

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

UNSTARRED QUESTION NO:3037  
ANSWERED ON:22.03.2005  
BETTERMENT OF PLANTATION SECTOR  
Karunakaran Shri P.;Sippiparai Shri A. Ravichandran

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

- (a) whether the Government has taken relief measures to assist tea plantations which are facing difficulties in paying excise duty and also for non availability of working capital;
- (b) if so, the details including the measures the government has taken/intend to take to assist the plantation sector including tea plantations;
- (c) whether the Government have noticed that the import of plantation crops for the re-export without stipulating any sufficient value addition norms has aggravated the condition in the plantation sector;
- (d) if so, the details thereof;
- (e) considering the fact, will the Government prescribe minimum value addition norms which should be equivalent to the import duty prescribed for the same commodity; and
- (f) if so, the steps taken in this regard?

**Answer**

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

(a)&(b): Government has taken a number of measures to help the plantation sector, including tea and coffee. The additional duty of excise of Re.1 per kg on tea has been withdrawn in the Union Budget for 2005-06. A Special Tea Term Loan (STTL) for the tea sector was announced which envisages restructuring/rephasing of irregular portion of outstanding term/working capital loans in the tea sector with repayment over 5 to 7 years and a moratorium of 1 year to small tea growers and bought leaf factories, which is extended on a case to case basis for large tea growers. The STTL also provides for working capital upto Rs. 2 lakhs at a rate not exceeding 9% to small growers. The other measures taken to help the tea industry include setting up of a special fund with collections of additional duty of excise on tea of Re. 1 per kg during the years 2003-04 and 2004-05 for the long term development and modernisation of the tea plantation sector, implementation of a price subsidy scheme for small tea growers for a four month period from February to May 2004, implementation of a price sharing formula between small tea growers and manufacturers of tea w.e.f. 1.4.2004, implementation of an IT based Information Dissemination Plan for the tea industry including conversion of manual auction centres into electronic auction centres which is expected to improve the efficiency of the tea purchase systems and reduce transaction time and costs etc. Measures taken to help the coffee growers include re-phasing/restructuring of loans taken by the coffee growers from commercial banks by way of Special Coffee Term Loan (SCTL), interest subsidy to large and small coffee growers on repayment of working capital loans taken from financial institutions etc. Commercial banks have also agreed to extend crop loans upto a maximum of Rs. 50 lakhs at 9% interest so as to benefit the coffee growers having land holdings upto 60 hectares. Both Tea and Coffee Boards are also implementing a number of developmental schemes during the 10th Five Year Plan for enhancing productivity, quality and marketability of these commodities produced in the country. Government has also reduced the import duty on items of machinery used to improve productivity and quality of tea and coffee to an all inclusive rate of 5%.

(c) & (d): Tea is imported mainly for the purpose of re-export after value addition. Such imports for re-export increases the price competitiveness of Indian teas in the international market besides catering to the requirements of international buyers. Import of coffee into India is very negligible.

(e) & (f): Various measures to enforce quality on tea imports/exports, including prescribing a minimum value addition norm, are under active consideration of the Government.