a higher level than those ruling before the enforcement of the awards. For example, it was stated that in the case of Assam, wages rates before 30th March 1952 were as follows:—

	ASSAM VALLEY						CACHAR								
	Basic	D.	A.	Addl. D.	A.	Rice Cut	Total	Basic	D.	A.	Addl. D.	A.	Total		
Adult Male	0	8	0	0	2	0	0	3	6	0	0	6	0	14	0
Adult Female	0	6	0	0	2	0	0	3	0	0	0	6	0	12	0

These wage rates were in operation since 1948 and were originally introduced in 1947, as a result of the first Tripartite Conference.

The Minimum Wages fixed for Assam under the Award which came into operation from 30th March 1952 are as follows:—

	ADULT MALE (16 years and above)			ADULT FEMALE (16 years and above)			WORKING CHILDREN (below 16 years and above 12 years).																			
	Basic wage (per day)	Dearness allowance (per day)	Total (per day)	Basic (wage) (per day)	Dearness allowance	Total (per day)	Basic wage (per day)	Dearness allowance (per day)	Total (per day)																	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.																	
1. Kamrup, Nowgong and North Lakhim- pur	0	12	0	0	5	0	1	1	0	0	11	0	0	5	0	0	6	0	8	6						
2. Rest of Assam Valley	0	12	0	0	6	0	1	2	0	0	11	0	0	5	0	1	0	0	6	0	8	6				
3. Cachar	0	10	0	0	5	0	0	15	0	0	9	0	0	5	0	0	14	0	0	6	0	2	6	0	8	6

69. It was pointed out that in the case of adult males, in Assam Valley there was an increase of 4 annas in the total wages, while in Cachar (in respect of which lower rates were recommended due to special circumstances) there was an increase of 3 annas. In the case of females, both in Assam Valley and Cachar there was an increase of 3 annas in total wages. It was also pointed out that the basic rates of wages were increased. In Assam Valley, there was an increase of 3 annas in the case of adult males, while in Cachar there was an increase of 3 annas. In the case of adult females, there was an increase of 5 annas in Assam Valley and an increase of 3 annas in Cachar.

70. It has been urged with some force that in fixing these rates the special features of Tea labour have not been fully allowed for. In Assam, the husband, wife and children may all earn wages at the above rates. For a small family of only three the wages would be about Rs. 2-10-6 per day, all the year round, exclusive of other amenities. It has been stated that the wage for casual Agricultural labour employed for about 2/3 months in a year is Rs. 2-8-0 per day. It is clear, therefore, that Tea labour is not by any means relatively underpaid.

71. In the case of Bengal, wage rates before the operation of Minimum Wages were as follows:—

(a) For Doars and Terai

	Hajari	Double	D. A.	Total					
1. Male adult	0	6	0	0	5	6	1	1	6
2. Female adult and adolescent	0	5	0	0	5	0	0	5	6
3. Employable child	0	3	0	0	3	0	0	3	0

(b) For Darjeeling.

1. Male Adult	0	8	0	Nil	0	5	0	0	13	0
2. Female adult and adolescent	0	7	0	Nil	0	5	0	0	12	0
3. Employable child	0	4	0	Nil	0	3	0	0	7	0

The minimum wages as fixed under the Award for workers in the garden are as follows:-

(a) For Dooars and Terai

	Hajari	Double	D. A.	Total
1. Male adult	0 6 0	0 6 0	0 7 0	1 3 0
2. Female adult and adolescent	0 5 0	0 5 0	0 7 0	1 1 0
3. Employable child	0 3 0	0 3 0	0 4 0	0 10 0

(b) For Darjeeling.

1. Male adult	0 8 0	...	0 7 0	0 15 0
2. Female adult and adolescent	0 7 0	...	0 7 0	0 14 0
3. Employable child	0 4 0	...	0 4 0	0 8 0

Here, too, it was pointed out that in the case of adult males, there was an increase of 1½ annas in Dooars and Terai, and an increase of 2 annas in Darjeeling. In the case of adult females, there was increase of 1½ annas in Dooars and Terai, and an increase of 2 annas in Darjeeling. In the case of employable children, there was an increase of 1 anna in both Dooars—Terai and Darjeeling. As regards Madras and Coorg, the industry did not seriously criticise the awards which were only a little higher than previous prevailing rates. It was stated to us that the minimum wages prescribed for Travancore-Cochin were, however, higher by as much as 5 annas than the old rates. It is alleged that in Travancore the D.A. was calculated on a basic wage which already included a D.A. and that the Travancore rate for an adult worker is now 4½ annas higher than the minimum rates in the adjacent Madras areas, even though the cost of living does not differ by anything like the same proportion. Due to the fixation of the rates of minimum wages at a higher level, representatives of the industry feared that in some of the States their cost of production would be raised appreciably. One of the important producers' Associations has stated that the total wage increase is expected to cost some crores of rupees for each anna of increase in Assam. Where the increase is four annas a day for men, the large additional sums payable can be easily imagined. Some representatives also claimed that the cost of production would go up by 2 to 3 annas as a result of the higher wages.

72. The industry further contended that the minimum wages fixed in Assam and West Bengal, for example, were not minimum in the sense that they were a "living" wage. As a proof of their contention that the minimum wage fixed was more than was required for living, they drew attention to the compulsory saving scheme in Assam, under which to prevent inflation a worker would have had to deposit 2 annas of his daily wages into a Savings Fund. This was the position even before the recent Minimum Wage awards had been enforced. The Labour representative stated on the other hand that this enabling provision was for a contingency in which the wages were to be fixed at much higher rates and that the saving has not actually been enforced.

Some of the industry's representatives also referred to the fact that minimum wages were fixed for the clerical staff in some of the States. They stated that according to the I.L.O. Convention, the staff were to be considered as supervisory bodies; nevertheless the States concerned have brought them within the purview of the Minimum Wages Act.

73. In addition to the above points, the industry has drawn attention to several anomalies arising from the minimum wages awards. For example, it was pointed out that in West Bengal and Assam, minimum wages were also prescribed for the clerical staff. While distinction was made in West Bengal between Matric and non-Matric, in Assam a uniform rise was given to both categories. It was stated that in Assam 9 out of every 10 of the clerical staff were non-Matrices. As a result of fixing minimum wages for the clerical staff, even the ministerial staff drawing more than the minimum were pressing for a rise in their salaries. In Assam, it was also stated that as part of the minimum wages, the Tea garden employees have been given a servant's allowance. Differences had also arisen in regard to the interpretation of the Minimum Wages Awards, particularly the Assam Award. One of the producers' Associations pointed out that certain sections interpreted the Award as an award for a general increase in wages, whereas according to it the Award fixed only the minimum wages.

74. An important anomaly the industry pointed out had arisen as a result of the fixation of different rates of minimum wages in the several Tea growing States. For example, the Assam and West Bengal States have fixed different rates of wages, with the result that in gardens lying on either side of the border between the two States, wage levels are markedly different. To illustrate: the wages fixed for the rest of Assam Valley in Assam State are Rs. 1-2-0 for adult male and Rs. 1-0-0 for adult female. In West Bengal State, the wages fixed for Darjeeling District are 15 annas for adult male and 14 annas for adult female. As Assam Valley and Darjeeling District are contiguous areas, it was pointed out that the wages for adult males are higher by 3 annas in Assam Valley and for adult females higher by 2 annas. In South India also, it was stated that there is a

marked difference in the minimum wages fixed for Madras and Travancore-Cochin. In Madras, for example, the minimum wages fixed for a Grade I worker is Rs. 1-5-0, while in Travancore-Cochin, the wages fixed for an adult male is Rs. 1-9-6, and for an adult female Rs. 1-3-0. In the case of an adult male, it was pointed out that the wages paid to him in Travancore-Cochin are higher by 4½ annas than in Madras.

One of the Associations pointed out that in their District (*viz.* Terai), formerly labour had the option of doing one task or two tasks a day. But now the law had made it compulsory for every labourer to be employed on two tasks, with the result that their wage bill has increased. In the early part of the season, there is not often enough work for one full task—not to speak of two. Some of the representatives also observed that the fixation of minimum wages had curbed the incentive of the labourer to put in more work. Besides this, discipline was also adversely affected.

75. To the various points raised and the anomalies referred to by the industry in regard to minimum wages, the representatives of labour have replied as follows:—

Replying to the industry's contention that minimum wages fixed are at a higher level, one labour representative claimed that the wages fixed for Tea garden workers were lower than those paid for other workers. In Assam, for example, he pointed out that agricultural labour was paid as much as Rs. 2-8-0 to Rs. 3-0-0 per day, and he said that Tea garden labour should also be paid that wage. This representative also stated that the minimum wage prescribed for Assam was less than the living wage. When questioned as to how the minimum wage could be said to be less than the living wage when the Assam Government, as a measure of precaution against inflation, had taken legal power to take away a portion of the wage in the form of "saving", he stated that he had suggested to the Assam Government that the Minimum Wage should be fixed at Rs. 2-3-0 a day and if the Government thought that that would create inflation in the market, he would agree to that part of it being frozen which they thought would create inflation. The Assam Government, he further explained, accepted his scheme of enforced saving but did not agree to the wage suggested by him. As regards the servant's allowances to the employees, this representative explained that these employees were entitled by practice to free servants, but because it was found increasingly difficult to allot to them acceptable servants, a cash compensation was being given.

The representatives also said that the Agricultural labourer was paid Rs. 2-8-0 for the days he worked. He said that the Tea labourer should also be paid the same rate on all the days he worked. He would not agree that there was any reason why casual

labour should be paid more than regular labour or that a Tea labourer whose other family members were also assured of steady work all the year round, was better off than the casual Agricultural labourer who got Rs. 2-8-0 per day for about 3 months in the year and had to support his whole family thereby.

Team's observations regarding Minimum Wages.

76. At the outset, it must be stated that as minimum wages have now been introduced in all Tea-growing States, it will not be practicable to go back on what has already been done and to suspend the operation of the Minimum Wages Act. This point of view was explained by us to representatives of the industry who also appeared to readily concede the fact that minimum wages have come to stay. But while conceding the principle of minimum wages, they pointed out that they would like the quantum of the minimum wages fixed under the Awards to be revised. Besides, they would like the several anomalies that had arisen to be removed. In view of this, labour need not be apprehensive that the principle of minimum wages will be tampered with. Indeed, labour has wages will be tampered with. Indeed, labour has already been given an assurance by both Ministers of Commerce and Industry and Finance in Parliament that the interests of labour will not be jeopardized. The Minister for Commerce and Industry, for example, stated in the House of the People on the 15th of July 1952 as follows:—

"My Hon'ble friend, Mr. Tripathi, whose interest in plantation labour is very well known to me and is one which is very greatly valued by labour and by Members of this House, has made some useful and interesting suggestions. At the same time, I would like to disabuse him of one impression that he has got, namely, that the small committee that is now enquiring into certain aspects of the demands made by the Tea Industry can do the things he suggests. Two officers of Government are going round and seeing things. I can give him this assurance that neither will the Committee make recommendations, nor will the Government accept them even if they are made, which would jeopardise the position of labour even to the tiniest extent. The Committee is not commissioned to go into the wage question at all. It merely wants to see how the friction that is now obtaining can be eased..... but I can assure Mr. Tripathi that we do not at all intend in any way to make the position of labour worse than what it is. If we can possibly do so, we will make it better."

The Minister of Finance stated in the Council of States on the 17th July 1952 as follows:—

“Then the other important matter that was dealt with and which seemed to exercise the minds of some Members, rightly I think, was about the Tea Industry. Coming to the question of minimum wages, it is not considered advisable to interfere with the minimum wages which were prescribed by the State Government. We made that quite clear to our Team when they went to study the problem on the spot. An officer of the Commerce and Industry Ministry met the representatives of the Tea Industry recently in Calcutta and he reports that they themselves realise that this measure is long overdue and must be enforced.....I have not received the rest of the report and I am not able to say what steps we shall be able to take, but Hon'ble Members may rest assured that they would not be such as would hurt labour. As a matter of fact the remedy suggested by the trade itself does not lie in the direction of taking away substantially from any advantage which is enjoyed now by labour.”

77. We have pointed out to the industry that the Minimum Wages are fixed by State Governments and that the Central Government cannot interfere. While appreciating the legal position, the industry pleaded that as the Act was passed by the Central Government, their views on the policy underlying the Act would carry weight with the State Governments. We also pointed out that if the industry wants the quantum of the minimum wages or the award in other respects to be revised, there is the necessary machinery in the Minimum Wages Act. Under Section 6 of the Minimum Wages Act a State Government can appoint an Advisory Committee to inquire into the conditions prevailing in any of the industries and advise it regarding the revision of minimum wages in that industry. Under Section 7, a State Government can appoint an Advisory Board to co-ordinate the work of Advisory and other Committees appointed by it and to advise the State Government in the matter of fixing and revising minimum wages. The industry should make the necessary representation to the States concerned for the appointments of these Advisory Committees and Advisory Boards. From press reports, we find that the Travancore-Cochin Government have appointed an Advisory Board for advising it in the matter of fixing and revising minimum rates of wages. We would suggest that the anomalies placed before us, such as the classification of boiler-cleaners as skilled workmen and others be also studied by the Central Advisory Board re-

cently constituted by the Central Government under Section 8 of the Minimum Wages Act, for the purpose of advising the Central and State Governments in the matters of fixation and revision of minimum rates of wages and other matters under the Act.

78. The Team do not wish to suggest that all that the Industry contend must be necessarily correct. But in the long-term interests of labour itself, the wages and other amenities must be such as the Industry can afford to pay. In the alternative, some of the gardens must close down, causing loss all round. Indeed, it is alleged that a few in each area have closed down on account of the uneconomic prices. To prevent such a general failure, the Central Advisory Board which has been constituted may advise Governments concerned in the interest of all affected.

Conversion of the foodstuffs concession into cash benefits.

79. Another point on which the representatives of the industry were unanimous is that the continuance of the foodstuffs concessions to labour as worked at present would burden them with further losses, especially as they have to incur additional expenditure in the implementation of the Minimum Wages Act. They pointed out that it was not possible for them now, for example, to continue the concession of the supply of rice to their labour at Rs. 5 per maund, as they were faced with the following difficulties:—

(i) The price at which they could procure rice privately was increasing and they had to pay prices ranging from Rs. 26 to Rs. 39 per maund. Even when they obtained their requirements from Government, they complained that they were forced to buy the costlier rice, perhaps on the ground that they could afford it.

(ii) Besides the high price which they have to pay for the rice, their difficulties in procuring the same were also increasing. They pointed out that when Government supplies failed sometimes, they had to procure rice from the neighbouring countries such as Nepal, and undergo many difficulties in transporting the same to the Tea gardens. It was claimed that the industry had spent over Rs. 30 lakhs to transport grain to Assam by means of planes. They observed that there was no reason why the Tea industry alone should be forced to buy foreign rice at a higher price.

80. Besides the difficulties in regard to the procurement of rice and other foodstuffs and the high price which they have had to pay, the industry drew attention to certain anomalies arising from the supply of foodstuffs to Tea garden labour at concession rates.

For example, the representatives of one of the producers' Association stated that even if a worker did one task in a month, his name was placed on the working list and he was entitled to draw full rations at the concession rate for the whole month. It was pointed out that in some cases, the proportion of average daily working labour to the workers in the list was 1:3. In addition to the responsibility of providing rice to their workers, the Tea gardens had to supply rice at controlled rates to non-workers—that is, dependents of the workers—who were living in their gardens but might actually be doing work elsewhere. While the estates were purchasing the rice at Rs. 27 to Rs. 28 per maund and even at higher prices, they were obliged to sell the rice to such non-workers at the statutory price of Rs. 20 per maund and thus incur a loss of Rs. 7 or Rs. 8 per maund. The industry properly stressed that it was the duty of Government to feed the population and that Tea estates should not be singled out and made responsible for feeding their labour force and non-workers staying in the gardens. They, therefore, put forward various suggestions in order to obtain relief from the responsibility imposed on them to supply rice and other foodgrains to their labour at a concession rate.

Briefly, the suggestions were as follows:—

(1) The money value of concession of supply of rice at Rs. 5 per maund should be added to the wages—this additional cash payment may be fixed at the amount computed when fixing the Minimum Wage formula for the State concerned.

(2) Simultaneously with the above, they wanted Government to do one of two things, either (a) Government should open ration shops in centrally-located places in the Tea areas and sell the rice at "pooled" prices—this would relieve the Tea gardens of the responsibility of procuring and supplying rice to their labour, or (b) in case Government did not want to open ration shops, Government should supply rice at controlled rates to the Tea gardens at the localities where it is consumed, for distribution to the workers by the Tea estate management.

81. The representatives of the industry admitted in their evidence that by converting the foodstuffs concession into a cash wage, they would not be benefited directly, as they would then have to pay a higher cash wage. But they said that they gained indirect benefits. For example, they would not be held responsible for the procurement and supply of rice to their labour, if this responsibility was taken over by Government. Along with this, their responsibility for supplying rice at low rates (though not at Rs. 5 per maund) to the large number of non-workers dependents of their labourers would also cease. These non-workers would either be forced to buy rice from the Tea

estates at the control rates (and not at a concession as they do at present), or their names would be removed from the books of the gardens.

82. It must be conceded that the problem of the conversion of the foodgrains concession into a cash payment is a difficult one. So long as the prices realised for their Teas were attractive, Tea gardens continued the system of supplying rice and other foodgrains to their labour at concession rates and it enabled them to keep labour contented. Now that conditions have changed—Tea prices have fallen while foodgrain prices are rising—the gardens understandably do not wish to continue the system. The problem seems to us to be that in addition to avoiding the loss incurred by the Tea gardens by purchasing foodgrains at a high price and supplying them to the workers at a concession rate, the gardens wish to be relieved of the responsibility of procuring, transporting, storing and supplying the cereals to the labour force. We feel in regard to this matter that the industry has a strong case. Fortunately, in South India, this is not a problem as Government are making available to the Tea gardens the necessary foodgrains at controlled rates. Our recommendations with regard to this matter are as follows:—

Government should supply rationed foodstuffs at convenient centres or depots and the Tea gardens should only be required to retail these foodstuffs through their shops. The gardens should continue to bear the expenses of transporting the foodstuffs from the centres or depots to their ration shops.

The legal responsibility for distribution of foodstuffs to the workers should continue to rest on the Tea gardens. We are making this suggestion because of the special nature of the Tea gardens and the fact that some of the gardens are situated in remote regions. An additional cash wage, which amount would be the difference between the price paid by the workers at present for their foodstuffs, e.g., Rs. 5 in the case of rice, and the price they would have to pay for the rationed foodstuffs, at control rates should be paid to them. This additional cash wage would naturally have to fluctuate with fluctuations in the price of the rationed foodstuffs.

83. Labour was, however, not agreeable to the industry's suggestions. In the first place, the rate suggested by the industry at which the concession would be converted into a cash wage was not agreed to, and secondly labour was apprehensive whether

with the cessation of the Tea gardens responsibility for the supply of foodstuffs, the workers would be able to get their foodstuffs without any difficulty. Our suggestion that Government should make available at convenient centres or depots rationed foodstuffs and that the Tea gardens should be made responsible for transporting the foodstuffs to the gardens and distributing the same to the workers would appear to meet both the points of view. The industry would no more have to complain that it has been singled out for undertaking the supply of foodstuffs to their workers (though, due to special reasons, the responsibility of distributing the foodstuffs would still rest on it), and labour need not be apprehensive that with the industry's responsibility for the supply of foodstuffs ceasing, the workers would be unable to get the foodstuffs, because now foodstuffs would be made available by Government. As regards the second point, namely, conversion of the concession into a cash benefit, our suggestion should also meet the points of view of both the parties. The industry's original suggestion of conversion at a particular rate was open to the criticism that labour would have to bear the burden of any rise in foodstuffs prices. Our suggestion that the concession should be converted into a cash wage and linked to fluctuations in the price of controlled foodstuffs supplied by Government should meet labour's point of view.

84. At present, as we have already said above, the industry has to supply foodstuffs to dependents of workers who are not connected with the Tea gardens but who work elsewhere. It would not be proper to make the industry responsible for feeding at concession rates people not connected with the industry. The complaint by the industry, which is justifiable, is that in many cases, the so called dependents have no relationship with the workers except that they may be coming from the same place. The foodstuffs, which are at present supplied by the Tea gardens at concession rates and which would be distributed by them under the suggestions made by us, would be supplied only to workers and their dependent family members as father, mother, brother, sister and other close relations. The labour representative contended that supply to such non-workers was one of the conditions of service and had been taken into account in fixing the Minimum Wages. He also denied that there were large numbers of such dependents.

It seems difficult to support an arrangement under which the tea industry is required to subsidize able-bodied non-workers who may actually be working in other

industries. It may be administratively convenient to make the Tea garden Management distributors for rationed areas but it is difficult to agree that they should be held responsible for the procurement of rice when Government supplies fail and for selling it at controlled rates even when they may have spent much more.

If the present food concessions are to be retained, the industry pressed for a suitable subsidy to make good the loss.

Industry's request for removal of other charges.

85. Representatives of the industry complained to us that they are saddled with certain items of expenditure, which they feel are inequitable and should, therefore, be removed. For example, they mentioned that though they pay an education cess, they have still to bear an additional expenditure in regard to this item. Many of the gardens have provided schools. They feel that it is Government's responsibility to provide education to its citizens, and once they pay the education cess, they should not be saddled with additional expenditure to provide educational facilities to the children of their workers.

86. We agree that the State Governments in co-operation with the tea gardens should be moved to work out a compromise scheme, under which the tea gardens would continue to provide educational facilities to the children of the workers, recovering suitable compensation from the State out of the cess funds towards such expenditure.

87. Another item of expenditure about which the industry complained was in respect of repairs to roads. Though the tea gardens pay a road cess, they stated that they are still required to pay again for repairs of roads, etc. If the complaint is correct the State Governments should be invited to afford suitable relief.

Industry's representation for the suspension of the operation of the Plantations Labour Act.

88. The Plantations Labour Act which was passed by Parliament towards the end of 1951 is likely to be brought into force shortly. The representatives of the industry were unanimously of the view that in present circumstances the implementation of this Act should be kept in abeyance at least for a period of one to two years as far as the Tea industry was concerned. Some of the representatives pointed out that the Act was passed by Parliament at a time when the plantation industries were in a relatively prosperous condition. The industry's main fear is that the implementation of the Act would add greatly to their expenditure and therefore to their cost of production.

89. The Plantations Labour Act which provides for the welfare of labour and the regulation of work in plantations, contains

provisions among other things, for the supply of drinking water, medical and educational facilities, and also for the provision of housing accommodation, canteens, creches and latrines. The Act also regulates the hours of work and the grant of leave with pay. Most of the producers' Associations said that certain provisions of the Act, for example, in regard to medical and housing facilities, were acceptable to them in principle. As a matter of fact, several Tea gardens it was claimed had already provided hospitals and houses for their labour. But in present circumstances and also in view of lack of finance and the shortage of building and other materials they would be unable to undertake further construction work. As regards creches, the Associations agreed that these should be provided (as a matter of fact, some of them had already provided creches), but at present they were unable to construct them. The Association had also accepted the regulations in regard to hours of work and leave with pay.

90. The Associations, however, stated that certain provisions of the Act were not acceptable to them. For example, the provision of canteens, umbrellas, raincoats and field latrines would entail a large outlay of money and thus increase the cost of production of Tea. They pointed out that in the case of canteens, the capital expenditure involved would be about Rs. 50,000 per garden with an average output of 5,000 maunds. Even after the canteens were provided at such a cost, they were doubtful whether the workers would use them, because on account of the overhead charges the cost of an article there would be slightly more than what it would cost them in their own house. While the idea of a canteen was all right for a factory where all the labourers worked at one particular place, it was not suited to a tea garden where the labourers were dispersed over a large area. As the houses were adjacent to the Tea estates, the labourers preferred to go home for their food. If, in spite of this the estates were forced to provide canteens which would not be utilized by labour, they would have to bear unnecessarily the charges of maintaining them. With regard to the provision of umbrellas, one of the Associations referred to the prohibitive cost at which they would have to buy them. At Rs. 4 per umbrella for a million workers (and assuming that the life of an umbrella was for 2 years), it would cost them Rs. 20 lakhs per year. Then again as regards raincoats, on a rough estimate of Rs. 12 per raincoat for a million workers the cost would be Rs. 120 lakhs. They claimed that already some protection against the weather in the shape of wide-brimmed bamboo hats was being supplied.

91. As regards the provision of drinking water, it was pointed out that adequate provision for the supply of drinking water already exists. But any suggestion to pipe

water to the fields in order to provide drinking water to the workers would entail wastage of water. With regard to the provision of latrines, it was stated that it was unnecessary to construct them in the fields. Besides, a large number of sweepers would be required to keep them clean.

92. We understand that the Labour Ministry of the Central Government is at present engaged in framing draft model rules under the Act in regard to such matters as canteens, medical facilities, drinking water, conservancy, powers and functions of Inspectors, duties of certifying surgeons, etc. We should very much like all reasonable facilities to be afforded to labour and the Industry is also of the same view. Unfortunately with the steep fall in Tea prices, the Tea Industry cannot now provide all the amenities. We recommend that the implementation of the Act should be postponed for a period of two years or so, so far as the Tea Industry is concerned. As soon as prices revive, these improvements should be gradually introduced, priorities being fixed by mutual agreement between labour, industry and Government.

93. It has been complained that building materials are not supplied at the appropriate seasons and that while sometimes steel is supplied, cement is not and *vice-versa*. The Central Tea Board may arrange for co-ordinated supplies in advance of the proper building season.

Reduction or abolition of the Excise/Export Duty.

94. So far, we have referred to the various suggestions made by the industry, whereby their cost of production could be reduced so as to enable the Tea gardens to meet the situation created by the fall in Tea prices. There is another important request which the representatives of the industry have made almost unanimously in order to meet the difficulties resulting from the fall in prices and that is for the reduction or even abolition of the excise and export duties. There is at present an excise duty of 3 annas a pound which is levied on all Teas leaving the garden, irrespective of their destination. There is an export duty of 4 annas a pound, but credit is given for the 3 annas already paid as excise duty. The industry's case is that if both these duties were reduced or abolished, it would help the Tea growers in regard to the sale of their Tea in India as well as abroad. In this connection, representatives of the industry relied on the statement made by the Finance Minister, Mr. Liaquat Ali Khan, when increasing the rate from 2 annas to 4 annas a pound: "I may emphasise that this duty is of a temporary nature and if circumstances arise which indicate that there is curtailment of our exports of tea, it may be necessary to reduce the rate." They also referred to the fact that Indonesia had abolished its export duty, Pakistan was considering abolition,

and Ceylon had a sliding scale of duty. They also pointed out that while recently the export duties on jute were reduced to help the industry, a similar step has not so far been taken in respect of the Tea Industry.

95. As to how the industry would benefit from reduction or abolition of these duties, one of the important Associations explained the position as follows. First, as regards the Tea sold in India by auction. It was explained that the buyer knows that when he is bidding for Tea, in addition to the money which he bids, he will have to pay either 3 annas as excise duty or 4 annas as export duty. He, therefore, bids in the full realization of these additional charges and his bids are correspondingly smaller than they might otherwise be. It did not follow that an auction purchaser who pays the purchase price *plus* duty would increase his bid by the full amount of the duty if, in fact, no duty had to be paid, but there is no doubt that the abolition of the excise duty would give a great stimulus to the industry and would enable a buyer to make a higher bid than he did at present. It is difficult to accept this argument. Even on the most favourable assumption that retail prices remain unchanged, the middlemen and the growers must compete for a share in the reduction. Being weak holders, the growers will not gain more than a small proportion of the reduction.

96. As regards Teas sold abroad, the Association explained that when the foreign purchaser or the bidder at the London Auction names his price for Tea, he is not concerned with the ingredients which have gone to make up the cost of production—all he is concerned with is the price which he deems the Tea to be worth in the circumstances of the moment. It, therefore, followed that the foreign purchaser of Indian Teas fixes a price which suits his own convenience and that the 4 annas export duty is virtually, merely, one of the items which go to make up the cost of production. For this reason, the sale of Teas abroad would be far more profitable to the industry, if the item export duty were not numbered in the cost of production. This is particularly so in London, where ceiling prices restrict the auction purchaser's bids, and the reduction in export duty would clearly give him an additional margin enabling him to fit a higher priced Tea into the controlled price packet.

97. While admitting that the producers may not reap the full benefits from a reduction or the abolition of the excise and export duties, the Association pointed out that the benefit would still be considerable, for the purchase of Indian Tea in India would become attractive to the buyer, while the sale of Indian Tea abroad would become more attractive to the seller. Explaining further the position regarding the sale of Tea abroad,

the Association stated that the buyer at a foreign auction is influenced by the quality of the Tea and by market conditions rather than by the cost of production of the Teas or the amount of the duty which it may have paid. It is the demand for a particular Tea rather than its production cost and charges which determines the auction price, and the rate of duty does not enter into consideration when that duty has already been paid by the seller.

98. The above arguments put forward in support of the reduction or abolition of the excise and export duties need examination. First, as regards the Teas sold in India. The Association itself admits that the excise duty of 3 annas or the export duty of 4 annas is paid by the purchaser in addition to the price he pays for the Tea. The excise or export duty, therefore, does not enter into the cost of production. If the excise or export duties are reduced or abolished, the purchaser of the Tea will not have to pay the duty at all, and we are unable to appreciate the argument that he would offer a high price for the Tea which he originally got at a lower price. Either he would pass on the benefit of the reduction to the consumer or share it with the producer. In a weak market, the latter will not be able to obtain any large share of the reduction.

99. As regards the Teas sold abroad, the argument of the Association is that since the export duty is paid by the seller at this end, before the Tea is offered for sale in the London Auctions, for example, it constitutes one of the items of the cost of production. If the export duty were reduced or abolished, it is argued that the foreign purchaser would continue to offer the same price which he was offering before the reduction or abolition of the duty, with the result that as the industry's cost of production would go down by the amount of the export duty reduced or abolished, the industry's sale of Tea abroad would be more profitable.

100. We are unable to accept this analysis. When the purchaser in the London Auctions make a bid, he knows that the price he pays for the Tea includes the export duty. If the export duty was reduced or removed, surely he would know about it and would bid less by the amount of the duty reduced or removed.

101. Some interests accept that there might be a fall in price but not to the full extent of the duty reduction. On this they argue that the industry will get some benefit. Suppose the duty of 4 annas were abolished but prices fall only by 2 annas, the industry would get an additional two annas per lb.

102. The experience with the reduction of export duties on jute and the like indicates that prices fall by at least the amount of the reduction, if the market is weak. There is no

reason to believe that Tea will be an exception. If prices fall on a reduction of duty, Tea sales may not necessarily increase but the net loss of foreign exchange and revenue will be borne by the State. Even with prevailing low prices, off-take of Tea has not increased and further fall in prices consequent on reduction of duty will, therefore, not help anyone. It is also interesting to note that blenders in the U.K. have reduced prices by 2d. to 4d. per lb. This shows that they are ready to pass on the benefit of any reductions to the consumers and are not in a position to retain the resulting advantage. They would evidently try to continue the same policy when they learn that the producer has to pay 4 annas less per pound. The latter cannot, therefore, hope to obtain any considerable advantage from the reduction.

103. The foregoing paragraphs will show that to some extent Teas of various countries are non-competing on account of peculiarities of flavour, appearance, cup quality etc. That is why Ceylon Teas sell at higher prices even after paying a higher export duty and it is unlikely that any cheapening of Indian Teas will help it to displace other countries' Teas.

104. Another suggestion made was that the excise and export duties should be fixed at the same rate, by raising the excise duties if necessary. This has been suggested partly to avoid the additional procedural difficulties in having to pay a customs duty at the time of export. The suggestion has been considered in the past and rejected as it would raise the price of Tea for internal consumption.

With the fall in prices of Tea, the incidence of the specific duty on Tea has increased especially on the medium quality and inferior grades. The Team examined whether *ad valorem* rates could be substituted on the analogy of the practice in Ceylon. But in Ceylon the *ad valorem* rate is based on the average price of all grades of Tea, the rate of duty rising with each rise in auction values. Such a system will not give relief particularly where unlike Ceylon a large quantity of Tea is sold for internal consumption and also a considerable quantity is transferred without sale from India to the United Kingdom. In view of these difficulties, many in the trade itself did not favour the *ad valorem* system.

Sales Tax and the Industry.

105. In their written memoranda or in their oral evidence before us, several of the Associations representing the Tea-growers referred to the fact that the imposition of sales taxes in the States was adversely affecting the Tea Industry. The representatives explained that sales taxes were a burden on the industry in that they increased the price of Tea to the wholesalers and the consumers, and consequently affected sales.

106. They also pointed out that the sales tax on Tea differed from State to State, and that there was a need for uniformity. Reference was made to the levy of sales tax on Tea meant for export in one of the South Indian States in contravention of Article 286 of the Constitution of India. This question has not been settled but this action is said to have lost this country the goodwill of the Australian market. The resulting uncertainty is also said to have scared away some buyers from the Cochin auctions. In the case of Assam, it was stated that Teas exported out of the State were subject to sales tax prior to the amendment of the Assam Sales Tax Act. Since 1st April, 1951, Teas exported out of the State are not subject to sales tax, but in regard to Teas exported prior to 1st April, 1951, it was explained that the Assam Government have attempted to levy tax. The industry's case is that there is no justification for the State's attempt to levy tax on Teas which were sold to the U.K. Ministry of Food under the Bulk Contract.

107. The industry also drew attention to other anomalies arising from the imposition of the sales tax. For example, previously in Assam, the Tea gardens were allowed to purchase stores free of tax on the ground that such stores were needed "for use in the manufacture of other goods for sale". It has been stated by the industry that to offset the loss resulting from the application of Article 286 of the Constitution, the Assam Government added the words "in the State", with the result that stores purchased for the manufacture of Tea which was to be sold outside Assam became taxable. Since relatively little Tea is sold in Assam, it is pointed out that the vast bulk of stores must be bought subject to tax. The industry apprehends that this is an additional burden on all exports and on 95 per cent of the Tea manufactured in Assam, and it is the view of the industry that the abolition of the tax on stores in Assam will be a reasonable measure of relief to the Tea gardens.

108. Then again, it has been pointed out by the industry that the Assam Government have amended their Sales Tax Act in 1951 so that the word "sale" was to include "any use by a dealer from his own stock", presumably with a view to tax goods bought outside Assam but brought into that State for use in the manufacture of Tea. The industry's view is that this is an extremely tortuous device; for the successful application of the amendment the Government would have to show that a tea garden is a dealer.

109. The industry wanted relief from the anomalies pointed out above as well as the removal of sales tax on Tea. Removal of sales tax on Tea would be in the interests

of both the industry itself and the consumers, it was stated. The industry has argued that as Tea is a food article, it should be exempted from sales tax. (Then again, it has been stated that Tea should be exempted from sales tax on the analogy of bullion, opium and tobacco.) Some of the representatives of the industry have also urged that Tea, which is a poor man's drink and food, should be shown at least the same consideration as *hookah* tobacco or country liquor which are exempted from sales tax in Bengal.

110. During the discussion the Team had with representatives of the industry, it was pointed out to them that as sales tax was a State subject, the Centre had no power to set any limit to the sales taxes that the States could levy on any articles. Besides, sales tax was the only expanding source of revenue left to the States. In regard to the anomalies pointed out by the industry and referred to above, they evidently require investigation in the interest of both the trade and in the interest of smooth export. As regards the plea that Tea should be exempt from sales tax on the analogy of bullion, opium and tobacco, it was explained by us that opium and tobacco are already bearing excise taxes, and in the interests of free movement of bullion it must have been exempted from sales tax.

111. It was stated in Parliament that a Conference of the States' Finance Ministers would be called in October 1952 and that one of the items on the agenda for discussion is the question of sales tax in the States and whether any uniformity is possible. The sales tax as it affects the Tea Industry and the anomalies pointed out by the representatives of the industry have been brought to the notice of the Finance Ministry for discussion, if possible, at the forthcoming Conference.

Reduction of Railway Freight charges on the movement of coal and other material to Tea gardens.

112. The industry pointed out that they were experiencing difficulties in regard to the transport of coal and other stores to the Tea gardens, in that they had to pay heavy freights. This is due to the normal routes (some of which lie through Pakistan) having been closed and traffic through the Assam Link being limited. Coal has, therefore, to be transported by long and circuitous routes with several transshipments and consequently heavy freights have to be paid. The industry contended that though coal is sent by rail-cum river, instead of by the all-rail route at the instance of the Railways, they do not get the advantage of the telescopic rates. On a ton of coal costing Rs. 17/4/- as much as Rs. 73/-/- per ton have to be paid by way of freight. Instead of taking coal from Asansol to Mal via Manihari which is about 342 miles by the shortest route, they were asked to take it via Shalimar and Manihari, a distance

of 1058 miles. This applied equally to other materials, for example, fertilizers, machinery, iron and steel, building materials etc. The industry represented that the heavy freights added to their cost of production, and if relief by way of transport by the shortest route was not possible and they were forced to transport their goods by the longer routes, they should be charged on the shortest routes.

113. The industry was told that the matter would be brought to the attention of the Railway Ministry. We feel that relief is deserved. One of us has discussed the question with an official of the Railway Ministry. He is told that it would create an embarrassing precedent to charge on a telescopic rate for two disconnected rail-hauls, and that owing to the limited capacity of the Assam Railway Link, it is necessary to insist on coal being carried by other routes. It is learnt that the inflated mileage rates on certain sections of the Assam Railway have been reduced but the resultant relief is small (about Re. 1/1/- per ton). As the additional haulage is due to the Railway being unable to transport the coal by the most economical route it would be reasonable to afford some further assistance to the industry.

Request for transport facilities.

114. The industry's representatives in referring to the transport difficulties experienced by them in North East India in regard to the movement of coal, stores and other material to the Tea gardens urged the re-opening of the Pakistan Rail Route. In the South also the representatives of the industry referred to certain transport difficulties. It was stated that there was an acute bottleneck in rail transport from Cochin to Coimbatore which over the past two years had resulted in the hold-up of Teas for months on end. We understand that one of the Tea growers' Association has already represented to the Railway Board through the Central Tea Board with a view to obtaining a higher priority for the transport of Tea as a semi-perishable commodity. The latter problem is being brought to the notice of the Railway Ministry and as regards the transport problem in North India, in any discussion with Pakistan the question of re-opening the rail route through that country may be taken up as one of the points for discussion.

115. Another request is that more covered sheds should be provided at transshipment points like *Manihari* to protect the Teas in transit. This is a reasonable request and may be favourably considered by the Railway Ministry.

116. Another request is that more facilities for shipment to the Persian Gulf should be provided. The Transport Ministry may please examine this suggestion further.

Surplus Labour.

117. The industry complained that there is a large surplus labour force in the Tea gardens which was acting as a burden on the gardens. This is mainly made up of dependents of the workers. The present practice is that these dependents are taken on the books of the gardens and are entitled to the foodgrain rations at concession rates. Friends and relatives of the workers swell up this surplus labour population. The industry's complaint is that water and shelter and also medicine have to be supplied to them by the Tea gardens. The fear expressed by the industry is that as more and more areas under Tea becomes unproductive and have to be abandoned, it will be faced with a serious problem. The workers who would also like Government to explain to the already large number of unemployed resident population. As a solution to the problem, the industry suggests that the Central as well as the State Governments should undertake schemes to absorb this surplus labour force. The schemes, among others, may include new road construction and hydro-electric works. The industry would also like Government to explain to the labour leaders the seriousness of the problem, so that these leaders may persuade the unemployed labour to seek work elsewhere than on the gardens.

118. Besides the surplus labour population of the type referred to above, some of the representatives of the industry stated that in present circumstances a part of the labour employed in the Tea gardens had become surplus. The representatives said further that they had always tried to avoid retrenchment, but owing to the seriousness of the slump, they could not be expected to continue at a loss of 4 annas to 6 annas per lb. They would, therefore, have to seek Government's assistance for retrenchment of labour. We do not think, however, that any simplification of the present procedure in regard to retrenchment would be desirable. We pointed out to the industry that retrenchment should not appear as the first item on the proposal for reduction of the cost of production. This is a complex matter in which the Team find it difficult to make any positive recommendation. The need for retrenchment may not arise if prices revive and demand improves in the near future, as the Team expect, it will. If, on the other hand, a long-term depression sets in, it will be impossible for any Industry to continue to maintain unchanged its surplus labour force. The question will have to be sympathetically considered by the State Governments in the light of the factors obtaining at the time. Representatives of labour who were examined by us were, however, reconciled to the gardens being closed if they were uneconomic.

Tea Chests.

119. One cause for low prices of Tea according to many producer-representatives was the packing in locally-made Tea chests resulting from the Import restrictions on Tea chests. Under the current licensing policy only 3 chests are allowed to be imported against eight locally purchased. It is generally admitted that the quality of the indigenous chests has been steadily improving and that the rejections on account of poor quality or damage from the garden to the port are now steadily diminishing and are not significantly greater than what is to be found even with imported chests. In South India, the Tea interests expressed themselves as completely satisfied with the quality of the indigenous chests.

120. That there is some preference for the imported chests in markets like America is urged by several sellers. They attribute the relatively high prices obtained by Ceylon and Pakistan Teas partly to the use of imported chests. On general grounds, there is no doubt that the policy of requiring indigenous chests to be used is the correct one. As a result of such a policy, more than 3/4ths of the chests now in use are locally made. The makers of indigenous chests are fully alive to the criticisms of their products and show a healthy determination to improve them to the fullest extent possible. It is also admitted that indigenous chests are now selling below the cost of imported chests and it is possible that this cost will be further lowered after the forthcoming examination of prices by the Tariff Commission.

121. Some criticisms have, however, been made of the policy pursued by the approved factories. It is said that the price of chests made from plywood of approved factories commands a premium of Rs. 2-3 more than of chests made from plywood supplied by unapproved factories. There is reason to believe that some approved factories buy plywood from the unapproved factories and stamp them with their own factories mark. The latter group have therefore criticised the extra profit which the approved factories obtain by merely lending their name. They also say that such transactions indicate that chests of approved factories are over-valued and that considerable economy would accrue to the Tea industry if only competitive forces were allowed full play.

122. Approved chest-makers, on the other hand, contend that some approved factories may buy veneers from unapproved factories but they never buy panels, that they are working for a very small margin of profit, that much of the high price is due to the high cost of timber and casein, and that in fact they have not raised prices to the extent that would be justified by the increase in prices of the raw materials. They state that they are fully aware of the crisis through which the

Tea industry is passing and express concern at the present fall in the prices of Teas for their own prosperity depended on that of the Tea industry. They claim that they had voluntarily reduced the price of Tea chests by 8 as. in spite of the fact that the price of Andaman timber had gone up by Rs. 15 a ton. According to them, the Tariff Board had recommended a maximum of Rs. 4 per cubic foot of timber, but it was actually costing them between Rs. 5-6 a cubic foot. They requested the Team to recommend to the Agriculture Ministry the steady supply of Andaman timber at specially low prices. They also suggested that the import duty on casein might be lowered. They were invited to make these submissions to the Tariff Commission at the forthcoming enquiry.

123. Another point made in connection with Tea chests was that the duty on imported Tea chests should be removed or reduced as a sort of subsidy to the Tea industry. The argument was that such subsidy would give alternative relief if Government felt unable to reduce or abolish the export duty on the ground that the benefit of such variation would not accrue to the Tea producers, but would only result in further lowering of prices, loss of foreign exchange and revenue to the Central Government. The duty collected on imported chests and parts thereof has been only of the order of Rs. 2½ lakhs in the past two years. The principal revenue has been from plywood panels and battens which was Rs. 47 lakhs in 1951-52. These are protected items and the duty thereon can hardly be lowered without affecting the indigenous industry.

124. The trade also pressed that the import policy about Tea chests should be announced well in advance to enable them to place orders at an opportune moment. Another point suggested was that licences might be issued for the import of Japanese shooks. These requests may be considered by the Commerce & Industry Ministry in consultation with the Central Tea Board.

Reduction of import duty on Tea machinery.

125. Representatives of the industry stated that it would be helpful if the import duty on certain machinery used by Tea gardens were reduced. It was pointed out to them that the duty on most machinery is already low. For example, on withering racks etc, the duty was 2½ per cent and on most other machinery it was 5½ per cent.

126. To the industry's complaint that the duty on motor lorries used for transport was high, it was pointed out to them there was no hope of a reduction in this direction. As for motor cars the duties have been fixed with a view to encourage local production.

Relaxation of some of the provisions of the Factories Act.

127. Representatives of the Tea estates in Travancore-Cochin pointed out to us that in that State it was not possible to change the working hours of Tea garden labour except with the consent of the Inspector of Factories. In this regard they pointed out that exemption had been secured in Madras State from the provisions of Section 61 of the Factories Act. Such exemption, if secured for Travancore-Cochin also, they urged, would facilitate the regulation of the working hours to suit the manufacturing process which in turn would reduce the cost of labour per lb. of Tea. It was explained by us to the representatives that this matter should be taken up with the Travancore-Cochin Government. We also observed that it may not be in consonance with the spirit of the Factories Act to change the hours of work from day to day. But as it is being allowed in Madras the point may be further examined by the Commerce & Industry and Labour Ministries.

Sale of export quota rights.

128. Representatives of the industry stated to us that some of the producers were selling their quota rights not to exporters but to certain brokers who re-sold them to others at higher prices. They wanted Government to control the sale of export quota rights. We understand that the Commerce and Industry Ministry are examining this problem and they may be able to arrive at a suitable solution. In any case the values of export quotas have fallen considerably and are now only nominal.

Customs procedure.

129. Representatives of the industry, especially from the South, referred to certain difficulties in regard to customs formalities at the ports and related matters. One of the difficulties which they mentioned was that individual weight of every package was required to be given in the customs specification form. This particular difficulty has been resolved by inviting the Collector of Customs, Cochin, to accept specifications which grouped together chests of approximately the same weight. They also pointed out that in regard to the despatch of Tea samples there were delays (e.g. in the preparation of the customs pass) resulting in their having to withdraw from sales quantities offered. They wanted these difficulties to be removed. They further requested the removal of restrictions on the quantity of samples which could be sent (4 oz. being the present quantity) and on gift parcels. The Central Board of Revenue is consulting the Collectors of Customs on these matters and will give the necessary relief. They also suggested that the Post Office may be asked to issue a single receipt for several parcels and gift parcels of identical weight by one sender as it would save time both to Postal officials and the public. There

may be difficulty in following the transit of individual parcels directly but as the samples are of small value, this may not be a serious difficulty. The Director General of Posts and Telegraphs may examine the suggestion.

Re-exports of Tea from the U.K.

130. While a certain section of the industry was in favour of the U.K. being permitted to re-export Tea imported from this country to other countries including the Dollar countries, others were opposed to such a suggestion. The section favouring re-exports argued that in view of the extra freights that have to be paid for shipment from the U.K., countries like the U.S.A., Canada and Ireland, would not buy at the London auction. But on the other hand, it was pointed out that in view of the fact that there was a greater selection of Teas to choose from at the London auction, these countries might prefer to buy in this market. Those who opposed this suggestion, pointed out that if re-exports by the U.K. were permitted, for example, to the dollar countries, valuable dollar exchange would be lost by India. Moreover, such a suggestion would come in the way of developing Calcutta as an International Centre for Tea marketing. It is understood that the Ministry of Commerce and Industry have already allowed re-exports from London and that the U.K. has permitted exports not only to Continental Europe but to all destinations, except Ireland, U.S.A. and Canada. This will give some immediate relief by expanding the market, but once storage facilities are improved in Calcutta, the position will have to be reconsidered.

Tea Cess.

131. In regard to the cess of Rs. 2 per 100 lbs on all Teas exported out of the country, some representatives of the industry suggested that the cess should be levied on all Tea produced in the country and not merely on exports as at present. They suggested that as a consequence the rate of cess could be reduced to Rs. 1-9 per 100 lbs. This suggestion was made as the funds derived from the cess were partly used for internal propaganda from which Tea which had not paid the cess benefited. It was explained by us that any change in regard to the method of collection of cess could be effected only by amending the Central Tea Board Act. It was also explained that collection of the cess on all Teas produced would result in increasing the internal price of Tea which was not desirable at this juncture when the internal market required development.

Merger of the Small Gardens.

132. The smaller Tea gardens have become uneconomic. To the suggestion as to whether they could not form combines it was stated to us by representatives of one of the producers' Association that they had

not considered the suggestion. They said that Government might come forward with the necessary finance and encourage such mergers and combinations as were permitted by geographical factors.

That the smaller gardens, if they are merged, would be better able to withstand any slump cannot be denied. We feel that this question of merger should be further studied.

One feature in Southern India is that there are many small growers growing one acre or less. Such growers take their Tea to a neighbouring factory which makes the Tea for them at a flat charge of -/4/- a lb. of made Tea. Such growers and factories are subject to the same amount of excise control, it is alleged, as the bigger factories. Some of the growers are said to be illiterate and find it difficult to maintain elaborate accounts. The Central Board of Revenue have been requested to devise, if possible, a simplified procedure.

Reservation of fixed minimum quota for Calcutta auctions.

133. One of the producers' Association suggested that a fixed minimum quota of each grade of Tea produced by every Tea garden should be reserved for the Calcutta auction market. The Association stated that at present all the good quality Tea was exported direct to the U.K. and not through the Calcutta auctions. Only the top grade and the low grade Tea was left over for the Calcutta market. They apprehended that if this state of affairs was continued, the country would gradually lose all direct foreign buyers for medium quality Tea. As the intention of both the Government and the trade was to develop the Calcutta market the Association suggested that the Central Tea Board should issue a directive that a ~~position~~ of the medium quality Tea should be brought to the Calcutta market.

134. It was explained to the Association that it was doubtful whether it was possible to give effect to its suggestion in the manner contemplated by it. But its suggestion could be carried out by the industry itself by mutual agreement.

Difference between wholesale and retail prices.

135. While prices of Tea at the auctions, have fallen since September 1951, it has been observed that retail prices of Tea in this country have not fallen proportionately. When questioned, some of the representatives from the trade said that the retail prices of medium quality Teas have gone down to Rs. 2/8/- and Rs. 2/4/-, though they admitted that prices of good quality Teas had not been reduced. The explanation that has been offered for this anomaly is that the principal blenders who retail the Tea bought their stocks at higher prices before the present slump in prices set in, and unless these stocks are reduced they would be unable to effect a cut in the

retail prices. The higher overheads of the packers also come in the way of a reduction in the retail prices. While we can understand a time lag between a fall in wholesale prices and its effect on retail prices, we are unable to follow why in spite of the fact that nearly a year has passed since the decline in prices began, yet there has been no appreciable fall in the retail prices of Tea. The stocks with the retailers must have been reduced on the one hand, and must have been replenished by stocks at present low prices. It is interesting to note that retail prices of blended Teas have fallen in the U.K. from 2d to 4d a pound. As examination of this question is not strictly within our terms of reference, we would suggest that it should be looked into in greater detail by the appropriate Ministry.

Decline in quality of retail Tea.

136. In addition to the complaint about retail prices referred to above, there was a further complaint that the quality of the Tea sold in retail has deteriorated. It was brought to our notice that even in Assam in which the Tea gardens lie, the quality of the Tea that was sold in the retail market was very poor. It has been explained that the Teas generally in demand for internal consumption in this country are the medium and low grades. These grades are suitable from the point of view of taste and the purse of the people. Some of the representatives of the industry stated to us that as prices of medium quality Teas are higher in the London auctions by about 5 to 6 annas than at the Calcutta auctions, all medium quality Teas have been drawn away from Calcutta leaving only the bottom and top grades here. In view of this the quality of the Teas sold in retail at lower prices must have deteriorated.

137. It is very essential that the quality of the Tea sold for consumption in this country itself should be improved. We have already emphasised earlier that there is a great potential market in this country for our Tea. Greater care should, therefore, be exercised to improve the quality of the Teas now selling in the retail market.

Supply of fertilizers.

138. The industry represented to us that they wanted fertilizers to be supplied to them at a cheaper rate. They said that sulphate of ammonia cost Rs. 340 per ton. FOR Hamburg against Rs. 380/- per ton ex-factory charged by Sindri. The actual cost of the indigenous product at gardens was Rs. 425/- per ton. The industry's requirements are 40,000 tons for North India and 10,000 tons for South India. The industry requested that a concession to the Tea industry in the pool price was warranted on account of the recession. It was explained to the representatives that this would be difficult, as the Tea industry could not be singled out for special treatment.

Some growers have referred with appreciation to the help given in 1948 in the shape of advances to purchase manures. They suggest that their demand for a reduction in price is therefore not entirely without precedent. The point may be considered further by the Food and Agriculture Ministry.

Special difficulties of Tripura.

139. Representatives of the Tea growers of Tripura explained to us that due to its geographical position, the State was suffering from some special difficulties. In the first place, there was the transport problem. According to the existing trade agreement, they stated that theoretically it was possible to transport tea, foodstuffs, stores, etc., through the Pakistan Railways, but in practice there were several restrictions imposed by the Pakistan authorities. There were difficulties also in regard to pre-payment in Pakistan currency which was not allowed beyond the maximum of Rs. 50. It was pointed out that some of the Tea gardens are compelled to send their Tea get all their stores by air which is very costly. With a view to improving the transport facilities, they suggested that the Assam Road to Karimganj (which was the only steamer station in Indian territory) should be made fit for lorries. The representatives also complained that they were experiencing a 50 per cent. shortage of coal, and that deliveries by Pakistan were irregular. They suggested that there should be a condition in the Indo-Pakistan Trade Agreement that the Pakistan Government will deliver 2,000 to 2,500 tons of coal per year from the Tripura Tea gardens to the Tripura Government at suitable points on payment of the price at agreed rate by the Tripura Government.

Finally, they said that out of the 55 gardens in Tripura, 9 had suspended work.

140. The demand for the road link with Assam is specially commended for economic as well as strategic reasons. It has not been possible to include Tripura's suggestion regarding coal in the Trade Agreement with Pakistan. Owing to their peculiar geographical situation and the average quality of their Teas, Tripura gardens are subject to special difficulties. Fortunately the wages question appears to have been mutually agreed upon. The Chief Commissioner to whom the difficulties were described by the Team is aware of them. A copy of this para. and of the evidence tendered by the gardens is being sent to him for such further action as is feasible. They have also mentioned some customs difficulties in connection with despatches through Pakistan. The Central Board of Revenue is requesting the Collector of Central Excise, Calcutta to discuss them with his opposite number at one of the Inter State Conferences.

Special problems of Darjeeling.

141. Representatives of the industry drew attention to the special difficulties facing Darjeeling. We have already referred to the fact that a reference was made in Parliament by Sri A. K. Basu to the heavy losses incurred by the Tea gardens in Darjeeling District and the consequent unemployment that would follow if the gardens were forced to close down. It has been stated that as many as 11 estates have stopped working. It is said that though Darjeeling District produces some of the best Tea in the world which also fetch high prices, yet the Tea gardens in the District are working generally on an uneconomic basis. The production per acre is small and as the gardens are situated on mountain slopes, the maintenance costs are high. It has been pointed out that far more time and money are spent in Darjeeling in overcoming the difficulties presented by Nature than in any other Tea area in Northern India and this factor alone is stated to have raised Darjeeling's costs. The terrain and the nature of the bushes are such that the labour put in is not very effective. Our own Cost Accountant's figures confirm that the cost of production of one Estate in Darjeeling was from 28as. to 32.4as. against a weighted average of as. 20.50 as. for North India.

142. It is stated that there is surplus labour of about 20 per cent. in Darjeeling. There seems to be no alternative employment for the hill-men excepting in the Tea industry. Every worker has dependents—on an average there is one dependent to every worker, (in the Dooars, the number of dependents per worker is .45). When the child comes of working age, he automatically comes on the register of the workers of the gardens. The number of persons that the management has to keep in the Tea gardens is, therefore, very much larger than the actual labour required for employment on the gardens. The question of unemployment and poverty are said to be already problems facing the people of Darjeeling.

143. The cost of production has increased steadily. The main factors relating to increased cost of production are stated to be: (1) increase in the prices of tea stores, (2) increase in freight charges, (3) high cost of the food supplies made to the labour, and (4) labour legislation which has increased the rate of wages.

144. Sri Basu stated in Parliament that unless Government came forward to give special protection to the industry in Darjeeling, the industry in this District was likely to disappear. In other quarters also it has been urged that the problems of the District should be examined and ameliorative measures adopted. It is pointed out that the West Bengal Minimum Wages Committee in its Report had already recognised the special circumstances prevailing in Darjeeling and had fixed the minimum wages at lower rates than in the other dis-

tricts of the State. The Committee had also recommended that Government should appoint an Advisory Committee under Section 6 of the Minimum Wages Act to examine the question of fixation of minimum wages for Darjeeling in greater detail than was possible for the Committee, and also to ascertain whether the financial position of the Tea estates would make it possible for them to pay the wages recommended. We would like to emphasize that the Tea gardens in Darjeeling are really facing difficulties at present and we would suggest that the Advisory Committee under Section 6 of the Minimum Wages Act, to which the West Bengal Minimum Wages Committee referred, should be set up as early as possible. No doubt, action in this direction has to be taken by the West Bengal Government. The Advisory Committee, however, would go only into the question of minimum wages, but there are other problems facing Darjeeling. The main problem of the Darjeeling Tea gardens actually is low yield on the one hand and high cost of production on the other. All efforts should be made to increase production by improvement in technique, etc. While increased production would no doubt reduce the cost of production, reduction in costs should also be effected in other directions. The question of surplus labour and the large number of dependents, if tackled properly, would bring about much relief to the Tea gardens. The surplus labour should be diverted to productive employment, such as building of roads, bridges, hydro-electric works, etc. (These cannot however afford long-term employment). The starting of cottage industries would also be helpful. It would not be possible to do much in regard to the reduction in the cost of stores and also freight charges, but if the foodstuffs concession is converted into a cash benefit, with Government taking over the responsibility of the supply of foodgrains to labour, the Tea gardens would be able to obtain some relief. The economic questions raised are of such general importance that this Team can hardly deal with them adequately. The Industry's own proposals are:

- (a) abandonment of uneconomic gardens;
- (b) Cessation of the practice of bringing children automatically on the wage-registers;
- (c) Relief from the burden of stocking and supplying foodstuffs;
- (d) They should also not be required to buy the expensive varieties of foodstuffs;
- (e) Removal of the Export duties;
- (f) Remuneration of labour is not a thing which the Industry would like to see reduced but Government have to consider whether, rather than involve the District in mass unemployment labour should not be asked to share with proprietors the burden.

The first is not an ideal solution and the other suggestions have been dealt with in detail in other paras.

145. Some representatives desired to know what action had been taken on the Cachar Plantation Inquiry Committees' Report and suggested its publication. It is understood that of the three recommendations of the Cachar Inquiry Committee, the first in regard to measures aimed at increasing the yield of the crop was under favourable consideration, the second regarding foodstuffs was a contentious one, and the third regarding Khet land had also been implemented. The Labour Ministry may consider the issue of a Press Note regarding the Report and also its publication.

Immediate measures of relief requested by the Industry and Team's recommendations thereon.

146. We sum up the immediate measures of relief requested by the Tea Industry and give the paragraphs of our report containing our recommendations thereon.

Request of Industry for immediate relief.	Paragraph dealing with the recommendation of the Team thereon
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(1) Reduction and/or abolition of the excise and/or export duties.	98-103
(2) If these duties are not abolished then deferred payment of excise duty.	34
(3) Relaxation of Section 18-A of the Indian Income Tax Act i.e., deferred payment of income-tax.	35
(4) Suspension of the Minimum Wages Act or reduction in level of minimum wages fixed.	77 and 78
(5) Suspension of the implementation of the Plantations Labour Act.	92
(6) Conversion of the foodstuffs concession into a cash benefit, and State to take over supply of foodgrains to labour	32 & 2
(7) Responsibility for supply of foodstuffs to dependents and non-workers to cease.	84
(8) Reduction of freight charges on coal and other material required by the industry.	113
(9) Provision of more covered sheds at transshipment points	115
(10) Provision of finance to tea gardens, especially, for working capital.	29 and 31
(11) Sales tax on tea to be abolished. Anomalies arising from sales tax on tea and on other goods to be removed.	110
(12) Abolition or reduction of import duty on imported tea chests.	123
(13) Reduction of duty on tea machinery and stores.	126

Summary of recommendations.

147. Our recommendations are summarised as follows:—

(1) The situation created by increased production can be met only by stimulating consumption. Some kind of voluntary restriction or diversion to finer plucking and production of quality Teas will be essential if remunerative prices are to be obtained. (Paragraph 17)

(2) There also appears to be some substance in the criticism of the Calcutta auctions, for the bids are not unrestrictedly open. The peculiar auction practices should be corrected by the Central Tea Board by persuasion and, if necessary, by Government legislation (Paragraph 21).

(3) It must be admitted that a small number of firms (in Calcutta four to be exact and all of them European) has a great influence on market sentiment. It is to be wished that there is a larger number of brokers and a greater diversification (Paragraph 25).

(4) It will be necessary to give top priority to the scheme for building additional warehouses at Calcutta. The question of air-conditioning the warehouses so that Tea in storage will keep fresh for long periods will doubtless be considered as it should greatly add to the success of Calcutta as a Tea auction centre. (Paragraph 26).

(5) Commercial banks, cannot be expected to tie up their liquid resources in long-term capital project. These are functions of Land Mortgage Banks and the small Indian Tea gardens would benefit by forming a suitable Co-operative Bank (Paragraph 29).

(6) If the Industrial Finance Corporation is to be of assistance to the Tea gardens, some amendment of its Act is essential to enable it to make advances to proprietary Tea gardens (Paragraph 31.)

(7) A tentative procedure for the deferred payment of excise duty to meet the industry's request is set out in paragraph 34.

(8) The industry's request for the relaxation of Section 18-A of the Income Tax Act has been met. Excess profit refunds should be expeditiously made (Paragraph 35).

(9) In regard to the question of India's breaking away from the International Tea Agreement it is necessary to proceed cautiously in the matter. (Paragraph 40-41).

(10) Any scheme of restriction of production should be evolved on a voluntary basis by the industry itself. We do not think that such a scheme would prove equally successful if imposed by the Government of India on the Indian Tea Industry (Paragraph 41).

(11) We would suggest that the schemes of international and or/internal voluntary

restriction may be further discussed in detail in the Central Tea Board (Paragraph 41).

(12) The Commerce & Industry Ministry in consultation with the Law Ministry may consider authoritatively defining the word "Tea" (Paragraph 43).

(13) While it is not necessary that there should be a vertical combination so that growers themselves undertake all work from growing to marketing, there appears to be a much greater need for understanding the needs of foreign markets (Paragraph 45).

(14) We would suggest that the Ministry of Commerce and Industry should direct its Trade Representatives in the various countries to report on the market for Tea and the reasons for any decline that in demand for Indian Tea may have taken place (Paragraph 46).

(15) There is need for a studying intensively the nature of foreign markets to which we have been exporting our Tea to see how our exports can be further increased. There are other areas where immediate enquiries into potentialities should be made. Attempts should be made to export more Indian Tea to markets such as Egypt, Turkey, Iraq, Burma and Russia (Paragraph 50).

(16) The Commerce & Industry Ministry may consider the possibility of entering into a barter agreement with Russia for the exchange of, say, 12 million lbs. of Tea from India for some of her own products. (Paragraph 50).

(17) We would suggest that the question of propaganda for Indian Tea abroad should be gone into in much greater detail. Perhaps, the Central Tea Board would be able to do this (Paragraph 52).

(18) Much can and must be done by India's Trade Commissioners abroad to popularise the sale of Indian Tea (Paragraph 53).

(19) If internal consumption is further stimulated, it will help much to lessen our dependence on foreign countries for the sale of our Tea (Paragraph 55).

(20) In view of the continued need for internal propaganda on a larger scale, we would suggest that Government should restore the cut of Rs. 7 lakhs in the internal propaganda budget of the Central Tea Board (Paragraph 55).

(21) If fine plucking were resorted to on a greater scale, the improved quality of Indian Tea would be sold more easily abroad. Fine plucking would also partially solve the industry's problem in regard to over-production, for the production in that case would be reduced (Paragraph 59).

(22) It is imperative for the industry to effect technical improvements wherever possible (Paragraph 60).

(23) In regard to the question of the revision of minimum wages, the industry should make the necessary representation to the States concerned for the appointment of Advisory Committees and Advisory Boards (Paragraph 77).

(24) We would suggest that the anomalies placed before the Team in regard to minimum wages be studied by the Central Advisory Board which the Central Government has appointed under Section 8 of the Minimum Wages Act (Paragraph 77).

(25) In the interests of all the Central Advisory Board recently constituted may quickly advise the Governments concerned (Paragraph 78).

(26) Our recommendations in regard to the question of the conversion of the food-stuffs concession into cash benefits are set out in paragraph 82.

(27) It would not be proper to make the industry responsible for feeding workers not directly connected with it, (Paragraph 84).

(28) We agree that the State Governments in co-operation with the gardens should be moved to work out a compromise scheme, under which the Tea gardens would continue to provide educational facilities to the children of the workers, recovering suitable compensation from the State out of the cess funds towards such expense (Paragraph 86).

(29) As to the industry's complaint that though they pay a road cess, they are still required to pay again for repair of roads, etc., if the complaint is correct, the State Governments should be invited to afford suitable relief (Paragraph 87).

(30) On the grounds stated in paragraph 92, we recommend that the implementation of the Plantations Labour Act should be postponed for a period of two years or so, so far as the Tea Industry is concerned. As soon as prices revive, the improvements envisaged in the Act should be gradually introduced, priorities being fixed by mutual agreement between labour, industry and Government (Paragraph 92).

(31) The Central Tea Board may arrange for co-ordinated supplies of steel, cement and other building materials to the industry in advance of the proper building season (Paragraph 93).

(32) On the grounds stated in paragraphs 98-103, we do not consider that any change in the existing excise, export duty is needed at present.

(33) We do not consider that a convenient system of levying export duty on an *ad valorem* basis can be devised in view of the difficulties involved (Paragraph 104).

(34) In regard to the anomalies pointed out by the industry in respect of sales tax, they evidently require investigation in the interest both of the trade and of smooth export (Paragraph 110).

(35) We feel that relief is deserved in respect of transport of coal and other stores to the Tea gardens. As the additional haulage is due to the Railway being unable to transport the coal by the most economical route it would be reasonable to afford some further assistance to the industry (Paragraphs 112-113)

(36) In any negotiations with Pakistan on Transport problems the question of the re-opening of through booking on their rail route may be one of the points for discussion (Paragraph 114).

(37) The request of the industry that more covered sheds should be provided at transshipment points like Manihari to protect the Teas in transit is reasonable and may be favourably considered by the Railway Ministry (Paragraph 115).

(38) The Transport Ministry may favourably examine the industry's suggestion that more shipping facilities for shipment to Persian Gulf countries should be provided (Paragraph 116).

(39) We do not think that any simplification of the present procedure in regard to retrenchment of labour would be desirable (Paragraph 118).

(40) The Commerce and Industry Ministry in consultation with the Central Tea Board may consider the suggestions that the import policy about Tea chests should be announced well in advance and that licences might be issued for the import of Japanese shooks (Paragraph 124).

(41) The request of the Tea estates situated in Travancore-Cochin that they may be exempted from certain provisions of the Factories Act, namely, in regard to working hours (this exemption being allowed in Madras State) may be further examined by the Commerce and Industry and Labour Ministries (Paragraph 127).

(42) The Director General of Posts and Telegraphs may examine the industry's suggestion that the Post Office may be asked to issue a single receipt for several parcels and gift parcels of Tea of identical weight by one sender as it would save time both to Postal officials and the public (Paragraph 129).

(43) Once storage facilities are improved in Calcutta, the position regarding re-exports of Tea from the U.K. will have to be reconsidered. (Paragraph 130).

(44) We feel that the possibility of mergers of the small gardens which have become uneconomic should be further explored (Paragraph 132).

(45) We would suggest that the question why retail prices of Tea have not fallen along with the decline in auction prices be looked into a greater detail by the appropriate Ministry (Paragraph 135).

(46) It is very essential that the quality of the Tea sold for consumption in this country itself should be improved. Greater care should be exercised to improve the quality of the Teas now selling in the retail market (Paragraph 137).

(47) The industry's request for a concession in the pool prices of fertilizers supplied to the gardens on account of the present recession of Tea prices, may be considered further by the Agriculture Ministry (Paragraph 138).

(48) The Tea gardens in Darjeeling are facing great difficulties at present and we would suggest that the Advisory Committee under Section 6 of the Minimum Wages Act to which the West Bengal Minimum Wages Committee referred, should be set up as early as possible (Paragraph 144).

(49) All efforts should be made to increase production of the Darjeeling gardens by improvement in technique, etc. Surplus labour should be diverted to productive employment such as building of roads, bridges, etc and cottage industries should be started (Paragraph 144).

(50) The Labour Ministry may consider the publication of the Cachar Plantation Enquiry Committees' Report.

Acknowledgments.

(51) It is now our pleasant duty to gratefully acknowledge the co-operation we have received from the Tea producers' Associations in both North and South India, the Tea Trade Associations, and the Labour Unions connected with the industry, which at short notice have furnished as with exhaustive memoranda and notes and whose representatives kindly gave evidence before us. We were struck, if we may say so, with the thoroughness of the representations and the informative evidence placed before us by the representatives of the Associations. The Tea Industry is well organised and we can look forward with confidence to its successfully coping with economic difficulties. We also wish to thank Sri S. V. Ayyar, Chief Cost Accounts Officer, Ministry of Finance (I. & C. Division) and Sri K. Nagaswami, Cost Accounts Officer, Ministry of Finance, (I. & C. Division) for their assistance.

E. RAJARAM RAO,

Member.

M. A. MULKY,

Member.

NEW DELHI:
9th September 1952.

APPENDIX A

(REFERENCE PARAGRAPH 8)

Statement of Tea prices at London Tea Auctions

(Source : Tea Market Report of the Tea Brokers' Association of London)

Date of Auction	Average price per pound of tea					
	N. India tea d.	S. India tea d.	Pakistan Tea d.	Ceylon Tea d.	Indonesia Tea d.	Africa tea d.
19-4-51	45·17	...	...	50·53	39·97	40·09
3-5-51	40·49	50·70	...	51·92	40·65	38·09
24-5-51	36·74	44·63	...	51·40	43·00	36·89
31-5-51	41·02	45·50	...	51·58	Nil.	37·84
14-6-51	40·24	46·50	...	49·52	Nil.	38·88
21-6-51	41·07	45·09	...	49·19	43·00	38·79
28-6-51	39·76	45·98	...	48·45	44·57	39·61
5-7-51	44·58	45·10	...	46·25	Nil.	41·15
12-7-51	43·78	44·52	...	44·74	Nil.	41·53
19-7-51	43·37	...	...	44·43	41·85	39·88
26-7-51	42·08	42·57	...	44·24	Nil.	39·26
2-8-51	...	41·85	...	44·08	40·35	37·97
16-8-51	42·85	41·92	41·06	44·10	40·98	39·60
23-8-51	41·91	41·87	40·46	44·20	Nil.	40·85
30-8-51	41·92	41·44	40·42	44·10	41·00	...
6-9-51	42·59	41·13	39·53	43·89	43·56	38·90
13-9-51	43·93	41·02	39·36	43·89	40·58	38·55
20-9-51	43·15	40·92	40·25	44·56	38·62	38·00
27-9-51	45·31	41·13	40·95	45·21	38·85	40·90
4-10-51	43·76	41·62	40·02	45·94	39·57	38·17
11-10-51	43·97	42·06	40·80	46·75	42·18	41·19
18-10-51	43·59	42·63	41·69	47·16	Nil.	39·25
25-10-51	44·91	43·23	42·41	46·30	Nil.	40·62
1-11-51	44·37	43·78	42·52	46·48	41·89	39·97
8-11-51	5·11	43·49	42·22	47·20	42·49	39·63
15-11-51	44·69	43·04	42·07	46·53	42·45	39·67
22-11-51	44·72	43·23	42·08	46·04	Nil.	40·20
29-11-51	44·78	42·99	41·55	46·12	41·46	39·75
6-12-51	44·55	42·51	41·75	46·01	40·96	39·83
13-12-51	43·35	42·57	41·07	45·29	38·32	38·75
20-12-51	41·95	41·10	39·67	44·14	...	38·18
3-1-52	40·83	40·71	39·16	43·66	40·04	36·17
10-1-52	39·97	40·37	38·05	42·98	38·75	37·31
17-1-52	39·93	39·97	38·56	43·08	38·13	36·54

Date of Auction	Average price per pound of tea					
	N. India tea d.	S. India tea d.	Pakistan Tea d.	Ceylon Tea d.	Indonesia Tea d.	Africa tea d.
24-1-52	39.14	39.15	36.87	42.97	35.85	35.98
31-1-52	38.44	38.63	35.79	43.17	Nil.	35.02
7-2-52	38.50	38.66	35.62	42.84	37.76	35.12
14-2-52	38.52	39.52	36.15	42.85	37.74	32.74
21-2-52	38.91	39.56	36.24	43.50	37.32	35.08
28-2-52	39.54	39.92	36.89	44.54	36.38	34.09
6-3-52	38.76	40.52	35.41	44.67	35.18	31.80
13-3-52	39.23	40.38	36.64	45.69	35.08	32.39
20-3-52	38.65	38.51	35.27	45.09	37.55	37.63
27-3-52	37.75	38.51	34.27	44.07	37.37	32.09
3-4-52	36.32	38.39	33.66	43.40	37.21	25.97
10-4-52	36.81	35.97	32.52	43.18	34.97	26.64
24-4-52	34.88	35.24	30.19	42.87	32.14	25.57
1-5-52	34.62	34.03	28.95	42.03	32.75	21.82
8-5-52	32.84	34.54	27.68	41.86	28.86	21.87
15-5-52	31.77	32.22	27.00	42.05	30.45	19.85
22-5-52	32.80	32.92	28.78	44.03	32.76	20.47
29-5-52	34.19	32.73	26.81	45.33	32.28	26.01
12-6-52	34.79	35.87	27.50	46.80	36.81	26.22
19-6-52	35.06	36.66	28.44	46.60	32.79	26.09
26-6-52	34.64	34.95	27.82	46.54	33.25	23.68
3-7-52	33.99	34.39	26.84	45.99	32.70	26.42
10-7-52	32.29	34.44	25.17	45.40	33.63	26.35
17-7-52	29.83	31.82	22.93	44.81	32.56	18.02
24-7-52	29.22	31.95	22.74	44.21	30.75	19.74
31-7-52	29.70	30.91	22.55	44.52	32.01	19.42
14-8-52	29.15	33.10	22.79	45.78	32.37	20.69
21-8-52	30.50	31.66	23.25	47.49	23.95	18.66

Statement showing average Price per. lb. of Export

Sale No.	Date	Assam			Cachar			Darjeeling			Dooars		
		Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.
1	4-6-51	1	15	1	1	12	8	2	12	7	1	14	0
2	18-6-51	2	1	1	1	12	2	2	9	6	1	13	9
3	2-7-51	2	2	7	1	12	1	2	5	10	1	13	10
4	9-7-51	2	4	8	1	11	11	2	8	6	1	13	7
5	16-7-51	2	6	7	1	12	9	2	5	2	1	13	8
6	23-7-51	2	7	8	1	13	1	2	7	11	1	14	0
7	30-7-51	2	10	3	1	12	10	2	10	3	1	13	10
8	6-8-51	2	10	4	1	11	10	2	3	5	1	12	11
9	13-8-51	2	10	3	1	10	6	2	14	0	1	12	1
10	20-8-51	2	9	1	1	11	2	2	14	0	1	11	8
11	27-8-51	2	5	9	1	10	7	2	10	5	1	11	3
12	3-9-51	2	2	10	1	9	0	2	7	0	1	9	10
13	10-9-51	2	1	2	1	9	9	1	15	4	1	9	10
14	17-9-51	2	0	6	1	9	9	1	11	10	1	10	1
15	24-9-51	2	0	11	1	9	8	1	13	1	1	10	8
16	1-10-51	2	0	10	1	10	2	1	15	4	1	10	5
17	16-10-51	2	0	2	1	10	6	1	13	2	1	10	5
18	22-10-51	2	0	2	1	10	0	1	13	3	1	10	6
19	30-10-51	2	0	9	1	10	1	1	12	10	1	10	3
20	5-11-51	1	15	0	1	9	5	1	12	1	1	10	1
21	12-11-51	1	14	0	1	8	11	1	10	10	1	9	2
22	19-11-51	1	14	10	1	8	5	1	12	9	1	8	6
23	26-11-51	1	12	7	1	8	1	1	10	11	1	8	8
24	3-12-51	1	12	7	1	7	7	1	12	10	1	8	2
25	10-12-51	1	12	11	1	7	8	1	12	8	1	8	0
26	17-12-51	1	12	5	1	7	2	1	12	3	1	7	10
27	2-1-52	1	11	8	1	6	3	1	13	5	1	7	0
28	7-1-52	1	11	6	1	7	4	1	13	7	1	6	1
29	14-1-52	1	11	8	1	5	6	1	12	4	1	6	0
30	21-1-52	1	11	10	1	5	6	1	12	8	1	6	6
31	28-1-52	1	11	7	1	5	6	1	14	6	1	6	0
32	4-2-52	1	11	0	1	4	11	2	2	3	1	5	2
33	11-2-52	1	9	8	1	4	8	1	12	0	1	4	5
34	18-2-52	1	9	1	1	2	6	1	14	3	1	5	0
35	25-2-52	1	10	4	1	3	7	1	13	9	1	4	8
36	3-3-52	1	9	8	1	2	3	1	13	9	1	4	0
37	10-3-52	1	9	8	1	3	4	1	10	5	1	3	7
38	17-3-52	1	9	8	1	2	11	1	12	11	1	3	2

Tea in the Calcutta Auctions Seasons 1951-52

Terai Rs. As. P.	Tripura Rs. As. P.	All Other places. Rs. As. P.	Green Tea Rs. As. P.	Dust Rs. As. P.	Total Packages	Black Average Price Rs. As. P.
I 13 6	...	...	...	...	20,126	2 2 5
I 12 8	I 11 3	...	...	...	16,993	2 1 7
I 13 3	I 11 7	...	...	...	22,813	2 0 5
I 13 6	I 11 7	...	...	...	22,192	2 1 2
I 13 4	I 12 0	...	...	...	24,003	2 0 8
I 13 1	I 12 10	...	...	...	28,680	2 5 0
I 13 4	I 11 9	...	...	...	39,379	2 4 5
I 11 11	I 11 6	...	...	...	36,660	2 3 5
I 11 6	I 9 1	...	...	...	39,966	2 4 3
I 13 2	I 9 2	...	...	...	41,493	2 3 7
I 12 2	I 9 8	...	...	...	38,417	2 2 11
I 10 3	I 8 11	...	...	...	52,877	2 0 5
I 9 8	I 7 11	...	...	...	59,691	I 14 7
I 9 11	I 7 9	...	...	...	59,496	I 14 1
I 10 6	I 9 6	...	...	...	48,592	I 15 1
I 10 0	I 8 11	...	...	...	50,656	I 14 9
I 10 3	I 8 7	...	...	...	54,647	I 13 6
I 10 2	I 9 1	...	...	...	47,672	I 13 11
I 10 1	I 7 2	...	...	...	36,965	I 12 11
I 10 3	I 8 0	...	...	...	54,152	I 13 1
I 9 10	I 7 4	...	...	...	47,444	I 11 8
I 8 5	I 7 7	...	...	...	49,382	I 10 7
I 9 1	I 6 3	...	...	...	50,448	I 10 8
I 8 4	I 6 1	...	...	...	38,184	I 10 7
I 8 1	I 5 4	...	...	...	41,881	I 11 0
I 8 5	I 5 7	...	...	...	34,826	I 10 9
I 6 1	I 3 9	...	...	...	33,220	I 9 11
I 6 7	I 5 1	...	...	...	36,057	I 10 1
I 5 9	I 4 3	...	...	...	33,823	I 9 4
I 6 11	I 3 10	...	...	...	36,302	I 9 5
I 5 8	I 4 5	...	...	...	40,659	I 9 1
I 4 8	I 3 0	...	...	...	37,932	I 8 3
I 5 10	I 2 1	...	...	...	36,936	I 8 2
I 3 3	I 1 7	...	...	...	40,046	I 7 8
I 3 2	I 0 0	...	...	...	39,330	I 8 8
I 2 10	0 15 7	...	...	...	39,341	I 7 8
I 1 6	0 12 6	...	...	...	36,800	I 7 10
I 5 1	0 9 6	...	...	...	28,956	I 8 2

Sale No.	Date	Assam	Cachar	Darjeeling	Dooars
		Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs.As. P.
39	24-3-52	1 6 8	0 14 8	1 5 6	1 0 9
40	31-3-52	1 4 10	0 12 9	1 3 11	0 13 6
41	7-4-52	1 1 2	0 10 7	1 3 0	0 11 8
42	21-4-52	1 1 11	0 12 5	1 1 9	0 12 10
43	5-5-52	1 1 4	0 12 1	1 1 7	0 12 5
44	12-5-52	0 14 7	0 9 11	...	0 9 5
45	19-5-52	0 12 5	0 9 1	...	0 8 2
46	26-5-52	0 12 3	0 9 11	0 10 10	0 9 6
(Sale number 46 is the last of the season 1951-52)					
SEASON: 1951-52					
1	2-6-52	1 7 3	1 1 0	2 3 10	1 6 10
2	9-6-52	1 7 3	1 0 1	2 0 8	1 3 9
3	16-6-52	1 3 7	0 14 4	1 14 11	1 3 9
4	23-6-52	1 14 5	0 14 7	1 14 4	1 3 8
5	1-7-52	2 0 11	0 13 4	1 11 10	1 2 1
6	7-7-52	1 13 11	0 12 2	1 11 11	1 2 10
7	14-7-52	2 1 2	0 13 3	1 12 0	1 2 5
8	21/22-7-52	1 15 0	0 13 1	1 13 5	1 1 4
9	28/29-7-52	1 13 5	0 13 3	2 1 9	1 2 1
10	4/5-8-52	1 12 0	0 13 6	2 1 0	1 1 3
11	11-8-52	1 13 1	0 13 2	2 1 8	1 0 7
12	18-8-52	1 12 11	0 13 10	2 1 4	0 15 10
13	25-8-52	1 12 7	0 12 11	2 1 2	1 0 1

Terai	Tripura	All other places	Gr Tea	Dust	Total packages	Black Average Price	Remarks
Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.		Rs. As. P.	
0 12 2	0 10 9	...	...	...	27,240	1 4 9	
0 11 5	0 10 2	...	...	...	30,208	1 2 5	
0 11 7	0 8 11	...	...	...	34,561	0 15 2	
0 11 10	0 12 6	...	...	...	39,303	1 0 7	
0 11 7	0 13 1	...	...	...	34,996	0 15 8	
0 9 0	0 11 6	...	...	...	22,659	0 13 3	
0 8 6	0 9 4	...	...	...	29,396	0 11 8	
0 9 5	0 9 10	...	...	...	34,381	0 11 8	
(Sale number 46 is the last sale of the season 1951—52). SEASON: 1952—53.							
1 6 5	0 15 7	...	...	...	12,274	1 8 8	
1 4 9	0 14 7	...	...	...	7,131	1 7 1	
1 4 4	0 14 7	...	...	...	12,651	1 5 5	
1 4 10	0 15 7	...	...	...	16,242	1 7 5	
1 4 4	1 1 0	...	...	...	15,334	1 6 10	
1 3 6	0 15 11	...	...	...	24,172	1 6 1	
1 1 11	0 14 1	...	...	...	24,430	1 8 0	
1 2 10	0 15 4	...	...	...	42,177	1 9 11	
1 1 6	0 14 1	...	...	...	36,261	1 8 6	
1 1 7	0 12 10	...	...	...	37,446	1 8 2	
0 15 11	0 14 0	...	...	...	36,202	1 7 5	
1 1 10	0 14 1	...	...	...	39,707	1 9 0	
1 2 0	0 15 8	...	...	...	51,078	1 7 11	

Statement showing average price of Tea for home consumption.

Sale No.	Date	Assam	Cachar	Darjeeling	Dooars	Terai	Tripura	All other places
		Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.
1	5-6-51	1 9 11	...	1 14 9	1 9 4	...	1 9 7	...
2	19-6-51	...	1 10 7	1 11 3	1 9 10	1 5 0	1 11 6	...
3	3-7-51	1 11 6	1 9 2	2 0 2	1 8 8	1 8 11	1 10 2	...
4	10-7-51	1 5 10	1 7 10	1 13 9	1 8 4	1 9 4	1 6 10	...
5	17-7-51	1 10 6	1 6 9	...	1 9 4	1 13 10	1 8 3	...
6	25-7-51	1 6 7	1 9 3	1 15 0	1 7 0	1 10 4	1 9 3	...
7	1-8-51	1 8 5	1 7 0	1 10 6	1 8 0	1 6 11	1 8 7	...
8	8-8-51	1 11 2	1 5 11	1 7 10	1 7 10	1 7 10	1 6 2	...
9	14-8-51	...	...	...	...	...	...	...
10	22-8-51	1 6 7	1 4 11	...	1 6 10	1 6 5	1 7 3	...
11	29-8-51	1 4 7	1 3 2	1 6 8	1 5 3	1 5 8	1 6 9	...
12	4-9-51	1 5 10	1 5 2	1 6 9	1 5 6	1 5 1	1 5 9	...
13	11-9-51	1 6 0	1 4 7	1 6 5	1 4 8	1 6 7	1 5 3	...
14	18-9-51	1 6 5	1 4 9	1 13 1	1 5 4	1 4 7	1 5 11	...
15	25-9-51	1 6 7	1 4 11	1 9 3	1 6 6	1 5 6	1 6 5	...
16	3-10-51	1 6 8	1 3 4	1 8 8	1 4 10	1 5 5	1 5 9	...
17	17-10-51	1 6 5	1 4 8	1 9 4	1 4 0	1 4 10	1 5 9	...
18	23-10-51	1 8 0	1 5 2	1 9 10	1 5 9	1 3 9	1 7 1	...
19	...	...	...	...	...	...	...	...
20	6-11-51	1 5 7	1 4 3	1 6 2	1 4 8	1 4 4	1 3 9	...
21	13-11-51	1 6 3	1 5 9	1 6 5	1 5 4	1 5 4	1 5 6	...
22	20-11-51	1 5 10	1 1 6	1 9 0	1 4 0	1 3 3	1 4 2	1 7 6
23	27-11-51	1 2 7	1 3 0	1 4 6	1 2 10	1 5 6	1 3 6	...
24	4-12-51	1 4 1	1 1 2	1 2 9	1 2 7	1 5 7	1 2 3	...
25	11-12-51	1 4 10	1 1 9	...	1 3 7	1 1 1	1 2 3	...
26	18-12-51	1 3 11	1 2 5	1 7 10	1 3 6	1 1 10	1 2 10	...
27	2-1-52	...	...	...	...	...	...	...
28	8-1-52	1 3 6	1 2 7	1 9 0	1 1 10	0 13 7	1 2 2	...
29	15-1-52	1 3 0	0 14 8	1 2 3	1 1 3	1 0 10	1 3 0	...
30	21-1-52	...	...	...	...	...	...	...
31	29-1-52	1 3 8	1 1 6	1 5 4	1 1 7	1 1 2	1 0 8	...
32	5-2-52	1 2 2	0 14 7	1 7 6	0 15 6	1 1 6	1 0 1	...
33	12-2-52	1 0 6	0 15 2	1 2 10	0 13 8	0 13 1	0 14 11	...
34	19-2-52	1 0 7	0 14 8	1 3 0	0 13 9	0 12 8	0 13 0	...
35	26-2-52	0 14 11	0 13 10	0 14 3	0 12 1	0 13 10	0 13 6	...
36	4-3-52	0 15 2	0 12 5	1 12 0	0 12 8	0 9 7	0 12 3	...
37	12-3-52	0 12 0	0 11 4	0 14 7	0 7 9	0 8 6	0 10 4	...
38	18-3-52	0 10 11	0 13 1	1 5 0	0 7 5	0 7 0	0 6 10	...

Green tea	Dust	Total packages		Average Price			Remarks
		Tea	Dust	Black	Green	Dust	
Rs. As. P.	Rs. As. P.			Rs. As. P.	Rs. As. P.	Rs. As. P.	
...	I 12 6	273	2,876	I 10 0	...	I 12 6	
I 8 0	I 14 9	710	2,209	I 10 5	I 10 5	I 14 9	
2 7 4	I 14 4	1,288	3,243	I 9 6	I 9 11	I 14 4	
2 I 0	I 15 4	951	4,138	I 8 0	I 8 2	I 15 4	
...	2 I 1	746	4,158	I 8 3	...	2 I 1	
2 0 6	2 0 9	691	4,321	I 7 10	I 8 5	2 0 9	
I 12 9	2 0 9	1,644	8,276	I 8 1	I 8 1	2 0 9	
2 0 0	2 0 0	1,871	8,001	I 9 2	I 9 5	2 0 0	
...	I 15 6	...	8,983	...	...	I 15 6	
I 12 10	...	3,482	...	I 6 3	I 6 5	...	
I 15 5	I 15 11	2,022	9,444	I 4 4	I 4 7	I 15 11	
2 3 0	I 14 9	3,406	14,335	I 5 7	I 5 8	I 14 9	
...	I 15 0	2,913	9,506	I 5 3	...	I 15 0	
...	I 15 2	2,593	10,274	I 5 11	...	I 15 2	
2 I 0	2 0 5	1,903	6,929	I 6 3	I 6 9	2 0 5	
...	2 0 5	2,752	13,079	I 5 10	...	2 0 5	
2 0 9	I 15 5	2,859	13,330	I 5 5	I 5 9	I 15 5	
2 I 6	I 14 6	2,135	10,258	I 6 8	I 7 2	I 14 6	
...	...	...	...	...	...	...	No sale.
2 2 7	I 13 6	4,094	24,862	I 4 11	I 5 8	I 13 6	
...	I 12 8	2,337	18,755	I 5 9	...	I 12 8	
...	I 11 3	4,060	16,221	I 4 8	...	I 11 3	
2 3 0	I 9 4	2,397	17,333	I 2 11	I 3 7	I 9 4	
2 2 11	I 9 3	3,042	22,016	I 3 2	I 3 8	I 9 3	
...	I 9 3	1,252	23,629	I 3 6	...	I 9 3	
2 I 8	I 9 8	1,872	17,491	I 3 7	I 4 4	I 9 8	
...	...	...	...	...	...	...	No sale.
2 2 3	I 10 1	2,712	26,960	I 2 5	I 3 4	I 10 1	
2 2 10	I 10 10	1,546	19,072	I 1 6	I 2 6	I 10 10	
...	...	...	...	...	...	...	No sale.
2 I 1	I 10 0	3,631	20,699	I 2 2	I 2 4	I 10 0	
2 I 3	I 9 11	3,659	19,274	I 0 10	I 1 3	I 9 11	
...	I 9 3	2,244	17,838	0 15 4	...	I 9 3	
I 14 3	I 8 8	3,888	19,035	0 14 7	0 14 11	I 8 8	
I 13 5	I 9 6	2,452	20,125	0 13 7	0 13 10	I 9 6	
...	I 10 3	3,564	19,970	0 12 11	...	I 10 3	
...	I 7 7	1,427	21,051	0 10 2	...	I 7 7	
2 I 6	I 6 0	1,883	19,666	0 8 10	0 9 1	I 6 0	

Sale No.	Date	Assam	Cachar	Darjeeling	Dooars	Terai	Tripura	All other places
39	25-3-52	0 11 6	0 8 5	0 13 7	0 6 7	0 7 11	0 7 3	...
40	1-4-52	0 10 9	0 6 5	0 15 6	0 7 9	0 8 3	0 7 3	...
41	8-4-52	0 7 3	0 8 6	0 14 6	0 5 11	0 12 4	0 7 3	...
42	22-4-52	0 12 10	0 10 2	1 3 5	0 9 7	0 9 10	0 8 10	...
43	6-5-52	0 9 10	0 8 10	...	0 7 10	0 6 4	0 7 11	...
44	13-5-52	0 9 7	0 6 9	0 10 9	0 7 11	0 8 11	0 7 3	...
45	20-5-52	0 7 2	0 9 0	0 12 9	0 9 0	...	0 7 6	...
46	26-5-52	...	...	...	...	...	...	...

Sale number 46 is the last sale of the

SEASON 1952-53								SEASON 1951-52
1	3-6-52	...	1 6 0	...	...	1 0 10	...	...
2	10-6-52	1 0 10	...	...	0 10 5	...	...	...
3	17-6-52	1 2 3	...	1 5 8	0 14 3	1 2 5	...	...
4	23-6-52	...	...	...	...	...	...	...
5	2-7-52	0 15 5	0 8 0	1 2 4	0 7 3	0 15 9	0 8 9	...
6	8-7-52	1 0 1	0 12 8	1 3 9	0 15 4	1 3 7	...	...
7	15-7-52	1 6 3	0 7 3	0 12 6	0 9 2	...	0 8 3	...
8	23-7-52	0 14 9	0 10 0	...	0 13 11	...	0 10 3	...
9	30-7-52	1 0 7	0 9 7	1 12 0	0 12 3	0 15 3	0 10 0	...
10	6-8-52	0 11 3	0 7 1	1 4 0	1 5 0	...	0 11 9	...
11	No sale.	...	...	...	...	...	...	...
12	20-8-52	0 12 1	0 10 3	0 14 4	0 14 8	0 12 8	...	...
13	27-8-52	0 15 11	0 9 8	...	0 11 6	0 15 0	0 10 0	...

Green tea	Dust	Total packages		Average Prices			Remarks
		Tea	Dust	Black	Green	Dust	
I 10 0	I 8 3	2,529	21,843	0 7 II	0 8 3	I 8 3	
I 7 6	I 6 7	2,892	21,684	0 9 0	0 9 I	I 6 7	
I 2 I	I 5 IO	3,922	21,93I	0 6 IO	0 6 IO	I 5 IO	
...	I 5 5	2,896	21,48I	0 IO II	...	I 5 5	
...	I 3 9	2,186	17,204	0 8 7	...	I 3 9	
...	I I 3	2,63I	13,19I	0 8 4	...	I I 3	
...	0 I4 4	2,358	12,356	0 7 II	...	0 I4 4	
...	
<i>season 1951-52</i>							
1952-53							
I 9 5	I 4 6	106	3,237	I 2 6	I 9 5	I 4 6	
...	I 5 8	54	1,953	0 II 5	...	I 5 8	
...	I 5 3	37	3,92I	I 2 9	...	I 5 3	
...	
2 5 9	I 5 7	343	6,010	0 9 8	2 5 9	I 5 7	
...	I 4 7	222	6,204	0 I4 0	...	I 4 7	
...	I 6 4	170	6,142	0 8 7	...	I 6 4	
...	I 6 7	240	11,129	0 I3 7	...	I 6 7	
I 0 0	I 6 6	503	13,383	0 I2 0	I 0 0	I 6 6	
I II 4	I 7 9	233	8,325	0 IO I	I II 4	I 7 9	
...	
I II II	I 7 3	642	18,78I	0 I2 IO	I II II	I 7 3	No sale.
I 6 7	I 8 II	415	15,853	0 I2 9	I 6 7	I 8 II	

COCHIN TEA AUCTION PRICES

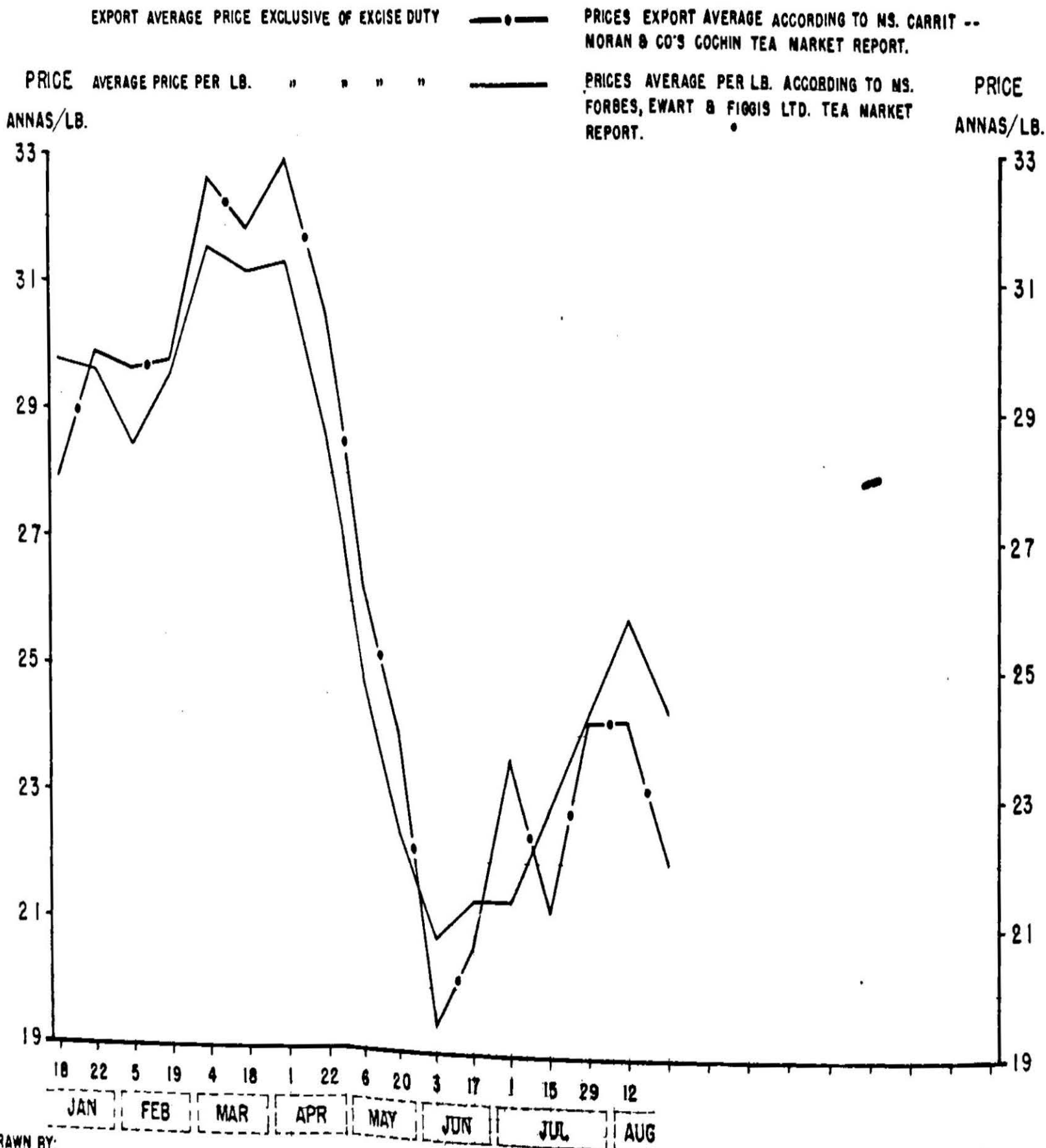
(Forbes, Ewart & Figgis Ltd.)

	Average price per lb. Exclusive of Excise Duty		Average price per lb. Exclusive of Excise duty
	Rs.		Rs.
Sale No. 1—8th January 1952 .	1 13 9	Sale No. 9—6th May 1952 .	1 8 9
Sale No. 2—22nd January 1952 .	1 13 7	Sale No. 10—20th April 1952 .	1 6 4
Sale No. 3—5th February 1952 .	1 12 5	Sale No. 11—3rd June 1952 .	1 4 9
Sale No. 4—19th February 1952 .	1 13 6	Sale No. 12—17th June 1952 .	1 5 5
Sale No. 5—4th March 1952 .	1 15 6	Sale No. 13—1st July 1952 .	1 5 5
Sale No. 6—18th March 1952 .	1 15 2	Sale No. 14—15th July 1952 .	1 6 10
Sale No. 7—1st April 1952 .	1 15 3	Sale No. 15—29th July 1952 .	1 7 9
Sale No. 8—22nd April 1952 .	1 12 7	Sale No. 16—12th August 1952 .	1 9 8
		Sale No. 17—27th August 1952 .	1 7 4

TEA

AVERAGE PRICES AT COCHIN AUCTIONS

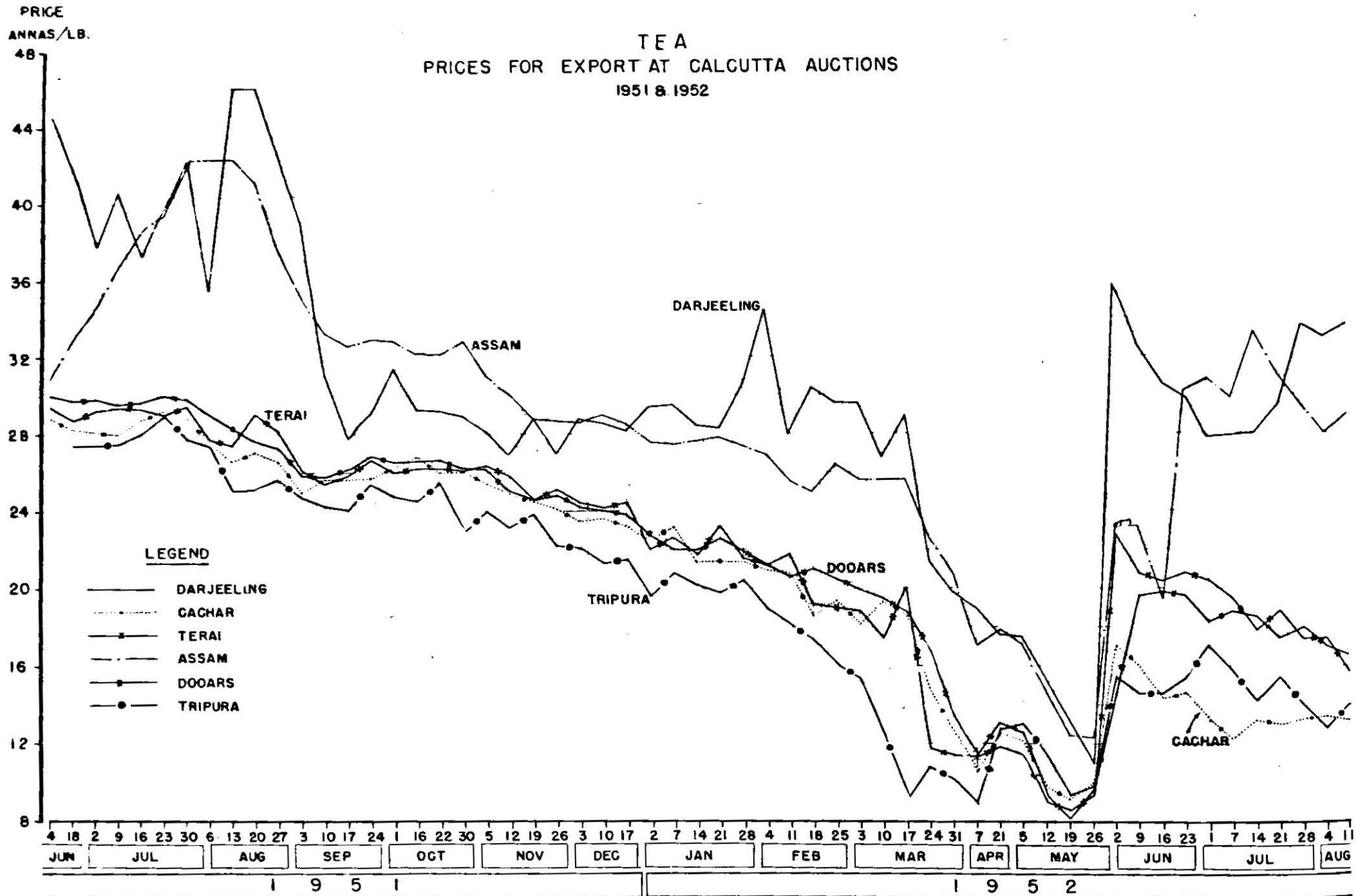
1952



DRAWN BY:
STATISTICS & INTELLIGENCE BRANCH,
(CENTRAL EXCISE)

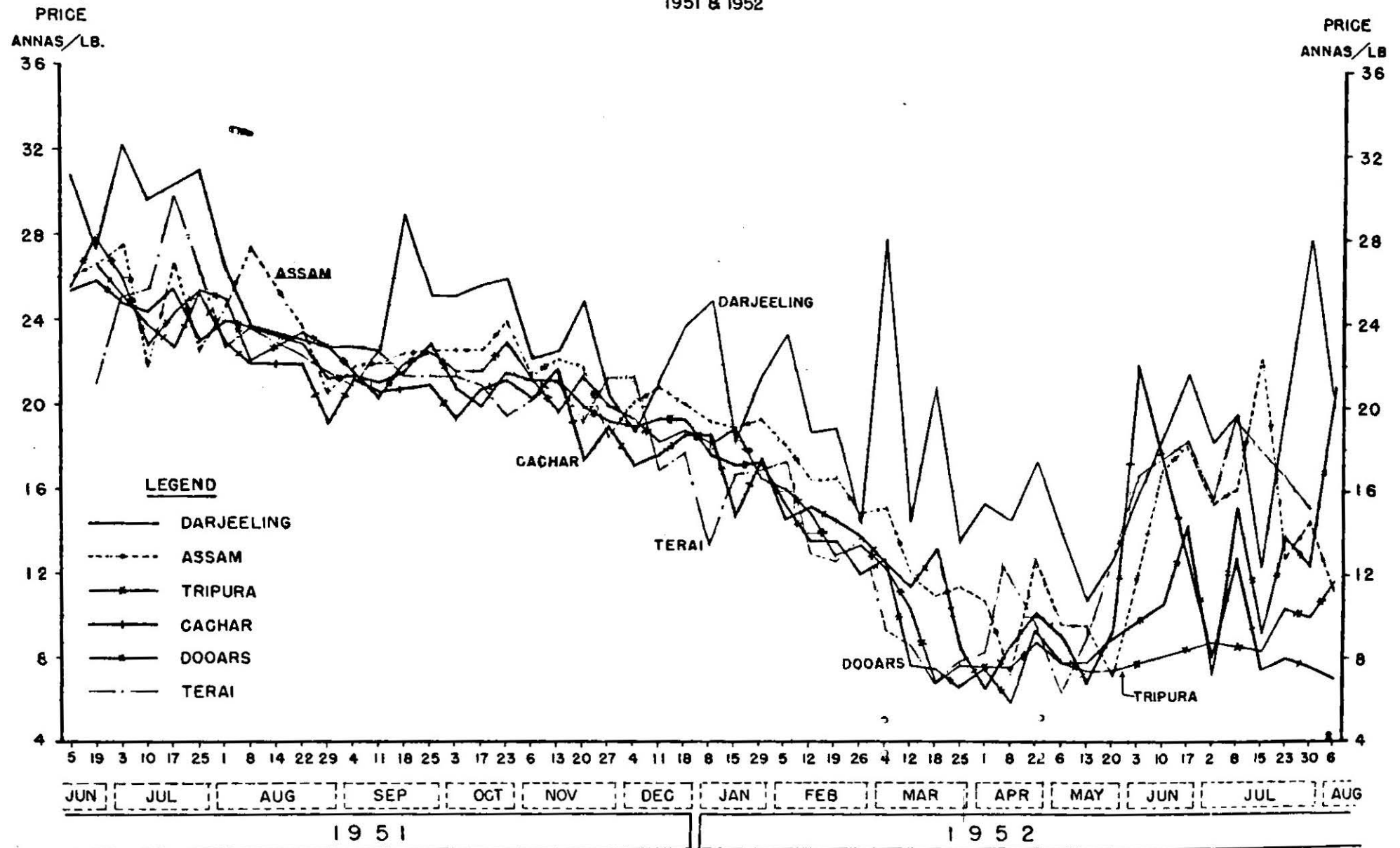
1 9 5 2

TEA
PRICES FOR EXPORT AT CALCUTTA AUCTIONS
1951 & 1952



DRAWN BY:
 STATISTICS & INTELLIGENCE BRANCH,
 (CENTRAL EXOSE)

TEA
PRICES FOR INTERNAL CONSUMPTION AT CALCUTTA AUCTIONS
1951 & 1952



DRAWN BY:
 STATISTICS & INTELLIGENCE BRANCH
 (CENTRAL EXCISE)

APPENDIX B
 [Reference Paragraph 8]
CALCUTTA AUCTIONS
Packages offered and sold

	For Export		
	Offerings	Packages sold	Percentage of packages sold to total offerings
Sale No. 1 . . .	22,577	12,274	54%
„ „ 2 . . .	10,386	7,131	70%
„ „ 3 . . .	19,612	12,651	65%
„ „ 4 . . .	25,823	16,242	65%
„ „ 5 . . .	22,149	15,334	68%
„ „ 6 . . .	34,522	24,172	65%
„ „ 7 . . .	33,062	24,413	72%
„ „ 8 . . .	55,984	42,177	70%
„ „ 9 . . .	47,656	36,261	75%
„ „ 10 . . .	46,401	37,446	80%
„ „ 11 . . .	47,063	36,202	75%

FOR INTERNAL CONSUMPTION

	Offerings		Packages sold	
	Dust	Other grades	Dust	Other grades
Sale No. 1 . . .	4,242	N.A.	3,237	28
„ „ 2 . . .	2,055	54	1,953	54
„ „ 3 . . .	4,035	N.A.]	3,921	37
„ „ 4 . . .	No sale		No sale	
„ „ 5 . . .	6,778	350	6,010	250
„ „ 6 . . .	7,212	689	6,020	222
„ „ 7 . . .	7,187	351	6,142	170
„ „ 8 . . .	12,037	917	11,129	240
„ „ 9 . . .	13,843	737	13,383	396
„ „ 10 . . .	8,611	40	8,325	176
„ „ 11 . . .	No sale		No sale	

APPENDIX C

[Cost Accountant's Report—Reference paragraph 8]

MINISTRY OF FINANCE (I. & C. DIVISION) COST ACCOUNTS BRANCH

REPORT NO. 1629, DATED NEW DELHI, THE 16TH AUGUST, 1952.

SUBJECT:—*Report on the Cost of Production of Tea manufactured in certain Selected Estates in North and South India.*

An official team was appointed by the Government of India to investigate into the problems of the tea industry arising as a result of the selling price of tea having fallen considerably in the world market. One of the causes for the tea industry's inability to cope with the situation was stated to be the heavy burden thrown on the industry by the labour legislation promulgated by the different State Governments—such as the minimum wages act, Plantation Labour Code, etc. Such legislation, it was stated, has or will result in heavy increases in the cost of production this year and in view of the prices now obtained for tea being even lower than the cost of production, the industry was today unable to meet such increases.

2. In order to have an idea whether the actual cost of production of tea was so high that it was impossible for the tea industry to pay its way, it was decided by the official team to select a few estates both in the North and South India and examine in some detail the cost of production in such estates. The selection was confined as far as possible to representative medium and small estates as it was understood that the very large estates were not so badly placed as these estates. In consultation with the Industry, 9 Estates were selected from North India and 5 from South India.

3. *Scope of Work.*—As this work was to be completed very quickly, only a rapid and general examination of the cost of production could be done. The data collected from the estates were broadly checked with the financial accounts and a detailed check of the correctness of the items themselves with original records was not attempted. More attention was paid to the analysis and grouping of the data collected, in some uniform way, so that the cost could be collected under broad heads of expenditure and an average for the estates selected arrived at.

4. The analysis of the expenditure was based on the "Garden Accounts" and head office accounts. Most of the estates submit monthly, to their head offices, detailed statement of expenditure under different heads. This sub-division of expenditure is very detailed but the estates do not follow the same basis of allocation and what is shown under one item in one estate may well be

shown under some other allied item. Some of the estates show D.A., food loss, etc. separately while others show D.A., Food loss, etc., under the various related works such as cultivation, plucking, manufacturing, etc. In preparing the cost statements, the expenditure has been allocated to the various heads in as uniform a basis as was possible.

5. Statements of cost of production are attached showing the expenditure incurred and the cost per lb. of tea in each of the estates selected for examination. A summary has also been prepared showing the unit cost of production in the case of the North and South Indian estates separately. The combined weighted average cost for these two regions is also given in these summaries. The cost shown by these statements is exclusive of excise/export duty. The cost shown does not also take into account increases on account of the minimum wages act or other labour acts promulgated by the State Governments. This question is dealt with in some detail later.

6. A short description of the items covered by the various heads in the statement is given below:—

(a) *Cultivation.*—This is mainly composed of wages. Expenditure on New Plantation or Nurseries have been omitted where separately shown.

(b) *Plucking.*—This item too consists of wages.

(c) *Manufacturing.*—This item includes the wages of the factory staff but other items of manufacturing expense are also included here.

(d) *D.A., Food concessions and other benefits.*—In addition to Dearness allowance, loss on issue of rice etc., medical and other welfare expense are also included here. In one or two estates, D.A., etc., has been shown under the item of work to which they relate and as details were not available, they have been allowed to remain there.

(e) *Upkeep.*—This item covers all items on maintenance and repairs. It was generally ascertained that capital expenditure was not included in the item. The upkeep of buildings was usually the biggest item and represented expenditure on temporary cooly lines, etc., which is said to be of recurring nature.

(f) *Stores*.—Most estates have included stores under the items for which they were used. Some have shown all stores in one lump. Wherever possible, the stores expenditure was analysed and the stores consumed have been shown under the following broad heads:—

- (i) Packing;
- (ii) Coal and Fuel;
- (iii) Manure; and
- (iv) miscellaneous.

(g) *Establishment*.—This represents salaries of both managerial and subordinate staff. Remuneration paid to Managers as a percentage of profit has not been included here but under office expenses.

(h) *Office expenses*.—This includes expenditure on general office maintenance, rent, insurance, remuneration paid to the agents, managers, etc.

(i) *Sales expenses*.—This does not include excise or export duty. In the case of one or two estates who sell all their tea in U.K. it includes marine insurance and freight. As details were not available, these were not segregated. Wherever commission on sales is paid to agents this has been included here.

The cost of this item varies considerably from estate to estate.

(j) *Interest*.—All estates do not incur expenditure under this item. In considering the cost of production, this item should really be excluded if a comparison is to be made between the cost of one estate and another, regardless of whether an estate runs on subscribed capital or borrowed capital. Whatever profit is considered reasonable, should be taken to cover this item.

(k) *Depreciation*.—The policy followed by the estates in this respect is not uniform. Wherever possible, the depreciation allowed by income-tax authorities has been adopted and where not available, the depreciation provided by the estates has been adopted. Initial and additional normal depreciation has not been taken into account. The depreciation for 1952 is based on the depreciation of previous years.

7. *Estimate of cost in 1952*.—The cost given in the attached statements represents the actual cost in all cases for 1950 and in most cases for 1951. In 1952, all items are estimates. The estates had provided for extra expenditure under some items, e.g. D.A., upkeep, stores, etc. Wherever such increases were abnormal as compared with actual expenditure of the previous years, the estimates have been brought down. Generally speaking, the cost for 1952 is not expected to be much different from 1951 except in so far as it is influenced by increases or decreases in production. Actually, it is expected that expenditure under some of the items may go down. The loss on issue of food stuffs, may specially be mentioned. The cost of packing cases is

also showing a downward tendency. No consistent policy has been followed in the case of manuring. Most of the estates have increased the expenditure under this item in recent years. It has been explained that once manuring has started on a large scale, it cannot be reduced without detriment to production. In the estimate of 1952, the expenditure has been left at the level it has reached in the previous year.

8. *Production*.—A statement showing the production of the selected estates for the period of 5 years ending 1951 and the average yield per acre during the same period is attached. The production estimated for the year 1952 is also shown in this statement. This estimated production has been adopted in the calculation of estimated cost for 1952.

It will be seen that the yield per acre widely varies. The average yield for the North Indian Estates comes to 950 lbs. per acre and for the South Indian Estates to 740 lbs. per acre.

9. The average cost of the North and South Indian Tea Estates has been given in the summaries attached to the report. In the case of the North Indian Estates, the cost of the individual estates vary from 17.47 annas to 31.36 annas and the weighted average comes to 20.50 annas per lb. In the case of South Indian Estates, the cost varies from 15.9 annas to 20.12 annas per lb. and the weighted average comes to 18.06 annas per lb. The variation in costs is due to many reasons. The factors which affect the costs are—production, the number of labourers per acre, the varying extent of losses on issue of food grains and the yield of the estate per acre.

10. A good portion of the cost consists of payments to labourers in the shape of basic wages dearness allowances, issue of food grains at concessional rates, medical aid and other welfare expenses. In the case of the North Indian Estates (except Cachar) the cost of issue of food stuffs at concessional rates presents many problems. The cost of procuring the food stuffs varies widely between area and area and during different times of the year. This is an item which it is very difficult to estimate as the conditions which govern it are beyond the control of the estates. The cost of labour payments and welfare amounts to about 39 per cent in the case of North India and 44 per cent in the case of South India. This is without taking into account the effect of the Minimum Wages Act passed by the different State Governments.

11. *Increase on account of Minimum Wages Act*.—The effect of the Minimum Wages Acts is not uniform in all areas, as it depends on the extent to which the current levels (immediately preceding the enforcement of the Act) of wage payments

is short of the minimum wages fixed. Various estimates have been made of the increase and it is difficult to put forward a definite figure as the correct amount in this regard.

The effect of the Minimum Wages Act in the case of estates in Surma Valley (Cachar) area has been estimated at .86 annas per lb. of tea in one case and .91 in another. The two estimates are of the estates themselves and may be accepted as the approximate increase taking into account the number of men and the disparity between the new minimum wages fixed and the wages immediately preceding. The increase in the first case was estimated at 3 annas per worker per day and in the other at 1½ annas.

In the case of Bengal, the increase was estimated at 1½ as. per worker per day in the case of one estate. If this is taken as a guide for Bengal, generally, the increase cost on this account may be taken at various figures ranging from 0.4 as. per lb. to 0.8 annas per lb. taking into account the number of effective workers on the rolls and the working days in a year as 250.

It would therefore, perhaps not be unreasonable to estimate the increase in the case of North India at 1 anna per lb. on the outside.

12. In the case of the South Indian Estates, the cost on account of the Minimum Wages Act is different in the two States Governments in which the estates are distributed. Generally speaking, it was conceded that the levels of wages current in the estates in Madras State were more or less equal to the minimum wages recently fixed by that State Government. In some of the estates it is somewhat lower than in others and the extra payment necessary to make it up to the level fixed under the Minimum Wages Act may be estimated at half anna to 3 as. in the case of certain classes of workers. The increase per lb. of tea has accordingly been estimated at between .4 as. and .6 as. (The latter is what one of the estates itself has estimated). This estimate of .4 as. to 6 as. per lb. is also based on

the number of effective workers but taking the working days in a year to be 310 days. The increase on this account may, therefore, be taken as half anna per lb. of tea for the South Indian Tea Estates in the Madras State.

13. In the case of the estates in Travancore Cochin the increase in cost on account of the Minimum Wages Act is expected to be more, as the levels at which wages have been fixed under the Act is higher than in the case of Madras. The increase per worker is estimated at 3 annas per worker per day. A detailed study was made in the case of one of the Travancore Estates, and the estimated increase here is expected to be 1.64 annas per lb. of tea. In the case of another estate for which figures were given, (the estate was not one of the selected estates), the increase was estimated at 2.4 as. per lb. This was based on a yield of 500 lbs. per acre which is rather low. Even if 600 lbs. is taken as average, the cost will come down to 1.6 as. per lb. Based on the increase of 3 as. per worker referred to above, the increase in the cost in the case of another Travancore Cochin estate is estimated at 1.3 as. per lb. of tea. It would therefore be not unreasonable if the increase is taken at 1½ annas per lb. If a generous estimate is to be made, the increase may be put at 2 as. per lb. of tea.

14. *Sales.*—A statement showing the total quantity of tea sold, the quantity sold for the export and the internal markets separately, for the years 1950 and 1951 is also attached to this Report. The combined average price amounted to 26.97 as. and 24.91 as. respectively for 1950 and 1951 in the case of North India and 28.84 as. and 30.98 as. respectively in the case of South India.

15. *Capital, Profits and Dividends.*—The balance sheets for the last 4 years were obtained from most of the estates selected and the results shown therein have been analysed. The information thus collected has been tabulated and appended to this Report.

K. Nagaswami,

Cost Accounts Officer.
16-8-1952.

Statement showing capital at charge, profits, dividends and reserves

Name of Co. and Estate	Year	Acreage	No. of workers		Capital at charge	
			Total (effective) No.	Per acre No.	Total lakhs Rs.	per acre Rs.
NORTH INDIA						
<i>Estate A</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	465	584	1.26	10.63	2,286
<i>Estate B</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	...	...	...	...	...
	1951	1275	1623	1.27	10.27	806
<i>Estate C</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	516	690	1.34	10.34	2,004
<i>Estate D</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	533	508	0.96	9.81	1,840
<i>Estate E</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	1107	2211	2.00	17.17	1,551
<i>Estate F</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	240	189	0.76	10.41	1,248
<i>Estate G</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	407	470	1.16	7.00	1,720
<i>Estate H</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	593	927	1.56	11.66	1,967
<i>Estate I</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	377	344	0.91	7.85	2,082

Profit before taxation		Appropriation of profits			Rate of dividend		Balance of Reserves at end of year	
Total	% on Capital	General Reserve Rs.	Specific Reserves Rs.	Dividends Rs.	Pref. %	Ord. %	General lakhs Rs.	Specific lakhs Rs.
4,22,000	39.7	...	1,30,000	1,50,000	...	50	3.00	2.80
4,29,000	40.4	1,20,000	15,000	98,000	...	32½	4.50	3.00
4,50,000	42.3	1,20,000	...	1,50,000	...	50	8.00	0.70
3,48,000	32.7	70,000	40,000	90,000	...	30	8.70	1.10
B. 40,000	3.9	...	...	31,000	...	4	3.60	...
1,01,000	9.8	...	...	...	...	...	2.80	...
48,000	4.7	...	...	...	...	...	3.30	...
99,000	9.6	...	47,000	19,000	...	2½	33	...
1,79,000	17.3	40,000	20,000	87,500	...	17½	2.40	0.54
C. 1,98,000	19.2	40,000	30,000	75,000	...	15	2.80	0.63
2,21,000	21.4	30,000	50,000	75,000	...	15	3.10	1.10
2,95,000	28.5	30,000	75,000	1,00,000	...	20	3.40	1.14
37,000	3.8	...	3,000	37,000	6	12½	1.25	0.82
D. 37,000	3.8	...	4,000	37,000	6	12½	1.25	0.63
42,000	4.3	...	6,000	37,000	6	12½	1.25	0.62
33,000	3.4	...	6,000	32,000	6	10	1.25	0.63
7,99,000	46.6	1,25,000	1,00,000	3,33,000	6½	40	4.25	...
E. 6,86,000	40.0	75,000	1,00,000	2,89,000	6½	34½	5.00	...
6,05,000	35.2	40,000	75,000	2,89,000	6½	34½	5.40	...
10,18,000	59.3	1,60,000	1,00,000	3,73,000	6½	45	7.00	...
(-)20,000	(-)2.0	...	...	...	...	...	...	...
F. (-)41,000	(-)4.0	...	...	...	...	...	...	...
57,000	5.5	...	...	...	...	...	...	...
63,000	6.1	6,000	...	25,000	...	3	...	...
94,000	13.4	...	...	32,000	...	20	...	...
G. 19,000	2.8	...	...	16,000	...	10	...	...
52,000	7.4	...	...	8,000	...	5	...	...
82,000	11.7	...	...	16,000	...	10	...	...
72,000	6.2	...	...	20,000	...	20	...	...
H. 52,000	4.5	...	...	30,000	...	12	...	...
1,01,000	8.7	...	...	25,000	...	10	...	...
1,92,000	16.5	1,00,000	...	25,000	...	10	...	...
15,000	2.0	...	...	9,000	8	15	...	...
I. (-)82,000	(-)10.5	...	...	...	...	...	...	...
(-)31,000	(-)4.0	...	...	...	...	...	...	...
Not available.								

Statement showing capital at charge, profits, dividends

Name of Co. and Estate	Year	Acreage	No. of Workers		Capital at charge	
			Total (effective) No.	Per acre No.	Total lakhs Rs.	Per acre Rs.
SOUTH INDIA						
<i>Estate A</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	1267	1800	1.42	21.27	1,679
<i>Estate B</i>	1949	...	...	...	...	...
	1950	...	...	...	...	...
	1951	667	790	1.19	17.24	2,585
<i>Estate C</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	...	...	...	...	...
	1951	614	602	0.98	75.67	1,233
<i>Estate D</i>	1947	...	...	...	...	...
	1948	...	...	...	...	...
	1949	...	...	...	...	...
	1950	1672	1481	0.89	71.03	...
	1951	(Total not known.)				

Bonus Share.

and reserves of selected Tea Estates in India—(contd.)

Profit before taxation		Appropriation of profits			Rate of Dividend		Balance of Reserves at end of year	
Total Rs.	% on capital	General Reserve Rs.	Specific Reserve Rs.	Dividends Rs.	Pref. %	Ord. %	General lakhs Rs.	Specific lakhs Rs.
2,05,000	9.6	...	...	1,48,000	...	20	9.77	...
2,21,000	10.4	...	...	1,48,000	...	20	9.61	...
1,69,000	8.0	...	...	1,48,000	...	20*	9.30	...
2,51,000	11.8	...	...	1,13,000	...	12½	8.88	...
1,80,000	10.4	1,33,000	...	...	...	...	1.33	...
3,74,000	21.7	66,000	...	22,000	...	5	2.00	...
4,78,000	27.7	1,07,000	...	21,000	...	5	3.07	...
6,67,000	8.8	...	1,00,000	3,15,000	5	6½	...	0.68
5,54,000	7.3	...	1,57,000	3,06,000	5	6	...	1.68
4,45,000	5.9	...	50,000	3,06,000	5	6	...	3.25
8,56,000	11.3	...	3,62,000	3,60,000	5	7½	...	3.75
15,09,000	19.9	...	...	2,70,000	5	5	...	6.37
5,52,000	7.8	...	...	2,93,000	...	7½	...	...
3,94,000	5.5	2,00,000	...	2,34,000	...	6	2.00	...
10,15,000	14.3	5,00,000	...	2,34,000	...	6	7.00	...
12,93,000	18.2	8,00,000	...	2,34,000	...	6	15.00	...
15,18,000	21.3	10,00,000	...	2,34,000	...	6	25.00	...

Statement showing estimated cost

Name of Estate	ESTIMATED COST PER			
	Estate A	Estate B	Estate C	Estate D
Production (in lbs.)	6,00,000	8,00,000	6,00,000	2,50,000
Item	Annas	Annas	Annas	Annas
Cultivation	0.53	0.95	0.70	1.94
Plucking	1.28	1.00	1.28	2.06
Manufacturing	0.62	0.62	0.40	1.03
D. A., Food Concessions & other benefits .	7.49	9.63	5.02	9.13
Upkeep :	0.85	2.11	1.01	1.55
Stores—				
Packing cases	1.44	1.90	1.47	2.37
Coal & Fuel	0.48	0.84	0.93	0.47
Manure	0.80	1.40	0.99	1.09
Miscellaneous	0.28	0.10	0.21	0.47
Establishment	1.14	2.30	2.21	3.76
Office expenses	1.48	1.87	1.81	5.07
Sales expenses (excluding duty)	2.99	1.30	1.63	1.95
Interest	0.27	0.40	...	...
Depreciation	0.35	0.30	0.45	0.47
TOTAL COST PER LB. .	20.00	24.72	18.11	31.36

TEA ESTATES

Per pound of tea for 1952

POUND (IN ANNAS) FOR 1952

Estate E	Estate F	Estate G	Estate H	Estate I	Combined Weighted Average
17,25,000	1,12,000	3,50,000	6,20,000	1,80,000	52,37,000
Annas	Annas	Annas	Annas	Annas	Annas
1.02	1.28	1.92	1.55	1.38	1.10
1.74	1.59	1.01	1.42	0.89	1.42
0.53	0.92	0.90	0.65	1.14	0.60
3.28	3.64	3.66	4.49	6.56	5.50
0.96	0.64	1.55	2.12	1.77	1.36
1.58	1.58	1.92	1.47	1.78	1.65
1.10	0.57	1.38	1.34	1.60	0.99
0.71	...	0.46	0.65	0.89	0.84
0.13	0.36	...	0.65	...	0.22
1.55	1.78	2.43	2.84	2.90	2.07
1.54	3.78	2.65	1.19	2.41	1.90
2.94	1.98	1.21	1.73	1.60	2.17
...	0.60	0.32	0.38	2.67	0.26
0.39	2.14	0.23	0.38	0.80	0.42
17.47	20.86	19.86	20.86	26.39	20.50

SOUTH INDIAN TEA ESTATES

	Estimated cost per pound (in annas) for 1952					
	Estate A	Estate B	Estate C	Estate D	Estate E	Combined weighted average
Production (in lbs.)	8,00,000	4,30,060	5,75,000	6,60,000	17,00,000	41,65,060
	As.	As.	As.	As.	As.	As.
Cultivation	1.56	1.62	0.70	3.43	} 3.00	1.69
Plucking	1.56	3.71	1.63	3.87		2.02
Manufacturing	0.44	1.26	0.45	0.54		0.52
D.A., Food Concessions and other benefits.	7.76	1.34	5.65	1.56	4.03	4.31
Upkeep	1.00	0.64	0.39	0.84	0.54	0.65
Stores—						
Packing cases	1.40	2.12	1.69	1.82	} 3.56	1.66
Coal and Fuel	0.40	0.42	0.50	0.48		0.43
Manure	2.40	1.93	0.97	1.26		1.64
Miscellaneous	...	...	0.03	0.05		0.01
Establishment	0.76	2.07	1.00	2.25	1.77	1.58
Office expenses	1.46	1.56	1.20	3.37	1.43	1.73
Sales Expenses (excluding duty)	0.70	0.49	3.48	0.38	0.41	0.90
Interest	0.40	0.01	...	...	0.13	0.13
Depreciation	0.24	0.93	0.50	0.97	1.03	0.79
TOTAL COST PER LB.	20.08	18.10	18.19	20.82	15.90	18.06

NORTH INDIA

ESTATE A

Year Production . . .	1950 5,33,191 lbs.		1951 6,64,741 lbs.		1952 6,00,000 lbs.	
Item	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.
		As.		As.		As.
Cultivation	19,799	0.59	20,741	0.50	20,000	0.53
Plucking	43,239	1.30	52,424	1.26	48,000	1.28
Manufacturing	20,991	0.60	22,181	0.53	23,400	0.62
D. A. Food Concessions and other benefits.	2,16,087	6.48	2,70,577	6.51	2,80,500	7.49
Upkeep	40,451	1.21	33,664	0.83	32,000	0.85
Stores—						
Packing cases	66,390	1.99	60,100	1.44	54,000	1.44
Coal and Fuel	14,206	0.43	19,843	0.48	18,000	0.48
Manure	13,916	0.42	40,161	0.97	30,000	0.80
Miscellaneous	16,685	0.50	13,786	0.33	10,600	0.28
Establishment	41,073	1.23	40,356	0.97	45,000	1.14
Office Expenses	50,495	1.52	67,543	1.62	55,500	1.48
Sales Expenses (exclusive of Duty)	1,07,344	3.22	1,44,592	3.49	1,12,000	2.99
Interest . . . . .	...	...	...	...	10,000	0.27
Depreciation	17,500	0.53	15,581	0.37	13,000	0.35
Total cost in Rs.	6,67,276		8,01,549		7,52,000	
Cost per lb. As. . . . .	...	20.02	...	19.30	...	20.00

NORTH INDIA

ESTATE B

Year	1950		1951		1952	
Production	8,48,000 lbs.		7,47,054 lbs.		8,00,000 lbs.	
Item	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.
Cultivation	36,713	0.69	43,334	0.92	47,700	0.95
Plucking	55,160	1.04	46,910	1.00	50,000	1.00
Manufacturing	24,591	0.46	29,242	0.63	31,000	0.62
D. A. Food Concessions and Other benefits. 4	5,00,385	9.44	5,37,560	11.51	4,81,700	9.63
Upkeep	1,19,787	2.26	1,15,010	2.47	1,05,900	2.11
Stores —						
Packing cases	82,845	1.56	88,034	1.88	95,000	1.90
Coal & Fuel	39,060	0.74	39,985	0.86	42,000	0.84
Manure	32,786	0.62	73,020	1.56	70,000	1.40
Miscellaneous	4,931	0.09	5,530	0.12	5,000	0.10
Establishment	91,524	1.73	1,03,492	2.22	1,15,000	2.30
Office Expenses	93,391	1.76	97,554	2.09	93,600	1.87
Sales Expenses (Exclusive of Duty).	52,827	1.00	65,000	1.39	65,000	1.30
Interest	22,320	0.42	20,000	0.43	20,000	0.40
Depreciation	19,163	0.37	17,414	0.38	15,000	0.30
Total cost in Rs.	11,75,483		12,82,085		12,36,900	
Cost per lb. in As.				27.46		24.72

NORTH INDIA

ESTATE C

Year	1950		1951		1952	
Production	62,651 lbs.		6,07,617 lbs.		6,00,000 lbs.	
Item	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)
Cultivation	22,683	0·58	26,245	0·69	26,100	0·70
Plucking	46,148	1·18	48,221	1·27	48,000	1·28
Manufacturing	14,633	0·37	14,528	0·38	15,000	0·40
D. A., Food Concessions and other benefits.	1,32,831	3·39	1,87,519	4·93	1,88,000	5·02
Upkeep	26,218	0·68	34,294	0·90	37,900	1·01
Stores —						
Packing cases	63,480	1·62	52,804	1·39	55,000	1·47
Coal and Fuel	26,297	0·67	35,299	0·93	35,000	0·93
Manure	36,776	0·94	36,494	0·96	37,000	0·99
Miscellaneous	5,870	0·15	5,397	0·14	8,000	0·21
Establishment	69,604	1·77	80,442	2·11	82,900	2·21
Office expenses	75,110	1·92	67,875	1·80	68,000	1·81
Sales expenses (excluding duty) .	82,534	2·12	94,776	2·49	61,000	1·63
Interest . . . . .	...	...	240	0·01	...	
Depreciation	15,212	0·39	17,527	0·47	17,000	0·45
Total cost in Rs. .	6,17,396		7,01,661		6,78,900	
. Cost per lb. in annas .		15·78		18·47		18·11

NORTH INDIA

ESTATE D

Year Production	1950 2,55,525 lbs.		1951 2,50,373 lbs.		1952 2,50,000 lbs.	
Item	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)
Cultivation	31,390	1·97	28,725	1·83	30,345	1·94
Plucking	29,771	1·87	32,931	2·10	32,204	2·06
Manufacturing	18,870	1·18	22,723	1·45	16,146	1·03
D.A., Food Concessions & other benefits	1,42,541	8·94	1,60,032	10·22	1,42,650	9·13
Upkeep	11,688	0·73	29,076	1·86	24,235	1·55
Stores—						
Packing cases	36,785	2·31	37,088	2·37	37,000	2·37
Coal & Fuel	1,006	0·06	9,492	0·61	7,450	0·47
Manure	16,158	1·01	17,019	1·09	17,000	1·09
Miscellaneous	3,239	0·20	6,646	0·42	7,141	0·47
Establishment	50,843	3·18	55,724	3·55	58,695	3·76
Office Expenses	74,037	4·64	75,835	4·85	79,341	5·07
Sales expenses (excluding duty)	21,730	1·36	25,250	1·61	29,967	1·95
Interest . . . . .	...	...	...	...	...	...
Depreciation	9,192	0·58	8,109	0·52	7,000	0·47
Total cost in Rs.	4,47,250	...	5,08,650	...	4,89,174	...
Cost per lb. in annas . . . . .	...	28·03	...	32·48	...	31·36

NORTH INDIA

ESTATE E

Year Production	1950 17,05,956 lbs.		1951 17,69,994 lb.		1952 17,25,000 lbs.	
Item	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)
Cultivation	1,10,437	1.04	1,07,995	0.98	1,10,000	1.02
Plucking	1,79,776	1.67	1,85,715	1.68	1,88,000	1.74
Manufacturing	54,849	0.53	58,653	0.53	56,300	0.53
D.A., Food Concessions & other benefits	2,88,758	2.71	3,59,570	3.25	3,53,000	3.28
Upkeep	97,860	0.91	1,04,421	0.94	1,06,617	0.96
Stores —						
Packing cases	1,73,649	1.63	1,84,304	1.66	1,70,000	1.58
Coal & Fuel	75,395	0.72	1,26,191	1.14	1,18,834	1.10
Manure	35,809	0.36	77,796	0.70	76,775	0.71
Miscellaneous	13,989	0.13	13,200	0.12	14,000	0.13
Establishment	1,49,552	1.41	1,59,000	1.44	1,67,000	1.55
Office Expenses	2,33,256	2.19	2,40,737	2.19	1,66,276	1.54
Sales Expenses (excluding duty)	3,27,260	3.06	3,32,233	3.00	3,16,000	2.94
Interest . . . . .	...	...	...	...	...	...
Depreciation	48,135	0.45	45,000	0.41	42,000	0.39
Total cost in Rs.	17,89,725	...	19,94,815	...	18,84,802	...
Cost per lb. in annas . . . . .	...	16.81	...	18.04	...	17.47

NORTH INDIA

ESTATE F

Year Production	1950 1,04,394 lbs.		1951 1,07,809 lbs.		1952 1,12,000 lbs.	
	Amount in Rs.	Cost per lb. (annas.)	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)
Cultivation	13,456	2.06	7,998	1.18	9,000	1.28
Plucking	10,377	1.59	10,324	1.53	11,000	1.59
Manufacturing	8,693	1.33	6,435	0.96	6,500	0.92
D.A., Food Concessions and other benefits	19,433	2.98	24,895	3.68	25,500	3.64
Upkeep	5,294	0.72	3,906	0.58	4,500	0.64
Stores—						
Packing cases	10,261	1.57	8,237	1.22	11,000	1.58
Coal & Fuel	4,515	0.70	3,763	0.56	4,000	0.57
Manure . . . . .	...	...	...	...	...	...
Miscellaneous	3,213	0.49	2,237	0.33	2,500	0.36
Establishment	10,524	1.61	11,536	1.71	12,500	1.78
Office Expenses	23,678	3.63	28,840	4.28	26,500	3.78
Sales Expenses (excluding duty)	12,307	1.89	12,884	1.91	13,861	1.98
Interest	4,231	0.65	4,160	0.62	4,200	0.60
Depreciation	12,106	1.85	15,647	2.32	15,000	2.14
Total cost in Rs.	1,38,088	...	1,40,862	...	1,46,061	...
Cost per lb. in annas. . . . .	...	21.07	...	20.88	...	20.86

NORTH INDIA

ESTATE G

Year	1950		1951		1952	
Production	3,63,613 lbs.		3,47,250 lbs.		3,50,000 lbs.	
Item	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)	Amount in Rs.	Cost per lb. (annas)
Cultivation	34,438	1·52	41,531	1·91	42,000	1·92
Plucking	20,292	0·89	21,799	1·00	22,000	1·01
Manufacturing	15,436	0·68	10,626	0·49	11,000	0·50
D. A., Food Concessions and other benefits.	81,704	3·60	82,047	3·79	80,000	3·66
Upkeep	32,771	1·44	32,373	1·49	34,000	1·55
Stores—						
Packing cases	40,948	1·80	42,470	1·96	42,000	1·92
Coal and Fuel	33,632	1·48	29,440	1·36	30,000	1·38
Manure	6,930	0·35	12,448	0·57	10,000	0·46
Miscellaneous						
Establishment	52,412	2·31	53,644	2·47	53,000	2·43
Office Expenses	57,216	2·52	57,915	2·66	58,000	2·65
Sales Expenses (excluding duty) .	27,306	1·20	27,188	1·25	26,500	1·21
Interest	6,753	0·30	7,197	0·33	7,000	0·32
Depreciation	5,966	0·26	5,365	0·25	5,000	0·23
Total cost in Rs.	4,15,804	...	4,24,043	...	4,20,500	...
Cost per lb. in annas . . . . .	...	18·35	...	19·53	...	19·24

NORTH INDIA

ESTATE H

Year	1950		1951		1952	
Production	5,92,240 lbs.		6,29,060 lbs.		6,20,000 lbs.	
Item	Amount in Rs.	Cost per lb. annas	Amount in Rs.	Cost per lbs. annas	Amount in Rs.	Cost per lb. annas
Cultivation	56,130	1·51	61,871	1·61	60,000	1·55
Plucking	48,544	1·31	54,124	1·38	55,000	1·42
Manufacturing	23,725	0·64	24,924	0·63	25,000	0·65
D. A., Food Concessions and other benefits.	1,51,439	4·10	1,73,952	4·43	1,74,000	4·49
Upkeep	92,711	2·58	82,827	2·08	82,000	2·12
Stores—						
Packing Cases	69,443	1·87	60,817	1·54	57,000	1·47
Coal and Fuel	41,283	1·11	52,723	1·34	52,000	1·34
Manure	15,698	0·42	25,221	0·64	25,000	0·65
Miscellaneous	10,625	0·28	21,516	0·54	25,000	0·65
Establishment	1,07,240	2·88	1,03,192	2·65	1,10,000	2·84
Office Expenses	47,311	1·26	49,620	1·26	47,000	1·19
Sales Expenses	65,128	1·75	74,100	1·87	67,500	1·73
Interest	12,720	0·34	16,293	0·41	16,000	0·38
Depreciation	20,593	0·55	15,000	0·38	15,000	0·38
Total Cost in Rs.	7,62,590	...	8,16,180	...	8,09,500	...
Cost per lb. in annas . . . . .	...	20·60	...	20·75	...	20·86

NORTH INDIA

ESTATE I

Year	1950		1951		1952	
Production	2,16,824 lbs.		1,82,429 lbs.		1,80,000 lbs.	
Items	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.
Cultivation	14,875	1.10	13,302	1.17	15,500	1.38
Plucking	14,131	1.04	10,819	0.95	10,000	0.89
Manufacturing	11,262	0.83	11,134	0.98	12,775	1.14
D. A., Food Concessions and other benefits.	64,663	4.76	73,685	6.45	73,800	6.56
Upkeep	15,766	1.16	18,456	1.62	19,956	1.77
Stores—						
Packing cases	14,217	1.05	18,329	1.61	19,980	1.78
Coal and Fuel	26,522	1.96	28,787	2.52	28,000	2.49
Manure						
Miscellaneous						
Establishment	27,164	2.01	32,147	2.82	32,600	2.90
Office expenses	22,790	1.68	26,830	2.35	27,068	2.41
Sales expenses (excluding duty) .	14,469	1.07	17,377	1.53	18,000	1.60
Interest	28,151	2.08	25,372	2.23	30,000	2.67
Depreciation	11,881	0.88	10,000	0.88	9,000	0.80
Total cost in rupees	2,65,891		2,86,238		2,96,679	
Cost per lb. in annas		19.62		25.11		26.39

SOUTH INDIA

ESTATE A.

Year	1950		1951		1952 (Estimate)	
Production	7,84,459 lbs.		8,10,600 lbs.		8,00,000 lbs	
Items	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.
Cultivation	78,033	1.58	74,634	1.47	78,000	1.56
Plucking	77,620	1.57	77,950	1.54	78,000	1.56
Manufacturing	25,107	0.52	21,554	0.42	22,000	0.44
Dearness Allowances, Food con- cessions and Other benefits.	3,55,915	7.24	3,70,697	7.31	3,88,000	7.76
Upkeep	51,799	1.06	56,132	1.11	50,000	1.00
Stores—						
Packing Cases	63,596	1.29	69,455	1.37	70,000	1.40
Coal and Fuel	20,130	0.41	21,204	0.42	21,000	0.40
Manure	1,10,095	2.26	1,19,731	2.36	1,20,000	2.40
Miscellaneous . . . . .	...	...	...	...	...	...
Establishment	39,745	0.81	38,658	0.76	38,000	0.76
Office Expenses	80,637	1.63	71,016	1.40	73,000	1.46
Sales Expenses (Exclusive of Duty)	35,752	0.72	33,130	0.65	35,000	0.70
Interest	23,671	0.48	20,000	0.40	20,000	0.40
Depreciation	13,974	0.28	13,085	0.25	12,000	0.24
Total Cost in Rs.	9,76,074		9,87,246		10,05,000	
Cost per lb. in As.		19.85		19.46		20.08

SOUTH INDIA

ESTATE B

Year	1950		1951		1952 (Estimate)	
Production	4,30,600 lbs.		4,73,560 lbs.		4,30,060 lbs.	
Items	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost. per lb. As.
Cultivation	45,775	1.70	41,402	1.40	45,530	1.62
Plucking	95,787	3.57	99,205	3.35	99,706	3.71
Manufacturing	41,413	1.54	40,231	1.36	33,857	1.26
Dearness Allowances, Food Con- cessions and Other benefits.	32,822	1.22	38,253	1.29	35,901	1.34
Upkeep	28,804	1.07	20,364	0.69	17,244	0.64
Stores—						
Packing Cases	62,170	2.31	63,848	2.16	56,898	2.12
Coal and Fuel	16,586	0.61	18,413	0.62	11,333	0.42
Manure	34,568	1.29	41,537	1.40	51,847	1.93
Miscellaneous . . . . .	...	...	...	...	...	...
Establishment	50,621	1.88	55,311	1.90	55,604	2.07
Office Expenses	45,545	1.69	61,095	2.06	42,054	1.56
Sales Expenses (Exclusive of Duty)	12,108	0.45	12,405	0.42	13,220	0.49
Interest	289	0.01	390	0.01	400	0.01
Depreciation	26,910	1.00	26,000	0.88	25,000	0.93
Total Cost in Rs.	4,93,398	...	5,18,454	...	4,88,594	...
Cost per lb. in As. . . . .	...	18.34	...	17.54	...	18.10

SOUTH INDIA

ESTATE C

Year	1950		1951		1952	
Production	5,76,100 lbs.		6,33,000 lbs.		5,75,000 lbs.	
Items	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.
Cultivation	28,711	0.80	28,169	0.72	25,000	0.70
Plucking	55,006	1.53	61,146	1.55	58,500	1.63
Manufacturing	16,273	0.48	16,425	0.42	16,000	0.45
Dearness Allowances, Food Con- cessions and Other benefits.	196,789	5.47	209,851	5.30	203,000	5.65
Upkeep	14,992	0.42	13,437	0.34	14,000	0.39
Stores—						
Packing Cases	54,758	1.52	62,634	1.58	60,000	1.67
Coal and Fuel	17,383	0.42	20,861	0.52	18,000	0.50
Manure	32,950	0.92	40,884	1.03	35,000	0.97
Miscellaneous	1,881	0.05	1,182	0.03	1,000	0.03
Establishment	35,109	0.98	36,400	0.92	36,000	1.00
Office Expenses	45,594	1.27	50,739	1.28	43,000	1.20
Sales Expenses (Exclusive of Duty)	100,984	2.81	139,912	3.54	125,000	3.48
Interest	1,493	0.04	...	...	...	...
Depreciation	22,005	0.62	20,000	0.51	18,000	0.50
Total Cost in Rs.	6,23,928	...	701,640	...	652,500	...
Cost per lb. in As. . . . .	...	17.33	...	17.74	...	18.17

**SOUTH INDIA
ESTATE D**

Year	1950		1951		1952	
Production	5,89,275 lbs.		6,96,529 lbs.		6,60,000 Lbs.	
Items	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.	Amount in Rs.	Cost per lb. As.
Cultivation	122,734	3·33	135,325	3·11	141,278	3·43
Plucking	147,433	4·00	170,027	3·91	159,720	3·87
Manufacturing	22,989	0·62	24,546	0·56	22,454	0·54
Dearness Allowance, Food concessions and Other benefits.	91,714	2·49	67,418	1·55	64,468	1·56
Upkeep	32,109	0·87	40,725	0·87	34,714	0·84
Stores—Packing Cases	61,219	1·66	77,055	1·77	75,000	1·82
Coal and Fuel	15,262	0·41	20,019	0·46	20,000	0·48
Manure	52,376	1·43	59,273	1·36	52,000	1·26
Miscellaneous	1,779	0·05	2,370	0·06	2,000	0·05
Establishment	86,565	2·35	86,621	1·99	93,021	2·25
Office Expenses	137,282	3·73	157,292	3·61	139,141	3·37
Sales Expenses (Excluding Duty)	20,857	0·57	16,973	0·39½	15,840	0·38
Interest . . . . .	...		...		...
Depreciation	40,464	1·10	40,000	0·92	40,000	0·97
Total Cost in Rs.	8,32,783		8,97,644		8,59,636	
Cost per lb. in As.		22·61		20·56		20·82

**SOUTH INDIA
ESTATE E**

Year	1950		1951		1952	
Production	14,89,782 lbs.		17,66,240 lbs.		17,00,000 lbs.	
	Amount	Cost per lb.	Amount	Cost per lb.	Amount	Cost per lb.
	Rs.	As.	Rs.	As.	Rs.	As.
Cultivation						
Plucking } Wages	2,69,534	2·89	3,16,696	2·87	3,20,000	3·00
Manufacturing						
Dearness Allowance, Food Concessions and Other benefits.	3,84,753	4·13	4,44,629	4·03	4,31,000	4·03
Upkeep	70,311	0·75	34,104	0·31	56,980	0·54
Stores—Packing						
Coal and Fuel	2,94,786	3·16	3,18,887	3·39	3,80,000	3·56
Manure						
Miscellaneous						
Establishment	1,65,256	1·76	1,83,072	1·66	1,89,081	1·77
Office Expenses	1,55,044	1·65	1,45,426	1·32	1,53,000	1·43
Sales Expenses (Exclusive of Duty)	34,384	0·37	42,083	0·38	44,171	0·41
Interest . . . . .	...	...	12,980	0·12	13,500	0·13
Depreciation	1,11,000	1·19	1,26,000	1·14	1,10,000	1·03
Total Cost in Rs	14,85,068		16,83,877		16,97,732	
Cost per lb. in As		15·90		15·22		15·90

STATEMENT SHOWING PRODUCTION DURING FIVE YEARS ENDED 1951

	Acreage	1947 lbs.	1948 lbs.	1949 lbs.	1950 lbs.	1951 lbs.	Estimate for 1952 lbs.	Average for 5 years	Yield per acre
NORTH INDIA									
1. Estate A .	465	5,31,520	5,96,240	5,79,440	5,33,200	6,64,640	6,00,000	5,81,008	1,249
2. Estate B .	1,142	7,00,320	7,40,800	7,82,560	8,48,000	7,47,040	8,00,000	7,63,744	668
3. Estate C .	517	5,00,960	5,01,240	6,92,000	6,25,451	6,07,617	6,00,000	5,85,789	1,133
4. Estate D .	500	2,22,202	2,41,133	2,23,450	2,55,525	2,50,373	2,50,000	2,53,747	507
5. Estate E .	1,035	16,16,303	16,06,615	14,85,425	17,05,956	17,69,255	17,25,000	16,36,710	1,581
6. Estate F .	240	...	...	1,00,000	1,04,394	1,07,809	1,12,000	1,04,067	433
7. Estate G .	407	3,40,750	3,14,293	3,21,544	3,63,613	3,47,250	3,50,000	3,37,490	829
8. Estate H .	593	6,17,878	6,06,210	6,08,306	5,92,240	6,29,060	6,20,000	6,10,738	1,029
9. Estate I .	377	1,98,084	1,84,662	1,74,620	2,16,816	1,82,429	1,80,000	1,91,322	507
TOTAL .	5,276	47,28,017	47,91,848	50,43,425	52,46,195	53,05,473	52,37,000	50,64,650	950
SOUTH INDIA									
1. Estate A .	1,267	5,90,000	6,81,669	7,00,212	7,84,457	1,00,600	8,10,000	7,13,387	563
2. Estate B .	667	3,62,000	4,03,000	5,24,000	5,76,100	6,33,000	5,75,000	4,99,620	749
3. Estate C .	614	...	...	...	4,30,600	4,73,560	4,30,060	4,52,080	736
4. Estate D .	907	...	8,33,302	5,91,613	5,89,275	6,96,529	6,60,000	6,77,679	747
5. Estate E .	1,672	12,15,643	13,52,786	14,30,892	14,89,782	17,66,240	17,00,000	14,51,068	867
TOTAL .	5,127	21,67,643	32,70,757	32,46,717	38,70,214	43,79,929	41,65,060	37,93,834	880

STATEMENT SHOWING QUANTITY SOLD FOR EXPORT AND FOR

Tea Estate	1950				
	Qty. sold for export	Qty. sold for internal consumption	Total Qty. sold	Average price per lb. for export sales	Average price realised per lb. for internal sales
	lbs.	lbs.	lbs.	As.	As.
NORTH INDIA					
1. Estate A	4,27,825	1,05,366	5,33,191	30.75	28.59
2. Estate B	4,99,030	3,48,973	8,48,003	24.77	24.00
3. Estate C	3,99,200	1,47,080	5,45,280	32.75	24.00
4. Estate D	2,33,002	20,948	2,53,950	34.27	25.67
5. Estate E	12,25,286	4,37,039	16,62,325	27.36	26.26
6. Estate F	65,568	37,311	1,02,879	27.2	23.55
7. Estate G	1,62,080	1,84,225	3,46,305	26.56	20.96
8. Estate H	3,76,175	2,03,206	5,79,381	26.00	24.96
9. Estate I	1,37,136	78,186	2,15,322	23.86	19.97
SOUTH INDIA					
10. Estate A	5,89,210	1,95,247	7,84,457	Details not available	...
11. Estate B	5,76,100	...	5,76,100	27.3	...
12. Estate C	P	P	P	33.98P	26.19P
13. Estate D . . . . .	...	5,49,568L	5,49,568	...	...
14. Estate E	10,47,592	4,40,347	14,87,939	33.44	26.21

P All sales to Brookbonds at agreed value. Separate figures for this Estate not available.
L Average of sales of all estates of this Estate company.

INTERNAL CONSUMPTION AND THEIR AVERAGE PRICE REALISED.

1951						
Average price per lb. for all sales As.	Qty. sold for export lbs.	Qty. sold for internal consumption lbs.	Total Qty. sold lbs.	Average price per lb. for export sales As.	Average price realised per lb. for internal sales As.	Average price per lb. for all sales As.
30·13	5,44,460	1,20,281	6,64,741	Information not readily available.		
24·43	Information not readily available.					
30·4	2,87,520	2,34,720	5,22,240	34·00	17·75	26·62
32·58	2,30,326	17,734	2,48,060	32·66	27·76	30·56
27·06	12,57,280	4,57,920	17,15,200	27·95	24·58	27·06
26·37	92,878	9,646	1,02,524	20·92	13·28	20·37
23·58	2,19,493	74,939	2,94,432	21·23	18·32	20·50
25·65	4,28,357	1,81,401	6,09,758	21·86	19·82	21·25
22·37	89,240	90,602	1,79,842	12·56	15·18	13·88
25·63	6,22,878	1,87,693	8,10,571	Information not readily available.		
27·30	6,33,000	...	6,33,000	30·69	...	30·69
31·20P	P	P	P	37·41P	29·96P	34·60P
24·10L	...	6,58,632L	6,58,632	...	...	27·07L
31·30	12,53,148	5,11,649	17,67,797	34·34	28·33	32·54

[Report of Sri Srivastava—Statistician Central Excise Deptt.]

COST OF TEA PRODUCTION

Estimates of Marginal error

The estimates of cost per lb. of tea production in the selected estates are subdivided into sub-costs pertaining to various different items of production operations. This allocation of costs between item and item is not the same for all estates, and is not therefore strictly comparable. Statistical analysis based on them would therefore be defective to that extent. For Northern India data have been collected from 9 estates. Though small, these are good enough for estimations of the marginal errors of average values, particularly when the estates concerned have been purposively selected to represent the group. For Southern India, however, the number—5 estates only—is rather very small.

Estimated marginal errors for each production operation are given in the statement enclosed. For Northern India the average cost of production per lb. is 20.50 ± 2.44 as. This means that if other similar samples are selected, the estimates of average cost, in 95 out of 100 cases, will lie within the range of 18.06 to 22.94 annas. The marginal errors for individual items of operation are to be interpreted like-wise.

The average production cost in one of the estates is far above the rest of the estates. If this estate is excluded from calculation, the average cost becomes 19.96 ± 1.85 annas.

Similar calculations for Southern India data of 5 estates one of which has even not given all-item-wise details do not seem worthwhile. As the estates have been selected, in consultation with the Industry so as to give a representative sample, the average based on them may be fairly accurate, but the marginal errors cannot be regarded as reliable unless the number of estates for which data are collected is increased to 7 or 8. For the sake of comparison, however, with North India data the calculations have been completed approximately. When compared to North India data, the average cost at 18.03 ± 1.61 annas could be regarded as a fair estimate.

In general, a marginal error of 2 annas on either side would be a safe general estimate. The cost of production per pound of tea in 1952 could therefore be regarded as ranging from 18 to 22 annas in North India and from 16 to 20 annas in South India.

INDIAN TEA ESTATES.

Estimated cost per lb. of tea for 1952.

Item of Cost.	Northern India Tea Estates.		South India Tea Estates.	
	Average cost.	Approximate Marginal Error.	Average cost.	Approximate Marginal Error.
	Annas	per lb.	Annas	per lb.
1. Cultivation	1.10	± 0.27	1.87*	± 1.01
2. Plucking	1.42	± 0.22	2.57*	± 1.10
3. Manufacturing	0.60	± 0.13	0.61*	± 0.30
4. Dearness allowance and Food concessions and other benefits.	5.50	± 1.78	4.30	± 1.93
5. Upkeep	1.35	± 0.35	0.67	± 0.17
6. Stores.				
(a) Packing cases	1.66	± 0.15	1.71*	± 0.22
(b) Coal and Fuel.	0.99	± 0.20	0.44*	± 0.09
(c) Manure	0.84	± 0.19	1.68*	± 0.58

Item of Cost	Northern India Tea Estates.		South India Tea Estates.	
	Average cost.	Approximate Marginal Error.	Average cost	Approximate Marginal Error.
	Annas	per lb.	Annas	per lb.
(d) Miscellaneous.	0.22	± 0.12	...	...
7. Establishment.	2.06	± 0.45	1.58	± 0.46
8. Office expenses	1.89	± 0.57	1.72	± 0.65
9. Sales expenses	2.17	± 0.49	0.89	± 0.93
10. Interest	0.26	± 0.38	...	...
11. Depreciation	0.42	± 0.28	0.79	± 0.28
Total	20.50	± 2.44	12.03	± 1.61

*Based on four estates only as complete details are not given for one of the estates.

NOTE.—The average costs given in the statement have been calculated by weighting the average costs for each estate given in the costing report; hence they differ slightly from those in the report.

APPENDIX D.

[REFERENCE PARAGRAPH 15.]

WORLD SUPPLY AND ABSORPTION OF TEA IN MILLION LB.

	1934-38 average.	1946	1947	1948	1949	1950	1951
SUPPLY							
A.—Production.—							
India	414	592	561	568	585	613	622
Pakistan	414	592	41	44	47	53	53
Ceylon	229	283	299	302	310	316	326
Indonesia	165	...	5	30	60	78	102
Kenya, Uganda Tanganyika	9	16	19	15	16	21	22
Nyasaland	8	14	13	14	13	15	16
	825	905	937	974	1,000	1,005	1,142
B.—Exports—							
China and Formosa	(a) 112	15	36	39	41(b)	40(b)	40(b)
Japan	39	8	7	9	16	16	19
Others	5	5	5	6	9	11	11
	156	28	48	54	70	67	70
Total Supply	981	933	985	1,028	1,100	1,103	1,212
ABSORPTION							
A. Importing Countries (Imports for Consumption).							
United Kingdom (c)	438	349	374	407	469	359	448
Ireland (Rep.)	23	16	26	26	19	24	37
Netherlands	23	12	13	13	17	19	15
U. S. S. R. (d)	42	3	17	15	17	3	1
Other Europe	30	14	12	17	24	27	22
U. S. A.	83	92	61	89	92	113	85
Canada (e)	39	29	47	37	42	55	42
Other America	12	10	13	13	12	9	17
Iran	16	11	17	16	23	18	20
Iraq	6	4	15	14	18	15	20
Other Asia (f)	26(g)	19	25	26	26	26	32
Egypt	15	11	28	30	36	35	35
North Africa (h)	30	17	22	26	31	38	45
Union of S. Africa	14	12	23	18	19	20	21
Other Africa	11	8	11	10	16	21	20
Australia	46	51	49	48	47	60	59
New Zealand and Pacific Is.	11	12	15	19	14	13	24
	864	668	766	823	922	856	945

APPENDIX D—*contd.*

[REFERENCE PARAGRAPH 15]

WORLD SUPPLY AND ABSORPTION OF TEA IN MILLION LB.

	1934-38 average	1946	1947	1948	1949	1950	1951
<i>A. Importing Countries (Imports for Consumption). brought forward.</i>	864	668	766	823	922	856	945
<i>B. Producing Countries (Total Consumption including Imports.)</i>							
India	80	176	217	158	157	170	178
Pakistan . . . . .								27	19	42	15
Ceylon	9	17	14	15	15	15	15
Indonesia (j)	17	...	1	4	7	11	15
Kenya, Uganda, Tanganyika	2	5	6	7	7	8	9
Nyasaland	0	0	0	0	0	0	0
Other (Imports only)	3	1	1	0	1	1	1
	112	200	240	211	206	247	230
Total Absorption	976	868	1,006	1,034	1,128	1,103	1,175
Excess of Supply over Absorption	+5	+65	-21	-6	-28	+60	+37

[Source : International Tea Committee's Report for the year ending March 1952].

NOTES

Figures in italics are wholly or mainly estimated.

o Signifies less than 1/2 million lb.

Apparent discrepancies in some columns between the sums of the constituent items and the totals as shown are due to the rounding off to the nearest million lb.

(a) Including trade between China, Formosa and Kwantung not recorded as exports as from 1946. (1934-38 average, 5 million lb.)

(b) Excluding exports to the U. S. S. R. and eastern Europe.

(c) Including deliveries from bonded warehouses for H. M. Forces and for ships' stores.

(d) From 1946, recorded exports to the U. S. S. R. ; from 1949, excluding exports from China.

(e) Including Newfoundland throughout.

(f) Excluding the major producing countries shown under B below

(g) Including 7 million lb. imported into Manchukuo (other than China)

(h) Algeria, Libya, Morocco (including Tangier) and Tunisia

(j) Excluding hand-prepared tea not included in the production figures (1934-38 average 9 million lb.).

APPENDIX E

[Reference paragraph 35]

F. No. 12(3)-I.T/52

CENTRAL BOARD OF REVENUE

New Delhi, the 25th August 1952

From
Shri S. P. Lahiri,
Secretary, Central Board of Revenue.

To
The Commissioner of Income-tax,
West Bengal, Calcutta.
Madras.
Assam.

SIR,

SUBJECT:—*Tea Companies—Relaxation of the provisions of section 18A of the Income-tax Act.*

Representatives of certain associations, connected directly or indirectly with assesses growing and manufacturing tea, met the Government of India's Official Team on Tea recently and suggested *inter alia*, that in view of the present slump in the tea trade, the provisions of section 18A of the Indian Income-tax Act may be relaxed. While any general instructions for relaxation of the said provisions would not seem to be proper, the Board desire that—

(1) where an assessee, growing and manufacturing tea, pleads inability to pay, by the due date, the tax, demanded under section 18A or the tax estimated by himself to be payable, the Income-tax Officer should, having regard to the circumstances of the case, extend the date of collection of the tax but not, in any case, beyond 15th March 1953.

(2) No penalty under section 18A (10) should be levied on assesses growing and manufacturing tea for default in respect of any instalment falling due within the current financial year, if the Income-tax Officer is reasonably satisfied that the default was due to the present slump in the trade.

2. The assesses may, wherever necessary, be informed that if they are actually not making any profits or if 40 per cent. of the profits made by them from the growing and manufacture of tea is not expected to exceed Rs. 6,000, they may forthwith inform the Income-tax Officer concerned that no advance tax is payable by them.

Yours faithfully,

S. P. LAHIRI,

Secretary, Central Board of Revenue.

Copy forwarded to—

1. Indian Tea Association, Royal Exchange, Calcutta.

2. Tripura Tea Association, 6-Mangoe Lane, Calcutta.

3. Surma Valley Indian Tea Planters' Association, E-3, Clive Building, Calcutta.

4. Assam Bengal Indian Tea Planters' Association, 35, Chittaranjan Avenue, Calcutta—12.

5. Assam Tea Planters' Association, Jorhat, Assam.

6. Terai Indian Tea Planters' Association, Bhojnarayan Tea Estate, P.O. Kamala Bagan, Darjeeling.

7. Indian Tea Planters' Association, Jalpaiguri.

8. United Planters' Association of Southern India, "Glenview", Coonoor, Nilgiris.

9. Association of Planters of Travancore, P.O. Kottayam, Travancore-Cochin.

10. South Indian Small Tea Growers' Association, "Jobell", Mount Pleasant, Coonoor, Nilgiris.

11. Bengal National Chamber of Commerce, The Comilla Banking Corporation Building, 4 Clive Street, Calcutta.

12. All India Plywood Mills Association, 5, Clive Ghat Street, Calcutta—1.

13. Members of the Central Tea Board representing Internal Traders in Tea and exporters of Tea, Central Tea Board, Bra-bourne, Road, Calcutta.

14. Calcutta Tea Traders' Association, Royal Exchange, Calcutta.

15. Calcutta Tea Merchants' Association, 23-B, Netaji Subhash Road, Calcutta.

16. Plywood Manufacturers' Association of India, P-11, Mission Row Extension, Calcutta—1.

17. Tea Trade Association of Cochin, P.O. Box No. 16, Fort, Cochin.

18. Indian National Trade Union Congress, 17, Queensway, New Delhi.

APPENDIX F

[Reference paragraph 36]

TEA PRODUCTION IN INDIA

FORECASTING FOR FUTURE YEARS

The Bulletin of Statistics of the International Tea Committee gives the production figures for India and Pakistan separately from the year 1947 onward; prior to that year the figures of India and Pakistan are combined. Production of Tea in India alone for the years 1934 to 1946 has been estimated by presuming that the Production of Tea in what now constitutes the Pakistan area bore in each of those years, the same proportion to the total India plus Pakistan production as operating during the years 1947 to 1951 jointly.

The chart showing the annual production of Tea in India indicates that, with a little exception of a marked cyclic move between the years 1941 and 1946, the general trend of production could best be represented by a straight line, which would also adequately fit in with the excepted cyclic change. Actually this excepted period 1941 to 1946, suggests separate treatment of the two periods prior to 1942 and after 1945. For each of these periods, the trends are more or less parallel straight lines. The whole of the period could however be represented by one straight line. Regarding 1934 as the first year, the production in million lbs. in any year 'Y' is given by the equation.

$$P = 334 + 16 Y.$$

On this basis, the production during the next 3 years could with some corrections for

variations of actuals from trend figures, be expected as:—

	Mn. lbs.		
1952	638	—	6
1953	654	—	5
1954	670	+	4

As, in forecasting, the immediately preceding years are more important, if the six year period 1946 to 1951 is considered, the production formula becomes

$$P = 529 + 15.5 X.$$

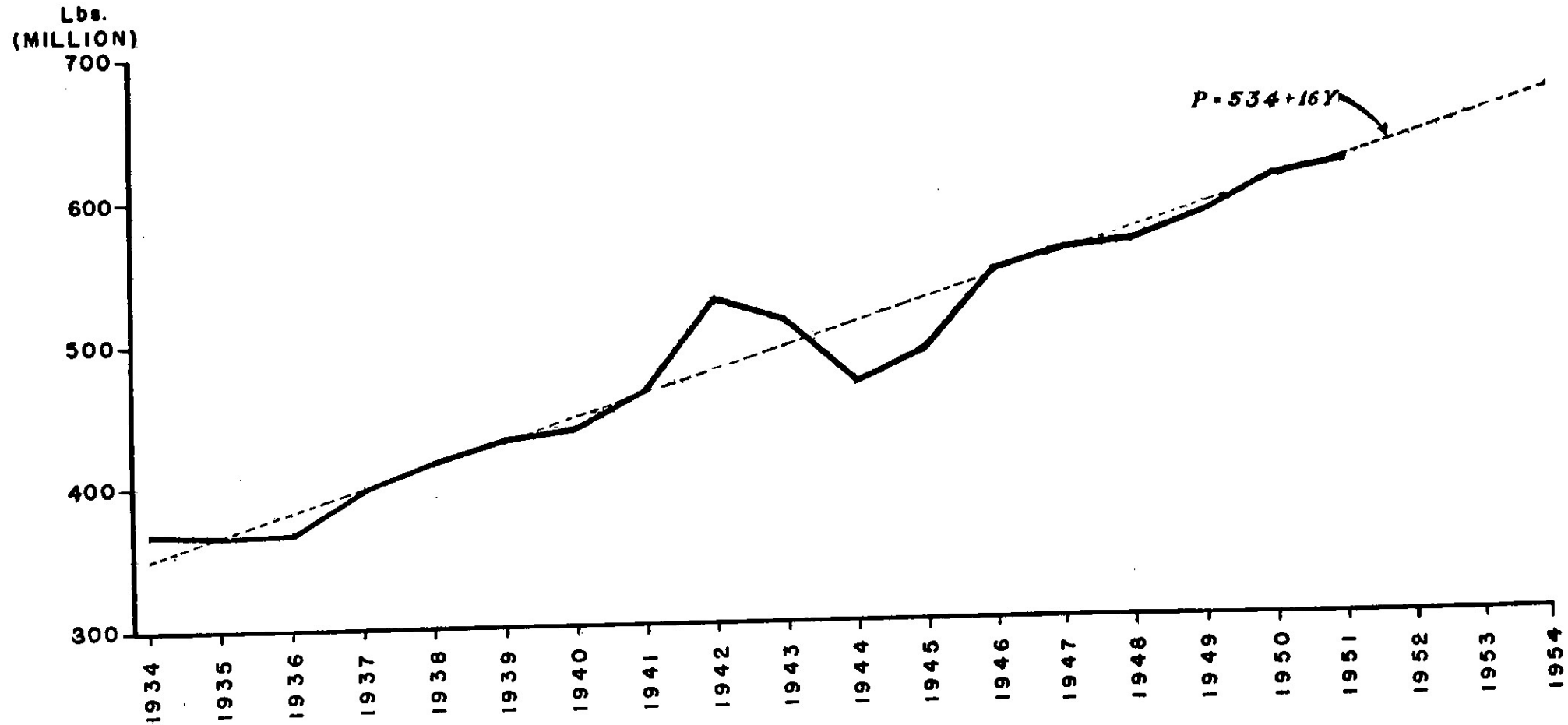
so that future production could be estimated as:

	Mn. lbs.		
1952	637.5	—	7
1953	653.0	—	6
1954	668.5	+	4

Although based on smaller period, the latter estimates would perhaps be more preferable.

This production, of course, presumes that the economic factors that have helped establishment of the observed trend, particularly in the past few years immediately preceding the forecasted period, will not suffer any material change.

INDIA PRODUCTION - TEA 1934 TO 1951



Year.	PRODUCTION.			GENERAL TREND			
	India and Pakistan.	Estimates (1) for Pakistan.	Estimates (1) for India	Serial No. of year.	Production in India.	Y ^P	Y ²
				Y.	P.		
I	2	3	4	5	6	7	8
	lbs. 000	lbs. 000	lbs. 000		mn. lbs.		
1934 . . .	399,251	29,944	369,307	1	369	369	1
1935 . . .	394,429	29,582	364,847	2	365	730	4
1936 . . .	395,180	29,639	365,541	3	366	1,098	9
1937 . . .	430,250	32,269	397,981	4	398	1,592	16
1938 . . .	451,861	33,890	417,971	5	418	2,090	25
1939 . . .	466,103	34,958	431,145	6	431	2,586	36
1940 . . .	474,023	35,552	438,470	7	438	3,066	49
1941 . . .	503,141	37,736	465,405	8	465	3,720	64
1942 . . .	572,532	42,940	529,592	9	530	4,770	81
1943 . . .	554,789	41,605	513,134	10	513	5,130	100
1944 . . .	509,064	38,180	470,884	11	471	5,181	121
1945 . . .	529,442	39,708	489,734	12	490	5,880	144
1946 . . .	592,133	44,410	547,723	13	548	7,124	169
1947 . . .	602,011	41,445	560,566	14	561	7,854	196
1948 . . .	612,761	44,454	568,307	15	568	8,520	225
1949 . . .	631,634	47,069	584,565	16	585	9,360	256
1950 . . .	666,194	53,247	612,947	17	613	10,421	289
1951 . . .	675,635	53,435	622,200	18	622	11,196	324
Total . . .				171	8751	90,687	2,109
1952 . . .	...	...	...	...	...	...	...
1953 . . .	...	...	...	...	...	...	...
1954 . . .	...	...	...	...	...	...	...

1. Estimates are made only upto 1946 ; since 1947 actual figures are available.

The trend equation is given by $P = 334 + 16 Y$

Where P is the production in any year beginning with 1934 as 1. Projecting the trend to the next 3 years, 1952, 1953 and 1954, the expected production is indicated in column 9. Differences between the trend figure (Col. 9) and the actual figure are given in Col. 10. To eliminate the influence of trend the figure in Col. 10, from 1946 onward suggest existence of 2-year alternating excesses and deficits. Fair expectations of trend figures exceeding actuals in the forecasted years are, on this basis, also given in Col. 10.

TION IN INDIA

Trend Production.	Trend Actual Production.	Forecasting on the basis of figures for 1946 to 1951.					
		Y	P	YP	Y ²	Trend production.	Trend production-actual production.
9	10	11	12	13	14	15	16
mn. lbs.	mn. lbs.						
350	- 19	...	...	...	...	...	...
366	+ 1	...	...	...	...	...	...
382	+ 16	...	...	...	...	...	...
398	...	...	...	...	...	...	...
414	- 4	...	...	...	...	...	...
430	- 1	...	...	...	...	...	...
446	+ 8	...	...	...	...	...	...
462	- 3	...	...	...	...	...	...
478	- 52	...	...	...	...	...	...
494	- 19	...	...	...	...	...	...
510	+ 39	...	...	...	...	...	...
526	+ 36	...	...	...	...	...	...
542	- 6	1	548	548	1	544.5	-3.5
558	- 3	2	561	1,122	4	560.0	-1.0
574	+ 6	3	568	1,704	9	575.5	+7.5
590	+ 5	4	585	2,340	16	591.0	+6.0
606	- 7	5	613	3,065	25	606.5	-6.5
622	0	6	622	3,732	36	622.0	0
...	...	21	3,497	12,511	91	...	...
638	+ 6	...	...	...	...	637.5	+7
654	+ 5	...	...	...	...	653.0	+6
670	- 4	...	...	...	...	668.5	-4

Trend Equation.

$$P = 529 + 15.5 Y$$