

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

UNSTARRED QUESTION NO:981
ANSWERED ON:29.11.2005
SUBSIDY ON ORTHODOX TEA
Rao Shri Sambasiva Rayapati

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

- (a) Whether the Government has announced subsidy on the manufacturing of orthodox teas;
- (b) if so, the details thereof;
- (c) whether some Associations of tea growers especially from Nilgiri have represented the Government that this subsidy do not apply on the manufacturers buying green leaves;
- (d) if so, the details thereof;
- (e) whether there has been representation from small growers as the prices of raw-material has not increased;
- (f) if so, the reaction of the Government thereto; and
- (g) the steps taken by the Government to extend benefit to the small growers?

Answer

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

(a): Yes Sir.

(b): The scheme sanctioned by the Government envisages grant of subsidy for production of orthodox tea @ Rs.3 per kg for leaf grades and Rs.2 per kg for dust grades for existing levels of production with additional incentive @ Rs. 2 per kg for the incremental volume over the previous year from 1st January 2005 to 31st March 2007. The estimated outlay for this scheme is Rs.65 crores and this will be financed from the special fund created with collections of additional duty of excise on tea.

(c) & (d): The Nilgiri Small Tea Growers` Association has pointed out that as none of the Bought Leaf Factories are having orthodox manufacturing facility, the orthodox subsidy is not helping the small tea growers. The benefit of the scheme as sanctioned by the Government is applicable to all the tea producers in the country for producing orthodox teas only.

(e): Yes Sir.

(f): The decline in tea prices could partly be attributed to supply of comparatively poor quality green leaf to the processing factories and poor manufacturing practices followed by some factories. Good quality leaf continues to get reasonably good prices and better quality made tea also fetches good prices despite the decline in average prices. There has been some improvement in tea prices in South India recently due to various quality control measures taken by the Tea Board.

(g): A number of steps have been taken by the Government and the Tea Board to help the small tea growers. These include implementation of a price sharing formula between the small tea growers and manufacturers of tea with effect from 1st April 2004 in order to ensure that the small tea growers get a reasonable share of the price obtained by the manufacturer for made tea and implementation of a Special Tea Term Loan (STTL) which interalia provides for sanctioning of working capital up to Rs.2 lakhs at a concessional rate of interest for small tea growers. Government has also set up a Price Stabilization Fund, the benefits of which are available to small tea growers having holding up to 4 hectares. Besides, financial assistance by way of subsidy and grant in aid is extended to small growers for various developmental activities such as new planting, replanting, rejuvenation pruning and infilling the vacancies, creation of irrigation facilities, organizing themselves into self help groups, participation in the study tours etc. Tea Board has also taken steps to create quality awareness among the small growers.