

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:3016  
ANSWERED ON:16.03.2001  
PROBLEMS OF TEA INDUSTRY  
ANANTA NAYAK

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

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(a) whether the Government have identified the major problems being faced with by the tea industry in the country; (

(b) if so, the details thereof; and (

(c) the steps being taken by the Government to save the Indian tea industry from crisis?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY ( SHRI OMAR ABDULLAH)

( a ) & ( b ): Yes, Sir. The major problems being faced with by the tea industry include decline in prices of tea at the auctions, slow down of domestic consumption rate, stagnant export, old age of tea bushes affecting productivity and high cost of production.

( c ) : The Government and Tea Board have taken various steps to increase production and export of tea. These steps include implementation of various developmental schemes by the Tea Board under which financial assistance is provided by the Tea Board for encouraging extension planting, re-planting, rejuvenation pruning, infilling, creation of irrigation facilities and drainage etc.

To promote Indian Teas in the overseas markets, Tea Board has taken various steps which include registration of Tea Board Logo and Speciality Tea Logo in major tea importing countries, remove bottlenecks in exports to individual markets, participation in major trade fairs / exhibitions abroad; field sampling at speciality stores and in principal markets; media campaign to increase consumer awareness of speciality Indian teas and to popularise the Tea Board marketing symbol; exchange of tea delegations etc.

In order to help the tea industry to come out of its problems of low price realisations at auctions, Govt./Tea Board has taken various steps which include:

- implementation of a price subsidy scheme through the Tea Board with effect from 1.5.2000 under which subsidy is provided to the small growers of tea ( holding upto 10.12 hectares of tea plantation) for an amount equal to the shortfall between the auction price and Rs.55 per kg subject to a maximum of Rs.8 per kg.
- amendment of Tea Marketing Control Order 1984 to remove the condition of obligatory sale of 75% of tea production through public tea auctions
- launch of a Quality Upgradation Programme in the Nilgiris district of Tamil Nadu for improving quality of tea manufactured by small growers
- increase in basic customs duty on tea from 35% to 70% in the Budget of 2001-2002
- ban on sale of tea in the Domestic Tariff Area by 100% Export Oriented Units (EOUs) and units in Export Processing Zones (EPZs)
- increase in the allowance under the Section 33 AB of Income Tax Act from 20% to 40% in the Budget 2001-2002.