UPASI Annual Conference

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The
Planters' Chronicle

September

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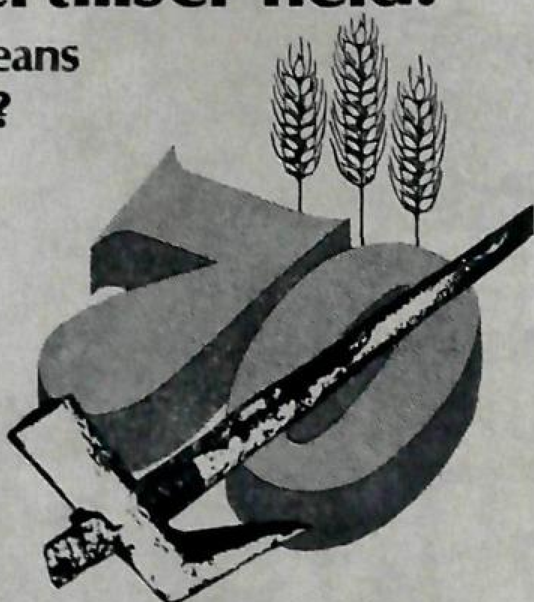

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A Need for "Autonomous Social Forces"

M. R. MASANI

Mr. M. R. Masani, statesman, politician, distinguished son of the country and this year's Chief Guest ranges widely over the socio-politico-economic climate our country finds itself in today in a hard hitting talk wherein he bluntly calls a spade a spade

Let me begin by congratulating your President on his very meaty and succinct address. For me to talk to you about your own problems would be like teaching one's grandmother to suck eggs or, if I may change the metaphor, carrying coals to Newcastle. You will therefore, excuse me if I do not comment on the problems of your industry as such. I shall, however, take the time at my disposal to share a few thoughts about the environment in which your industry functions, along with everybody else's, and it may be that, perhaps, these few thoughts may serve some purpose.

Having listened carefully to your President's address, as you all have, it strikes me that basically, many of your *problems and difficulties stem from the* wrong order of priorities which we in India have followed since the declaration of Independance. We are a country of peasants and, whether we *like it or not, we are going to remain,* for generations to come, a nation of peasants. *Agriculture is and will con*tinue to be our basic industry.

Unfortunately, even before Independance, it was fashionable with the urban educated class to think that poverty goes with agriculture and that no country could prosper or be strong unless it was highly industrialised. This was a fallacy from which my whole generation suffered. There is nothing to be ashamed of at being an agricultural country. New Zealand and Taiwan are two examples of nations which have become prosperous through the development of agriculture and the export of their farm produce. Further, there are industrial countries which are poor. These facts were not appreciated then.

It was natural, therefore, that with the achievement of Independance, industrialisation was given top priority. Except for the first Five Year Plan, which gave agriculture a fair deal, all our planning has been lopsided. A great deal of sustenance and capital, which should have gone into the land, went into heavy engineering, steel and other projects which were often wasteful in terms of resources, as observed by your President.

As a result of this wrong order of priorities, we have naturally done a great deal of injustice to the countryside. We have created what Disraeli once referred to as "Two Nations"—the great divide which separates our people is not into rich vs poor, Hindu vs Muslim but urban vs rural. Gandhiji used to say: "We of the cities will do everything for the people of the villages — except get off their backs".

The position is not very different even today. A few weeks ago, my friend, Mr. Bhanu Pratap Singh, who I notice was the Chief Guest here last *year, released a series of figures which* are of interest in that they show the *injustice done to the countryside. He* quoted the Review of Index Number of whole-sale prices, with 1970-71 as the base 100, issued by the office of the Economic Adviser of the Industries Ministry in the Government of India. The overall commodities price index being 199.1, let me read out to you the indices of the articles a farmer has to buy and those he has to sell and you will see that the prices realised by the farmer are; in almost all cases, under 200—farm products 178.9; food articles 178.9, non-food articles 179.2; foodgrains 172.3, rice 168.7, wheat 150.3; oil seeds 159.5, fibres 166, tobacco 143.5 and the good old potato 82.2. On the other hand, when he has to buy things, the prices he pays are invariably all over 200 — non-farm products 212.7, manufactured products 197.4, cotton textiles 189.5, electricity 213.5, kerosene 252.1, diesel 176.6, lubricating oil 312.7, insecticides 252.8, nitrogenous fertilisers 171.5,

"It strikes me that basically many of your (the plantation industry's) problems and difficulties stem from the wrong order of priorities which we in India have followed since the declaration of Independance"

The statist pattern of our economy and the excessive controls that have developed have resulted in a concentration of political and economic power in a few hands in New Delhi...... Tacitus wrote in his "Annals" that "the more corrupt the republic the more the laws". We might more appropriately put it the other way. "The more the laws, the more corrupt the republic."

cannot cover adequately the whole debate on statutory Commodity Boards, we wonder whether these autonomous bodies, created to serve the industry in matters affecting their common progress, *could now be transformed* into the apparatus for indirect Government administration of the industry and the direction or appropriation of its proceeds. Fundamental issues affecting the wider society and our political system are involved.

Both the transfer of public resources to State enterprise in plantations irrespective of its costs and the gradually closing ring on the industry through the statutory bodies represented a fundamental transition. Today, the higher price earned by coffee in the export market is being described as "unearned income". If the world market falls, as it has happened in the case of tea, what would that be called?

We have a line of argument which academic activists of a kind use for the purpose of denigrating private enterprise. It is that the "trickle down" process would not satisfactorily meet the just distribution of income in Society. In other words, surpluses should be taken away from those who have them or where it is generated as in privately owned business and distributed by the administration or directed to finance State enterprises. How many people are aware of the fact that the produce of a coffee estate which could earn over Rs. 23 lakhs, at the going world prices, would not allow the owner to retain more than 4-5% of the value of his produce? If 60% of the gross sales is appropriated as wages and payment for supplies and over 30% as taxes, duties and other levies, is this an adequate trickle down?

Private business is engaged in a public activity when it produces or serves the public. The comparable cost of that service or produce and its quality must determine whether it is in the public interest. It is true that the public image of private business is bad. Businessmen do not want to enter into a controversy over public vs private enterprise. An objective debate would have been in the public interest if all the relevant facts are brought into discussion and the defensive posture on both sides is given up. The public as well as the private trees must be judged by their fruits.

There is a feeling that produce marketing must be done at administered prices. If they fluctuate under market forces, there is the suspicion that something sinister is at work. Government interventions have powerful and unexpected consequences. This was proved in the case of tea with disastrous results in 1977 and at great cost to the tea industry and the country. Intervention in rubber pricing and import and export has had the same result. It has helped neither the growers nor the manufacturers. Government intervention is needed in the public interest but there must be a system of continuous interchange of information and views between the industry and the Government if intervention is not to prove counter-productive. A proforma consultation of the kind with which we are becoming quite familiar will not do.

I have gone over some of the more basic issues affecting development, growth and stability of the industry. I have left out the usual references to shortages, interruptions to supplies, problems of communication with the Government, deteriorating law and order situation, total neutralisation of employers in the matter of work discipline, rising taxation, inflation which seems to rob us of what we and our employees work to earn and so on. However, I cannot close today's address without reference to a sensitive issue which bothers us. We find that when it comes to commitments, the Government has no difficulty to identify us as the representative central body of the plantation industry in Southern India. But when it comes to representation on any body, particularly statutory Boards, the Government writes to innumerable associations. Is it possible that two different standards apply and they have different purposes?

"Attitudes are far more important than resources in development. The strong bias in favour of traditional life and values in *the rural area* has a powerful influence on attitudes to modern agricultural technology and organisation. It is an affirmation and fossilisation of (such) traditional attitudes to rural life and agricultural practices that takes place when we drive our agricultural community back to subsistence peasantry"

"Private business is engaged in a public activity when it produces or serves the public. The comparable cost of that service or produce and its quality must determine whether it is in the public interest"

"The land ceiling measures so far adopted tend to increase subsistence holdings which account for 68 per cent of all holdings in the country. When peasant holding for self sustenance is affirmed by such a land policy, it cannot make for the speedy adoption of technological composites inherent in modern agricultural systems".

cement 226.7, metal products 217.9, bricks 347.8 and tractors 254.1 This does show that, even now, the parity of prices is loaded heavily in favour of the urban classes.

Fortunately, however, there has been a welcome change and I am inclined to say that the the only good thing that has come out of New Delhi during the last 2½ years or so is this revised order of priorities which puts land and agriculture first.

That brings me to the question as to the most desirable pattern of cultivating land. It would be incorrect and unscientific to expect a single answer which is valid for all land and all crops. I personally feel that, for the cultivation of foodgrains, there is no doubt that intensive cultivation oy a family of a small plot of land is the most productive form of cultivation. Size does not add to productivity in this regard. It is the love and care which a man bestows on his land that matters. The figures issued by the Food and Agriculture Organisation over the years show that even today Taiwan, with a ceiling of seven acres of land per head, produces the highest crop of rice per acre in the world followed by an average rice farm in Japan which spreads over two or three acres. Productivity wise, the United States, with its largescale capitalist and mechanised farming lags behind. Right at the bottom of the list are China and Russia, with their collectivised and mechanised farms. In fact, a recent joke to come out of Poland which is directed at the official alibi blaming the weather for the poor crops has it that communist agriculture suffers from four natural catastrophes: spring, summer, autumn and winter.

It also seems to me that, apart from being the most productive form of agriculture, the small scale family farm is the most socially progressive form of cultivation. Your country cannot stay free for long unless you have a large number of people within the country who can say "This land is mine". Fortunately, in India, about 50 per cent of the people own some land. This is the biggest safeguard of our free society. If we get huge farms foisted on us against our wishes, it would be very easy to destroy what remains of our democracy. It was for that reason that in 1959, when the then Prime Minister, Mr. Jawaharlal Nehru, tried to collectivise our land under the misleading slogan of Joint Co-operative Farming, some of us opposed that move in Parliament. Mr. Charan Singh and I co-operated in defeating that attempt, I in Parliament and he outside, each of us quoting the other with approval.

Having said that, let me revert to the need to discriminate. The cultivation of various cash crops, and especially of tea and coffee, calls for much bigger units which permit economies of size and scale. I would readily agree that any attempt to parcel out such land in small bits would be disastrous in these cases. It may be that small is good and beautiful, as the late Mr. Schumacher advocated, but in the case of plantations it is something that does not apply.

It is my belief that the plantation industry has a contribution to make, apart from its own products. Plantations have developed a series of techniques which could very well be adapted to the needs of foodgrain cultivation. I think that this kind of cross fertilisation would be very useful and I see no reason why small scale family farms should not be modernised by the experience and contribution that the plantation industry has made.

Unfortunately, Government policies, by and large, as your President has taken pains to explain, have not been at all helpful in permitting plantations in India to make their maximum contribution, especially in the field of exports. I remember in 1966, when Mrs. Indira Gandhi devalued the rupee, she followed up with something that completely negated the results of her action. Government promptly slapped down very high export duties. Anything more self-contradictory or self-defeating is hard to imagine, because the main benefit of the devaluation was to give India a chance to get into the export market. This chance was destroyed immediately by this

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A view of the audience. Mr. P. L. Tandon is seen at extreme right. Others include Mr. A. R. Melville, Mr. C. S. Samuel, Mr. M. Venkataratnam, Mr. T. B. Panabokke, Field Marshal S.H.F.J. Manekshaw, Mr. S. G. Sundaram, and Mr. B. K. Goswami

counter-productive measure. Since then, we have watched this failure to understand the value of plantations as an exporting agency for earning hard currency in the world markets.

Take the relatively recent example of tea. Your President has expressed the hope that by 2000 AD, we in India need to produce 1,250 m kg of tea to meet domestic and world needs. The present production is not even half this. The policies of Government seem to do nothing to help this thrust. When the industry was doing well in 1977, I understand the Government imposed a very heavy export duty of Rs. 5 per kg and even firm contracts were not excluded from the retroactive effect of this provision. The result was that our exports declined and India lost credibility in the world tea market. When the export duty was eventually withdrawn, belatedly, the damage was already done with the markets going to our competitors like Kenya. It is difficult to get these markets back later. Even now, thanks to ceiling legislation, I understand no fresh land can be brought under tea cultivation.

Similarly, in another misguided measure regarding coffee, as your President mentioned, the growers were not given the chance to share in the prosperity when world prices went up, because of the steep enhancement of the export duty on coffee. The Indian price, admittedly for the benefit of the domestic consumer, is, I believe, only a fraction, perhaps a third, of the export price. This, again, is an injustice to a very important industry. Also, with the growing bureaucratisation of the Coffee Board, something approximating to that profiteering and wasteful phenomention, State Trading, has come into operation.

The result is that we, in this country, talk a great deal about creating employment, but do nothing to foster it. Let me give an example. South Korea has been known for its export mindedness. According to figures of the decade of the 1960s, while the number of industrial workers in India went up by 1.8 per cent per annum, South Korea's industrial labour shot up by 11.2 per cent. While they were creating jobs, we were stagnating, because we have not understood the importance of exports. Those who heard Professor Arthur Lewis when he lectured in Bombay on economic affairs will remember and realise that he had stressed that exports are a yardstick of a country's future prospects.

Plantations are comparatively big. It does not, however, follow that big is bad. But our Government suffers from the fear that anything big is reactionary. The result has been a policy towards plantations which is best embodied in a modification of that old Biblical saying "Thou shalt not kill, but needst not strive officiously to keep alive.". The fact that your industry has kept alive and survived is a measure of your resilience and a feather in your cap. I would like to congratulate the UPASI for keeping the flag flying and not succumbing to such prejudices and pressures.

Along with the rest of India, what your industry suffers from most is excessive taxation and regulation — and your President has given many instances of this. Since Independance, we have had a burgeoning bureaucracy which has grown at a fantastic rate. The number of people and the amount of money that is spent on clerical civil servants all over India, mostly unproductive and underpaid, is quite fantastic. When I think of Prof. Parkinson's Law; I feel that poor Prof. Parkinson has been left way behind by what we, in independant India, have done !" A new vested interest has come into existence, consisting of corrupt politicians, officials, and businessmen, comparable to the "New Class' in communist countries about which the great Yugoslav patriot, Milovan Djilas, has written.

It is not surprising that the excessive taxation which has accompanied this wasteful public expenditure should have hit the plantation industry along with all others. According to Mr. N. A. Palkhivala, India is the heaviest taxed nation in the world and he has rightly called for a "U Turn" through drastic reduction in all direct and indirect taxation.

So far, that has been a cry in the wilderness but a favourable wind has recently been blowing across the globe. Starting in California last year, a wave of popular feeling for lower taxes and public expenditure has rolled across the American continent. It has now crossed the Atlantic and resulted in a welcome change of Government in Britain. Even in our own neighbourhood in Sri Lanka, the statist apparatus of the previous Government has been dismantled and a more liberal and competitive order established, with beneficial results. May we not hope for a similar trend in our own country?

Our politicians, who are that class of people who can best be described as the backward classes are, of course, too immersed in their petty quarrels and their competitive populism to find the time to articulate the country's real needs.

Recently, however, on 25 May this year, the Federation of Traders Associations in Maharashtra organised in Bombay a Convention against oppressive Sales-Tax legislation. Mr. V. M. Tarkunde from Delhi and I were invited to address the convention. I can assure you that never since the days of Mahatma Gandhi have I seen such a large and magnificent gathering marked by such zest and fervour. Similarly, the way in which the entire Indian press earlier this year rejected the proposal made by two members of the then Janata Government for nationalisation of certain industries was encouraging to those of us who long ago realised the high cost of State capitalism to our country. It can, of course, be said that "two swallows do not make a summer" and that one should not read too much into welcome developments like these, but I for one would like to believe that a country with such a large reservoir of intelligence and patriotism as ours will before long find the quickest way to both increase prosperity and social justice.

Extensive regulation and over-Government are major evils from wheih our country suffers. In the U.K., the new Government has introduced the Competition Bill which abolishes the Price Commission and restores competition. We need a similar measure which abolishes the National Planning Commission, as in Sri Lanka, and goes in for decontrol over the entire range of our economy.

Over regulation is like a barbed wire entanglement. We have got to cut the wire and get free. We have got to liberate and liberalise our economy and get back to a free market and a competitive economy. This is India's primary need. If we wish to get freedom for our people, we must use the market economy to let them decide what to do — whether as producers, buyers or otherwise. Abraham Lincoln, a wise man, said, a century ago, something that bears on this aspect "You cannot help people permanently by doing for them what they can do better for themselves". This is what we have been saying in many other ways.

In Germany where the Social Democrats are in power, their manifesto says: "As little planning as necessary, as much competition as possible". And yet they call themselves socialists. In India, I would like to advocate that kind of 20th century socialism, not the 19th century kind we labour under. We must shift more and more from

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the present pattern towards more individualism and more incentives. We suffer from over Government and excessive control. Our Government has, in fact, become like a neurotic granny who goes to the extent of saying "Mary, go and see what Johnny is doing and tell him not to".

It is true that all industry — and whether we are in industry or not — require clean and efficient Government. I do not believe that we can have clean and efficient administration unless we demarcate the role of Government more correctly than we have done in the last 30 years. As I see it, Government should not interfere in the business function but must perform functions which are those of Government. For instance: law and order, the provision of infrastructure, good roads, the supply of water, coal, power — these are the legitimate functions of Government. Yet the Government dabbles and interferes in things which are not its concern — like the regulation of coffee prices in India.

It is no good blaming the politician in Delhi. After all, he is part of us. To expect better from our politicians calls for a degree of optimism which I for one cannot mobilise. I see little to choose between the rival protagonists for office and power. They have all lost credibility. According to a Gallup Poll taken by the Indian Institute of Public Opinion in August 1979, 76 per cent expressed the view that present day politicians are, by and large, guided by exigencies of their own political career. This deterioration in political standards has been accentuated, according to 59 per cent, during the last two years of Janata Party rule. How can this vacuum be filled? That is an important and intriguing question; but this is neither the place nor the platform from which an answer can be attempted.

One thing is clear that we cannot expect clean or efficient administration so long as our young democracy is burdened, as it has been since Independance, with matters which are not the legitimate functions of Government. The statist pattern of our economy and the excessive controls that have developed have resulted in a concentration of political and economic power in a few hands in New Delhi. This, in turn, has raised the stakes in the competition for political office so high that all scruples and all decencies have been thrown to the wind. Tacitus wrote in his 'Annals' that "the more corrupt the republic, the more the laws" We might more appropriately put it the other way: "The more the laws, the more corrupt the republic."

Meanwhile, it is our task to maintain a free and pluralistic society against the encroachments of Government and politicians. Such a society needs what the great Italian political scientist of the 19th century, Benedetto Croce, described as 'autonomous social forces'. The plantation industry and the UPASI represent one of such forces that exist in India. It is in the national interest that you survive, thrive and get stronger. My best wishes to you.

Since I do not wish to end on this somewhat gloomy note, I think you have a right to ask me then, if this is so, "Who will save India"? To that question I will answer that among those who undoubtedly will save India in the end are the thousands of hard working, dedicated teachers of both sexes who are paid miserably but who stay back after school hours to help backward students and troubled boys and girls. We shall be saved by doctors and nurses who do not quit at the end of their shift in hospitals but continue to serve the sick. We shall be saved by young entrepreneurs who risk their savings and investments to launch a new business. We shall be saved by parents who deny themselves their needs to give their children the education that they themselves were denied. We shall be saved by hardworking social workers and fund raisers, mostly women, and by young men in uniform prepared to lay down their lives for the country.

A vote of thanks

A. C. SHIVE GOWDA

Our Chief Guest, Mr. Minoo Masani, as the President observed, is one of the most distinguished sons of the country. Spanning a period of the last 30 years, I am reminded of two landmarks in our economic and political life involving Mr. Masani, the first being his memorable publication "Our India" and the other, his open letter only a few days back with the caption "What is the way out?". In your address to us today, you have given us much food for thought and what you have said has been in refreshingly fresh contrast to the generality of speeches at our Annual Conference. On behalf of all of us in the plantation industry, may I thank you most ...tily for sparing the time to be with us.

The UPASI Conference, this year, has seen marked changes and for the first time, the occasion was used for a programme for our Medical Officers and the central theme — "Child Care in Plantations" — could not have been more appropriate, particularly in this Year of the Child. The Tea Scientific Conference also saw far-reaching changes and the accent on policy — not problems — gave it an entirely new dimension. By focussing attention at yesterday afternoon's deliberation to the international scene, we again broke away from the traditional approach towards an inward look at the issues before the industry.

In the conduct of all these various programmes, we have had much support and assistance. We had the privilege of a theme paper by a person of no less eminence than Mr. Prakash Tandon. We had two distinguished friends from the UK — Mr. Ralph Melville and Dr. Donald Mackay. We had the most active participation from the Dean and the Faculty Members of St. John's Medical College. We had learned addresses from the Chairmen of the four Commodity Boards — Mr. B. K. Goswami, Mr. M. Venkataratnam and Mr. S. G. Sundaram and, of course, the presence of Mr. Bertie Warusavitarane from Sri Lanka. We had friends from the industry in the North, notably Mr. C. S. Samuel and Mr. Mumtaz Ahmed. We were honoured by the presence of the US Ambassador His Excellency Dr. Robert Goheen, the Sri Lanka High Commissioner, His Excellency Mr. T. B. Panabokke and the UK Deputy High Commissioner, Mr. N. A. I. French. We had the participation of eminent scientists, particularly, Dr. N. K. Jain from Tocklai and Mr. P. K. Mathew from Balehonnur.

The Industrial Exhibition never looked better than it has been yesterday and today and the response from the Exhibitors has been overwhelming. We had record entries for the sports programmes and it was so good to see such a large turnout of young planters.

Nature too has been kind to us, with the Nilgiri Hills truly reflecting its splendour. All these go to show that we have had a most successful Conference and may I say a collective "Thank You" to all those who have contributed to its success, as also the visitors and guests who have responded to our invitation by gracing this occasion.

Thank You.

Twentyfourth UPASI Scientific Conference

This seminar is designed to generate ideas into new horizons of research that would strengthen the economy of the tea industry and continue to help retain India's prime position in this commodity

P. L. TANDON

In the global context the supply and demand of tea are rather tenuously balanced because, if every Indian were to drink two cups of tea every day, it would be necessary for us to import tea, not occupy the pride of position among exporting nations, as we do now

The Scientific Conference, a regular feature of Conference Week, nevertheless attracts large crowds each year. 1979 is no exception. This year saw an agricultural scientist chairing the Session and an eminent economist among the speakers. What follows is a summary of the conference prepared by Dr. C. S. Venkata Ram

A Scientific Seminar was held on 3 September 1979 to coincide with this year's UPASI Annual Conference. Mr. K. J. Tanna, President, welcomed the gathering and introduced Mr. A. R. Melville, formerly Director of Agriculture in Kenya and Head of the Agricultural Division of the Overseas Development Administration, United Kingdom, who was invited to chair the Seminar. Elaborating on the scope of the seminar Mr. M. G. Raghava Menon, Chairman of the UPASI Tea Product Sub-Committee, said that research objectives undergo marked changes when viewed as long term needs of the industry, hence programmes at technological, institutional and financial levels have to be drawn objectively and here an over-view from outside experts is of great value. Mr. Prakash Tandon, in his recent report as the Chairman of the Committee on Tea Marketing, had underlined the need for a fresh look at our research policy involving wider issues beyond the present focus of agricultural productivity. The Seminar was designed to generate ideas into new horizons of research that would strengthen the economy of the tea industry and continue to help retain India's prime position in this commodity

Analysing the progress of tea research in India from the turn of the century — beginning at Tocklai in 1900 and at the UPASI in 1903 — Mr Prakash Tandon said that productivity increases had been dramatic, reaching a level of 1,748 kg/ha in South India and 1,474 kg/ha in North India, from 760 and 933 kg. respectively, a quarter of a century back. Undoubtedly, agricultural research had progressed to a high degree of refinement through optimised inputs in nutrition, plant protection and stock improvement. At the same time, other research areas pertaining to product chemistry and diversification remained to be explored in greater depth. He strongly felt that the current expenditure on tea research, at roughly rupees 2 crores annually, is too low for an industry of such national and international importance with a production of almost 600 m kg. Government of India is spending huge sums of money for research on agriculture derives very little benefit by way direct taxes from the latter, whereas tea brings in large income to the exchequer without receiving more than meagre support. Mr. Tandon enquired whether it was not the responsibility of the Government to provide tea with adequate research funds, at the same time he exhorted the tea industry to plough back more sums of money for research and development, also to intensify the work in processing technology and extend the interest to marketing. He pointed out to a vacuum that exists in market studies, product chemistry and packaging, and suggested that tea research be given an imaginative direction for rich returns in its future development as a broad spectrum beverage. One of the greatest challenges the tea industry will definitely face is competition from other beverages and soft drinks, consequently tea research must develop new ideas appropriate to consumer demands all around the world. The time has now come for experimenting with way-out ideas in product chemistry and development.

Speaking next on the theme "Future directions of Tea Research", Dr. N. K. Jain, Director of the Tea Research Association, highlighted the work at Tocklai in agricultural, machinery and product research. Reference was made to the production targets identified at the