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**ROLE OF TEA BOARD IN TEA  
DEVELOPMENT IN INDIA**

[Action Taken by the Government on the Observations/Recommendations of  
the Committee contained in their Sixty-fifth Report (15th Lok Sabha)]

**MINISTRY OF COMMERCE AND INDUSTRY  
(DEPARTMENT OF COMMERCE)**

**PUBLIC ACCOUNTS  
COMMITTEE  
2013-2014**

**HUNDREDTH REPORT**

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**FIFTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

# HUNDREDTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2013-2014)

(FIFTEENTH LOK SABHA)

### ROLE OF TEA BOARD IN TEA DEVELOPMENT IN INDIA

[Action Taken by the Government on the Observations/Recommendations of the  
Committee contained in their Sixty-fifth Report (15th Lok Sabha)]

MINISTRY OF COMMERCE AND INDUSTRY  
(DEPARTMENT OF COMMERCE)

*Presented to Lok Sabha on 06.02.2014*

*Laid in Rajya Sabha on 06.02.2014*



LOK SABHA SECRETARIAT  
NEW DELHI

*February, 2014/Magha, 1935 (Saka)*

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2013-14)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Anandrao Adsul
3. Dr. Baliram
4. Shri Ramen Deka
5. Shri Sandeep Dikshit
6. Dr. M. Thambidurai
7. Shri T.K.S. Elangovan
8. Shri Jayaprakash Hegde
9. Dr. Sanjay Jaiswal
10. Shri Bhartruhari Mahtab
11. Shri Abhijit Mukherjee
12. Shri Sanjay Brijkishorlal Nirupam
13. Shri Ashok Tanwar
- \*14. Shri Ajay Maken
15. Shri Dharmendra Yadav

*Rajya Sabha*

16. Shri Prasanta Chatterjee
17. Shri Prakash Javadekar
- †18. Shri Ashwani Kumar
19. Shri Satish Chandra Misra
- ††20. Dr. V. Maitreyan
21. Shri N.K. Singh
22. Smt. Ambika Soni

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Ms. Miranda Ingudam — *Under Secretary*

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\* Elected *w.e.f.* 14th August, 2013 *vice* Dr. Girija Vyas appointed as Minister of Housing, Urban Development & Poverty Alleviation *w.e.f.* 17th June, 2013.

† Elected *w.e.f.* 3rd September, 2013 *vice* Dr. V. Maitreyan ceased to be a Member upon his retirement as a Member of Rajya Sabha *w.e.f.* 24th July, 2013.

†† Elected *w.e.f.* 3rd September, 2013 *vice* Dr. E.M. Sudarsana Natchiappan appointed as Minister of State for Commerce and Industry *w.e.f.* 17th June, 2013.

## INTRODUCTION

I, the Chairman, Public Accounts Committee (2013-14), having been authorized by the Committee, do present this Hundredth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Sixty-fifth Report (Fifteenth Lok Sabha) on “Role of Tea Board in Tea Development in India” relating to the Department of Commerce, Ministry of Commerce and Industry.

2. The Sixty-fifth Report was presented to Speaker, Lok Sabha on 16 January, 2013 and tabled in Lok Sabha on 26 February, 2013 and laid in Rajya Sabha on 27 February, 2013. Replies of the Government to the Observations/Recommendations contained in the Report were received on 17th July, 2013. The Public Accounts Committee considered and adopted this Report at the sitting held on 30 January, 2014. Minutes of the sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Sixty-fifth Report (Fifteenth Lok Sabha) is given at Appendix II.

NEW DELHI;  
31 January, 2014  

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11 Magha, 1935 (Saka)

DR. MURLI MANOHAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Sixty-fifth Report (Fifteenth Lok Sabha) on '**Role of Tea Board in Tea Development in India**' based on C&AG Report No. 10 of 2011-12 (Performance Audit), Union Government (Scientific Departments) relating to Ministry of Commerce and Industry.

2. The Sixty-fifth Report (Fifteenth Lok Sabha) was presented to the Speaker, Lok Sabha on 16 January, 2013 and tabled in the Lok Sabha on 26 February, 2013 and laid in Rajya Sabha on 27 February, 2013. The Report contained twenty Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Commerce and Industry and have been categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:

Para Nos. 1—4, 5, 7—16, 18, 19 and 20

Total: 18

Chapter II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

—NIL—

Total: Nil

Chapter III

- (iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration:

Para No. 17

Total: 01

Chapter IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para No. 6

Total: 01

Chapter V

3. The Committee desire that the Ministry of Commerce and Industry (Department of Commerce) furnish at the earliest final/conclusive Action Taken Note on the Observation/Recommendation contained in para No. 6 of their Sixty-fifth Report (Fifteenth Lok Sabha) in respect of which Ministry have furnished interim reply.

4. The detailed examination of the subject by the Committee had revealed many systemic and other deficiencies that plague the Tea Board and the tea industry which *inter-alia* included failure of Tea Board to effectively discharge its basic regulatory role with the more than 80 percent of small growers remaining outside the ambit of Tea Board; highly tolerant inspection regime coupled with underterrering penalties and gross information deficit on activities of various stakeholders resulting in ineffective control over the trade; increase in the total area of commercially unproductive bushes posing a serious threat to the industry with declining productivity; presence of redundant, rigid and gaping holes in various provisions in the extant laws governing the tea industry standing in the way to effective regulation; dismal rate of replantation of aging tea plants despite the launch of the Special Purpose Tea Fund (SPTF) in 2007 to facilitate large scale plantations; lower increase in price realization from export of Indian tea due to inferior quality, adverse product mix and other marketing factors; want of tangible research activities resulting in absence of any patents filed or any deliverables transferred for the use of tea industry; declining export share; diversion of funds for plan to Non-Plan expenditure, etc.

5. The Action Taken Notes furnished by the Ministry of Commerce and Industry on the observations/Recommendations of the Committee contained in their Sixty-fifth Report (Fifteenth Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which either need reiteration or merit comments.

## **I. Declining Productivity of Tea**

### **Observation/Recommendation (Para No. 2)**

6. The Committee in their Sixty-fifth Report had expressed concern over the declining productivity of tea from 1865 kg per hectare in 1997 to 1663 kg per hectare in 2008, steady decline in the prices fetched by the Indian tea over the last decade as compared to countries like Sri Lanka and Mauritius, increase in the cost of production with India having the highest cost of production amongst tea producing countries in the world and the only country where cost of sales was above the auction realization. The Committee further observed that while India's production share declined from 41 percent in 1950 to 26 percent in 2008, India's export share had also declined from 48 per cent in 1950 to a dismal 12 percent in 2008 putting it at a mediocre fourth position in overall world rankings in terms of volume of tea export. In an area where the country can take a lot of pride with tea being indigenous to India and a glorious heritage of taste, what is intriguing is the fact that the import of tea had gone up from 1.37 million kg. in 1992-93 to 25 million kg. in 2009. It was in the above context that the C&AG decided to conduct a performance audit of the role of Tea Board in the Tea Development of India and scrutinized records of its functioning covering the period



from 2002-03 to 2008-09. The deficiencies observed in Audit were, largely accepted by the Ministry of Commerce.

7. The Ministry of Commerce in its Action Taken Notes has stated as under:

“It's a fact that India's percentage share in the world market has declined in terms of quantity of teas from other tea producing countries. But in absolute terms of quantity and value of tea the export from India has increased. India has exported 173.73 m. kgs., tea in 1993 (15.03% of world export market). In 2010 India exported 222.02 m. kgs., but the market share is lower. In value terms too, India has registered an increase. While unit value of tea exported in 1993 was Rs. 65.19 per kg., the unit value of teas exported in 2010 was Rs. 137.75 per kg, thereby, registering an increase of 111.31%.

To develop successful promotional and marketing strategies, Tea Board will conduct market surveys in the strategically potential markets like Russia UAE, Iran, USA to capture consumer likes and dislikes and trends during the 12th Five Year Plan. After such thorough market research, Tea Board will prepare more pro-active measures for strong brand building and differentiated value addition to tea products as per the consumer demands.

Tea Board has modified two schemes: (i) Scheme for participation in Fairs and Exhibitions with Tea Board, and (ii) Brand Support Scheme for providing promotional support to Indian exporters of branded Indian teas in the overseas markets."

**8. The Committee observe that the Ministry of Commerce & Industry (Department of Commerce) admitted the declining quantity of India's percentage share in the World Tea Market in absolute terms of quantity of tea and value of tea but submitted that the export from India has increased with the unit value of tea exported registering an increase of as high as 111.31 % in 2010 as compared to the figures of 1993. The Committee therefore recommend that the Ministry's proposal for promotional & marketing strategies during the XII Plan period and the Tea Board's plan to conduct market surveys in potential markets in XII Five Year Plan be implemented expeditiously so that India attains its pre-eminent position in world tea export.**

**II. Non-enumeration of Small Tea Growers Resulting in Failure of Tea Board to Effectively Discharge its Regulatory Role**

**Observation/Recommendation (Para No. 3)**

9. The Committee were deeply concerned that even after 57 years of existence of the Tea Board, as of 2010, 125216 tea growers constituting more than 80 percent of the small growers continue to remain outside the ambit of the Tea Board and were continuing tea cultivation without requisite permission in terms of the provisions of the Tea Act, 1953. The Committee observed that non-enumeration of such a large number of small growers remain one of the most important cause of failure of Tea Board to effectively discharge its basic regulatory role while also adversely impacting the effectiveness of its other functions. The Committee's examination revealed that redundant and rigid

provisions of the governing Tea Act and the rules framed there understood in the way of possible facilitation of regularization of these growers. While sections 12 and 14 of Tea Act, 1953 and Rule 30A of the Tea Rules, 1954 mandates a tea garden owner to furnish specific documents in support of his ownership/grant/lease of the land, survey maps, soil suitability reports, etc. for grant of planting permission or registration of the tea garden, these existing laws simply do not have any provision for *post facto* planting permission thereby disabling regularization of plantations already in existence. The Committee noted that the provision for issuance of permit for planting tea under sections 12 and 14 of the Tea Act was incorporated to fulfill the country's obligation to the International Tea Agreement which was in force at the time of enactment of the Act, the main thrust of which was to regulate over production and glut in the global tea market by means of earmarked quotas of production. Startlingly, by the Ministry's own admission, even though the aforesaid Agreement expired way back in 1956, these archaic and redundant provisions of the Act still continued to be enforced by the Tea Board. The Committee recommended that sections 12 & 14 of the Tea Act may be suitably amended.

10. In its Action Taken Notes, the Ministry of Commerce has stated as under:

"Enumeration of Small Tea Growers in all the major tea growing States is underway either with the help of the concerned State Governments or directly through the field offices of the Board. The survey in Assam and Himachal Pradesh has since been completed. In Tripura and South India it is nearing completion. Survey in West Bengal has also been completed, the final report is awaited. The Tea Board's proposal for deletion of section 12 to section 16 of the Tea Act is under active consideration of the Government."

**11. The Committee are pleased to note that the Tea Board has initiated steps to undertake the enumeration work of small tea growers in all the major tea growing States with requisite surveys already completed in some States. The Committee are, however, concerned to note that the issue of amendment/deletion of section 12 to 16 of the Tea Act which contains archaic and redundant provisions standing in the way of possible facilitation of regularization of small tea growers, has been hanging fire for long. The Committee therefore reiterate that the concerned State Governments should complete the task of enumeration in a time bound manner and concrete efforts be made for amending/deletion of sections 12 to 16 of Tea Act expeditiously.**

### **III. Need for Alternate Documentary Evidence for Identification of Small Tea Growers and also Sensitization Drive for Enlistment**

#### **Observation/Recommendation (Para No. 4)**

12. The Committee were dismayed to find that the difficulties faced by the small growers are further compounded as they are required to produce documentary evidence of legal ownership of the land under plantation and other mandatory supporting records for registration. Land being a State subject, State Governments, grappling with this onerous responsibility of establishing title deeds of the area under tea cultivation, were already issuing possession certificates issued to them. The Committee however, found that for availing individual benefits such as subsidy for replanting/rejuvenation

or irrigation, the grower still needs to establish legal ownership of the land under cultivation, for which requisite revision of relevant provisions of the extant laws remains the only solution. Considering the imperatives of expeditious enumeration of small tea growers with a view to bringing them under the ambit of the regulatory framework, the Committee desired that the Ministry make an all out effort towards a two pronged strategy to regularize all existing unlisted growers within a specific time-frame while also simultaneously enforcing a stringent registration/enlistment of any new plantation. To this end, the Committee desired the Ministry to also explore other alternate means of enlistment such as issue of valid identity cards to 'qualified tea growers', not necessarily linked to their ownership of land under cultivation so that genuine tea growers are not deprived of the benefits due to them for want of land documents. The Committee further recommended that such efforts should be adequately augmented by an aggressive sensitization drive on the benefits of registration/enlistment and also provision of appropriate platforms and incentives to motivate these excluded small tea growers to come forward on their own to enlist themselves. The Committee observed that the Ministry's ongoing endeavour for a complete census to create a database of small tea growers through surveys by State Governments enlistment from growers Associations, Self Help Groups, etc., through long overdue and much belated, are nevertheless the need for the hour and desired that the same should be expeditiously carried out. The Committee also hope that the setting up of a separate Small Growers Directorate and the proposed IT based National Programme on Tea Regulation for a complete computerized data on tea growers by the 12th Five Year Plan period would pave the way for a more robust and effective regulation of the Tea Industry. The Committee requested the Ministry to keep them apprised.

13. In its Action Taken Notes, the Ministry stated:

**“Issue of valid identity cards to qualified tea growers**

Tea Board has already launched a Project for issuance of Bio-Metric cards to the small tea growers for establishing their valid identify. This Bio-Metric card is not linked with their ownership right over the land under tea cultivation rather it would help them in getting all assistance from the Board through self help groups/producer societies. Holding bio-metric card is one of the pre-requisites for the growers for securing membership of self help groups/producer societies.

**Sensitization drive on the benefits of enlistment**

One of the primary tasks assigned to the development officers deployed under the Small Grower Development Directorate is to carry out a complete enumeration of the small growers under their respective area jurisdiction and issue each and every grower with a bio-metric card. Secondly, the growers are to be motivated to become members of the SHG/Producer societies to reap collectively all the benefits being made available through the Plan schemes to Tea Board.

### Status of survey of Small Tea Growers (STG) in various States

**1. Assam:** As reported earlier, first phase of survey was completed in 14 districts. The 2nd phase covering the remaining 13 districts has also since been completed. While the full report on the 1st phase is available, the same for the 2nd phase is awaited. The combined survey data for the two phases made available indicate that the total number of growers in the State add up to 77,879 covering an area of 1,40,935 acres. Tea Board has initiated the process of physical verification and issuing bio-metric cards to the growers.

**2. West Bengal:** The field survey has been completed and final report is awaited from the State Government. The survey data made available to the Board indicate that there are 21,375 growers holding tea area of 88,963 acres.

**3. Tripura:** The survey is under progress. So far, 2255 growers holding an area of 5398 acres have been enumerated. The State Government has indicated that the complete formal report will be furnished shortly.

**4. Himachal Pradesh:** The survey has been completed and report received indicates that there are, 3123 growers holding an area of 1693 acres.

**5. South India:** The zonal office of the Board has so far enumerated 42104 growers covering the total tea area of 88994 acres spread over three States, namely, Tamil Nadu (36456 growers), Kerala (5657 growers) and Karnataka (01 grower).

### Summary

Sl. No.	State	No. of Growers enumerated	Tea Area in acres
1.	Assam	77879	140935
2.	West Bengal	21375	88963
3.	Tripura	2255	5398
4.	Himachal Pradesh	3123	1693
5.	South India	42104	88994
Total		146736	325983

### Establishment of separate Directorate for Small Tea Growers

The head office of the Directorate has been established at Dibrugarh in Assam and it became functional from 1st April, 2013. First batch of 39 technical officers have joined the Directorate and they are presently undergoing training. The 2nd batch is expected to join shortly.

### **Deployment of Development Officers at Grass Root Level**

It is proposed to deploy the Development Officers (DO) in all the important clusters where the small growers are concentrated so as to reach out to 3000 to 5000 growers by one DO. With such placement, it is endeavoured to reach out to every small tea grower in the country. The job responsibilities of the DOs include identification and enumeration small growers, measurement of tea area owned by them, actual production of green leaf and the factories to which they supply the green leaf. Each of the growers would be provided with a bio-metric identification card and the growers would be motivated to become member of SHG/Producer Society, which in turn could establish a linkage with a Bought Leaf Factory or an estate factory. By establishing such one to one linkage, it would be possible to ensure a transparent mechanism for auguring a fair price for the green leaf supplied by the growers.

### **Development of Factory Advisory Officers**

The Factory Advisory Officers (FAO) would be placed in all the tea growing regions for providing technical support to the tea factories for adopting Good Manufacturing Practice (GMP) and they will be closely monitoring performance of the factories, with regard to the quality of green leaf procured, type of tea made, mode of disposal, price realized and green leaf price paid to the growers etc.

### **National Programme on Tea Regulation**

The Tea Board's proposal for launching a National Programme for Tea Regulation during the XII Plan period is under active consideration of the Government."

**14. The Committee are pleased to note that in pursuance of their recommendations, the Ministry has initiated various measures for registration of small tea growers including the Project for issuance of high tech Bio-Metric cards to small tea growers for establishing their valid identity for availing benefits of schemes of the Tea Board. The Committee desire that they be apprised of the tangible benefits accrued to the small tea grower as a result of the Ministry's endeavour towards enlistment. Appreciative of the proposal of the Tea Board for launching a National Programme for Tea Regulation during the XII Plan period, the Committee urge that the programme be launched expeditiously and the Committee apprised.**

#### **IV. Dismal Rate of Replantation of Aging Commercially Non-Productive Tea Plants**

##### **Observation/Recommendation (Para No. 10)**

15. The Committee were appalled to find that even after the launch of the Special Purpose Tea Fund (SPTF) in 2007 to facilitate large scale plantations, the rate of re-plantation averaged at 1.53 percent per annum which hitherto hovered disally at 0.5 percent per annum. The issue of the imperative need for a continuous and steady re-plantation had engaged the attention of the Committee since 1969 and the PAC (1987-88) in their 107th Report of 8th Lok Sabha, particularly observed that the failure of the Tea Board of India to ensure re-plantation at the rate of 2 percent per annum of the total planted area as per the Scheme intimated to the PAC (1969-70) affected the

industry both quantitatively and qualitatively and had urged for close monitoring of the progress of plantation in coordination with planters, research bodies and plantation workers. While admitting that achievement of 2 percent per annum target of re-plantation depends largely on the industry's initiative and availability of resources for investment, the Ministry of Commerce in their Action Taken Notes on the aforesaid observation had stated that a National Committee was set up to draw up a long term strategy and plan for the tea industry. The Committee were constrained to observe that the gravity of the present day crisis facing the Indian tea industry could perhaps been avoided had the Ministry taken up earnest action on the observations/recommendations of the earlier PACs for effective implementation. While reiterating their earlier recommendation that realistic and achievable targets for re-plantation be fixed after a scientific and coherent assessment of fund needs and mobilization of all resources including technological know-how to ensure achievement of the targets fo fixed, the Committee observed that the need of the hour called for serious retrospection on the part of the Ministry and the Tea Board and come forth with a comprehensive and concrete plan of action for rejuvenation of our tea industry, increase in production, productivity and for preserving its quality and image. The current domestic demand for tea as well as global tea market must factor in while preparing such a plan, in consultation with all stakeholders as well as experts and scientists connected with the tea industry. In their considered view all out and comprehensive strategy must be evolved in order to secure the pre-eminent position of Indian tea in the world trade.

16. The Ministry in its Action Taken Notes submitted as under:

“Due importance has been given to the recommendations of the Committee with regard avolving a comprehensive and concrete plan of action for rejuvenation of our tea industry; increase in production, productivity and for preserving its quality and image. Factoring of current domstic demand for tea as well as global tea market to secure the pre-eminent position of Indian tea in the world trade.

While preparing the strategic plan of action for the XII Plan period, besides the baseline survey of all tea gardens in the country, an elaborate exercise had been undertaken in consultation with all stakeholders as well as experts and scientists connected with the tea industry. The domestic as well as export demands were factored in while estimating the targets of production for the XII Plan period in the Tea Board's proposal.

In keeping with the production and export targets, XII Plan schemes aimed at increasing production, productivity, improving quality and product mix, market promotion, workers welfare and R&D support measures have been formulated in the Tea Board's proposal.”

**17. In view of the imperative need for the sustained and steady re-plantation to replace the aging tea plants, which had also engaged the attention of PAC (1969-70) and PAC (1987-88), the Committee had recommended for serious retrospection on the part of the Ministry and the Tea Board to come forth with a comprehensive and concrete plan of action for rejuvenation of our tea industry for increase in production,**

**productivity and for preserving its quality and image. The Committee observe that the Action Taken Note furnished by the Ministry contains assurance that the recommendation of the Committee would be given due importance while preparing the strategic Plan of Action for the XII Plan period but significantly no clear targets for re-plantation of tea gardens have been given. The Committee therefore urge the Government to fix clear targets for tea re-plantation, year-wise and they be appraised.**

**V. Want of Tangible Research Activities and Need for Stipulation of Stringent Regulation for Enforcement of Mandatory Standards of Indian Tea**

**Observation/Recommendation (Para No. 15)**

18. The Committee were concerned to note the Audit findings that during the period under review neither any deliverables were transferred for the use of the tea industry nor were any patents filed indicating want of tangible research activities. The Committee were of the considered view that continuous renovation of field assets and Research & Development on a sound footing covering not only technologies and processes but also financial, organizational, managerial and marketing aspects are essential for sustainable growth in both quality and quantity tea production. Admittedly, research work on various areas *viz.* integrated nutrient management; development of new superior tea cultivars with higher yield, quality and resistance to drought, biotic stresses, etc; innovative approaches to tea manufacturing and processing technologies; integrated package for electronic essential for quality testing/monitoring of tea; quality improvement and value added tea products; pest control and disease management; effect of climate change in tea; and health benefits of tea were being carried out by various research institutes. The Committee desired that the research should produce quantifiable and positive outcomes backed by requisite statistical data on the input output co-relation on the investments made *vis-a-vis* productivity and quality enhancement. Stately, tea factories are also being advised to go in for ISO 22000 HACCP certification as part of their modernization drive to raise the quality of tea to confirm to norms of ISO 3720, the international standard for tea. The Committee emphasised that such certifications have become a compelling necessity as they provide the much needed credibility and brand image to Indian tea products in the international market. The Committee, therefore desire that the Tea Board to come out the stringent regulations for effective enforcement of the mandatory standards and also encouraged additional accreditations which though not mandatory are nevertheless best adhered to so as to gain further competencies and brand building in global tea marketing.

19. In its Action Taken Note the Ministry of Commerce and Industry stated as under:

“Tea Board while monitoring and evaluating ongoing research activities conducted by three Tea Research Institutes (TRA, UPASI and DTR&DC) in India advised to the research organizations for generating tangible results/information in the form of technology development/commercialization, patenting, research publication etc. Research Evaluation Committee meeting organized by Tea Board used to deliberate the above issues in line with the requirement of the industry.

During the period under report a large number of technology were developed/ commercialized and provided to the industry for its utilization. Also, a patent (microbial kit) was filed for the detection of microbes in the tea factory machineries. To other products (green p3 as plant defense booster and polyphenol reached tea tablets) were developed and will be processed for patenting. Two clonal cultivars were developed for the utilization of tea industry and five clones are under final stage of evaluation. Five seed varieties have undergone trial and at their final stage of evaluation. More than hundred research papers have been published in different national and international journals.

The following salient achievements are noted:

1. Package of practices was developed for organic tea cultivation for different plantation areas (Darjeeling, Assam and South India).
2. Promising Phosphorous solubilizing bacteria isolated from Darjeeling tea soil are ready to be used to developed bio-fertilizers (phosphate solubilizing) for Darjeeling tea industry.
3. New planting design for mechanical harvesting was developed.
4. Commercialization was done for consortia of ten bacterial biocontrol agents against tea disease.
5. Recommendation was released for ammonium salt of glyphosate as a post emergence herbicide for weed control in tea.
6. Mass production technique of biocontrol agents have been standardize and recommended to the industry for its preparation.
7. A technology was developed for biocontrol of termite pest in tea.
8. Developed technology for preparation of green & black soluble tea (which can be used as antioxidant, beverage and food additives).
9. Developed technology for Phosphate enriched vermicompost and vermiwash for foliar application.

The stress is on focused industry driven tea research wherein the outputs are quantifiable and applicable to the industry.

To ensure uniform minimum standard for all tea factories, Tea Board has asked TRA and UPASI to standardize tea manufacturing process to ensure quality tea production for separating and removing common impurities in Tea, like sand, stones, non-magnetic tramp metal pieces, ash etc. and magnetic impurities like iron and rust powder, de-stoner, de-dust etc., grade separator, which can be followed uniformly all over country."

**20. The Committee are happy to note that in pursuance of their recommendation, the Ministry has made tangible achievement in the field of Tea Research and Development. However, the Committee find that the reply of the Ministry is completely**



**silent on the important aspect of the Committee's recommendation for prescribing stringent regulations for enforcement of mandatory standards for quality of Indian tea. What is further disquieting is that despite the oft-repeated concern expressed by the Committee to gain further competencies and brand building in global tea marketing by encouraging additional accreditations, there is no mention of the same in the Action Taken Notes of the Ministry. The Committee would like the Government to take this issue with utmost seriousness and action taken in this regard may be apprised to them.**

## **VI. Dismal Performance in the Exports sectors of the Tea Industry**

### **Observation/Recommendation (Para No. 17)**

21. Dismal performance in the exports sector of the tea industry revealed itself in the declining export share from 15.17 percent in 1993 to 11.15 percent in 2010. The Committee noted with profound concern that market diversification efforts including exploring new markets through the overseas offices of Tea Board and other promotional activities have not yielded any effective results and the three schemes for promoting exports viz., Export Incentive Scheme, Transport Subsidy Scheme and Export Promotion Scheme have not made even marginal impact having benefited a mere 11 percent of total exporters. Intriguingly, ₹ 36 crore was spent on domestic promotion campaign without specifying the outcomes achieved. The Committee observe that enhanced differentiated customer needs all over the world changing the hitherto bulk tea demand as a commodity to that of value added tea products in branded packs underlies the imperatives of product diversification for increasing global market share of Indian tea. The Committee had made a similar recommendation as early as 1969, but unfortunately the counsel remained largely unheeded. Further, keeping in view that branding and value addition go hand in hand and have emerged as the best strategy to retain customer, the Committee recommended that the Tea Board initiate more pro-active measures for strong brand building and differentiated value addition to tea products as per the consumer demands after conducting a thorough market research. The Committee also desired that the Tea Board should make tangible efforts to continuously identify and imbibe evolving successful marketing strategies such as niche marketing, cost leadership, extensive distribution networks, customer focus and quick delivery of products while also moving towards an efficient e-marketing strategy to capture the vast sale potential of Indian tea.

22. In its Action Taken Notes, the Ministry stated as under:

*“Its a fact that India's percentage share in the world market has declined in terms of quantity of teas from other tea producing countries. But in absolute terms of quantity and value of tea the export from India has increased. India has exported 173.73 m. kgs., tea in 1993 (15.03% of world export market). In 2010 India exported 222.02 m. kgs., but the market share is lower. In value terms too, India has registered an increase. While unit value of tea exported in 1993 was ₹ 65.19 per kg., the unit value of teas exported in 2010 was ₹ 137.75 per kg. thereby, registering an increase of 111.31%.*

To develop successful promotional and marketing strategies, Tea Board will conduct market surveys in the strategically potential markets like Russia UAE, Iran, USA to capture consumer likes and dislikes and trends during the 12th Five Year Plan. After such thorough market research Tea Board will prepare more proactive measures for strong brand building and differentiated value addition to tea products as per the consumer demands.

Tea Board has modified two schemes (i) Scheme for participation in Fairs and Exhibitions with Tea Board, and (ii) Brand Support Scheme for providing promotional support to Indian exporters of branded Indian teas in the overseas markets."

**23. The Committee note the assurance of the Government that the Tea Board will conduct market surveys in the strategically potential markets like Russia, UAE, Iran, USA to capture consumer likes and dislikes in order to develop successful promotional and marketing strategies and thereafter prepare strong brand building measures for Indian tea. The Tea Board has notably modified two schemes for providing promotional support to Indian tea exporters. The Committee should like to be apprised of the outcome of these measures in due course.**

**VII. Strategic Vision to meet the Challenge of Restoring the Country to its Original First Position in the Global Tea Market**

**Observation/Recommendation (Para No. 20)**

24. The Committee found that many systemic and other deficiencies plague the Tea Board and the Tea Industry. In order to meet the growing challenges of a fiercely competitive global trade in tea, steep decline in India's tea export from 48% to 12%, the Tea Board needs to initiate urgent measures to address the problems so that India attains its pre-eminent position in terms of quality and quantity of tea produced. The Committee further recommended that the small growers may also be brought within the purview of the Tea Board by effecting necessary amendments in the Tea Act while ensuring that statutory amenities and facilities are provided to the tea plantation workers including health and education of their families. The Committee also reiterated the recommendation of the Departmentally Related Parliamentary Standing Committee on Commerce made in their 102nd Report of 15th Lok Sabha pertaining to consideration for a compensation package for workers laid off during the gestation period of re-plantation. The Committee, therefore, ardently hoped that the strategic vision of the Ministry of Commerce to meet these challenges would accomplish not only its mission of restoring the country to its deserved original position in the global tea market but also fulfil its social obligations of a more promising standard of living of all those who are dependent on the fortunes of the tea industry. The Committee therefore reiterated the need for comprehensive review of the extant legislation and the working of the Tea Board in order to boost production and productivity of Indian tea and to ameliorate the living conditions of the workers engaged in the tea industry.

25. The Ministry in its Action Taken Note submitted as under:

**“compensation package for workers laid off during the gestation period of re-plantation”:**

Uprooting and replanting does not render any worker being laid off during the gestation period. In fact, more number of man days is required for uprooting and replantation and upkeep of the young plantations during the gestation period. Regular and annual programmes of replanting activity would generate additional work relating to rising of nurseries, uprooting, preparation of land for replanting and after care of young tea plants during gestation period. While working out compensation package for the replantation during the 12th Plan Period, as proposed by the Tea Board, revenue loss arising out of the crop loss during the gestation period of 5 years from uprooting of old tea has also been factored in. The revised package is expected to encourage the tea gardens to take up replanting in right earnest.

**“providing amenities and facilities to the tea plantation workers including health and education of their families”:**

A comprehensive HRD scheme has been formulated for implementation during the 12th Five Year Plan. The scheme provides for extending various facilities for the tea garden workers towards improving health, hygiene of the workers' families and education of the wards of the tea garden workers.

**Initiation of suitable measures to address the growing challenges of the tea industry so that India attains its pre-eminent position in terms of quality and quantity of tea produced.**

Due importance has been given to the recommendations of the Committee with regard evolving a comprehensive and concrete plan of action for rejuvenation of our tea industry, increase in production, productivity and for preserving its quality and image. Factoring of current domestic demand for tea as well as global tea market to secure the pre-eminent position of Indian tea in the world trade.

While preparing the strategic plan of action for the XII Plan period besides the baseline survey of all the tea gardens in the country, an elaborate exercise had been undertaken in consultation with all stakeholders as well as experts and scientists connected with the tea industry. The domestic as well as export demands were factored in while estimating the targets of production for the XII Plan period.

In keeping with the production and export targets, XII Plan schemes aimed at increasing production, productivity, improving quality and product mix, market promotion, workers welfare and R&D support measures have been formulated and under consideration of the Government.

### **Comprehensive amendment of the Tea Act**

In order to make the Tea Act more relevant to the present day context and to face the emerging challenges, a comprehensive amendment of the Tea Act is under consideration of the Government. It includes substantial increase in the penalties for major contraventions as well.

#### **“Review of working of Tea Board”:**

The Indian Institute of Management, Kolkata has been engaged for undertaking a study on the organization structure and management of Tea Board and to suggest suitable measures for improving working efficiency of the Board. The study is under progress and focus areas of the study include the following areas:

- (i) To review the functioning of the organization.
- (ii) To suggest systemic changes in the organization structure and associated roles and responsibilities of its employees.
- (iii) To suggest mechanism for data capture and dissemination.
- (iv) To suggest improvements in processes so that routine queries of the top management can be answered more quickly and more accurately.
- (v) To review existing use of Information and Communication Technology (ICT) and to suggest changes, if any, for improvement and efficiency.

**26. The Committee take note of the various initiatives taken by the Ministry for restoring the country to its deserved original position in the global tea market. The Committee, however, exhort the Ministry to ramp up its efforts so that India restores its pre-eminent position in world tea export. Further, the Committee ardently urge the Government to ameliorate the living conditions of the tea plantation workers and the rules regarding compensation package for workers laid off during gestation period of re-plantation may also be reviewed.**

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Observation/Recommendation

The Tea Board of India came into being, as a statutory body under the Ministry of Commerce and Industry, in the year 1954 and remains the apex body for overall development of tea industry in India. Its functions, as defined under Section 4 of the Tea Act, 1953 span across a wide spectrum and *inter-alia* include developmental, regulatory, research, marketing and promotional activities. Various aspects of the working of the Tea Board had been examined by earlier PACs and rampant deficiencies in its performance pointed out time and again. The Committee, however, observe that despite their earlier recommendations/observations to overcome such lacunae, the Government have not been able to put in place the much needed corrective mechanism. The PAC (1969-70) and PAC (1987-88) had recommended for development of alternative markets and exploration for expansion into emerging markets of developing countries, association of competent personnel engaged in the trade for export promotion, review of functioning of Tea Centres abroad, encouragement for quality tea production especially Darjeeling tea, product diversification and value addition to tea, augmentation of research work on tea and dissemination of its results to the planters for practical application, review of the requirement of quantitative growth and qualitative improvement of tea industry which had been affected due to the Government's failure to make a realistic assessment of actual funding needs for plantation of tea and also failure to ensure re-plantation, review of the whole question of subsidy *vis-a-vis* further growth of the Industry, etc. The Committee find that many of these observations hold relevance in equal measure and reverberate in their current findings. **This is symptomatic of the systemic failure plaguing the Tea Board and undoubtedly reveals the extent of complacency that has seeped into its functioning while also exposing its unpreparedness to rise to the growing challenges of a fiercely competitive global trade in tea as reflected by the relegation of the country's ranking to the second position with China overtaking India which *hitherto* was the reigning top tea producer in the world for nearly a century.**

[Para 1 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### Action Taken

Keeping in view the increasing competition in the world market, five strategically important markets *viz.* U.S.A., Russia, Kazakhstan, Iran and Egypt have been selected for extensive and intensive promotional intervention through execution of five specific activities over five years. The activities identified are 'Extensive promotion of India Tea Logo (familiarization/creating awareness)', 'Engagement with the local trading community', 'Consumer-oriented promotion', 'Utilization of Social Media' and 'Focus on export of value-added teas by putting in place infrastructure enablers'.

The above countries were selected based on the parameters of "Market Attractiveness and Potentiality" and "Ability to compete by the Indian Tea Industry". The foremost objective of the entire exercise is to position "Indian Tea" as an overarching umbrella brand under which five identified promotional activities would be designed, coordinated and implemented through reinforcing "Brand India" connects amongst the target trade and consumers. This is expected to result in prominent brand recall for "Indian Tea" over the short to medium term so as to translate into significant increase in value market shares in the targeted markets for years to come. The country-specific activities identified have been planned for implementation through event management/advertising agencies, who would be guided by dedicated Project Management Groups (PMGs) constituted for the respective countries.

Many tea promotion events have been successfully organized in 5-5-5 countries except Egypt. The event in Iran, Russia, Kazakhstan and USA have been highly appreciated by the Exporters as well as Importers and has resulted in increased awareness of Indian tea among local consumers and helped in enhancement of visibility of packaged teas containing Indian tea. As a positive development there have been signing of several MoUs for Indian Tea Promotion, like MoU between Indian Tea Association and Iranian Tea Association in Iran, MoU between Rusteacoffee Association and Tea Board in Russia.

Special Advertisement is being released in leading overseas Trade journals and electronic media, Journalists are being invited to India to have a firsthand knowledge on Indian tea industry.

For visual advertisement, facebook page has been launched in Russian language targeted towards Russian and Kazak consumers. The process for utilizing social media in an aggressive way is under process.

In store promotion both in Russia and Kazakhstan is also being planned where leading Indian packaged tea brands shall be displayed in shelves of popular departmental stores.

For promoting Indian Brand, the use of Indian Tea Logos on 100% Indian tea packets is being streamlined for brand promotion purpose. Negotiation with popular tea brands in Russia for the purpose of putting Indian tea logo on their package are in final stage.

Tea Park development is in progress at Siliguri (West Bengal) and others are proposed at Guwahati and Kolkata (in Kolkata Port Trust area).

For promoting tea consumption as a health wellness and lifestyle drink especially among youth, opening of Tea Boutiques by providing financial assistance to entrepreneurs is under process.

#### **Vetted Remarks of O/o Comptroller and Auditor General**

Ministry has outlined the action taken and proposed to be taken for Tea promotion. The action taken by Tea Board for promotion of Tea in four countries and plans of action contemplated for brand promotion were verified with reference to

relevant documents and found to be correct. Most of the actions were taken only during last one to two years and some of the proposed actions were included in the XII plan period, which is yet to be approved by Government. The ultimate result of such initiatives would only be known after sometime. Hence, no further comments.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### **Observation/Recommendation**

**The Committee are concerned to note the declining productivity of tea from 1865 kg. per hectare in 1997 to 1663 kg. per hectare in 2008, steady decline in the prices fetched by the Indian tea** over the last decade as compared to countries like Sri Lanka and Mauritius, increase in the cost of production with India having the highest cost of production amongst tea producing countries in the world and the only country where cost of sales was above the auction realization. The Committee further observe that while India's production share declined from 41 percent in 1950 to 26 percent in 2008, India's export share had also declined from 48 percent in 1950 to a dismal 12 percent in 2008 putting it at a mediocre fourth position in overall world rankings in terms of volume of tea export. In an area where the country can take a lot of pride with tea being indigenous to India and a glorious heritage of taste, what is intriguing is the fact that the import of tea had gone up from 1.37 million kg. in 1992-93 to 25 million kg. in 2009. It was in the above context that the C & AG decided to conduct a performance audit of the role of Tea Board in the Tea Development of India and scrutinized records of its functioning covering the period from 2002-03 to 2008-09. The deficiencies observed in Audit were, largely accepted by the Ministry of Commerce.

[Para 2 of the 65th Report of the Public Accounts Committee (15th Lok Sabha)]

### **Action Taken**

It's a fact that India's percentage share in the world market has declined in terms of quantity of teas from other tea producing countries. But in absolute terms of quantity and value of tea the export from India has increased. India has exported 173.73 m. kgs, tea in 1993 (15.03% of world export market). In 2010 India exported 222.02 m. kgs. but the market share is lower. In value terms too, India has registered an increase. While unit value of tea exported in 1993 was Rs. 65.19 per kg., the unit value of teas exported in 2010 was Rs. 137.75 per kg. thereby, registering an increase of 111.31%.

To develop successful promotional and marketing strategies, Tea Board will conduct market surveys in the strategically potential markets like Russia, UAE, Iran, USA to capture consumer likes and dislikes and trends during the 12th Five Year Plan. After such thorough market research, Tea Board will prepare more pro active measures for strong brand building and differentiated value addition to tea products as per the consumer demands.

Tea Board has modified two schemes (i) Scheme for participation in Fairs and Exhibitions with Tea Board, and (ii) Brand Support Scheme for providing promotional support to Indian exporters of branded Indian teas in the overseas markets.

### **Vetted Remarks of O/o Comptroller and Auditor General**

While accepting the Committee's contention, the Ministry has outlined the promotional and marketing strategies to be undertaken during XII Plan period. Tea Board's plan to conduct market surveys in potential markets in XII Five Year plan is at proposal stage. Further, out of two schemes mentioned in the reply, "Brand Support Scheme" was not a modified scheme, rather it is a new scheme proposed to be implemented during XII Plan period and "schemes for participation in Fairs and Exhibitions" which was originally implemented in XI Plan period was modified only in April 2013 for implementation during XII Plan period.

The effectiveness of these two schemes and proposed market survey in potential markets cannot be commented at this stage unless some quantifiable benefits accrue.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### **Observation/Recommendation**

The Committee are deeply concerned that even after 57 years of existence of the Tea Board, as of 2010, 125216 tea growers constituting more than 80 per cent of the small growers continue to remain outside the ambit of the Tea Board and are continuing tea cultivation without requisite permission in terms of the provisions of the Tea Act, 1953. The Committee observe that non-enumeration of such a large number of small growers remains one of the most important cause of failure of Tea Board to effectively discharge its basic regulatory role while also adversely impacting the effectiveness of its other functions. The Committee's examination revealed that redundant and rigid provisions of the governing Tea Act and the rules framed thereunder stood in the way of possible facilitation of regularization of these growers. While sections 12 and 14 of Tea Act, 1953 and Rule 30A of the Tea Rules, 1954 mandates a tea garden owner to furnish specific documents in support of his ownership/grant/lease of the land, survey maps, soil suitability reports, etc. for grant of planting permission or registration of the tea garden, these existing laws simply do not have any provision for *post facto* planting permission thereby disabling regularization of plantations already in existence. The Committee note that the provision for issuance of permit for planting tea under sections 12 and 14 of the Tea Act was incorporated to fulfil the country's obligation to the International Tea Agreement which was in force at the time of enactment of the Act, the main thrust of which was to regulate over production and glut in the global tea market by means of earmarked quotas of production. Startlingly, by the Ministry's own admission, even though the aforesaid Agreement expired way back in 1956, these archaic and redundant provisions of the Act still continue to be enforced by the Tea Board. The Committee recommends that Sections 12 and 14 of the Tea Act may be suitably amended.

[Para 3 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]



### **Action Taken**

Enumeration of Small Tea Growers in all the major tea growing States is underway either with the help of the concerned State Governments or directly through the field offices of the Board. The survey in Assam and Himachal Pradesh has since been completed. In Tripura and South India it is nearing completion. Survey in West Bengal has also been completed, the final report is awaited.

The Tea Board's proposal for deletion of Section 12 to Section 16 of the Tea Act is under active consideration of the Government.

### **Vetted Remarks of O/o Comptroller and Auditor General**

The Enumeration work as stated in the reply is yet to be completed in all respect to achieve the desired objective. The proposal for deletion of Section 12 to Section 16 of the Tea Act, 1953 has not been sent to Government as yet. Though the reply is factually incorrect to this extent, the fact remains that Tea Board has initiated steps for amending the concerned sections of the Tea Act as recommended by the Committee.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### **Observation/Recommendation**

The Committee are dismayed to find that the difficulties faced by the small growers are further compounded **as they are required to produce documentary evidence of legal ownership of the land under plantation and other mandatory supporting records for registration.** Land being a State subject, State Governments, grappling with this onerous responsibility of establishing title deeds of the area under tea cultivation, were already issuing possession certificates issued to them. The Committee however, find that for availing individual benefits such as subsidy for replanting/ rejuvenation or irrigation, the grower still needs to establish legal ownership of the land under cultivation, for which requisite revision of relevant provisions of the extant laws remains the only solution. Considering the imperatives of expeditious enumeration of small tea growers with a view to bringing them under the ambit of the regulatory framework, the Committee desire that the Ministry make an all out effort towards a two pronged strategy to regularize all existing unlisted growers within a specific timeframe while also simultaneously enforcing a stringent registration/enlistment of any new plantation. To this end, the Committee desire the Ministry to also explore other alternate means of enlistment such as issue of valid identity cards to 'qualified tea growers', not necessarily linked to their ownership of land under cultivation so that genuine tea growers are not deprived of the benefits due to them for want of land documents. The Committee further recommend that such efforts should be adequately augmented by an aggressive sensitization drive on the benefits of registration/enlistment and also provision of appropriate platforms and incentives to motivate these excluded small tea growers to come forward on their own to enlist themselves. The Committee observe that the Ministry's ongoing endeavour for a complete census to create a database of small tea growers through surveys by State

Governments enlistment from growers Associations, Self Help Groups, etc., though long overdue and much belated, are nevertheless the need of the hour **and desire that the same should be expeditiously carried out.** The Committee also hope that the setting up of a separate Small Growers Directorate and the proposed IT based National Programme on Tea Regulation for a complete computerized date on tea growers by the 12th Five Year Plan period would pave the way for a more robust and effective regulation of the Industry. **The Committee would like the Ministry to keep them apprised.**

[Para 4 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

#### **Issue of valid identity cards to qualified tea growers**

Tea Board has already launched a Project for issuance of Bio-Metric cards to the small tea growers for establishing their valid identity. This Bio-Metric card is not linked with their ownership right over the land under tea cultivation rather it would help them in getting all assistance from the Board through self help groups/producer societies. Holding bio-metric card is one of the pre-requisites for the growers for securing membership of self help groups/producer societies.

#### **Sensitization drive on the benefits of enlistment**

One of the primary tasks assigned to the development officers deployed under the Small Grower Development Directorate is to carry out a complete enumeration of the small growers under thier respective area jurisdiction and issue each and every grower with a bio-metric card. Secondly, the growers are to be motivated to become members of the SHG/Produce societies to reap collectively all the benefits being made available through the Plan schemes of Tea Board.

#### **Status of survey of Small Tea Growers (STG) in various States**

**1. Assam:** As reported earlier, first phase of survey was completed in 14 districts. The 2nd phase covering the remaining 13 districts has also since been completed. While the full report on the 1st phase is available, the same for the 2nd phase is awaited. The combined survey data for the two phase made available indicate that the total number of growers in the State add up to 77,879 covering an area of 1,40,935 acres. Tea Board has initiated the process of physical verification and issuing bio-metric cards to the growers.

**2. West Bengal:** The field survey has been completed and final report is awaited from the State Government. The survey data made available to the Board indicate that there are 21,375 growers holding tea area of 88,963 acres.

**3. Tripura:** The survey is under progress. So far, 2255 growers holding an area of 5398 acres have been enumerated. The State Government has indicated that the complete formal report will be furnished shortly.

**4. Himachal Pradesh:** The survey has been completed and report received indicates that there are, 3123 growers holding an area of 1693 acres.

**5. South India:** The zonal office of the Board has so far enumerated 42104 growers covering the total tea area of 88994 acres spread over three States, namely, Tamil Nadu (36456 growers), Kerala (5657 growers) and Karnataka (01 grower).

#### Summary

Sl. No.	State	No. of Growers enumerated	Tea Area in acres
1.	Assam	77879	140935
2.	West Bengal	21375	88963
3.	Tripura	2255	5398
4.	Himachal Pradesh	3123	1693
5.	South India	42104	88994
<b>Total</b>		<b>146736</b>	<b>325983</b>

#### **Establishment of separate Directorate for Small Tea Growers**

The head office of the Directorate has been established at Dibrugarh in Assam and it became functional from 1st April, 2013. First batch of 39 technical officers have joined the Directorate and they are presently undergoing training. The 2nd batch is expected to join shortly.

#### **Deployment of Development Officers at Grass Root Level**

It is proposed to deploy the Development Officers (DO) in all the important clusters where the small growers are concentrated so as to reach out to 3000 to 5000 growers by one DO. With such placement, it is endeavored to reach out to every small tea grower in the country. The job responsibilities of the DOs include identification and enumeration small growers, measurement of tea area owned by them, actual production of green leaf and the factories to which they supply the green leaf. Each of the growers would be provided with a bio-metric identification card and the growers would be motivated to become member of SHG/Producer Society, which in turn could establish a linkage with a Bought Leaf Factory or an estate factory. By establishing such one to one linkage, it would be possible to ensure a transparent mechanism for ensuring a fair price for the green leaf supplied by the growers.

#### **Deployment of Factory Advisory Officers**

The Factory Advisory Officers (FAO) would be placed in all the tea growing regions for providing technical support to the tea factories for adopting Good Manufacturing Practice (GMP) and they will be closely monitoring performance of the factories, with regard to the quality of green leaf procured, type of tea made, mode of disposal price realized and green leaf price paid to the growers etc.

#### **National Programme on Tea Regulation**

The Tea Board's proposal for launching a National Programme for Tea Regulation during the XII Plan period is under active consideration of the Government.

**Vetted Remarks of O/o Comptroller and Auditor General**

Ministry has outline various steps taken for the benefit of small tea growers. All the actions taken or proposed to be taken were verified with reference to documents made available to audit and found to be in tune with the reply. However, any tangible benefit accruing from the action taken ascertained at this stage. Ministry should not only update the progress, but also highlight achievements/benefits accruing from such action to the Committee periodically. No further comment to offer at this stage.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

**Observation/Recommendation**

The Committee note with profound concern that a highly tolerant inspection regime coupled with undeterred penalties and gross information deficit on activities of various stakeholders of the trade remains the major impediment in the exercise of effective control over them resulting in failure to ensure fair practices and quality products. Surprisingly, the Committee find that even the penalties stipulated under section 36 to 42 of the Tea Act for major contraventions such as illegal cultivation, illicit export etc. still remained unrevised and abysmally low at Rs. 1000-Rs. 5000. The Committee also note that lack of adequate manpower inhibited regular periodic inspections of the activities of manufacturers/buyers of tea, with inspections invoked only on complaints received. Further, non-submission of requisite returns by the manufacturers and buyers on a regular basis compromised effective monitoring and also timely compilation of tea statistics. The Committee observe that a system incorporating instantaneous access to crucial real-time data not only on tea statistics but also information on manufacturers/buyers coupled with a robust inspection regime with inbuilt provisions for mandated periodic as well as surprise checks by an empowered inspection team with requisite powers of search and seizure and state-of-art technical support and a stringent enforcement of deterrent punitive/financial penalties remains one of the key requirements to meet the increasing challenges of high technology trading malpractices all across the globe. The Committee deprecate to find that the much belated initiative of the Ministry to engage Indian Institute of Management (IIM), Kolkata to re-engineer the existing process of information collection and create an online database with provisions for e-auction system, electronic sale for non-auction route, online buying system, etc. is still in the proposal stage. The Committee are, therefore, distressed to note that the Tea Board is way behind in their e-commerce initiative for more transparent, reliable, accessible and faster transactions. Needless to say, this leaves a huge gap in the race for a sharp-competitive edge in the global market while also compromising effective monitoring of the trade. The Committee, therefore recommend that the Tea Board ramp up its effort to introduce e-commerce supported by a Computerized Management Information System to register business transactions and commercial operations of Tea Board through automated documentation and an

online real time database. The Committee would like the Ministry to apprise them on the action taken in this regard.

[Para 5 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

#### **Revision of penalties stipulated under Sections 36 to 42 of the Tea Act for major contraventions**

In order to make the Tea Act more relevant to the present day context and to face the emerging challengers, a comprehensive amendment of the Tea Act is under active consideration of the Government. It includes substantial increase in the penalties for major contraventions.

#### **Regular periodic inspections of the activities of manufacturers/buyers of tea**

For ensuring regular periodic inspections of gardens/factories/warehouses, a detailed inspection schedule is to be drawn up for inspecting all gardens/factories/warehouses in the country shortly.

#### **On-line submission of E-returns**

Software has been developed and put in place for enabling the manufacturers to submit the production details on line *w.e.f.* 1st January, 2013. In addition, field officers have been mandated to collect and collate production details each month for the tea gardens falling under their respective jurisdiction.

#### **On-line sale of Tea Waste**

An electronic platform has been established for online sale of Tea Waste *w.e.f.* 1st October, 2012.

#### **Pan India E-auction**

Proposal to integrate all the public Tea Auction centers in the country for facilitating Pan India online trading and the discussion in this regard with the stake holders have been initiated and it is expected to start the Pan India E-auction from 1st July, 2013.

#### **Tea Councils to Monitor the quality of tea exports and imports for re-export**

In order to closely monitor the quality of tea exported and that imported for re-export after value addition, two tea councils one each for North India and South India have been set up with membership drawn from representatives of producer, exporter and tea tasters.

#### **Cancellation of Exporter Licenses**

Strict actions are now being taken for non-submission of requisite returns on time. 157 permanent exporters license have since been cancelled on account of non-submission of export returns. Show cause notices are also being issued for non-submission of returns.

### **Commercial operations of Tea Board**

Tea Board being a Regulatory Body for the tea industry, it is not involved in any commercial operations.

### **Vetted Remarks of O/o Comptroller and Auditor General**

As stated earlier, the proposed amendments to Tea Act are yet to be sent to Government for approval. As informed by the Tea Board the necessary amendment would be placed in the next board meeting to be held on 24th June, 2013 and thereafter the proposal sent to Government for consideration.

In respect of other facts mentioned in the reply such as periodic inspections, E-cancellation of export licenses etc., the action taken by the Tea Board was verified and found to be correct.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### **Observation/Recommendation**

The Committee observe that a strong and vibrant legal framework with a strict enforcement regime is undoubtedly the first essential step for any effective regulation. The Committee are, however, anguished to find the Ministry's indifference to this very important aspect as exuded by the presence of numerous redundant, rigid as well as gaping holes in the various provisions in the extant laws governing the tea industry standing in the way to effective regulation, which the Ministry have so far chosen to ignore all through their nearly six decades of existence. They deplore that the initiative to amend the Tea Act for exempting small tea growers from the purview of Sections 12 and 14 and also for revision of penalties as provided under Sections 36 to 42 is still in the proposal stage. Taking cognizance of the fact that the long overdue response of the Ministry is a little too less and too late, the Committee recommend that a comprehensive review of all existing legislations/regulations be carried out and a well crafted framework, alive to the present global challenges and customized to the ground realities, by way of requisite amendments to existing laws or formulation of new regulations wherever needed, be brought out expeditiously, in a time bound manner and the Committee apprised.

[Para 7 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

In order to make the Tea Act more relevant to the present day context and to face the emerging challenges, a comprehensive amendment of the Tea Act is under active consideration of the Government. It includes substantial increase in the penalties for major contraventions as well.

### **Vetted Remarks of O/o Comptroller and Auditor General**

The Proposal comprehensive amendments to the Tea Act were scrutinized and found correct. The proposal contained increasing the quantum of penalty from one thousand rupees to five lakh rupees for violation of various provisions of Tea Act. However, the proposal is yet to be submitted to the Government. The key amendments in the Tea Act should be intimated to the Committee.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### **Observation/Recommendation**

The Committee are deeply concerned to note that India's production share in global tea production had declined from 29.80 percent in 1993 to 23.76 percent in 2010. Notably, while productivity in respect of all major tea producing countries had been increasing over the period from 1994 to 2009, productivity in India had been declining. The Committee find that one of the primary reasons for low productivity and substandard quality of tea in India was aging plantations and the total area under commercially unproductive bushes alarmingly increased from 42 percent in 1997 to 57 percent in 2009 posing a serious threat to the Tea Industry. What, however, concerns the Committee is the criticality of the situation as brought home by the fact that at the current pace of re-plantation, it would take as long as 149 years to wipe off the back-log. Admittedly, the stark statistics as submitted by the Ministry that as per their latest baseline survey of 2011, as much as 37 percent of the total standing tea bushes in India are more than 50 years old, the economic threshold age for tea plants as compared to that of China. Wherein nearly one-third of its plantations, equivalent to the total current area in India, is less than 10 years of age exposing the level of comparative disadvantage the country suffers in terms of productivity. The Committee observe that an aggressive re-plantation drive remains the main solution to the present crisis facing the tea industry. The Committee therefore would like the Government to draw a long term re-plantation plan indicating the age of current plantation and the time schedule for re-plantation for the next twenty years and then apprise them.

[Para 8 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

The Board agrees with the audit observations with regard to low productivity and declining quality due to aging of the plantations. Due importance has been given to this aspect and suitable modifications have been made in the XII Plan, as proposed by the Tea Board. It contains making the incentives attractive for the tea plantations to take up replanting in right earnest. The special drive made during the XI Plan period did in fact helped in accelerating the average rate of replanting to the level of 1.54% per annum as against the dismal rate of 0.5% per annum during the previous plan periods.

As per the baseline survey of all tea gardens in the country, the extent of area with age of bushes more than 50 years stood at **148523 ha. as of 1.4.2012**. It has been targeted for renovation of 47,000 ha. *i.e.* 1/3 of the old tea area during the XII Plan period. At this rate it would be feasible for complete renovation of old tea areas over the next 20 years as recommended by the Committee.

**Physical achievement, however, would depend upon the financial resources to be made available through the plan schemes of the Board in commensurate to the physical targets.**

#### **Vetted Remarks of O/o Comptroller and Auditor General**

While agreeing to Committee's observation, Ministry outlined its action plan for re-plantation of ageing Tea Bushes during XII Plan, which was verified with reference to relevant documents and found to be correct. However, the Ministry has sought adequate financial resources to meet the desired target. No further comment on this issue.

Sd/-

Additional Secretary  
[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

#### **Observation/Recommendation**

Mindful of the fact that re-plantation, besides being a capital intensive activity with resultant loss of crop arising out of uprooting and a long gestation period of a minimum of five years time before the new tea bushes gives yield and almost Nil returns on investment during the gestation period, the Committee feel that, as of now, adequate Governmental support in the form of subsidy remains the only effective means for inducing planters to go in for large scale re-plantation. In this context, keeping in view the fact that the Tea Industry sustains the livelihood of a sizeable section of the population, the Committee support the recommendation of the Department Related Parliamentary Standing Committee on Commerce made in their 102nd Report of 15th Lok Sabha pertaining to consideration for a compensation package for workers laid off during the gestation period of re-plantation. The Committee are also concerned to note the failure of the Tea Board to evaluate the long term impact of rejuvenation pruning which have a lesser gestation time and is one of the most important operations next to plantation determining the productivity of tea bushes. The Committee desire that due importance should be given to rejuvenation pruning as well and the Tea Board should put in necessary checks and procedures to ensure that it is carried out during the prescribed period in order to get the maximum yield.

[Para 9 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

##### **The compensation package for Re-plantation**

The compensation package for re-plantation as worked out for the XII Plan period includes offsetting the revenue loss arising out of the crop loss during the gestation period of five years from uprooting of old tea.



A technical committee has been constituted to revisit the Unit Cost and revise it in commensurate with the actual cost of replanting after factoring in wage cost and input cost at periodic interval. The membership of the technical committee comprises of representatives of Tea Research Institutes—TRA, UPASI-TRF, Tea industry, NABARD and the Tea Board.

**Compensation package for workers laid off during the gestation period of re-plantation**

Uprooting and replanting does not render any worker being laid off during the gestation period. In fact, more number of man days is required for uprooting and replantation and upkeep of the young plantation during the gestation period. The regular annual programme of replanting activity would generate additional work relating to arising of nurseries, uprooting, preparation of land, planting and after care etc.

**The long term impact of rejuvenation pruning**

The evaluation of both rejuvenation pruning and replantation has been carried out as a part of the evaluation of the XI Plan schemes of Tea Board. The reported results comparing the impact of the rejuvenation and replantation indicated only a marginal increase in productivity in the case of rejuvenation pruning as this operation does not allow replacement of old tea bushes. On the other hand uprooting of old tea bushes and replanting with high yielding clones resulted in much higher productivity when compared with that of rejuvenation pruning.

However, considering the fact that uprooting and replanting in hilly areas with steep slopes is not only a difficult task but also leads to loss of valuable top soil due to soil erosion, rejuvenation pruning and infilling and inter-row planting is supported with subsidy for the tea gardens located in hilly areas under the Plantation Development scheme, as proposed by the Tea Board.

Suitable guidelines have been framed for undertaking rejuvenation pruning and consolidation of old tea areas through infilling of vacancies/inter row planting for increasing the bush population in unit area. The disbursement of subsidy has been linked with actual physical progress made in the field in respect of pruning, infilling or inter-row planting as the case may be. This has been proposed by the Tea Board.

**Vetted Remarks of O/o Comptroller and Auditor General**

Although the Ministry did not agree for any direct compensation package to the workers laid off during gestation period, compensation for revenue loss arising out of crop loss has been proposed in the XII Plan period. Other proposals and action taken by the Ministry such as framing of guidelines and linkage of disbursement of subsidy to physical progress of work were verified and found to be in tune with the reply. However, the result of all such steps/actions would take some time to culminate. Hence, no further, comment at this stage.

Sd/-

Additional Secretary  
[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### **Observation/Recommendation**

The Committee are appalled to find that even after the launch of the Special Purpose Tea Fund (SPTF) in 2007 to facilitate large scale plantations, the rate of re-plantation averaged at 1.53 percent per annum which hitherto hovered dismally at 0.5 percent per annum. The issue of the imperative need for a continuous and steady re-plantation had engaged the attention of the Committee since 1969 and the PAC (1987-88) in their 107th Report of 8th Lok Sabha, particularly observed that the failure of the Tea Board of India to ensure re-plantation at the rate of 2 per cent per annum of the total planted area as per the Scheme intimated to the PAC (1969-70) affected the industry both quantitatively and qualitatively and had urged for close monitoring of the progress of plantation in coordination with planters, research bodies and plantation workers. While admitting that achievement of 2 percent per annum target of re-plantation depends largely on the industry's initiative and availability of resources for investment, the Ministry of Commerce in their Action Taken Notes on the aforesaid observation stated that a National Committee was set up to draw up a long term strategy and plan for the tea industry. The Committee are constrained to observe that the gravity of the present day crisis facing the Indian tea industry could perhaps have been avoided had the Ministry taken up earnest action on the observations/recommendations of the earlier PACs for effective implementation. While reiterating their earlier recommendation that realistic and achievable targets for re-plantation be fixed after a scientific and coherent assessment of fund needs and mobilization of all resources including technological know-how to ensure achievement of the targets so fixed, the Committee observe that the need of the hour calls for serious retrospection on the part of the Ministry and the Tea Board and come forth with a comprehensive and concrete plan of action for rejuvenation of our tea industry, increase in production, productivity and for preserving its quality and image. The current domestic demand for tea as well as global tea market must factor in while preparing such a plan, in consultation with all stakeholders as well as experts and scientists connected with the tea industry. In their considered view all out and comprehensive strategy must be evolved in order to secure the pre-eminent position of Indian tea in the world trade.

[Para 10 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

Due importance has been given to the recommendations of the Committee with regard to evolving a comprehensive and concrete plan of action for rejuvenation of our tea industry; increase in production, productivity and for preserving its quality and image. Factoring in current domestic demand for tea as well as global tea market to secure the pre-eminent position of Indian tea in the world trade.

While preparing the strategic plan of action for the XII Plan period, besides the baseline survey of all the tea gardens in the country, an elaborate exercise had been undertaken in consultation with all stakeholders as well as experts and scientists connected with the tea industry. The domestic as well as export demands were factored in while estimating the targets of production for the XII Plan period in the Tea Board's proposal.

In keeping with the production and export targets, XII Plan schemes aimed at increasing production, productivity, improving quality and product mix, market promotion, workers welfare and R&D support measures have been formulated in the Tea Board's proposal.

**Vetted Remarks of O/o Comptroller and Auditor General**

While accepting the recommendation of the Committee, the Ministry has stated that recommendation/observation have been suitably incorporated in the XII Plan documents, which are expected to result in increase in production, improving quality etc. The XII Plan is yet to be approved by the Government. We do not have further comment to offer. However, Ministry should update the quantifiable results of action to the Committee periodically.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

**Observation/Recommendation**

Inadequacy of funds was one of the main reasons for tardy pace of re-plantation. Worse, the failure of the Tea Board to realistically estimate requirement of funds for re-plantation and want of proper intervention is evident from the fact that the Tea Board spent a mere Rs. 21.06 Cr. During the X Five Year Plan and yearly Rs. 18.87 Cr. In the first four years of the XI Plan (March, 2011) against the worked out capital investment of Rs. 6091.21 Cr. for replantation of 2,47,610 hectares of tea bushes aged more than 40 years as on 1st January, 2009. The enormity of the task of re-plantation of aged bushes spread over 2,47,610 hectares calls for development of a perspective plan and concerted action plan. The Committee recommend a comprehensive perspective plan to developed and implemented in a phased/time-bound manner for re-plantation of all tea bushes more than 50 years within the 12th Plan period. The Committee would like to be apprised of the detailed plan along with the time lines for re-plantation for the 12th Plan year-wise and hectare-wise.

[Para 11 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

**Action Taken**

It has been targeted to renovate 47,000 ha. *i.e.* 1/3 of the old tea area during the XII Plan period. Extensive consultations have been made with the stake holders and it has been pointed out that uprooting beyond 2% per annum would not be economically feasible for sustaining the cash flows. Hence, it would be difficult proposition for re-plantation of all tea bushes more than 50 years within the 12th Plan period. However, it would be quite feasible for complete renovation of old tea areas over the next 20 years as recommended by the Committee elsewhere. Physical achievement, however, would depend upon the financial resources to be made available through the plan schemes of the Board in commensurate to the physical targets.

The year-wise targeted area for renovation of old aged bushes during the XII Plan, as proposed by the Tea Board, is as under:—

(Area in Ha.)

Year	Replantation	Rejuvenation	Total
2012-13	6000	1000	7000
2013-14	7000	1000	8000
2014-15	8000	1500	10000
2015-16	9000	1500	10500
2016-17	10000	2000	11500
Total	40000	7000	47000

#### **Vetted Remarks of O/o Comptroller and Auditor General**

As recommended by the Committee, the Ministry has submitted its action plan for re-plantation/renovation of old age bushes. Hence, no further comments.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A dated 12th July, 2013]

#### **Observation/Recommendation**

The Committee find that the SPTF launched in the year 2007 for extending financial support in the ratio of 50% loan component, 25% subsidy and 25% cost to be borne by the industry met with only modest achievements as the low rate of subsidy component did not result in planters going in for large scale re-plantation. The Committee's examination revealed that the identification of the areas for re-plantation, basically left to the option of growers and done usually in batches, strengthens the case for an imperative need for devising a much more attractive and incentivized subsidy scheme for re-plantation, factoring in all hitherto inhibitive reasons and an aggressive awareness drive amongst the growers on the long term benefits of re-plantation. The Committee appreciate the proposal to make the SPTF more attractive by discontinuation of the loan component *w.e.f.* 1.4.2012, revising the unit cost after factoring in wage and input costs and also enhancing the subsidy rate. The Committee are pleased to note the other initiative of the Government to provide incentives for re-plantation through the provision of Income Tax exemption under section 33AB of the Income Tax Act under which 40% of the taxable income is exempted from tax provided the funds so exempted are utilized for replanting and other developmental activities as notified by the Tea Board under the Tea Development Account Scheme. The Committee also desire that the Ministry give due weightage to the suggestions given by the institute of Plantation Management, Bangalore that the identified beneficiaries of a more robust and attractive

Scheme be implemented through Authorized Financial Institutions from a consortium of Banks to ensure financial discipline required for the implementation of critical development Schemes like the SPTF with Tea Board acting as the facilitator. The Committee would like to be apprised of the action taken in this behalf.

[Para 12 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

The incentives for replantation have been made more attractive by including the following benefits to the applicants during the XII Plan period:

1. Upward revision of rate of subsidy from 25% to 30%.
2. Compensation crop loss during the gestation period.
3. Payment of part of subsidy in advance for raising nursery to ensure availability of adequate and good quality planting material.
4. Relaxation of age limit for erstwhile close tea gardens.

The consortium arrangement with the banks was tried and tested during the XI Plan period and it did not yielded desired results despite the fact that the long term loan was made available at soft rate of interest. It would, therefore, may not be worthwhile to implement the scheme through a consortium of banks.

#### **Vetted Remarks of O/o Comptroller and Auditor General**

Inclusion of stated benefits in the SPTF scheme in the XII Plan period was verified and found to be correct. Ministry however, did not agree to the recommendation of IPM regarding involvement of consortium of banks in the scheme due to non-achievement of desired results during XI plan period. Ministry should periodically inform the result of the action taken for success of the Scheme to the Committee. No further comments to offer.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

#### **Observation/Recommendation**

The Committee note the failure of the Tea Board to provide relevant maps and data pertaining to tea gardens to Indian Space Research Organization (ISRO) resulting in non-commencement of the remote sensing project costing Rs. 5 crore. For identification of area for re-plantation using Normalized Difference Vegetation Index (NDVI) techniques of satellite data processing. Mindful that the applications of remote sensing technology have emerged as cost effective means for efficient management of the nation's natural resources and a promising tool for sustainable development, the Committee deplore callousness on the part of Tea Board which resulted in delay in

mapping of potential areas for replantation, the proverbial first step in any large scale re-plantation scheme. The Committee also note with profound concern the failure of the Tea Board to popularize use of even mechanical aids such as pruning machines, widely in practice in other tea producing countries for reduction of labour cost as well as for increasing efficiency. Notably, in this age of rapid improvements in technological prowess, timely up-gradation of technology/techniques and mechanization holds the key for constant improvements of efficiency in any industry. The Committee, therefore, recommend an aggressive modernization drive for replacement of old inefficient practices with more state-of-the-art machines and mechanical aids to bring about more efficiency and productivity at lower cost. To this end, the Committee desire adequate popularization campaigns strongly advocating the benefits of these mechanical aids supported by affordable, easy and accessible finance to help growers obtain these aids.

[Para 13 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

The required maps have since been collected from each garden and provided to Regional Remote Sensing Service Center (RRSSC), Kolkata.

As recommended by the Committee, necessary provision for extending subsidy (up to 25% of cost) for the following mechanical aids/equipments has been incorporated in the XII Plan, in the proposal of the Tea Board:—

- (i) mechanical harvesting equipments;
- (ii) pruning machines; and
- (iii) JCVs for uprooting old tea bushes.

The Government is considering for implementation of the Scheme during the XII Plan period. Thereafter, wide publicity to the scheme would be given to all stake holders.

#### **Vetted Remarks of O/o Comptroller and Auditor General**

Tea Board has submitted maps in respect of Assam and West Bengal to ISRO. Action taken by the Ministry based on recommendation of the Committee for inclusion necessary provisions in XII Plan as well submission of maps to ISRO was verified. No further comments to offer.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

#### **Observation/Recommendation**

The Committee are dismayed to note that lower increase in price realization from export of Indian tea was primarily due to inferior quality, adverse product mix and other marketing factors. The Committee further note with concern that the percentage of

orthodox tea production in India which was as high as 66 per cent in 1961 of the total production came down drastically to a mere 8 per cent in 2005, though it is the orthodox tea variant which the world market demands. The Committee find the Tea Board's efforts towards conversion from CTC (Cut, Tear and Crush) variant of tea to orthodox tea production through their various Schemes such as Orthodox Tea Production Subsidy Scheme, Quality Up-gradation and Product Diversification and Price subsidy Scheme, did not meet the desired objectives of correction of imbalance in the product mix and product diversification due to various deficiencies *viz.* absence of a benchmark for perceptible increase in orthodox tea production; excess/irregular payment of subsidy; non-maintenance of proper record of payment of subsidy to small growers and ineffective monitoring of impacts/benefits accrued. The Committee desire that the Tea Board's proposal for revision of the subsidy Scheme for the XII Plan period to further incentivize the growers and producers to switch from CTC to orthodox tea production should be effectively implemented for timely achievement of targets. The Committee further desire that a strict monitoring regime be put in place to ensure that the off take of subsidies co-relate to actual quantifiable outcomes in terms of higher production of the Orthodox tea variant. The Committee also find that the failure of the Tea Board to take action for reduction in the cost of production as one of the main factors contributing to the declining productivity. Keeping in view that cost advantage if not cost leadership is, but, one of the most prominent strategies for competition advantage in marketing of any commodity the Committee desire that the Ministry should not undermine this aspect. The Committee, therefore, recommend a systemic, periodic and regular cost studies with mandatory follow up action to identify elements contributing to cost escalation with a view to initiate immediate steps for appropriate and quick redressal thereof. Further, the Committee note deficiencies in training activities under the Human Resource Development Scheme aimed at improving the productivity of manpower for overall cost reduction. The Committee observe that constant skill up-gradation of workers/pluckers as well as capacity building of entrepreneurial skills of managers through appropriate training inputs and exposure to new methods, procedures, technology and mechanical aids is needed for the Indian tea industry to synchronize itself to the advancing global market requirements. The Committee, therefore, recommend that the Tea Board should pay full and proper attention to this vital aspect and devise appropriate training modules for all levels of workers in the tea industry in collaboration with reputed training institutes in India and abroad.

[Para 14 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

1. The production incentives scheme for production of orthodox and green tea has since been revised for implementation during the XII Plan period, as proposed by the Tea Board.
2. The Tea Board has proposed to provide a flat rate subsidy @ Rs. 3/- per kg. of actual production of orthodox and green tea under the XII Plan scheme.
3. For encouraging incremental production, it has been proposed by the Tea Board to provide incentives ranging from Rs. 1 to Rs. 5 depending upon the

increase over the base production. The incentive will be determined by taking into account the moving average production over the five years immediately preceding the application year which will be treated as base production. If the actual production in the applied year is more than this base production, the difference is treated as increment volume eligible for additional incentive.

4. For creating more processing facilities for orthodox tea and green teas, it has been proposed by the Tea Board to extend support in the form of subsidy @40% for setting up of green tea, orthodox tea and specialty tea factories.
5. Due importance has been given for imparting training to the tea plantation workers for their skill up-gradation and also organize executive programmes to the tea plantation managers through reputed institutes.
6. A standing technical committee comprising the representatives of Tea Research Institutes, Tea industry, Tea Board and NABARD for periodical review of the unit cost by taking into consideration of the enhancement of wages and escalation of input costs.
7. A centralized subsidy flow monitoring system has been established to ensure that the subsidy amount reaches the eligible applicants. Fund are being transferred through RTGS mechanism.

#### **Vetted Remarks of O/o Comptroller and Auditor General**

Ministry in its reply outlined the action taken/proposed to be taken in respect of each of Committee's recommendation. Most of the actions are proposed to be taken during XII Plan period, which is yet to be approved. Hence, no further comments to offer at this stage. However, the Ministry should apprise the Committee about actual implementation of the proposed actions periodically, so that the desired objectives are achieved.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

#### **Observation/Recommendation**

The Committee are, concerned to note the Audit findings that during the period under review neither any deliverables were transferred for the use of the tea industry nor were any patents filed indicating want of tangible research activities. The Committee are of the considered view that continuous renovation of filed assets and Research and Development on a sound footing covering not only technologies and processes but also financial, organizational, managerial and marketing aspects are essential for sustainable growth in both quality and quantity tea production. Admittedly, research work on various areas *viz.* integrated nutrient management; development of new superior tea cultivars with higher yield, quality and resistance to drought, biotic stresses, etc; innovative approaches to tea manufacturing and processing technologies; integrated



package for electronic essential for quality testing/monitoring of tea; quality improvement and value added tea products; pest control and disease management; effect of climate change in tea; and health benefits of tea are currently being carried out by various research institutes. The Committee desire that the research should produce quantifiable and positive outcomes backed by requisite statistical data on the input output co-relation on the investments made *vis-a-vis* productivity and quality enhancement. Stately, tea factories are also being advised to go in for ISO 22000 HACCP certification as part of their modernization drive to raise the quality of tea to confirm to norms of ISO 3720, the international standard for tea. The Committee emphasis that such certifications have become a compelling necessity as they provide the much needed credibility and brand image to Indian Tea products in the international market. The Committee, therefore desire that the Tea Board to come out the stringent regulations for effective enforcement of the mandatory standards and also encourage additional accreditations which though not mandatory are nevertheless best adhered to so as to gain further competencies and brand building in global tea marketing.

[Para 15 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

Tea Board while monitoring and evaluating ongoing research activities conducted by three Tea Research Institutes (TRA, UPASI and DTR&DC) in India advised to the research organizations for generating tangible results/information in the form of technology development/commercialization, patenting, research publication etc. Research Evaluation Committee meeting organized by Tea Board used to deliberate the above issues in line with the requirement of the industry.

During the period under report a large number of technology were developed/ commercialized and provided to the industry for its utilization. Also, a patent (microbial kit) was filed for the detection of microbes in the tea factory machineries. To other products (green p3 as plant defense booster and polyphenol reached tea tablets) were developed and will be processed for patenting. Two clonal cultivars were developed for the utilization of tea industry and five clones are under final stage of evaluation. Five seed varieties have undergone trial and at their final stage of evaluation. More than hundred research papers have been published in different national and international journals.

The following salient achievements are noted:

1. Package of practices was developed for organic tea cultivation for different plantation areas (Darjeeling, Assam and South India).
2. Promising Phosphorous solubilizing bacteria isolated from Darjeeling tea soil are ready to be used to developed bio-fertilizers (phosphate solubilizing) for Darjeeling tea industry.
3. New planting design for mechanical harvesting was developed.
4. Commercialization was done for consortia of ten bacterial bio-control agents against tea disease.

5. Recommendation was released for ammonium salt of glyphosate as a post emergence herbicide for weed control in tea.
6. Mass production technique of bio-control agents have been standardize and recommended to the industry for its preparation.
7. A technology was developed for bio-control of termite pest in tea.
8. Developed technology for preparation of green and black soluble tea (which can be used as antioxidant, beverage and food additives).
9. Developed technology for Phosphate enriched vermicompost and vermiwash for foliar application.

The stress is on focused industry driven tea research wherein the outputs are quantifiable and applicable to the industry.

To ensure uniform minimum standard for all tea factories, Tea Board has asked TRA and UPASI to standardize tea manufacturing process to ensure quality tea production for separating and removing common impurities in Tea, like sand, stones, non-magnetic tramp metal pieces, ash etc. and magnetic impurities like iron and rust powder, de-stoner, de-dust etc., grade separator, which can be followed uniformly all over country.

#### **Vetted Remarks of O/o Comptroller and Auditor General**

Action taken by the Ministry in research and development was verified and found to be in tune with the reply. However, with respect to Committee's final recommendation regarding stringent regulation for effective enforcement of mandatory standards, no action has yet been proposed by the Ministry. This may need to be considered by the Committee.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

#### **Observation/Recommendation**

Patenting a product and getting Geographical Indication (GI) tag not only ensures that none other than those registered as authorized users are allowed to use the popular product name but also identifies the product to the region of origin while also giving competitive advantage in marketing the product. Undoubtedly, filing of patents for variants of tea of indigenous Indian origin is important for patronizing it for promotion abroad as well as for effective deterrent action on their unauthorized marketing. The Committee, are however, dismayed to find that after the Darjeeling Tea was proudly declared as the first Geographical Indication tagged product of India in 2004-05, the Tea Board could not file a single patent despite the great variants of indigenous Indian tea with glorious heritage of taste and demanded globally. The Committee, therefore, recommend that the Ministry take urgent steps to identify these indigenous variants eligible for the GI tag and file for their patents and the Committee be apprised.

[Para 16 of the 65th Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

Darjeeling Tea (Logo & Word) has been registered as composite GI in 2003. The other great variants of Indigenous Indian tea are Assam and Nilgiri teas with glorious heritage of taste. The Assam Orthodox tea (Logo & Word) and Nilgiri Orthodox Tea (Logo & Word) have already been registered as composite GIs in 2007 by Tea Board in India, to provide protection to these teas from various infringements and deceptive/misleading business practices under TRIPS agreement. Again in 2007, only Tea Board applied for getting registration of 'Darjeeling' as Protected Geographical Indication (PGI) with European Commission and in 2011 and the Board succeeded to get Darjeeling Tea Protected under EU. It became the First Indian Product to be protected as PGI in EU for its uniqueness and special characteristics. Therefore, it can be stated that Tea Board has taken steps for its major indigenous variant teas for getting composite GI (Logo & Word) and got the same.

### **Vetted Remarks of O/o Comptroller and Auditor General**

Ministry in its reply stated that in addition to Darjeeling Tea, Assam Orthodox Tea was also registered as composite GI. It was, however, observed that Assam Orthodox Tea were registered for protection within India. Ministry should take efforts to get them protected even outside India as in the case of Darjeeling Tea, as recommended by the Committee.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A dated 12th July, 2013]

### **Observation/Recommendation**

The Committee hope that the project 5-5-5 Scheme concentrating efforts for increasing export to five major countries through execution of five specific activities for five years stated to commerce from the year 2012-13 at the cost of Rs. 5.5 crore produce the desired result. The Committee further desire aggressive marketing campaign for brand promotion including the possibility of outsourcing such activities to professional private agencies for focused targeted campaigns on specially identified potential consumer groups with adequate linkages to incentives and disincentives for effective and timely achievement of targets. The Audit had observed that these functions could instead be performed through the Economic Wing in the Indian Missions/Posts abroad in harmony with their earlier recommendation. The Committee therefore reiterate that the role and performance of these foreign offices be reviewed and evaluated in the light of the valuable assistance rendered by out Missions/Posts abroad and the Committee apprised. Having regard to the remedial measures proposed for implementation during the 12th Plan period emphasizing on *inter-alia* health, wellness and lifestyle aspects of tea for enhanced tea consumption among the youth; infrastructure development like tea parks; tea warehouses, laboratories, etc. through Public Private Partnership, visual advertisements through social networks etc. the Committee recommend that the Ministry monitor the implementation of these initiatives; set up a robust monitoring mechanism and apprise the Committee in course of time.

[Para 18 of the 65th Report of the Public Accounts Committee (15th Lok Sabha)]

### **Action Taken**

Many Tea promotion events have been successfully organized in 5-5-5 countries except Egypt. The event in Iran, Russia, Kazakhstan & USA have been highly appreciated by the Exporters as well as Importers and has resulted in increased awareness of Indian tea among local consumers and helped in enhancement of visibility of packaged teas containing Indian tea. As a positive development there have been signing of several MoUs for Indian Tea Promotion, like MoU between Indian Tea Association & Iranian Tea Association in Iran, MoU between Rusteacoffee Association and Tea Board in Russia.

Special Advertisement are being released in leading overseas Trade journals and electronic media. Journalists are being invited to India to have a first hand knowledge on Indian tea industry.

For visual advertisement, face book page has been launched in Russian language targeted towards Russian and Kazak consumers. The process for utilizing social media in an aggressive way is under process.

In store promotion both in Russia and Kazakhstan is also being planned where leading Indian packaged tea brands shall be displayed in shelves of popular departmental stores.

For promoting Indian Brand, the use of Indian Tea Logos on 100% Indian tea packets is being streamlined for brand promotion purpose. Negotiation with popular tea brands in Russia for the purpose of putting Indian tea logo on the package are in final stage.

Tea Park development is in progress at Siliguri (West Bengal) and others are proposed at Guwahati and Kolkata (in Kolkata Port Trust area).

For promoting tea consumption as a health wellness and lifestyle drink specially among youth, opening of Tea Boutiques by providing financial assistance to entrepreneurs in under process.

### **Vetted Remarks of O/o Comptroller and Auditor General**

The Ministry has furnished the same reply as submitted to Sl.No. 1 of the Committee's Recommendation.

In this connection it is reiterated that initiative of plan of action stated in the reply was taken during last one to two years. The efficacy of such initiative would only be evident after some time.

The aspect of review of the role and performance of foreign offices and evaluation as reiterated by the Committee has not been dealt with by the Ministry in their reply.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### Observation/Recommendation

The Committee are concerned to note diversion of funds from Plan to Non-Plan from time to time for meeting Non-Plan expenditure, inadequate internal generation of funds, total dependence on Government support for every activity and weak financial management and internal controls. Further the Committee note that the rate of cess on tea has been revised to maximum permissible limit of 50 paise/kg. for all variants of tea other than Darjeeling Tea for which the rate of cess is 20 paise/kg. Apparently, the projected cess collection of Rs. 48 crore per annum is grossly inadequate for the overall development of the tea industry and the expansion of the activities of the Tea Board. The Committee, therefore, recommend that the Tea Act, be amended suitably so that the rate of cess can be calibrated as per the requirements. Keeping in view that dictum that increase in revenue generation is one of the most significant markers of the financial growth of any organization, the Committee also wish to impress upon the Tea Board not to undermine the importance of revenue generation and put in sustainable operational measures for self reliance in financial matters. The PAC (1988-89) had also observed that grant of subsidy did not speak highly of the entrepreneurial ability of tea industry. In this context, the Committee recommend that dependence on subsidies and other Government support should be taken as temporary alleviative measures which ought to be phased out eventually, moving towards a more profitable regime. The Committee also recommend streamlining and restructuring of internal audit system for more effective and efficient internal control system commensurate with the extent of activities undertaken, which is but the *sine-qua-non* of a robust financial management system.

[Para 19 of the 65th Report of the Public Accounts Committee (15th Lok Sabha)]

### Action Taken

Plan fund was used under non-plan heads to meet the operational expenses of plan implementation. However, from the year 2011-2012 such diversions have been completely stopped.

To bridge the gap between Government receipt and expenditure, thrust is being given to generate more IEBR (Internal Extra Budgetary Resources). With such effort, IEBR has increased from Rs. 99.94 Lakh in the beginning of 11th Plan (2007-08) to Rs. 260.52 Lakh in the terminal year of the 11th Plan (2011-12). However, the Board, as a Non-commercial/Non-profit making concern, does not have wide avenues to generate Internal Resources except for some receipts against license issuance and interest on short term deposits.

Regarding Tea Cess, proposal for amendment of Tea Act to ensure that the rate of cess can be calibrated as per the requirements is under active consideration of the Ministry.

For better and effective Internal Audit mechanism and to establish a sound Financial Control mechanism, Tea Board has appointed independent Chartered Accountant Firm for preparation of Accounts Manual as the first steps towards ensuring better financial management. Appointment of an outside independent Internal Auditor to take up the Internal Audit job is in its final stages.

### **Vetted Remarks of O/o Comptroller and Auditor General**

The fact of increase in IEBR, non diversion of fund since 2011-12 and proposal for calibration of the rate of Tea Cess through amendment of Tea Act was verified and found to be correct. Tea board has initiated action for preparing an Accounts Manual and also for appointing an Internal Auditor.

The suggestion that Tea Board should explore options for revenue generation in order to be less dependent on govt. subsidy has not been given the importance it deserves mainly on the ground that Tea Board being a non-commercial/non-profit making concern, does not have wide avenues to generate resources. This aspect needs to be reviewed by the Ministry.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

### **Observation/Recommendation**

To sum up, the Committee finds that many systemic and other deficiencies plague the Tea Board and the Tea Industry. In order to meet the growing challenges of a fiercely competitive global trade in tea, steep decline in India's tea export from 48% to 12%, the Tea Board needs to initiate urgent measures to address the problems so that India attains its pre-eminent position in terms of quality and quantity of tea produced. The Committee further recommend that the small growers may also be brought within the purview of the Tea Board by effecting necessary amendments in the Tea Act while ensuring that statutory amenities and facilities are provided to the tea plantation workers including health and education of their families. The Committee also reiterate the recommendation of the Departmentally related Parliamentary Standing Committee on Commerce made in their 102nd Report of 15th Lok Sabha pertaining to consideration for a compensation package for workers laid off during the gestation period of re-plantation. The Committee, therefore, ardently hope that the strategic vision of the Ministry of Commerce to meet these challenges would accomplish not only its mission of restoring the country to its deserved original position in the global tea market but also fulfill its soial obligations of a more promising standard of living of all those who are dependent on the fortunes of the tea industry. The Committee therefore reiterate the need for comprehensive review of the extant legislation and the working of the Tea Board in order to boost production and productivity of Indian tea and to ameliorate the living conditions of the workers engaged in the tea industry.

[Para 20 of the 65th Report of the Public Accounts Committee (15th Lok Sabha)]

### **Action Taken**

#### **"Compensation package for workers laid off during the gestation period of re-plantation"**

Uprooting and re-planting does not render any worker being laid off during the gestation period. In fact, more number of man days is required for uprooting and

re-plantation and upkeep of the young plantations during the gestation period. Regular and annual programmes of re-planting activity would generate additional work relating to rising of nurseries, uprooting, preparation of land for re-planting and after care of young teas during gestation period. While working out compensation package for the re-plantation during the 12th Plan period, as proposed by the Tea Board, revenue loss arising out of the crop loss during the gestation period of 5 years from uprooting of old tea has also been factored in. The revised package is expected to encourage the tea gardens to take up replanting in right earnest.

**"Providing amenities and facilities to the tea plantation workers including health and education of their families"**

A comprehensive HRD scheme has been formulated for implementation during the 12th Five Year Plan. The scheme provides for extending various facilities for the tea garden workers towards improving health, hygiene of the worker families and education of the wards of the tea garden workers.

**Initiation of suitable measures to address the growing challenges of the tea industry so that India attains its pre-eminent position in terms of quality and quantity of tea produced.**

Due importance has been given to the recommendations of the Committee with regard to evolving a comprehensive and concrete plan of action for rejuvenation of our tea industry, increase in production, productivity and for preserving its quality and image. Factoring of current domestic demand for tea as well as global tea market to secure the pre-eminent position of Indian tea in the world trade.

While preparing the strategic plan of action for the XII Plan period besides the baseline survey of all the tea gardens in the country, an elaborate exercise had been undertaken in consultation with all stakeholders as well as experts and scientists connected with the tea industry. The domestic as well as export demands were factored in while estimating the targets of production for the XII Plan period.

In keeping with the production and export targets, XII Plan schemes aimed at increasing production, productivity, improving quality and product mix, market promotion, workers welfare and R&D support measures have been formulated and under consideration of the Government.

**Comprehensive amendment of the Tea Act**

In order to make the Tea Act more relevant to the present day context and to face the emerging challenges, a comprehensive amendment of the Tea Act is under consideration of the Government. It includes substantial increase in the penalties for major contraventions as well.

**"Review of working of Tea Board"**

The Indian Institute of Management, Kolkata has been engaged for undertaking a study on the organization structure and management of Tea Board and to suggest suitable measures for improving working efficiency of the Board. The study is under progress and focus areas of the study include the following areas:

- (i) To review the functioning of the organization.
- (ii) To suggest systemic changes in the organization structure and associated roles and responsibilities and its employees.
- (iii) To suggest mechanism for data capture and dissemination.
- (iv) To suggest improvements in processes so that routine queries of the top management can be answered more quickly and more accurately.
- (v) To review existing use of Information and Communication Technology (ICT) and to suggest changes, if any, for improvement and efficiency.

**Vetted Remarks of O/o Comptroller and Auditor General**

Ministry's reply is silent on Committee's recommendation that small growers be brought within the purview of the Tea Board by effecting necessary amendments in the Tea Act.

Proposals as narrated in the reply were verified with reference to the XII Plan document submitted to Government and found to be correct.

Proposal for amendment of Tea Act, however, is yet to be submitted to Government.

As observed, most of the actions stated in the reply are in proposal stage. Actual benefit can be ascertained only after implementation of such proposals. Hence, no further comments to offer.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]



**CHAPTER III**

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE  
GOVERNMENT

—NIL—

## CHAPTER IV

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

#### Observation/Recommendation

Dismal performance in the exports sector of the tea industry revealed itself in the declining export share from 15.17 per cent in 1993 to 11.15 per cent in 2010. The Committee note with profound concern that market diversification efforts including exploring new markets through the overseas offices of Tea Board and other promotional activities did not yield any effective results and the three schemes for promoting exports viz., Export Incentive Scheme, Transport Subsidy Scheme and Export Promotion Scheme did not make even marginal impact having benefited a mere 11 per cent of total exporters. Intriguingly, Rs. 36 crore was spent on domestic promotion campaign without specifying the outcomes achieved. The Committee observe that enhanced differentiated customer needs all over the world changing the hitherto bulk tea demand as a commodity to that of value added tea products in branded packs underlines the imperatives of product diversification for increasing global market share of India tea. The committee had made a similar recommendation as early as 1969, but unfortunately the counsel remained largely unheeded. Further, keeping in view that branding and value addition go hand in hand and have emerged as the best strategy to retain customer, the Committee recommend that the Tea Board initiate more pro active measures for strong brand building and differentiated value addition to tea products as per the consumer demands after conducting a thorough market research. The Committee also desire that the Tea board should make tangible efforts to continuously identify and imbibe evolving successful marketing strategies such as niche marketing, cost leadership, extensive distribution networks, customer focus and quick delivery of products while also moving towards an efficient e-marketing strategy to capture the vast sale potential of Indian tea.

[Para 17 of the 65th Report of the Public Accounts Committee (15th Lok Sabha)]

#### Action Taken

It's a fact that India's percentage share in the world market has declined in terms of quantity of teas from other tea producing countries. But in absolute terms of quantity and value of tea the export from India has increased. India has exported 173.73 m. kgs, tea in 1993 (15.03% of world export market). In 2010 India exported 222.02 m. kgs, but the market share is lower. In value terms too, India has registered an increase, While unit value of tea exported in 1993 was Rs. 65.19 per kg., the unit value of teas exported in 2010 was Rs. 137.75 per kg. thereby, registering an increase of 111.31%.

To develop successful promotional and marketing strategies, Tea Board will conduct market surveys in the strategically potential markets like Russia UAE, Iran, USA to capture consumer likes and dislikes and trends during the 12th five year plan. After such thorough market research Tea Board will prepare more pro active measures for strong brand building and differentiated value addition to tea products as per the consumer demands.

Tea Board has modified two schemes (i) Scheme for participation in Fairs and Exhibitions with Tea Board, and (ii) Brand Support Scheme for providing promotional support to Indian exporters of branded Indian teas in the overseas markets.

**Vetted Remarks of O/o Comptroller and Auditor General**

This reply is the same as stated in Sl. No. 2 of Committee's recommendation. As stated earlier, Plan of Action proposed in XII Plan period would take some time to materialize. The Ministry should inform the Committee about the quantifiable benefit accruing from such action plans periodically.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

## CHAPTER V

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES

#### **Observation/Recommendation**

The Committee deprecate that the rehabilitation of closed tea gardens, a regulatory role of the Tea Board as mandated under Section 16E of Tea Act, 1953 suffered heavily due to reluctance of banks to carry out restructuring as per the Scheme devised affecting the livelihood of 11,417 workers working in 12 gardens with financial liability of Rs. 92.51 crore of which Rs. 70.33 crore was towards liability of banks. The Committee find that such a situation resulted due to the failure of Tea Board to obtain formal commitment through bilateral agreement/MoUs with the financing banks at the time of formulation of the Scheme. The Committee are saddened to observe that lack of oversight in the formulation of the scheme resulted in non-achievement of targeted rehabilitated of closed tea gardens and desire that the Tea Board should exercise utmost care to ensure that such schemes having implications for the very livelihood of tea growers are not rendered dysfunctional due to want of appropriate and legally enforceable agreements with the financing banks. The Committee's examination further revealed many inherent limitations of the enabling provisions made in Section 16 of the Tea Act mainly providing for handing over the management of sick tea gardens to authorized persons/private entrepreneurs for rehabilitation *viz.* absence of provision for any sort of compensation either to the existing owner or for management/development of the tea garden; provision of only caretaker status to the authorized persons without ownership rights over land making them unable to mobilize funds from banks; maximum tenure of only 11 years giving little time for either any meaningful return on investment or to make the garden turn around; and unfavourable verdict of Courts/Govt./putting the onus of bearing the liabilities of the tea garden under liquidation to the private entrepreneurs. Noting that such difficulties have resulted in poor response from the public to take up the management control for requisite rehabilitation of the sick tea gardens, the Committee recommend that the Ministry should bring forth appropriate amendments to the Act to rectify the limitations and also desire that a conducive package be worked out with adequate incentives to make the offer attractive enough for private sector to invest so that sick tea gardens are turned around in the minimum possible time for higher productivity.

[Para 6 of the 65th Report of the Public Accounts Committee (15th Lok Sabha)]

#### **Action Taken**

The limitations of the enabling provisions made in Section 16 of the Tea Act as pointed out by the Committee are being examined and suitable amendments would be considered for amending the entire Chapter III A of the Tea Act.

**Vetted Remarks of O/o Comptroller and Auditor General**

The proposal for amendment of entire Chapter IIIA of the Tea Act including section 16 is scheduled to be placed in next Board meeting of Tea Board to be held in 24th June, 2013. Hence, no further comment to offer.

Sd/-

Additional Secretary

[Ministry/Department of Commerce O.M. No. 48018/1/2013-Plant-A  
dated 12th July, 2013]

NEW DELHI;  
31 January, 2014  
11 Magha, 1935 (Saka)

DR. MURLI MANOHAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*

**APPENDIX I**

(Vide Para 2 of Introduction)

MINUTES OF THE SIXTEENTH SITTING OF THE PUBLIC ACCOUNTS  
COMMITTEE (2013-14) HELD ON 30TH JANUARY, 2014

The Public Accounts Committee sat on Thursday, the 30th January, 2014 from 1130 hrs. to 1400 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

*Lok Sabha*

2. Shri Anandrao Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri Bhartruhari Mahtab

*Rajya Sabha*

7. Shri Prasanta Chatterjee
8. Shri Prakash Javadekar
9. Dr. V. Maitreyan
10. Shri N.K. Singh
11. Smt. Ambika Soni

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Jaya Kumar T. — *Additional Director*
3. Shri D.R. Mohanty — *Deputy Secretary*
4. Smt. A. Jyothirmayi — *Deputy Secretary*
5. Ms. Miranda Ingudam — *Under Secretary*
6. Shri A.K. Yadav — *Under Secretary*
7. Smt. Anju Kukreja — *Under Secretary*

**Representatives of the Office of the Comptroller and Auditor General of India**

- |    |                         |   |                           |
|----|-------------------------|---|---------------------------|
| 1. | Shri A.K. Singh         | — | Dy. C&AG                  |
| 2. | Smt. Usha Sankar        | — | Dy. C&AG                  |
| 3. | Shri Gautam Guha        | — | Director General of Audit |
| 4. | Smt. Ila Singh          | — | Director General of Audit |
| 5. | Shri C. Gopinathan      | — | Director General of Audit |
| 6. | Shri Jayant Sinha       | — | Pr. Director of Audit     |
| 7. | Shri Purushottam Tiwari | — | Pr. Director of Audit     |
| 8. | Shri A.M. Bajaj         | — | Pr. Director of Audit     |

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of C&AG to the sitting of the Committee. The Chairman, then, apprised that the meeting was convened to consider and adopt nine Draft Reports (five Original and four Action Taken Reports) of the Committee. Thereafter, the Committee took up the following draft Reports for consideration:

- |        |      |      |      |           |
|--------|------|------|------|-----------|
| (i)    | **** | **** | **** | ****      |
| (ii)   | **** | **** | **** | ****      |
| (iii)  | **** | **** | **** | ****      |
| (iv)   | **** | **** | **** | ****      |
| (v)    | **** | **** | **** | ****      |
| (vi)   | **** | **** | **** | ****      |
| (vii)  | **** | **** | **** | ****      |
| (viii) | **** | **** | **** | ****; and |

- (ix) Draft Report on Action Taken on the 65th Report (15th Lok Sabha) on **'Role of Tea Board in Tea Development in India'**.

3. After detailed deliberations, the Committee then took up Draft Reports one by one for consideration and adoption. The Draft Reports at Sl. No. (i), (ii) and (iii) were adopted with some modifications/amendments that are given as annexure and the rest were adopted without any changes. The Committee also authorized the Chairman to finalise these Reports, in light of their suggestions and the factual verifications received from the Audit and present the same to the House on a date convenient to him.

4. The Chairman thanked the Members for their valuable suggestions on the consideration of the Draft Reports.

*The Committee, then, adjourned.*

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\*\*\*\* Matter does not pertain to this Report.

## APPENDIX II

(Vide Para 5 of Introduction)

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR SIXTY-FIFTH REPORT (FIFTEENTH LOK SABHA)

(i) Total No. of Observations/Recommendations:	20
(ii) Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1-4, 5, 7-16, 18, 19 and 20	Total: 18 Percentage - 90%
(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:  —NIL—	Total: 0 Percentage - 0%
(iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Para No. 17	Total: 1 Percentage - 5%
(v) Observations/Recommendations in respect of which Government have furnished interim replies:  Para No. 6	Total: 1 Percentage - 5%