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Perspective

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The recovery of tea from the slump of last year is an example of the advantage of concentrated action by private enterprise. It is still more remarkable in the context of falling prices and softening markets. The question that tea people are now asking themselves is whether further price rise in the U.K. or Australia would not evoke a consumers' resistance. But successful action as it proved to be it was none the less negative and may be said to be mere temporary. If the restricted production and exports are made the rule for some years to come, it is possible with more accent placed on quality rather than quantity.

The recovery should afford a breathing space to the tea industry, and so long as the good spell lasts it should be utilised for (1) setting the industry on a rational basis, if not for streamlining it; and (2) breaking fresh ground in way of markets. The industry is composed of a large number of units of amazingly varied size and capacity, placed in very much unequal climatic and socio-economic contexts. Quite a number of submarginal units must have been pushed into the margin by the two World Wars, and they cannot have for that reason ceased to be precariously poised. How and where uneconomic units are is a matter of urgent and immediate survey. This implies that the Commission of Enquiry promised by the Government at the beginning of the first session of the Parliament this year is now more or less overdue. There is no denying that the clearing of the decks alone will take a lot of honest action and hard thinking. For, too long the gardens have been purely private affairs and carried on in any manner the owners thought wise. But the government is now very much concerned with this industry, for the national interests involved appear to be far from negligible. Some sort of rationalising seem to be inevitable where the industry may be looking and feeling somewhat shaky, and uncertain of itself, or about to give way. Of course, one may ask: what is an uneconomic garden? The question may be answered variously. Generally speaking, if a garden fails to pay its way over a number of years, taking lean and fat years together, and not very much abnormal years of either inflation or depression, then

it may be called an uneconomic garden. An uneconomic garden is not merely a marginal or submarginal garden in a time context. Besides, plantation economy is mixed and it is not easy to relate the immediate profits of the short term to the rather permanent investments. Again a garden may become uneconomic, if the conditions of its working change and the cost-price structure undergoes unfavourable modifications. It must be for all these reasons that scientific enquiry is needed here. At any rate, information on the tea industry has not been available in the way it should be. Parliamentary discussions are an index of the various wrong ways in which insufficient knowledge may be used for important policy making. It is not possible that a clearing house of information in the manner contemplated by the UPASI and located in New Delhi will serve the purpose of the required enlightenment, while such a move may be misinterpreted as interested propaganda. Why should not there be a report on the present day conditions in which the tea gardens work, provided it considers the industry in a proper perspective? Most of the books available on the subject seem to be badly outdated.

The Raja Ram Committee Report is concerned more with the trade than with the industry,—and also trade in a crisis. Yet, from the traders' point of view it made certain very valuable suggestions about finding new markets nearer home than far away. As is well known, the strength and the weakness of the Indian tea is its dependence on the British market. This dependence naturally limits production rigidly as has already been experienced. Probably this fits in with the extent of the British interest in tea. If, however, the Indian interest in tea is to be developed, the need of new markets outside the U.K. cannot be denied. Otherwise, Indian capital and enterprise will always be merely marginal and a sort of appendix to the vaster British interest. More Indian capital and enterprise can yet profitably go into it and might have gone if the trade conditions had been less unfavourable.

Trading outside the free markets of the U.K., U.S.A. and also Canada has now become extraordinarily difficult for private enterprise. Of these the U.K. market is near saturated, and in spite of all the din and bustle of propaganda organised in the U.S.A. the results will take a few years to materialise. The Canadian market is uncertain, because overall trading conditions may induce that country to buy from the London or the New York market. Outside these markets, the tea trade has to overcome hurdles of various size and complexity. In some countries there are still relics of war-time machinery, namely, an Import Committee or Board under the Government

or as a Department of the Government, and where such gears exist, trade is uncertain because the Committee or the Board must fall in line with the overall trade policy of the Government concerned. It is now a rule that a country should buy most from a country to which it can sell most, because that is the way of achieving trade balance. In some other countries there are no exchangeable goods or currencies. In still others political insecurity makes trade too risky. These are some of the conditions standing in the way of free private trade. It is true that the Government of India tries to make the best of a bad job by negotiating bilateral treaties. But one cannot say much about such efforts until one finds out what has exactly happened to all the pacts or agreements of last year. Even bilateral pacts have to be implemented and much depends on whether the governments or private enterprise intend to implement them and how. In many other countries again, for example, in the European countries the tariff policy regards tea as a high luxury only and has built up rather disheartening barriers.

If one could draw a map of the tea consuming countries, and mark on it the various difficulties put on the course of the trade, one should think that the tea economy has reached the limit here and nothing more can be done about it than what has already been done. But the world's demand for tea has not certainly reached the limit. If it were so the Government would not have set up Tea Councils, nor would think of further propaganda. It must not again be supposed that any inelasticity of the external market will be compensated by an expansion of the home market. An expanded home market is likely to be economically beneficial to the country only when there is a general economic development or expansion. Otherwise, there will be only one-sided expansion at the cost of some other line of production or consumption which is not desirable. Unless, therefore, the general level of earnings and expenditures rise with progressive tea consumption, the home market expansion by mere propaganda need not be considered as beneficial. Until such rise in the general level is there the external markets alone will provide the guidance that the industry requires, if it is not to stagnate.

But most of the markets can be worked not with the help of a government propaganda machinery only but with active participation by the Government in the trade. It is with the support of the Government's own venture and risk-taking private enterprise would be able to exploit such markets. Besides, the governmental interest in tea has increased to such

an extent—and the new Tea Act is a proof of this interest,—that not only the industry that is to grow but also the trade requires a spread out of risk and uncertainty by having the Government bear it. A new export Corporation composed of the Government and those private traders who would come into it may be set up with the investments made in proportion to the private and government interests. With the new Tea Councils set up should go such a Corporation at home, a combined venture of the Government and private trade like the Councils themselves. Such a Corporation may take risks in trying to open and develop new markets and also to expand any of the old markets. In making bilateral agreements the Government may not only consult the Corporation, but also leave the implementation to it.

Tea and Jute are the two important items in the exports list of India. It will be long before any other secondary manufactures may be exported to the best advantage of the country, because the production of most of these was tied to home market under some degree of protection or other. At the same time the marketing possibilities of tea are still vast and what is required is some suitable form of trading enterprise. As already stated, if the tea industry is to be turned into a real national asset, it must have much more of Indian capital and enterprise and in these days the only way of encouraging these is a modicum of security which only the Government can supply.



