

Higher Cost of Production of Tea in India

3504. SHRI SONTOSH MOHAN DEV: Will the Minister of COMMERCE be pleased to state:

(a) whether the cost of production of tea is higher in India as compared to other international producers;

(b) if so, what are the comparative statistics in this regard;

(c) whether India is likely to lose its dominating position in the international tea market due to the increase in prices of tea; and

(d) the details of the necessary steps proposed in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KHURSHED ALAM KHAN): (a) and (b). The cost of production of tea in India is higher as compared to other international producers like Sri Lanka, Bangladesh, Indonesia and Kenya. On the basis of available reports, the estimated average cost of production of tea per Kg. during 1979 for India, Sri Lanka, Bangladesh and Indonesia was Rs. 11.55, 6.86, 7.92 and 9.05 respectively. The average cost of production of Kenyan Tea per Kg. for 1978 was Rs. 8.38.

(c) Though there is a competition in prices from other exporting countries, India still holds the dominating position in International Tea Market and the trend is not discouraging.

(d) Government have already taken the following steps to improve the export of tea from India:—

(i) Abolition of export duty on tea with effect from 14-2-79 (ii) Re-introduction of the system of refund of additional excise duty on packet tea exports from January, 1979. (iii) Placing the import of tea bagging machinery under O.G.L. (iv) reduction in the import duty on tea bagging machinery from 75 per cent to 25 per cent with effect from January, 1979. (v) enhancement in the rate of cash compensatory support from 10 per cent to 12 1/2 per cent on exports

of packet tea and tea bags from April, 1979, (vi) introduction of all industry rate of drawback on imported materials for exports of tea bags, with effect from 19-9-80. In addition, the Tea Board's offices abroad undertake various promotional measures, namely, generic promotion, un-national promotion, participation in trade fairs and exhibitions etc.

Production of Low Quality of Tea

3505. SHRI SONTOSH MOHAN DEV: Will the Minister of COMMERCE be pleased to state:

(a) whether India is not producing the type of tea which is more in demand in foreign countries; and

(b) the steps proposed to improve the present poor planning of tea industry?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KHURSHED ALAM KHAN): (a) The type of tea which is in demand abroad varies from country to country and even from consumer to consumer within the same country. India is producing different types of tea commensurate with the demand in both export and home markets, India's export of tea including all types increased to the provisional figure of 229.49 M. Kgs. in 1980 from 199.63 M. Kgs. in 1979.

(b) The Tea Board has already drawn up proposal for the 6th Plan period (1980-81 to 84-85) regarding targets of production, consumption, exports including value added items, measures to achieve targets, financial outlay, steps for development of small growers, tea planting in non-traditional areas and various non-Plan Programmes. The proposals have been drafted on the basis of past trends and future requirements having regard to the recommendations made by export committees set up by Government from time to time and also in consultation with tea industry. Implementation of these proposals will further improve the performance of the tea industry. Performance and requirements of the industry both in physical and financial terms are under constant review by