

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

UNSTARRED QUESTION NO:3405
ANSWERED ON:20.08.2004
NON-AVAILABILITY OF CAPITAL FROM BANK IN PLANTATION SECTOR
Karunakaran Shri P.

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

- (a) whether the Government is aware of the non-availability of working capital from the banks in the plantation sector;
- (b) if so, the measures taken so far;
- (c) whether the Government is considering to implement recommendations made by the Madhukar Committee on Tea Sector to ease the credit flows; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a)&(b): There has been no stoppage or any significant reduction in advancement of working capital loans from Banks to the plantation sector.

(c)&(d): Based on the report submitted by a Working Group constituted by the Reserve Bank of India under the Chairmanship of Shri Madhukar, Chairman and Managing Director, United Bank of India to study the problems of the tea industry in depth, the RBI announced, in August 2002, a relief package which provided for restructuring/reschedulement of the loans outstanding in the tea sector from the commercial banks etc. Subsequently in February 2003, RBI announced a separate relief package for small tea growers and Bought Leaf Factories and also certain changes in the package announced earlier in August 2002 for large tea growers and manufacturers.

Further, in February 2004 the Indian Banks Association (IBA) have formulated a Special Tea Term Loan (STTL) for the tea sector. It envisages restructuring/rephasing of irregular portion of the outstanding term/working capital loans in the tea sector with repayment over 5 to 7 years and a moratorium of one year. This will be extended on a case to case basis for large growers. The STTL also provides for working capital upto Rs.2 lakhs at a rate not exceeding 9% to small tea growers.