

**ESTIMATES COMMITTEE
(1971-72)**

(FIFTH LOK SABHA)

EIGHTEENTH REPORT

MINISTRY OF FOREIGN TRADE

TEA BOARD



**LOK SABHA SECRETARIAT
NEW DELHI**

April 1972/Vaisakha 1894 (Saka)

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TRADE — TEA BOARD

Page	Para	Line	For	Head
1	1.2	3	'improved'	'imposed'
6	2.3	4	'35'	'32'
6	2.3	5	'12'	'15'
9	2.18	9	<u>insert</u> 'was'	<u>before</u> 'aware'
31	3.77	4	'Stayed'	'Staved'
35	3.102	6	'Sterling cost'	'Sterling companies'
35	3.102	8	'Rupee cost'	'Rupee companies'
40	4.14	8	'725-67'	'785.67'
42	4.26	7	'200 kgs'	'2000 kgs.'
	4.29	8	<u>insert</u>	<u>between</u> 'to'
			'deteriorate'	and 'both'
	4.33	2	<u>insert</u> 'of'	<u>after</u>
				'production'
	4.62	5	<u>insert</u> 'and'	<u>between</u> 'out'
				and 'planters'
	5.74	7	'tndIa musi'	'Indian must'
	6.1	3	'1970-17'	'1970-71'
	7.28	10	'out'	'our' agents'
86	7.33	1	'depends'	'dependents'
90	7.54	last	'All India'	'All Tea'
93	7.67	8	'to'	'of'
00	Col.4	1	401537	402537
	Col.5	4	39,500	39,900
		6	17,574	17,627
	Col.10	5	33,379	33,828
		6	15,957	15,927
01	Col.4	9	6,776	6,773
	Col.6	1	98,877	99,525
		21	2,199	1,551
	Col.3	7	3,67,61	3,57,61
	Col.11	1	69,11,34	69,36,89
		21	2,04,90	1,70,35

<u>Page</u>	<u>Item</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
102	4	12	<u>Omit</u> 'Member of the Tea Board can be a'	
104	11	2	"the"	"tea"
107	22	1	"pap"	"paper"
110	33	12	"725.67"	"785.67"
112	38	9	<u>insert</u> <u>between</u>	"deteriorate" "to" and "both"
118	last item		"65"	"63"
119	63 & 64		<u>renumber</u>	as 64 & 65.

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ESTIMATES COMMITTEE

(1971-72)

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Shri M. S. Sundaresan—*Deputy Secretary.*

Shri T. N. Dhar—*Under Secretary.*

*Died on the 27th January, 1972.

INTRODUCTION

1. The Chairman, Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Eighteenth Report on the Ministry of Foreign Trade-Tea Board.

2. The Committee took evidence of the representatives of the Ministry of Foreign Trade and the Tea Board at their sittings held on the 6th and 7th January, 1972. The Committee wish to express their thanks to the Secretary/Additional Secretary, Ministry of Foreign Trade; the Chairman, Tea Board and other officers of the Ministry of Foreign Trade and Tea Board for placing before them the material and information which they desired in connection with the examination of the subject and for giving evidence before the Committee.

3. The Committee also wish to express their thanks to the Indian Tea Association, Calcutta and the United Planters' Association of Southern India, Coonoor for furnishing Memoranda to the Committee and also for giving evidence and making valuable suggestions.

4. The Committee also wish to express their thanks to all the Associations who furnished memoranda on the subject to the Committee.

5. The Report was considered and adopted by the Committee on the 19th April, 1972.

6. A statement giving the analysis of recommendations contained in the Report is appended to the Report (Appendix IV).

KAMAL NATH TEWARI

Chairman

Estimates Committee

NEW DELHI;

April 22, 1972

Vaisakha 2, 1894 (Saka)

CHAPTER I

INTRODUCTORY

A. General

Tea is an important article of international commerce and holds the pride of place in India's foreign trade. The quantity exported during the year 1971 was 212.6 million kgs. valued at 160.3 crores of Rupees. Among the principal tea producing countries of the world, India occupies the first place both in acreage and production. It produces approximately 39 per cent of the total world production of tea. The total area under tea cultivation as on 31st March, 1970 was 354,153 hectares. The total production of tea in India during the year 1970 was about 421.8 million kgs.

B. Constitution of Tea Board

1.2. Government of India started to take interest in propaganda for tea from the year 1903 when after repeated representations from the tea interests, it enacted the Indian Tea Cess Act, 1903 under which a levy was imposed on tea exported from the country for the purpose of promotional activities both in India and abroad. Under the Act, a statutory Tea Cess Committee was constituted to administer the funds collected from the levy. The Committee consisted of representatives of the tea industry including the Chamber of Commerce. In 1937, the name of the Committee was changed to the Indian Tea Market Expansion Board.

1.3. In pursuance of the International Tea Agreement of 1933, to which India was a signatory, a separate body called the Indian Tea Licensing Committee was also set up by Government to regulate the planting of tea in the country. This Act of 1933 was later replaced by the Indian Tea Control Act, 1938 when the second international Tea Agreement was signed.

1.4. In view of the importance of the tea industry to the national economy Government enacted the Central Tea Board Act, 1949 soon after independence and set up a body, under its own control, for the development of the tea industry. It was thus that the Central Tea Board came into existence replacing the Indian Tea Market Expansion Board.

1.5. In 1953, both the Central Tea Board Act, 1949 and the Indian Tea Control Act, 1938 were replaced and the Tea Act, 1953 was enacted in Parliament "to provide for the control by the Union of the tea industry, including the control, in pursuance of the International Agreement then in force, of the cultivation of tea in, and of the export of tea from India and for that purpose to establish a Tea Board and levy was changed to that of excise duty on tea produced in the country. The Tea Act, 1953 came into force on the 1st April, 1954 and the Tea Board was formally inaugurated on the 3rd April, 1954.

1.6. The Tea Board took over the functions of propaganda and its related activities together with control over cultivation and export of tea, formerly handled by two separate organisations viz. the Central Tea Board and the Indian Tea Licensing Committee.

C. Functions

1.7. Statutory functions of the Tea Board are laid down in section 10 of the Tea Act, 1953 which reads as follows :—

“10. *Functions of the Board.*—(1) It shall be the duty of the Board to promote, by such measures as it thinks fit, the development of the tea industry under the control of the Central Government.

2. Without prejudice to the generality of the provisions of sub-section (1), the measures referred to therein may provide for

- (a) regulating the production and extent of cultivation of tea;
- (b) improving the quality of tea;
- (c) promoting co-operative efforts among growers and manufacturers of tea;
- (d) undertaking, assisting or encouraging scientific, technological and economic research and maintaining or assisting in the maintenance of demonstration farms and manufacturing stations;
- (e) assisting in the control of insects and other pests and diseases affecting tea;
- (f) regulating the sale and export of tea;
- (g) training in tea tasting and fixing grade standards of tea;
- (h) increasing the consumption in India and elsewhere of tea and carrying on propaganda for that purpose;
- (i) registering and licensing of manufacturers, brokers, tea waste dealers and persons engaged in the business of blending tea;
- (j) improving the marketing of tea in India and elsewhere.
- (k) collecting statistics from growers, manufacturers, dealers and such other persons as may be prescribed on any matter relating to the tea industry; the publication of statistics so collected or portions thereof or extracts therefrom;
- (l) securing better working conditions and the provisions and improvement of amenities and incentives for workers;
- (m) such other matters as may be prescribed.

3. The Board shall perform functions under this section in accordance with and subject to such rules as may be made by the Central Government.”

1.8. Regarding objects and functions of the Tea Board, it has been stated that the emphasis is on the development of tea industry, increase in production and enlargement of exports with a view to earning larger amount of foreign exchange for the country.

1.9. Asked how far those objectives had been realised, the Secretary, Ministry of Foreign Trade, stated :

“There are three functions mentioned here. This is looked after by three schemes of financial assistance. The tea machinery and irrigation equipment hire purchase scheme was introduced in 1960. It has helped the industry to get machines in order to modernise its method of production. As a result of this, we are now in a position to offer a wide variety of tea which no other country can rival. We have particularly introduced this CTC type of tea as a result of assistance that has been provided under the tea machinery and irrigation equipment hire purchase scheme. (2) The tea plantation finance scheme. This was introduced in 1962. It helped the undertaking of new extension, replacement and replanting with high yield planting material. (3) Third is the replanting subsidy scheme which was introduced in 1968. The idea is to give a subsidy, because the cost of replanting is high and to enable the tea industry to replant the old bushes which ought to be replaced by new material so that production and quality can improve. This has been introduced for the development of tea industry for increasing its production and for the enlargement of the export.”

1.10. The Committee have been informed during evidence that the Tea Board had tried to develop the export of green tea, instant tea and the packet tea.

1.11. When asked what further steps were proposed to be taken to achieve the objectives mentioned above, the representative of the Ministry of Foreign Trade stated :

“It is very difficult to make a competitive assessment of how far we have succeeded in the aims that we have set before ourselves. But the fact remains that wherever a need was felt for assisting the industry to improve its production or its export potential, the Board has provided that assistance.”

1.12. In regard to Tea Board discharging the functions of a specialised agency which was concerned with the prospects of the tea trade as a whole, the Chairman, Tea Board, stated :—

“We can and we do consider all aspects of tea at the meetings of the Tea Board. These subjects are either brought up by members of the Tea Board or are referred to us by the Government for discussion at the meeting of the Tea Board, or the Chairman may himself put up these ideas before the Board for discussion. All these three things happen. Perhaps the impression has gained ground that the Tea Board does not discuss matters of policy. I can quote a number of examples where this has happened.”

D. Tea Corporation

1.13. A public sector corporation has been formed to market packed tea both inside the country and abroad. The company, called the Tea Trading Corporation of India, was registered in Calcutta on 26th December, 1971.

The main object of the new company is to increase the share of packed tea in India's total tea exports as there is more profit in packed tea than in bulk sale.

1.14. Out of India's total tea exports worth Rs. 149 crores in 1970 the value of tea exported in consumer packs (*i.e.* less than one Kg.) was only Rs. 3.6 crores. Thus packed tea accounted for only about 2.4 per cent of the total exports. Besides marketing packed tea, the Corporation will try to market tea in other forms, such as blended instant and green tea and thus help in the overall increase of foreign exchange earnings. The company will soon establish its own blending and packaging units at selected places both in India and abroad.

1.15. The new Corporation has an authorised capital of Rs. 5 crores and a paid-up capital for the present of Rs. 25 lakhs.

1.16. Regarding the role of the Tea Corporation, a representative of a Tea Association stated that the Corporation should first develop and get business in the less traditional markets where there was not fierce competition and then it could enter the sophisticated markets for sale of packaged tea in collaboration with packers or through other outlets.

1.17. When asked whether Tea Board could not do marketing in tea and what was the necessity for a separate Corporation, the representative of the Tea Association stated :

“Already we feel that it has too many activities. If it is to be purely an advisory body which conveys the national requirements to the industry and with its technical knowledge, takes the industry's problems to Government so as to formulate Government policy in the interests of the country, then it should concentrate on that and be divorced from trying to sell packaged tea, financing etc., this is what the Tea Board was intended for, and this is what it should concentrate on.”

1.18. In this connection, the representative of the Ministry of Foreign Trade stated :

“Tea Board has regulatory functions. It is not organised for commercial work. Tea Corporation will look into aspects like blending, purchase, packaging, etc. managing some plantations etc. if need be.”

1.19. When asked whether tea promotion work would be done by the Tea Board and the trading in tea would be done by the newly set up Corporation, the Secretary, Ministry of Foreign Trade, stated :

“This Corporation would be in the market; buying tea, blending them, packaging them; exporting them and if they come up with a brand name, it is for them to do the propoganda for their own brand just as others are doing. The Tea Board is interested in Tea promotion work, and is primarily responsible for the tea development. If it goes into this aspect also, then it might get into difficulty with tea estates. It might be accused of partiality.

It might get into other difficulties. So, for this commercial part it is better to have another separate organisation because Tea Board is involved in the development of tea in all estates, giving them loans, subsidies, etc."

1.20. When asked whether the Tea Corporation would not encroach upon the authority of the Tea Board, the representative of the Ministry of Foreign Trade stated :

"As far as the Tea Corporation is concerned, it is in the same position as any exporter today, that is, Liptons, Brooke Bond or the other people who export tea to other countries. The Tea Board is incharge of export promotion or exports but the Tea Board does not entrench the area of functioning of these individual exporters. Similarly the Tea Corporation will be an individual exporter; there should be no conflict or any clash in the jurisdiction of the Tea Corporation and the Tea Board."

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.

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 it comes up with a brand name it will do the propaganda for their own brand 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 others who export tea.

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

CHAPTER II

ORGANISATION OF TEA BOARD

A. General

Tea Board is a corporate body and consists of chairman and members not exceeding 40 to be appointed by Government representing :—

- (a) owners of tea estates and gardens and growers of tea;
- (b) persons employed in tea estates and gardens;
- (c) manufacturers of tea;
- (d) dealers including both exporters and internal tea traders;
- (e) consumers;
- (f) Parliament;
- (g) the Governments of the principal tea growing States; and
- (h) such other persons or class of persons who, in the opinion of the Central Government, ought to be represented on the Board.

B. Offices of Tea Board

2.2. The Head Office of the Tea Board is at Calcutta and there are 11 Regional/Sub-regional offices in India located at New Delhi, Palampur, Bombay, Cochin, Coonoor, Madras, Kottayam, Siliguri, Jorhat, Tezpur and Silchar. The Tea Board has also established 5 offices abroad which are presently located at London, Brussels, Cairo, Sydney and New York.

2.3. The total strength of the staff as on 31.3.1971 employed by the Tea Board is 858, the break-up of which is given below :

<i>Category</i>	<i>Strength</i>
Class I	35
Class II	12
Class III	526
Class IV	285
TOTAL :	858

C. Committees of Tea Board

2.4. For proper discharge of its functions, the Board is assisted by the following Standing/*Ad-hoc* Committees and Panels.

(i) Executive Committee

2.5. The Executive Committee discharges its functions subject to the direction and control of the Board. All policy cases and matters involving financial expenditure in excess of Rs. one lakh in India on any one item

(other than those relating to tea promotion) are routed through the Executive Committee before being placed before the Board.

(ii) *Export Promotion Committee*

2.6. The function of this Committee is to formulate and execute policies relating to tea promotion within India and abroad and to exercise all the executive and financial powers of the Board in respect of matters relating to tea promotion subject to overall control of the Board. This is a specially powered body to help speedy action for export promotion.

2.7. In order to have a close and adequate appreciation of the incidence of tea consumption in the world markets and to formulate promotional policies, the Export Promotion Committee is assisted by six *ad hoc* Study Groups called Regional Panels consisting of export representatives of the tea industry and trade. These Panels estimate the requirements of each group of countries in the respective regions, study specific proposals of promotion and tender advice to the Export Promotion Committee.

(iii) *Labour Welfare Committee*

2.8. This Committee formulates overall programme of labour welfare ensuring that funds available are utilised for urgent needs not governed by the statutory obligations of tea garden owners. It also lays down the guiding principles for grant of financial assistance for the implementation of various welfare schemes.

(iv) *Licensing Committees*

2.9. There are two Licensing Committees one for North India and the other for South India. These Committees exercise control over tea cultivation; extension of tea areas on virgin soil in replacement of old areas; recording changes in ownership of tea estates and exercising control over export of tea and tea seeds.

(v) *Ad hoc Tea Research Liaison Committee*

2.10. This Committee advises the Board regarding formulation of schemes for research on tea and allocation of funds for financing various research projects.

(vi) *Ad hoc Committee on Tea Development*

2.11. The functions of this Committee are as follows :

- (a) to draw up schemes for development of and assistance to the tea industry, to improve the production and quality of manufacture of tea;
- (b) to consider problems relating to small growers and cooperative factories;
- (c) to review the working of various development schemes including plantation, loans and tea machinery and irrigation equipment hire purchase loans;

- (d) to inquire into the quality of tea chests and their components, drawing up and enforcement of I.S.I. specifications and supplies of tea chest fittings complaints of Importers, conditions of storage and movement of chests.
- (e) to consider standards relating to tea;
- (f) to consider developments regarding palletisation and containerisation.

2.12. The representative of the Ministry of Foreign Trade informed the Committee that Rule 12 of the Tea Rules prescribed for the formation of five standing committees namely the Executive Committee, the Licensing Committee for North India, the Licensing Committee for South India, the Export Promotion Committee and Labour Welfare Committee. As that particular rule made no provision for a standing Committee for tea development an *ad hoc* Committee on Tea Development had been constituted. Similarly another *ad hoc* Committee had been constituted to deal with tea research liaison work. The Committee were also informed that coordination was achieved by appointing the Chairman, Tea Board, as the Chairman of all these Committees except for the Licensing Committee for South India.

2.13. When asked why the relevant rule could not be amended so as to have standing Committees for "tea development" and "tea research" which were important subjects, the Chairman, Tea Board, stated :

"Under the rules, on the standing committees, only a member of the Tea Board can be a member. There are occasions as in the case of research where we wish to associate eminent men in the research line also to come and advise us, and that is possible under the rule only if we have an *ad hoc* committee where we can have outsiders also, specialists in the field; and that is the reason why we have not made any recommendation that these should be converted into standing committees."

2.14. In regard to Export Promotion Committee consisting mainly of persons who were interested in their own trade and was not truly representative of all the interests represented on the Tea Board, the representative of the Ministry of Foreign Trade stated :

"I think it is a very useful suggestion and we will certainly request the Chairman to make a note of it and to bring it to the notice of the Board also so that in future selections of the Committees, there may be true representation of most of the interests."

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 Tea Development and Tea Research had been constituted. The Committee have been informed that those 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."

D. Reorganisation

2.16. The Borooah Committee had recommended that membership of the Tea Board should be reduced from 40 to 30. It also recommended that members appointed by Government should be persons of high standing in the fields of industry and trade. Public men who are genuinely interested in the good and well-being of the tea industry should also be nominated besides representatives of the Governments of the principal tea growing States.

2.17. The representative of the Tea Association stated that the Tea Board was unwieldy in its present composition and there was need to have its functions streamlined. It was also pointed out that Tea Board should be a highly technical body which should effectively advise on matters of policy. A lot of unwieldiness arose from the financing activities of the Tea Board and this was the area from which the Tea Board could withdraw itself.

2.18. On the question of reorganisation of the Tea Board, the representative of the Tea Association stated that Tea Board was always responsive to the problems of the tea industry but there was one difficulty that the Tea Board was charged with all sorts of responsibilities without having enough autonomy to exercise authority to discharge those responsibilities properly. The witness added: "If the responsibility is greater than the authority, then you cannot discharge that responsibility satisfactorily." The witness further stated that on many matters the Tea Board was subordinate to other branches of Government. Even when the Tea Board aware of a problem facing the tea industry their say did not carry much weight and the "final say" vested in some other authority which was so remote from the tea industry that it did not possess the necessary knowledge and background of that problem. The result was that no decision was taken to solve that problem.

2.19. The Committee were also informed that there were frequent changes in the personnel of the Tea Board. As the tea industry required technical knowledge, the effect of frequent changes in its personnel was that "continuity and technical knowledge" was lacking.

2.20. Regarding the technical advisers for the Tea Board, it was stated :

"If you are to attract competent technical advisers, their remuneration should be commensurate with those of the industry for which they are working. Otherwise, you will only get those who are not considered worthwhile by the industry."

2.21. Referring to the recommendations of the Borooah Committee that membership of the Tea Board should be reduced from 40 to 30, the representative of the Ministry of Foreign Trade stated that the recommendation

was carefully considered by an inter-Ministerial Committee in the Government which came to the conclusion that as adequate representation had to be given to various interests e.g. tea estates, labour, consumers of tea, Members of Parliament and the State Governments where tea was grown, it would be difficult to reduce the membership of the Board from 40 to 30. He further stated that "in view of these practical considerations, it was felt that the Board may continue its present shape so that all the interests may be adequately represented."

The witness further stated :

"While it may be true that it is a large body and a large body really cannot be so effective, but the major part of the work is done in the Committees which are smaller where all the issues are considered and examined threadbare."

2.22. Regarding the criterion of selection of members, the representative of the Ministry stated that a panel of names was obtained from the producers and traders' Associations and Government made the selection from that panel. "The criterion for the selection is status and the position and influence of the man in the trade or among the tea estate owners. While making selection Government also keeps in mind that the persons selected are really able to devote their time and will be able to find time to attend the meetings. . . . the State Governments of course nominate their own representatives."

2.23. On the question that the Tea Board should enjoy greater autonomy, the Chairman, Tea Board, stated :

"So far as the three development schemes are concerned, the whole execution is vested with the Tea Board. We make no reference to Government for approval of individual proposals. We have to go to the Government for any change in the quantum of subsidy or loan or things like that. Once these are sanctioned by the Government, the Tea Board deals with individual cases exclusively."

2.24. In reply to a specific question whether the recommendations of the Tea Board were mandatory or recommendatory, the witness stated that "Government is not bound to accept the recommendations in 1010."

2.25. In this connection, the Secretary, Ministry of Foreign Trade stated :

"Sometimes the Board is consulted as to whether there are any possibilities of modifications. The Government have of course, the inherent right to modify the recommendations or to reject them if they do not agree. But rejection is very rare."

2.26. Asked whether the Tea Board which had been entrusted with the task of looking after the tea industry, should merely be a "recommendatory body" and whether it deserves to be made more autonomous, the Secretary, Ministry of Foreign Trade, stated :

"Within its own sphere of work, the Board is autonomous. But when it comes to the Government for provision of funds, then the

Government have to consider to what extent those funds are needed and it is only in respect of those things, they come to us. But in its disbursement, the Board is autonomous."

2.27. In reply to a question whether the Tea Board could be asked by Government to implement a scheme with which the Tea Board might not be in agreement, the representative of the Ministry of Foreign Trade stated :

"That is not a correct appraisal of the situation. There have been no instance where Government have thought quite contrary to what the Tea Board has thought."

2.28. When asked why Government was exercising so much control over the Tea Board even in respect of loans which were repayable to Government, the representative of the Ministry of Foreign Trade stated :

"The Government provides loan to the Tea Board. We initially settle on the sum that the Government must make available to the Tea Board for its working and once that amount is settled and it is made available to the Board, then the Government do not come into the picture at all."

2.29. Asked why the Tea Board should at all depend on the Government for financial allocations to meet its budget requirement and whether a cess should not be levied on the tea industry to raise enough funds so as to make the industry quite independent of the Government, the representative of the Ministry of Foreign Trade stated :

"There is already a cess. The cess collected is about Rs. 160 lakhs a year whereas the requirements are of the order of Rs. 220 lakhs. The best way of ensuring financial autonomy is ensuring that its total budget is met be it Rs. 220 lakhs, 180 lakhs or a few thousands, from its own resources without depending on Government too much. If such a study is made, it would be seen that the Tea Board is autonomous in a very true sense because it is only for a small fraction of the total budget that it has to come to the Government."

2.30. On the question of general policy matters like export of tea, marketing and sales promotion, etc. the Committee desired to know what exactly were the areas of authority of the Government *vis-a-vis* the Tea Board. The representative of the Ministry of Foreign Trade stated :

"There are certain forums where Government takes a decision and certain forums where the Tea Board takes a decision. I imagine that in the matter of generic promotion and publicity of tea as a drink, it may possibly be that the Tea Board makes the arrangements in consultation with the Government."

2.31. In this connection, the Chairman, Tea Board, stated :

"So far as generic promotion is concerned, our participation has to be with the approval of the Government. We make the recommendations and the Government generally approve. In so far as the Food and Agriculture Organisation is concerned, it is Government that is represented on it and sometimes the Chairman, Tea Board, may act as leader

with the approval of the Government. In so far as the bilateral trade agreements are concerned, the jurisdiction is that of the Government. Sometimes we may be consulted; sometimes we may not be consulted."

2.32. The Committee enquired whether it was a fact that the Ceylon Propaganda Board had much more autonomy than the Tea Board in India. The representative of the Ministry of Foreign Trade stated that comparison of the Tea Board in India with the Ceylon Tea Propaganda Board was not apt. It was stated that a distinction should be made between the functions of the Tea Board and those of Ceylon Tea Propaganda Board. The Ceylon Tea Propaganda Board was only concerned with the promotion of tea abroad while Tea Board in India had a much wider range of functions. Tea Board was responsible for the development of tea industry in India whereas the Ceylon Propaganda Board had no responsibility whatsoever for tea development in Ceylon.

2.33. The Committee were informed that the term of the Chairman was 3 years and for the Deputy Chairman there was no fixed term. The present Chairman and Deputy Chairman had been in the Tea Board for the last one and a half year. It was further stated that the term of the Chairman was being made "a little more flexible" so that he could remain in office for a minimum period of 3 years and a maximum period of 5 years.

2.34. When asked whether there had been frequent changes in the Chairmanship during the last 5 years, the representative of the Ministry of Foreign Trade stated :

"I admit there have been changes in the past five years rather frequently—3 changes We will try to see that in future the Chairman stays there at least for a longer period."

E. Delegation of Powers

2.35. The representative of the Ministry of Foreign Trade informed the Committee that there were certain restrictions on the powers of the Chairman in the matter of spending money abroad. The witness added :—

"We are considering to what extent more autonomy can be given to him. For instance, under the rules, he cannot send people abroad without getting permission of Government. We are considering whether some part of that authority may not be delegated to him. The rules might have to be modified."

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 committees 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 decision. This will obviously result in quicker decisions on various matters."

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.

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.

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.

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.

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.

CHAPTER III

PRODUCTION OF TEA

A. World Demand

The position of world supply and demand for tea from 1964 to 1970 is given below :—

	1964	1965	1966	1967	1968	1969	1970	% increase in 1970 over 1969
	(Figures in Million Kg.)							
Total supply	792	810	825	826	874	869	903	+4.84
Total absorption	797	804	831	849	854	860	895	+4.00
Excess supply over absorption	- 4	+ 6	- 6	- 14	+ 20	+ 9	+ 8	

It will be seen that the gap between world supply and absorption is gradually on the decrease.

B. Tea Cultivation

(i) Area under tea

3.2. The total area under tea cultivation in all the States in India as on 31st March, 1970 was 354,153 hectares. The following table shows the areas under tea cultivation in 1965 and 1970 in different zones with the percentage increase or decrease :—

Area in hectares on 31st March

Zone	1965	1970	Per-centage increase/decrease
Total North India	266,823	280,126	(+) 4.9
Total South India	74,939	74,007	(-) 1.2
Darjeeling	18,381	18,067	(-) 1.7
Uttar Pradesh	1,972	1,903	(-) 3.5
Kangra	3,763	3,763	No change
Mandi	420	420	No change

It will be seen that the area under tea cultivation increased in North India while it had decreased in South India, Darjeeling and U.P. *In Kangra and Mandi, the area remained constant during the last 5 years.

(ii) Land for Tea Estates

3.3. The representative of a tea growers association stated that in order to bring more areas under tea cultivation a proper survey of land should

*At the time of factual verification Ministry of Foreign Trade have stated that the area under tea cultivation in Kangra in 1970 was 4,183 hectares resulting in an increase of 11.6 percent.

be made to find out which were the best areas from the point of agro-climatic conditions. All this required very careful planning which had not been done for the industry on a wide scale. When asked about the reaction of State Governments on the question of land for tea estates, the witness explained that each State had its own land policy and the tea planters had to adjust themselves according to the policy followed by each State. It was also stated that several representations had been made to the Central Government regarding developmental needs of tea estates but those representations had not received the attention which they deserved. It was suggested by him that the Central Government should take the initiative in the matter.

3.4. The Committee desired to know as to how the land required by a particular tea garden should be determined. Owing to great pressure on land for agricultural purposes, the tea gardens would have to justify their requirements of land for their scientific development. The representative of a Tea Association stated :—

“Considering the requirements of land for having a viable unit, these areas will have to be worked out. If a tea estate is already so small that it is not viable, then its requirements of extra land may be more. So it is difficult to generalise on this matter. But a certain land should be kept, and that should be only the genuine minimum. We should not seek to sit on land which we cannot utilise, when there is pressure on land. No general formula is applicable to all cases. What really needs to be done is that the needs of every tea estate according to its particular circumstances need to be looked into, so that the owner of the tea estate does not seek to retain land just for the sake of retaining it.”

3.5. Ceiling on land being a State subject, the Committee desired to know as to how it would affect the tea estates if any ceiling was fixed by the State Governments. The representative of a tea growers Association stated that there was no ceiling applied to planted area in the South. When asked whether it would be feasible to break up larger units into smaller units say of 20 acres each, which could form cooperatives for processing of tea leaves, the witness stated :—

“Fragmentation of an estate into small units is not in the national interest.”

It was also stated by him that the yield of tea was much higher in the large holdings than in the small holdings. The difference in yield was so wide that fragmentation of holdings would simply destroy the tea industry.

3.6. Asked what percentage of land in a tea estate should be allowed to be retained as reserve land for its development, the witness stated that at least 20 per cent of the acreage should be allowed for that purpose. That certain tea estates had land in excess of their requirements while others did not possess any reserve land at all, the witness agreed that the tea estates which had excess of land should be asked to surrender the surplus and the tea estates which had no reserve of land should get an opportunity of purchasing it from other tea estates which had surplus land.

3.7. The Ministry of Foreign Trade had stated that “the Tea Board has no programme of undertaking any survey of virgin lands suitable for tea growing in collaboration with State Governments at present, as extension of tea in new areas does not appear to need immediate priority.”

3.8. During evidence when the Committee desired to know the reasons for the above decision it was stated by the representative of the Ministry of Foreign Trade that the expert opinion was that by pruning, replanting of new bushes and cutting down the spacing between the rows in the Tea Gardens the yield could be doubled from the existing lands. As such, "If the potentiality is of that kind, the need for surveying fresh land to be brought under tea plantation does not seem to be so urgent."

3.9. Explaining as to how far ceiling on land imposed by the State Governments would affect the tea plantations, the representative of the Ministry of Foreign Trade stated :—

"This question of ceiling poses a very real problem. We made representations to the Assam Government that in their Agricultural Holdings Act or whatever Act they pass placing a ceiling on land they should take into account the special needs of the tea estates. In the tea estates they have considerable areas which are not under plantations, but which are needed for other ancillary purposes of the tea estates. So, we have been able to persuade them that as long as the tea estates have an area of one-third of which is planted, under actual tea cultivation, they should allow them to retain the other two-thirds for their use. To that extent the Assam Government have agreed and I believe in the rules they are making provision for that. If that is so, the difficulty might be surmounted with regard to the applicability of the ceilings to the tea estates."

3.10. Regarding tea plantations in West Bengal, the position was explained thus :—

"There it is not so much a question of ceiling as of land lease. Under the terms of the lease the West Bengal Government were entitled to increase the rent. They have increased it very substantially and insisted that this be made applicable from 1955 with retrospective effect. With the present paying capacity of the tea estates they will not be able to meet this demand. I believe some kind of compromise is being reached under which they will pay for the current year plus one year in arrears until all the arrears have been paid up."

3.11. The Chairman, Tea Board, stated in this connection :—

"While this is a major issue agitating the minds of the producers in West Bengal, they also have some misgivings about the application of the ceiling Act. This matter was raised in the last meeting of the Tea Board. My enquiries and meetings with the previous Chief Minister, Governor and Commissioner suggest that the ceilings rules are operated in a manner which is causing no hardship, while the industry says that it is causing hardship. I have asked the industry to give me particular cases where hardship has been caused so that I may take up the matter with the Governor, Chief Secretary or the Commissioner concerned. But the more pressing problem agitating the tea gardens is the enhancement in the lease money with retrospective effect from 1955."

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 Governments. 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 these 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 not affect the yield of existing bushes in the long run.

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.

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 hardpressed 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 through discussion with all the tea producing States, the production of tea might be affected in the years to come.

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.

C. Production

(i) Tea

3.16. Under the Fourth Five Year Plan ending 1973-74, Government of India have fixed a production target of 460 million kgs. and an export target of 225 million kgs. for the tea industry. The following tables show the actual production from 1968 to 1970 and estimated production against the Fourth Five Year Plan.

I. Production of tea in India

(Unit = million Kgs.)

	1968	% to total	1969	% to total	1970	% to total
North India	305.3	75.84	297.6	75.77	2319.7	75.79
South India	97.2	24.16	96.0	24.23	102.1	24.21
Total	402.5	100.00	393.6	100.00	421.8	100.00

II. Estimated production on the basis of the Fourth Five Year Plan Target

(Unit=million Kg.)

	1971	% to total	1972	% to total	1973	% to total
North India	324	75	334	74.08	345	75.00
South India	108	25	112	25.12	115	25.00
Total	432	100	446	100.00	460	100.00

3.17. It has been stated that the outstanding feature of the year 1970 was the record crop harvested both in North India and South India. Production in North-East India in 1970 was higher by 22.1 m. kgs. compared to 1969, while in South India production was up by 6.1 m. kgs. compared to the previous year. The total harvest in 1970 almost tallied with the production target fixed for the year. The target for production of tea laid down in the Fourth Five Year Plan is 460 m. kgs. On the basis of the present level of production as well as various measures adopted by the Board to increase production of tea, it is expected that the estimated production envisaged in the Fourth Five Year Plan will be achieved.

(ii) Growth rate of production and Internal Consumption

3.18. The following table shows the estimates of the consumption in India by Marketing Research Corporation of India and Indian Tea Association :—

(In million Kg.)

Year	MRC—I estimates	I T A (Lamond Report)
1970-71	220	225.3
1971-72	234	237.3
1972-73	248	249.3
1973-74	263	261.3
1974-75	279	273.3
1975-76	296	285.3
1976-77	314	297.3
1977-78	334	309.3
1978-79	355	321.4
1979-80	377	333.4
1980-81	400	345.4
Compound rate of growth	6.22%	4.1%

3.19. It has been stated that "the consumption growth figure which appears most suitable as a norm for the seventies is 6.2 per cent per annum somewhat between the long-term rate of growth of 4.2 per cent and the very short period rate of growth from 1968 to 1970 of 8 per cent per annum".

3.20. The representative of a tea association informed the Committee that according to their assessment consumption of tea in India was increasing at the annual rate of 5 per cent and unless the growth rate of production increased from 2 per cent to 3 per cent, there would not be enough tea for exports. If production of tea was not increased, then either the internal consumption would have to be curbed or there would be loss in foreign exchange by decline in exports. The witness added that in the case of wheat

if any high yielding variety was sown, the higher yield was achieved during the same year. But in the case of tea, production could not be stepped up suddenly. The quickest method of increasing production of tea was to put new areas under tea plantations utilising the new varieties of tea which had been developed after long research. The next method to increase production was by replenishment of the old bushes. The witness added :—

“If we concentrate only on new areas and do nothing about the old areas, that is also not satisfactory. Fresh planting should go hand in hand with the removal of the overaged or old bushes.”

3.21. The representative of a growers association stated that a study was carried out early in 1970 and it was found that the internal consumption of tea in India was rising at the rate of 6 to 7 per cent while production for the whole country was rising at the rate of 1.87 per cent per annum which might be taken as 2 per cent. It was explained that the 6 to 7 per cent rise in internal consumption was based on 40 per cent of the tea produced in the country while 2 per cent rise in production was based on the total production of tea in the country. It was found that if the trend of increase in internal consumption continued then by 1981 the country would have no tea for export. If the export of tea was to continue then the production must rise roughly at the rate of 4 per cent. The witness added : “If we are to do that, we have to maintain an investment in the industry which will be about twice as much as we have been doing in the past. But even if we could increase production from the existing areas by intensive cultivation by improving the methods of supervision and field practices by adequate fertilisation and pest-prevention, we would still find ourselves short of this 4% increase which we are aiming at.”

3.22. The Committee were informed that the best course for increasing production would be to increase the area under tea cultivation. It was explained that some areas under pressure of agricultural practices would be “incapable of increasing yields because of soil, terrain and the agro-climatic conditions in those areas. Then it will be wasteful for national resources to be applied to obtain a marginal increase. Therefore, it is better to go into areas which have better chances of increasing productivity. An imaginative policy of balanced growth *i.e.* abandoning areas which have proved to be unsuitable for tea and encouraging areas which are most suitable for tea should be attempted.”

3.23. When asked whether internal consumption of tea in India was likely to go down in view of the competition from other beverages, the representative of the Tea Association stated during evidence that there was no such possibility as tea had great advantage of being cheaper than any other acceptable beverage. A pound of tea leaves could produce 200 cups of tea and unless the mass of the people in India became affluent to such an extent that the difference in price of tea and other beverages was no longer significant to them, the average Indian would continue to drink tea.

3.24. In reply to a question whether the consumption of tea in India was more profitable to the grower rather than its export, the representative of a Tea Association stated that if the world market was oversupplied with tea resulting in fall in prices, it would be more profitable to sell tea in the internal market which was growing vigorously. It was also stated that the internal market for tea in India served as a cushion and this advantage was

not available to other competitors. But a growing internal market presented another problem, namely, that it would affect the export potential and that was the main reason why India had to continue to increase production of tea.

3.25. Assuming that the internal consumption was rising at the rate of 5 per cent and the growth rate of production was 2 per cent, the Committee wanted to know how this wide gap could be filled. The representative of a tea association stated that the organised sector of tea industry had the means and they could certainly fill the gap. When asked about the percentage of the organised sector in tea industry it was stated that 60 to 70 per cent comprised the organised sector. The witness, however, stated that production was not increasing as fast as it should because of financial difficulties.

3.26. According to Tea Board's Statistics (1970-71) the internal consumption of tea in India has been steadily rising at the rate of about 4% to 5% per annum. The estimated internal consumption of tea in India for the last five years is stated to be as follows :—

Year	Quantity (in million Kgs.)
1965-66	166.0
1966-67	184.2
1967-68	180.7
1968-69	185.8
1969-70	203.3 (Provisional)

3.27. It has been further stated that in order to meet the increasing internal demand and yet to make sufficient quantities of tea available for exports, it is envisaged that a 3% growth rate in production has to be maintained.

3.28. Asked what was the present growth rate and what measures were contemplated to achieve the growth rate of 3 per cent, the representative of the Ministry of Foreign Trade stated :

“The present rate of growth is about two per cent. The three per cent rate of growth for the industry as a whole will cover the internal demand as well as the additional exports that we have in mind, though the domestic demand may rise at the rate about 4—5 per cent. If we attain a rate of growth of three per cent we would have no problem.”

3.29. Asked what concrete measures were being taken to achieve the growth rate of 3% in production of tea, the Ministry of Foreign Trade have stated in their note as follows :—

“The industry itself is constantly taking measures to improve its yield to meet the growing cost of production. The most important of these is the consolidation of the existing areas under tea by infillings thereby increasing bush population of the area. Every garden has some percentage of vacancies in its existing tea areas. These vacancies are being infilled in right earnest. In the olden days bush spacing of 5'×5' and 4½'×4½' were common and these gave a population of 1742 and 2150 bushes per acre respectively. As the present day recommendation is to plant closer at 5'×2', 4'×2½' etc., a large number of gardens are planting a row of bushes in between the 5'×5' and 4½'×4½' areas to get a spacing of 5'×2½' or 4½'×2½' as the case may be and thus increase the bush population to about 3500 and 4300 per acre respectively. Once

the bush population increases, production also goes up. This practice is being adopted by a large section of the industry.

Another step that is being taken is control of weeds by chemicals. In the past weeds were removed by sickling manually. Sickling could only be resorted to about thrice in the year if labour was available. Weedicides like Gramoxone, Simazine etc. are now being used by tea gardens which keep a better control of the growth of weeds thereby allowing the tea bushes greater freedom of growth during the plucking season. By this method also the production is being increased considerably.

Research results have shown that increased doses of fertilisers can be used for better growth of tea. Higher doses are being applied by the industry with improved results. Similarly, the industry is now more conscious of using fungicides and pesticides as a prophylactic measure to avoid damages by pests and diseases which together also assist in better production. Finally, Research Stations are making recommendations in regard to pruning cycles and also the drainage status to tea areas to improve production and these are being adopted by the progressive section of the industry in particular. All these combined together are assisting the country and the industry to improve production gradually and achieve the desired growth rate of 3%."

The Tea Board is also aware of these factors and giving constant thought to its existing development schemes to suit the requirements. For example, in 1968 acknowledging the fact that 31% of the total tea areas in India consist of bushes that have outlived their life of economic existence, it has introduced the Replanting Subsidy Scheme by offering subsidy as an incentive to replant overaged areas. Finding the response poor, it has introduced amendments to the original scheme from time to time, to make it more attractive and more practical. The quantum of subsidy has been increased from Rs. 3,500 per hectare in plains to Rs. 4,000 per hectare and from Rs. 4,500 per hectare in hills to Rs. 5,000 per hectare from 1-1-72 in line with the increased cost of planting. "Replacement" plantings have been allowed so that loss of crop by uprooting can be avoided and the industry does not suffer from this aspect. The age stipulation in tea bushes has also been dispensed with and the Tea Board will exercise necessary checks to ensure that only such of the bushes as may really need replacement will be pulled out irrespective of the age.

Similarly, under the plantation finance scheme the quantum of loan, which was based on cost of planting in 1961-62 when the scheme was originally introduced has been revised upward on the basis of current day costs, *i.e.* from Rs. 7,400 per hectare to Rs. 11,250 per hectare for gardens in the plains and from Rs. 9,900 per hectare to Rs. 13,750 per hectare for gardens in the hills from 1-1-72. Since the new rates are in line with the present day costs, it is expected that tea gardens having lands suitable for tea and desirous of expanding their areas would go in for more new extension planting which would also help in achieving our production target.

Under the Hire Purchase Scheme, the latest machinery for manufacturing as and when they are introduced are included in the schedule to the scheme to enable the industry to obtain the latest and sophisticated types of machinery to improve the quality of tea."

3.30. 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% to 5% 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.

(iii) *Green Tea*

3.31. It has been stated that India produces annually about 5 million kgs. of green tea. Till 1968, Afghanistan was the principal market for India's green tea exports. Since 1968, however, a substantial quantity of Indian green tea is also being exported to Morocco and smaller quantities to Japan and the U.S.A.

3.32. It is further stated that Morocco is a large potential market for green tea. The production of green tea in India is not large and major portion of the green tea actually produced is not suitable for Morocco. Necessary machinery for producing green tea suitable for Morocco has now been installed in one factory in South India. Others have introduced modifications in their process to suit the Morocco requirement. It is expected that it would be possible to produce more tea to cater to Morocco trade in the near future.

3.33. It has been stated that the type of green tea required by Japan is different from that produced in India and requires special technique and equipment. Already a few tea factories have installed Japanese green tea manufacturing machinery. Some experimental shipments have also been made and it is hoped that it will soon be possible to produce on a fairly large scale green tea suitable for export to Japan.

3.34. The following table shows the production of green tea in 1960 and 1970 in certain areas:

(Figures in thousand Kgs.)

District/ States	1960	1970	% decrease
Uttar Pradesh	680	4	—99
Kangra Valley	874	517	—44
Mandi	65		
Tripura	180	104	—42

3.35. It had been represented to the Committee that green tea grown in Kangra is not being exported to Afghanistan due to closure of land routes by Pakistan. The Ministry of Foreign Trade have, however, stated that :

“It is not correct that green tea grown in Kangra is not being exported to Afghanistan due to closure of land route through Pakistan. The total production of green tea in Kangra Valley including Mandi in 1971

is about 500 tonnes against a total production of about 5,000 tonnes. The total quantity of green tea exported to Afghanistan during the last 3 years are as follows:

1969	2,883 tonnes
1970	3,132 tonnes
1971	2,663 tonnes (Provisional)

From this, it will be seen that the major portion of green tea exported to Afghanistan comes from other areas *viz.* Assam and West Bengal because the production in Himachal Pradesh is not sufficient to meet the demand in Afghanistan. As a result of closure of land route through Pakistan, teas for Afghanistan are now being exported mostly through Bombay Port. These teas include green teas produced in Himachal Pradesh as well.

There is no proposal for giving subsidy on air freight for exporting green tea to Afghanistan."

3.36. Asked what steps had been taken by the Tea Board to increase production of green tea, the representative of the Ministry of Foreign Trade stated:

"The steps that the Board have taken are that they have collected information about the method of manufacturing green tea from other countries that manufacture green tea, like China, Formosa and Japan and have supplied the information to those interested in producing green tea. They have also put the producers of green tea in touch with the buyers abroad. They have also advised the producers about the suitability of machines for the manufacture of various types of green tea. They have also given them the information as to where the machinery is available and at what price. They have also considered applications for the import of essential items of machinery for the production of green tea. The excise duty on green tea has also been reduced to a nominal amount of 10 p. on the recommendations of the Board."

3.37. When asked what concrete measures had been taken to encourage tea growers in U.P. and Kangra to grow green tea, the representative of the Ministry further stated :—

"I am told, the green tea is not really any different type of tea than the ordinary tea that we have. From the same plant, if leaves are plucked early when they are tender and they are steamed and dried quickly, they serve as green tea. If the leaves are allowed to grow and they are allowed to ferment, and then they are steamed and dried, then it becomes black tea. It is really the same bush that can yield green tea also. Why they have stopped plucking leaves early for purpose of green tea is because they have some difficulty about marketing and the quality of the product that they are producing. On this, they have been given advice how to produce good quality green tea. Some quantity is now being produced and is being exported also to Afghanistan which is a traditional market and to Morocco and Japan."

3.38. Regarding demand for green tea in foreign countries, the Chairman, Tea Board, stated:—

"Uptil recently, till 1968, green tea was exported only to Afghanistan. This tea was got from Himachal Pradesh, in the Kangra area and from

Dehra Dun. Since then the demand has come from Morocco as also from Japan. They all require green tea with a difference. The Tea Board has assisted the concerned and interested parties to import the know-how and to import the machinery to make the tea for these markets. What is happening now is that tea is not only being produced in Himachal Pradesh but also in Nilgiris. Green tea is also being produced in Assam. It is also produced in Ranchi and Dooars and green tea is now manufactured in all parts of India.

At the moment we are meeting the world demand to the extent of 5 million kgs. Morocco market alone, for instance, requires 15 million kgs. of green tea. We are discussing this matter with them through our Embassies and are trying to get a larger share of that market."

3.39. In reply to a question whether increased exports of green tea would enable the country to earn more foreign exchange, the representative of the Ministry of Foreign Trade stated: "I think it is perfectly correct. . . . It will be in addition to the black tea that we can export under the quota system."

3.40. The Committee are unhappy to note that the production of green tea in Uttar Pradesh in 1970 was only 4,000 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.

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.

(iv) *Instant Tea*

3.42. The following table shows the quantity of instant tea produced in India during the period 1966—70 :

Year	Quantity in kgs.
1966	30,354
1967	68,876
1968	89,042
1969	226,092
1970	316,594

3.43. It has been stated that production of instant tea in India is from green leaf unlike in U.S.A. where it is produced from manufactured black

tea. At present there are only two factories located at Munnar in Kerala and Cholady in Tamilnadu, which are producing and exporting instant tea. The annual installed capacity of these factories is 15,00,000 lbs. and 2,64,000 lbs. respectively. Both the factories are in the private sector and there is no proposal for setting up any instant tea factory in the public sector. The entire quantity of the current Indian production of instant tea is earmarked for export.

3.44. It has been further stated that instant tea as at present manufactured is not comparable in quality to regular tea and it is not likely to gain popularity in a tea producing country like India. Furthermore, a cup of tea made from instant tea costs more than a cup made from regular tea.

3.45. Tea like coffee is going into the "instant era". In America there is already great demand for instant tea. Asked whether it would be advisable for India to take up production of instant tea on a large scale, the representative of a tea association stated:—

"I agree with you entirely. This is a production line that will grow and eventually may even replace tea as we know it, if it is properly made, it may be an acceptable drink as near to good tea, as instant coffee is to good coffee. With the speeding up of life, people will turn more and more to it. It is an area in which we could have an advantage."

3.46. Asked whether the efforts made for production of instant tea were satisfactory, the representative of the tea association stated "We have not done enough to exploit this".

3.47. The Committee were informed that instant tea had been made in some countries like U.K. and U.S.A. from black tea. The process would be much simpler if instant tea was manufactured straight from the green leaf in the tea growing areas. The Cadburys were doing it in Uganda where they were collaborating with the producers. But there was one difficulty that in North India which accounted for 73 per cent of the total tea produced in India, there was seasonal production of tea.

3.48. As against this, in South India, tea production did not vary throughout the year and there was a constant supply unlike in the North. When asked whether the entire tea produced in the South could be turned into "instant tea", the witness stated that it could be done.

3.49. The Committee were informed that the cost of instant tea was higher than that of the black tea. While people abroad were prepared to pay higher price for this, there was not much demand for it in India. When the Committee pointed out that for selling Indian instant tea abroad it would be necessary to popularise it in India first, the witness stated:—

"I do subscribe to the view that has been expressed. In fact you must develop internally and create the sophistication required to sell it abroad."

3.50. The representative of the Ministry of Foreign Trade stated during evidence that two firms had gone into production of "Instant tea". The manufacture was based on imported technology. It was stated that the instant tea produced by those units was not "wholly satisfactory". The Tea

Board had been providing financial assistance to Calcutta University and Central Food Technological Research Institute for research on production of instant tea. But no method had been developed in India so far.

3.51. The Committee desired to know what steps had been taken to improve the flavour of instant tea so as to increase its export. The representative of the Ministry of Foreign Trade stated :—

“We have not been satisfied with the quality, or the aroma as you have rightly said. Also, its solubility in cold water. These two defects are noticeable in the instant tea being produced in India. That is why we commissioned the Calcutta University and the Central Food Technological Research Institute to take up research on this so that if there is improvement in respect of quality and aroma as well as solubility in cold water, we could find a method that would be more satisfactory than the one employed at present.”

3.52. The Committee wanted to know why the end-product should not be of the required quality when the technical know-how was imported from abroad. The Chairman, Tea Board, explained:

“The technology available in the world is not yet adequate to produce the right kind of instant tea. They have been able to get good powder but they have not been able to capture the flavour. All the big companies that are engaged in the production of instant tea are in America and in Europe and they are trying hard. Whoever comes out with the answer first, is going to make a big splash and will be a leader in the market. We have imported into India whatever latest technology was available.”

3.53. When asked whether the instant tea produced in India was as good as produced in America, the representative of Tea Board further stated:—

“Our product is different from what they produce in America in the sense that in America they produce instant tea from black tea, that is, tea which has already been made. In India and in Ceylon, instant tea is made from the green leaf. We do not fire it and convert it into ordinary black tea and then again extract the juice. It is direct from the leaf. The products are basically different. A comparison is not possible.”

3.54. On the question of India earning a bad name in foreign countries as the instant tea being produced in India was not upto the required standard, the witness stated:—

“Instant tea is not sold under any country's label. Instant teas are sold under the brand name of those dealing with food products. Nestles is having one sold as “Nestea”. For Liptons, there are four or five big names under which instant tea is sold. It is not said on the jar that this is Indian instant tea or made in America. They are blended together, and the blend is given brand name like ‘Nestea’. So, the question of India getting a bad name does not arise.”

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.

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.

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

(v) *Tea Bags*

3.58. It has been stated that a significant development is the manufacture in India for the first time of tea bags primarily for export. These bags have met with keen demand in Europe and the Middle East.

3.59. The representative of the tea association stated that tea bags were very popular in traditionally tea drinking countries like the U.K. because it was easier to use them and there was no disposal problem. But there was one problem that the right type of paper used in the production of tea bags was not available in India. As such, the import of that paper should be allowed or the paper industry in India might be asked to produce that type of paper. It was also stated that the raw material as well as the know-how to make that type of paper was available in India. But the import of the machinery for making that paper would be necessary. It was further stated that if production of tea bags was to be stepped up, plant and equipment would have to be imported for the purpose. The representative further added that import of machinery was allowed by Government on the condition that there was 100 per cent export of the product manufactured. Every such enterprise needed a certain base in its own country and the condition that a large percentage of the product should be exported was understandable but the condition that the product should be exported cent per cent gave rise to difficulties.

3.60. The Committee were informed during evidence that two firms were manufacturing "tea bag". One firm was going to be export-oriented while the other would be selling a small quantity in India too. The Chairman, Tea Board, stated:—

"Tea bags were manufactured here for the first time in April last. Immediately they were sent out to Europe and West Asia. I gather the response was exceedingly good, so good that one company immediately came up to us for importing two more packing machinery as they were not able to cope with the demand with the two they had already installed. The other company has only recently gone into production, but their marketing research also tells them that their product will find a good market in mid-west and Europe."

3.61. It was also stated that the demand for tea bags would not be as great in India as abroad because while a tea bag was more convenient its cost was almost double as compared to loose tea.

3.62. Regarding packing material for tea bags the representative of the Ministry of Foreign Trade stated:—

“We are importing the tissue paper, and that adds to the cost. If the demand picks for such tea, one of the local companies is prepared to undertake the manufacture of this tissue paper. The machinery is not there in India now.”

3.63. It was also stated that the machinery for production of tea bags was allowed to be imported which cost about two lakh rupees. There was some sophisticated machinery which cost much more but on an average the cost of machinery was about two lakh rupees. If the demand developed it might be possible to produce the machinery within the country.

3.64. When asked why the machinery was so expensive for such a simple process, the Chairman, Tea Board, stated:

“The process itself is very simple, but the difficult part is the actual weighing, at the rate of 200 to 300 bags a minute. The right amount of quantity has to be released every time and then the system of acceptance or rejection of the bags should also be automatic.”

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 two firms to augment the production of tea bags.

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.

(vi) *Production in Darjeeling*

3.67. It has been represented to the Committee that Darjeeling will not remain a tea producing area in another 50 years unless replacement of old bushes is stepped up. In a note furnished to the Committee, the Ministry of Foreign Trade have stated:

“We are not in agreement with the representation made to the Committee. However, in Darjeeling 51% of the tea area carry bushes which are over 50 years old another 33% of the area is in the 21-50 year age group. The industry is free to avail of the benefits of the Replanting Subsidy Scheme to replant these over-aged areas. It has, however, not responded favourably to the scheme so far. This may be due to the fact that loss of crop that follows uprooting and replanting operations is a big factor which the industry can ill afford to lose especially in the low yielding area of Darjeeling. After the Darjeeling Disaster in 1968, the scheme was liberalised to allow “replacement” planting in Darjeeling in cases where tea gardens concerned lost any area under tea as a result of the disaster. Now that “replacement” planting is allowed in general, it is expected that more gardens will come forward to replant their over-aged sections.”

The gardens, however, adopt cultural practices which assist in rejuvenating existing old tea. The method followed is heavy pruning of old tea which helps to maintain existing yields. Consolidating the existing

tea areas with recently developed planting materials is also practised these days. The revised rates of subsidy and "replacement" planting in general that have now been introduced will also assist the industry to some extent to undertake replanting of old areas."

3.68. Asked whether sufficient land was available for planting tea in replacement of those areas where the tea bushes had outlived their economic life, the Ministry of Foreign Trade have stated:

"The producers' Association in Darjeeling has collected information and have intimated the Tea Board that about 14% of the existing planted area is available for new planting. This works out to about 2,556 hectares."

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.

3.70. The Committee suggest that the Tea Board should give maximum encouragement to the tea estates in Darjeeling to replant 2556 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% 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.

D. Replanting Subsidy Scheme

3.71. In October, 1968, Replanting Subsidy Scheme was introduced by Government. The scheme was conceived in the context of the estimated requirement of tea for export and internal consumption. It was considered necessary for the industry to enhance its productive efficiency and competitive ability to meet the situation. About 30% of the tea bearing areas in India are more than 50 years of age and required to be replanted. Government approved of this scheme of replantation of bushes over 50 years of age to assist the industry to replace them with newly developed high yielding planting material. The object of the scheme is to help the industry to achieve a replantation rate of 2% of the total area under tea annually.

The subsidy was payable originally at the rate of Rs. 3,500 and Rs. 4,500 per hectare for estates in the plains and hills respectively in a phased manner in 5 and 6 instalments respectively.

3.72. The scheme has since been liberalised further to allow "Replacement" plantings in Darjeeling where the industry lost a sizeable tea during the disaster in 1968. Other liberalisations introduced are :—

- (i) Reduction in the age limit from 50 to 30 years where bushes had become really un-economic for reasons beyond the control of

the management provided the yield of the section to be uprooted is less by more than 33% in comparison with the district and garden average for at least a continuous period of three years.

- (ii) The inclusion of "Replacement" plantings in areas that are subject to floods, water-loggings and those rendered unfertile due to soil erosions.

3.73. Even though initially, there was some response from the industry and the number of applications received under the scheme was for an area of approximately 1% of the all India figure, there has been a decline in the following years and it now stands in the region of 0.6%. The reasons for this poor response appear to be the low quantum of subsidy in view of the present day costs of planting and also the age criterion and the loss of crop during the intervening years until the replanted area comes into bearings. These matters, it has been stated, have been receiving the Board's serious attention.

3.74. The disbursements under the scheme during the last three years are as follows :

Year	Amount in lakhs
	Rs.
1968-69	1.11
1969-70	18.16
1970-71	5.73

3.75. The following Table indicates the areas which have been replanted :—

Figures in Hectares

Year(s)	North India	South India	All India
*1944-53	8,452.50	169.96	8,622.46
1964-65	1,957.84	66.42	2,024.26
1965-66	1,866.01	71.35	1,937.36
1966-67	1,606.77	21.30	1,628.07
1967-68	1,290.49	16.62	1,307.11
1968-69	1,150.93	37.75	1,188.68
1969-70	955.12	32.30	987.42
1970-71	N.A.	N.A.	N.A.

3.76. The following statement indicates the total area which has been uprooted and replanted since the inception of the Replanting Subsidy Scheme in 1968 :—

	As on 31-1-72 Figures in Hectares	Remarks
Area certified as uprooted.	3658.50	After uprooting a minimum period of 9 months rehabilitation is essential and this period may extend upto 36 months at the discretion of the garden.
Area certified to have been replanted.	236.47	Against the figures of 6344.62 hectares approved for uprooting.

*Based on Report of the Plantation Inquiry Commission, 1956, Part-I—Tea—P. 479.

3.77. The representative of the Tea Association informed the Committee that the tea bush lived for 100 years but it was most productive between 20 and 50 years of age. After that, the production declined. But with better methods of agriculture this could be stayed off. The witness added, "But with the great improvement in varieties that has been achieved by us in our research in the last 20-25 years, the importance of replacement becomes even greater, because even a vigorous bush of 50-70 years may not be worth keeping when it can be replaced by a new bush which will not only be young but capable of yielding double. A conservative estimate is that 50 years is an economic age, taking all factors into consideration. To get bushes of not more than 50 years, in most of the tea gardens, taking into consideration the backlog, we have to do more than 2 per cent replanting every year."

3.78. Asked how much time did it take for a newly planted bush to become economic, the witness stated :—

"It varies with elevation and other conditions. Under ideal conditions it would take six to eight years. In parts of the Assam Valley, which are natural tea-growing areas with very good conditions of climate and soil it takes six to eight years. In an area like Darjeeling which has rocky soil and high elevation it may take upto 15 years or more."

3.79. The Committee desired to know whether with the annual rate of replanting being increased from 2 to 3 per cent, the total production of tea will not go down in view of the fact that the new plants took 7 to 8 years to become economic. The witness stated :—

"It is a very important question which concerns the nation as well as the individual. If we do massive replantation just to survive then the first impact would be that the production would go down. Therefore, there has to be a judicious blend of improving the yield from existing areas by better methods, bringing additional areas under cultivation and also replantation in some areas...if we are to go in only for replanting at a high rate it would be a disaster for both the grower and the country in the short term."

3.80. It was stated that there should be judicious planning both for short-term and long-term and a balance has to be struck between maintenance of existing bushes and extension of new areas.

3.81. When asked how much time was needed to rehabilitate the land so as to make it fit for replanting, the representative of the Tea Association stated that the time varied from estate to estate and soil to soil. But at least one year would be needed to rehabilitate the soil so as to make the land fit for replanting.

3.82. The representative of the Ministry of Foreign Trade stated that "the target for replantation scheme is 7000 hectares per year and for new plantation and extension, 3000 hectares per year".

3.83. Asked why the task of replanting old tea with new ones had not been taken up earlier and why "all of a sudden realisation should dawn on

us that too many of our plants are too old" and whether the process of replanting the tea plants should not have continued during the past decade, the Chairman, Tea Board, stated :—

"When the international agreement was arrived at in 1933, there was a slump in the market and all the countries were asked to control or reduce their production to improve prices. Then war intervened. After the war years the tea industry improved and started earning profits. The neglect was deliberate because there was too much production in the world at one time."

3.84. When asked why the replanting process was not started during the war (1939-1945) as there was chronic shortage of tea during the war period, the Secretary, Ministry of Foreign Trade stated :—

"Replanting would not yield results immediately. So, actually during the war we could not have done very much; even if replanting was taken up, the results would have come only after the war."

3.85. The Committee were also informed that the response to the Replanting Subsidy Scheme had been very poor in South India. Explaining the reasons for the poor response, the Chairman, Tea Board, stated :—

"Basically, they say they are not in favour of replanting. First of all, those areas are not that old. Secondly, down South, in the hills, they say that the life of tea bush is longer and better. They also say that in their opinion, infilling is more necessary than uprooting. Now that the new scheme is going to be introduced shortly—it has been already approved by the Government—where replacement planting will be allowed, they may take up the scheme in the South because in this way there will be no loss of the crop."

3.86. The Committee enquired why the amount of disbursement under the Replanting Subsidy Scheme had suddenly declined during 1970-71. The representative of the Ministry of Foreign Trade stated that the subsidy under the scheme was provided in instalments; the first instalment was paid when the tea bushes had been uprooted. The second instalment was paid after replanting the new bushes. In many cases the reports about replanting had not come because, "we did not have our own trained staff to go and see and inspect the areas." So the Tea Board had agreed to utilise the services of the neighbouring Managers of the Tea Estates to go and inspect the areas and submit reports to the Tea Board. But those people being busy had not yet submitted the reports and as such the second instalment had not been paid.

3.87. When asked why the Tea Board could not employ its own staff for inspection and what was the wisdom in utilising the services of managers of neighbouring estates, the representative of the Ministry of Foreign Trade stated :

"I understand the Board had two choices before it. One was to introduce a scheme immediately in 1968 without waiting for the appointment and training of inspectors. The other was to recruit inspectors and train them and then introduce the schemes. They took the decision that it was worthwhile because time was already slipping by and the best thing was to introduce this scheme even without trained staff depending on the neighbouring estates' managers and executives. This was a risk they took and they failed to some extent. Now they have appointed their own inspectors who will be taking over this work."

3.88. It has been represented to the Committee that tea estates had not been able to take advantage of the Replanting Subsidy Scheme to any great extent mainly for economic reasons. The cost of uprooting, replanting, maintenance of new bushes for 5 years amount to Rs. 15000 per hectare which meant that the tea estate had to find from its own resources, meagre as they were, a substantial portion of the replanting cost. Further more, until the replanted area came into operation, there was loss of crop for 5 or 6 years due to uprooting of old bushes which was estimated at a minimum of Rs. 10,000 per hectare of the area replanted.

3.89. The Committee wanted to know whether the Replanting Subsidy Scheme had not met with success in the tea growing States on account of the reasons stated above. The representative of the Ministry of Foreign Trade stated :—

“This is right, Sir. We have been ourselves conscious of this and that is why we have increased the limits both under the loan and subsidy. We have increased the subsidy from Rs. 3,500 to Rs. 4,000 in plains and from Rs. 4,500 to Rs. 5,000 in the hills. We have also been aware that the loan amount was equally inadequate and because of this, replanting was not done. That is why, the limits of both have been increased. We hope that with the loan of Rs. 11,250 and subsidy of Rs. 4,000 which makes up a total of Rs. 15,250, they should be able to uproot the old bushes and re-plant them. Previously, it was Rs. 7,400 and Rs. 3,500 making up a total of Rs. 10,900 which certainly was inadequate.

3.90. The Committee pointed out that the Tea Board had stated that the funds requisitioned in December, 1970 for the Replanting Subsidy Scheme were not made available until the first week of April, 1971. As such, disbursement intended for 1970-71, could not be effected and the progress of the scheme suffered. The representative of the Ministry of Foreign Trade stated :—

“A request was received in December and it took about 2-3 months in release of the money. The problem seems to have arisen like this because we are drawing money from the Consolidated Fund of India. Therefore, only an officer of the Ministry can draw the funds and not the Secretary, Tea Board, directly. The money is first drawn by the Ministry and after having been put into account, it is retransferred to the Tea Board.”

3.91. The Committee were informed that there was delay in processing the applications for replanting subsidy. When asked how much time was taken by an Inspector of Tea Board to pay a visit to the tea estate which had applied for subsidy, the witness stated :—

“Sometimes the delay is two to three months, but it varies a lot.”

When asked whether the delay of two months could cause any loss, it was stated :—

“It could, if we miss the regular uprooting time. If we uproot it before inspection, they will disallow it.”

3.92. The Chairman, Tea Board, informed the Committee that applications received under the Replanting Subsidy Scheme took about 2 to 3 months for disposal.

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 2,024 hectares replanted during 1964-65. The Committee are concerned to note that against the annual rate of 2% replantation, the rate actually achieved is as low as 0.6 per cent.

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.

3.95. The Committee, however, note that the rates of Replanting Subsidy and also 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.

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 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 India 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.

E. Cost of Production and Profitability

(i) Cost of Production

3.97. It has been stated that the analysis of cost of production of tea is based on two samples, the first covering 161 tea companies for 1963-65 and the second covering 151 companies for 1966-68 for which comparable figures were available from audited accounts. The cost figures represent 'all in costs' incurred by the companies to make and sell tea. Both the samples cover about 30% of the total all India tea area and production.

3.98. The total all India costs per kg. of made tea during the period 1963-68 were as under :—

(Cost per Kg. in Rs.)

1963	.	5.22
1964	.	5.07
1965	.	5.37
1966	.	5.97
1967	.	6.03
1968	.	6.27

It would be seen that the cost per kg. had increased steadily during the period.

Composition of total cost under different heads

3.99. Percentages of cost under different heads in the total cost were found to be as under in Tea Board's financial and cost survey 1963-65 :

Establishment at garden	8.44%
Cultivation cost	13.58%
Plucking cost	10.74%
Manufacturing cost	14.26%
Packing cost	4.96%
Freight & Transport (Internal)	4.44%
Duties and Taxes (Local)	8.15%
General Charges	20.90%
Head Office expense	6.93%
Selling expense	7.60%
Total cost: —	100%

3.100. In the survey it was noticed that cost per unit on account of establishment at garden, cultivation, freight and transport charges had a decreasing trend whereas all other costs maintained their usual increasing trend of which plucking expense, duties and taxes, general charges and office expenses at Head Office showed a marked rising trend.

3.101. The cost of production of tea would generally vary from company to company having regard to the factors like efficiency of the different managements and also geographical location of the gardens belonging to the companies. It would, therefore, be necessary to furnish cost figures for different managements and locations of the gardens. Tea Board analysis has, therefore, been extended to show cost by management viz. Sterling companies and Rupee companies and also for different Districts and Zones of the tea growing area in the country.

3.102. The following table shows the cost of production of 1 kg. of made tea for whole of India and in Darjeeling (Zone III) :

		(Cost per kg. in Rs.)					
		1963	1964	1965	1966	1967	1968
All India Cost		5.22	5.07	5.37	5.97	6.03	6.27
Sterling Cost	in						
Darjeeling		6.51	7.04	7.86	8.82	8.97	9.67
Rupee Cost	in						
Darjeeling		6.56	6.83	7.67	8.21	9.13	9.09

3.103. The Committee enquired why the cost of production of tea both by Sterling and Rupee companies in Darjeeling was much higher than the all India cost. The representative of the Ministry of Foreign Trade stated :—

“The higher cost is really due to the poor yield in the Darjeeling area as against the all India average. Yesterday, we explained from the figures available that production per hectare had gone up to 1,191 kg. The average yield of Darjeeling is only 500 and odd kg. per hectare, half the All India average. This is due to a number of factors, largely

climatic. It is fairly cold in Darjeeling with the result that the growing season is shortened, the bush population is also much less than in the lower hills; topography also mitigates against higher yields. During the rainy season also it gets so cold that production is to some extent inhibited. In the lower hills there is the possibility that production might improve. We are suggesting to the planters that they must do the in-filling and that they must use more fertiliser so that even in the Darjeeling area the yields can be improved."

(ii) *Profitability*

3.104. Borooah Committee had stated in their report :—

"There has been a continuous decline in the profitability of the tea industry in India and notwithstanding this, the industry's achievements have been remarkable, in so far as it helped the country to retain its position as the world's largest producer and maintain its lead in average yield. If, however, in the field of development the rate of new plantings and replantings has not been at the desired level it is only because the industry has not been allowed to retain sufficient surplus to plough back."

3.105. The Committee enquired whether the profitability in tea industry was declining.

The representative of the Ministry of Foreign Trade stated :—

"The ratio of profits after tax as percentage of return for tea industry was 4.3 per cent in 1965-66, 6.1 per cent in 1966-67 and 6.5 per cent in 1967-68. It will be noticed that there is a rising trend, from 4.3 per cent to 6.5 per cent over a period of three years. It declined to 2.1 per cent in 1968-69. This decline was due to exceptional circumstances particularly the disaster that occurred in Assam and Darjeeling. We do not have any figures for the subsequent years."

3.106. In a subsequent note, the Ministry of Foreign Trade have stated :—

"From the general trend of prices in 1969 and 1970 it would however, be reasonable to conclude that while profitability in 1969 would have been about the same as in 1968-69, it would have registered a substantial improvement in 1970-71."

3.107. When asked whether the tea industry was left with sufficient profits to plough back for the development of tea plantations, the witness stated :—

"While 6.5 per cent return may be considered on the low side, one cannot say that one is running into losses or not making any profit. One may say that the profits could be perhaps a little higher but with the improvement during the last few years in the unit price the profits today are higher."

3.108. When the Committee pointed out that investment always flowed from low profitability industry to high profitability enterprise and that was one reason why the tea industry had suffered during the last few years, the witness stated :—

"We have been conscious of this. We have introduced some schemes so that they could take advantage of them for purposes of replantation.

We are hoping that the profits would improve during the next few years."

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 years 1970—72.

3.110. The Committee note that 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.

3.111. The Committee note that the profitability of the tea industry increased from 4.3 per cent in 1965-66 to 6.5 per cent in 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.

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.

CHAPTER IV

TEA DEVELOPMENT

A. Schemes of Tea Board

Apart from the Replanting Subsidy Scheme there are two other schemes which are being worked by the Tea Board with the object of improving the yield and the quantity of tea produced in the country.

A brief account of these two schemes is given below :

(i) *Tea Plantation Finance Scheme*

4.2. Tea Plantation Finance Scheme was introduced in February, 1962 with a view to assisting the tea industry to undertake replantings of old and uneconomic tea areas as well as replacement and/or extension plantings. The fund for the scheme has been provided by the Government of India and at present the corpus is Rs. 4.60 crores to be used as revolving fund. Of this, a sum of Rs. 10 lakhs has been set apart for sinking deep tubewells, construction of dams, reservoirs etc. under irrigation loan scheme, which is a part of the Plantation Finance Scheme.

4.3. The loans are payable in phased instalments, the quantum of assistance being Rs. 7,400/- and Rs. 9,900/- per hectare for plains and hills gardens. These rates have been revised upward from Rs. 7,400/- in the plains to Rs. 11,250/- and from Rs. 9,900/- in the hills to Rs. 13,750/- per hectare based on current day costs.

4.4. The loans are repayable in eight equal instalments commencing from the seventh anniversary of disbursement of the first instalment and carry an interest of 6½ per cent per annum with ½ per cent rebate for prompt payment (i.e. 6% effective).

4.5. The security for the loans advanced under the scheme is the title deeds of the land comprising the tea estates. Originally where the title deeds were pledged with the banks as collateral security for funds advanced on hypothecation of tea crop, a tripartite agreement has to be executed between the bank, the loanee and the Tea Board on *pari-passu* terms. As a substantial section of the industry was unable to avail of the benefits under the scheme because some of the banks would not agree to the *pari-passu* arrangements, the scheme was liberalised and with effect from mid 1967 a tripartite agreement under a second charge was introduced. Under this second charge arrangement, the security created by the registered mortgage in favour of the Board ranks for priority immediately after the equitable mortgage in favour of the bank even though the hypothecation of crop loan may from time to time be repaid and fresh advances against hypothecation of crop be given by the bank.

4.6. Since the inception of the scheme in 1962, 195 applications aggregating to Rs. 785.67 lakhs have been sanctioned till 31.3.71. The disbursement made as on the same date is Rs. 410.93 lakhs.

(ii) Tea Machinery Hire Purchase Scheme

4.7. A scheme for the supply of tea machinery and irrigation equipments to tea gardens on hire purchase basis was introduced in April, 1960 and a fund of Rs. 2 crores was initially provided for this purpose. In November 1962, the supply of irrigation equipment was removed from the original scheme with a separate corpus of Rs. 2 crores. Later, the provisions of the Hire Purchase Scheme were further liberalised so as to allow all types of tea gardens to benefit from the scheme. The Corpus of the Hire Purchase Scheme was increased from time to time by Government and now stands at Rs. 9 crores with Rs. 7 crores for Tea machinery and Rs. 2 crores for irrigation equipment. The ceiling fixed for each estate is Rs. 6 lakhs for machinery and Rs. 5 lakhs for irrigation equipment.

4.8. The scheme, when originally introduced, was financed out of the Board's fund. With effect from 1-4-1967, however, it is being financed out of the Loan Budget of Government of India. The rate of interest charged on Hire is 6½% per annum with a rebate of ½% for prompt payment *i.e.* 6% p.a. effective). A penal interest at the rate of 1% per month is charged for default in payment of outstanding dues.

4.9. Several amendments and liberalisations have been effected in the scheme over the years. The repayment period of the loan has been extended from 7 years to 10 years. The earnest deposit payable by hires is now only 10% of the value of the machinery. Jeeps and trucks have been added to the schedule and can now be supplied under the scheme.

4.10. The disbursement of funds during the years 1968-69 to 1970-71 are indicated below :—

Year	Amount disbursed (Rs. in lakhs)
1968-69	78.65
1969-70	98.65
1970-71	74.53

B. Techno-economic Surveys

4.11. It has been stated that the essential pre-requisite for initiating measures for improving the affairs of the Tea Industry is to undertake detailed techno-economic surveys of individual tea estates.

4.12. Asked how many techno-economic surveys were conducted by the Tea Board during the last 2 years, the representative of the Ministry of Foreign Trade stated that techno-economic surveys were conducted in Tripura and Cachar in 1963 and thereafter no techno-economic surveys were conducted. It was further stated that the Tea Board was thinking of taking up fresh surveys in other areas on the basis of which they could formulate a programme of action for the improvement of the tea industry.

4.13. When asked why the techno-economic surveys were not conducted after 1963, the official witness stated :—

“I am informed that they had engaged some special staff for these surveys but as development work increased this staff was diverted to

the development work and they did not ask for additional posts and, therefore, the techno-economic survey could not be done. I entirely agree that this was a very useful work. It should have been continued but because of the expansion of activities elsewhere the staff were diverted to that field of activity and techno-economic surveys could not be proceeded with any longer."

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 re-planting of old and un-economic 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.

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.

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 problems 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.

C. Tea in Nagaland and Manipur

4.17. It has been stated that the question of exploring the possibility of growing tea in Nagaland had been taken up by the Tea Board with the State Government as far back as 1963 but no policy decision has been taken in the matter so far.

4.18. When asked to give the reasons for the delay, the representative of the Ministry of Foreign Trade stated :—

"This question was taken up with the Government of Nagaland. They wanted some expert to be invited from abroad to study their problems. We suggested that we were quite prepared to give an Indian expert from the Tea Board or elsewhere to study their problems and to advise them. But after that the Government of Nagaland have shown no interest whatsoever in this."

4.19. When asked why the Government of Nagaland did not accept the advice of Indian Experts and why the Ministry and Tea Board did not

ursue the matter with the State Government, the representative of the Ministry further stated :—

“We have ourselves been puzzled by this attitude and I have requested the Chairman of the Tea Board to go personally to Nagaland and discuss this problem with the Government of Nagaland and find out why they are resisting the offer that we have made and why they are insisting on importing an outsider and why they are showing such lack of interest in the development of this industry. We wrote to them some years ago and we have not had any reply whatsoever. We ought to have pushed them a little more vigorously both at the central and Tea Board level.”

4.20. Asked whether the Tea Board were aware of a variety of tea seeds known as “Manipur seed” and whether the possibility of planting tea in Manipur had been explored, the representative of the Ministry of Foreign Trade stated:—

“Of course, Manipur seed is very well-known and it is being used for multiplication. But, as far as the growing of tea in Manipur itself is concerned, I am informed that this matter was taken up by the Tea Board with the Government of Manipur. The Chairman wrote to the Chief Minister but they seem to have got a categorical reply that the Government of Manipur is not interested.”

When asked the year in which the reply was received from Government of Manipur, it was stated that the reply was received in 1967.

4.21. The representative of the Ministry further stated that a Tea Development Officer would be sent to Manipur within the next month who would submit a report on the matter.

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 investigations about the possibility of encouraging cultivation of tea in NEFA and other suitable areas.

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 concerted effort to persuade the Government of Manipur to chalk out a plan for development of the tea industry in that region.

D. Yield of tea

4.24. The following table shows the average yield of tea per hectare in India for the period 1960-70 :

Year	Average yield per hectare in Kg.
1960	971
1961	1070
1962	1043
1963	1037
1964	1102
1965	1072
1966	1089
1967	1107
1968	1146
1969	1114
*1970	1191

4.25. When asked whether it was correct that tea planters were not investing money on manure and other inputs necessary for increasing yield of tea, the representative of a Tea Association stated :—

“There is no doubt that if you properly maintain the tea and put the right inputs into the existing bushes, you can improve the yield no matter how old the bushes are. But in spite of this, there does come a point of time when the return is not worthwhile because of the age. Also a bush planted a hundred years ago is of indifferent quality, because 100 years ago the knowledge of plant breeding etc. which we now have was totally absent. The plant we put in now, apart from being young and vigorous is *ipso facto* capable of two or three times the yield because it is of a much better variety.”

4.26. Regarding yield of tea in the South, the representative of a Planters' Association stated that in South India the efficient units were producing as much as 2,000 kgs. of tea per hectare. By utilising proper manure and other inputs the backward units could certainly catch up “near the larger ones” although they might not catch up to the same extent. It was stated that during the last ten years the progress had been markedly in the larger grower sector and the yield had reached the level of 200 kgs. per hectare. In the smaller units the increase would be slow say from 300 kgs. it could go up to 600 kgs.

4.27. The Committee were informed that in South India the planters held the view that “by varying pruning practices, they can keep the bush going fairly economically for a long time.” The Chairman, Tea Board, stated :—

“I have seen it with my own eyes in a particular area where I could hardly see any sign of tea. What they had done was they had cut down

*Provisional.

the bush to the ground. I asked them how the plants were going to survive. Next year, when I went there, this tea looked so lush and green. This is the practice that is being followed even in Darjeeling area. Instead of uprooting and having less crop for five or six years, they give it a collar prune down to the root, and they are able to rejuvenate the tea bushes, and the bushes soon after rejuvenation give a very satisfactory crop almost as good as a new bush."

4.28. When asked why the pruning practices to rejuvenate the tea bushes were not adopted in all tea growing areas in the country, the Chairman, Tea Board, stated :—

"The experiment referred to was in the hills of the Nilgiris and the Anamalais and the Darjeeling where, because of the climatic conditions, perhaps it is possible more easily to rejuvenate the old bushes, but this is not quite so in the hot and humid plains of Assam, Cachar, the Terais and the Duours."

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 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.

4.30. The Committee are of the view that Tea Board should be able to lay down some guidelines 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.

E. Tea seeds and clones

4.31. It has been stated that the Tea Board at the moment exercises no direct supervision over the production and distribution of tea seeds and clones. The tea seeds are produced by commercial seed companies. However, in consultation with the Research establishments of the tea industry and the Tea Producer's Associations, the Board has prepared a list of approved varieties and this helps the industry to select seeds for new plantings undertaken with the assistance of the Tea Board schemes or otherwise. The Tea Research Association has also released some bi-clonal and poly-clonal seeds that are considered to be better yielders than the commercial varieties known to the industry. Tea companies and tea seed companies which are producing these seeds in a manner approved by the Tea Research Association have been listed and the industry is able to get their supplies from them.

4.32. In recent years, there is a growing tendency in the industry to undertake new plantings with clones—the vegetatively propagated planting materials. A standard clone is defined as one having "above average"

yield and "above average" quality. A survey undertaken by the Tea Research Association has shown that none of the Commercially grown recognised seeds possess the level of yield and quality of any proven standard clone. Even the poly-clonal seeds raised by the Tea Research Association do not come under the category of a standard clone in yield and quality. Seventeen clones have been released by the Tocklai Experimental Station of the Tea Research Association and in addition many tea estates have raised their own clones which have subsequently been approved by the research stations of the tea industry. The industry in North-East India has at the moment a wide selection of clones numbering over 50 from which to make their selections. The industry in South India also has over 50 clones to choose from. As in the case of seeds, the Tea Board has also prepared a list of approved varieties of clones in consultation with the Research Organisations and the Producers' Association from which the industry is able to select their planting materials.

4.33. The Board is in close touch with the tea research organisations in the country who are working on the production improved varieties of planting materials and those recommended by these research organisations are approved by the Tea Board so that the industry is in a position to obtain improved varieties for new plantings. The tea gardens normally multiply recognised clones in their own nurseries in accordance with their requirements.

4.34. Referring to the fact that clones are more useful as planting material than tea seed, the Tea Board have stated :—

"The use of clones has been found to be of immense benefit because by vegetative propagation the inherent qualities of the bush can be maintained more effectively than by the use of seedlings. By individual bush selections in a field it has been possible to obtain bushes which are high yielders, disease resistant, deep rooters. "Trip" producers etc. Seeds on the other hand do not retain the individual characteristics of a bush because by the such propagation there is always a tendency for a throw back to the parental characters thereby introducing a factor of uncertainty. Another advantage of the use of clones has been that they come to bearing earlier than those propagated by seeds."

4.35. It has been stated that there has been no shortage of seeds or clones for use as planting materials in the country so far.

4.36. To enable the small growers to obtain good planting material for their small estates, the Tea Board has set up two clonal multiplication centres in the Nilgiris—one attached to the Karumbalam Cooperative Tea factory and the second one attached to the Mahalinga Cooperative Tea factory. The land for the clonal centres has been acquired from the cooperatives and cuttings are being raised for supply to the small growers. The second centre was set up during the financial year 1970-71.

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.

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.

F. Weedicides and Pesticides

(i) Weedicides

4.39. Regarding the harm done by weeds in tea gardens and the necessity to remove them by the use of weedicides, the representative of a Tea Association stated :—

“Weeds have to be removed because they compete with the tea bush for its soil nutrients, air and light. The old method of taking out the weeds mechanically disturbs the soil and harms the very small and fine roots of the tea bush which are very near the surface and cannot be seen clearly with the naked eye. With modern weedicides you do not disturb the soil and you allow the plant to grow in its natural state.”

4.40. The representative of the Ministry of Foreign Trade stated that the most popular weedicide was known as ‘Gramoxone’ and the annual requirement of the tea industry for that particular weedicide was estimated at 3.70 lakh litres. It was further stated that until very recently that weedicide was imported from abroad as a complete product which cost India much in foreign exchange. The witness added :—

“The change over that has taken place from last year is that formulations will be made in India. Only the technical material will be imported. Therefore, with the same amount of money that was being spent before, we shall get larger quantity of it. The point whether we should start making from raw material stage has been referred to the Ministry of Petroleum and Chemicals.”

4.41. When asked how the weedicides were proposed to be distributed among the small tea growers, the representative of the Ministry of Foreign Trade stated :—

“When we used to import a complete product, there was the problem about small growers being reached. But now that the formulations will be made in India, the people making them will open their sale outlets near the user points.”

4.42. The following table shows the c.i.f. value of Gramoxone imported into India during the last 3 years :

Year	Value in Rupees
1968-69	64.63 lakhs
1969-70	41.00 „
1970-71	69.22 „

4.43. Regarding import of technical material for making formulations of Gramoxone in India, the Ministry of Foreign Trade have stated :—

“Total imports of Paraquat so far allowed are of the value of Rs. 32.65 lakhs.....Proposal for import of 31 tonnes valued at Rs. 32.25 lakhs in favour of Messrs.....is under consideration.”

4.44. Regarding manufacture of Gramoxone from the basic stage, the Ministry of Foreign Trade have stated, that only one application had been received and after obtaining all necessary clearances a letter of intent for the manufacture of 2500 kilo-litres of that product had been issued on 20-12-71.

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 weedicide 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.

(ii) *Pesticides*

4.46. It has been stated that Researches aimed at devising efficient methods for the control of various pests and diseases of tea have been and are being carried out at the Tocklai Experimental Station of the Tea Research Association and the Tea Research Station of the United Planters' Association of Southern India. The life histories of the pests and diseases have been studied and methods of control tested, with the result that many of the pests and diseases of tea are no longer a menace. The position is such that now-a-days epidemics likely to cause disastrous losses can be completely avoided. However, despite availability of scientific methods for the control, even at present as much as 10% of the annual crop is lost due to pests and diseases.

4.47. The possible methods for the control of pests and diseases of tea can be classified under the four major heads viz., (a) Cultural Control, (b) Biological control, (c) Control by the development of resistant/immune strains of tea, and (d) Chemical control. The severity of attack by pests and diseases as well as the adverse effect on the tea plant is less on healthy and vigorous bushes. The influence of the environmental conditions on the health of tea bush has been and is being studied in great detail and suitable cultural methods have been recommended to make the bush vigorous enough to fight some of the diseases by itself. Adverse environmental conditions like suboptimal pH condition of the soil, poor soil aeration, defective shade, weed growth etc. can, within

limits, be rectified to enable the bush to combat the ravages of some of the pests and diseases. The method of biological control which employs natural enemies like predators and parasites for the control of pests and diseases has not yet been tried in tea in India. Application of the method of biological control as well as the development of disease resistant strains of tea it has been stated, has to await concentrated and long-term basis research in these areas. Until such time as other methods of control are developed, the cultural control of pests and diseases has to be supplemented by the methods of chemical control for achieving the highest standard of protection. In fact, for immediate protection dependence has almost invariably to be placed on the use of chemicals. In the research stations a large variety of chemicals have been and are being tested for their efficacy against the various pests and diseases of tea and specific recommendations have been made in regard to the methods of effective chemical control.

4.48. The recommendations of tea research establishments in regard to chemical control also prescribe the types of equipments suitable for spraying the chemicals and the methods of spraying to be adopted against individual pests and diseases.

4.49. While it is recognised that it is physically impossible to eradicate pests and diseases of tea, a large measure of control is possible by the timely spraying of appropriate pesticides. It has been stated that there has been occasional shortages but by and large, procurement of suitable pesticides and spraying equipment for this purpose is no longer a problem. Unfortunately, however, some of the tea estate, particularly the small growers tend to economise on this account with the result that not only they themselves lose crop but serve as a focus of infection for the neighbouring gardens. The Board has recently formulated a National Programme for the Control of Pests and Diseases of Tea which envisages creation of mobile units for providing plant protection equipment, chemicals and facilities to the less advanced section of the tea industry and particularly the small growers.

4.50. Ministry of Foreign Trade have stated that the following pesticides were imported during 1970-71 :

Sl. No.	Name of Pesticide	Quantity (in tonnes)	Value (Rs./ millions)
1.	DDT/DDT preparation	3631.13	9.938
2.	Ethylene Dichloride	29.00	0.018
3.	Disinfectants	5.59	0.005
4.	Aldrin	20.09	0.582
5.	Chlordane	30.55	0.299
6.	DDVP	55.52	1.867
7.	Dieldrin	0.46	0.008
8.	Endrin	153.06	5.308
9.	Heptachlor	13.99	0.436
10.	Parathion Methyl	105.42	0.818
11.	Pesticides (not elsewhere specified)	1432.27	31.226
	TOTAL	5477.08	50.225

4.51. The Ministry have further stated that the following 4 items are being produced indigenously :—

- (i) D.D.T./D.D.T. preparation.
- (ii) Ethylene Dichloride.
- (iii) Disinfectants.
- (iv) Parathion Methyl.

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.

G. Fertilisers

4.53. The following table shows the total requirement and allotment of fertilisers to the tea industry :—

	Requirement (Tonnes)	Allotment (Tonnes)
1968-69	1,84,049	1,56,167
1969-70	1,84,049	1,68,255

4.54. The representative of the Ministry of Foreign Trade stated that Ammonium Sulphate was being made largely in the country and some quantity was also imported. It was made available to tea estates at a controlled price which was Rs. 540 per tonne and that price was uniform both for indigenous and imported Ammonium Sulphate.

4.55. It was further stated that the application of 40 kg. per hectare of Potassium Chloride was sufficient for a period of 3 years to improve the productivity of the tea bushes. The annual requirement of Potassium Chloride was estimated at 10,000 tonnes. It was not produced indigenously but it was imported and the requirements of the tea industry were being met.

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 recommend 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.

4.57. Till such time that the country attains self-reliance in Potassium 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.

H. Small Tea Growers

4.58. In both North and South India there is a category of 'tea estates' whose areas do not extend beyond 10 acres individually. They are known as small growers estates. Such estates are in Himachal Pradesh of North-West India and in the States of Tamil Nadu and Kerala in South India. They are considered to be the uneconomic section of tea industry. Their main difficulty is financial and also technical know-how. Because of their smallness and large number, it is not administratively feasible for the banks and other financing institution to extend to them assistance individually. They have no manufacturing facilities and whatever leaf is harvested by them is generally sold to neighbouring factories. In order to improve their lot and help them to produce quality teas the Tea Board in collaboration with the State Governments concerned has been trying to organise cooperative factories so as to facilitate the grant of technical and financial assistance for the development of their plantations.

4.59. The following table shows the position of cooperative factories which have been set up or are proposed to be set up in various States with the assistance of Tea Board :—

State/ District	No. of coop- erative factories set up.	No. of coop- erative factories which are proposed to be set up	Total	No. of small growers bene- fitted	Loan provided by the Tea Board
Tamil Nadu (Nilgiris)	8	2	10	3258	First factory set up in 1962 was granted a loan of Rs. 3 lakhs. Subsequently Rs. 6 lakhs per factory. Two new factories sanctioned recently have been given Rs. 8 lakhs each.
Kerala (Kottayam)	1	—	1	282	Loan of Rs. 3 lakhs granted in 1964.
Himachal Pradesh (Kangra)	1	1*	2	247	Loan of Rs. 4.5 lakhs was sanctioned to the first factory. Loan of Rs. 15 lakhs has been sanctioned for the second factory.

*Expected to be set up during 1972-73.

4.60. It has been stated that for these factories the financial assistance is given in the form of loans. But the schemes originally provided grant of subsidies on account of fertiliser and staff. The details of subsidies disbursed so far are as follows :—

State/District	Amount of subsidy	Remarks.
1	2	3
Tamil Nadu	Fertiliser subsidy Rs. 9,60,000	No subsidy is now being

1	2	3
(Nilgiris)	Staff subsidy	—Rs. 1,24,922
		granted in respect of the new factories sanctioned.
	In addition, a revolving loan for fertiliser amounting to Rs. 3.20 lakhs was also disbursed.	
Himachal Pradesh	Fertiliser Subsidy	—Rs. 13,698.94
(Kangra)	Staff subsidy	—Rs. 36,258.27

4.61. Asked what is the approximate number of small tea growers in Kangra who deserve help through cooperatives, the Ministry of Foreign Trade have stated that 1157 small tea estates each below 50 acres in size are registered with the Tea Board.

4.62. It had been represented to the Committee that of the 1400 tea estates in Kangra district 1378 were in an area less than 25 acres and those tea estates had no machinery and they depended on processing tea, with human hands. The remaining 22 tea estates owned machinery which was old and worn out planters had no money to replace or renovate their machines.

4.63. Asked what steps had been taken by the Tea Board to help the small tea growers in Kangra, the representative of the Ministry of Foreign Trade stated :—

“It is quite true that there are large number of small growers. Because of the smallness of the size of the holdings they have problems about manufacture of tea. The only remedy seems to be in the formation of cooperatives. We have tried to encourage them. One Cooperative Society was set up a few years ago and another has been sanctioned during last year.”

4.64. Regarding the yield of tea in small tea gardens of Kangra, the Committee were informed the all India average was 1191 kgs. per hectare. But for Himachal Pradesh it was 238 about one-fourth and it is the lowest except for a small quantity grown in Bihar. The Chairman, Tea Board, state :

“Yield is better in larger tea estates, in organised sector. We have in Kangra a Field Advisory Officer and he goes round to the various small growers and advise them how to improve their yield, let us say, through better plucking, better use of fertilizers, use of pesticides etc. The point you raised was whether they are in a position to take advantage of technical and technological know-how. The answer is not yet. In Tamilnadu they have solved this by setting up “INCOSERVE” which is short for Industrial Cooperative Service Society.”

4.65. Regarding provision of facilities to small tea growers, the representative of the Ministry of Foreign Trade state :

“There are two kinds of facilities that can be provided. One is the facility of expert advice. To some extent, the Tea Board is responsible for this. They have provided field officers for providing it. They visit the grower and advise them. The other part is very important, whether they can adopt modern cultural practices which involve a lot of investment; weedicides, pesticides, clonal development etc. That is where the small grower is at an inherent disadvantage because the securities he can offer are not adequate. It is doubtful if really the Tea Board can invest money in providing facilities of this kind. This is really for the State Government either through the cooperatives or through the banking system to provide the facilities that are needed.”

4.66. On the question of providing finance to small tea growers the Chairman, Tea Board, informed the Committee that the small grower was as much eligible to take advantage of replantation loan or subsidy as any other person. The witness added :

“The difficulty has been that he does not know how to fill up the forms. Directions have now been issued that the field officers should help them in this to take advantage of the scheme. We shall make the finance available.”

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 benefits 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.

CHAPTER V

EXPORTS AND TEA PROMOTION

A. Exports

(i) Total Exports

The total exports of tea from India during the last five years are as follows :

Year	Exports in Million Kgs.	Value of exports in crores of rupees
1	2	3
1967	213.7	189.0
1968	208.4	166.5
1969	168.7	120.5
1970	208.4	148.8
1971	212.6	160.3

5.2. Tea exports from India declined from 213.7 million Kg. in 1967 to 208.4 million Kg. in 1968 and to only 168.7 Kg. in 1969. Analysing the causes which had led to the steep fall in exports during 1969 as compared to the previous years, the Tea Board have stated :

“The most distressing feature of our exports in 1969 was a big setback in our exports to the U.K., the principal buyer of India tea, which reduced her offtake of India tea by about 42.1 million Kg. from 102.0 million Kg. in 1968 to 59.9 million Kg. in 1969 as against the overall decline in exports of 39.7 million Kg. in 1969 which means that exports to all outmarkets other than the U.K. increased from 106.4 million Kg. in 1968 to 108.8 million Kg. in 1969 as may be seen from below :—

(Figures in million Kg.)

	1967	1968	1969
U. K.	116.1	102.0	59.9
Other Markets	97.6	106.4	108.8
Total	213.7	208.4	168.7

The reasons for the lower shipments to the U.K. are three-fold. Firstly, the London Stock position at the end of 1968 was excessively high leading to very unsatisfactory prices. Secondly, following the disastrous prices realised in London in 1968, producers diverted a large percentage of their crop to the Calcutta auctions. Thirdly, producers also changed their production pattern to cater more for the requirements of the Calcutta market and produced more orthodox and broken grades and less of C.T.C.'s and fanning grades. London stock figure in January

1969 at 105.4 million Kg. was one of the highest on record and 19.0 million Kg. more than that at the same time of the previous year."

5.3. Total exports of tea from India in 1970 and 1971 have increased as compared to the year 1969. Commenting on the increase in exports during 1970, the Tea Board have stated :

"The objectives of the export oriented budget of February, 1970 have been fulfilled to a great extent in as much as shipments to U.K. showed a smart increase. The increase in overall quantity of tea exported from India was mainly because of the increased off-take by U.K. the principal buyer of Indian tea. While the increase in overall exports was 39.7 million Kgs. exports to U.K. picked up from 59.9 million Kgs. in 1969 to 99.52 million Kgs. in 1970 showing an increase of 39.6 million Kgs."

5.4. It has been stated that the principal competitors of Indian tea in the world market are Ceylon, Indonesia, Kenya, Uganda, Tanzania, Malawi, Mozambique and Argentina. In order to meet the competition, Government have, *inter alia* taken the following measures, viz :

- (i) abolition of export duty on tea with effect from 1st March, 1970;
- (ii) grant of rebate of excise duty at the point of export varying with price with effect from 15th April, 1970;
- (iii) Promotional activities by the Tea Board's offices established in London, New York, Brussels, Cairo and Sydney to create greater possibilities for export of Indian tea to various traditional and new markets;
- (iv) Promotion of special packs of Indian tea in selected markets abroad with the cooperation of the local blenders/packers;
- (v) Advertisement through appropriate media of publicity in countries abroad;
- (vi) Participation in Trade Fairs and Exhibitions;
- (vii) Exchange visits of traders and tea experts to promote the interest of tea; and
- (viii) Setting up of a Tea Trading Corporation in the Public Sector for export of packeted and blended teas.

5.5. A statement showing Production and Export of tea from major producing countries of the world from 1966 to 1970 is given in Appendix I.

5.6. A statement showing total quantity and value of tea exported from India to different countries from 1966 to 1970 is given in Appendix II.

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 99.52 million Kgs. in 1970 showing an increase of 39.6 million Kgs.* The fiscal measures adopted by Government namely (i) abolition of export duty with effect from 1-3-1970 and (ii) granting of a rebate of excise duty at the point of export with effect from 15-4-1970 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.

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.

5.9. The Committee note that both India and Ceylon hold equal share of 32.6% 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 million 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.

(ii) *Export to non-traditional markets*

5.10. Explaining Government's policy regarding diversification of tea export, the representative of the Ministry of Foreign Trade stated that for some time U.K. was the Centre for distribution of tea but India had now established direct contacts with other countries particularly the European and the continental markets. India had also entered into bilateral trade agreements with the socialistic countries and the U.S.S.R. for supply of tea. India had also started supplying black tea to Japan. Efforts had also been made to develop export market in South America.

5.11. To an enquiry whether it was a fact that as a result of increase in exports to non-traditional markets a trend was developing in traditional markets like U.K. and U.S.A. and Canada to turn to other producing countries to get their supplies, the representative of the Ministry of Foreign Trade stated :

"I would say that it would not be quite right to say that because we have turned to other non-traditional markets the traditional markets are buying less of our tea. Competition has risen recently from a number of countries. East Africa being one of the most important. It is as a result of this competition that they are buying larger quantities from others also. But there has been, also, a general increase in the consumption of tea to that extent. So, some of the increase is being taken from other countries also. There has been some little impact on us, but as a result of the bilateral trade agreements with the socialistic countries of East Europe, we have been able to sell larger quantities to the socialistic countries. In the socialistic countries we have virtually a protected market. So, if we take both the non-traditional as well as the traditional markets we have not done badly at all."

*The Committee have dealt with the question of earning greater unit value for export in para 7.67.

5.12. When asked whether India's share of the market under bilateral agreements and Rupee payment arrangements had increased from 6.93% in 1951-52 to 31.44% by 1965-66, the witness further stated :

"Yes, it has been going up. The trade with the East European countries and Russia has been expanding at a fairly rapid rate in respect of various commodities and particularly in respect of what we regard as the traditional commodities. They have been taking fairly large quantities and that has been increased from year to year. Tea has also increased very substantially, as you have rightly pointed out, and it has gone up further, I am told, to about 35.25 per cent. But it is not that a lot of this tea is going to the traditional European markets. There may be some slight flow, as I said, but not enough to effect our share of the market. If the share has declined somewhat, it is due to the competition from other countries. There have been complaints about one particular country from which tea used to come to West Europe and therefore we are trying to reduce the provision in the annual Trade Plan from year to year so that we can stop the leakage of tea from that particular country. Now, in the new Trade Agreement we have also put in a clause that if it is found that they have indulged in switch trade, they will be asked to pay in foreign exchange."

5.13. When asked whether it would be more beneficial to export Indian tea to traditional markets rather than to non-traditional markets, the witness added :

"We would like to keep both the markets—traditional as well as non-traditional. there might be some leakage. One cannot deny that, but it must be on a pretty small scale, it cannot be on a large scale. Otherwise, our export would have been affected to a greater extent in U.K. and West Europe."

5.14. Explaining the procedure for exporting tea to Rupee Payment countries, the representative of the Ministry of Foreign Trade stated :

"All exports of tea to the East European countries and to Egypt and UAR is definitely on payment basis, but it is a payment system which does not involve dollars or pounds foreign exchange to be directly brought into the picture. Accounts are kept in rupees but there is payment for exports. With Afghanistan it is a little different. There is adjustment with imports from that country."

5.15. When asked whether the possibility of exporting packaged tea to Rupee payment countries had been explored, the witness stated :

"It is exported in loose form and I think keeping in view the retail aspects of the organisation in those countries there is not so much scope at the moment to do packaging."

5.16. It will be seen from the data given below that the exports during 1970 both under Rupee payment agreement and bilateral agreement had declined as compared to 1969.

	1968	1969	1970
Percentage of exports under Rupee payment agreement to total exports	21.13	33.5	25.54
Percentage of exports under bilateral agreement to total exports.	30.84	44.57	35.25

5.17. The Committee note that in 1970 the exports of tea from India under Rupee payment agreements decline 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.

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", then 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.

(iii) *Export of packaged tea*

5.19. The following table shows total exports of package tea in consumer's packs up to 1 Kg. from India :

Year	Quantity in Million Kg.	Value in crores of Rupees	Unit value per Kg. in Rupee
1967	2.4	2.4	10.26
1968	3.5	3.5	9.97
1969	3.4	3.1	9.31
1970	4.0	3.6	9.19

It will be seen that the unit value of packaged tea exported from India has gone down from 10.26 in 1967 to 9.19 in 1970.

5.20. The following table shows total exports of packaged tea from Ceylon :

Year	Quantity in Million Kg.	Value in crores of Rupees
1966	1.6	1.0
1967	2.2	1.2
1968	4.3	2.9
1969	7.0	4.1
1970	7.83	—

5.21. A comparative study of the above tables indicate that in 1967 Ceylon exported 2.2 million Kg. of packaged tea against India's export of 2.4 million kgs. But from 1968 to 1970 Ceylon has exported more packaged tea than India has done. During 1970 Ceylon's export of packaged tea has been almost double than that of India.

5.22. Explaining the reasons why tea has to be blended, the representative of a Tea Association stated :—

".....being an agricultural product, it does not maintain its properties of quality throughout the season. Even on the same tea estate from the same bush, from the beginning to the end of the season, you will not get the same properties. It differs in its properties of liquor, flavour and appearance. In order to maintain a standard product to the consumer you have to blend..... Blending is a specialised business which has traditionally been done by others than the producers."

5.23. Asked whether it was a fact that Indian tea was exported in bulk without blending it or packing it, the representative of the Ministry of Foreign Trade stated :

"You are right in saying that the bulk of our tea is exported un-packed and unblended. Only 25 per cent of it is blended and exported. We are trying to see that more of our tea is blended before export."

5.24. The Chairman, Tea Board, stated :—

"What we send out is mostly Indian tea in bulk. It goes to different countries, it is blended and put out in the form of brand names. These brand names are advertised extensively by the brand-owners. What we do is, supposing there is a brand which contains either 100% Indian tea or bulk of India tea, our Directors there lend them support by demonstrating them in exhibitions and this has been very successful and the success can be judged from the fact that in Europe, for instance, there is so much of demand for our demonstration teams that we cannot cope with it. That is the measure of success of our activity."

5.25. The Committee note that only 25 per cent of India tea is blended before it is exported to other countries. The Committee also noted that in 1967 Ceylon exported 2.2 million kgs. of tea in packages as against 2.4 million kgs. of 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.

5.26. The Committee hope that Government will ensure that the Tea Corporation makes an all-out effort 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 companies in the private sector to export more and more of blended and packaged tea in place of bulk tea.

(iv) *Instant tea*

5.27. The following table shows the quantity and value of instant tea exported from India to different countries :

Year	Country	Quantity in Kg.	Value in Rupees	Unit value in Rupees
1	2	3	4	5
1966	U.S.A.	13,608	5,35,771	39.37
1967	U.S.A.	31,752	13,33,826	42.01
	U.K.	19,886	4,29,315	21.59
Total		51,638	17,63,141	34.14
1968	U.S.A.	59,830	19,25,840	32.19
	U.K.	367	7,897	21.52
	Switzerland	200	4,300	21.50
Total		60,397	19,38,037	32.09

1	2	3	4	5
1969	U.S.A.	1,63,930	56,13,040	34.24
	U.K.	33,547	9,00,189	26.83
	Switzerland	20	NIL	—
	West Germany	175	4,728	27.02
	Total		1,97,672	65,17,957	32.97
1970	U.S.A.	2,16,679	77,41,451	35.73
	U.K.	1,02,005	27,57,923	27.04
	Switzerland	40	1,080	27.00
Total		3,18,724	1,05,00,454	32.95

5.28. It will be seen from the above table that the demand for instant tea in foreign markets is increasing but the unit value has come down from Rs. 39.37 in 1966 to Rs. 32.95 in 1970. It will also be observed that the unit value is higher in respect of quantities sold to U.S.A. and quite low in respect of sales to U.K. and Switzerland.

5.29. The Committee note that in 1970 India exported 318,724 kg. of instant tea as against 13,608 kg. 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 data 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.

B. Rebate on Excise Duty for Exports

5.30. It has been stated that "in order to make Indian tea competitive in the world market as also to provide some built-in incentives for production of larger quantity of tea of better quality as well as for exports. Government of India have introduced some radical changes in the tax structure on tea in the Budget for 1970-71.

5.31. The most important change is the total abolition of export duty with effect from 1-3-70. Effective from 15-4-70, there is also a rebate of excise duty at the export point to the extent of 30% of the F.A.S. value above the price of Rs. 5.25 per kg. but subject to a maximum of 75 paise per kg. For package teas exported, the rebate will be 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.

5.32. In respect of loose tea exported on consignment account for London auctions, the rebate will be on London auction price in excess of Rs. 6.50 per kg. It is expected that as a result of these measures producers would improve the quality of their product which in turn would benefit the country as a whole by increasing the quantity of exportable types produced. The rebate will also make exporting a more attractive proposition than selling in the domestic market. It will give a direct impetus to producers who sell their teas through London auctions for sending more tea to that Centre rather than selling at Calcutta and will act as a general booster for our exports.

5.33. The representative of a Tea Association desired that the rebate on excise duty for exported tea should be increased. When asked whether a higher rebate should be allowed on medium quality tea and lesser rebate on superior quality tea, the witness stated that it would not be a proper thing to do. The witness added :

“We must encourage not only the export of tea but the development of the potential for our better quality teas because it is here that we have an advantage and to the extent that we give incentive to medium or low quality production which could be sold quickly at the factory or in the internal market, to that extent our exports will suffer.”

5.34. The representative of a Planter's Association stated that there was a limited rebate on exported tea which the producer did not get. It was the trade which exported tea and got the rebate. But some element of it was passed back to the producer by way of improved prices. It was also stated that at present tea, which fetched a price of more than Rs. 5.25 was entitled to the concession. The witness suggested that the limit should be reduced to Rs. 4.50 so that tea of lower quality could also be entitled to get the rebate. But the ideal thing would be to allow total withdrawal of excise duty on all exported tea.

5.35. When the Committee enquired during evidence whether the rebate on excise duty provided sufficient incentive for export, the representative of the Ministry of Foreign Trade stated :

“This is considered a sufficient incentive as it has also been found by experience that this has not in any way affected the exports. We have some suspicion that as a result of this relief granted to them the prices probably have been lesser than they could have been. Why we are getting less prices compared to Ceylon? Probably, there is an element of this rebate which they are sharing with the purchasers. Now if this had not been there, probably, they could have got a little higher price.”

5.36. The Committee note that a rebate of excise duty is being given at the export point to the extent of 30% 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.

C. Price

5.37. It has been stated that as a direct consequence of the rapid development of new tea growing areas, particularly in East Africa, it is now internationally recognised that world tea production tends to exceed consumption. Food and Agriculture Organisation studies indicate that this imbalance, with its consequent adverse effects on international tea prices, is

*Free Along Side Ship.

likely to continue in the immediate future. To remedy this situation and restore international tea prices to economic levels, at a meeting held in Mauritius in July-August, 1969, the tea producing countries agreed on a voluntary scheme for the regulation of tea exports in 1970 as a preliminary move towards an international Commodity Agreement for Tea to which, it was hoped all the major tea producing and consuming countries would be signatories.

5.38. The Committee on Commodity Problems of the Food and Agriculture Organisation which met in Rome in October, 1969 had set up a formal Consultative Committee on Tea, the first meeting of which was held at Rome on 1st to 5th December, 1969, preceded by a meeting of producing countries on 28th and 29th November. The meeting was mainly concerned with the ratification of the agreement arrived at among the producing countries in the Mauritius meeting (July/August, 1969) which recommended that the world export quota in 1970 should be restricted to 594.8 million kgs. India and Ceylon should have a joint share of 420.9 million kgs. Following the representations from some countries the matter was rediscussed in this conference and the total export quota was raised to 598.8 million kgs. which with a possible shortfall of about 4 million kgs. would keep the effective quota at the same level as before.

5.39. In the second session of the Consultative Committee on tea held in New Delhi during November-December, 1970 the exporters re-affirmed their agreement on the global quota for the calendar year 1971 and decided that the total export quota for 1971 should be the same as for 1970 with provision for an increase by not more than 10,000 tonnes should market conditions justify it.

5.40. A meeting of the standing Exporters' Group of the Consultative Committee on Tea was held at Rome during 5th to 8th April, 1971. In that meeting it was agreed that there should be a quota period running from the 1st January, 1971 to the 31st March, 1972. In September, 1971 the Standing Exporters' Group met at Rome and decided that for the period 1st January, 1971 to 31st March, 1972, the global export quota would be 727.6 thousand metric tons and India and Ceylon would have a combined quota of 506 thousand metric tonnes.

5.41. Asked what long term measures had been adopted for stabilising tea prices, the representative of the Ministry of Foreign Trade stated:

"This quota arrangement is made from year to year. It is not a permanent arrangement and therefore, to that extent it does not really meet the requirements of the situation on any durable basis. Our effort has been that we should enter into long term arrangement for the stability of the price and for stability of earnings of foreign exchange. But it is the younger and newer countries which are growing tea who want an ever increasing share of the market now."

5.42. When asked why less price was fetched in 1970 for the same quantity of tea which was exported in 1968, the Chairman, Tea Board, stated :

"While prices generally improved, the unit value was still less. Unit value was less because the export duty was abolished and rebate was

allowed from 15-4-1970. The idea in abolishing export duty and allowing rebate on excise duty was to make tea available to the foreign buyer at a more competitive price. So, while the producer had a good year, the foreign buyer was also able to buy at a more competitive price than in the previous year."

5.43. The following table shows annual average price per kg. of Indian tea sold at London:

(In Shilling & Pence per kg.)

Year	North India		South India		Total India	
	s.	d.	s.	d.	s.	d.
1	2		3		4	
1966	9	6.95	7	6.48	9	4.04
1967	9	10.48	7	8.65	8	8.19
1968	8	11.28	7	9.17	8	9.89
1969	8	3.76	6	3.93	8	2.10
1970	9	4.24	8	1.00	9	3.13

It will be noticed that North Indian tea fetches higher price than South Indian tea in London auction.

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.

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.

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 exports.

D. Tea Promotion

5.47. It has been stated that activities concerning Tea Promotion in India have been progressively reduced in the context of the drive for promotion in foreign countries. The Board, however, retains nominal establishments in India as a measure of public relations. Board's promotional activities are geared mainly to the foreign countries to step up export and earn more foreign exchange for the country.

5.48. The Board's promotional activities have two aspects, namely;

- (i) Generic Promotion; and
 - (ii) Uninational Promotion.
- (I) The object of Generic Promotion is to increase consumption of tea in general in the world market. With the limited resources at its command, the Board participated in eight Tea Councils in combination with other tea producing countries and local tea Trade. These Tea Councils are:
- (i) U.K.,
 - (ii) U.S.A.,
 - (iii) Australia,
 - (iv) Ireland,
 - (v) West Germany,
 - (vi) France,
 - (vii) Newzeland,
 - (viii) Canada.
- (II) As uninational promotion is for improving and increasing consumption of Indian tea, the Board has undertaken this promotional work directly through its five foreign offices located at (a) London (b) Brussels, (c) Sydney, (d) New York, (e) Cairo and also by Head Office in Calcutta.

5.49. In planning the Tea Board's promotional activities abroad, choice of media is limited to the availability of funds to meet the cost. Extensive use of T. V., journals and newspapers could not be resorted to and the Board had therefore to concentrate its activities to direct consumer publicity and public relations designed to obtain free editorial publicity in various media. Consumer sampling at focal points like stores demonstrations, participation in Exhibitions and Fairs, service at Sports Meet etc. and assistance to merchandising of pure Indian packs constitute main activity in foreign countries. India Tea Centres continued to function as a platform for sampling of pure Indian tea and a Centre for extensive public relations. Meets by local women's organisations, visits from educational institutions and demonstration of the correct method of preparing tea to interested visitors were encouraged. In certain cases, such as, in U.K. for sometime, and now on the Continent, U.A.R. and for a couple of years in Saudi Arabia, the Board's Van continued to operate in places of interest where people gather and where tea would be welcome as a beverage. Introduction and promotion of Indian packs in collaboration with foreign packers received much encouragement and active support from the Tea Board.

5.50. It has been stated that due to lack of publicity, the tea exported from India was being sold in the London market as "Ceylon Tea". Giving the reasons for such a situation, the representative of a Tea Planters' Association stated:

"I feel that our failure has been both of salesmanship as well as lack of proper planning for holding our position in the world market."

5.51. Asked whether it was a fact that "Indian tea" was being sold as "Ceylon tea" in U.K. and elsewhere, the Chairman, Tea Board, stated:

"There are cases where predominantly Indian tea packs are sold as Ceylon. Almost all teas have a blend of teas from India, Ceylon and other countries. A particular pack may be called Ceylon because in a particular country, good tea may be associated with Ceylon."

5.52. When it was pointed out that certain tea packs abroad were found to be marked as "Ceylon Darjeeling tea", the Chairman, Tea Board stated:

"That has also come to our notice—it is a very small quantity."
He added:

"One of the biggest sellers in U.K. market is Lyons and it markets an Indian blend. This is different from Ceylon's packs. There are very small sales of the packs in U.K. carrying the name of "Ceylon tea"."

5.53. When the Committee pointed out that some Tea Associations had stated that a consumer in U.K. who wanted to get really good tea would ask for "Ceylon tea" and not for "Indian tea", the Secretary, Ministry of Foreign Trade stated:

"This is perhaps correct because we did not really reach the retail outlets as much as we should have, that is perhaps where Ceylon has scored so that it is generally known among the consuming public that what they take is Ceylon tea. But now that we are tapping the big retail outlets like Brooke Bonds and Lyons, we expect the people will get to know that what they take is Indian tea and as a result of this, the opinion may change and they may conclude that Indian tea is better and may consume it in larger quantities."

5.54. Asked whether the sale of Indian tea abroad under some other name could be prevented, the representative of the Ministry of Foreign Trade stated:

"We would have no authority to interfere with either wholesale or retail trade once it is exported. It would be extremely difficult to ensure it because it is for the individual packer to give it a name. I do not know whether the laws of U.K. require a proper explanation of the components or constituents of a package. Otherwise, it is not possible to enforce it."

5.55. It has been stated that "In October, 1952, the Government decided to withdraw from the International Tea Market Expansion Board without assigning any particular reason for this action. At the time the Board was supported by India, Ceylon, Indonesia, Pakistan and East Africa and it was carrying on tea promotional campaigns in the U.K., U.S.A. Netherlands, Canada, Nigeria, Egypt, Switzerland, West Germany, Lebanon, Iraq, Australia, New Zealand, Denmark, Norway, and Sweden through eight bureau located in London, New York, Toronto, Amsterdam, Zurich, Cairo, Ibadan and Sydney. There were a few Sub-Offices but these eight offices constituted the regional organisations of the Board. The sudden withdrawal left the whole Board with the prospect of a total collapse of the various campaigns including those with special collaboration arrangements with local trade. The effect of this decision on confidence and goodwill in countries where the trade was well organised was injurious to the future of Indian

tea. Since other participating countries could not support the individual contributions to the Board, Pakistan, Indonesia and East Africa withdrew from the Board following the action by India. Despite the heavy cost, Ceylon sharewldly decided to continue financing the Board to maintain such essential centres as it could and understandably expected the accretion of goodwill with the trade to compensate for the increased cost."

5.56. Asked whether India's withdrawal from International Tea Market Expansion Board was not a blunder which had enable Ceylon to do better propaganda about "Ceylon tea" taking fullest advantage of India's absence, the Secretary, Ministry of Foreign Trade, stated:

"I think this analysis is substantially correct. At that time the International Tea Agreement had expired. Actually this Board was set up in the thirties when there was a slump in the tea industry and it was felt that tea promotion was vital for the tea industry and we joined the Board. When the agreement expired we felt it was no longer necessary to continue in the Board, particularly because the Board was showing some pro-Ceylon slant. As a result of our walking out of the Board, Ceylon's name became better known and we have tried since then to rectify that by opening up our own houses and trying to recapture the market with Indian teas. I believe that Indian teas are getting better known."

5.57. In a subsequent note, the Ministry of Foreign Trade have stated:

"In view of heavy financial payments involved in the annual subscription to International Tea Market Expansion Board and that the value to India of propaganda by I.T.M.E.B. has not been commensurate with measures of our financial contributions, Government examined the advisability of doing tea propaganda on individual country basis. At the same time, Indonesia's inability to meet fully her subscription and Pakistan's decision to withdraw altogether led Government to decide to withdraw from the I.T.M.E.B. and undertake promotion of Indian tea abroad through our own organisation."

5.58. On the question of entrusting the work of tea promotion to professional agencies abroad the representative of a Tea Association stated that the advertising industry in India had not reached the position that had developed in a sophisticated market. As such, it was necessary to use a professional agency in sophisticated markets but no professional agency should be left to carry on the promotional work on its own. It was stated that tea promotion should be done in a more "commercial manner" and in that India should compare itself to Ceylon. The Ceylon Propaganda Board enjoyed greater autonomy than the Tea Board in India and the tea industry was also associated much more for getting its advice and knowledge. After the programmes and annual budget had been sanctioned by the Ceylon Government for being utilised by the Ceylon Propaganda Board on those programmes, the Board was free to spend that amount in any manner it liked in consultation with the tea industry whereas in the case of Tea Board even in respect of a sanctioned amount, a particular scheme had to be referred back for approval of the Government of India and in that manner much time was lost.

5.59. The following table show the expenditure incurred by Ceylon and India both on uninational and generic promotion:

(In crores of Rupees)			
1967	1968	1969	Average 3 years percentage
1.1	1.9*	1.5	76%
.3	.5	.6	24%
1.4	2.4	2.1	100

India

(In crores of Rupees)			
1967-68	1968-69	1969-70	Average 3 years percentage
.4	.5	.6	47%
.6	.6	.5	53%
1.0	1.1	1.1	100

It will be seen that Ceylon spends 76% of the total expenditure on uninational promotion and only 24% is spent on generic promotion whereas India spends 47% on uninational promotion and 53% on generic promotion. The inference is clear that Ceylon is giving greater importance to the sale of "Ceylon tea" and is less concerned about promotion of tea as beverage.

5.60. The representative of the Ministry of Foreign Trade stated that the Ceylon Propaganda Board was spending more money on tea promotion. When asked why Ceylon was able to spend more money in foreign exchange on tea promotion which India could not, the representative of the Ministry of Foreign Trade stated:

"As regards the first question about the relative spending of money or propaganda or promotional activity abroad in relation to how much Ceylon is spending, it is quite true that for nearly the same quantity of tea exported by the two countries, we are spending about half the amount. If I may mention here, you have to take into account the export economy of Ceylon. Ceylon is spending that much money for its largest export item and which, I believe is almost half of the total exports. Our exports are to the tune of Rs. 160-170 crores. We have to spend foreign exchange in various directions. You may appreciate the fact that by spending half the amount, we are able to sell, the same quantity which they are able to sell, although they have been in severe competition with us."

5.61. Explaining the position further, the Secretary, Ministry of Foreign Trade, stated:

"We are thinking in terms of diversifying export trade. Theirs is largely one commodity export trade. In order to preserve that, they are certainly prepared to spend as much as they can spare. In our case, tea, jute, textiles etc. still continue to contribute a very major share to the total export earnings. But it is in other respects where promotional effort

*At the time of factual verification the Ministry of Foreign Trade have revised this figure to 1.4.

is needed to a much greater extent, say, in engineering goods, auto-ancillaries, cycle parts, leather goods, cashew etc. It is in these sectors of export trade that we would like to spend more money for promotional effort because there the returns would be greater. In our context, tea contributes only about 10 per cent of the total export earnings. There is greater need to subsidise or provide money for export promotion in respect of other things."

5.62. Asked whether Tea Board had tried to popularise Indian tea abroad through the use of various media available e.g. television, cinemas and newspapers, the Chairman, Tea Board stated:

"Promotion is of three types. There is the brand promotion. There is the generic promotion, that is, promoting tea as such as a beverage as opposed to other beverages and soft drinks—beer and coffee. There is the unibrand promotion. The brand promotion is, of course, being done by the brand-owners like Brookebonds and Liptons. Then the generic promotion is done through the various Tea Councils. What was originally done through the International Tea Marketing Board is now being done by the Tea Councils which we have eight all over the world of which we are also members. It is for the brand promotion that television is the most productive where money is spent because you are motivating people to buy something that is available. So far as generic promotion is concerned, the idea is to increase demand for tea particularly in the affluent countries."

5.63. Regarding the cost involved in the use of these media, the Chairman, Tea Board, stated :

"I have with me some figures to indicate the order of expenses involved in these media. In USA on one national television channel, you may spend for one minute and for only one showing as much as 65,000 dollars. It comes to over Rs. 4 lakhs for one showing for one minute. The total budget of the US Council is about 40 lakhs. That means in a year they can have only 10 one minute spots on one national channel for the whole year and they will do nothing else. In the Readers' Digest or Time magazine one insertion, one page in colour costs about 65,000 dollars. With all the money that they have they cannot afford television or publicity in large circulation magazines. The cost involved is colossal and that kind of money cannot be found. Moreover, experience tells us that television is the most successful in pushing brands where you are competing with other brands—for example Brookebonds is competing with Liptons—you get the people to go and ask for Liptons tea or Brookebond tea. Generic promotion does utilise television but only to a very limited extent and that too mostly when it is free, when the Tea Councils take part in public relation activities."

5.64. It has been suggested to the Committee that promotional work should be done by a separate Promotional body as distinct from the Tea Board which should be under the direct control of Industry and Trade. During evidence the representative of the Ministry of Foreign Trade stated in this connection :

"I do not think we need have a Board to promote this drinking of more tea in India. Even for propaganda abroad. I think the present system that we have of a Board both for looking after the growth and

development of the industry within the country and the export of tea outside, is a more healthy and more rational approach than divorcing these two activities, because the two activities are really interconnected in a way. Perhaps what is needed is strengthening of the promotional side, streamlining of it, and taking steps to see that it is really adequate to the great responsibilities that are entrusted to it. I might mention that the Ceylon Government had themselves been examining this question, and the thinking of Ceylon is that the model of our Tea Board which looks after the industry as a whole, right from the cultivation and development of tea to its marketing abroad, is perhaps a better method of dealing with the problem."

5.65. The Committee were informed during evidence that the tea promotion activities of the Tea Board in foreign countries included participation in exhibitions and fairs and holding of store demonstrations. The Chairman, Tea Board, stated :

"When the Indian Cricket Team was in U.K., the Indian tea team was also there on the cricket field and, in London, when the match was being played at Lords, whenever a boundary was scored by an Indian cricketer, he came on the television with a big slogan "Drink Indian Tea; it is good for you" in the background. So, on cricket occasions, sports events and other such occasions also we hold demonstrations and serve tea. We have, also, at London, a Tea Centre which is the focal point of all activity where, we invite parties from schools, women's organisations etc. to look at our films and demonstrations."

5.66. When asked about the tea promotional activities in non-traditional markets like U.S.S.R. and other countries, the Chairman, Tea Board, further stated :

"Even in Russia and other East European countries, for instance, we have taken part in some annual fairs. We took part in the Moscow fair in 1963. Whenever there are important occasions or whenever India organises exclusive exhibitions in other countries, Indian tea is invariably there."

5.67. Asked what are the concrete achievements in regard to tea promotion abroad, the Ministry of Foreign Trade have stated :

- (i) Our promotional activities have improved general awareness of Indian Tea and its quality in the world.
- (ii) It has been able to retain the market for India inspite of keen competition from Ceylon, East Africa and Indonesia.
- (iii) The Board has been able through their Directors to establish close contacts with importers and packers in foreign countries.
- (iv) Quite a number of Indian packs have been brought out in foreign markets which provides, besides availability of Indian tea, a focal point for promotion in foreign countries.
- (v) Board's participation in exhibitions has promoted substantially sale of Indian packet teas in foreign countries and brought about many trade enquiries.
- (vi) Board's officers abroad being directly in touch with tea trade, are able to obtain marketing information promptly.

5.68. The Committee also note that India withdrew 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".

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

5.70. In order to compete with Ceylon and other East African countries in the world market India will have to make concerted 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 outlets 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".

E. Tea Centres

5.71. It has been stated that "Tea Centres constitute a medium of promotion like the T.V. and the Press. Basically, it is a place from where information about tea is disseminated, where people gather to taste a cup of tea properly prepared and where visitors get an opportunity to sample tea from different regions of the country having different characteristics. A Tea Centre has an indentifiable entity and also provides an important focus around which meaningful publicity campaigns could be built up. Besides distribution of pamphlets and literature, films are shown at the Tea Centre to propagate the virtues of tea. It is in this background that tea centres have been and are being opened by India in various countries.

One cannot be guided merely by trading results in the case of a tea centre, in considering the efficiency of a Tea Centre. Catering at a Tea Centre is provided in fact only to get people to come in large numbers. Not very many people are likely to visit a Tea Centre just in order to taste the teas and learn about the qualities unless at least some snacks and limited meals are offered. And getting in large numbers is important from the promotional point of view. But it is not only the people who came into these Tea Centres who are influenced in favour of Indian Tea. For every person visiting the Centre, there may be hundreds who walk past. These people will see the Tea Centre from outside, perhaps pause a while and look at the display in the windows and it could reasonably be assured that all those who do so will have been consciously or sub-consciously made aware of India as the country from where their teas come and thus encourage them to talk about Indian teas and ask about them from their stores.

During the last three years Tea Board maintained the following Tea Centres at London, Edinburgh, Cairo and Sydney. During the latter part of 1970-71, Edinburgh Tea Centre was closed and a new Centre in Melbourne was opened.

5.72. Ministry of Foreign Trade have stated that the number of visitors to the London and Cairo Tea Centres are approximately 2 lakhs annually while the number of visitors who visit Sydney Centre are around 1 lakh annually.

5.73. The Committee were informed during evidence that the London Tea Centre was running at a loss and all other Centres were making "marginal profits". In a subsequent note furnished by the Ministry of Foreign Trade, the position regarding profits/losses incurred by the various Centres has been stated as under :

Centre	1968-69	1969-70	Remarks
London	Rs. 6.4 lakhs (loss)	Rs. 6 lakhs (loss)	
Edinburgh	Rs. 1.1 lakhs (loss)	Rs. 1.5 lakhs (loss)	Since closed in 1970-71.
Cairo	Rs. 16,947 (profit)	Rs. 7,378 (profit)	
Sydney	Rs. 17,500 (profit)	Rs. 16,100 (loss)	
Melbourne			Opened in December, 1970

5.74. Asked why the London Tea Centre was running at a loss, the Chairman, Tea Board, stated :

"The rents and rates are very high. The profit from the turnover cannot possibly meet the entire rents and rates. In fact, when the tea centre was established in 1963, it was established on the clear understanding that it will never be able to run at a profit. It was more to serve as a focal point where from to carry on promotion. Ceylon has also a Centre which they inherited. In order to counter the influence and the effect of the tea Centre run by Ceylon, it was felt, India must also have a centre."

5.75. When asked why the Tea Centre was not run on commercial lines, the witness stated :

"Because it was not meant to be a commercial enterprise; it was meant to be a centre for promotion of Indian tea."

5.76. When asked whether it would be feasible to use the Tea Centres for the sale of packet tea and whether those centres were attending to any trade enquiries from foreign tea buyers, the witness stated :

"These tea centres do not handle tea enquiries. With regard to sale of Indian tea, sale is taking place from all these tea centres."

5.77. The Committee were informed during evidence that it was decided in 1970 to appoint a firm of catering consultants so that they could find out what would be the best method of working of the London Tea Centre and submit both short-term and long-term recommendations. But that idea was ultimately not implemented. A proposal was now under consideration to sub-lease a part of the premises of the Tea Centre to an experienced firm of caterers who would serve Indian tea and thereby do propaganda for the use

of tea as a drink. The representative of the Ministry of Foreign Trade stated :

"If an experienced firm of caterers takes it up, it is possible that they will be able to make it a paying proposition without losing its essential character of promoting Indian teas."

5.78. When asked whether the premises could be given to Air India or India Tourism Development Corporation who were experienced in running catering establishments on commercial lines, the witness stated :

"If they are interested, we would certainly consider this."

5.79. When asked whether an attempt had been made to collaborate with some hotels and restaurants in foreign countries to popularise Indian tea, the Chairman, Tea Board, stated :

"They have been approached. The response has been poor. We offered, for instance, our assistance to Gaylords in Port of Spain. When I visited Port of Spain, I went over there. They have a fine place, an excellent restaurant there. But they were not keen on having our collaboration. But as I said, if a restaurant is run to a standard, which would do credit to the country, we would be only too glad to go and help them in running a Tea Corner."

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 teas. 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.

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.

CHAPTER VI

FINANCIAL MATTERS

A. Budget of Tea Board

The following statement shows the original estimates, final grant and actual expenditure of the Tea Board for the years 1968-69, 1969-70 and 1970-71 :—

Year	Original estimates as sanctioned	Final Grant	Actual expenditure	Variation	% of variation
	Rs.	Rs.	Rs.	Rs.	
1968-69	1,69,87,000	1,85,83,100	1,80,04,520	(—)5,78,580	3.11%
1969-70	2,09,73,900	2,04,68,300	1,85,87,819	(—)18,78,481	9.18%
1970-71	2,07,91,500	2,11,46,000	2,11,32,132	(—)13,868	.07%

6.2. Explaining the shortfall in expenditure during 1969-70, the Ministry of Foreign Trade have stated *inter alia* that a saving of Rs. 14,77,228 had occurred due to reduction in the quantum of contribution to U.K. Tea Council and due to the fact that the Scheme of Tea Promotion and market surveys in Japan and other countries budgeted for did not materialise.

B. Tea Cess and Tea Fund

6.3. A production cess of 4 paise per kg. on all teas produced in India is collected by the Central Excise Department. The Cess collected is the main source of the Board's revenue. The proceeds of the cess are first credited to the Consolidated Fund of India and the Central Government releases to the Board from and out of such proceeds such sums of money as it may think fit after deducting the expenses of collection.

6.4. The amount of cess collected and actual expenditure incurred by the Tea Board is indicated below :

Year	Cess collected (Rs. in crores)	Actual Expenditure (Rs. in crores)
1968-69	1.68	1.80
1969-70	1.55	1.85
1970-71	1.60	2.11

6.5. The amounts released by Government from time to time from the Consolidated Fund of India on the basis of sanctioned budget are, in the first instance, credited to the Personal Ledger Account of the Chairman, Tea Board, with the Reserve Bank of India, Calcutta. The Tea Board has 4 other heads of revenue which are as follows :

- (i) Fees realised on account of licences issued.
- (ii) Miscellaneous Receipts.

- (iii) Recoveries of Loans with interest under Hire Purchase and other schemes advanced from the Tea Fund upto 1966-67.
- (iv) Interests received on advances and under Hire Purchase and other schemes.

These items of revenue are collected directly by the Board and credited to its account with the State Bank of India and thereafter to the personal Ledger Account of the Chairman with the Reserve Bank of India, Calcutta. The Board has also a Fund Account called the Tea Board Tea Fund (Disbursement) Account. The amounts required for remittances and disbursements are drawn from the Personal Ledger Account and credited to the Tea Board Tea Fund (Disbursement) Account.

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 the actual expenditure on the Tea Board during the years 1968-69 to 1970-71 had been more than the total cess collected.

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.

C. Taxes on tea

(i) Export duty

6.8. Export duty on tea has been abolished with effect from 1-3-1970. Prior to that it was levied at the following rates :

- (1) *Loose tea*—15% *ad valorem* less 55 paise subject to a maximum of Rs. 1.70.
- (2) (a) *Package tea* in metal container upto 1 Kg.—Nil.
- (b) *Package tea* in other containers upto 1 Kg.—5%.

(ii) Excise duty

6.9. Excise duty is levied at the following rates per Kg. in various zones :

(1) *Loose tea*

Zone	Rate
I	25 paise
II	50 paise
III	Rs. 1.50
IV	Rs. 1.00
V	Rs. 1.15

Excise duty on Green tea is levied at the rate of 10 paise per Kg.

(2) *Packaged tea*

- (a) In packets containing 25 gms. or less 40 paise plus loose tea duty
 (b) In container containing more than 25 gms. Rs. 1.00 plus loose tea duty,
 but not more than 20 Kgs.

(iii) *Rebate of Excise duty*

6.10. With effect from 15-4-1970 rebate of excise duty is given on exported tea as follows :

(1) *Loose tea*

Equivalent to 30% of the F.A.S. price in excess of Rs. 5.25 per Kg. subject to a maximum of 75 paise per Kg.

(2) *Packaged tea*

- (a) Similar rebate as mentioned above is admissible on the loose tea contents of packaged tea exported.
 (b) Full rebate of duty is given on packaged tea in container containing more than 25 gms. but not more than 20 Kg.

(3) *Instant tea*

10% *ad valorem* in addition to duty on loose tea if used in the manufacture. In case of instant tea exported, the 10% *ad valorem* excise duty is not levied.

(4) *Cooperative and Bought-leaf factory*

Tea manufactured in a bought-leaf and cooperative factory in Zone IV are entitled to a reduction of 10% in the basic excise duty of Re. 1.00 per kg. with effect from 2-6-70. Bought leaf and cooperative factories along with all other factories in Excise Zones III, IV and V fetching average price of less than Rs. 5.00 per Kg. were given the concessional treatment of having to pay excise duty only @ 70 paise per Kg. subject to certain conditions. The conditions referred to above were relaxed on 15-12-70 and simultaneously the duty payable by cooperative factories under the above circumstances was reduced from 70 paise to 63 paise per kg.

6.11. It has been represented to the Committee that excise duty on tea is levied on Zonal basis and varies from 25 paise to Rs. 1.50 per Kg. according to the zone. The duty is much higher in those areas which are more productive and produce quality tea which can compete in foreign market. The higher levy in such areas which produce quality tea acts as a dampner as far as export of tea is concerned.

6.12. Explaining the Zonal system of excise duty, Ministry of Foreign Trade have stated :

"The Zonal System of levy of excise duty was introduced in 1958 so as to make an equitable distribution of the excise duty on tea produced in the different tea growing areas of India. The main criteria accepted was the average price per Kg. on the basis of geographical contiguity along with the known cost differentials over these areas and adjustments in

special cases in the light of other relevant factors particularly the realisation per hectare as also the productivity of the area."

6.13. Asked whether higher rate of excise duty in certain areas affected production of quality tea, the Ministry have stated as under :

"The higher excise duty on quality producing areas was originally levied in view of the fact that these teas were able to get better prices and were thus in a position to bear a higher incidence of duty. However, conditions in the international tea market had in the meantime undergone a change making it difficult even for our quality teas to compete in international markets with teas produced in East African countries which were also marketing quality teas in increasing quantities. A radical change in the tax structure involving abolition of export duty, increase in the zonal rates of excise duty and grant of rebate varying with prices of tea exported was introduced in the budget for 1970-71. The object was not to increase the burden on quality teas but on the contrary to give producers in quality areas an incentive to increase production and improve quality so that they could export larger and larger quantities of quality teas and benefit from the rebates granted at the point of export thereby considerably reducing the net incidence of taxation on quality teas. It may be stated that 65% of Zone V teas are exported against only about 40% of Zone I and Zone II teas. Teas produced in Zone V also fetch much higher prices compared to those produced in Zones I and II and thereby obtain much higher rebates. The same is true about Zone III (Darjeeling teas) of which about 95% are exported. Thus, although the initial excise duty on Darjeeling teas is Rs. 1.50 per Kg., the net incidence taking into account the rebates received at the point of export is only 78 paise per Kg. For Zone V teas of which 65% teas are exported, the net incidence is 80 paise per Kg. although the initial levy is Rs. 1.15 per Kg. It would, therefore, be seen that the changes effected in the budget for 1970-71 should serve as an incentive rather than a detriment to higher production in quality producing areas."

6.14. Asked whether the Zonal system of excise duty had an adverse effect in the Darjeeling area, the Chairman, Tea Board, stated :

"In Darjeeling such a high proportion of tea is exported and there is such a substantial rebate granted on the excise duty on exports that it would not be correct to say that they are suffering. The Excise duty finally borne in Darjeeling is not high."

6.15. When the Committee enquired whether any State Government had represented for the removal of differential rates of excise duty levied in different zones, the representative of the Ministry of Foreign Trade stated :

"To the best of my understanding if the rates of excise duty are different in different zones, it is on grounds of the quality generally speaking of the tea produced in those zones. There is some kind of an *ad valorem* angle. The more expensive tea pays a larger quantum of excise duty."

6.16. When asked whether in a particular zone a tea garden producing low quality tea would be required to pay the same quantum of excise duty

which was payable by another tea garden which produced quality tea, the witness stated :

“The system of having four or five zones in perhaps a good one. But the question may be whether certain areas have been correctly included in one zone or other or whether there should be borderline cases which should be adjusted with the next zone, lower zone. This is a matter which certainly may be examined when it comes up.”

6.17. On the question of full refund of excise duty on exported tea, the representative of the Ministry of Foreign Trade stated :

“Additional incentive does not appear necessary. If it is granted, there is apprehension that the price for Indian tea will fall further. The total foreign exchange earnings will go down rather than go up.”

6.18. Asked about the rates of excise duty levied on tea in Ceylon, Kenya and other East African countries, Ministry of Foreign Trade have stated :

“No excise duty is levied on tea in Ceylon, Kenya and other East African countries. They, however, have other types of levies.”

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.

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 1-3-1970 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 teas which are exported can compete with teas from other countries in the international market. This also raises the question of higher rebate on exported tea or even a total withdrawal of excise duty on exported tea.

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 affect the price of Indian tea and total foreign exchange earnings will go down. India has to compete with tea producing countries like Ceylon, Kenya and other East African countries where no excise duty is levied at the production stage.

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.

(iv) *State taxes on tea*(a) *West Bengal Entry tax*

6.23. An entry tax @ 13.78 Paise per Kg. is levied with effect from 16-4-56 on all tea entering into Calcutta, Howrah and some areas of 24-Parganas except those shipped before sale at Calcutta auctions.

(b) *Agricultural Income-tax*

6.24. Agricultural Income-tax is levied at different rates in the States of Assam, West Bengal, Tamil Nadu, Mysore and Kerala.

The Tea Finance Committee had recommended that the rate of tax on the agricultural portion of the composite income should not exceed the rate of tax on the non-agricultural portion of it. This view was endorsed by the Borooah Committee. The observations of the Borooah Committee were forwarded to the State Governments.

6.25. The Consultative Committee of Plantations Association represented that it was not sufficient to refer the recommendations of the Tea Finance Committee and Borooah Committee to the State Governments for action and that the Central Government should give additional assistance to State Governments so that the State Governments might be able to reduce agricultural income-tax.

6.26. Ministry of Foreign Trade have stated that "a study of the burden of Central and State taxes on tea industry has recently been taken up by the Directorate of Tax Research in the Ministry of Finance. They have been requested to examine the representation of the Consultative Committee of Plantations Association as a part of the study already undertaken by them. Their report is awaited."

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 agricultural portion of composite income should not exceed the rate of tax on the non-agricultural portion of it.

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.

D. Loans and Credit facilities

6.29. It has been represented to the Committee that there is need for developmental loans being made available to the Tea Industry through the nationalised banks.

6.30. The Committee enquired during evidence what criterion was followed by the nationalised banks to provide developmental loans to the Tea Industry. The representative of the Ministry of Foreign Trade stated :

“Nationalised banks do provide assistance to the tea industry. There is no sort of bar. But we understand that mainly they borrow from the banks against crops. Also they sometimes borrow for machinery. Since we have a specialised scheme which perhaps is working more smoothly on more liberal terms, recourse to the banking system may be less. The scheme run by the Tea Board is more likely to be responsive to the needs of the tea industry than schemes run in general by banks which deal with a number of other industries.”

6.31. In a subsequent note furnished to the Committee, Ministry of Foreign Trade have stated as under :

“Commercial Banks, in general provide only working capital loans to tea gardens and these have to be liquidated every year. However, under the Agricultural Refinance Corporation Schemes some development loans are being disbursed through Commercial Banks. The Banks obtain reimbursement of the finance from the Agricultural Re-finance Corporation in accordance with the rules laid down by them. The Agricultural Re-finance Corporation schemes are operated through all Commercial Banks whether Nationalised or not.

The procedure, as far as we are aware, is that applications in the proforma laid down by the Agricultural Refinance Corporation have to be filled in and submitted to the Banks by their constituents. After examination, if acceptable, the Banks forward the same to the Agricultural Re-finance Corporation for acceptance. The Agricultural Re-finance Corporation in turn refer the scheme to the Tea Board to obtain a technical feasibility report. If the applications are ultimately found acceptable funds are advanced to the applicant by the Bank who get this reimbursed from the Agricultural Refinance Corporation. The security for the loan is the mortgage of the property, the title deeds of which are generally pledged with the bank as collateral security for the short term loan. The banks do not get full reimbursement of the amount which is generally restricted to 50% but in some cases reimbursements have extended to about 75%”

6.32. Asked whether to help the tea estates to get loans from banks Tea Board provides any guarantee for repayment, Ministry of Foreign Trade have stated that Tea Board does not provide any guarantee.

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 schemes 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 mortgaging their crops or other property, the small tea growers 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.

CHAPTER VII RESEARCH AND OTHER MATTERS

A. Research

Undertaking, assisting or encouraging scientific, technological and economical research are statutory functions of the Tea Board under section 10 (2)(d) of the Tea Act. The Tea Board does not have any research station of its own for undertaking scientific and technological research on tea. The Board assist the conduct of researches by financing various existing tea research establishments of the tea industry so that they can maintain and expand their research activities. The Board has also been providing grants to some of the Universities and technical institutions for undertaking research on those topics which for some reason or other cannot be included in the programme of the existing tea research establishments.

7.2. It has been stated that Expenditure incurred by the Tea Board on researches is currently of the order of Rs. 10.5 lakhs per year.

1. *Ad hoc Schemes of Research*

(1) *Scheme on preparation of soluble tea with special reference to tea flavour at the University of Calcutta*

7.3. Under this scheme experiments were carried out on the preparation of soluble tea from green tea leaves of different locations and of different 'Jats' and clones with a view to studying the effect of the nature and origin of the source material on the quality of the soluble tea products. Experiments were also conducted on the extraction of essential oils of tea from the green tea leaves and a study of the aromatic principles. Expenditure incurred by the Board for the running of the scheme at the Calcutta University during the past three years has been as follows : —

1968-69		Rs. 31,021·00
1969-70		Rs. 31,999·00
1970-71		Rs. 16,000·00
Total		Rs. 79,020·00

(2) *Scheme of Improvement of the tea culture in the hilly areas of the Himachal Pradesh*

7.4. Under this scheme long term and short term agronomic trials were continued for finding out the optimum conditions for tea culture in the hilly region of the Himachal Pradesh. The trials were aimed at producing data for formulating recommendations on the best methods of pruning and manuring and the best time of pruning. Data were also collected in regard to the suitability of different 'jats' and clones. The Board's grants-in-aid towards this scheme at the Palampur Tea Experimental Stations during the past three years has been as follows :—

1968-69		Rs. 32,052·00
1969-70		Rs. 21,460·00
1970-71		Rs. 20,000·00
Total		Rs. 73,512·00

II. Grant to the Tea Research Association

7.5. The Tea Research Association was formed on the 1st January, 1964 on the basis of an agreement with the Council of Scientific & Industrial Research that 50% of the TRA's agreed annual recurring and non-recurring cost would be shared equally between the CSIR and the Tea Board, the balance being found by subscription from members. The main object of the Association is to carry out research and other scientific work connected with the cultivation, production and processing of tea for the benefit of its members. The main research station run by this Association is the Tocklai Experimental Station at Jorhat. The Tea Board made the following grants to the Tea Research Association through the CSIR during the last three years :—

1968-69	.	.	.	.	Rs. 10,00,000 ·00
1969-70	.	.	.	.	Rs. 10,00,000 ·00
1970-71	.	.	.	.	Rs. 12,47,925 ·00
				Total	Rs. 32,47,925 ·00

III. Grant-in-aid to Assam Agricultural College

7.6. Ancillary to the main function, namely research, is the task of creating a pool of technically trained personnel for the tea industry and its research establishments. For this purpose the Tea Board provides grants towards courses of technical training in tea offered by the Assam Agricultural University. 'Tea' was introduced as a special subject of study in the three years agricultural degree course at the Assam Agricultural University from the academic session beginning July, 1968. The Tea Board's grants to the University for the running of the Tea Course at the University during the past three years has been as follows:—

	Capital	Recurring	Total
	(Rs.)	(Rs.)	(Rs.)
1968-69	70,000 ·00	13,070 ·00	83,070 ·00
1969-70	70,549 ·00	31,451 ·00	1,02,000 ·00
1970-71	78,000 ·00	34,436 ·00	1,12,436 ·00
			2,97,506 ·00

IV. Research Expansion Scheme of the United Planters' Association of Southern India

7.7. The United Planters' Association of Southern India have set up a Central Tea Research Station in the Anamallais and a Sub-Station in Kerala with the help of a capital grant of nearly Rs. 17 lakhs from the Board. Disbursement of the phased grant had been completed before the period under review. The Board had, however, made a proposal for a non-recurring grant of Rs. 2.75 lakhs and a recurring grant of Rs. 2 lakhs per year to the UPASI's research station concerned to enable it to organise an Advisory Service particularly for the small growers. Government of India have sanctioned a total grant of Rs. 4,75,000 to be met by the Board for advisory service for dissemination of results of research and for the project of Chemistry of Tea.

7.8. Asked about the reasons why Tea Board did not have its own research station for conducting scientific and technological research on tea, the Ministry of Foreign Trade have stated:—

“The Tea Research Stations established by the different sections of the industry have for many years been satisfactorily meeting the research needs of the tea industry. Establishment of a separate tea research station by the Tea Board would not only involve considerable capital expenditure but would amount to duplication of efforts. Therefore, instead of setting up a separate tea research institution, the Tea Board decided to provide financial assistance to the existing tea research establishments of the industry to enable them to maintain and expand their research activities. The Board is also represented on the Councils of Management of these institutions.”

7.9. Regarding the activities of the Research Station at Jorhat, the representative of a Tea Association stated that there were two approaches to the research that was being carried out on tea. First of all there was the advisory service which meant the dissemination of knowledge to the growers of tea. This was one of the functions of the Research Station. The second function was to render advice on individual problems of the tea growers. Both these functions were being discharged satisfactorily. However, there was need for doing long-term fundamental research on complex subjects for instance “analysis of the properties of tea leaf.” Such an analysis would help to determine the various biological and chemical constituents of the leaf and thereby identify the flavour of a particular variety of tea. For such long-term research, sophisticated equipments and personnel were needed.

7.10. In this connection, Ministry of Foreign Trade have stated:

“The Tocklai Experimental Station is currently conducting researches to establish the co-relation between the various biochemical constituents of the leaf and the quality/cash valuation of the manufactured tea.”

7.11. In reply to a question whether research on such a complex subject will prove beneficial to the tea industry, Ministry of Foreign Trade have stated:

“Fundamental researches on the influence of various cultural practices on the chemical constituents of the tea leaf as well as the influence of the chemical constituents on the ultimate quality of the manufactured tea may lead to results of far reaching importance. Such researches may well provide the basic information in regard to the cultural and manufacturing conditions necessary for achieving the optimum quality in the product.”

7.12. The representative of a Tea Association informed the Committee that tea from Kangra was quoted in the London auctions in 1903 and 1904. But now Kangra could hardly be called a tea producing area because the tea estates there did not associate themselves with the latest research on tea by becoming members of the Tea Research Association. It was also stated that the research which was applicable to Assam could not blindly be copied by the tea estates in Kangra; because the conditions were different, the rainfall cycle and soil conditions were different. As such, research was extremely important to determine the individual requirements in a particular area.

7.13. Asked whether it was a fact that tea estates in Kangra had suffered because they did not become members of Tea Research Association, the Ministry of Foreign Trade have stated :—

“Non-availability of scientific advice is only one of the general reasons why the tea estates in Kangra have suffered. Untill 1905 the industry in Kangra had flourished well. Subsequently, as a result of a terrible earthquake many of the tea factories were destroyed and a number of inhabitants including tea planters were killed. The industry rendered disorganised was unable to face the competition with the highly organised tea industry in North-East India.”

7.14. It has been represented that there is shortage of funds at the disposal of Tea Research Association because there is a tendency for tea growers not to become members of Tea Research Association. To get over this difficulty it has been suggested that a research cess may be levied on all tea estates. This will eliminate the option to subscribe for research work.

7.15. In this connection, Ministry of Foreign Trade have stated:

“Experience so far indicate that complete reliance on voluntary subscription brings in an element of uncertainty about the likely future income of the research stations. Such uncertainties reduce the scope for the research stations to undertake planned programmes of research on a long term basis. Government, therefore, agree with the view that the best way to remedy the situation would be to levy a Research Cess as has been done for the tea industry in Ceylon.

It has been suggested that the existing cess on tea should be suitably increased and the additional proceeds earmarked specifically for tea research work.”

7.16. In a subsequent note, Ministry of Foreign Trade have stated :—

“The proposal is that the present cess of Rs. 4 per 100 Kgs. would be increased to Rs. 5.25 per 100 Kgs. and the additional proceeds earmarked for research work. The research levy would thus amount to Rs. 1.25 per 100 Kgs. of tea produced. With such a levy it should be possible to raise about Rs. 50 lakhs for expenditure on tea research. This amount supplemented by a contribution from the Council of Scientific and Industrial Research at the existing level namely about Rs. 25 lakhs per year would provide sufficient fund to meet the total expenditure on various tea research schemes undertaken by different organisations.”

7.17. When the Committee enquired about the details of the research carried out on ‘instant tea’ by the Calcutta University in collaboration with the Central Food Technological Research Institute, Mysore, the Chairman, Tea Board, stated :

“I understand that the scheme is yet to have the approval of the government. Some research was done at the Calcutta University some years back. I am referring to a research of more recent origin. In the earlier research they were able to evolve, according to them, satisfactory samples of instant tea powder. The proposal was that they should now attempt on a slightly larger basis, not on a laboratory but on an experimental basis. More tests have to be done in order to evolve a

perfect process for which purpose they suggest they should shift their activities to Toeklai. Toeklai are agreeable to help the university in all the experimental trials. While this was going on, I was given to understand that Central Food Technological Research Institute, Mysore, is also engaged on something similar. It was then decided by the Board that before we give clearance to this experimental project, the representatives of the University, Central Food Technological Research Institute and the Tea Board should sit down together and see that the Calcutta University takes up only that aspect of research which is not being looked after by Central Food Technological Research Institute, Mysore. That means they should have an integrated approach to the problem and they should not work independently of each other, because that might lead to duplication and some waste of money. This meeting will take place soon when all these things would be discussed."

7.18. When asked whether the project should have taken such a long time to develop 'instant tea' of the right type, the Chairman, Tea Board, observed :

"I can say this with certainty that one of the factories which is already working in India took more than 12 to 15 years to arrive at a final blueprint of its factory and even then it has not been able to produce something which is readily acceptable. It is a very long drawn out process to capture aroma, though the basic thing is simple."

7.19. The Committee note that the Toeklai Experimental Station is currently conducting research to establish the co-relation between various biochemical constituents of tea leaf and the 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 Toeklai Research Station or at other Research Centres in the country does not suffer for want of encouragement and funds.

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 field staff of the Board remain in constant touch with them.

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 100 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 to 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.

7.22. The Committee need hardly stress that research on "instant tea" 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.

B. Tea Waste

7.23. In exercise of the powers conferred by Section 30 of the Tea Act 1953, the Government has promulgated the Tea Waste (Control) Order, 1959 which came into force with effect from 1st October, 1959. The main object of this Order is to prevent the availability and/or use of tea waste as an adulterant to tea. For this purpose, it has been laid down that no person other than a licensee under the Order shall purchase, hold-in-stock, sell or export tea waste. The Chairman, Tea Board, is the Licensing Authority under this Order. Licence issued to any person is valid for the calendar year in which it is issued and is thereafter renewable for one calendar year. The fees payable in the case of first issue is Rs. 50.00 and Rs. 5.00 for every subsequent renewal. The Licensing Authority viz., the Chairman, has the power to grant, refuse, suspend or cancel a licence or renewal certificate. Under this Order, licences may be issued to different categories of people for different purpose such as for holding in stock, purchase, sale or export of tea waste. An exemption is made for holding-in-stock tea waste by a tea estate which manufactures tea. Under the existing procedure, a tea estate, on application, may be granted a licence for holding-in-stock, sale and/or export of tea waste but not for purchase. An exporter may be granted a licence for purchase, holding-in-stock and export only but not for sale within India. A caffeine manufacturer may be granted a licence for purchase and holding-in-stock only of tea waste for manufacture of caffeine but not for sale or export. Tea blenders in general may be granted a licence for holding-in-stock and sale only of tea waste but not for purchase or export. Port Commissioners' Docks and large blenders of tea may be granted a licence only for holding-in-stock and sale of tea waste but not for purchase or export. It will be seen therefore that no intermediaries are allowed to get hold of tea waste or deal in the same in any manner.

7.24. The Licensing Authority or any officer authorised by him in this behalf and all Central Excise Officers not below the rank of Inspector are empowered to enter any land, building, enclosed place, premises, vehicle, vessel, aircraft, conveyance, plant or machinery in which tea waste is processed, stored, carried etc. and seize such stocks as may be believed to be processed etc. in contravention of the Order. All tea waste stored by a licensee are required to be denatured by not less than 5% slaked lime. The work of denaturation is carried out in the presence of authorised staff of the Board and/or by the Central Excise Authorities. The Central Excise Department have undertaken the supervision of denaturation and/or destruction of tea waste by all tea estate factories. As regards other licensees, the work is being performed by Inspectors deputed by the Tea Board for the purpose.

7.25. In a note furnished to the Committee, Ministry of Foreign Trade have stated that tea waste accounts for 2.5% of the total production of tea as shown in the following table :

Year	Tea in '000 Kgs.	Tea Waste in '000 Kgs.	Tea waste percentage
1967	384,759	9,388	2.44%
1968	402,480	9,885	2.45%
1969	393,588	11,167	2.84%
Three years average			2.58%

7.26. Asked what percentage of the total tea waste is used in the manufacture of caffeine, the Ministry have stated :

“The average annual production of tea waste in the tea gardens in India is around 10 million Kgs. Tea Waste used by the different caffeine manufacturing units in India during 1968, 1969 and 1970 were approximately 1.8, 2.7 and 4.1 million Kgs. respectively representing about 18%, 27% and 41% respectively of the total production of tea waste during the above periods.”

7.27. Asked whether caffeine could be exported if manufactured on a large scale, the Ministry of Foreign Trade have stated :

“A much larger volume of production of caffeine is necessary to meet our domestic requirement. In this context, it may not be practicable to think of exporting caffeine.”

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% 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%, 27% and 41% 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 bye-product of the industry.

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.

C. Labour Welfare

7.30. Section 10(1) of the Tea Act, 1953 lays down as one of the objects of the Tea Board to secure “better working conditions and the provisions and improvement of amenities and incentives for workers’. In the Plantation Labour Act, and rules thereunder, provision has been made for various amenities and welfare measures for the tea garden workers and these

have been made the responsibility of the management of the gardens. The bulk of the amenities are provided for by the garden-management and are looked after by the concerned departments of the State Governments. The Board's programme of welfare is formulated to supplement these activities and help the tea gardens to discharge their obligations. The Board also tries to secure the assistance of Central and State Governments wherever possible. The details of the Board's welfare budget allotments and expenditure during the last 3 years are given below :—

(in Rs.)

	Budget allotment	Expenditure
1968-69	10,00,000	10,00,540
1969-70	10,00,000	8,38,283
1970-71	9,00,000	5,17,177

7.31. The late 'Central Tea Board', prior to 1953 and the Tea Board, during the years after 1953 have given grants to the tea producing States for various welfare programmes in tea gardens in these States, but it was found that utilisation of these grants by these States has not been quite satisfactory. Subsequently, the Tea Board itself started initiating welfare programmes.

7.32. The Board's welfare schemes may broadly be classified under the following heads :

I. Educational Stipends.

II. General Welfare.

I. *Educational Stipend Scheme*

7.33. The Tea Board gives educational stipends to children/depends of workers for courses of studies above the primary stage of education. This scheme was started by the Tea Board from the year 1956-57. Changes in the rules relating to grant of stipends were made from time to time to liberalise the rules for the grant of stipends on the basis of experience gained so that larger number of candidates could get the benefits under the scheme. The stipend rules are so framed as to encourage tea garden workers' children to have technical/vocational courses rather than general courses and to be of more benefit to children of the lower income groups.

7.34. The following table shows the grants made by the Board under educational stipend schemes during the last three years : —

Year	Budget allotment	Actual expenditure
1968-69	7,00,000/-	7,96,468/-
1969-70	7,50,000/-	7,41,126/-
1970-71	7,00,000/-	3,41,960/-

II. *General Welfare Schemes*

7.35. These may broadly be classified under the following heads :—

- (i) Scheme of capital grants to educational institutions for construction of hostels and extension of School Building.

- (ii) Schemes for capital grants to hospitals and clinics.
- (iii) Scheme for payment of hospital stoppages for reserved beds;
- (iv) Encouragement to scouting and character building activities;
- (v) Encouragement of sports.
- (vi) Training in useful Trade.

7.36. During the last 3 years the Board made the following grants towards general welfare schemes —

Year	Budget allotment	Actual expenditure
	(Rs.)	(Rs.)
1968-69	3,00,000/-	2,04,072/-
1969-70	2,50,000/-	97,157/-
1970-71	2,00,000/-	1,75,217/-

The gist of the scheme is as under :—

(i) *Scheme of capital grants to educational institutions for construction of hospitals and extension of School Building*

7.37. Financial assistance for this purpose is generally given where such assistance provides educational facilities for dependants of tea garden workers where these do not exist or if these exist, are inadequate. Proposals in this regard are not initiated by the Board but are received from the Board members, State Governments, Producers' Associations, Trade Unions or from the Institutions themselves. Grants are made on the merits of each individual case.

7.38. The total grant sanctioned by the Board to educational institution since the inception of this scheme amounted to Rs. 15.21 lakhs upto the 31st March, 1971. Of this, an amount of Rs. 3.29 lakhs was sanctioned to 7 institutions for extension of school buildings and Rs. 11.92 lakhs to 37 institutions for construction of hostel buildings. The Board also reserved rent free seats in these hostels permanently for garden students besides provision for free and half free studentship for such students.

(ii) *Schemes for capital grants to Hospitals and Clinics*

7.39. Capital grants are made to various hospitals for extension of specialised treatment facilities for tea garden workers and their dependents other than those that are ordinarily available in the garden hospitals. The specialised treatment facilities provided are T.B., Leprosy, Cancer, Eye diseases, Surgery, X-Ray etc. Against these capital grants, beds are reserved in hospitals for tea garden patients with free or concessional treatment facilities. Facilities for X-Ray and other examinations have also been secured for garden workers on concessional rates. Grants are given for construction of buildings for creation of additional wards/beds as well as for purchase of equipment for such treatment.

7.40. A total amount of Rs. 9.43 lakhs was disbursed to hospitals/clinics under this Scheme since its inception and upto the 31st March, 1971.

(iii) *Scheme for payment of hospital stoppages and reserved beds*

7.41. Under this scheme, recurring charges for hospital stoppages are being paid by the Board for 16 free beds in two T.B. Sanatoria one in West Bengal and another in Tamil Nadu—for patients from Tea Gardens.

7.42. A total number of 81 tea garden patients received treatment in these hospitals and a total amount of Rs. 1,01,816 was disbursed under the Scheme since its inception and upto the 31st March, 1971.

(iv) *Encouragement of scouting activities*

7.43. The Board has been helping Bharat Scouts and Guides Associations in different States to expand their activities and training facilities amongst the tea garden children. The Board has given grants to the State Association to employ organisers exclusively for organising scout/guide activities in tea gardens.

7.44. The Board meets the expenditure on training of scouts and guides incurred by the State Associations. The Board also gives grants to State Associations of Bharat Scouts and Guides for Rallies, Jambories etc. A payment to the extent of Rs. 98,228 was made by the Tea Board on account of maintenance of posts of Scout Organisers/Guide Organisers and for holding of rallies during the last 3 years ending 31st March, 1971.

(v) *Encouragement of Sports*

7.45. Although, it is obligatory on the part of the garden managements to provide facilities for sports and games for their workers, there is no scope for the garden workers to meet on a common platform to show their athletic talents. The Board sanction grants to different Tea Producers' Associations for organising sub-District and District Athletic Sports meets for tea garden workers and their dependants. During the last 3 years ending 31st March, 1971, a payment to the extent of about Rs. 9,000 was made.

(vi) *Training in useful Trade*

7.46. The Board also assists the dependants of tea garden workers in getting training in useful technical and vocational trades for their gainful employment in various Government and private undertakings on successful completion of the training. Facilities have been created for training of tea garden candidates in nursing, mid-wifery, Dai training and other technical trades.

7.47. Asked whether the Tea Board had sponsored any scheme for giving stipends to blind children of the labour working on tea estates, the Chairman, Tea Board, stated :—

“For blind there are schools which perhaps charge higher tuition fees. The suggestion will be looked into.”

D. Marketing and Auction of tea

(i) *Marketing*

7.48. Teas produced in North and South India are sold for internal consumption and export in the following manner:—

- (i) through auction held in Calcutta, Gauhati and Amritsar for North Indians teas and at Cochin and Coonoor for South Indian teas;
- (ii) through direct shipment to London for being auctioned there; and

(iii) through private sales by producers to customers abroad or local customers in India against contracts.

7.49. In India, there are five auction centres at present viz. Calcutta, Cochin, Coonoor, Gauhati and Amritsar. The auction at Gauhati started only since September, 1970. The first four auction markets deal with black teas mainly whereas in Amritsar, green tea forms the bulk of the sales. Calcutta auctions which were started in 1861 deal in North Indian teas. Cochin, where auctions were started in 1947 deals with South Indian teas. To help small growers, auctions were started at Coonoor in 1963 and at Amritsar in 1964.

7.50. The following table shows the total sales of Indian tea at various auction centres *i.e.* Calcutta, Cochin, Coonoor, Amritsar, Gauhati and London during the years 1968 to 1970 :—

Auction Centre	Quantity sold in thousand kgs.		
	1968	1969	1970
Calcutta*	170,550	181,723	153,052
Cochin	64,187	64,470	67,930
Coonoor	5,903	5,803	7,774
Amritsar	453	383	473
Gauhati**	—	—	9,098
London	67,285	66,079	32,669
Total	308,468	318,458	270,966
Percentage of production sold by auction	76.6*	80.9*	*64.2

*Figures for Calcutta relate to seasonal year.

**Auction Centre at Gauhati was opened on 25th September, 1970.

7.51. It has been stated that there are two types of auctions—one for leaf teas and the other for dust teas. These auctions are held every week at Calcutta and Cochin which are the two main auction centres for Indian tea. Auctions at Coonoor and Amritsar where small quantities of tea are sold are also held every week. Most of the teas produced by the small growers in South India and manufactured by bought leaf factories as well as cooperative factories set up with financial assistance from the Tea Board, are sold through Coonoor auction, while Amritsar is the centre for sale of black and green teas produced in North India as well as superior quality green teas produced in North-East India which mainly find their market in Afghanistan.

7.52. There are two parties in an auction—the buyers and the sellers who operate through the buying brokers and the selling brokers respectively. The institution of buying brokers is, however, not so important in auctions in India as it is in London. In the auctions held at Calcutta, Cochin, Coonoor and Amritsar, the main broking function is performed by the selling broker who apart from advancing finance to the producers arranges for sampling of teas, their valuation as well as distribution of samples to prospective buyers.* The selling broker also instructs the producers about market demand for different types of teas so as to enable them to modify their production policies to suit market requirements. They receive instructions

*At the time of factual verification the Ministry of Foreign Trade have revised the percentages during 1968, 1969 and 1970 to 79.15, 74.05 and 68.59 respectively.

from producers about the expected level of price and would not sell the tea unless a specified minimum price is fetched. The selling broker prepares catalogues giving detailed information regarding the teas available for sale and makes them available for buyers. Valuation lists are also circulated to help buyers in bidding. Prices are, however, normally determined by interaction of supply and demand and the tea under sale is knocked down to the highest bidder. The selling broker is naturally interested in selling the tea at the highest price since he receives a commission of 1% of the sale value. The brokers also receive a commission of Rs. 2.75 per 100 Kg. from the buyers, there being no separate buying brokers in Calcutta or Cochin as in London.

7.53. The auctions at Calcutta and Cochin are held under the auspices of Calcutta Tea Traders' Association and Tea Trade Association of Cochin respectively. The auctions are held under rules framed for the purpose by these Associations. Auctions are conducted at each centre by each Broker in turn.

(ii) London Auction

7.54. London Auction which started in 1834 deals with black teas from different producing countries of the world. Total quantity of tea sold in Auction along with the proportion of tea according to the mark of origin for the last five years is set out below :—

Unit: Million Kg. (Figures in bracket represent percentage)					
	1966	1967	1968	1969	1970
North India	65.625(42.5)	52.024(40.0)	60.664(40.4)	61.471(41.6)	30.282(27.8)
South India	8.828(5.7)	5.277(4.1)	6.621(4.4)	4.608(3.1)	2.387(2.2)
All India	74.453(48.2)	57.301(44.1)	67.285(44.8)	66.079(44.7)	32.669(30.0)
Ceylon	48.559(31.5)	44.074(33.9)	47.041(31.3)	42.582(28.8)	36.112(33.2)
Kenya	8.990(5.8)	6.410(4.9)	11.882(7.9)	14.339(9.7)	15.132(13.9)
Uganda	1.814(1.2)	1.773(1.3)	3.362(2.2)	5.356(3.6)	3.213(2.9)
Tanzania	3.325(2.2)	2.621(2.0)	4.342(2.9)	4.305(2.9)	4.845(4.5)
Malawi	6.721(4.4)	6.604(5.1)	7.179(4.8)	6.455(4.4)	6.969(6.4)
Total E, Africa	20.850(13.6)	17.363(13.3)	26.765(17.8)	30.455(20.5)	30.169(27.7)
Others	10.375(6.7)	11.203(8.7)	9.139(6.1)	8.683(5.9)	9.792(9.1)
All India	154.257(100)	129.946(100)	150.230(100)	147.799(100)	108.752(100)

7.55. The total quantity of Indian tea sold in London auction has declined from 74.453 million kg. in 1966 to 32.669 million kg. in 1970 while sales of Ceylon teas have declined from 48.559 million kg. in 1966 to 36.112

million kg. in 1970. The share of the Indian teas in the total sales through London auctions has declined from 48.2% in 1966 to 30% in 1970 while that of Ceylon has increased from 31.5% in 1966 to 33.2% in 1970. As regards East African teas both the quantity as well as percentage share increased to 30.16 m. kg. and 27.7% in 1970 from 20.850 m. kg. and 13.6% in 1966.

7.56. It has been stated that "sales of Indian tea through London auction were very low in 1970 mainly because of the low quantity of Indian tea shipped for London auction in 1969 as a result of the low prices realised in that year. The 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. from 44.88 million kgs. in 1969. With better shipments it is hoped that total sales of Indian tea through London auctions in 1971 will be of the order of 50.0 million kgs. accounting for about one-third of the total sales."

7.57. Unlike at Calcutta and Cochin, there are two types of brokers in London viz. the selling broker and the buying broker. The selling broker is the agent of the producer who entrusts him with the selling of his tea and it is the duty of the broker to act in the interests of his principal and to obtain the best prices available. On the arrival of tea in this country, the selling broker inspects the sample on the basis of the particulars given by the producing companies/agents and publishes in his catalogue particulars of each lot. On the other hand, the buying broker purchases the tea on the instructions received from the buyers who may be blenders after he has valued all the teas on offer and secured instructions from his clients. At the auction, lots are knocked down in the buying broker's name, thus ensuring that the identity of the buyer himself is not revealed. The Conditions of the sale, however, provide that a buying broker must disclose the name of his principal within 24 hours or himself be liable as principal.

7.58. The auctions at London are held under the auspices of U.K. Tea Trade Committee. The auctions are held under rules framed for the purpose by this Committee. The bidding is made in new pence per kg. since 15-2-1971 in place of old pence per lb. Bids are to advance by a minimum of half-a-penny (new) per kg.

7.59. There are at present five selling brokers in London. There are also seven buying brokers' firms operating at the London auctions of which four are major ones. The principal among them accounts for 45% of the total sales. The institutions of buying brokers has come in for a lot of criticism on the ground that the same buying broker often buys on behalf of many principals and this has the effect of reducing competition and lowering prices to the detriment of sellers. It has been stated that opinion on this issue, however, varies and it is by no means certain that elimination of buying brokers and direct bidding by buyers themselves will by itself result in higher prices. The prompt period, that is, the period within which payment has to be made by the buyer is 14 days in Calcutta and Cochin. In London, however, the prompt period was until recently 90 days and is now 42 days following the Friday immediately after the date of sale and day of final settlement is the 56th day following the Friday immediately after the date of sale. Reduction of the prompt period from 90 days to 42 days was in response to protests from sellers that the long time in London acts to

the detriment of sellers whose money remains blocked. It is doubtful, however, if this reduction in time has benefited sellers since the buyer will generally take the earlier payment into account in deciding the bids to be made by him.

7.60. In a note furnished to the Committee, Ministry of Foreign Trade have stated :—

“The auction system of marketing tea is well-established system and appears to be the best possible system that can be thought of under the existing circumstances for marketing the bulk of the production. Other channels of marketing e.g. forward contracts and private sales are also gradually developing but these cannot be substituted for the auction system.”

7.61. The following table shows the average prices obtained by teas from different producing countries at London auctions during the years 1966 to 1971 :

Country	Shilling and Pence per Kg.											
	1966		1967		1968		1969		1970		1971	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
North India	9	6·95	9	10·48	8	11·28	8	3·76	9	4·24	8	5·13
South India	7	6·48	7	9·65	7	9·17	6	3·93	8	1·00	7	11·77
Ceylon	9	4·17	9	7·37	9	0·69	8	10·95	9	4·74	9	0·80
Kenya	9	3·18	9	6·84	8	11·39	8	10·22	9	8·80	9	5·40
Uganda	8	3·76	8	0·64	7	10·78	7	4·25	9	4·41	8	8·74
Tanzania	9	0·18	6	2·78	8	6·05	7	11·77	9	8·40	9	0·93

7.62. Referring to the prices fetched at London auctions, the Committee pointed out that Indian teas had generally fetched lower prices as compared to tea from Ceylon and other African countries. The Committee enquired whether the quality of Indian teas was not comparable to the teas from those countries. The Chairman, Tea Board, stated :—

“It is very difficult to give a categorical answer to this question, because in India there is a wide range of teas. Our best tea from Darjeeling and the best second-flush from Assam cannot be bettered by any tea in the world. The second flush variety is very good. But when you come to rainy tea, the quality deteriorates faster. The prices that are shown here are the average prices of the very high quality, of the medium quality and of the low quality or the common quality which are offered in London auctions. The London auctions account for a very small percentage of the tea which we export.”

7.63. The witness further stated :—

“In regard to Kenya, the quality of their tea is reported to be uniformly good. They have got good well distributed rain fall, latest techniques and machinery. So, naturally they will have certain advantages. Only four or five years ago, their prices were much lower than ours. The other reason is that tea in North India is seasonal in Character. If U.K. wants to buy second flush, they must buy during a particular

period of the year which means that they have to stock tea for use throughout the year whereas Kenya's tea, because of their climatic advantage, they are in a position to offer more or less the same variety of tea throughout the year. A broker finds such a proposition much more attractive than to buy from a source like North India where quality varies from season to season."

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.

7.65. The Committee are unhappy to note the declining trend in sales of Indian teas at various auction centres. The Committee would 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.

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% in 1966 to 30% in 1970 while the share of Ceylon tea increased from 31.5% in 1966 to 33.2% in 1970. East African countries also increased their share in London auctions from 13.6% in 1966 to 27.7% 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 unimotional tea promotion campaigns with the help of professionals would be intensified to achieve this objective.

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 to the view that Government can certainly help a great deal to finance improved machinery for the tea estates for production of quality teas earning a higher unit value for exports.

CHAPTER VIII

CONCLUSION

8.1. The present growth rate of production is 2 percent 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.

8.2. 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 Governments. 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 these 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 not affect the yield of existing bushes in the long run.

8.3. The Tea Board should give maximum encouragement to the tea estates in Darjeeling to replant 2556 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% 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.

8.4. India produces annually about 5 million kgs. of green tea while the Morocco market alone consume 15 million kgs. of green tea. Japan is also a potential market for the export of green tea. But 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. 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.

8.5. Two firms are producing instant tea at present and the manufacture is based on imported technology. 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.

Some new method of producing instant tea should be evolved which would be free from the defects noticed in the present manufacture, as there is a promising future for this product. The Board must ensure that there is continuous research on instant tea for improving its quality and marketability.

8.6. Research on "instant tea" 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. However, some tangible results should come 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.

8.7. Analysis of the data shows that the unit value of instant tea was much higher in respect of quantities sold to the U.S.A. and much lower in respect of quantities sold to the 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.

8.8. The pace of replanting has been extremely slow. The Committee are concerned to note that against the annual rate of 2% replantation, the rate actually achieved is as low as 0.6 per cent. It is 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. The rates of Replanting Subsidy and also 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.

As such, the processes of replanting or "replacement planting" have to be continuous both in North India and South India if production targets are to be achieved. It is noticed 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 that advance planning should 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 subsidies but also frustrates the working of the whole scheme.

8.9. India and Ceylon hold an equal share of 32.6% 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 only 208.4 million kgs. out of a total production of 421.8 million 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.

8.10. Only 25 per cent of Indian tea is blended before it is exported to other countries. In 1967 Ceylon exported 2.2 million kgs. of tea in packages as against 2.4 million kgs. of packaged tea exported by India. 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 lagged behind at only 4 million kgs.

Government should ensure that the Tea Corporation makes an all-out effort 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 companies in the private sector to export more and more of blended and packaged tea in place of bulk exports.

8.11. The Committee also note that India withdrew 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.

8.12. 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 a 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 by improved quality and increased production greater research and more aggressive promotional measure with improved marketing techniques.

8.13. India spends 53% of its total expenditure on generic promotion and 47% on uninational promotion whereas Ceylon spends 76% on uninational promotion and only 24% on generic promotion. The inference is clear that Ceylon is more interested to do propaganda about "Ceylon tea" as against propagating "tea" as a beverage superior to other beverages. The Committee feel that in the long run, it is uninational promotion which will help India to regain its paramount position in the world market.

8.14. In order to compete with Ceylon and other East African countries in the world market India will have to make concerted 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 outlets 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.

8.15. 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", then 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.

8.16. It is noticed 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 the 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.

8.17. Share of Indian tea in the total sales through London auctions has declined from 48.2% in 1966 to 30% in 1970 while the share of Ceylon tea increased from 31.5% in 1966 to 33.2% in 1970. East African countries also increased their share in London auctions from 13.6% in 1966 to 27.7% in 1970. This means that the superior performance of Ceylon tea and East African tea has been at the sole expense of Indian tea. 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.

8.18. The Committee are not happy about the declining trend in sale of Indian teas at various auction centres and have desired that Government should investigate the cause of decline in the sale of Indian tea at the auctions both in India and U.K. and take suitable measures to increase their sales.

8.19. The average price obtained for Indian tea at the 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 earning a higher unit value for exports.

8.20. 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 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 concerted effort to persuade the Government of Manipur to chalk out a plan for development of the tea industry in that region.

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

8.21. 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.

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 problems 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.

8.22. The Central Government should take up the question of ceiling on land as applicable to tea plantations 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 hardpressed for land. These are issues which are vital for the future healthy growth of the tea industry in the country and unless these are tackled by the Central Government through discussion with all the tea producing States, the production of tea might be affected in the years to come.

8.23. Tea Board/Government should 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.

8.24. 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 100 kgs. and this will make available Rs. 1.25 per 100 kgs. of tea produced for research work. Government should examine the pros and cons of the matter and come to a quick decision so that the industry no longer suffers from a lack of research, and research does not suffer for want of funds.

8.25. 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. As such, Government should examine whether the tea industry has not been denied reasonable profits as compared to other industries and take suitable remedial measures.

8.26. 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 on small matters. It should be only on major policy issues that it may have to go to the Ministry for approval. In the framing and recommending of policy, the initiative should vest largely in the Tea Board.

8.27. In order that the Tea Industry 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 committees of the Tea Board should be authorised to decide ordi-

nary cases and it should be only in exceptional cases that any matter may be referred to the Tea Board as a whole for decision. This will obviously result in quicker decisions on various matters.

8.28. There have been frequent changes in the Chairmanship of the Board and during a period of 5 years, 3 Chairmen were appointed. 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.

8.29. The Committee have no doubt that if the tea industry is given the assistance it needs for its development, it cannot only hold its own in the export market, but improve its position and earn more foreign exchange for the country.

NEW DELHI,
April 22, 1972
Vaisakha 2, 1894 (Saka)

KAMAL NATH TEWARI
Chairman,
Estimates Committee

APPENDIX I
Production and Export of Tea from Major Producing Countries of the World
 Quantity (in thousand Kg.)

Countries	Production											Export			Share in total World export during 1970
	1966	1967	1968	1969	1970*	1966	1967	1968	1969	1970*	1970*	1970*	1970*		
India	375,983	384,759	401,537	396,300	421,819	179,204	213,676	208,440	168,709	208,430	11	12	32.6%		
Pakistan	23,272	29,338	28,302	29,983	31,300	2,308	0	5	2	208,277	2	11	32.6%		
Ceylon	222,312	220,742	224,803	219,639	212,210	200,048	216,537	208,671	201,394	208,277	2	11	32.6%		
Indonesia	31,729	33,403	41,384	39,500	43,000+	33,244	26,595	34,712	27,070	35,642	2	11	5.6%		
Kenya	25,418	22,311	29,762	36,060	41,077	23,668	19,683	28,356	33,879	36,099	2	11	5.7%		
Uganda	11,215	11,240	15,163	17,574	18,217	8,943	9,617	11,387	15,957	15,052	2	11	2.3%		
Tanganyika or Tanzania	6,800	7,158	7,923	3,777	8,492	6,460	6,209	7,052	7,699	7,054	2	11	1.1%		
Malawi	15,367	16,831	15,812	16,916	18,731	15,223	16,840	15,792	17,287	17,709	2	11	2.8%		
Congo	5,734	3,750	6,050	7,859	N.A.	5,585	2,982	4,299	4,051	4,500	2	11	3.7%		
Mauritius	1,974	2,190	2,288	3,191	3,258	1,295	1,587	1,710	2,574	2,627	2	11	3.7%		
Mozambique	13,983	14,419	14,251	16,034	16,974	12,995	14,378	14,243	15,439	16,653	2	11	3.7%		
China	N.A.	N.A.	N.A.	N.A.	N.A.	34,000	31,000	35,000	27,000	27,000@	2	11	4.2%		
Japan	83,159	85,144	84,971	89,604	91,198	1,900	1,736	1,968	1,614	1,498	2	11	0.2%		
Argentina	13,670	14,170	18,560	15,880	20,000	13,291	11,432	14,693	14,633	19,114	2	11	0.2%		

N.A.—Not available.

*Provisional.

+ Estimated.

@ 1969 figures.

APPENDIX II

Total Quantity and Value of Tea Exported from India to Different Countries

Countries of destination	Quantity (in thousand Kg.)											Value (in thousand Rupees)										
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970							
United Kingdom	87,248	116,142	102,030	59,856	98,877	70,42,30	107,55,81	83,19,51	42,92,71	69,11,34												
Germany Western	1,342	2,132	23,936	3,007	3,752	1,35,01	2,44,50	4,21,96	3,41,02	4,50,24												
Irish Republic	4,973	6,364	6,858	4,624	5,419	3,94,10	5,76,89	5,30,76	3,46,00	4,31,89												
Netherlands	2,540	3,578	3,438	2,394	2,751	2,30,21	3,27,80	2,86,72	1,84,79	2,31,63												
U.S.S.R.	16,943	20,079	22,367	24,996	25,618	15,06,03	20,03,81	20,58,62	20,89,52	19,85,40												
Other East-Europe	5,026	4,232	3,506	3,764	5,002	3,91,97	3,82,12	2,65,90	2,67,01	3,57,14												
Afghanistan	6,729	5,054	9,224	13,488	11,297	3,98,25	3,67,61	6,39,06	8,54,89	7,00,41												
Bahrain Islands	332	286	418	610	771	24,24	23,71	35,11	49,77	64,07												
Iraq	1,713	2,173	6,776	4,423	802	97,03	1,42,68	4,41,65	2,40,27	40,98												
Iran	1,773	2,003	2,514	2,007	2,314	2,19,18	2,89,71	3,7658	3,04,08	3,38,08												
Kuwait	621	168	242	308	313	45,15	15,06	20,57	25,06	26,29												
Qtr. & Trei Oman	1,447	1,851	2,456	2,593	3,710	1,12,88	1,62,95	2,16,12	2,15,41	3,12,01												
Jordan	1,715	1,238	1,944	2,745	3,001	1,01,93	91,72	1,23,07	1,56,53	1,67,76												
U.A.R.	18,821	16,370	8,946	14,287	11,318	11,09,77	10,79,16	5,51,93	8,28,95	7,05,11												
Sudan	6,431	7,898	10,524	7,358	12,902	3,82,41	5,19,70	6,46,20	3,38,39	6,65,74												
Tunisia	2,706	4,012	997	4,128	3,543	1,52,49	2,58,72	53,66	2,10,58	1,70,42												
Canada	4,112	3,879	4,059	3,195	3,648	3,08,92	3,46,26	3,10,14	2,36,54	2,89,29												
U.S.A.	7,346	8,213	3,618	7,677	7,170	5,76,65	6,85,72	6,39,94	2,45,54	5,63,56												
Australia	5,282	5,714	6,630	3,900	3,710	3,37,10	4,26,24	4,50,94	2,49,09	2,43,01												
Newzealand	509	423	568	221	313	44,61	36,41	43,35	15,90	22,63												
Other Countries	1,581	1,867	2,392	3,128	2,199	1,41,61	1,77,26	2,17,46	2,61,66	2,0												
TOTAL	179,205	213,676	208,440	168,709	208,430	137,51,84	189,03,84	166,48,25	120,53,71	148,81,90												

APPENDIX III

Statement showing summary of Recommendations/Conclusions

S. No.	Reference to para No. of the Report	Summary of Recommendations/Conclusions
1	2	3
1.	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.
2.	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 it comes up with a brand name it will do the propaganda for their own brand 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 others who export tea.
3.	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.
4.	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, <i>Ad hoc</i> Committees on Tea Development and Tea Research had been constituted. The Committee have been informed that those <i>ad hoc</i> 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 Tea Board can be a member of the Standing Committee. Since there may

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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.

5. 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 committees 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 decision. This will obviously result in quicker decisions on various matters.

6. 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.

7. 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

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		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.
8	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.
9	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.
10	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.
11	3·12	The Committee note that while the area under the cultivation remained unchanged in Kangra and Mandi and increased in North India at the rate of 4·9 per cent during the period 1965-1970, 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 Governments. 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

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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 these 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 not affect the yield of existing bushes in the long run.

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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.

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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 hardpressed 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 through discussion with all the tea producing States, the production of tea might be affected in the years to come.

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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 interest of the tea industry as a whole.

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15	3·30	<p>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% to 5% per annum.</p> <p>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.</p>
16	3·40	<p>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.</p>
17	3·41	<p>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</p>

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		machinery required for the manufacture of green tea so that exports to Morocco and Japan can be stepped up.
18	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.
19	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.
20	3-57	The Committee further suggest that consumption of instant tea may also be popularised and encouraged in our country.
21	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 two firms to augment the production of tea bags.
22	3-66	The Committee note that tissue pap 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.
23	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

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		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>i.e.</i> 2556 hectares is available for new planting.
24	3-70	The Committee suggest that the Tea Board should give maximum encouragement to the tea estates in Darjeeling to replant 2556 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% 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.
25	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 2,024 hectares replanted during 1964-65. The Committee are concerned to note that against the annual rate of 2% replantation, the rate actually achieved is as low as 0.6 per cent.
26	3-94	The Committee consider it regrettable that far from achieving the target of 7000 hectares per year fixed for the Replanting Subsidy Scheme the Tea Board has been able to get only 987 hectares replanted during 1969-70.
27	3-95	The Committee, however, note that the rates of Replanting Subsidy and also 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.
28	3-96	The Committee regret to note that response to the Replanting Subsidy Scheme has been very poor in South India also. They,

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however, note that with the approval of the scheme of "replacement planting" the tea estates in the South would be able to take 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 India 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.

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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 years 1970-72.

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3-110

The Committee note that 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.

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31	3-111	<p>The Committee note that the profitability of the industry increased from 4.3 per cent in 1965-66 to 6.5 per cent in 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.</p>
32	3-112	<p>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.</p>
33	4-14	<p>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.</p>
34	4-15	<p>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.</p>

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35	4.16	<p>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 problems 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 <i>inter alia</i> cover replacement of old bushes, rejuvenation of the existing tea bushes, application of right inputs and improved pruning practices.</p>
36	4.22	<p>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.</p> <p>The Committee would like the Tea Board/ Government to undertake similar investigations about the possibility of encouraging cultivation of tea in NEFA and other suitable areas.</p>
37	4.23	<p>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 take a concerted effort to persuade the Government of Manipur to chalk out a plan for development of the tea industry in that region.</p>
38	4.29	<p>The Committee note that the average yield of tea has been steadily going up in India and during 1970 it rose to 1191 kgs. per hectare. The Committee also note that by using the right</p>

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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 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.

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4-30

The Committee are of the view that Tea Board should be able to lay down some guidelines 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.

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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 a 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.

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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.

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42	4-45	<p>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 weedicide 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 2500 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.</p>
43	4-52	<p>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.</p>
44	4-56	<p>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</p>

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		the country. The Committee recommend 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.
45	4-57	Till such time that the country attains self-reliance in Potassium 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.
46	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 benefits 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.
47	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 1-3-1970 and (ii) granting of a rebate of excise duty at the point of export with effect from 15-4-1970 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.

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48	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.
49	5·9	The Committee note that both India and Ceylon hold equal share of 32·6% in the total world export during 1970. While Ceylon exported 208·3 million Kts. 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 million 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.
50	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.
51	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", then 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.
52	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 packaged tea exported by India. The Committee are surprised to note that while

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		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.
53	5-26	The Committee hope that Government will ensure that the Tea Corporation makes an allout effort 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 companies in the private sector to export more and more of blended and packaged tea in place of bulk tea.
54	5-29	The Committee note that in 1970 India exported 318,724 kg. of instant tea as against 13,608 kg. 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 data 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.
55	5-36	The Committee note that a rebate of excise duty is being given at the export point to the extent of 30% 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.
56	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,

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the global quota for export of tea for 15 month 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.

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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.

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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 exports.

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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.

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60	5·69	<p>The Committee are constrained to note that India spends 53% of the total expenditure on generic promotion and 47% on uninational promotion whereas Ceylon spends 76% on uninational promotion and only 24% on generic promotion. The inference is clear that Ceylon is more interested to do propaganda about "Ceylon tea" as against propagating "tea" as a beverage superior to other beverages. The Committee feel that in the long run, it is uninational promotion which will help India to regain its paramount position in the world market.</p>
61	5·70	<p>In order to compete with Ceylon and other East African countries in the world market India will have to make concerted 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 outlets 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.</p>
62	5·80	<p>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 teas. The Committee suggest that the possibility of running this Centre on commercial lines should be explored in consultation with Air India and the Indian Tourism Development Corporation who have some experience of running catering establishments.</p>
65	5·81	<p>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.</p>

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63	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 the actual expenditure on the Tea Board during the years 1968-69 to 1970-71 had been more than the total cess collected.
64	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.
66	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.
67	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 1-3-1970 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 teas which are exported can compete with teas from other countries in the international market. This also raises the question of higher rebate on exported tea or even a total withdrawal of excise duty on exported tea.
68	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 affect the price of Indian tea and total foreign exchange earnings will go down. India has to compete with tea producing countries like Ceylon, Kenya and other East African countries where no excise duty is levied at the production stage.

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69	6.22	<p>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.</p>
70	6.27	<p>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 agricultural portion of composite income should not exceed the rate of tax on the non-agricultural portion of it.</p>
71	6.28	<p>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.</p>
72	6.33	<p>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</p>

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of the tea industry can easily get loans from the banks by mortgaging their crops or other property, the small tea growers 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.

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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 the 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.

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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 estates 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 field staff of the Board remain in constant touch with them.

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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 100 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 to 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.

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7-22

The Committee need hardly stress that research on "instant tea" 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.

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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% 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%, 27% and 41% 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 our domestic requirements." 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.

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78	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.
79	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 1959. 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.
80	7·65	The Committee are unhappy to note the declining trend in sales of Indian teas at various auction centres. The Committee would 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.
81	7·66	The Committee note with concern that the share of India tea in the total sales through London auctions has declined from 48·2% in 1966 to 30% in 1970 while the share of Ceylon tea increased from 31·5% in 1966 to 33·2% in 1970. East African countries also increased their share in London auctions from 13·6% in 1966 to 27·7% 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 uninationa! tea promotion campaigns with the help of professionals would be intensified to achieve this objective.
82	7·67	The Committee also note with concern that the average price obtained for Indian tea at London auctions are lower than the average

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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 earning a higher unit value for exports.

APPENDIX IV

Analysis of recommendations contained in the Reports

Classification of recommendations

A. Recommendations for improving the Organisation and working :

Serial Nos :	1,	2,	3,	4,	5,
	6,	7,	8,	9,	10,
	16,	17,	28,	29,	30,
	33,	36,	37,	40,	41,
	46,	47,	49,	50,	53,
	54,	55,	57,	58,	61,
	62,	63,	67,	68,	69,
	70,	71,	72,	73,	74,
	75,	76,	79,	80,	81,
	82,				

B. Recommendations for effecting economy

Serial Nos. 42, 43.

C. Miscellaneous Recommendations :

Serial Nos :	11,	12,	13,	14,	15,
	18,	19,	20,	21,	22,
	23,	24,	25,	26,	27,
	31,	32,	34,	35,	38,
	39,	44,	45,	48,	51,
	52,	56,	59,	60,	64,
	65,	66,	77,	78,	—