

PUBLIC ACCOUNTS COMMITTEE
(1971-72)

(FIFTH LOK SABHA)

FIFTEENTH REPORT

[Action taken by Government on the recommendations
contained in their 115th Report (Fourth Lok Sabha)
on the Audit Reports on the Accounts of Tea Board
for the year 1964-65, 1965-66 and 1967-68]



LOK SABHA SECRETARIAT
NEW DELHI

July, 1971/Sravana 1893 (Saka)

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CORRIGENDA TO THE FIFTEENTH REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE (1971-72) PRESENTED
TO THE LOK SABHA ON THE 19th NOVEMBER, 1971.

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PUBLIC ACCOUNTS COMMITTEE
(1971-72)

CHAIRMAN

Shri Era Sezhiyan

MEMBERS

2. Shri Bhagwat Jha Azad
3. Shrimati Mukul Banerji
4. Shri C. C. Desai
5. Shri K. G. Deshmukh
6. Chaudhari Tayyab Husain Khan
7. Shri Debendra Nath Mahata
8. Shri Mohammad Yusuf
9. Shri B. S. Murthy
10. Dr. Laxminarain Pandey
11. Shri Ramsahai Pandey
12. Shrimati Savitri Shyam
13. Shri Vijay Pal Singh
14. Shri G. Venkatswamy
15. Shri Ram Chandra Vikal
16. Shri S. B. Bobdey
17. Shri B. K. Kaul
18. Shrimati Vidyawati Chaturvedi
19. Shri Thillai Villalan
20. Shri Shyam Lal Yadav
21. Shri Sheel Bhadra Yajee
22. Shri Jagdish Prasad Mathur

SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifteenth Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 115th Report (Fourth Lok Sabha) on the Audit Reports on the Accounts of Tea Board for the years 1964-65, 1965-66 and 1967-68.

2. On the 8th July, 1971, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

1. Shri B. S. Murthy —*Convener*
 2. Shri Bhagwat Jha Azad
 3. Shri Ram Sahai Pandey
 4. Shri C. C. Desai
 5. Shri Thillai Villalan
 6. Shri Shyam Lal Yadav
- } —*Members*

3. The Action Taken Notes furnished by the Government were considered by the Action Taken Sub-Committee of the Public Accounts Committee (1970-71) at their sitting held on 9-12-1970. Consequent on the dissolution of the Lok Sabha on the 27th December, 1970, the Public Accounts Committee ceased to exist from that date. The Action Taken Sub-Committee of the Public Accounts Committee (1971-72) considered and adopted this Report at their sitting held on the 3rd August, 1971 based on the suggestions of the Sub-Committee of PAC (1970-71) and further information received from the Ministry of Foreign Trade. The Report was finally adopted by the Public Accounts Committee on the 31st August, 1971.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body

(vi)

of the Report. A statement showing the summary of the main recommendations/observations of the Committee is appended to the Report (Appendix).

5. The Committee place on record their appreciation of the commendable work done by the Convener and the Members of the Action Taken Sub-Committee (1970-71) in considering the Action Taken notes and offering suggestions for this Report which could not be finalised by them because of the sudden dissolution of the Fourth Lok Sabha.

6. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller & Auditor General of India.

NEW DELHI:

August 31, 1971

Bhadra 9, 1893 (S)

ERA SEZHIYAN,

Chairman,

Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendations contained in their 115th Report (Fourth Lok Sabha) on the Audit Reports on the Accounts of Tea Board for the years 1964-65, 1965-66 and 1967-68.

1.2. Action Taken Notes have been received in respect of all the 28 recommendations contained in the said Report.

1.3. Action taken Notes/Statements on the recommendations of the Committee contained in this Report have been categorised under the following heads:—

(i) *Recommendations/Observations that have been accepted by Government.*

S. Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,21,23,24,25, 27, and 28.

(ii) *Recommendations/Observations which the Sub-Committee do not desire to pursue in the light of the replies received.*

S. No. 20.

(iii) *Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration.*

S. Nos. 22 and 26.

(iv) *Recommendations/Observations in respect of which Government have furnished interim replies.*

NIL

1.4. The Committee will now deal with action taken notes on some of the recommendations.

Paragraphs 2.24 and 2.25 (S. No. 10)

1.5. The Public Accounts Committee had while examining the achievements of 'generic' and 'uninational' campaigns of Tea abroad, made the following observations:

2.24. "Over the last five years ending 1968-69, a sum of Rs. 4.88 crores has been spent on tea promotion campaigns abroad. Considering the dismal record of Indian tea exports to which a reference has been made earlier in this Report, the Committee cannot help feeling that this expenditure has largely failed to serve its purpose. The Barooah Committee, which reviewed the position in this regard, pointed out that neither in U.K., India's principal market, nor in U.S.A. was Indian tea successful in taking advantage of increased consumption of tea that was fostered by 'generic' campaigns: on the contrary, the Indian share of the tea sales in these markets went down. On the other hand, Kenya which has made comparatively small contributions to a few Tea Councils in recent years has been able to consolidate its position in almost all the markets at the expense of its competitors."

2.25. "The Committee feel that Government should conduct an appraisal of the utility of the 'generic' campaigns to see whether these are not over-emphasised to the detriment of uninational campaigns. If at all the 'generic' campaigns have succeeded they have succeeded in creating a market for tea which India's competitors have been able to capture, except in countries to which India's exports are not, in any case, very significant. It might be argued that these 'generic' campaigns which are conducted in collaboration with the trade and other producers, create good-will with trade in those countries. The same purpose could possibly be equally well served by directing 'uninational' campaigns towards trade, apart from consumers, packers, distributors etc. And such 'uni-national' campaigns directly promote the cause of Indian tea (and not tea generally) their results will also directly be to the country's advantage"

1.6. The Ministry of Foreign Trade in their reply dated 9th November, 1970, have stated:

"The necessity for the generic promotional campaign is not over-emphasised to the detriment of Uninational campaign."

The one is complimentary to the other. In certain countries like U.K. the consumption of tea is going down against the on-slaught of other competitive beverages.

The fund which will be required to create greater awareness of tea cannot be forthcoming from one source or, that purpose cannot be achieved by the Uninational promotion alone. That is why, in the last F.A.O. meeting in Mauritius and Rome the utility and interest for the continuance of the U.K. Tea Council (which faced a problem about its further continuance) was the main topic of discussion and it was decided by the Sub-Committee of the producing countries that the generic promotion in U.K. should continue. Apart from other factors the price is one of the main considerations for import of East African teas into U.K.

It cannot be imagined to what level this consumption of tea by the U.K. would have fallen had the generic campaign been abandoned. In early 1969 the U.K. Tea Trade wanted to back out of the generic campaign undertaken by the U.K. Tea Council. This serious problem was considered in Mauritius by all the producing countries with the result that all producing countries offered to contribute on pro-rata basis for the first time in the history of generic promotion. This is a definite effort in reacting against the forces which were responsible to bring down the consumption of tea in U.K.

The reasons why Kenya's tea gained at the expense of Indian tea in the U.K. Market have been explained in the preceding paragraph.

A utility appraisal of the generic campaign undertaken by the U.K. Tea Council has already been made. An expert by name Mr. R. G. Lund has been appointed by the U.K. Tea Council."

1.7. The Committee note that a utility appraisal of the generic campaign has been undertaken by an expert appointed by the U.K. Tea Council. They would like to be informed of the outcome of the appraisal when completed.

1.8. As regards the uninational campaigns the Committee have pointed out in para 2.26 of their Hundred and Fifteenth Report

(Fourth Lok Sabha) that staff salaries alone accounted for between one-fourth and one-sixth of the total expenditure. The Committee desire that Government should reduce the expenditure on staff without detriment to the effectiveness of the campaigns.

Paragraph 2.26 (S. No. 11)

1.9. Referring to the uninationa! campaigns and the non-involvement of trade in such campaigns, the Public Accounts Committee had observed as follows:

2.26. "One aspect of the 'uni-national' campaigns conducted by the Tea Board needs mention. The bulk of the expenditure on these campaigns was accounted for by the outlay on the Tea Board's overseas offices at U.K., U.A.R., Belgium, Australia, and U.S.A. In fact, out of Rs. 1.57 crores spent on 'uni-national' campaigns during the last three years ending 1968-69, the outlay on these offices accounted for Rs. 1.34 crores. These offices no doubt carried on publicity through media-advertising and consumer publicity (which was included in their outlay), but the Committee feel that the maintenance of these offices with attendant expenditure on staff and rent of buildings etc. eats into the meagre resources available for direct publicity. The data furnished to the Committee shows that, in fact between one-fourth to one-sixth of the outlay on promotion campaigns was on account of staff salaries. The Committee would in this context like to make the following suggestions:--

- (i) All the Indian Missions overseas have generally a commercial Secretary, who is responsible in the course of his work to the Ministry of Foreign Trade. These Missions are already attending to the work of tea promotion in countries, where there are no overseas Tea Board Offices. It should be considered by Government whether, by suitable arrangements the work in the other five countries could also be similarly transferred. The Committee appreciate the need for ensuring that existing market in these countries are not lost, but there is no particular reason to suppose that the maintenance of overseas office is going to help. What is called for in the circumstances is an imaginative campaign for publicity, with the help of expert advertising and public relations agencies, in these countries. The responsibility

for initiating such campaigns could devolve on the overseas missions, acting in collaboration with the Tea Board for this purpose. Once these campaigns are started, these should be sustained by a continuing effort so as to convert the consumers and retain their patronage. The Tea Board should also profit by the experience of organisations like Air India which ensure good publicity overseas, by frequent changes in the theme of posters with new significance which sustain the interest of the viewers.

- (ii) There is no involvement by trade in export promotion campaigns now being conducted. This should progressively be secured; in fact, as exports of packaged tea become more and more popular, the trade should be encouraged to take over the publicity work from the Board. Ultimately it will be the seller who will know best how to advertise."

1.10. The Ministry of Foreign Trade, in their reply, dated 9th November, 1970, have stated:—

"Although a certain percentage of the uni-national expenditure is being eaten up by administration expenses for setting up of the Board's offices in London, New York, Brussels, Cairo and Sydney, this is almost an inescapable expenditure. If the uninationa! promotion is to be carried out properly, the suggestion of the Committee that the promotion may be carried out by the Commercial Secretaries of the Embassies may not serve the same purpose for which Board's offices were set up. The Commercial Secretaries in the Embassies are not promotional experts, and the type of promotion and marketing which are essential in projecting the image of tea in these countries cannot be gainfully carried out only by the Commercial Secretaries in the Embassies. Besides, among their multifarious duties the promotion for Indian tea may not receive the same amount of interest as it should receive. The important overseas offices of the Board are manned by Officers who have been fully trained in various aspects of the tea Industry with marketing and promotional aptitude. The question of carrying out the promotion for Indian tea through the Embassies by closing down the overseas offices does not seem to improve the promotional activities

in foreign countries, rather we run risk of dislocating the existing system of continuity of promotion and yielding the base to our competitors to step in.

The Board however is trying to popularise Indian Tea and carrying out propoganda and publicity through collaboration with local trade and with the help of the Indian Embassy in Japan instead of opening an office in Tokyo. Similar attempts have also been made in Iraq. The results are being watched. It is not true that the tea trade in foreign countries do not undertake publicity. They certainly undertake profuse publicity of their blends and brands. As the system of marketing tea is, tea is sent in bulk to the London auctions where the interested trading firms purchase and produce their own blends for marketing in a packetted form. A packet which is sold in U.K. contains partly Indian tea and partly tea from other countries, which is left to the choice of the dealing firms depending upon the blend they would like to introduce. Therefore, if the publicity is left entirely to the trade in those countries, we will not have any publicity exclusively for Indian tea. It is therefore inescapable that the Tea Board should undertake more profusely publicity for Indian tea in the foreign markets."

1.11. The Committee have earlier recommended that as exports of packaged tea become more and more popular the Indian Tea Trade should be encouraged to take over the publicity work from the Board. They would accordingly like Government to examine how far the tea trade in the country is interested in export promotion campaigns and try to associate them progressively with the measures taken by the Tea Board.

Paragraph 3.5 (S. No. 13)

1.12. In paragraph 3.1—3.6 of their Hundred and Fifteenth Report (Fourth Lok Sabha) the Public Accounts Committee had examined the financial accounts of some of the Board's overseas Tea Centres. Finding that those at London and Edinburgh have been running at a loss since 1967-68, the Public Accounts Committee had made the following observations:—

"The Committee note that the Tea Centres at London and Edinburgh have been continuously running at a loss.

During the last three years ending 1968-69, these two centres have run up a deficit of Rs. 24.47 lakhs; their taking have also progressively been coming down. The Committee see no particular reason why these centres should continue particularly, as in U.K., as pointed out in an earlier Section of this Report the scope for augmenting tea consumption is limited. The Tea Board themselves would appear to be entertaining doubts about the need for these centres. The Committee would like Government to come to any early decision about closing these centres."

1.13. In their reply dated 9th November, 1970, the Ministry of Foreign Trade have stated:—

"The continuance of the Tea Centres at London and Edinburgh had been reviewed and it has been found necessary to run the Tea Centres in a way that the losses are reduced. A Scheme has been drawn up for shifting the Tea Centre at Edinburgh to new premises to run it in a more efficient manner. The services of a Consultant have been requisitioned to run the London Tea Centre to effect the above improvement. On the question of setting up new Tea Centres in other countries the services of consultant were requisitioned for a Tea Centre at Melbourne. The Feasibility Report received from the Consultant suggested in favour of a Tea Centre in Melbourne, particularly in view of the fact that Ceylon Tea Propaganda Board have set up a few Tea Centres in various cities in Australia. The Tea Centre at Sydney is running at a profit. A new site has been found out for the Melbourne Tea Centre which is expected to be opened shortly."

1.14. The Committee note that Government propose to shift the Tea Centre at Edinburgh to new premises to run it efficiently and that services of a consultant have been requisitioned to improve the working of the tea centre in London. The Committee trust that Government would keep a close watch on the working of these centres in future and take appropriate steps for their improvement if they continue to show discouraging results.

Tea Plantation Finance Scheme—Paragraph 5.13 (S. No. 22)

1.15. This scheme under which long term loans are advanced to Tea Estates, big or small, for replanting, replacement and/or extension of old tea areas, was examined by the Public Accounts Com-

mittee in paragraphs 5.1 to 5.13 of their 115th Report (Fourth Lok Sabha). Finding that there was no equitable distribution of these loans, they made the following observations in paragraph 5.13:—

“The Committee would like the Government to investigate the working of the scheme to ascertain, with reference to the applications cleared, those kept pending and those rejected, whether the scheme has so far been impartially administered. Necessary corrective action should be taken thereafter. Another point which calls for immediate rectificatory action is that the scheme, at present formulated, has left the weaker section of the industry at a disadvantage. The Borooah Committee had drawn Government’s attention to this point and it was stated during evidence that Government were proposing to liberalise the terms of the scheme to remove this anomaly. This should be done expeditiously.”

1.16. The Ministry of Foreign Trade in their reply dated 9th November, 1970, have stated:—

“The scheme in its present form is being administered as per the rules framed. Regarding further liberalisation of the scheme to benefit the weaker section of the industry this will be examined.”

1.17. The Committee do not get an impression from the reply furnished by Government that an investigation was carried out before coming to the conclusion that “the scheme in its present form is being administered as per the rules framed.” They would suggest that Government should have this borne out by a proper investigation if it is not already conducted.

1.18. The Committee regret that Government are yet to consider the question of liberalisation of the scheme to benefit the weaker section of the industry. They trust that the matter would be taken up in earnest and finalised without any further delay.

1.19. The Committee note that the allotment of funds under this schemes done by a Committee. They feel that Government should forthwith examine what change is needed in the composition of the Committee with a view to ensuring that benefits accrue to all the

sections of Industry. In this connection, they suggest that this Committee should have representatives on it from smaller Tea Estates as well, so that their interests are adequately safeguarded.

Internal Tea Centres—paragraph 6.4 (S. No. 24)

1.20. The Public Accounts Committee, having noted the losses incurred by four tea centres made the following observation in paragraph 6.4:

“The Committee note that all the four tea centres at present being run by the Tea Board in India are sustaining a loss. These bars were opened as part of a tea promotion campaign in the country which has now been stopped. The Committee would like it to be considered whether all or some of these Centres could be closed or made over to co-operative organisations of workers, as has been done in the case of Coffee houses which were run by the Coffee Board.”

1.21. In their reply dated 9th November, 1970, the Ministry of Foreign Trade have stated:

“The question of closing down Tea Bars/Buffets run by the Tea Board in the Central Ministries in New Delhi consequent on some of these incurring losses was considered by the Government. It was finally decided to hand over only the tea bar in Transport Bhavan and Tea Buffets in Nirman Bhavan to the respective Ministries where these bars/buffets are situated to be run by them departmentally. This has been done.”

1.22. The Committee note that Government have decided not to close down any of Tea Bars/Buffets run by the Tea Board except to hand over the Tea Bar in Transport Bhawan and Tea Buffet in Nirman Bhavan to the respective Ministries. The Committee suggest that the centres handed over to be managed departmentally should be run on a no-loss-no-profit basis. They also desire that Government should consider ways and means to avoid losses in the centres retained by the Board.

Grants to Educational Institute—Paragraph 6.8—(S. No. 26)

1.23. In regard to the annual grants-in-aid being given to educational institutions in tea garden areas for construction of hostels on

the condition that accommodation after construction would be provided free of rent for certain specified number of wards of the tea garden employees, the Public Accounts Committee had found short-utilisation|non-utilisation of the facility in a number of localities and made the following observations in para 6.8 of their 115th Report (Fourth Lok Sabha):

“As the grants were given to educational institutions in these cases with a view to provide educational amenities to the children of tea garden employees, the Committee would not like to pursue these cases further. The Committee would, however, like to point out that in as many as 13 out of 35 cases, where the institutes were given grants to build hostels to provide reserved accommodation for children of tea garden employees, not a single reserved seat was utilised. The Committee would like the Tea Board to investigate why the facility provided at the institutions to children of tea garden employees remain unutilised. This points to the need for greater care in screening proposals for these grants in future.”

1.24. The Ministry of Foreign Trade, in their reply dated 9th November, 1970, have stated:

“The Tea Board in constantly pursuing the grantee Institutions to fulfil the conditions for which the grants were made and from the reply received so far from those school/college authorities, the Board have offered the following comments in the matter:—

The Primary intention of the Board in paying the capital grants for construction of hostel/extension of school building located in the tea areas is to create facilities for education for tea garden students in the backward areas and with the expectation that the facilities will be fully utilised in course of time. Due to overall economic reasons for the last few years it has become difficult for the tea garden labourers to send their wards in the school. Moreover, development of roads and travel facilities in tea garden areas enable the tea garden children to go the school/college from the respective gardens rather than staying in the hostel. Previously there was shortage of educational institutions in the tea

garden areas. Now many institutions have been established with the grants-in-aid from the State Governments to meet the local needs. As such, the benefit created by the Board could not be fully utilised in some of the grantee institutions. This is a long time plan of the tea garden labour welfare. Since this spell is likely to be over in near future, with growth of the tea garden population and improvement of economic conditions, it is expected that the rent free seats reserved in those hostels for tea garden students will not remain unutilised."

1.25. While the Committee appreciate the reasons brought out by Government for the non-utilisation of the facilities created in the educational institutions, they wish to observe that the Board should be more careful in screening proposals for such grants in future.

CHAPTER II

RECOMMENDATIONS|OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee are deeply concerned to observe that Indian Tea has been progressively losing ground in most of the world markets. The country is the leading producer of tea in the world and, next to jute, tea has been the biggest foreign exchange earner. However, over the years, the volume as well as the unit value of tea exports have been rapidly coming down. How alarming the position is would be evident from the statistics given in this section of the Report. In 1968, India exported less quantity than in 1969. In four of her principal markets—U.K., U.S.A., Canada and U.A.R.—which, between them absorbed 75 per cent of India's tea exports in 1959, exports had fallen by 25 per cent in 1968. The fall in exports to U.K. was particularly steep: in 1968, this country, which has been the biggest single market for Indian tea, imported from India about a third less than in 1959.

[S. No. 1 (Para 1.13) of Appendix IV to the 115th Report (4th LS.)]

Action Taken

It is true that there has been some decline in the exports of Indian tea, but with a closer examination, it would appear that over a decade our exports of tea have been ranging by and large between 200 and 210 million kgs. It may also be noted that a figure of 213 million kgs. achieved in 1959 was again touched in the year 1967 although in between in the year 1963 India reached a figure of 223 million kgs. The decline could be attributed to the production of tea coming up in African countries, specially Kenya which produces tea through-out the year. The statement at appendix 'A' will show that the main fall in volume of tea has been in 4 markets namely U.K., U.A.R., to some extent U.S.A. and Canada, whereas there has been increase in other markets. The reason in fall to U.K. is explained by increased exports by Kenya to that market. As regards U.A.R. is concerned, the shortfall in 1968 was ascribed to reasons political. It has, however, shown improvement in the

following year and reached a figure of 14.3 million kgs. as against 8.94 million kgs. in 1968. The consumption of tea in the U.A.R. is still reported to be restricted.

So far as decline in unit value is concerned, it was not exclusively confined to India but also affected other producing countries in varying degrees. When we compare unit values prevailing for India teas during the past few years with Ceylon which is the second largest producer in the world, it will be noticed that there has been a gradual decline in the unit value of exports for both India and Ceylon. The declining trend in the unit value of exports of Indian tea, although temporarily arrested during 1967 as compared to 1966, could not be checked during 1968 and 1969 when the unit value went down to Rs. 5.07 per kg. in 1966 and Rs. 4.70 per kg. in 1969 in predevaluation terms. The index of unit value of exports of Indian tea taking the average value of 1953—55 as base showed a fluctuating trend upto 1964 always remaining above 100. Thereafter, it has been declining. The index of unit value of exports of Ceylon teas, on the other hand, showed steady decline from 1957 onwards. (See Appendix 'B'.)

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A) |70 dated
9-11-1970]

APPENDIX A

*(i) Production of tea and area under tea in India in relation of some of the other leading tea producing countries
(Area in hecets. and production in tonnes)*

	1958	1961	1965	1966	1967	1968
India : Area	326,494	332,524	345,256	347,653	351,065	
Production	325,225	354,397	366,374	275,983	384,659	401,538
Ceylon : Area	231,766	237,712	240,508	241,372	242,331	241,795
Production	187,407	206,492	228,240	222,316	220,745	224,806
Kenya : Area	13,510	17,756	24,755	27,339	30,077	33,525
Production	11,421	12,641	19,823	25,419	22,812	29,763
Major Tea producing : Area countries	714,876	735,375	764,046	773,295		
Production	623,203	678,272	726,499	743,324	740,324	777,702

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(ii) The exports of tea by major destination are indicated below.

	1959	1961	1963	1965	1966	1967	1968
U.K.	127,596	123,215	135,590	104,197	87,243	116,142	102,030
U.S.S.R.	12,405	11,874	16,583	26,175	16,943	20,079	22,367
U.A.R.	11,706	15,612	17,083	17,977	18,821	16,370	8,946
U.S.A.	10,679	10,767	10,087	7,787	7,346	8,213	8,610
E. Europe.		596	2,159	2,691	5,086	4,232	3,506

Other Europe		9,320	12,165	11,870	9,376	12,618	14,832
Canada	7,239	6,374	5,342	4,779	4,112	3,879	4,059
Australia	2,877	1,876	3,623	4,321	5,282	5,714	6,630
Other Middle East Countries		16,486	13,606	12,126	14,200	15,888	25,264
All countries (including countries above)	213,680	206,292	223,542	199,365	179,205	213,676	208,440

(ii) Exports made to some of India's principal export markets by other major tea-producing countries, i.e. Ceylon and East African countries in relation to India

(Figs. in th. kg.)

	1959	1963	1966	1967	1968
(i) U.K.					
India	127,596	135,590	87,243	116,142	102,030
Ceylon	62,912	78,932	70,296	83,133	73,697
E. Africa	23,708	28,685	42,868	42,209	48,533
(ii) U.S.A.					
India	10,679	10,087	7,346	8,213	8,610
Ceylon	17,480	19,299	20,212	21,060	17,283
E. Africa	2,104	4,313	5,069	5,921	8,435
(iii) U.A.R.					
India	11,706	17,083	18,821	16,370	8,946
Ceylon	4,759	2,924	1,383	6,310	5,684
(iv) Canada					
India	7,239	5,342	4,112	3,879	4,059
Ceylon	7,553	8,236	7,379	7,641	6,901
E. Africa	1,230	1,918	3,292	3,548	4,324

APPENDIX B

INDEX OF PRICES (UNIT VALUE) OF TEA EXPORTED FROM INDIA AND CEYLON

BASE 1953—1955—100

YEAR	INDIA				CEYLON				
	Qty. in m. kgs.	Value in crores Rs.	Unit value per kg.	Index number	Qty. in m. kgs.	Value in crores Rs.	Unit value per kg.	Index number	
1953	227.10	104.22	4.59	5.84	152.21	82.51	5.42	6.54	
1954	203.20	130.75	6.43		100	163.87	112.30		6.85
1955	166.7	113.61	6.81			164.31	192.42		7.27
1956	237.49	142.82	6.01	103	157.91	104.38	6.61	101	
1957	200.79	123.39	6.15	105	166.80	101.59	6.09	93	
1958	229.50	136.54	5.95	102	186.32	113.10	6.07	93	
1959	213.68	126.01	5.90	101	173.95	104.50	6.01	92	
1960	193.06	119.99	6.22	107	185.88	109.57	5.89	90	
1961	206.29	124.25	6.02	103	193.10	111.40	5.77	88	
1962	211.83	124.92	5.90	101	204.86	114.79	5.60	86	
1963	223.54	132.37	5.92	101	206.78	113.98	5.51	84	
1964	210.52	124.90	5.93	102	206.51	114.09	5.52	84	
1965	199.37	114.97	5.77	99	224.28	120.96	5.39	82	
1966	179.21	98.84*	5.52*	95*	200.05	102.63*	5.12*	78*	
1967	213.68	120.02*	5.62*	96*	216.54	106.02	4.90	75	
1968	208.44	105.70*	5.07*	91*	208.67	116.09	4.63	N.A.	
1969	176.73	82.70*	4.70*	N.A.	N.A.;	N.A.	N.A.	N.A.	

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*Figures indicate Value / Unit Value etc. on pre-devaluation terms.

Recommendation

The fall in unit value of Indian tea in overseas markets has also been very disconcerting. Taking the tea sold in London auction alone, a kg. of North Indian tea fetched 23 per cent (approximately) less in 1968 than it did in 1955. The fall in unit value of South Indian tea, was also equally severe (about 22 per cent).

[S. No. 1 (Para 1.14) of Appendix IV to the 115th Report (4th L.S.)]

Action Taken

It has been explained in the preceding para that the fall in unit value in tea was not confined only to Indian teas, but all producing countries were affected. By comparison with the second largest producer, we find that we suffered much less than Ceylon as the decline is more sharp in the case of Ceylon.

[Min. of Foreign Trade O.M. No. 5 (12)-Plant (A) |70, dated 9-11-1970]

Recommendation

The Committee observe that the ground lost by India has been captured by its competitors, notably Ceylon and East Africa. Ceylon, though it was also affected by the phenomenon of falling unit values, was exporting more tea in 1968 than in 1959. So was Kenya which manages to get substantially the same price for its tea in 1968 as in 1955.

[S. No. 2 (Para 1.15) of Appendix IV to the 115th Report (4th L.S.)]

Action Taken

It cannot be denied that by and large the shortfall in exports of tea from India has been taken over partly by Ceylon and mainly by East Africa, as will be obvious from Appendix 'A' (iii). It is also true that Ceylon exported more tea in 1968 than in 1959. This is governed by compelling reasons so far as Ceylon is concerned: (i) the main exchange earner for that country is tea which accounts for about 60 per cent of the total exchange earnings; (ii) there is little scope to consume large quantities of tea internally; (iii) tea being a perishable commodity, cannot be stored. In these circumstances as Ceylon is placed, they are compelled to export tea even at lesser prices. So far as India is concerned it is fortunate enough to have a sufficient cushion in the internal market.

East African countries exported more tea because these are new plantations with a higher rate of increase in production. The growth in their production is estimated at 10 per cent while that of ours is 2 per cent and internal consumption being at 5 to 6 per cent per annum. The East African countries have other added advantages such as (i) shorter lead to London market, (ii) uniform production throughout the year and (iii) the quality of Kenyan tea coming near about to our Assam tea.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A) |70, dated 9-11-1970]

Recommendation

The Committee recognise that the set-back to tea exports has arisen from a world-wide glut. While world consumption of tea has been rising at the rate of 1 per cent per annum, world production has been increasing by 3 per cent. This situation no doubt indicates that it would be to the advantage of the producer countries to take concerned steps to limit supplies to the world market. However, desirable such a concord might be the following consideration suggest that an agreement would by no means be easy to secure.

(i) The Tea industry in some of the competing countries from East Africa is in its infancy and these countries may not, therefore, be willing to forsake the inherent advantages that this gives vis-a-vis their competitors. During evidence, the representatives of Ministry of Foreign Trade admitted that "a number of countries were not interested in an international agreement" during the discussions held for this pupose in Rome.

(ii) Some of India's competitors do not have the advantage of having a large home market and would, therefore inevitably look for expanding export markets under the compulsions arising from increasing production. This would mean their demanding a larger share inceasingly.

(iii) An agreement which was previously in existence founded in 1955 due to non-signatory countries increasing their acreage and export.

[S. No. 2 (Para 1.16) of Appendix IV to the 115th Report (4th L.S.)]

Action Taken

It is true that there is at present surplus production of tea in the world which affected prices. The F.A.O. was seized of this problem from the year 1960. The consensus in the second *ad hoc* Consultative Committee meeting in the year 1967 was that there was no immediate likelihood of any sizeable surplus of tea in the near future and it should be considered some time later. In the year 1969 in the third *ad hoc* consultations, it was decided at Mauritius that 90 million lbs. of tea should be taken out of the world market from the export projections of the producing|exporting countries in 1970. This was confirmed in the first Consultative Committee meeting held in Rome in December, 1969. As a result of the deliberations in the Rome meeting, producing|exporting countries were allowed quotas. When the quotas were allotted in the Tea Council meeting at Rome, all countries agreed except Tanzania. India and Ceylon jointly were allowed 928 million lbs. The effects of this have now to be examined in the second Consultative Committee meeting on Tea to be held in New Delhi in November-December, apart from consideration of long-term regulations.

It is true that those producing|exporting countries which have no home market or have sufficient surpluses for export inevitably look for expanding export markets. The solution lies in long term-regulation which is under discussion with the Consultative Committee on tea. The results of voluntary regulation in the year 1970 will have a bearing on the future agreement for long term regulation.

[Min. of Foreign Trade O.M. No. 5 (12)-Plant (A) |70, dated 9-11-1970]

Recommendation

The Committee would, therefore, like to caution Government against expecting any salvation from an agreement of the type now under contemplation. In any case, Government will have to ensure that it does not result in our giving away more concessions, than we get. In the ultimate analysis, India tea would have to hold its position in international markets on the strength of its quality, consumer appeal and marketing efficiency. Later in this Report the Committee have made certain suggestions in regard to the lines on which export promotion have to take place.

[S. No: 2 (Para 1.17) of Appendix IV to the 115th Report (4th L.S.)]

Action Taken

So far as the 1970 agreement goes, all producing|exporting countries have agreed to a voluntary regulation except Tanzania, and it is hoped that even Tanzania will come round after assessment of

the results of 1970 agreement. Even if Tanzania keeps out, it may not matter much as it has a very small production and its non-participation may not have any direct adverse effect on an agreement which may be reached by other producing countries.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)|70, dated 9-11-1970]

Recommendation

The Committee are also not in favour of the internal market being drastically starved of quality teas which are in demand. They appreciate that export of quality teas must have priority, but with the world market situation as it is now and the country's tea production also increasing, it would not be judicious for Government entirely to disregard the claims of the internal market to good quality teas.

[S. No. 3 (Para 1.18) of Appendix IV to the 115th Report (4th L.S.)]

Action Taken

At present roughly 50 per cent of the production goes for export and the other 50 per cent left for internal consumption. The growth rate of tea production is estimated at 2 per cent per annum while growth rate in domestic consumption is estimated at 5 to 6 per cent. The result is that less and less tea will be available for export unless the rate of increase in production can substantially be increased to meet the domestic and export requirements. A number of developmental schemes have been introduced to increase the growth rate in production, such as Tea Plantation Finance Scheme, Tea Machinery Hire Purchase Scheme, Tea Re-plantation Subsidy Scheme etc. It is hoped that the cumulative effect of these schemes when in full swing will have healthy effect in increasing the growth rate in production.

In the last budget, fiscal measures have been taken to ensure large quantities of quality tea to flow to export markets.

The high quality tea fetches higher prices in the auctions. There is no restraint placed by the Government on the purchase of quality tea from the auctions for internal consumption.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)|70 dated 9-11-1970]

Recommendation

In the Committee's opinion, London auctions have not proved a blessing for Indian tea. A study by F.A.O. revealed that 75 per

cent of tea bought in London auctions were for four buyers. This monopoly on the buyers side has further weakened our position in what has essentially been a buyers market. The Committee recognise that it may not be practical for the country to withdraw from these auctions; on the other hand with other exporting countries being obliged to sell in the auctions, our withdrawal would harm our interests. Nevertheless an early solution for this unsatisfactory situation will have to be found.

[S. No. 4 (Para 2.7) of Appendix IV to the 115th Report (4th L.S.)]

Action Taken

Tea has been sold by auction ever since it was first produced in North India and auctioned in London since 1839 the only market then. This continued till 1961 when an auction centre was first established in Calcutta. A second auction centre was set up in Cochin in 1948-49 and in recent years a third one was added in Coonoor in the Nilgiri hills. Since independence a large proportion is being sold through the auctions in India. The percentage of direct exports to U.K. for London auction to total production decreased from 23 per cent in 1964 to 19 per cent in 1968. It is hoped that this percentage will still come down gradually in coming years.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)|70, dated 9-11-1970,

Recommendation

The Committee feel that, while an agreement with other countries to limit sales at London Auctions might, in the foregoing circumstances, seem indicated, the long-term solution for this problem lies in diversifying the market for Indian tea. Tea consumption in U.K. seems to have been more or less steady over the years. In any case, as pointed out by the Barooah Committee, India has not been able to take advantage of any recent increase in consumption in that country that has occurred due to tea promotion campaigns. Besides, U.K. itself is re-exporting Indian tea to other countries, apparently after blending. This situation underlines the need for our seeking new markets and developing promising markets for exports. The Barooah Committee have drawn attention to the possibilities of augmenting exports to countries like Australia, U.S.S.R., Morocco and to developing countries. These should be further explored.

[S. No. 5 (Para 2.8) of Appendix IV to the 115th Report (4th L.S.)]

Action Taken

There is no denying the fact that there is need for developing new markets for export of Indian tea as well as for fully exploring the possibility of increasing our exports to some of the existing markets. However, the U.K. market which accounts for 40 per cent of the total world imports of tea and over 50 per cent of our total exports cannot be neglected. A small loss in our share in the U.K. market will mean a very large loss in absolute terms which will be difficult to make up by much higher proportionate gains in our share in other markets. It is extremely necessary, therefore, for us to make every possible effort at least to maintain, if not to increase, our share of the U.K. market. Limitation of sales through London auctions should in this context be, if at all, gradual and should be related to the development of other avenues of marketing the teas which are withheld from London auctions. Board's promotional activities have already been diverted to several growing markets like U.A.R., Iraq, Syria, Morocco and Sudan, although there are some initial difficulties since the imports to these countries are controlled by the State Monopolies. However efforts are continued to be made for promoting export of tea, especially packetted tea, in the middle east and Persian Gulf countries. The Tea Corporation of India when set up will have this as its major task. It is therefore, in India's interest to maintain its share in the U.K. market though we should explore the possibilities of exporting teas in other growing markets. In fact, the Tea Board has already taken up a programme for projecting the image of Indian tea in Japan where the consumption is fast rising. Even the consumption of black tea which was not their popular beverage a few years ago, has now practically been precluded from the top social jackets. Recently, the *ad valorem* import duty of 35 per cent in Japan has been reduced to 20 per cent with effect from 1st May, 1970 and continuous promotional plan for three years has already been drawn up in consultation with M/s. Dentsu Advertising, the biggest Advertisement consulting firm in Japan for extensive promotion for Indian tea which will include media advertising sampling and store demonstrations.

Steps have also been taken to increase exports of green tea to Morocco. Last year we exported 1,000 tonnes and it is expected that during this year this will reach 5,000 tonnes.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)|70, dated 9-11-1970].

Recommendation

The Committee are in this context surprised to learn that the Tea Board has not carried out any market surveys. A proposal in this regard is now stated to be under consideration. The Committee would like an early decision to be taken thereon. The Committee need hardly add that such market surveys should be conducted by competent and experienced personnel and should be undertaken in association with Trade, which would have a stake in its results.

[S. No. 6 (Para 2.9) of Appendix IV to the 115th Report (4th L.S.)].

Action Taken

Noted. A proposal for a market survey in Kuwait, Baharein, Saudi Arabia and Malaysia is under consideration and it is proposed to be tagged on to an expert organisation in the field.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)|70, dated 9-11-1970].

Recommendation

It seems to the Committee that if export earnings from tea are to be sustained, if not increased, a number of measures are called for.

[S.No. 7 (Para 2.14) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

It is true that if the export earnings is to be sustained or increased, a number of measures is called for. Several measures have been undertaken on uninational, bilateral and international basis, namely, uni-national promotion through Tea Board offices abroad and generic promotion through the Tea Councils in important countries. Bilateral measures between India and Ceylon are under discussion and as a result thereof the national Tea Company for the export of packetted tea is being formed. On the international forum, a Tea Consultative Committee under the aegis of the FAO has been formed to find long-term as well as short-term measures to sustain the tea prices in the world market.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)|70, dated 9-11-1970].

Recommendation

The first and primary need is to encourage the production of quality tea, as our cheap 'filler' teas have been virtually priced out of international markets. The Barooah Committee have pointed out that Kenya has improved her quality to the extent that some of her teas are fetching better prices than Assam teas. The Tea Board has a replanting scheme for replacement of depleted over-aged bushes. This will have to be imaginatively executed. Special consideration in this connection will have to be given to the requirements of the industry in Darjeeling, which is a quality area. Over 50 per cent of the bushes here are over-aged and production has been progressively going down. This should be quickly arrested by accelerated rate of replantation.

[S. No. 7 (Para 2.15) of Appendix IV to 115th Report (4th L.S.)].

Action Taken

Steps have been taken to improve quality and quantity of our tea production by introducing developmental schemes such as Tea Plantation Finance Scheme, Tea Machinery Hire Purchase Scheme and Re-plantation Subsidy Scheme. By these schemes improved planting material and planting operations are introduced. The Tea Board ensures that the material supplied for this purpose is certified quality material. Rehabilitation of tea machinery by the hire purchase scheme has been responsible for the rehabilitation of tea factories producing quality teas.

The Tea Board have a detailed programme in pursuing the Tea Re-plantation Subsidy scheme and inspections are made at every phase completed by the grower after which the release of subsidies is arranged. This is to ensure that the grower undertakes to up-root the unwanted bushes and to replace them by quality clonal seeds to ensure better quality and better production. This scheme which has now been extended to the bushes of an age group of 30 to 50 years, will help to cover by and large the requirements of Darjeeling area.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)/70, dated 9-11-1970].

Recommendation

Secondly, it will be necessary to undertake substantial product diversification. Consumer preferences in some of the sophisticated

markets have undergone a change with the increasing popularity of tea bags; instant tea and tea mixes in preference to conventional tea. It is essential that the industry applies its mind to this phenomenon and produces various new forms of tea. This is a matter that calls for research support and the Committee get the impression that a serious beginning is yet to be made. An advantage that would accrue to the country by undertaking the marketing of these products is that these will involve the use of cheaper teas, which are at present consumed indigenously. Their diversion for the manufacture of these products should help to increase export earnings.

[S. No. 8 (Para 2.16) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

Product diversification is related to marketing conditions. The Tea Board has already taken steps for promoting Scientific and Technological Research on various aspects of tea including the manufacture of Instant tea and a few Universities and Central Food Technological Research Institute are being financed by the Board for carrying out such research works. Even however, such research works will not yield any result unless there is marketing opportunities which will emerge out of manufacturing facilities. Collaboration with foreign companies to instal plants in India for production of Instant tea suitable for marketing to particular countries is also essential. The Board has also taken active steps in encouraging the marketing of such products. Recently the promotional assistance rendered by the Board to M/s. Wardfood in U.S.A. by which arrangements, M/s. Tata Finlay, Bangalore, have under-written their instant tea production to the Wardfoods for coming three years. M/s. Wardfoods have agreed to introduce 100% Indian Instant Tea packed in U.S.A. In return of the cost of production of T.V. film which has been financed by the Board, they will bear the cost for T.V. timings for 60 seconds or 30 seconds spots.

In fact, India has now, as matter stands, no Instant tea to offer in world markets as other than M/s. Tata Finlays nobody has started commercial production of Instant tea in India. M/s. Nestles has just started some test marketing of their products in the U.K. and Tencos is also in an experimental stage. The Board, through its New York office is trying to organise promotion for Indian tea bag pack. A similar scheme has also been taken up with M/s. Willbur Ellis & Co. for test marketing of 100% Indian tea bag pack under the brand name of "Island Inn" 100% Indian Tea Bag.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)70, dated 9-11-1970].

Recommendation

Thirdly, the bulk of our tea exports constitute raw material which is processed and blended abroad. This means that we are foregoing the foreign exchange earnings which would accrue if blending and packing of tea were to be done here to the maximum extent possible. The export of blended and packaged tea should, therefore, be progressively augmented, particularly to developing markets, where the possibility of competition from organised retail market does not exist to the same extent as in the more sophisticated markets.

[S. No. 9 (Para 2.17) of Appendix I Vto 115th Report (4th L.S.)].

Action Taken

It is true that bulk of our tea exports constitute raw material which is processed and blended abroad which in turn affect our export earnings. The fact remains that for years to come the export of bulk tea will constitute the major portion, since blended teas, for various reasons may not be acceptable to the importers and packers in various countries. In U.K. the Companies like M/s. Brooke Bonds spend a million pound sterling for marketing of their brand products and no other small exporter will afford to spend any substantial money to compete with such foreign companies. The introduction of packs by the foreign packers indirectly helps us in exporting our tea in as much as the many of the foreign packs constitute major portion with Indian Tea in several other growing markets, like West Germany, Switzerland etc. there are some indirect restriction on marketing of foreign products. The Board's Uninational promotion in West Europe is directed to promote greater demand for Indian tea and to introduce Pure Indian Tea Packs or Bags with greater percentage of Indian tea. Promotional assistance is being rendered to such packs by way of demonstration or sampling service which is one of the important features of our Uninational promotion in these countries. In other growing markets like Iraq, Syria, Morocco etc. the import is controlled by the State Monopolies which will naturally discourage import of blended or packaged tea.

The Tea Corporation of India which is proposed to be set up as a Public Sector Undertaking will take steps to export packetted tea as well as blended tea in increasing quantities particularly to developing markets:

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A):70. dated 9-11-1970].

Recommendation

Over the last five years ending 1968-69, a sum of Rs. 4.88 crores has been spent on tea promotion campaigns abroad. Considering the dismal record of Indian tea exports to which a reference has been made earlier in this report, the Committee cannot help feeling that this expenditure has largely failed to serve its purpose. The Barooah Committee, which reviewed the position in this regard, pointed out that neither in U.K., India's principal market, nor in U.S.A. was Indian tea successful in taking advantage of increase consumption of tea that was fostered by 'generic' campaigns: on the contrary, the Indian share of the tea sales in these markets went down. On the other hand, Kenya which "has made comparatively small contributions to a few Tea Councils in recent years" has been able to consolidate its position in almost all the markets at the expense of its competitors.

[S. No. 10 (Para 2.24) of Appendix IV to 115th Report (4th L.S.)].

Action Taken

The necessity for the generic promotional campaign is not over-emphasised to the detriment of Uninational campaign. The one is complimentary to the other. In certain countries like U.K. the consumption of tea is going down against the on-slaught of other competitive beverages.

The fund which will be required to create greater awareness of tea cannot be forthcoming from one source or, that purpose cannot be achieved by the Uninational promotion alone. That is why, in the last F.A.O. meeting in Mauritius and Rome the utility and interest for the continuance of the U.K. Tea Council (which faced a problem about its further continuance) was the main topic of discussion and it was decided by the Sub-Committee of the producing countries that the generic promotion in U.K. should continue. Apart from other factors the price is one of the main consideration for import of East African teas into U.K. It cannot be imagined to what level this consumption of tea by the U.K. would have fallen had the generic campaign been abandoned. In early 1969 the U.K. Tea Trade wanted to back out of the generic campaign undertaken by the U.K. Tea Council. This serious problem was considered in Mauritius by all the producing countries with the result that all producing countries offered to contribute on pro-rate basis for the first time in the history of generic promotion. This is a definite effort in reacting against the forces which were responsible to bring down the consumption of tea in U.K.

The reasons why Kenya's tea gained at the expense of Indian tea in the U.K. market have been explained in the preceding paragraph.

[Min. of Foreign Trade O.M. No. 5(12)-Plant(A)|70, dated 9-11-1970].

Recommendation

The Committee feel that Government should conduct an appraisal of the utility of the 'generic' campaigns to see whether these are not over-emphasised to the detriment of uni-national campaigns. If at all the 'generic' campaigns have succeeded they have succeeded in creating a market for tea which India's competitors have been able to capture, except in countries to which India's exports are not, in any case, very significant. It might be argued that these 'generic' campaigns which are conducted in collaboration with the trade and other producers, create good-will with trade in those countries. The same purpose could possibly be equally well served by directing 'uni-national' campaigns towards trade, apart from consumers, packers, distributors etc. And such 'uni-national' campaign directly promote the cause of Indian tea (and not tea generally), their results will also directly be to the country's advantage.

[S. No. 10 (Para 2.25) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

A utility appraisal of the generic campaign undertaken by the Tea Council has already been made. An expert by name Mr. R. G. Lund has been appointed by the U.K. Tea Council.

[Ministry of Foreign Trade O.M. No. 5(12)—Plant(A)|70, dated
9-11-1970]

Recommendation

One aspect of the 'uni-national' campaigns conducted by the Tea Board needs mention. The bulk of the expenditure on these campaigns was accounted for by the outlay on the Tea Board's overseas offices at U.K., U.A.R., Belgium, Australia, and U.S.A. In fact, out of Rs. 1.57 crores spent on 'uni-national' campaigns during the last three years ending 1968-69, the outlay on these offices accounted for Rs. 1.34 crores. These offices no doubt carried on publicity through media-advertising and consumer publicity (which was

included in their outlay), but the Committee feel that the maintenance of these offices with attendant expenditure on staff and rent of buildings etc. eats into the meagre resources available for direct publicity. The data furnished to the Committee shows that, in fact, between one-fourth to one-sixth of the outlay on promotion campaigns was on account of staff salaries. The Committee would in this context like to make the following suggestions:—

(i) All the Indian Missions overseas have generally a commercial Secretary who is responsible in the course of his work to the Ministry of Foreign Trade. These Missions are already attending to the work of tea promotion in countries, where there are no overseas Tea Board Offices. It should be considered by Government whether, by suitable arrangements, the work in the other five countries could also be similarly transferred. The Committee appreciate the need for ensuring that existing markets in these countries are not lost, but there is no particular reason to suppose that the maintenance of overseas office is going to help. What is called for in the circumstances is an imaginative campaign for publicity, with the help of expert advertising and public relations agencies, in these countries. The responsibility for initiating such campaigns could devolve on the overseas missions, acting in collaboration with the Tea Board for this purpose. Once these campaigns are started, these should be sustained by a continuing effort so as to convert the consumers and retain their patronage. The Tea Board should also profit by the experience of organisations like Air India which ensure good publicity overseas, by frequent changes in the theme of posters with new significance which sustain the interest of the viewers.

(ii) There is no involvement by trade in export promotion campaigns now being conducted. This should progressively be secured: in fact, as exports of packaged tea become more and more popular, the trade should be encouraged to take over the publicity work from the Board. Ultimately it will be the seller who will know best how to advertise.

[S. No. 11 (Para 2.26) of Appendix IV to the 115th Report (4th L.S.)].

Action Taken

Although a certain percentage of the unational expenditure is being eaten up by administration expenses for setting up of the

Board's offices in London, New York, Brussels, Cairo and Sydney, this is almost an inescapable expenditure. If the uninational promotion is to be carried out properly, the suggestion of the Committee that the promotion may be carried out by the Commercial Secretaries of the Embassies may not serve the same purpose for which Board's offices were set up. The Commercial Secretaries in the Embassies are not promotional experts, and the type of promotion and marketing which are essential in projecting the image of tea in these countries cannot be gainfully carried out only by the Commercial Secretaries in the Embassies. Besides, among their multifarious duties the promotion for Indian tea may not receive the same amount of interest as it should receive. The important overseas offices of the Board are manned by Officers who have been fully trained in various aspects of the tea industry with marketing and promotional aptitude. The question of carrying out the promotion for Indian tea through the Embassies by closing down the overseas offices does not seem to improve the promotional activities in foreign countries, rather we run risk of dislocating the existing system of continuity of promotion and yield the base to our competitors to step in.

The Board however is trying to popularise Indian Tea and carrying out propaganda and publicity through collaboration with local trade and with the help of the Indian Embassy in Japan instead of opening an office in Tokyo. Similar attempts have also been made in Irak. The results are being watched.

It is not true that the tea trade in foreign countries do not undertake publicity. They certainly undertake profuse publicity of their blends and brands. As the system of marketing tea is, tea is sent in bulk to the London auctions where the interested trading firms purchase and produce their own blends for marketing in a packetted form. A packet which is sold in U.K. contains partly Indian tea and partly tea from other countries, which is left to the choice of the dealing firms depending upon the blend they would like to introduce. Therefore, if the publicity is left entirely to the trade in those countries, we will not have any publicity exclusively for Indian tea. It is therefore inescapable that the Tea Board should undertake more profusely publicity for India tea in the foreign markets.

[Ministry of Foreign Trade O.M. No. 5(12)--Plant(A)/70, dated 9-11-1970].

Recommendation

The Committee feel that overseas Tea Centres, Tea Centures while providing an opportunity to overseas consumers for sampling

of tea, have a limited scope for the propagation of Indian tea. As pointed out at the Tea Seminar, they are capable of reaching only a very small percentage of overseas consumers. A chain of tea centres to reach a larger section of the consuming public may not be feasible particularly as overseas markets are vast and far-flung. For these reasons, the Committee feel that the stress in overseas tea promotion should be on other advertising media.

[S. No. 12 (Para 3.4) of Appendix IV to 115th Report (4th L.S.)].

Action Taken

The setting up of Tea Centres in foreign countries was not considered to be the main media of promotion but the suitability and the desirability of opening Tea Centre is considered on the consumers' habit and market condition. Before opening any Tea Centre feasibility report is obtained from a consultant so as to consider various aspects of the utility and economic viability of such a Project. The proposed new Tea Centre in Melbourne has been examined on the above aspects and found it worth-while to such a promotional measure.

[Ministry of Foreign Trade O.M. No. 5(12)—Plant(A)/70, dated 9-11-1970].

Recommendation

The Committee note that the Tea Centres at London and Edinburgh have been continuously running at a loss. During the last three years ending 1968-69, these two centres have run up a deficit of Rs. 24.47 lakhs; their takings have also progressively been coming down. The Committee see no particular reason why these centres should continue particularly, as in U.K., as pointed out in an earlier Section of this Report the scope for augmenting tea consumption is limited. The Tea Board themselves would appear to be entertaining doubts about the need for these centres. The Committee would like Government to come to an early decision about closing these centres.

[S. No. 12 (Para 3.4) of Appendix IV to 115th Report (4th L.S.)].

Action Taken

The continuance of the Tea Centres at London and Edinburgh had been reviewed and it has been found necessary to run the Tea Centres in a way that the expenses are reduced. A Scheme has been drawn up for shifting the Tea Centre at Edinburgh to new

premises to run in a more efficient manner. The services of a Consultant been requisitioned to run the London Tea Centre to effect the above improvement. On the question of setting up new Tea Centres in other countries the services of a consultant were requisitioned for a Tea Centre at Edinburgh the Feasibility Report received from the Consultant suggested in favour of a Tea Centre in Melbourne particularly in view of the fact that Ceylon Tea Propaganda Board have set up a few Tea Centres in various cities in Australia. The Tea Centre at Sydney is running at a profit. A new site has been found out for the Melbourne Tea Centre which is expected to be opened shortly.

[Ministry of Foreign Trade O.M. No. 5(12)—Plant(A)/70, dated 9-11-1970].

Recommendation

The Committee would also like to stress that where tea Centres are run overseas, they should be run not in established markets but in emerging markets in developing countries which present real potential.

[S. No. 15 (Para 3.6) of Appendix IV to 115th Report (4th L.S.)].

Action Taken

The suggestion of the Committee to open tea centres in overseas markets in developing countries which present a real potential, is noted. Nevertheless, it may be stated that India is not the only tea Ceylon and East Countries. Any relaxation in proportional efforts for India tea independent of generic promotion is likely to hit directly because immediate replacement by other producing/exporting countries is possible without the least difficulty.

[Ministry of Foreign Trade O.M. No. 5(12)—Plant(A)/70, dated 9-11-1970].

Recommendation

The Committee would like the Tea Board to keep tea production in the country under continuous watch to ensure that target of 460 million kgs. by 1973-74 is achieved. In any scheme for additional production, the demands for production of qualier teas, must receive priority as earlier suggested by the Committee. Green tea is another item for which markets are emerging in the Middle East and some other countries. Since the type of tea required for producing green

tea, which is in demand in Mrocco and Algeria is available in abundance in Assam and North Bengal, Kangra and Himachal Pradesh, the Tea Board should make available to the planters the necessary process and machinery to manufacture green tea. To master the process, if necessary, arrangements should be made to train one or more persons in Japan or some other country producing superior type of green tea

[S. No. 15 (Para 4.12) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

The Tea Board is keeping a continuous watch to ensure the target of 460 million kgs. is achieved by 1973-74. In any scheme for additional production, the demand for production of quality teas will receive priority as suggested by the Committee earlier.

As regards green tea etc. action have been taken and are being taken as follows:

- (i) A Cell has been set up in the Tea Board's office to look after the efforts to produce and export green tea;
- (ii) Nine tea estates have been given licences for the import of machinery from Japan for the production of the Japanese type of green tea in India. Some of the Tea estates have already installed the machineries and have started production and export to Japan and U.S.A. Separately, efforts are being made to fabricate similar machineries in India;
- (iii) Arrangements have been made for the import of one set of prototype green tea machinery from formosa for the production of the special type of green tea required in Moroccan market. The plant is being set up in one of the tea estates in South India and is expected to be ready for production shortly;
- (iv) Arrangements are being made for the training of a technical officer of the Tea Board on the methods of green tea production in Japan so that the Board would be in a better position to give technical advice to the present and prospective manufacturers of Japanese type of green tea in India.

[Ministry of Foreign Trade O.M. No. 5(12)—Plant (A)/70 dated 9-11-1970].

Recommendation

Pests are at present causing an estimated annual loss of 10 per cent of the crop. The data furnished to the Committee indicates that the main formulations for pesticides are being imported. In respect of weedicides also, the country is dependant on one patented imported product. The question of development of adequate indigenous substitutes must be pursued by Government in consultation with C.S.I.R. or the Tea Research Associations.

[S. No. 16 (Para 4.13) of Appendix IV to 115th Report (4th L.S.)].

Action Taken

The P.A.C. have recommended that efforts should be made to develop adequate indigenous substitutes for the pesticides and weedicides which are now being imported for use in tea. They have made a reference to one patented imported weedicide product ("Gramoxone") and have recommended that the Government should take up the question of development of adequate indigenous substitutes in consultation with the CSIR and the Tea Research Association. The production of "Gramoxone" by I.C.D.(I) is already under consideration of the Directorate of General of Technical Development, Government of India.

[Ministry of Foreign Trade O.M. No. 5(12)—Plant (A)/70 dated 9-11-1970].

Recommendation

The Committee note that there is some difficulty in obtaining additional land that the gardens require for tea production. This is a question which will have to be decided by Government of India in collaboration with the State Governments, on a scheme of clear out priorities, after taking note of the need for augmenting cereal production.

[S. No. 17 (Para 4.14) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

Availability of additional land required by the tea estates has been affected by various State Government Enactments, such as the West Bengal Estate Acquisition Act, The Assam Fixation of Ceiling on Land Holdings Act, 1956. The Madras Private Forest (Assumption of Management) Act, 1961, The Madras Hill Stations (preservation of Trees) Act, 1955 and the Madras Preservation of Private

Forest Act, 1949 and also by Land Ceiling Legislation in Kerala. These enactments have affected the availability of land not planted with tea but suitable for tea cultivation within the tea estate grants as well as availability of similar land adjoining tea estate boundaries but belonging to the State Governments. In case of individual hardship brought to the notice of the Tea Board. The Board has taken up the matter with the respective State Governments. The Government of India are taking up the matter with the various State Governments of tea growing areas in the light of the Borooah's Committee recommendations so that a uniform policy is followed by them.

[Ministry of Foreign Trade O.M. No. 5(12)—Plant (A)/70 dated
9-11-1970]

Recommendation

The Committee note that a preliminary survey by the Tea Board has revealed that about 16 per cent of the bigger estates are uneconomic. The matters need closer study, particularly in areas where quality tea is being produced. A selective liberalisation of the terms of the various Plantation Finance Schemes in favour of these areas might merit the closer attention of the Government.

[S. No. 18 (Para 4.15) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

The Tea Board at its meeting held on the 24th June, 1970, constituted a Sub-Committee for considering ways and means of giving assistance to uneconomic gardens which could not otherwise avail of the existing Hire Purchase and Plantation Finance Loans.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant (A)/70, dated
9-11-1970]

Recommendation

Special steps would have to be taken by Government to ameliorate the lot of small tea growers in Nilgiris, Mandi and Kangra. The Committee note that the organisation of co-operatives in Nilgiris has helped to better the situation and that the establishment of some more co-operative is under way. In the light of this experience, the Committee would like Government to consider the organisation of Co-operatives in other areas also. Adequate guidance should be given to these co-operatives so that they could function as viable units.

[S. No. 19 (Para 4.16) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

Only possible areas are Nilgiris, Kottayam area and Himachal Pradesh. Two more co-operative factories have been sanctioned for Nilgiris. More co-operative in Nilgiris will be established as and when it is possible to organise them with the help of Tamil Nadu Government. One Co-operative tea Factory has been proposed for in Kangra (Himachal Pradesh).

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)/70, dated
9-11-1970]

Recommendation

Secondly, the distribution of financial assistance under the scheme has been rather uneven. Up to the end of 1968-69, 119 Estates were sanctioned loans amounting to Rs. 5.34 crores under the Scheme. 61 of these Estates were controlled by 18 Managing Agents/Owners, each having two or more Estates. The number of Managing Agents/Owners who controlled five or more Estates was 4 and the Estates under their control, totalling 31, were sanctioned loans amountings to Rs. 1.5 crores. The Committee are not happy that loans under the scheme went to a small minority of Tea Estate interests.

[S. No. 21 (Para 5.12) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

It is true that the distribution of financial assistance under the scheme has been uneven in the sense that loans went to small minority of tea estate interests as pointed out by the Committee. The difficulties that arise in respect of this point are that in processing an application, the credit-worthiness of the party has got to be examined. The applicant has also got to satisfy several other conditions laid down in the scheme. Further, it is observed that only the progressive section of industry takes more interest in the loan schemes and the smaller units that do apply off and on are not in a position to satisfy all the terms and conditions. It may also be pointed out that a large number of pending cases referred to earlier by the Committee relate generally to such smaller units who take a long time to reply to our queries satisfactorily. It is not possible to disqualify an application on the ground that the applicant company owns more than one estate or has been sanctioned loan for more than one estate in the interests of the development

of the industry as a whole, it would certainly not be desirable to impose such a restriction. The Tea Board is certainly interested to ensure that development of the industry continues to take place and it is, therefore, desirable to encourage whichever section of the industry comes forward for loan for that purpose. No estate or company is debarred from availing of the loan, if it is in a position to satisfy all the conditions laid down in the scheme. It would certainly not be desirable to impose any restriction in this regard as it is likely to hamper the progress of the Plantation Finance Scheme. In fact, the Tea Board has not refused any loan of the small grower if their credit worthiness was satisfactory. It is a 20-year loan and therefore the Board has to be careful in assessing the creditworthiness of the party so that the Board's money is properly secured.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)/70, dated 9-11-1970]

Recommendation

The Replantation subsidy scheme will provide some incentive to the Tea Industry to replace overaged bushes on account of which production and quality of tea have suffered. The Committee would, however, like the Tea Board to devise appropriate checks to safeguards against misuse of the assistance under the Scheme. Inspections for purpose of grant of assistance are now conducted by inspectors chosen from a panel, which the Committee understands consists of tea planters. The Committee consider it essential, with a view to safeguarding Governments interests that knowledgeable officials from the Tea Board should also be associated with the process of inspection.

[S. No. 23 (Para 5.17) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

The Committee's recommendation is noted. As the Tea Board did not have sufficient field staff at the initial stage when the scheme was sanctioned by Government Panels of Inspectors had to be appointed by the Board to avoid delay in the implementation of the scheme. The Tea Board is now increasing its field staff and already some test, checks are being undertaken by the Field Advisory Officers of the Board. However, it is the intention of the Board to undertake inspections by its senior Technical Officers and it is ex-

pected that this will be implemented in the course of the current financial year.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)/70, dated 9-11-1970]

Recommendation

The Committee note that all the four tea centres at present being run by the Tea Board in India are sustaining a loss. These bars were opened as part of a tea promotion campaign in the country which has now been stopped. The Committee would like it to be considered whether all or some of these Centres could be closed or made over to co-operative organisations of workers, as has been done in the case of Coffee houses which were run by the Coffee Board.

[S. No. 24 (Para 6.4) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

The question of closing down Tea Bars/Buffets run by the Tea Board in the Central Ministries in New Delhi consequent on some of these incurring losses was considered by the Government. It was finally decided to hand over only the tea bar in Transport Bhawan and Tea Buffet in Nirman Bhavan to the respective Ministries where these bars/buffets are situated to be run by them departmentally. This has been done.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)/70, dated 9-11-1970]

Recommendation

The Committee also note that some staff of the Tea Board rendered redundant as a result of discontinuance of tea propaganda in the country are still to find gainful employment. An expenditure of Rs. 30,000 per annum is being incurred by the Tea Board on their salaries. The Committee would like the Board to take early steps to correct this position.

[S. No. 25 (Para 6.5) of Appendix IV to 115th Report (4th L.S.)].

Action Taken

The staff rendered surplus due to curtailment of internal promotion activities of the Tea Board have since been gainfully employed for specific office work in the Board's Head office particularly in the Directorate of Tea Development and also in Tea Bars and Buffets in Delhi and through deputation to Industrial Canteens on realisation of administrative fees and in some cases on regular deputation terms. Accordingly there is no surplus staff in the Tea Board's office at present....

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)/70, dated 9-11-1970]

Recommendation

The Committee feel that the requirements of co-operative tea societies were not properly assessed before releasing funds to the banks for grant of loans to the societies. A sum of Rs. 5.6 lakhs representing provisions for pesticides remained completely unutilised by the societies and it took nearly 9 months for the Board to withdraw this unutilised amount from the bank. The Committee trust cases of this type will not recur.

[S. No. 27 (Para 6.13) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

A sum of Rs. 5.6 lakhs was disbursed to the Madras Government on 4th June, 1965 as loan for distribution of pesticide which was a part of the comprehensive Scheme covering 6 cooperative factories. As no scheme of Pest Control could be drawn up by Madras Government, a part of the money was diverted towards loan for construction of factories. The Board has noted the position and in future no amount is proposed to be released until the Board is satisfied about its utilisation.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)/70, dated
9-11-1970]

Recommendation

The Committee would like Government to take suitable steps to ensure that the State Governments refund immediately unspent balances of welfare grants amounting to Rs. 70,122 which have been retained by them for about 10 years.

[S. No. 28 (Para 6.17) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

Government of India have already addressed the State Governments of West Bengal, Kerala, Tamil Nadu, Andhra Pradesh, Punjab, and Tripura that the unspent balance lying with them out of Tea Board's welfare grant should be refunded to the Tea Board without any further delay. They were last reminded on 30th September, 1970.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)/70. dated
9-11-1970]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE SUB-COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED

Recommendation

The Committee feel that the administration of the Tea Plantation Scheme needs to be greatly improved. In the first place, the screening of applications received from the Tea Estates for loans under the Scheme has been taking a long time. The data furnished to the Committee shows that 47 applications for loans amounting to Rs. 2.18 crores were pending as on 31st March, 1969, 39 of the applications were pending for over three months and the remaining 8 for over six months. The delay in clearing these applications has resulted in a substantial part of the annual allotment made for the scheme remaining unutilised every year since 1962-63 when the scheme was started. As a corollary, there has also been a shortfall in the realisation of the targets set for the scheme. Over the three years ending 1968-69, for instance Tea Gardens could do fresh Plantings only on 2,221 acres as against 3,277 acres that should have been covered under the scheme.

[S. No. 20 (Paras 5.11 and 5.12) of Appendix IV to 115th Report
(4th L.S.)]

Action Taken

Screening of applications is a time consuming process, moreso, when applicants submit incomplete application. This happens frequently and correspondence has to be entered into. While in some cases satisfactory replies are received quickly, while in many others, applicants take their own time to send replies and even then they are found to be incomplete. Reference to financing Banks have to be made and their replies very often take time.

Of the 47 cases shown as pending on 31-3-1969, 22 have since been rejected, 8 have been withdrawn, 3 have been sanctioned while one is awaiting permission from the Reserve Bank to raise a loan, being a sterling company. The rest is i.e. 13 are actually pending

awaiting replies to various clarifications, Tea Board have called for. The loan amounts in these 13 cases aggregate to Rs. 37,98,752|-.

In regard to the targets and achievements of new plantings, the target figures for a particular year are taken from the applications that are sanctioned during the year. The achievements on the other hand are based on the disbursement of 2nd instalment in that year, since this instalment is paid only when completion certificate is submitted. Thus the achievement figure actually relates to plantings that have been completed in that particular year, but which actually relate to the cases sanctioned about one or two years prior to that year. This is because after the first instalment is disbursed an applicant is allowed two years' time to complete the planting for which the advance has been made. The scheme lays down that the 2nd instalment can be disbursed between twelve months and 24 months from the date of disbursement of the 1st instalment. The applicant who succeeds in completing the plantings within a year, can get 2nd instalment any time after 12 months from the date of disbursement of 1st instalment. The applicants who are not in a position to complete the plantings within two years time limit, can apply for extension of time which is normally allowed.

From the above, it would be observed that the targets and achievements in a particular year are not really co-related. An example may help if 5 applications are sanctioned, say in 1968-69 for 200 acres of new plantings and 3 of the applicants who have been sanctioned loans for 60 acres planting, complete their programme in 1969-70 and one other for 20 acres finish this in 1970-71 and the 5th completes his 20 acres programme after extension of time has been granted in 1971-72, the target for 1968-69 is shown as 100 acres, the achievements for 1969-70 is 60 acres plus any others relating to 1967-68 or earlier sometimes and the achievement for 1970-71 and 1971-72 are 20 acres each year plus areas that relate to earlier sanctions. It is not thus possible to show in the field what the target was for a particular year and what was actually achieved against that as the achievement figures are spread over a period of 1-3 years. However, attempts are being made to work out suitable method which will give more clear picture of achievements in relation to targets in succeeding years.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)70 dated
9-11-1970]

CHAPTER IV

RECOMMENDATIONS|OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee would like the Government to investigate the working of the scheme to ascertain, with reference to the applications cleared, those kept pending and those rejected, whether the scheme has so far been impartially administered. Necessary corrective action would be taken thereafter. Another point which calls for immediate rectificatory action is that the scheme at present formulated, has left the weaker section of the industry at a disadvantage. The Borooah Committee had drawn Government's attention to this point and it was stated during evidence that Government were proposing to liberalise the terms of the scheme to remove this anomaly. This should be done expeditiously.

[S. No. 22 (Para 5.13) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

The scheme in its present form is being administered as per the rules framed. Regarding further liberalisation of the scheme to benefit the weaker section of the industry this will be examined.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)70 dated 9-11-1970]

Recommendation

As the grants were given to educational institutions in these cases with a view to provide educational amenities to the children of tea garden employees, the Committee would not like to pursue these cases further. The Committee would, however, like to point out that in as many as 13 out of 35 cases, where the institutes were given grants to build hostels to provide reserved accommodation for children of tea garden employees, not a single reserved seat was utilised. The Committee would like the Tea Board to investigate why the facility provided at the institutions to children of tea garden employees remain unutilised. This points to the need for greater care in screening proposals for these grants in future.

[S. No. 26 (Para 6.8) of Appendix IV to 115th Report (4th L.S.)]

Action Taken

The Tea Board is constantly pursuing the grantee institutions to fulfil the conditions for which the grants were made and from the reply received so far from those school|college authorities, the Board have offered the following comments in the matter:—

The primary intention of the Board in paying the capital grants for construction of hostel|extension of school building located in the tea areas is to create facilities for education for tea garden students in the backward areas and with the expectation that the facilities will be fully utilised in course of time. Due to overll economic reasons for the last few years it has become difficult for the tea garden labourers to send their wards in the school. Moreover, development of roads and travel facilities in tea garden areas enable the tea garden children to go the school|college from the respective gardens rather than staying in the hostel. Previously there was shortage of educational institutions in the tea garden areas. Now many institutions have been established with the grants-in-aid from the State Governments to meet the local needs. As such, the benefit created by the Board could not be fully utilised in some of the grantee institutions. This is a long time plan of the tea garden labour welfare. Since this spell is likely to be over in near future, with growth of the tea garden population and improvement of economic conditions, it is expected that the rent free seats reserved in those hostels for the garden students will not remain unutilised.

[Ministry of Foreign Trade O.M. No. 5(12)-Plant(A)|70 dated
9-11-1970]

CHAPTER V

RECOMMENDATIONS|OBSERVATIONS IN RESPECT OF
WHICH GOVERNMENT HAVE FURNISHED
INTERIM REPLIES

NIL

NEW DELHI;
August 31, 1971.

Bhadra 9, 1893 (S)

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

APPENDIX

Summary of main Conclusions/Recommendations

S. No.	Para No. of the Report	Ministry/Department concerned	Conclusion/Recommendation
1	2	3	4
1	1.7	Foreign Trade	The Committee note that a utility appraisal of the generic campaign has been undertaken by an expert appointed by the U.K. Tea Council. They would like to be informed of the outcome of the appraisal when completed.
2	1.8	-do-	As regards the uninational campaigns the Committee have pointed out in para 2.26 of their Hundred and Fifteenth Report (Fourth Lok Sabha) that staff salaries alone accounted for between one-fourth and one-sixth of the total expenditure. The Committee desire that Government should reduce the expenditure on staff without detriment to the effectiveness of the campaigns.
3	1 II	-do-	The Committee have earlier recommended that as exports of packaged tea become more and more popular the Indian Tea Trade should be encouraged to take over the publicity work from the Board. They would accordingly like Government to examine how far the tea trade in the country is interested in export promotion campaigns and try to associate them progressively with the measures taken by the Tea Board.

1	2	3	4
4	I 14	Foreign Trade	<p>The Committee note that Government propose to shift the Tea Centre at Edinburgh to new premises to run it efficiently and that services of a consultant have been requisitioned to improve the working of the tea centre in London. The Committee trust that Government would keep a close watch on the working of these centres in future and take appropriate steps for their improvement if they continue to show discouraging results.</p>
5	I 17	-do-	<p>The Committee do not get an impression from the reply furnished by Government that an investigation was carired out before coming to the conclusion that "the scheme in its present form is being administered as per the rules framed." They would suggest that Government should have this borne out by a proper investigation if it is not already conducted.</p>
6	I 18	-do-	<p>The Committee regret that Government are yet to consider the question of liberalisation of the scheme to benefit the weaker section of the industry. They trust that the matter would be taken up in earnest and finalised without any further delay.</p>
7	I 19	-do-	<p>The Committee note that the allotment of funds under this scheme is done by a Committee. They feel that Government should forthwith examine what change is needed in the composition of the</p>

8

I. 22

-do-

I. 25

-do-

GMGIPND—LSII—1944 (Aii) LS—1-11-71—1250.

Committee with a view to ensuring that benefits accrue to all the sections of Industry. In this connection, they suggest that this Committee should have representatives on it from smaller Tea Estates as well, so that their interests are adequately safeguarded.

The Committee note that Government have decided not to close down any of the Tea Bars/Buffets run by the Tea Board except to hand over the Tea Bar in Transport Bhawan and Tea Buffet in Nirman Bhawan to the respective Ministries. The Committee suggest that the centres handed over to be managed departmentally should be run on a no-loss-no-profit basis. They also desire that Government should consider ways and means to avoid losses in the centres retained by the Board.

While the Committee appreciate the reasons brought out by Government for the non-utilisation of the facilities created in the educational institutions, they wish to observe that the Board should be more careful in screening proposals for such grants in future.

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