

THE ADMINISTRATIVE ASPECTS OF THE REHABILITATION AND REPLANTING SCHEME

B. Mahadeva
(Tea Controller)

I was very happy indeed when the Tea Research Institute decided to hold this Symposium to mark the inauguration of the Government's new Tea Rehabilitation Scheme, and invited me to address you briefly this afternoon regarding the administrative aspects of the new Scheme.

I do not propose to inflict a long speech on you. I propose to make only a few brief remarks describing the Scheme in very broad outline and to answer some of the more *general* questions which were raised by various representatives of the planting community this afternoon. Thereafter, I trust, Mr. Chairman, that you will throw the subject open for discussion so that any other more *detailed* questions can be raised, and, if possible, answered by me.

The new Tea Rehabilitation Scheme is the third and last of the Rehabilitation Schemes which have been launched by the Government in recent years for the rehabilitation of the Island's plantation industries. The first of these Schemes — the Rubber Rehabilitation Scheme — was launched as far back as 1953. That Scheme, as originally planned, aimed at the replanting of 65,000 acres of uneconomic rubber in the five-year period from 1953-57. This target acreage has been greatly exceeded. More than 90,000 acres were planted in the first 5 years and it has now been decided to extend the Scheme for a further period of 5 years from 1958 onwards and to replant a further 110,000 acres — making a total of 200,000 acres replanted in the 10-year period 1953-62. On the basis of these figures you will, I am sure, agree that the Rubber Rehabilitation Scheme has been quite a successful one. The second of the Government's Rehabilitation Schemes, the Coconut Rehabilitation Scheme, was launched only 2 years ago — in 1956. The response to this Scheme too has been quite satisfactory. Last year, we distributed 32,000 tons of subsidised fertilizer and over a million high-grade coconut seedlings to owners of coconut estates and small-holdings. This year we hope to increase the quantities to 40,000 tons of subsidised fertilizer and about 1,200,000 subsidised seedlings which would be sufficient to replant about 20,000 acres of worn-out coconut land.

In both the Rubber and Coconut Rehabilitation Schemes, the *type of assistance* given to large estates was exactly the same as the type of assistance given to small-holdings and small estates. The actual rates of subsidy may have varied but the type of assistance was essentially the same.

In the case of the new Tea Rehabilitation Scheme, on the other hand, it was felt that there should be *two distinct types* of assistance - one for large estates over 100 acres in extent and the other for small estates and *small-holdings* under 100 acres in extent. The reason for this is that the type of assistance required by owners of small tea estates and tea small-holdings is of an entirely different nature from that required by the larger estates.

A Subsidy Scheme under which cash subsidies would be paid for replanting with V.P. material would have been of little value to tea small-holders. A tea estate with a fairly large acreage can afford to uproot a relatively small part of its total acreage and replant it with high-yielding tea. The vast majority of tea small-holders, on the other hand, who own just 2 or 3 acres of tea and are completely dependent on the income from this tea for their livelihood, cannot afford to uproot the old tea and wait with no income until the new tea comes into bearing. Quite apart from this consideration, I think it will be generally agreed that the majority of tea small-holders do not possess the high degree of technical skill which is necessary for replanting their holdings with V.P. material.

What owners of small-holdings and small tea estates do require, and would probably prefer to receive, are not subsidies for replanting but generous financial assistance for the improvement of the agricultural condition of their holdings. They require assistance for the adoption of soil conservation measures, for supplying vacancies on the land and increasing the very low stand of tea bushes per acre, for the generous application of fertilizer and so on. Assistance will be given for these purposes under the new Tea Rehabilitation Scheme to the extent of Rs. 650 per acre. I do not think that the majority of the representatives of the tea industry present here this afternoon are directly interested in this part of the Rehabilitation Scheme—the part dealing with small-holdings and small estates under 100 acres in extent. I shall not therefore take up any more of your time in giving the details of this part of the Scheme.

I turn next to the second part, the part dealing with tea estates over 100 acres in extent, which is by far the larger and more important part of the new Tea Rehabilitation Scheme. In marked contrast to the Island's rubber and coconut industries, the tea industry of Ceylon is predominantly a large-estate industry. In the case of coconut, hardly 20% of the total acreage is on estates over 100 acres in extent. In rubber, the percentage is in the region of 50%. In tea, on the other hand, 80% of our total tea acreage is on estates over 100 acres in extent and more than 90% of our total crop comes from these estates. There are altogether about 940 estates over 100 acres in extent and their average size is about 500 acres each. Major Pyper mentioned that there were some estates in this group, particularly in the Kandy district, which were not efficiently managed and expressed the view that it would be a waste of money to give these estates any subsidies for replanting. I feel, however, that these exceptions are few and far between, and that, as a general rule, the Island's large tea estates are most efficiently managed. The spectacular increase in the yields of these estates over the last 20 years to which the Minister of Agriculture and Food referred in his speech this morning—is an index to the efficiency with which these estates are managed. Clearly these estates do not require monetary inducements, as small-holders do, to adopt improved agricultural methods. They have already gone to what is probably the farthest possible limit in increasing yields by the application of fertilizer, by the adoption of improved disease control techniques and so forth. The time has already come or will come very soon when further increases in yield cannot be obtained by the adoption of improved techniques on the existing tea: further increases in yield can come only by replanting part of the acreage of these estates with the newly-developed high-yielding clones. Hitherto, little or no replanting had been done on tea estates in Ceylon. The purpose of the new Replanting Subsidy Scheme which the Government has just launched is to induce our larger tea estates to embark on regular replanting programmes under which they will replant at least a small percentage of their total acreage each year with the newly-developed V.P. clones.

The subsidy paid for replanting will be *Rs. 2,500 per acre*. As I mentioned this morning, this figure was suggested to the Ministry of Agriculture in a joint

memorandum submitted by the Planters' Association and the Low-Country Products Association. It is true that these Associations intended that the subsidy should come out of the export duty and that no additional cess should be levied but that, as I said this morning, is a case for the reduction or adjustment of the present export duty and not for an increase in the rate of subsidy.

I presume that in suggesting the figure of Rs. 2,500 per acre, the planting community felt that this rate of subsidy would provide a sufficient inducement for estates to embark on regular replanting programmes. I might mention incidentally that the subsidy of Rs. 2,500 per acre will be free of Ceylon income tax. This means that estates which pay Ceylon income tax will have a double benefit — the expenditure on replanting will be an allowable deduction for tax purposes and the subsidy itself will not be reckoned as income for tax purposes. In other words, to a Company which pays income tax and profits tax at the 50 per cent. level, the subsidy of Rs. 2,500 per acre would in effect be equivalent to a subsidy of Rs. 5,000 per acre. (Since these remarks were made at the symposium, it has been learnt that even Sterling Tea Companies which are registered with the U.K. Government as Overseas Trading Corporations would be entitled to receive tax concessions similar to those they would have enjoyed if they were Companies registered in Ceylon).

The subsidy of Rs. 2,500 will be paid in *six instalments*. The first instalment of Rs. 500 will be paid after the old tea on the land has been uprooted. The second instalment of Rs. 750 per acre will be paid after the necessary soil conservation measures have been adopted and the land has been prepared for replanting. The third instalment of Rs. 500 per acre will be paid as soon as the replanting has been completed. Thereafter, the last three instalments, which will be smaller instalments of Rs. 250 each, will be paid at annual intervals provided the replanted area has been satisfactorily maintained.

Each instalment of the subsidy will be paid, as in the case of the Rubber Replanting Subsidy Scheme, after an inspection of the area replanted. The inspection of clearings under the Rubber Replanting Scheme is done, as you are probably aware, by experienced planters who are generally the Superintendents or Assistant Superintendents of rubber estates over 300 acres in extent. I feel that the decision of the Rubber Replanting Board to employ experienced planters for these visiting duties, instead of employing an army of poorly-paid Government Inspectors, was a wise one. It has practically eliminated allegations of bribery and corruption under the Scheme. This, you will agree, is a matter of the greatest importance in a Scheme under which 200 lakhs of rupees are paid out each year. I hope to be able to adopt a similar system for the inspection of areas replanted under the Tea Replanting Subsidy Scheme. Mr. Coombe, in the course of the remarks he made this afternoon, envisaged the possibility of employing technical officers in the Tea Control Department to undertake these inspections. I do not think that this would be a good idea. For one thing it would be very difficult to obtain the services of the right type of person who would be in a position to adjudicate on the work of experienced planters, and even if it were possible to obtain the services of the right type of person I do not think that the planting community would welcome an arrangement of this type. I think it would be much better to follow the practice that we have been following under the Rubber Rehabilitation Scheme of getting these inspections done by actual working planters most of whom would probably be carrying out work under the Replanting Scheme on their own estates. Mr. Coombe also expressed a doubt on whether these planters would have the necessary time to undertake these inspections. I do not think that any difficulty will arise on this score. Unlike in the case of the Rubber Replanting Scheme where the number of inspections is extremely large because small-holdings are participating in the Scheme, in the case of the Tea Replanting Scheme there will be only about 940 estates eligible

to participate and I doubt whether more than half these estates will actually participate, at least in the earlier stages of the Scheme. There are up to 300 tea estates in Ceylon over 500 acres in extent and if the majority of the Superintendents of these estates agree to serve on the panels of Inspecting Officers, then there will be about 300 Inspecting Officers for about 500 estates participating in the Scheme. The number of inspections which each Inspecting Officer will have to undertake will not therefore be large and the inspections will not involve a serious drain on his time and energy. I do hope that the majority of Superintendents of estates over 500 acres in extent who will be invited to serve on the panels of Visiting Agents will agree to do so.

The requirements for the payment of the various instalments of the subsidy are laid down in the regulations framed under the Tea Subsidy Act, which were published in the *Government Gazette* of 7th November, 1958, and will be presented to Parliament for approval next week. These regulations were framed on the advice of a Committee appointed by the Tea Research Board on which the Director of the Tea Research Institute and several experienced planters, including Messrs. Ross, Sanders and Coultas, served. The intention of the Committee in framing the regulations was to make the regulations as simple and flexible as possible. It could not have been possible, and would not have been desirable even if it were possible, to make these regulations too rigid at this stage. For instance, there are two specific matters on which the regulations are completely silent. The first of these is on the question of the period which must elapse between the uprooting of the old tea and the planting of the new tea. It was evident from the discussion we had this morning that there are wide differences of opinion on this subject. Conditions vary widely from estate to estate, and from clearing to clearing. In some cases it may be possible to plant the new tea almost immediately after the old tea has been uprooted; in other cases it may be necessary to allow a period of 2 years or more to elapse before the new tea is planted. We felt that it would be best not to specify any minimum period in the regulations but to leave the discretion in this matter to the individual estates. If the Inspecting Officer who visits the land disagrees with the Superintendent of the estate on the period which must be allowed to elapse for the reconditioning of the soil, then it has been suggested that the matter should be referred for adjudication by a panel of experienced planters to be appointed in each planting district. I hope that such disputes or differences of opinion between the Superintendents of estates participating in the Scheme and the persons who inspect the land will be very few and far between. But if such disputes occur then some machinery would be necessary for arbitration. The alternative to a panel of planters in each planting district would be arbitration by the technical officers of the Tea Research Institute but the adoption of this procedure may place an undue burden on the staff of the Institute. In any case, I am sure that matters of this type could not be decided by the officers of the Tea Control Department and that therefore it would be best to refer the matter for decision either by a panel of planters in each planting district or by the officers of the Tea Research Institute.

The second question on which no specific regulations have been laid down is on the question of approved varieties of planting material. When the Rubber Replanting Subsidy Scheme was started, it was a relatively simple matter to select 8 or 9 standard clones which had been found to give satisfactory results in the various rubber-growing districts of Ceylon and to specify that these standard clones were the clones approved for use under the Scheme. Unfortunately, the selection and development of tea clones has not advanced sufficiently far to enable a similar selection to be made in the case of tea. We have therefore decided not to specify a list of approved clones in the regulations framed under the Tea Subsidy Act. Here, too, we felt that the discretion could be left to each individual estate. If there is any difference of opinion between the Superintendent of the estate and the Inspecting

Officer who visits the estate on the suitability of a particular clone, the matter could be referred for adjudication either to a panel of planters to be set up in each planting district or to the technical officers of the Tea Research Institute.

I would like to hear the views of the representatives of the planting industry present here this afternoon on the proposal to set up panels of planters in each planting district to adjudicate on any disputes which may arise either on the question of the period of time which must elapse between the uprooting and replanting of the tea, or on the suitability of a particular clone for use under the Replanting Scheme. I must emphasize that the final decision on this proposal will have to be taken by the Tea Subsidy Board which is to be set up very shortly under the Tea Subsidy Act, but I would like to hear the views of the representatives of the industry present here before a final decision is taken.

I mentioned, in reply to the question raised by Major Pyper, that the Tea Control Department would not employ any technical staff to undertake the various inspections necessary before the instalments of the subsidy are paid. A connected question which was also raised this afternoon was whether the Tea Research Institute would employ additional technical staff for advisory work under the Replanting Scheme and for the analysis of soil samples, etc. which may be sent by estates participating in the Scheme. It is quite clear that, under a Replanting Scheme of the magnitude now envisaged, a great deal of additional work will be thrown on the staff of the Tea Research Institute and that the Tea Research Institute will have to expand its staff in order to meet the increased demands for advisory work and for soil analyses, etc. I believe that the Tea Research Institute has already drawn up a scheme for setting up a new Advisory Division and appointing a Chief Advisory Officer to take charge of the Division. Dr. Joachim inquired whether part of the cost of the staff and of any additional staff which may be recruited for soil analyses, etc. could be met from the funds of the Tea Rehabilitation Scheme. I myself see no serious objection to this proposal but a final decision on the subject must, of course, be taken by the new Tea Subsidy Board after the Board has been appointed.

The next question I would like to discuss is the *target acreage* to be replanted under the Scheme. As the Minister of Agriculture mentioned this morning, it is hoped to replant a total of about 30,000 *acres* in the next 5 or 6 years, at an annual rate of 5 to 6 thousand acres a year. There are some who have said that the target is too high; others have said that the target is too low as compared, for instance, with the present rate of replanting of about 22,000 acres under the Rubber Replanting Scheme. I myself am of the opinion that the target is not too high; if anything, it has been set too low. This relatively modest target has been fixed, partly because, at the time the Scheme was drawn up, the Planters' Association and the other representatives of the planting industry felt that, in view of the very limited experience of replanting which estates possessed, it was unlikely that a higher target could be reached, and partly because the Tea Research Institute advised us at the time that high-grade planting material would not be available for replanting a larger acreage, at least in the early stages of the Scheme. It now appears that the second anticipation was rather over-cautious. The figures more recently collected by the Tea Research Institute and the Tea Control Department indicate that V.P. material will be available for planting an area considerably in excess of 5 or 6 thousand acres a year. Nevertheless, I think that we should stick to the original target at least in the early stages of the Scheme, and revise it at a later stage when we have more experience of replanting with V.P. material.

I said a while ago that there were about 940 estates over 100 acres in extent in the Island and that probably half these estates would participate in the Scheme. If this happens, then each estate must replant *at least 2 per cent. of its total acreage*

each year in order to achieve our target of replanting 5 to 6 thousand acres a year. An estate of 500 acres, for example, must replant at least 10 acres a year. I want to make one point perfectly clear. This figure of 2 per cent. which we are talking about is just an *average* percentage. There may be some estates which would choose to proceed very cautiously and plant less than 2 per cent. of their total acreage each year. There may be other estates who already have considerable experience of planting with V.P. material and are prepared to plant much more than 2 per cent. of the acreage each year. I was talking to a very experienced planter this morning who told me that he would be able to plant something like 5 to 6 per cent. each year. This may be an exceptional case but certainly there are quite a number of estates prepared to plant more than the normal 2 per cent. I mention this average figure of 2 per cent. because those of you who are now preparing to make applications for replanting permits in response to the press advertisements which appeared recently, might require some guidance on the area for which they should make application. I strongly urge you to send your applications to cover at least 2 per cent. of the total acreage of your estate and try to plant at least this acreage each year. Unless this is done it would not be possible for us to achieve the target of replanting 5 to 6 thousand acres a year which we have set up to achieve under the Scheme and a part of the funds which estates are contributing to this Scheme would be left unutilised.

There were two questions raised regarding applications for replanting subsidies and the issue of replanting permits, which I can appropriately answer at this stage. The first question related to what I term "replacement." By "replacement" I mean the planting of new tea on a land which is at present in jungle or in some other crop and the simultaneous or subsequent eradication of an equivalent acreage of old tea elsewhere. Under the Tea Subsidy Act, such planting qualifies for subsidies. The questions raised regarding this are (1) whether the equivalent acreage of old tea elsewhere has to be eradicated *at the same time* as the new tea is planted, and (2) whether it was compulsory to *uproot* the old tea or whether it would be sufficient if the tea was poisoned or eradicated in some other way. The answer to the first question is that it is not necessary to eradicate the old tea simultaneously with the planting of the new tea. It will be sufficient if the old tea is eradicated at the time when the new tea comes into bearing. As regards the second question, I myself feel that it will be better not to uproot the tea in the old area and thereby disturb the soil and cause soil erosion but this is a question on which I would like to consult the Tea Subsidy Board before a final decision is given.

Another connected question which was raised is whether replanting permits will be issued and replanting subsidies paid for replanting old rubber lands with tea. The answer to this is quite simple. A person who does not have any tea at all, but who owns rubber would not be paid subsidies for uprooting part of his rubber and replanting it with V.P. tea. This is because such a person does not contribute towards the Tea Replanting Fund and therefore is not entitled to receive any monies from the Fund. The position is quite different in the case of a person who owns both rubber and tea. Such a person could instead of uprooting part of his tea land and replanting it with V.P. tea, choose instead to uproot an equivalent acreage of old rubber land, replant that area with V.P. tea, and either simultaneously or subsequently eradicate an equivalent acreage of old tea elsewhere. This would constitute "a replacement" and the person concerned would be entitled to subsidies under the Tea Subsidy Act.

I mentioned a while ago that the target acreage to be replanted under the Scheme was 30,000 acres in the next 5 or 6 years. I said that this target was a relatively modest one when compared with the acreage being replanted under the Rubber Replanting Scheme. The benefits which will accrue to the country from the replanting of this 30,000 acres will, however, be quite substantial. On

a conservative estimate, the increase in Ceylon's annual tea production will be of the order of 40 million lb. worth at to-day's f.o.b. price about Rs. 100 million. In addition to this increase in the national income, the replanting will provide very considerable additional employment opportunities.

What will be the *total cost* of the proposed Tea Rehabilitation Scheme? The subsidies payable on the 30,000 acres to be replanted in the next 5 or 6 years will be Rs. 75 million. When the cost of administration, etc., is added, the total cost of the Replanting Scheme for estates over 100 acres in extent will be a little less than Rs. 80 million. The Rehabilitation Scheme for small-holdings and small estates under 100 acres in extent will cost something like Rs. 20 million, so that the total cost of the Scheme will be in the region of Rs. 100 million. I mentioned that the value of the increased annual tea production would, on a conservative estimate, be in the region of Rs. 100 million. In other words, the entire cost of the subsidies paid under the Scheme will be less than the value of one year's increased production. I mentioned these figures to underline an important fact. They prove that a comparatively small investment on the rehabilitation and development of our plantation industries can yield quicker and richer returns than a comparable financial outlay in any other sector of the country's economy.

The expenditure on the Tea Rehabilitation Scheme will be met from a cess of 4 cents a lb. on exports of tea. The legislation for the imposition of this cess — The Tea Subsidy Act, No. 12 of 1958 — was approved by Parliament several months ago — in April this year to be exact — but the Planters' Association and other planting bodies requested the Minister to defer the implementation of the Act because of the prevailing depression in tea prices and the Act was finally brought into operation only a few weeks ago. The regulations under the Act have also been framed and will, as I said earlier, be presented to Parliament for approval next week.

I might mention, that under the Tea Subsidy Act there will be a Statutory Board — the Tea Subsidy Board — which will function on exactly the same lines as the Rubber Replanting Board set up under the Rubber Replanting Subsidy Act. The Board will consist of the Tea Controller, the Chairman of the Tea Research Board, the Director of the Tea Research Institute and 2 or 3 other experienced planters. I am very happy that the Planters' Association has nominated Mr. Bean, who possesses very extensive experience of V.P. work in the low-country, as its representative on the Board. I am awaiting a nomination from the Low-Country Products Association of its representative. I hope that the Board will be formed in the next 2 or 3 weeks and will hold its first meeting before the end of the year. Once the Board has been formed, it will be possible for me to give final answers on some of the detailed questions relating to the Scheme on which I have been able to give you only tentative answers this afternoon.

I have attempted, Mr. Chairman, to give you a very brief outline of the Tea Rehabilitation Scheme and to answer some of the general questions which were raised regarding this Scheme during this afternoon's discussions. I shall be very happy to answer any further questions that you may wish to raise. Before I conclude, however, I wish to emphasise again what the Minister of Agriculture emphasized in his speech this morning, namely, that this Scheme is entirely your Scheme and that the entire success of the Scheme will depend on the enthusiastic and whole-hearted support and co-operation of the planting community. This Scheme is not really a Government Scheme at all. Although the machinery for the operation of the Scheme is being worked through a Government Department, the money for the Scheme is being provided by the tea industry and the actual working of the Scheme will be in the hands of experienced working planters. The entire success of the Scheme will depend therefore on the support and co-operation of the planting community. I have not the slightest doubt that this support and co-operation will be forthcoming in full measure. Thank you.

DISCUSSIONS

MR. MAHADEVA'S PAPER

Mr. W. H. W. Coultas.— It was stated that the rate of subsidy, namely, Rs. 2,500 per acre, was fixed on the advice of the P.A. and the L.C.P.A. Is it too late now to have this amount increased?

Mr. Mahadeva.— If the rate of subsidy is increased, this would involve either an increase in the rate of cess or a reduction in the target acreage. One of these two things must happen — either the cess must go up or the target acreage of 30,000 acres to be replanted must come down.

I should mention in this connection that there is provision in the Tea Subsidy Act for the Government to vote monies into the Tea Subsidy Fund over and above the proceeds of the cess levied under the Act. I do not think, however, that we can seek Government assistance for this Scheme at this stage. In the case of the Rubber Replanting Scheme, the Scheme was originally financed entirely by a cess on rubber exports. It was a very high cess; it was initially 10 cts. a lb. and was later raised to 15 cts. a lb.

The levy of this cess was continued for a period of nearly 5 years, but at the end of last year, owing to the severe depression in the rubber market, the levy of the cess was discontinued. From the beginning of this year the Rubber Replanting Scheme is being financed partly from funds provided by the Chinese Government, amounting to approximately Rs. 15 million a year, and partly from funds voted by the Ceylon Government, amounting to approximately Rs. 5 million a year. The rubber industry itself now contributes nothing at all towards the cost of the Rubber Replanting Scheme.

If at a later stage, we are short of funds for the Tea Rehabilitation Scheme, then we can probably make an application either to the Ceylon Government or to some foreign Government for assistance for the operation of the Scheme. But I do not think that an application for increased funds could be made at this stage. Nor do I think that we should reduce our target acreage for replanting under the Scheme. Unless therefore the cess on tea exports is to be increased, the rate of subsidy will have to remain, at least for the present, at the rate of Rs. 2,500 per acre.

Mr. C. H. Irvine.— In the notice published by the Government it was stated that no subsidy will be paid in respect of land replanted prior to 1st January, 1959. Will the first instalment of the subsidy (Rs. 500 per acre) be paid on land planted after 1st January, 1959, but uprooted before that date?

Mr. Mahadeva.— When the Rubber Rehabilitation Scheme was originally started, we fixed a certain date — I think it was 1st January, 1953 — and said that lands which were replanted after that date would qualify for the payment of replanting subsidies and that the first instalment of the subsidy which is paid for the uprooting of the old rubber can be paid in respect of such land provided the uprooting was done within a specified period (I think it was 2 years) prior to the date of replanting.

A similar arrangement could be arrived at in the case of the Tea Replanting Scheme. The first instalment of the subsidy can be paid even if the old tea on the land has been already uprooted provided the uprooting was done within (say) the last 2 years. I do not think, however, that the first instalment of the subsidy can be paid in the case of land uprooted (say) 15 years ago and replanted in 1959. This is one of the questions which I would like to place before the Tea Subsidy Board for consideration.

Mr. Irvine.— Would it not be unfair to confine the period to (say) 2 years, particularly in respect of eelworm affected areas ?

Mr. Mahadeva.— I merely suggested a period of about 2 years. As I stated earlier this is a matter on which a final decision will be taken after the new Tea Subsidy Board has been appointed.

Mr. R. D. Wedd.— Would it be fair to pay subsidies only in respect of land replanted after 1st January, 1959 ? Could the subsidy not be paid also in respect of areas replanted prior to 1st January, 1959 — during the current North-East monsoon planting season ?

Mr. Mahadeva.— I would personally have no objection to the date 1st January, 1959, being changed to 6th October, 1958, the date on which the new Tea Subsidy Act came into operation. This would mean that a land replanted with V.P. material after 6th October, 1958, would be eligible for replanting subsidies under the Tea Subsidy Act, provided the replanting was done on a Replanting Permit issued by the Tea Control Department. I do not think that the area replanted between 6th October, 1958, and 1st January, 1959, will be large. It will probably be a matter of 25 to 30 acres in all.

You will excuse me, Mr. Chairman, if I digress at this point to refer to the terms which we are using regarding the new Scheme. I think it would be very desirable for the Tea Research Institute, the Tea Control Department and the planting community to standardise the terms which we use.

For instance, the word "rehabilitation" is used in several senses. We use the term "rehabilitation" in a very general sense to cover any measures to improve the condition of a tea area whether by replanting or by application of fertilizer, adoption of soil conservation measures, etc.

Then the word "rehabilitation" is used in a more limited sense to cover only measures such as application of fertilizer, supply of vacancies, and so on, but excluding the actual uprooting of old tea and replanting of the entire area with new clones.

Then again the word "rehabilitation" is used for the operation of improving the soil of an old tea area after the old tea has been uprooted and before the new tea is planted. One of the speakers at the Symposium this afternoon used the word "rejuvenation" of the soil for this operation. Still another speaker used the word "reconditioning" of the soil in referring to this operation. I think it will be very useful if we could agree on some standard terms for these various purposes. I suggest that we use the word "rehabilitation" as a very general word to cover any method by which we improve the yield of a tea land whether by uprooting the whole area and replanting it with high-yielding clones or by measures of a more limited nature such as the application of fertilizer, supplying of vacancies, adoption of soil conservation measures, etc.

The word "replanting" could then be reserved for the operation of actual uprooting the old tea and replanting with new material, and the word "reconditioning" could be used for the operation of improving the soil on an area from which old tea has been uprooted by planting with suitable grasses or by some other method.

Mr. Irvine.— What type of survey plan would be necessary in respect of an area replanted under the Tea Replanting Subsidy Scheme ?

Mr. Mahadeva.— In the case of the Rubber Replanting Subsidy Scheme, if there is a fairly recent survey plan of the estate and the area to be replanted is a distinct block which can be demarcated on a tracing from that plan by a licensed surveyor, then the Department does not insist on a fresh survey of the area replanted. In other cases a special survey of the area replanted is necessary. I think a similar procedure could be adopted in the case of the Tea Replanting Scheme.

Mr. J. W. Craig.— What is the position regarding a tea-cum-rubber estate if the estate replants a tea area with rubber and a corresponding rubber area with tea. Would it be entitled to subsidies under both the Rubber and Tea Rehabilitation Schemes ?

Mr. Mahadeva.— I personally see no objection. If a person who owns both rubber and tea uproots an area of old rubber and plants it with tea and at the same time uproots a corresponding area of old tea and replants it with rubber, he should be entitled to subsidies both under the Tea Subsidy Scheme and the Rubber Replanting Subsidy Scheme.

Mr. V. G. W. Ratnayake.— Under the Scheme, as at present drafted, estates under 100 acres are debarred from participating in the Replanting Scheme and will not be entitled to replant with V.P. material and claim replanting subsidies. Is Mr. Mahadeva willing to allow such estates to participate in the Replanting Scheme if they have the necessary technical know-how and the financial resources, etc. ?

Mr. Mahadeva.— Under the Tea Subsidy Act and the Regulations framed thereunder, there is no *legal* stipulation that only estates over 100 acres in extent are entitled to participate in the Replanting Scheme and receive replanting subsidies. This dividing line between estates over 100 acres and small-holdings and small estates under 100 acres is not a division made under a legal requirement but is one made on the basis of a purely administrative decision.

In the course of my remarks earlier I gave the reasons why I felt that replanting with V.P. material would not be practicable on the majority of small-holdings and small estates under 100 acres in extent. It is true that there may be a few estates under 100 acres in extent which have the financial resources and the technical know-how to participate in the Replanting Scheme. The extent which such an estate will receive for replanting each year will however be quite small.

Take an estate of 50 acres for instance. Even if we allow such an estate 3 or 4 per cent. of its total acreage for replanting each year it would mean that the estate could replant $1\frac{1}{2}$ or 2 acres each year and receive replanting subsidies at the rate of Rs. 2,500 on the areas replanted. If the same estate participates in the Rehabilitation Scheme instead of in the Replanting Scheme, it could rehabilitate 15 or 20 acres each year and receive subsidy at the rate of Rs. 6.50 per acre. In the majority of cases it would be more advantageous for the estate to participate in the Rehabilitation Scheme instead of in the Replanting Scheme. In any case, I am sure, you will agree that no estate should be allowed to participate *both* in the Replanting Scheme and the Rehabilitation Scheme. The estate must opt for either one Scheme or the other.

Major G. Pyper.— Unlike in the case of up-country estates there are many mid-country estates which do not have their own nurseries and would therefore not have planting material to participate in the Replanting Scheme. Could these estates use tea seed instead of V.P. material ? Or, would the Department establish a Central Nursery to supply V.P. material ?

Mr. Mahadeva.— When the question of establishing a large central nursery was discussed earlier with the T.R.I., the Institute was against the proposal because of the possibility of root infection when planting material was transported from the central nursery to individual estates. In the case of small-holdings participating in the Rehabilitation Scheme, the Tea Control Department will make arrangements to obtain the necessary tea seed and supply it to the small-holders, deducting the cost of the seed from the subsidy. In the case of estates over 100 acres in extent, on the other hand, which participate in the Replanting Scheme, the Department felt that each estate should make its own arrangements for obtaining V.P. material. Under the Scheme, as at present drafted, the use of tea seed instead of V.P. material would not be allowed in the case of estates over 100 acres in extent.

Major Pyper.— Many of the estates I referred to cannot have their own nurseries as the soil was eroded and there is no spare land on the estate. Are you going to plant nurseries for V.P. on this useless land?

Mr. Mahadeva.— If the land is as useless as you make out, should it be planted with V.P. material at all? If the land is very badly eroded it would be better not to attempt to join the Replanting Scheme at all.

Dr. Visser.— Cannot 10 or 12 estates join together and have a Central Co-operative Nursery?

Mr. Ratnayake.— I revert to the question which was asked earlier, *i.e.* planting tea on an area under rubber and vice versa.

Mr. Mahadeva.— A person or Company who owns both tea and rubber could uproot an area of old rubber and plant it with tea and receive subsidies under the Tea Subsidy Act provided he eradicates an equivalent area of old tea.

Question.— What is the position of a person who owns only rubber? Will he be allowed subsidies for replanting rubber with tea just as subsidies are now paid for rubber owners who replant their lands with *cocoa*?

Mr. Mahadeva.— The essential difference is this: The Rubber Rehabilitation Scheme is not now financed from a cess. Even when the cess was levied, the same people who were paying the cess, namely, the rubber owners, got the money back either for replanting their old rubber lands in rubber or for planting them in *cocoa*. Similarly, under the Tea Scheme, a person who owns tea can instead of replanting an old tea area with tea, replant an area of rubber belonging to him somewhere else with tea and claim subsidies from the Tea Subsidy Fund, provided he eradicates an equivalent acreage of his old tea. Such a person is entitled to receive subsidies from the Tea Subsidy Fund because he is making contributions towards the cess on tea exports. But a person who owns rubber alone makes no contributions whatever to the Tea Subsidy Fund and is not therefore entitled to receive subsidies from the Tea Fund for replanting a part of his rubber acreage in tea.

Question.— Would such a person be entitled to receive money from the Rubber Subsidy Fund for replanting his rubber land with tea?

Mr. Mahadeva.— Under the present Regulations the answer would be "No". Even if the Regulations of the Rubber Replanting Scheme were amended to enable a subsidy to be paid, the subsidy would be at the rate of Rs. 700 which is the rate of subsidy for rubber and not at the rate of Rs. 2,500 per acre which is the rate of subsidy paid under the Tea Replanting Scheme.

Mr. S. S. Perera.— When you concede that an owner can uproot rubber and plant tea, will that concession be given only in the event of an authorised Technical Officer reporting that the land is unsuitable for rubber but suitable for tea?

Mr. Mahadeva.— I think we should certainly verify whether the land is suitable for tea. I do not think we need make certain whether the land is unsuitable for rubber. We need not worry about this aspect of the matter because it makes no difference to us if a person owing (say) 500 acres of tea somewhere who is entitled to plant 10 acres a year under the Tea Subsidy Scheme plants this extent on jungle land or on rubber land owned by him elsewhere provided he eventually eradicates an equivalent area of old tea. There is no need to ensure that the land is unsuitable for rubber.

Question.— How would you view a reduction in the Island's rubber acreage in your capacity as Rubber Controller ?

Mr. Mahadeva.— Personally I think it would not be a bad thing. The future for rubber being what it is, I think we should try to reduce the total acreage under rubber in Ceylon and increase the yield per acre from this area of rubber. This is the policy of the Ministry of Agriculture — the improvement in the yields of the land under rubber and not an extension of the acreage under rubber.

Question.— Did I understand Mr. Mahadeva correctly when he said that you could exchange areas not only within a Company but even within an Agency ?

Mr. Mahadeva.— Exchange of acreages to which estates are entitled to under the Replanting Scheme could certainly be allowed in the case of estates owned by the same Company, or the same individual or individuals. I do not think however that it will be appropriate to allow similar exchanges between estates managed by the same Agency.

Mr. G. K. Newton.— In answering me this morning Mr. Mahadeva stated that the proceeds of the cess of 4 cts. a lb. on tea exports would be earmarked for the purposes of the Tea Rehabilitation Scheme and that this money would not be utilised for any other purpose. We have this assurance that this money is going to be put into safe deposit. I think it was also made clear today that the replanting of tea would cost more than Rs. 2,500 per acre. Bearing in mind that there would be a number of Companies and proprietors who would not be able to afford the extra expenditure involved, over and above Rs. 2,500 per acre, it seems likely that there would be a build-up in this Fund. I hope that in the event of a build-up those who are prepared to plant may be given assistance to a greater extent than at present envisaged. Otherwise I feel the Scheme would fail as I said this morning.

Mr. Mahadeva.— I can certainly repeat the assurance which I gave this morning that all the money in the Tea Subsidy Fund will be used for the purpose of the new Rehabilitation Scheme. There is not likely to be any build-up in the Fund because, although there are some estates which, either on account of their not having the necessary financial resources or the necessary experience of planting with V.P. material or for some other reason, are not prepared to come into the Scheme in the early stages, yet there will be others who are prepared to plant larger acreages under the Scheme immediately. Then the available funds could be made use of to give subsidies for larger acreages to those estates who have the necessary planting material and financial resources to carry out their replanting programmes immediately. Under the Rubber Replanting Scheme, we have in each of the last 6 years received applications for much larger areas than could be replanted with the funds available. Under the new Tea Scheme I hope we will receive sufficient applications to use up all the money that is available.

Mr. Newton.— There is another point which I would like to mention Sir. It is the case of tea which is abandoned and not pulled out when you replant in other areas. A suggestion has been made that this tea be allowed to grow. I can see a danger in this proposal because my experience is that immediately there is a boom in tea prices, the tea which has been abandoned for many years is suddenly brought into production and I can easily visualise that squatters will squat on your abandoned tea, cut it across and start plucking it. I would suggest poisoning the tea. Dr. Visser told us that poison for weeds is poison for tea. So probably there will be no difficulty in adopting my proposal.

Mr. Mahadeva.— I fully agree that the best thing would be to accept the suggestion made this morning that instead of abandoning or uprooting old tea, it might be eradicated by poisoning.

Mr. Coultas.— What proportion of the cess of 4 cts. a lb. do you propose to allow to small-holdings? Will the accounting be kept quite separately? You talked this morning of building factories on a Co-operative basis for small-holders. From where will the money for this purpose come?

Mr. Mahadeva.— In the course of the remarks I made earlier this afternoon I stated that, of the total expenditure of approximately Rs. 100 million, roughly 80 per cent. would be spent on the replanting part of the Scheme (i.e. the part dealing with estates over 100 acres in extent) and 20 per cent. would be spent on the rehabilitation part of the Scheme intended for tea small-holdings and small tea estates under 100 acres in extent. This proportion would be disturbed only if the volume of applications from large estates for replanting falls short of the target acreage and these estates do not take up all the money that is earmarked for them. If this happens it will be very difficult to resist the pressure from small-holders to divert these unused funds to the small-holdings part of the Scheme.

As regards Mr. Coultas' second question, I should state that although there is provision in the Tea Subsidy Act to build factories for small-holders with monies from the Tea Subsidy Fund, it was very clearly stated in the "Statement of Objects and Reasons" presented to Parliament on the Tea Subsidy Act that the proceeds of the cess of 4 cts. a lb. would not be used for this purpose. It was very clearly laid down that the proceeds of the cess would be used for the payment of subsidies for the replanting of estates and the rehabilitation of small-holdings, and that if any money was required for the erection of factories for small-holdings or to help in the marketing of small-holders' green leaf, then that money would have to be provided out of a separate grant from Parliament.

Mr. N. M. Sanders.— If the acreage applied for is such that some estates are allowed bigger allocations, should not some sort of ceiling acreage be laid down?

Mr. Mahadeva.— If funds are available why should not those estates which are prepared to carry out large replanting programmes be allowed to do so? I do not think that any ceiling should be set.

Question.— Would it be possible for the Tea Research Institute to have Advisory Officers in each district to advise estates on replanting undertaken under the Scheme?

Dr. Joachim.— The Tea Research Institute has already approved the creation of a post of Chief Advisory Officer. It is likely that this appointment will be made early next year and that thereafter provision will also be made for the appointment of District Field Officers. Now that this Conference has strongly indicated the need of such advisory services I am sure the Board will consider the proposal for an extension of the Scheme originally visualised.

Mr. D. S. Jayawickreme.— May I ask Mr. Mahadeva whether an estate with a fairly high yield can come into the Scheme?

Mr. Mahadeva.— The Scheme envisages the replanting of tea and does not stipulate that the areas replanted should be areas of uneconomic tea. We heard this morning of cases in India where tea with yields of 1,000 lbs. or more were being uprooted and replanted. If anybody in Ceylon who has an estate which gives over 1,000 lb. an acre wishes to uproot and replant it with V.P. material there should be absolutely no objection. There should be no stipulation that the land is too good for replanting.

Mr. Jayawickreme.— Suppose an estate of over 100 acres with a yield of 1,500 lb. an acre applies for assistance under the Rehabilitation Scheme in the form of subsidised manure, etc. instead of participating in the Replanting Scheme, would it be entitled to such assistance?

Mr. Mahadeva.— No, for the simple reason that a large estate with a yield of 1,500 lb. per acre should be making sufficient profit to be able to pay for its manure and subsidised manure would not be necessary. The larger estates require assistance only for replanting and not for cultivation operations such as application of manure and so on.

Question.— May I ask Dr. Joachim a question? There is a rumour that some of our V.P. material has been sent to China. Is this correct?

Dr. Joachim.— It is true, Sir, that a small quantity of material was sent out for experimental purposes and it was done at the request of the Government.

Question.— Did we get anything in return?

Dr. Joachim.— I do not think they have any vegetatively propagated tea in China as yet.

Mr. Mahadeva.— Although we did not get any tea planting material from China, I believe that other types of planting material (for example, certain strains of paddy) were sent out from China to Ceylon. This exchange of planting material was not only in respect of tea but in respect of a large number of other crops as well.

Mr. D. W. G. Burroughs.— I would like to make a suggestion. I would like to suggest that tea areas which are abandoned, when equivalent acreages are planted with V.P. material elsewhere, should be re-afforested.

Mr. Mahadeva.— I think this is an excellent suggestion.

Question.— If a person has 110 acres of tea at one place and 20 acres in 5 or 6 small-holdings in another place, under which Scheme would he be entitled for assistance?

Mr. Mahadeva.— He would be entitled to replanting assistance in respect of the 110-acre estate and to rehabilitation assistance in respect of each of the small-holdings.

Question.— At the end of the 5-year period when the 30,000 acres have been replanted with V.P. material, is there a guarantee that we will still own these estates?

Chairman.— I think that is the most sensible question asked today. All this talk of rehabilitation and replanting depends on one question: Are you going to pay out all these large amounts of money and at the end of 5 years see your castle come down to the ground? This I think is a question that I should have asked the Minister this morning.

From Audience.— I think if Government gives a guarantee that no nationalisation will take place in the next 20 years most owners will forget the expense, even if it costs Rs. 10,000 per acre they will replant.

Chairman.— But can the present Government give such a guarantee as their term is only for another 2½ years and then probably you might have somebody else in power.

Mr. Mahadeva.— I am not a politician Sir; I am an administrator. I do not determine policies; I only execute them. I would like to say, however, in reply to the question which the Chairman just raised, namely, why should anyone put his money into replanting when he does not have a guarantee that his tea estate will remain his in a few years' time. The answer to this question is surely that if he invested this money in any other form, nationalisation is as likely to affect him as if he had invested his money in the tea industry. He might as well therefore invest his money in the replanting of tea which as I said before brings a quick and rich return.

Chairman.— Gentlemen, we had a very full discussion today and I would like to thank Mr. Mahadeva for the manner in which he answered all the questions on the Rehabilitation Scheme.