

**ESTIMATES COMMITTEE
(1972-73)**

(FIFTH LOK SABHA)

TWENTY-EIGHTH REPORT

MINISTRY OF COMMERCE

(Department of Foreign Trade)

[Action taken by Government on the recommendations contained in the Eighteenth Report of the Estimates Committee (Fifth Lok Sabha) on the erstwhile Ministry of Foreign Trade—Tea Board.]



**LOK SABHA SECRETARIAT
NEW DELHI**

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(1972-73)

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STUDY GROUP 'F' OF THE ESTIMATES COMMITTEE
(1972-73)

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INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present the Twenty-Eighth Report on action taken by Government on the recommendations contained in the 18th Report of the Estimates Committee (Fifth Lok Sabha) on the erstwhile Ministry of Foreign Trade—Tea Board.

2. The 18th Report of the Estimates Committee (Fifth Lok Sabha) was presented to the Lok Sabha on the 28th April, 1972. Replies indicating action taken on the various recommendations contained in the Report were furnished by Government on 22nd November, 4th December, 12th December, 18th December and 22nd December, 1972. The Study Group 'F' of the Estimates Committee (1972-73) considered the replies on the 2nd February, 1973 and approved the draft Report on the same day. The Report was subsequently adopted by the Committee on the 21st February, 1973.

3. The Report has been divided into the following Chapters:—

- I. Report;
- II. Recommendations which have been accepted by Government;
- III. Recommendations which the Committee do not desire to pursue in view of the Government's reply;
- IV. Recommendations in respect of which replies of Government have not been accepted by the Committee;
- V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by the Government on the Recommendations contained in the 18th Report of the Estimates Committee (Fifth Lok Sabha) is given in Appendix. It would be observed therefrom that out of 82 recommendations made in the said Report, 69 recommendations, i.e., 84.2 per cent. have been

accepted by Government. The Committee do not desire to pursue 3 recommendations i.e., 3.6 per cent. in view of Government's reply Fund replies of Government to 10 recommendations, i.e., 12.2 per cent. have not yet been furnished to the Committee.

KAMAL NATH TEWARI,

Chairman,

Estimates Committee.

NEW DELHI;

February 23, 1973.

Phalguna 4, 1894 (Saka).

CHAPTER I

REPORT

The Estimates Committee are glad to observe that the recommendations contained in their 18th Report (Fifth Lok Sabha) on the erstwhile Ministry of Foreign Trade—Tea Board have been replied to by Government generally to their satisfaction.

2. The Committee desire that the final position regarding implementation of the recommendations included in Chapter V on which action has been initiated already by the Ministry may be intimated to the Committee.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (S. No. 1, Para 1.21)

The Committee feel that there is scope for the Tea Board to transform itself into a highly specialised technical agency looking after the development of the tea industry in all its aspects and to concentrate more on its statutory functions viz. development of the tea industry, improving the quality of tea, and enlargement of exports.

Reply of Government

The Tea Board has been advised accordingly.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated
the 12th December, 1972.]

Recommendation (S. No. 2, Para 1.22)

The Committee note that the Tea Board has regulatory functions and is not organised for commercial work. The Tea Trading Corporation will, however, be in the market buying tea, blending it, packaging it, exporting it and if comes up with a brand name it will do the propaganda for their own brand name just as others are doing. The Committee further note that the Tea Trading Corporation would be in the same position as any exporter today like Liptons, Brooke Bond or other who export tea.

Recommendation (S. No. 3, Para 1.23)

The Committee hope that the Tea Trading Corporation will concentrate in developing larger exports in less traditional markets and simultaneously enter the sophisticated markets for sale of packaged and instant tea.

Reply of Government

The Tea Trading Corporation has already been set up and will be looking after the commercial work in respect of marketing of blended and packaged teas.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated
the 12th December, 1972.]

Recommendation (S. No. 6, Para 2.37)

The Committee would suggest that the Tea Board should be made as autonomous as possible within the framework provided by the Tea Act so that it has not to approach the Ministry for approval of small matters. It should be only on major policy issues that it may have to go to the Ministry for approval and even in the framing and recommending of the policy, the initiative should largely vest in the Tea Board.

Reply of Government

The recommendation is accepted in principle. The Chairman, Tea Board has been asked to submit proposals in this respect for the delegation of powers etc. which will then be considered in consultation with the Ministry of Finance.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (S. No. 7, Para 2.38)

The Committee are of the view that in order that the Board can serve the needs of the Tea Industry and solve its multifarious problems quickly and with understanding, it should be staffed with properly qualified technical officers. The Committee further suggest that Government should examine whether the existing scales of pay of the Technical staff employed by the Tea Board are adequate enough and whether there is any need to free the scales of technical officers from Government scales in order to attract the best talent to serve with the Tea Board.

Reply of Government

Tea Board already has a number of technically qualified personnel as indicated below:—

| <i>Designation</i> | <i>Scale of Pay</i> |
|--|---------------------|
| Director, Tea Development (1) | Rs. 1800—2000. |
| Plantation Officer (1) | Rs. 1100—1400. |
| Assistant Director, Tea Development (1) | Rs. 700—1150. |
| Field Advisory Officers (5) | Rs. 400—950. |
| Research Liaison Officer (1) | Rs. 400—1250. |
| Market Liaison Officer (1) | Rs. 1100—1400. |
| Director, Tea Promotion, Calcutta (1) | Rs. 1100—1800. |

The pays fixed are normally liberal to attract the best talent and if suitable Officers are not available, consideration will be given to the upgrading of the scales of pay of such technical personnel.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (S. No. 8, Para 2.39)

The Committee note that there have been frequent changes in the Chairmanship of the Board and during a period of 5 years, 3 Chairmen were appointed. The Committee also note that steps are being taken now by the Ministry to ensure that the Chairman of the Board would stay for a longer period in future.

Reply of Government

Noted.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (S. No. 9, Para 2.40)

The Committee would like to stress that in the interest of efficiency, it is not only necessary that the head of the organisation should not be disturbed too often but the same rule should equally be applied to other technical staff of the Tea Board as frequent changes are detrimental to the development of the Tea Industry.

Reply of Government

Noted. Government are in agreement.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (S. No. 10, Para 2.41)

The Committee note that Government are contemplating to delegate larger powers to the Chairman, Tea Board in the matter of sending persons abroad for the promotion of tea. The Committee would like the decision in the matter to be expedited so that it can be given effect to without delay in the interest of intensifying export promotion.

Reply of Government

The question of delegation of power is being processed in consultation with Ministry of Finance.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 4th December, 1972.]

Recommendation (S. No. 11, Para 3.12)

The Committee note that while the area under tea cultivation remained unchanged in Kangra and Mandi and increased in North India at the rate of 4.9 per cent during the period 1965—70, it registered a decrease of 1.2 per cent during the same period in South India, 1.7 per cent in Darjeeling and 3.5 per cent in Uttar Pradesh. It is noticed that the Tea Board has no programme of undertaking any survey of virgin lands suitable for tea growing in collaboration with the State Government. The reasons given by the Ministry of Foreign Trade for this lack of programme is that the yield could be doubled from the existing lands by resorting to pruning, replanting of new bushes and cutting down the spacing between the rows in the tea gardens. There is another opinion that by reducing the space between two rows of bushes in a garden, there may be an immediate increase in yield of tea by increasing the total number of bushes in the garden but it might ultimately affect the productivity on account of poor nutrition of the tea bushes from the soil. These arguments are not conclusive as their results have not been supported and established by scientific experiments. As such, research should be carried out in greater depth to establish that cutting down the space between rows in a garden would affect the yield of existing bushes in the long run.

Reply of Government

Work in this field of optimum bush population has been undertaken not only by the tea research bodies in India but also in other tea growing areas of the world. The work on bush population per unit area was started in Indonesia in 1929 and continued until 1942 when the work stopped due to war. Experiments were also conducted in Malawi in S. Africa and by the Tocklai Experimental Station in Assam. The results of these experiments were studied at Tocklai whose recommendation has been circulated to the members under Sr. No. 175 in Group B.5 of the Tea Encyclopaedia in 1969 that 12,345 bushes per hectare (5000 bushes per acre) is the optimum under most conditions and it should never be less than 11,111 per hectare (4500 bushes per acre). They have also recommended spacing with double regular and double staggered hedge plantings. These spacings are such that there would be no undue competition between individual bushes and the gaps between the double hedges are wide enough to facilitate cultural operations and pluckings. The recommended double-staggered hedge to give a bush population of 12,345 per hectare is 4 ft. × 3 ft. × 2 ft. staggered.

In the recent Scientific Conference held at Tocklai in November 1971 among the many papers discussed was one aimed to increase the growth rate of production of tea to 3 per cent. It was mentioned in this paper that the results of all trials laid out in different parts of the tea world have indicated that the yield of tea increased proportionately to the increase of bush population upto a certain limit. The experts say that for higher yield a minimum of 11,111 plants per hectare is a must. They consider that bush population as high as 15000 per hectare would prove profitable with non-spreading types of clones. The main object of having higher bush population is to gain cover in the shortest possible time as well as to have extra crop in the early period. Because of low bush population that old tea areas in India have, our progress has been slow and unless old tea areas are either replanted or infilled to produce heavily our progress in terms of crop is likely to be delayed.

The Research Institute at this Conference recommended that rigorous infilling in old tea areas that will not be uprooted in the next 10—12 years time is a must without which it would be difficult to increase the growth rate of production immediately. It has been recommended that where possible old sections may be converted into hedge by inter-planting. It has been pointed out that a group of estates in Assam by infilling have obtained the most fascinating results and in one of the estates such inter-planting has yielded in the third year a 200 per cent increase in crop.

From the above it is apparent that reducing the spacing and increasing the bush population of existing tea areas would help the industry to achieve a higher production in crop. Proposals for amending the Replanting Subsidy Scheme to accommodate inter-planting of fresh rows in existing tea areas are under formulation of the Tea Board.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated
the 22nd November, 1972.]

Recommendation (S. No. 13, Para 3.14)

The Committee note that the ceiling on land may not be uniform in the whole country as this is a State subject. The Committee would, however, suggest that the Central Government should take up this matter with State Governments so that permission may be given to tea estates to retain some reserve lands for future development. Again those tea estates which have too much of surplus land should be persuaded in the national interest to surrender the surplus land for being utilised for development by adjoining tea estates

which might be hard-pressed for land. These are issues which are vital for the future growth of the tea industry in India and unless these are tackled by the Central Government though discussion with all the tea producing States, the production of tea might be affected in the years to come.

Reply of Government

It has already been decided that the ceiling on land will not be applicable in the case of plantations. As far as the question of surrender of surplus land for being utilised for future development by such adjoining Estates which are hard-pressed for land, the question will be taken up by the Tea Board with the representatives of the tea growing States who are represented on the Board.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 14, Para 3.15)

The Committee note that in West Bengal the rents have been increased with retrospective effect from 1955 with the result that the tea estates are finding it difficult to pay the lease money. The Committee would suggest that the Ministry of Foreign Trade should spare no pains in securing the settlement of such disputes by negotiating with the State Governments keeping in view the interests of the tea industry as a whole.

Reply of Government

In so far as the difficulty of the West Bengal gardens is concerned, an amicable settlement which permits payment of arrears since 1955 in easy instalments is already reported to have been reached. The position is being got confirmed from the State Government.

The general recommendation made by the Committee has been noted.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (S. No. 15, Para 3.50)

The Committee note that Marketing Research Corporation of India is of the view that consumption of tea in India will increase at the rate of 6.2 per cent during the Seventies. According to the Tea Board's own statistics, consumption of tea is increasing at the rate of 4 per cent to 5 per cent per annum.

The Committee also note that the present growth rate of production is 2 per cent and the Government feel that a three per cent rate of growth for the industry as a whole will cover the increasing demand of internal consumption and exports. The Committee would suggest that Government/Tea Board should initiate necessary steps forthwith to increase production of tea so that the increased rate of growth is realised and sufficient tea may be available both for exports and internal consumption.

Reply of Government

The Board is giving constant thought to increasing tea production in the country so that the targeted 3 per cent increased rate of growth is realised. The development schemes are being oriented to suit these requirements and it is felt that if the schemes are fully utilised by the tea industry they will help considerably in achieving the production targets.

Efforts are being made to help the industry in obtaining their requirements of fertilisers, pesticides and weedicides—all of which are needed to improve the production and achieve the desired rate of growth.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (S. No. 16, Para 3.40)

The Committee are unhappy to note that the production of green tea in Uttar Pradesh in 1970 was only 4000 kgs. as against 680,000 kgs. in 1960 and the decline in production worked out to 99 per cent. Similarly, production of green tea declined in Himachal Pradesh and Tripura by 44 per cent and 42 per cent respectively. The Committee are forced to the conclusion that something has gone wrong in the production of green tea in these areas. They would, therefore, suggest that a team of experts should be appointed to go into the question why production of green tea has declined in such alarming proportions and what remedial measures should be taken to revive its production in these areas.

Reply of Government

The final production figures of green tea for U.P. for 1970 came to 3,55,000 kgs. The earlier smaller figure was mainly on account of incomplete returns having been received in respect of some of

the tea estates. Thus, the drop in the production of green tea in U.P. although it has been considerable, has not been of the drastic magnitude which the previous figures indicate. Government are aware of the need of looking into this problem not only for U.P. but also for Himachal Pradesh. Recently, the Chairman, Tea Board accompanied by his technical officer has made a tour of these areas. If necessary, this will be followed up by a study by some experts.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 4th December, 1972.]

Recommendation (S. No. 17, Para 3.41)

The Committee note that India produces annually about 5 million kgs. of green tea while Morocco market alone requires 15 million kgs. of green tea. Japan is also a potential market for the export of green tea. The Committee also note that India is not producing the type of green tea required by Japan and Morocco and some factories have now installed machinery to manufacture the type of tea preferred by these countries. The Committee suggest that Government should give the highest priority to equip more factories with the latest machinery required for the manufacture of green tea so that exports to Morocco and Japan can be stepped up.

Reply of Government

The Tea Board is giving all possible assistance to facilitate the supply of necessary equipment and technical know-how for the manufacture of green tea suitable for consumption in Japan and Morocco. 5 tea estates have in the past few years been helped to import specialised green tea machinery from Japan. One machine has also been imported from Taiwan for manufacture of tea for Morocco.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 4th December, 1972.]

Recommendation (S. No. 18, Para 3.55)

The Committee note that two firms are producing instant tea at present and the manufacture is based on imported technology. The Committee also note that the quality of instant tea being produced is not upto the mark and there is a problem about its solubility in cold water for making iced tea. To get over these difficulties the Calcutta University and Central Food Technological Research Institute have been asked to carry out research for the production of the right type of instant tea.

Reply of Government

The Calcutta University and the Central Food Technological Research Institute are engaged in research for production of right type of instant tea. At present two firms are engaged in the manufacture of instant tea in India. One of these has already marketed instant tea which is soluble in cold water.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 4th December, 1972.]

Recommendation (S. No. 19, Para 3.56)

The Committee hope that efforts made by these organisations will bear fruit and some new method of producing instant tea will be evolved which would be free from the defects noticed in the present manufacture. The Committee are of the opinion that there is a promising future for this product. They suggest that the Board must ensure that there is continuous research on instant tea for improving its quality and marketability.

Reply of Government

The Calcutta University and the C.F.T.R.I. are already engaged in the research of production of Instant tea of acceptable quality for which funds are made available by the Tea Board.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 12th December, 1972.]

Recommendation (S. No. 20, Para 3.57)

The Committee further suggest that consumption of instant tea may also be popularised and encouraged in our country.

Reply of Government

The entire production of instant tea in India is at present exported out of India. Production of instant tea being very limited at present, efforts are afoot to increase production to meet the demand in foreign countries to enable us to earn more foreign exchange. According to the present arrangements with the two manufacturing units of instant tea the entire production of instant tea is required to be exported. The question of catering for the domestic market should appropriately be taken up only after volume production has been established and the potentially of the export market has been adequately availed.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 4th December, 1972.]

Recommendation (S. No. 21, Para 3.65)

The Committee are of the view that the demand for tea bags will increase in Europe and other foreign markets in future. They, therefore, suggest that the Tea Board should provide necessary facilities to the firms to augment the production of tea bags.

Reply of Government

With a view to encouraging the production of Tea Bags, the Tea Board has been sponsoring the import of Tea Bag Machines as well as necessary spare parts and raw materials. Since 1968-69, the Board has sponsored import applications for a total number of 7 Tea Bag Machines out of which 4 have already been imported, 2 by Liptons and 2 by Brooke Bonds. These 4 machines are at present in operation. M/s. Liptons have applied for another 2 machines for which the import licence is yet to be issued. M/s. D. C. Ghose & Co., (Agents) Private Ltd., 11, Government Place East, Calcutta-1, had also obtained a licence for one Tea Bag Machine but its validity period has expired and they have applied for revalidation of the licence. Apart from the Tea Bag Machines, the Board has also been sponsoring the import of raw materials for the production of tea bags like Filter paper/Tissue paper, Aluminium Stapling Wire, etc. as also spare parts for the machines.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 22nd November, 1972.]

Recommendation (S. No. 22, Para 3.66)

The Committee note that tissue paper required for manufacture of tea bags has to be imported which adds to the cost. The Committee suggest that the feasibility of manufacturing tissue paper in India should be examined as the demand for tea bags in foreign markets is expected to increase.

Reply of Government

Tissue paper required for Tea Bags are being imported as the required type and quality of tissue paper is not at present manufactured in India. The Committee's suggestion to examine the feasibility of manufacturing tissue paper in India will be pursued.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 22nd November, 1972.]

Recommendation (Serial No. 23, Para 3.69)

Since Darjeeling is the most famous place for quality tea, production of tea in this area deserves special attention. Ministry of Foreign Trade have informed the Committee that 51 per cent of the tea area in Darjeeling carry bushes which are over 50 years of age. It is also admitted that the response to the Replanting Subsidy Scheme has not been favourable but it is hoped by them that with the upward revision of rates of subsidy the tea gardens would be able to undertake replanting of old areas. The Committee further note that 14 per cent of the existing planted area in Darjeeling i.e. 2,556 hectares is available for new planting.

Recommendation (Serial No. 24, Para 3.70)

The Committee suggest that the Tea Board should give maximum encouragement to the tea estates in Darjeeling to replant 2,556 hectares of available land with new tea bushes without any further loss of time. This step is necessary for three reasons, first, that the area under tea cultivation in Darjeeling has declined at the rate of 1.7 per cent during the period 1965-70 and secondly that the yield of tea in this area is much less than the all India average, and thirdly, the Darjeeling area produces the finest tea, in great demand abroad.

Reply of Government

Special attention and encouragement are always given to the tea areas in Darjeeling in view of its importance for the quality tea produces. It is understood, however, that the information collected by the Producers' Associations in regard to the land available for new planting has since undergone a change. This is because shortly after the statistics were collected, the Darjeeling landslide disaster of October, 1968 had affected a sizeable area that was considered suitable for growing tea. The Board is taking up the matter afresh with the industry in Darjeeling to collect the latest data so that encouragement may be given for planting out all available lands with new extensions. Darjeeling has, however, its own special problems, high cost of production and very low profitability being the most important ones. It has been represented that the high rate of excise duty on tea produced in this area is acting as a damper to improved production. This and other problems facing the industry are under constant review by Government.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 22nd November, 1972.]

Recommendation (Serial No. 25, Para 3.93)

The Committee are unhappy to note that the pace of replanting has been extremely slow and during 1969-70 only 987 hectares were replanted with tea bushes as against 3,024 hectares replanted during 1964-65. The Committee are concerned to note that against the annual rate of 2 per cent replantation, the rate actually achieved is as low as 0.6 per cent.

Recommendation (Serial No. 26, Para 3.94)

The Committee consider it regrettable that far from achieving the target of 7,000 hectares per year fixed for the Replanting Subsidy Scheme the Tea Board has been able to get only 987 hectares replanted during 1969-70.

Recommendation (Serial No. 27, Para 3.95)

The Committee, however, note that the rates of Replanting Subsidy and the loans available under the Tea Plantation Finance Scheme are being revised upward and it is expected that with the coming into force of the new rates the tea estates will be able to do replanting at a much faster rate.

Recommendation (Serial No. 28, Para 3.96)

The Committee regret to note that response to the Replanting Subsidy Scheme has been very poor in South India also. They however, note that with the approval of the scheme of "replacement planting" the Tea estates in the South would be able to take Board should promptly ascertain as to which of the tea areas in the South are having tea bushes which are 50 years of age advantage of the scheme. The Committee would suggest that the Tea Board should promptly ascertain as to which of the tea areas in the South are having tea bushes which are 50 years of age or more and in respect of those areas special efforts should be made to get them replanted with new tea bushes. The Committee are of the opinion that the processes of replanting or "replacement planting" have to be continuous both in North and South India if production targets are to be achieved. The Committee are concerned to note that the funds requisitioned in December, 1970 for the Replanting Subsidy Scheme were not made available to the Tea Board until the first week of April, 1971. The Committee would like advance planning to be done in such matters so that the money is passed on to the Tea Board in time for making timely payments under the scheme. This initial delay in release of funds not only hampers payment of subsidy but also frustrates the working of the whole scheme.

Reply of Government

The rate of replanting is certainly low and the Tea Board is fully conscious of this and is taking every possible step to see that it is improved. The rates of subsidy for replantation as also the quantum of loans for planting were increased early this year but it is yet too early to say what impact this will have on the rate of replanting.

With the recent liberalisation of the Replanting Subsidy Scheme, age of the tea bush is no longer the sole criterion for the grant of subsidy. With proper cultivation practices tea areas of over 50 years of age may continue to give an economic return. There are various other factors which go to make an area uneconomic. The Replanting Subsidy Scheme has now been amended to allow any tea area giving uneconomic yield, irrespective of its age, to be eligible for the grant of subsidy under the scheme. It would, therefore, be in the interest of the tea industry and the country to give priority to replant their uneconomic sections. Steps are, therefore, being taken in this direction.

As regards release of funds requisitioned by the Tea Board, it may be stated that prior to 1st July, 1970, the procedure for release of funds for loans/subsidy to the Commodity Boards was that on the basis of budget provision for the schemes and proposals submitted to Government, sanctions were issued by the Government to the local audit officer from whom the funds were obtained direct by the Boards themselves. This procedure was revised by the Ministry of Finance in May, 1970 and was operated with effect from 1st July, 1970. According to the new procedure, the payments of loans and subsidies sanctioned is paid by the Under Secretary incharge of Cash Section in the Ministry of Foreign Trade who has been nominated as the drawing and disbursing Officer. In view of the provisions of the Office Memorandum of the Ministry of Finance, proposals for release of loans/subsidy received from the Tea Board are finalised in consultation with Internal Finance and sanctions are issued to Accountant General, Commerce, Works and Miscellaneous, New Delhi. The sanction letter, bill for the loan/subsidy with the normal certificate for release of funds to the Board is sent to Under Secretary incharge of Cash for passing the bill to Accountant General, Commerce, Works and Miscellaneous, New Delhi for payment. On receipt of the cheques from the Accountant General, Commerce, Works and Miscellaneous, New Delhi these are sent to Tea Board by post.

In view of the revised procedure, there has been initially some delay in the release of funds to the Tea Board. The matter has been

reviewed. As the Ministry of Finance were not agreeable to switch over to the old procedure by which Tea Board themselves were drawing money from the Deputy Accountant General, Commerce, Works and Miscellaneous, Calcutta on the basis of the Government sanction, the new procedure has been streamlined so that the bills are sent to the Accountant General, Commerce, Works and Miscellaneous, New Delhi duly signed by Under Secretary incharge, of Cash Section within a few days of the issue of the sanction letter. The local Officer of the Tea Board has also instructions to pursue the matter with the Audit so that the demand drafts are obtained from them and despatched to the Board with the least possible delay.

There has since been no avoidable delay in the release of funds.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 22nd November, 1972.]

Recommendation (Serial No. 29, Para 3.109)

The Committee note that analysis of cost of production of tea is based on two samples, one relating to the year 1963-65 and the other to 1966-68. As the cost of production has a rising trend and since 1968 the picture must have been completely changed, the Committee would like the Tea Board to carry out fresh analysis of the cost of production for the year 1970-72.

Reply of Government

The tea companies have been asked by the Tea Board for Balance Sheets and information relating to cost of production for the year 1969 and 1970. Information for 1971 and 1972 will also be obtained from the industry in due course and fresh analysis will be undertaken by the Board as soon as all the required information is received from the industry.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A)
dated the 22nd November, 1972.]

Recommendation (Serial No. 30, Para 3.110)

The Committee note that the cost of production of 1 kg. of made tea in Darjeeling both by the Sterling companies and Rupee companies is higher than the all India cost. The Committee have been informed that the higher cost in Darjeeling is on account of the low yield of tea and that in the lower hills there is the possibility that production might improve. The Committee would like the Tea Board to evolve and assist in the implementation of concrete

measures to effect reduction in the cost of production of tea grown in Darjeeling so as to improve the competitiveness of this prime tea grown in that area.

Reply of Government

The Tea Board has been asked to take necessary action in the matter.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 33, Para 4.14)

The Committee note that the Tea Machinery Hire-Purchase scheme for the supply of machinery and irrigation equipment to tea gardens on hire-purchase basis was introduced in April, 1960 and that a sum of Rs. 74.53 lakhs was disbursed for this purpose during 1970-71. They also note that Tea Plantation Finance Scheme to undertake replanting of old and uneconomic tea areas as well as replacement and extension of plantings was introduced in February, 1962 and 195 applications aggregating to an amount of Rs. 725.67 lakhs have been sanctioned till 31st March, 1971 under the scheme. The Committee would suggest that the performance of the two financial schemes should be reviewed periodically so that it may be ascertained how far the two schemes have contributed to the development of the tea industry.

Reply of Government

The system of performance budgeting has been introduced by the Board which ensures regular check over progress and achievement in respect of outlay and targets proposed.

The Committee's recommendation in regard to periodical review of the schemes is noted for implementation.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 34, Para 4.15)

The Committee note that techno-economic surveys of tea estates were conducted in Tripura and Cachar in 1963 and thereafter no techno-economic surveys were conducted in any other area. According to the Ministry, the special staff engaged on that work had to

be diverted to development work. This is a poor excuse for suspending a vital activity.

Recommendation (Serial No. 35, Para 4.16)

Techno-economic surveys serve a useful purpose in bringing to our notice problems faced by the industry. The Committee desire that the Tea Board should undertake techno-economic surveys on a regular basis so as to have first hand reliable information about the health and problem of the tea industry in various areas and regions of the country. The Committee would like the Tea Board to take necessary follow up action by drawing up an integrated plan, in consultation with the tea plantations, for increasing productivity and production and improving quality. The plan should *inter alia* cover replacement of old bushes, rejuvenation of the existing tea bushes, application of right inputs and improved pruning practices.

Reply of Government

A Survey team is proposed to be constituted in the near future and they will be deployed to conduct techno-economic surveys on a regular basis. The areas in which surveys are to be conducted on a priority basis will be determined by the *Ad-hoc* Committee on Tea Development of the Tea Board.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (Serial No. 36, Para 4.22)

The Committee note that the question of growing tea in Nagaland was taken up by the Tea Board with the State Government as far back as 1963 but no decision has been taken in the matter so far. The Committee are of the opinion that the matter should have been pursued more vigorously by the Tea Board. The Committee hope that the Central Government will take up the matter with the Nagaland Government without further delay. The Committee would like to be apprised of the action taken in this regard.

The Committee would like the Tea Board/Government to undertake similar investigation about the possibility of encouraging cultivation of tea in NEFA and other suitable areas.

Reply of Government

In February, 1972, Chairman, Tea Board, addressed a letter to the Chief Secretary to the Government of Nagaland intimating him

that the Chairman accompanied by the Director of Tea Development would like to visit Nagaland to discuss and explore the possibilities of growing tea in that State. He was asked to suggest a date convenient to him for this purpose. The Board was telegraphically advised that either the Secretary (Industries) or the Secretary (Finance) would visit Calcutta in the near future and would call on the Chairman for this discussion. As no further information regarding this visit was subsequently received, a letter has again been addressed to the State Government in July, 1972 enquiring when the officials were likely to call on the Chairman. A reply from the State Government is still awaited.

Chairman and the Director of Tea Development visited Shillong in March, 1972 to discuss with the Chief Commissioner and the Development Commissioner of Arunachal Pradesh (NEFA) Government the question of growing tea in their State. It was understood that the question of opening tea areas was to be discussed by the Council of the State. A reminder was sent to the State Government in July, 1972 asking them if the matter had been discussed by the State Council and if so, what was their decision. A reply is awaited.

The matter will now be pursued also from the Ministry of Foreign Trade.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (Serial No. 37, Para 4.23)

The Committee are equally surprised to note that Government of Manipur had evinced no interest in growing tea in that area nor did the Tea Board pursue the matter further after 1967. Now that Manipur has attained full statehood, the Committee suggest that the Central Government should make a concerned effort to persuade the Government of Manipur to chalk out a plan for development of the tea industry in that region.

Reply of Government

Chairman and the Director of Tea Development visited Manipur in February, 1972, soon after the Estimates Committees meeting in January. The discussions with the State Government officials were encouraging. An official from the Tea Board was deputed to Imphal in May 1972, to assist the State Government in undertaking soil

survey in the prospective areas. Further development in this regard is awaited as the samples of soil have been sent for analysis.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 22nd November, 1972]

Recommendation (Serial No. 38, Para 4.29)

The Committee note that the average yield of tea has been steadily going up in India and during 1970 it rose to 1.191 kgs. per hectare. The Committee also note that by using the right inputs and by resorting to varying pruning practices it has been possible to increase the yield of tea in certain areas by rejuvenating the existing tea bushes. The Committee need hardly stress that while taking advantage of these methods in suitable places for increasing yield to the extent possible it should not be forgotten that a tea bush like any other bush or plant is bound to deteriorate both in yield and quality after attaining a certain age and it must also die ultimately. The Committee, therefore, suggest that for increasing production permanently Tea Board should depend more on replanting new bushes in replacement of those which have outlived their economic life.

Reply of Government

The Committee's suggestion that for increasing production the Board should depend more on replanting of bushes that have outlived their economic life is noted. In fact, it was for this reason that stress on replanting and replacement planting of uneconomic sections of tea areas was laid when the recent liberalisations were introduced in the Replanting Subsidy Scheme. The original scheme was based on the sole criterion of age of the bush which was put down at 50 years. This was reviewed since in many good growing areas and particularly in the hills it is found that with proper agricultural and cultivation practices the economic life of a tea bush has exceeded the normally accepted life span of 50 years. In many progressive gardens in Assam sections of tea of over 80 years of age are still found to give a yield of over 30 mds. per acre (2700 kg. per hectare). In contrast, much younger areas have been found to give poorer yield caused by various other factors like bad drainage, poor soil conditions etc.

The Tea Board would, therefore, lay more stress on giving priority for replanting of any tea area that is found to give an uneco-

onomic yield in comparison with other areas in the same region. This would help in achieving increased production quickly.

[Ministry of Foreign Trade O.M. No. 11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (Serial No. 40, Para 4.37)

The Committee note that Tea Board exercises no direct supervision over the production and distribution of tea seeds and clones and tea seeds are produced by commercial seed companies. The Committee also note that there has been no shortage of seeds or clones for use as planting materials in the country. The Tea Board has, however, set up 2 clonal multiplication centres in the Nilgiris to enable the small growers to obtain good planting material for their estates. As there is large number of small tea growers in Kangra and Mandi, the Committee are of the view that a few clonal multiplication centres should also be opened in Himachal Pradesh to cater to the small tea growers' needs for clones of proven quality.

Reply of Government

The Committee's recommendation for opening clonal multiplication centres in Himachal Pradesh to cater to the needs of small growers is noted. The Tea Board is undertaking long term field trials for both seeds and clones at the Palampur Experimental Station to determine what varieties of seeds and clones would be most suited to the Kangra Region. These long term trials are expected to yield results by the end of 1972-73. Once the suitable jats and varieties are determined, it is the intention of Tea Board to open multiplication centres to propagate these varieties for supply to the small growers of that area. It is expected that clones and seedlings will be made available for use of the small growers within two years from now. With this multiplication centre, a Demonstration plot will be run so that the small growers may be instructed on the proper cultivation methods and practices of growing tea.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (Serial No. 41, Para 4.38)

The Committee would also suggest that as the Tea Industry in U.P. has suffered a fall in production in recent years the problems of this area should receive close attention and a clonal multiplication centre may also be suitably located in the garden areas of U.P.

Reply of Government

The Committee's recommendation regarding the tea industry in U.P. is noted. Chairman, Tea Board, accompanied by the Director of the Tocklai Experimentation Station, T.R.A., visited the Kumaon and Garhwal Hills of U.P. in June, 1972 to explore the possibilities of reviving the tea industry. Some rejuvenation work carried out with the advice of the Tea Board in a few estates in Utrakhhand has yielded very interesting results and the work is being extended in more areas of the estates.

It is understood that the State Government is seriously considering a project for planting of tea in Kumaon and Garhwal Hills. The Tea Board has assured the State Government of all technical assistance needed. In addition to this the Tea Board is considering a scheme of setting up an experimental plot for undertaking long term trials for seeds and clones to assess the suitability of different varieties for that Region. This experimental plot will also undertake multiplication of clones and seeds for supply to the growers of the area.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 22nd November, 1972.]

Recommendation (S. No. 42, Para 4.45)

The Committee note that the weedicide known as Gramoxone worth Rs. 69 lakhs was imported during the year 1970-71. Government have now decided to import only the technical material named Paraquat and the formulation of Gramoxone would be made in India. Paraquat worth Rs. 32 lakhs has already been imported and more import of this material is being contemplated. The Committee would stress that till such time as we become self-reliant in the field of specialised weedicides required for tea plantations, adequate timely imports should be allowed and suitable arrangements made so that the weedicide reaches the tea plantations in time and in adequate quantities. The Committee also note that in December, 1971 Government had issued a letter of intent to one firm for the manufacture of 2,500 kilo-litres of Gramoxone from the basic stage. The Committee trust that the indigenous manufacture of Gramoxone as a complete product will materialise very soon and the foreign exchange being spent at present on the import of Paraquat (for preparation of Gramoxone) will be saved. In the Committee's view, Government/Tea Board should keep a close watch on the progress of the manufacture of Gramoxone indigenously.

Reply of Government

The Committee's recommendations regarding timely availability of specialised weedicides required for the tea plantations is noted. The Tea Board have been pursuing the matter for adequate timely imports of Paraquat for preparation of Gramoxone. The Tea Board is also actively pursuing the matter regarding issue of Industrial licence for manufacture of Gramoxone from basic stage.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 4th December, 1972.]

Recommendation (S. No. 45, Para 4.57)

Till such time that the country attains self-reliance in Pottasium Chloride and Ammonium Sulphate required for tea industry, the Committee would like Government to arrange for their imports in time and for their timely distribution to the tea gardens.

Reply of Government

The Tea Board is constantly in touch with the Ministry of Agriculture to ensure timely import and distribution to the Tea Gardens.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 46, Para 4.67)

The Committee note that in Tamilnadu 8 Cooperative factories have been set up for the benefit of small tea growers and 2 more factories are proposed to be set up. The total number of small tea growers in that State is stated to be 3,258. As against this, in Kangra in Himachal Pradesh, one cooperative factory has been set up which benefit about 247 tea growers and one more Cooperative factory is proposed to be set up during the year 1972-73. The Committee further note that 1,157 small tea estates each below 50 acres in size are registered with the Tea Board in Kangra. It is obvious from these figures that the number of cooperative factories set up in Kangra is too meagre to serve the interests of 1,157 tea growers. The Committee would like the Tea Board to make a study of the actual requirements of cooperative factories in Himachal Pradesh and to ensure that more cooperatives are set up there for the benefit of small tea growers, with the help of the State Government.

Reply of Government

The Tea Board proposes to carry out a Techno-economic survey of this area with a view to assess the requirements of more co-operative factories in Himachal Pradesh.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The result of the Techno-economic survey proposed to be carried out by the Tea Board may be communicated to the Committee.

Recommendation (S. No. 47, Para 5.7)

The Committee note that India's export performance during 1970 and 1971 has been better than what it was during the year 1969. Exports to U.K. particularly picked up from 59.9 million kgs. in 1969 to 98.9 million kgs. in 1970 showing an increase of 39 million kgs. The fiscal measures adopted by Government namely (i) abolition of export duty with effect from 1st March, 1970 and (ii) granting of a rebate with effect from 15th April, 1970 have proved useful in pushing up exports. The Committee trust that Government will keep the export of tea under constant review so that remedial measures to boost up exports can be taken in time.

Reply of Government

Noted.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 48, Para 5.8)

The Committee hope that the Tea Corporation which has been set up in the Public Sector will play a useful role in increasing the exports of tea particularly to those countries which have heretofore depended for their supplies on Ceylon and other East African countries.

Reply of Government

This observation of the Committee will be conveyed to the Tea Trading Corporation which has been recently set up.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 49, Para 5.9)

The Committee note that both India and Ceylon hold equal share of 32.6 per cent in the total world export during 1970. While Ceylon exported 208.3 million kgs. of tea out of a total production of 212.2 million kgs. India exported 208.4 million kgs., of tea out of a total production of 421.8 m.kgs. The Committee feel that there is enough scope for the Tea Board to gear itself to the task of achieving higher percentage in the total world exports through direct agreements or sales by sustained and better methods of tea promotion in foreign countries outside the quota pool.

Reply of Government

The Tea Board is constantly engaged in the promotion of India tea abroad through its various offices located in London, Brussels, New York, Cairo and Sydney. Exports of tea are, however, regulated in accordance with the informal arrangements arrived at between the exporting countries under the aegis of F.A.O. and unlike Coffee there are no non-quota countries.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 50, Para 5.17)

The Committee note that in 1970 the exports of tea from India under Rupee payment agreements declined from 33.51 per cent to 25.54 per cent. Likewise, the exports under bilateral trade agreements declined during 1970 to 35.25 per cent as against 44.57 per cent in 1969. The Committee would like the Tea Board to analyse why exports under Rupee payment arrangements and under bilateral trade agreements have declined during 1970.

Reply of Government

The exports of tea to rupee payment agreement countries declined from 56.5 thousand kgs. in 1969 to 53.2 thousand kgs. in 1970, but again showed an upward trend in 1970 when exports were 72.29 thousand kgs. Thus it would be seen that the decline in 1970 was only marginal. So far as exports to other countries under bilateral trade agreements are concerned these increased from 18.65 thousand kgs. in 1969 to 20.24 thousand kgs. in 1970 and 24.13 thousand kgs. in 1971.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 51, Para 5.18)

Government have stated that in the new trade agreements a clause has been inserted to the effect that if it is found that there has been any "switch Trade" than that country would be asked to pay in foreign exchange. The Committee hope that the new clause

would have the desired effect and that in future no tea or any other traditional commodity will find its way surreptitiously into at least our traditional markets from which we earn hard currency.

Reply of Government

In the Trade Agreements with East European countries a provision has been made that the goods exported from one country to the other are meant only for consumption in that country and not for re-export to any other country. It is also envisaged that departures from this understanding could be discussed between both parties with a view to solving the problems resulting there from and to take remedial action. These safeguards should help to prevent re-export of any of our traditional export commodities like tea.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A). dated the 20th December, 1972.]

Recommendation (S. No. 52, Para 5.25)

The Committee note that only 25 per cent of Indian tea is blended before it is exported to other countries. The Committee also note that in 1967 Ceylon exported 2.2 million kgs. of tea in packages as against 2.4 million kgs. of tea in packaged tea exported by India. The Committee are surprised to note that while Ceylon improved the position appreciably during the following three years and exported 7.83 million kgs. of tea in packages in 1970, India's export of packaged tea during the same year remained as low as 4 million kgs.

Reply of Government

With the setting up of Tea Trading Corporation in India with its prime objective to promote export of packet Teas, India's export of such teas is likely to pick up quite considerably.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 53, Para 5.26)

The Committee hope that Government will ensure that the Tea Corporation makes an all out efforts to increase the exports of packaged tea so that the unit price of tea increases and more foreign exchange may be earned for the country. The Committee would urge that Government should also encourage the tea com-

panies in the private sector to export more and more of blended and packaged tea in place of bulk tea.

Reply of Government

Government agree that the Tea Trading Corporation as well as the companies in the private sector should be encouraged to export more of blended and packet teas.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 55, Para 5.36)

The Committee note that a rebate of excise duty is being given at the export point to the extent of 30 per cent of the *F.A.S. value above the price of Rs. 5.25 per kg., subject to a maximum of 75 paise per kg. For packaged tea exported, the rebate is calculated on *F.A.S. price in excess of Rs. 9.75 per kg. for metal containers and Rs. 6.25 per kg. for other containers. The Committee also note that there is a demand that this rebate on excise duty on exported tea should be increased. The Committee would like Government to examine this matter as to whether any enhancement in rebate of excise duty is called for in the interest of increasing exports of tea.

Reply of Government

This is under constant review by the Government.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 56, Para 5.44)

The Committee note that a number of tea producing countries have agreed to the quota system for export of tea. Under the agreement, the global quota for export of tea for 15 months from 1st January, 1971 to 31st March, 1972 has been fixed at 727.6 thousand metric tons out of which the joint quota for India and Ceylon is fixed at 506 thousand metric tons. The Committee trust that the tea producing countries as well as consuming countries will arrive at some long term arrangement for stabilising tea prices in the world market through effective control over imports and regulation of exports.

Recommendation (S. No. 57, Para 5.45)

In view of the fact that new countries particularly in East Africa are coming up and increasing production of tea and in due course they might demand larger share of exports to the world market, the Committee are of the opinion that the agreement arrived at by the Exporters' Group might not last for long.

India should thus be prepared to meet the greater challenge from other tea producing countries in the years to come.

Reply of Government

To meet with the situation visualised by the Estimates Committee, India has been carrying on negotiations with other tea producing countries under the aegis of the F.A.O. In the meeting of the Sub-Group on exports of the Inter-governmental Group on Tea held at Rome in September, 1972, an agreement has already been reached for the country-wise quotas of exports for the years 1972-73 and 1973-74. The global quotas for these years are 609 thousand tonnes and 645 thousand tonnes respectively. The share of India during these two years would be 211.5 thousand tonnes and 217.8 thousand tonnes. An overall agreement for the year 1974-75 has also been reached at 670 thousand tonnes. The Country-wise break-up of this quota will be negotiated later.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 58, Para 5.46)

One way of meeting that challenge is to increase the production of quality teas for promoting exports. The Committee note that tea from North India fetches better prices than tea from South India at the London auctions. The Committee suggest that the export of tea should be so regulated that India may be able to sustain and increase its exports on a durable basis and at the same time get better prices for its export.

Reply of Government

The Tea Board is making constant efforts in this direction.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 59, Para 5.68)

The Committee also note that India withdraw from the International Tea Market Expansion Board in October, 1952 on the ground that the value of propaganda by the International Board had not been commensurate with the financial contributions which

India had to make. The net result was that Ceylon took the maximum advantage of India's absence from that International body and despite heavy cost continued to maintain essential centres thereby wresting the initiative from India and enhancing the prestige of "Ceylon Tea". The Committee are surprised and concerned to note that sometimes Indian tea is sold as "Ceylon tea" in the U.K. and other foreign markets.

Recommendation (S. No. 60, Para 5.69)

The Committee are constrained to note that India spends 53 per cent of the total expenditure on generic promotion and 47 per cent on uninationa! promotion whereas Ceylon spends 76 per cent on uninationa! promotion and only 24 per cent on generic promotion. The inference is clear that Ceylon is more interested to do propa-ganda about "Ceylon tea" as against propagating "tea" as a beverage superior to other beverages. The Committee feel that in the long run, it is uninationa! promotion which will help India to regain its paramount position in the world market.

Reply of Government

The generic promotion is conducted through the 7 Tea Councils viz. U.K., U.S.A., Canada, West Germany, France, Australia and New Zealand and India and Ceylon contribute to the funds of the Tea Council on an agreed basis along with the local tea trade for carrying out such promotion. The contribution for the Tea Council is more or less a fixed charge for both countries and as such the amount spent by India and Ceylon on generic promotion is almost similar. The disparity in the ratio of expenditure on generic and uninationa! promotion between India and Ceylon is explained by the wide gap in the total promotion budget of two countries, in as much as Ceylon promotional budget is almost double that of India's promotional budget. It is agreed that increased expenditure on uninationa! promotion will result in larger exports of Indian tea and Government are taking necessary steps in this direction.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 61 Para 5.70)

In order to compete with Ceylon and other East African countries in the world market India will have to make concerned efforts to popularise "Indian teas" abroad. The Committee are of the view that tea promotion abroad should be done in a commercial manner with the help of professional agencies to reach retail out-

lets in sophisticated markets. The Committee also suggest that to achieve the best results more powers should be delegated to the Directors, of Tea Promotion abroad to enable them to take quick decisions within the broad policy laid down, to suit the exigencies of the situation and without the necessity of getting prior approval from the Tea Board at Calcutta.

Reply of Government

The question of further delegation of powers to Chairman, Tea Board as well as the Directors of Tea Promotion abroad is under consideration of Government.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 62, Para 5.80)

The Committee note that the London Tea Centre has been running at a loss. Government have stated that this Centre was never meant to be a commercial enterprise. The Committee further note that an attempt is now being made to sub-lease a portion of the premises of the London Tea Centre to an experienced firm of caterers who would undertake to do propaganda for Indian tea. The Committee suggest that the possibility of running this Centre on commercial lines should be explored in consultation with Air India and the India Tourism Development Corporation who have some experience of running catering establishments.

Reply of Government

The possibility of making this Centre economically viable is already being explored. India Tourism Development Corporation have already been asked to submit a feasibility report. India Tourism Development Corporation had in June/July sent a Survey team to London to prepare the feasibility report which is awaited.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The Committee trust that on receipt of the feasibility Report from India Tourism Development Corporation, necessary steps will be taken by the Tea Board to ensure that London Tea Centre no longer runs at a loss. Concerted efforts should be made by the Tea Board to make this Centre economically viable as early as possible.

Recommendation (S. No. 63, Para 6.6)

The Committee note that a cess of 4 paise per kg. is levied on all teas produced in the country. The Committee also note that actual expenditure on the Tea Board during the years 1968-69 to 1970-71 had been more than the total cess collected.

Recommendation (S. No. 64, Para 6.7)

The Committee, therefore, suggest that Government should examine the feasibility of revising the rate of cess levied on tea for the purpose of meeting the total expenditure of Tea Board and also examine the expenditure of the Tea Board with a view to determine whether the moneys available are well spent.

Reply of Government

There is presently a proposal before the Government to increase cess from 4 paise per kg. of tea produced to 5.50 paise per kg. with a view to utilise the additional cess amount exclusively for expenditure on tea research. The money presently spent on tea research from the Tea Board cess collection will then be available for expenditure on Tea Board. The Committee's suggestion that the pattern of expenditure of the Tea Board should be examined by Government has been noted.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 65, Para 5.81)

The Committee would like Tea Board/Government to consider whether the Tea Centres should not be used for dissemination of all commercial information pertaining to export of tea and also act as retail outlets for sale of packaged Indian tea.

Reply of Government

Compilation and dissemination of commercial and trade information requires export handling and is done through the Board's overseas officers. Trade enquiries received at the Tea Centres are transmitted to these offices for necessary action. Retail sale of Indian tea packs are made from the Centres.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 66 in Appendix III, Para 6.19)

The Committee note that excise duty on tea is levied on a zonal basis and varies from Rs. 0.25 paise to Rs. 1.50 per kg. according to the zone.

Reply of Government

No comments.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 67, Para 6.20)

The Committee are, however, glad to note that the excise duty on green tea is levied at the rate of 10 paise per kg. only. The Committee further note that the export duty on tea has been abolished with effect from 1st March, 1970 with a view to increase exports and this step has achieved its purpose in-as-much as the export performance during 1970-71 has been much better as compared to the previous years. The Committee, however, feel that the rates of excise duty levied in the five zones need to be examined periodically and these differential rates should be fixed in such a manner that the quality tea which are exported can compete with teas from other countries in the international market. This also raised the question of higher rebate on exported tea or even a total withdrawal of excise duty on exported tea.

Reply of Government

The matter is under constant review by the Government.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 68, Para 6.21)

Government have expressed the view that no additional incentive appears to be necessary in rebate of excise duty on exported tea. It has been further stated that full refund of excise duty will adversely effect the price of Indian tea and total foreign exchange earnings will go down. India has to compete with tea producing countries like Ceylon, and Kenya and other East African countries where no excise duty is levied at production stage.

Recommendation (S. No. 69, Para 6.22)

The Committee would like Government to examine the taxation structure in other tea producing countries notably Ceylon, Kenya and other East African countries and then to devise measures most suitable to Indian conditions in order that Indian tea can compete with teas from those countries in the international market. In the Committee's opinion, a rebate of excise duty on exported tea is more advantageous to the tea exporter rather than to the tea producer and this aspect of the question needs to be examined in greater depth.

Reply of Government

Action is being taken to collect information regarding taxation structure in other Tea Producing countries. The question regarding rebate of excise duty is under constant review by the Government.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The Committee trust that the data regarding the taxation structure in other tea produing countries will be collected expeditiously and it will be analysed properly with a view to make necessary changes in the taxation structure in the country in the interest of increasing exports of tea from India.

Recommendation (S. No. 78, Para 6.33)

The Committee note that the Commercial Banks provide loans as working capital to tea gardens and these have to be liquidated every year. There is also provision for giving loans under the scheme of the Agricultural Refinance Corporation which are operated through Commercial Banks. The security for such a loan is the mortgage of a property and the title deeds have to be pledged with the Bank as collateral. The Committee further note that the Tea Board at present has no scheme to provide any guarantee to tea growers for repayment of loans. The Committee need hardly stress that while the big tea estates or the affluent section of the tea industry can easily get loans from the banks by mortgage their crops or ther property, the small tea prowers have to face real difficulties in getting loans from the banks. The Committee, therefore, suggest that the Tea Board should act as the watch dog of the small tea growers. As the small tea growers need all possible encouragement both for increasing production and

for improving the quality of tea these twin objects cannot be achieved unless adequate credit facilities are made available to small tea growers on easy terms.

Reply of Government

The Reserve Bank had constituted a Working Group on Finance for Tea Industry in September, 1971. The recommendations of this Working Group have been received. Their recommendation relating to the weaker section of the Tea industry is reproduced below:—

“The lead bank in each of the tea-growing districts should take the initiative and ensure that no garden suffers for want of adequate finance. However, viability of both present and prospective, should be kept in view. The district consultative liaison committees consisting of financial institutions have already been formed or are being formed in districts where substantial tea plantation is undertaken. On of the specific functions of these committees is to undertake studies in depth of problems of individual industries. *The Group hopes that purposeful studies of tea industry particularly of the weaker groups would be carried out as a basis for further action*”.

This recommendation along with others has been communicated by Reserve Bank of India to all the scheduled commercial Banks for further necessary action and the lead banks in each of the tea growing districts have been asked to take initiative and ensure that no garden suffers for want of adequate finance.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 73, Para 7.19)

The Committee note that the Tocklai Experimental Station is currently conducting research to establish the Co-relation between various biochemical constituents of tea leaf and quality/cash valuation of manufactured tea. The Committee are of the view that research on this particular aspect may lead to results of far reaching importance. They, therefore, suggest that Government should ensure that fundamental research being carried out at the Tocklai Research Station or at other Research Centres in the country does not suffer for want of encouragement and funds.

Recommendation (S. No. 75, Para 7.21)

The Committee note that the existing cess on tea is proposed to be increased from the present Rs. 4 per 100 kgs. of tea produced to Rs. 5.25 per kgs. and this will make available Rs. 1.25 per 100 kgs. of tea produced for research work. The Committee hope Government will examine the pros and cons of the matter and will come a quick decision so that the industry no longer suffers for lack of research, and research does not suffer for want of funds. The Committee suggest that the Tea Board should ensure that results of research are disseminated to every tea estate whether big or small as increasing the production of quality teas in the country is of paramount importance.

Reply of Government

The question of increasing the present cess of 4 paise per kg. of tea produced to 5.50 paise per kg. is already under active consideration of the Government with a view to ensure that tea research does not suffer for want of funds. All such additional funds as accrue due to enhancement of the cess will be utilised exclusively for tea research.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 74, Para 7.20)

The Committee note that the tea estates in Kangra have suffered partly because of non-availability of scientific advice to the small tea growers who are not members of the Tea Research Association. The Committee further note that until 1905 the tea estate in Kangra had flourished. But subsequently due to the terrible earthquake many tea factories were destroyed and a number of tea planters were also killed. The Committee hope that Tea Board will pay special attention to the needs of small tea growers in this valley and do everything possible to bring them in line with the organised sector of the industry. They suggest that Government should ensure that the benefits of latest research on tea are made available to tea growers and that the filed staff of the Board remain in constant touch with them.

Reply of Government

The following steps have been taken by the Tea Board to improve the conditions of the Small Growers in Kangra Valley:

- (a) A scheme of research on the improvement of tea culture in the hilly areas of Himachal Pradesh has been in opera-

tion at the Palampur Tea Experimental Farm since 1961 with financial assistance from the Tea Board. The object of the scheme is to evolve better methods of tea culture for application under the conditions obtaining in Kangra Valley. Emphasis in the research is on the selection of suitable varieties of tea plant (seeds and clones) which when used on commercial scale would improve the yield of tea and the quality of the produce in the region.

- (b) An important function of the Board's regional office in Palampur is to provide necessary technical advice to the small growers of tea in Himachal Pradesh on the modern methods of tea culture and manufacture.
- (c) In order to improve the conditions of the small growers the Tea Board has provided financial assistance and has helped in the setting up of a co-operative tea factory for the small growers at Bir. Scheme for setting up of a similar Co-Operative tea factory at Palampur with financial assistance from the Board has also been sanctioned.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 76, Para 7.22)

The Committee need hardly stress that research on 'instant teas' deserves immediate attention. Whether the research is carried out singly by Calcutta University or whether it is centralised at the Tocklai Research Station or it is managed by the Central Food Technological Research Institute, Mysore, are matters of detail which should be settled by the Tea Board in consultation with the manufacturers of instant tea. The Committee are, however, interested in seeing some tangible results coming from the research efforts being made in this direction. If India wants to compete with countries like Ceylon in the world market it must strive hard and without delay attain proficiency of the highest order in production of this new product.

Reply of Government

Noted.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 77, Para 7.28)

The Committee note that the average annual production of tea waste in the tea gardens in India is around 10 million kgs. which accounts for approximately 2.5 per cent of the total tea produced in the country. The Committee note that with a view to preventing adulteration of tea, denaturation and/or destruction of tea waste has been adopted. The Committee further note that a portion of tea waste is also utilised in the production of caffeine and during 1968, 1969 and 1970 only 18 per cent, 27 per cent and 41 per cent respectively of the total production of tea waste was utilised for producing caffeine. It has also been stated that a "much larger volume of production of caffeine is necessary to meet out domestic requirement". The Committee would like the Ministry of Foreign Trade to examine in consultation with the concerned Ministry the possibility of manufacturing caffeine on a much larger scale so as to make economic use of tea waste which is a by-product of the industry.

Recommendation (S. No. 78, Para 7.29)

It will not be out of place to mention that with the increasing production of tea, the availability of tea waste will increase. As such, Government must think in terms of utilising "tea waste" on a much larger scale for the production of caffeine etc.

Reply of Government

The Question of larger utilisation of tea waste for production of caffeine has already been taken up by the Tea Board and it has instituted a Scheme of research on the subject at the University of Calcutta. Meanwhile the possibility of use of tea waste for the manufacture of instant tea is also under consideration by one of the producers of instant tea. Development of such process will provide a significant scope for wider utilisation of tea waste.

[Ministry of Foreign Trade O.M. No. I-11012(2)/72-Plant(A) dated the 12th December, 1972.]

Recommendation (S. No. 81, Para 7.66)

The Committee note with concern that the share of Indian tea in the total sales through London auctions has declined from 48.2 per cent in 1966 to 30 per cent in 1970 while the share of Ceylon tea increased from 31.5 per cent in 1966 to 33 per cent in 1970. East African countries also increased their share in London auction from

13.6 per cent in 1966 to 27.7 per cent in 1970. This means that the superior performance of Ceylon tea and East African tea has been at the sole expense of Indian tea. The Committee are convinced that India can establish a better hold on this sophisticated market only through vigorous propaganda campaigns carried out in a professional manner so that the average consumer is better informed about the quality of Indian teas. The Committee trust that unina-tional tea promotion campaigns with the help of professionals would be intensified to achieve this objective.

Reply of Government

The observations of the Committee for stepping up of unina-tional promotion have been noted.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated
dated the 12th December, 1972.]

Recommendation (S. No. 82, Para 7.67)

The Committee also note with concern that the average price obtained for Indian tea at London auctions are lower than the average prices obtained by Ceylon and other East African countries. It has been explained that this is due to the fact that in India there is a wide range of teas and tea in North India is seasonal in character. As against this, in Kenya, the quality of tea is reported to be "Uniformly good" on account of certain advantages of better climatic conditions and availability of latest techniques and machinery. The Committee are of the view that Government can certainly help a great deal to finance improved machinery for the tea estates for production of quality teas earnings a higher unit value for exports.

Reply of Government

The Tea Board is already financing the purchase of improved machinery for the tea estates for production of better quality teas under their hire purchase scheme for tea industry.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated
the 12th December, 1972.]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (S. No. 4, Para 2.15)

The Committee note that Rule 12 of Tea Rules prescribes for the formation of five Standing Committees. As that particular rule made no provision for Standing Committees for Tea Development and Tea Research Ad hoc Committees on the Development and Tea Research had been constituted. The Committee have been informed that these ad hoc Committees could not be converted into Standing Committees as under the rules only a Member of the Tea Board can be a member of the Standing Committee. Since there may be occasions when Tea Board would wish to invite eminent men in the research line also to come and advise them, the Committee suggest that provision may be made in the rules to permit persons who have an expertise and who are intimately connected with the Tea Industry to serve on these Standing Committees as associate members. For this purpose Rule 12 of the Tea Rules and, if necessary, Tea Act, 1953 may be suitably amended.

The Committee would also urge that it should be invariably ensured that various interests represented on the Tea Board are also represented on the Standing Committees.

Reply of Government

The recommendation that Ad Hoc Committees on Tea Development and Research, two of the most important subjects dealt with by Tea Board, should be converted into Standing Committees and that provision be made in the rules to permit persons have expertise and intimately connected with tea industry to serve on the Standing Committees as associate members is accepted. This would, however, require amendment of Rule 12 of the Tea Rules and also of Section 8(4) of the Tea Act.

It is not, however, considered necessary that various interests represented on the Tea Board should invariably be represented on the Standing Committees. There are, provided under Section 4(3) of

the Tea Act, eight categories of interests. If all these were to be represented in every committee, the strength of some of the standing committees) Export Promotion Committee, Licensing Committees) will have to be increased to make this possible. Then again some of the minor interests will have representation on the Standing Committee out of all proportion to their number in the Board itself. But most importantly, some of these standing committees deal with specialised matters (Export Promotion Committee and, when set up as standing committees, the Development and Research Committee). These committees should, therefore be constituted, by and large, of Board members who can contribute the most to the deliberations of such Committees. Tea Board, however, could be asked to bear in mind that the composition of these committees should be as representative as possible without making this a legal requirement. It should be possible to have on the Executive Committee, the Welfare Committee and the two Licensing Committees, members representing as many interests as the number of a particular Committee would permit.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72.Plant(A) dated the 22nd November, 1972]

Recommendation (Serial No. 39, Para 4.30)

The Committee are of the view that Tea Board should be able to lay down some guide lines or norms as to when a tea bush in a particular area should be rejected as 'too old' and should be replaced with a new one. If a study is made on these lines in each zone, the Tea Board will be rendering some useful service to the tea industry in India.

Reply of Government

The Research Institute at Tocklai had undertaken experiments in the past on the economic life of a tea bush and their recommendation was to replant after the age of 50 years in the plains. These recommendations, as a result of further experiments, have now undergone change and it is considered that given proper care and attention by cultivation and agricultural practices it is possible to extend the economic life of a tea bush to a very much longer period. It is now-a-days the practice to assess sections which give yields lower than the average for entire garden and consider these for replanting or replacement. Necessary guidance on this is given by research bodies but a progressive planter continually, tries to improve his yield in comparison not only to his district's average but also on his past performance and the yield of his neighbouring

gardens. This healthy competition can always be found amongst the progressive sections of tea industry. To improve the average yield of his garden a Manager endeavours to improve his weaker sections first by agricultural and cultivation practices and only when this he does not find possible, he uproots and replants or replaces such areas with improved high yielding planting materials.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 22nd November, 1972]

Recommendation (S. No. 54, Para 5.29)

The Committee note that in 1970 India exported 318,724 kgs. of instant tea as against 13,608 kgs., exported in 1966. The unit value which was Rs. 39.37 per kg., in 1966 came down to Rs. 32.95 per kg., in 1970. Analysis of the date shows that the unit value of instant tea was much higher in respect of quantities sold to U.S.A. and much lower in respect of quantities sold to U.K. and Switzerland. Although the exporting country cannot always choose its customers as other countries manufacturing the same product, are also in the field, efforts should be made not only to increase exports but also to ensure that the unit value is maintained.

Reply of Government

1. The disparity between the unit prices of instant tea exported to U.S.A. on the one hand, and Western Europe, on the other, is mainly due to the fact that exports to U.S.A. are of cold water soluble instant tea while those to Western Europe are of hot water soluble instant tea and the former has a much higher cost of production than the latter because of the lower rate of extraction which is only 6 per cent in the case of cold water soluble instant tea as against about 9 per cent in the case of hot water soluble instant tea.

2. For judging the unit value the year, 1966, should not be taken as the base year, as only small shipments of Instant tea were made on an experimental basis. Our shipments of Instant tea picked up only from 1968 and there has been a gradual increase in the unit value since then e.g. the unit value of Instant tea rose from 32.09 in 1968 to 32.95 in 1970.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

CHAPTER IV

**RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE
COMMITTEE.**

—NIL—

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (S. No. 5, Para 2.36)

The Committee are of the view that the total strength of the Tea Board is not so important a factor as the actual functioning of the Board and its Committees. In order that the Tea Industry, which earns substantial foreign exchange for the country, should progress rapidly, the Tea Board will have to energize its various Committees by associating representatives of the tea industry and delegating them with more powers. The standing Committee of the Tea Board should be authorised to decide ordinary cases and it should be only in exceptional cases that any matter may be referred to the Tea Board as a whole for a decision. This will obviously result in quicker decisions on various matters.

Reply of Government

The Tea Board is being asked to examine the question of delegation of powers to various Standing Committee of the Board.

[Ministry of Foreign Trade O.M. No. I.11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The final position of delegation of powers to Standing Committees of the Tea Board may be intimated to the Committee.

Recommendation (S. No. 12, Para 3.13)

In any case, a prospective long term plan of production of tea and the additional area required should be drawn up before all the virgin lands suitable for tea growing are released for other purposes.

Reply of Government

The comments and recommendation of the Estimates Committee are noted and will be conveyed to the State Governments.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 22nd November, 1972]

Comments of the Committee

The final position may be intimated to the Committee on receipt of replies from State Governments.

Recommendation (S. No. 31, Para 3.111)

The Committee note that the profitability of the industry increased from 4.3 per cent in 1965-66 to 6.5 per cent 1967-68. But it declined to 2.1 per cent in 1968-69 owing to some exceptional circumstances. Figures subsequent to 1968-69 are not available with the Tea Board and the Ministry of Foreign Trade are of the view that substantial improvement must have taken place during 1970-71.

Recommendation (S. No. 32, Para 3.112)

The Committee would like to stress that for the healthy growth of any industry the profitability has got to be adjusted in such a manner that the industry becomes self-sustaining and there are enough funds available to plough back. If the profits are low then the industry suffers for want of fresh investment. The Committee would urge that Government should examine whether the tea industry has not been denied reasonable profits as compared to other industries and should take suitable remedial measures.

Reply of Government

The Tea Board has been asked to study the profitability of the Tea Industry *vis-a-vis* other Industries and submit their report.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The result of the study regarding profitability of Tea Industry *vis-a-vis* other industries and action taken thereon may be communicated to the Committee.

Recommendation (S. No. 43, Para 4.52)

The Committee note that 5,477 tonnes of pesticides worth Rs. 502 lakhs were imported during the year 1970-71. Although a large number of pesticides were imported, there are only four items which are currently being produced in India to some extent. The Committee, therefore, suggest that Government should take necessary steps to develop an industrial base in the country for the manufacture of all types of pesticides needed in the field of Agriculture including tea estates, so that their import can be progressively curtailed and the country can become self-sufficient at an early date.

Reply of Government

Ministry of Foreign Trade have taken up the matter with the Ministry of Petroleum and Chemicals to develop an Industrial base in the country for the manufacture of all types of Pesticides needed for tea plantations.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

Action taken by the Ministry of Petroleum and Chemicals to develop an Industrial base in the country for manufacture of all types of pesticides may be intimated to the Committee.

Recommendation (S. No. 44, Para 4.56)

The Committee note that 10,000 tonnes of Potassium Chloride have to be imported annually as this fertiliser is not being manufactured in India. In addition to this, some quantity of Ammonium Sulphate has also to be imported as indigenous production is not sufficient to cope with the total demand in the country. The committee recommended that immediate steps should be taken by Government to increase the indigenous production of Ammonium Sulphate. Government should also make efforts to see that production of Potassium Chloride is taken up in the country.

Reply of Government

The matter has been taken up with the Ministry of Petroleum and Chemicals for increased indigenous production of these fertilizers.

[Ministry of Foreign Trade O.M. No. I.11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

Action taken by Ministry of Petroleum and Chemicals for increased indigenous production of Ammonium Sulphate and Potassium Chloride may be intimated to the Committee.

Recommendation (S. No. 70, Para 6.27)

The Committee note that the Directorate of Tax Research in the Ministry of Finance has undertaken a study of the burden of Central and State taxes on the tea industry and their report is awaited. The Committee trust that while examining the matter the Ministry of Finance will pay due attention to the recommendation of the Tea Finance Committee which was also endorsed by the Borooah Committee that the rate of tax on the agriculture portion of composite income should not exceed the rate of tax on the non-agricultural portion of its.

Reply of Government

The report of the Directorate of Tax Research in the Ministry of Finance has since been received. The report, however does not specifically cover the point relating to the relative burden of tax on the agriculture portion of composite income and the non-agriculture portion. A copy of the recommendation of the Committee has been sent to the Ministry of Finance for examination and further action.

[Ministry of Foreign Trade O.M. No. I.11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The Committee may be apprised of the position in due course after the matter has been examined by the Ministry of Finance.

Recommendation (S. No. 71, Para 6.28)

The Committee would also like the Ministry of Finance to examine whether the incidence of tax in the tea industry is much higher than it is in other industries and what remedial measures ought to be taken to provide relief to that industry. A Point which deserves consideration is whether any depreciation should be allowed on the field assets in calculating the net income of a tea estate on which tax should be levied.

Reply of Government

This recommendation of the Estimates Committee has been forwarded to the Ministry of Finance for examination. The question about the allowance of depreciation on the field assets has been examined in the past by the Ministry of Finance but they did not find it acceptable. However, that Ministry has been requested to re-examine this matter and the Committee would be apprised in due course about the action taken.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The Committee may be apprised of the final position after the matter has been re-examined by the Ministry of Finance.

Recommendation (S. No. 79, Para 7.64)

The Committee note that the sale of Indian tea at various auction centres had declined during 1970 to 64.2 per cent of the total production from 80.9 per cent of the total production during 1969. Sales through the London auctions alone had been lower in 1970 by 33.4 million kgs. as compared to the previous year. However, quantities of tea shipped to U.K. as direct exports and against private sales and forward contracts showed a marked rise in 1970 to 58.98 million kgs. as against 44.88 million kgs. in 1969.

Recommendation (S. No. 80, Para 7.65)

The Committee are unhappy to note the declining trend in sales of Indian Teas at various auction centres. The Committee should like Government to investigate the causes of decline in sale of Indian tea at the auctions both in India and U. K. and take suitable measures to increase their sales.

Reply of Government

The Tea Board has been asked to set up a small Sub-Committee of the Board to examine the matter and submit its report to the Government.

[Ministry of Foreign Trade O.M. No. I. 11012(2)/72-Plant(A) dated the 12th December, 1972.]

Comments of the Committee

The Committee may be apprised of the final position on receipt of the report of the sub-Committee of Tea Board which has been set up to go into the question of decline in sales of Indian tea of the various auction Centres.

NEW DELHI;

February, 23 1973.

Phalguna 4, 1894 (Saka).

KAMAL NATH TEWARI,

Chairman,

Estimates Committee.

APPENDIX

Analysis of the action taken by Government on the recommendations contained in Eighteenth Report of the Estimates Committee

(Fifth Lok Sabha)

| | | |
|---|---|-------|
| 1 | Total No. of recommendations | 82 |
| 2 | Recommendations which have been accepted by Government (<i>Vide</i> Recommendation Nos. 1, 2, 3, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 33, 34, 35, 36, 37, 38, 40, 41, 42, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 72, 73, 74, 75, 76, 77, 78, 81 and 82). | |
| | Number | 69 |
| | Percentage to Total | 84.1% |
| 3 | Recommendations which the Committee do not desire to pursue in view of the Governments' reply (<i>vide</i> Recommendations Nos. 4, 39 and 54). | |
| | Number | 3 |
| | Percentage to Total | 3.6% |
| 4 | Recommendations in respect of which final replies of Government are still awaited (<i>vide</i> Recommendation Nos. 5, 12, 31, 32, 43, 44, 74, 71, 79 and 80). | |
| | Number | 10 |
| | Percentage to Total | 12.2% |