

TEA BOARD OF INDIA



OUTCOME BUDGET

2012-13

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Ministry of Commerce and Industries
Govt. of India



Govt. of India, Ministry of Commerce and Industry, Department of Commerce)

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Chapter-I

THE FUNCTIONS AND ORGANIZATIONAL SET UP OF TEA BOARD

Constitution of the Board

The Tea Board, set up under section 4 of the Tea Act, 1953, was constituted on 1st April 1954 and works towards overall development of the tea industry in India.

Organisation of the Board:

The Board is headed by a Chairman and consists 30 members appointed by Government of India representing the Parliament(3), owners of tea estates(8), Governments of principal tea growing states(6), workers unions (5),Manufacturers of tea (2), consumers(2) and other interest(2). The tenure of the Board is three years and it is reconstituted every three years. The Board is assisted by four standing committees viz 1. Executive committee on administrative matters, 2. Export promotion committee on export promotion issues, 3. Labour Welfare Committee on welfare of the plantation workers and their wards and 4. Development Committee on the issues relating to development of tea industry.

Functions of the Board:

The functions of the Board are defined in the Tea Act, 1953. The focus of the Board is directed towards development of the Tea industry and trade especially in the sphere of production, extension of area under cultivation, improvement in the quality of tea, promotion of Co-operative efforts of growers, and research and development efforts in tea, undertaking promotional campaigns for increasing export of tea and regulatory functions such as issuance of Exporter's License, Tea Waste Licence, Tea Warehousing Licence, etc. Tea Board also plays a major role in the collection & dissemination of tea statistics and in the adoption of a few Welfare measures for workers of tea gardens, which are not covered under statutory provisions such as the Plantation Labour Act, 1951.

The primary functions of the Tea Board are briefly as under:

- a) Rendering financial and technical assistance for cultivation, manufacture and marketing and Export Promotion of tea.
- b) Extending financial support for Research and Development activities for augmentation of tea production and improvement of tea quality.
- c) Extending financial assistance to the plantation workers and their wards through labour welfare schemes.
- d) Assistance to the un-organised small growers sector both financially and technically

- e) Collection and dissemination of Statistical information
- f) Such other activities as are assigned from time to time by the Central Government.

Source of Funds: Funds are made available to the Board by the Government through Plan and Non-Plan Budgetary allocations.

The Non-Plan funds are being used exclusively for the administrative and establishment charges of the Board and Plan funds are used for all other activities.

Administrative Set-up: The head office of the Board is located in Kolkata, West Bengal and it is headed by Chairman and being assisted by Deputy Chairman and two Executive directors who are stationed at Guwahati and Coonoor. The Board has sixteen (16) offices within India and three (3) abroad located in the following places:

Overseas offices : London, Dubai, and Moscow. All these foreign offices of the Board are designed to undertake the various promotional measures to boost up export. These offices also act as a liaison offices for interaction between importers and Exporters.

Offices within India: The Regional/Sub-Regional Offices which are under the direct control of HO and of Executive Directors are located as follows :

Offices under direct control of Head office	Offices under Executive Director, Guwahati	Offices under Executive Director, Coonoor.
New Delhi Mumbai Siliguri Palampur Kurseong Jalpaiguri	Guwahati Silchar Jorhat Dibrugarh Tezpur Agartala	Coonoor Chennai Kochi Kottayam Tea Nook, Tirumala

Tea Board Research Centre.:The Darjeeling Tea Research & Development Centre is located at Kurseong headed by a Project Director.

Functional activities of Departments in the Head Office:

- a) The Secretariat looks after Establishment / administrative issues
- b) The Finance wing is responsible for the maintenance of accounts, release of financial assistance to tea gardens and internal audit.
- c) The Development Directorate is responsible for formulation and implementation of various developmental schemes and rendering assistance to the industry in the procurement, distribution and movement of essential inputs
- d) The Promotion Directorate looks after the works relating to Marketing and Promotion of tea in India and abroad.

- e) The Research Directorate is responsible for co-ordination of tea research carried out by the different tea research institutions in the country and monitoring the functions of the Tea Board's own Research Station.
- f) The Licensing Department is responsible for issue of licenses, to tea producers, manufacturers, exporters, brokers, auction organisers & monitoring of the movement of "Tea Waste"
- g) The Labour Welfare Department looks after the work relating to implementation of welfare schemes of the Board, which are not covered under the Plantation Labour Act, 1951.
- h) The Statistics Department is responsible for the collection of statistics relating to tea area production, export and all other related data and carrying out techno-economic surveys of various tea growing areas in the country including cost studies.
- i) Hindi Cell is responsible for the implementation of the provisions of Official Languages Act and various related measures.
- j) Darjeeling Tea Research and Development Centre: The Board has its own Tea Research Centre at Kurseong. In this Centre, field as well as laboratory experimentations are carried out on specialised topics of replantation, young tea management, crop physiology, clonal selection, bio-pesticides, residual toxicity, fertility status and nutrition uptake of tea, flavoury components and manufacturing technique of flavoury tea etc. DTR&DC also publishes a number of scientific papers and technical bulletins as part of transfer of technology besides undertaking advisory visits to tea estates.

Manpower of the Board:

The total man-power of the Board as on 31.03.2011 was 602 .The break up existing strength of the Officers and staff members under different categories in offices of the Board in India and abroad is as shown in the Table-1.

TABLE -1 Group wise man power of the Board in India as on 31.03.2011

		Group A	Group B	Group C	Group D	Total
1	Head Office	21	99	207	8	335
2	Regional/Sub Regional Offices	14	77	164	3	258
3	On deputation to Tea Board	8				8
4	on deputation to other organization		1			1
	Total	43	177	371	11	602

PROGRAMMES/SCHEMES AND COMPONENTS OF DIFFERENT SCHEMES:

XI Plan Schemes:

The following five schemes have been approved for implementation during the Eleventh Five Year Plan period.

1.	Plantation Development Scheme
2	Quality Upgradation and Product Diversification Scheme
3	Market Promotion Scheme
4	HRD Scheme
5	Research & Development

The objectives of the schemes and the approved outlay for the XI Plan period are as under:

Sl.No	Name of the Scheme	Approved outlay for XI Plan period. Rs. Crores	Objective
1.	Plantation Development Scheme	316	Productivity improvement through replanting, rejuvenation pruning & consolidation through infilling of vacancies, and creation of irrigation and drainage facilities. Special focus on Small tea gardens for enhancing productivity and quality, new planting in small holdings in hilly areas, encouraging small growers to organize themselves into self help groups/ tea producers societies etc
2	Quality Upgradation and Product Diversification Scheme	230	To provide financial assistance to needy tea gardens/ factories for augmenting the processing capacity, creation of new facilities to product diversification like green tea and other speciality teas, setting up of modern blending/ packaging units, installation of orthodox tea manufacturing machinery, and incentive for orthodox production, ISO/HACCP/Organic tea certification for tea manufacturing units/ gardens..
3	Market Promotion Scheme	119	Boosting export through various measures, generic promotion for new tea markets as also for domestic consumption, brand promotion, protection of Intellectual Property Rights(IPRs), Gis strengthening auction system through introduction of appropriate electronic format etc

4	HRD Scheme	50	Plantation Labour Welfare measures aimed at filling in critical gaps in the welfare of tea garden workers, particularly in health and education; improving skills at all levels from workers to managers through extensive training.
5	Research & Development	85	Assisting Research Institutes and other recognized Institutes for undertaking research on quality up-gradation, technology transfer for improving productivity, value addition and product diversification, nutrition management, tea and human health, setting up of quality control laboratories etc Under the Development component extending advisory service for benefit of small growers, opening of new development offices of the Board for closer interface with small growers in non-traditional areas, strengthening of existing Board's offices, setting up of nurseries for supply of good quality planting materials for small growers, study tours and workshops for small growers etc
	Total	800	

Programmes benefiting women:

As the activities supported by the Tea Board are gender neutral there is very little scope for drawing up programmes for exclusive benefit of women .

SC/ST sub-Plan:

Since the Tea Board schemes aim at over all improvement in production, productivity and quality improvement there is hardly any scope for having a separate sub-plan for SC/ST. However, under the HRD scheme there is scope for extending support to the workers and their wards belonging to SC/ST.. **Under other plan schemes**, relaxations are made in respect of eligible criteria under each scheme so that the individual SC small grower or groups having more than 50% members belonging to SC could avail of the benefit of the schemes

Expenditure incurred: During last four years:

The total Expenditure incurred during the first four years of the plan period adds upto Rs. 529.09 Cr – an utilisation of **72% of the total out lay of Rs.800 Cr** for XI Plan period. The Scheme wise breakup was as under:

Scheme	Rs. In Cr
Plantation Development Scheme	25.29
SPTF(Subsidy)	91.68
SPTF(Capital)	60.00
QUPDS	85.28
Orthodox subsidy	57.37
HRD	15.26
Market Promotion Scheme	89.47
R&D	104.74
Total	529.09

Expenditure during 2011-12 (upto November, 2011) Out of total receipt of Rs 118.25 cr, the total expenditure incurred upto November, 2011 adds upto Rs.102.45 Cr. - an utilisation of 87%. The cumulative expenditure for the XI plan period adds upto Rs 631.54 Cr an utilisation of 79% of the total outlay of Rs.800 crores.

Cummulative Physical Performance during 2007- 11(till November, 2011) –

Major measurable physical targets set for the XI Plan period under the plan schemes and the achievement thereof during the first four years including fifth plan year up to October, 11 are furnished in briefly as under:

	Activity	Target		Achievement till Nov., 2011	
		XI Plan	2007-12	2007-11	% achievement during 2007-11
1	New Planting-Hectare	7450	4750	3334.72	70 %
2	Replanting-Hectare	32560	27034	21613.42	80 %
3	Rejuvenation-Hectare	8432	7388	6146.70	83 %
4	Irrigation & Drainage-Hectare	7900	7200	10972.00	152 %
5	SHG of small growers (Nos)	212	212	227.00	107 %
6	Factory Modernization (Units)	349	980	1088.00	111%
7	Value Addition (Nos)	147	160	95.00	59 %
8	Quality certification (Nos)	100	125	175.00	140 %
9	Orthodox tea production (M.Kgs)	380	380	306	81 %

Chapter –II

Department of Commerce

Statement of Outlays and Outcomes/Targets (2012-13)

S N o..	Name of the Scheme/ Programme.	Objective /Outcome	Outlay 2012-13 (Rs. In crore)		Quantifiable Deliverables/ Physical Outputs	Projected Outcomes	Processes /Timelines	Remarks /Risk Factors
			4.	5.				
	2.	3.						
	Tea Board		Non- Plan Budget	Plan Budget				
		Overall development of the tea industry in India by providing necessary assistance for research and developmental activities aimed at increasing production, productivity and quality; facilitation of trade and promotion of exports so as to ensure maximum returns to the producers, including small growers; safeguarding the interests of the workers and the consumers; gathering statistical and other relevant data concerning the industry and disseminating the information to various segments of the industry, act as the recognized spokesperson on behalf of the tea industry to the Government, media, trade and general public.	49.84 Cr	235.00**	Production :1015 mkg Exports:196 mkg		2012-17	

S No..	Name of the Scheme/ Programme.	Objective /Outcome	Outlay 2012-13	Quantifiable Deliverables/Physical Outputs	Projected Outcomes	Processes /Timeline s	Remarks /Risk Factors
1	2	3	4	5	6	7	8
i.	Plantation Development Scheme	Productivity improvement through new planting, replanting, rejuvenation pruning and Irrigation facilities etc.	90.00		Productivity improvement through replanting, rejuvenation pruning & consolidation through infilling of vacancies, and creation of irrigation and drainage facilities. Special focus on Small tea gardens for enhancing productivity and quality, new planting in small holdings in hilly areas, encouraging small growers to organize themselves into self help groups/ tea producers societies etc	Twelfth Plan(2012-17)	
	New Planting			2000			Subject to vagaries of weather conditions – drought, hailstorm, flood etc.
	Replanting			5102		5 years	
	Rejuvenation			2632		3 years	
	Irrigation and Drainage			1500		2 years	Subject to availability of water .
	Self help Groups of small growers			35	Mobilisation of around 1750small growers with a tie up arrangement with the processing factory.Imparting training which in turn improves quality of made tea.Bringing about quality improvement in lifestyle, better realization of price, income generation etc.Bringing bargaining power of the grower vis-à-vis manufacturer.	1 year	

S No..	Name of the Scheme/ Programme.	Objective /Outcome	Outlay 2012-13	Quantifiable Deliverables/Physical Outputs	Projected Outcomes	Processes /Timelines	Remarks /Risk Factors
1	2	3	4	5	6	7	8
	ii. Tea Quality Upgradation and Product Diversification scheme	To provide financial assistance to the needy tea gardens/factories for augmenting the processing capacity etc	91.00		Augmenting the processing capacity, creation of new facilities to product diversification like orthodox / green tea and other speciality teas, setting up of modern blending/ packaging units, installation of electronic control devices for quality processing obtaining ISO/HACCP/Organic tea certification for tea manufacturing units/ gardens	Twelfth Plan(2012-17)	
	No. of Tea processing Units to be covered	Modernization of Tea Factories	100		<ul style="list-style-type: none"> • Replacement of old and worn-out machineries • Energy saving • Quality improvement • Better price realization • Better acceptance by the importing countries • Quality improvement • Better price realisation 	In 1 year of modernisation	Market dynamics
Value addition		15					
Quality assurance certification		21					
Product Diversification		0					
		Orthodox Tea Production - 80 mkg					
	iii. Market Promotion Scheme	To assist tea producers/exporters for boosting exports through various measures such as fairs/exhibitions etc.	30.00*		Boosting export through various measures, generic promotion for new tea markets as also for domestic consumption, brand promotion, protection of Intellectual Property Rights(IPRs), GIs strengthening auction system through introduction of appropriate electronic format etc	Twelfth Plan(2012-17)	

	No of international fairs/exhibitions	Providing a platform for increase in quantum of exports of Indian teas. Participations help exporters find new buyers and establish contacts with existing buyers. Participation in non-traditional and new markets essential for exploring and increase in geographic portfolio.			<ul style="list-style-type: none"> • Increase in exports. • Creating niche markets for Indian tea • Perception change in markets about the brand value of Indian tea. 	Twelfth Plan(2012-17)	International political scenario staying peaceful and conducive to increase in exports.
	No of domestic fairs and exhibitions	To arrest the declining trend in domestic tea vis-à-vis other beverages consumption Propagating tea as a health drink, Rediscovering tea in different and new forms, versatility Reestablishing tea as a regular drink Create awareness about different types of Indian tea			<ul style="list-style-type: none"> • Increase in domestic tea consumption • Changed perception of tea among consumers • Increased trade activities 		
	d.Assistance for export of tea through ICD Amingaon (NE) in M. Kgs	Reduction /offsetting additional freight cost of the exporters of tea from NE. Making ICD, Amingaon a viable option for exporters Ensuring safe, clear, disruptionfree shipment of North East teas.			<ul style="list-style-type: none"> • Increased exports through ICD from NE 		
	e. Country specific Overseas Promotional events	Tailoring of promotional activities to suit local needs and conditions, to derive maximum benefits. <ul style="list-style-type: none"> • Creating a brand identity of Indian tea 			<ul style="list-style-type: none"> • Increase in quantum of exports in target countries • Improvement in perception of India tea in target countries • Niche market creation. 	2-3 years	International political scenario staying peaceful and conducive to increase in exports

	f. Domestic campaign (in Rs Cr)	<ul style="list-style-type: none"> • Positioning of India tea as a versatile and lifestyle beverage • Improvement of perception of tea in youth, the target group. • Awareness generation of origin specific teas like Assam, Darjeeling and Nilgiri. 			<ul style="list-style-type: none"> • Increase in domestic tea consumption • Changed perception of tea among consumers 	2-3 years	Aggressive marketing by alternative beverages eating away potential customer base of tea.
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S No..	Name of the Scheme/ Programme.	Objective /Outcome	Outlay 2012-13	Quantifiable Deliverables/Physical Outputs	Projected Outcomes	Processes /Timeline s	Remarks /Risk Factors
1	2	3	4	5	6	7	8
	iv. Research and Development	To assist research projects of Tea Research Institutes on quality up-gradation, technology transfer for improving productivity, value addition and product diversification etc.	16.00	Not Quantifiable	Assisting Research Institutes and other recognized Institutes for undertaking research on quality up- gradation, technology transfer for improving productivity, value addition and product diversification, nutrition management, tea and human health, setting up of quality control laboratories etc Under the Development component extending advisory service for benefit of small growers, opening of new development offices of the Board for closer interface with small growers in non-traditional areas, strengthening of existing Board's offices, setting up of nurseries for supply of good quality planting materials for small growers, study tours and workshops for small growers etc	Twelfth Plan(2012-17)	

S No..	Name of the Scheme/ Programme.	Objective /Outcome	Outlay 2012-13	Quantifiable Deliverables/Physical Outputs	Projected Outcomes	Processes /Timeline s	Remarks /Risk Factors
1	2	3	4	5	6	7	8
	v. Human Resource Development (no. of beneficiaries)	To induct professionalism in plantation management, labour productivity, skill improvement etc.,	8.00		Plantation Labour Welfare measures aimed at filling in critical gaps in the welfare of tea garden workers, particularly in health and education; improving skills at all levels from workers to managers through extensive training.	Twelfth Plan(2012-17)	
	Educational stipend/scholarship for Students (no of beneficiaries)			10000	To extend helping hand to the wards/dependents of tea plantation workers including Small tea growers for prosecuting studies in schools, colleges and universities for upliftment of socioeconomic condition of the tea plantation workers community.		
	Capital Grant to Schools & Colleges(Nos)			5	Towards establishment of Educational institutions including hostels for pursuing studies of the wards of the tea plantation workers in the tea growing areas for upliftment of the tea plantation community.		
	Building Grant to hospitals/clinics(Nos)			5	To set up new health centre/ extension of existing hospital/medical clinic for the workers of tea plantation and their dependents for specialised medical treatment facilities like T.B., Cancer, Leprosy, Eye, Heart, Kidney, Diseases etc.		
	Grant towards medical equipment & ambulances			3	Provide X-Ray and various surgical instruments etc. to the hospitals located in tea gardens/ tea growing areas for extending medical help to the workers of the tea gardens and their dependents. Supply of artificial limbs, hearing aids, wheel-chair, cycle etc. to the disabled tea plantation workers. Provide ambulance to		

					the tea producers' associations/ hospitals for carrying patients of the tea gardens workers and their dependents during emergency.		
	Bharat Scouts & Guides Activities (Nos)			500	To inculcate a sense of discipline, self reliance, self respect, freedom from fears and development of scouts and guiding activities amongst the children of the tea plantation workers so as to improve the socio economic condition of the workers of the tea plantation community.		
	Training			5000	Training of workers/managers/growers		

- Additional Rs 12.00 Crores for 5-5-5 programme have been incorporated in the MPS Outlay.

** Excluding proposed new schemes outlay (Rs 15.00 Crore) for first year of 12th Plan

Chapter III : Reform measures and New Policy initiatives in Tea Sector :

A. Reform measures in Tea Sector:

1. Tea Plantation Development Scheme

The main objective of the Tea Plantation Development Scheme is to encourage the tea plantations in undertaking various field oriented developmental measures aimed at increasing field productivity and decreasing cost of production. In order to achieve these objectives, and given the high cost of production mainly due to the labour cost accounting for more than 60% of the total cost of production and high fluctuation in the tea prices, it has become necessary to continue the scheme during XII Plan period for providing financial incentives in the form of subsidy for a set of activities to be undertaken by the growers. When compared to XI Plan scheme, the following changes have been proposed for the XII Plan period.

1. **New Planting:** Given in the imbalance in demand and supply, new planting was not encouraged during the previous two plan periods. It was however allowed on a limited scale for small growers particularly in NE Region and Hilly area. During the course of last ten years while the overall supply was around 130 million kgs the domestic demand was in the order of 170 million kgs leading to a gap of 40 million kgs. In order to bridge this gap it is proposed to extend support for new planting by way of subsidy @25% of the planting cost and interest subsidy @5% p.a for seven years on the 50% of the planting cost availed as loan from banks.
2. **Drainage and Transport facilities:**The drainage component under the PD scheme, has received very low response from the industry. Moreover, the scheme is difficult to monitor as most of the works undertaken are civil works in nature The performance of the Scheme in terms of creation of Transportation facilities has been poor. Moreover, this subsidy does not result in any long term impact on the established estate gardens. In view of these facts, it is proposed to discontinue the support for these two activities.
3. **Irrigation :**The irregularity in the monsoon (both in terms of lack of adequate rainfall and prolonged dry period) is forcing the industry to invest on irrigation infrastructure. Moreover, large scale replanting would bring large area under young bushes. These young sections require irrigation much more than older sections. Hence, irrigation should be a focus area for the XIIth Plan period. Currently the irrigation subsidy being offered is 25% of the total expenditure subject to a maximum of Rs. 10,000 per Ha. Moreover, the total expenditure per garden is also capped at a maximum of Rs. 10 Lakhs. Considering the current cost of creating conventional irrigation facility (Estimated to be around Rs. 70,000 per ha), this ceiling is too low. Moreover many gardens are now willing to go for large scale investments in irrigation covering more than 100 ha of area at one time and such large scale investment in irrigation should be encouraged. In such situation, a ceiling on total expenditure may not be justified. In addition to subsidy it is proposed to provide interest subsidy @5% p.a for seven years on the 50% of the planting cost availed as loan from banks.
4. **Subsidy and Interest Subsidy for Field Mechanization :**Due to growing problem of labour scarcity across the producing regions (more predominant in South India), the industry needs to explore use of mechanization and use of new technology for activities that are traditionally undertaken manually. Accordingly, it is proposed to incentivize use of following field mechanization equipment's:
 - Mechanical harvesting equipment
 - Pruning machines
 - JCV machines
5. **Support to Small growers:**The small grower sector has emerged as an important sector contributing nearly one third of the country's production of made tea. Current estimation indicates that there are nearly 1,60,000 small growers producing nearly 257 M. kg of tea accounting for around 26% of the total tea production of the country. Considering growing contribution of the small grower sector, there is a need to put increased attention to this sector. Accordingly, various subsidies and supports that are available to the small growers under various schemes of XI Plan have been clubbed/ consolidated under one umbrella scheme.

6. **SPTF** : Special Purpose Tea Fund was formulated for assisting the tea gardens in undertaking replanting, replacement planting and rejuvenation of old aged tea bushes so that the industry becomes more viable, competitive and financially sustainable. A major deterrent to producers for undertaking uprooting and replanting on regular basis is the large actual costs involved in the activity. In addition to the actual costs involved in carrying out uprooting and replanting and subsequent maintenance required to nurture the young section, the producers also get deterred by the resulting crop losses during the initial period of 5-6 years. SPTF tried to address this issue by extending a loan component in addition to subsidy component. However, the loan component has not received adequate response and the cost of administering the loan component has become quite high. The performance of the scheme has been critically reviewed by the CAG and recommended for adequate compensation of the crop loss due to uprooting. Keeping this in view it is proposed to modify the existing scheme with additional features as under:

- a. **Withdrawal of loan and introduction of interest subsidy:** an interest subsidy of 5% may be introduced for a term loan that a tea garden can take from any scheduled commercial bank for undertaking the activities.. The term loan should have tenure of 7 years, and the pay out of interest subsidy would commence from 1st anniversary of the release of the loan amount till full repayment over 7 years.
- b. **Introduction of a Crop Loss Subsidy:** It is proposed to reimburse 100% of the net crop loss value as Crop Loss Subsidy by taking into account the actual cost or production, net average sale price for each tea growing region and the net crop loss suffered by individual garden after factoring in the crop gained during the gestation period.
- c. **Encourage gardens to have own nursery:** Use of good quality planting materials as prescribed by research institutions have a lasting impact on the long term sustainability of the industry. In order to encourage tea gardens establishing their own nurseries, it is proposed to advance 25% of the subsidy up front out of the total subsidy payable under the scheme on completion of replanting.
- d. **Introduction of a graded subsidy** in order to encourage producers going for accelerated uprooting and replanting it is proposed to introduce graded subsidy rates as shown in the following table:

Uprooting Percentage	Subsidy Rate
Up to 1 %	No Subsidy
>1 to 2 %	25%
>2 to 3 %	30%
>3 to 4 %	35%
Above 4%	40%

- e. **Relaxation of age limit for closed tea gardens:** The age limit may be relaxed in case of gardens that were closed and abandoned for three consecutive years immediately prior to the year of application. In case of such gardens, age would not be a factor for sanction and release of subsidy provided TRA/ UPASI-TRF certifies uprooting and replanting as the best option for revival of the concerned section.

With the introduction of the two additional subsidy components(interest subsidy and crop[loss subsidy), the overall share of support would range from 31% to 43% of the total costs, depending on the % area taken up for uprooting and replanting by the concerned producer. It is felt that this level of support would be necessary to motivate the gardens to come forward and participate in the scheme in larger numbers so that significant impacts can be made on the industry-wide age profile of the bushes and the resultant yield and quality of tea production in the country.

2. Tea Quality Upgradation and Product Diversification Scheme (QUPDS)

The main objective of QUPDS is to serve as a catalyst for tea factories/ blending/ packaging units to undertake investments in modern technologies/ processes (either for expansion or for replacement), which would eventually enable quality improvement, and higher realizations through the production of better quality/ value added teas. The overall objective of the scheme is to encourage following activities:

- Factory related activities
 - Modernization of the processing factories by replacement of old and worn out machinery
 - Value addition by way of creating additional infrastructure for cleaning and blending and packaging facilities
 - Quality assurance certification – ISO/HACCP and Organic Tea Certification
 - Product diversification – production of orthodox tea, green tea and specialty teas etc
- Incentive for Orthodox Tea production in order to increase production of exportable tea

Orthodox subsidy scheme

Orthodox subsidy scheme would have to be continued in order to encourage producers to produce larger quantity of orthodox tea. It has been noted from the two studies conducted by the Board through two independent agencies, that orthodox producers are not getting adequate price advantage that can compensate for the additional costs involved in producing orthodox tea..

Considering the above factors, it is proposed to consider the following rate of subsidy during XII Plan period.

- (a) Increase the rate of subsidy on leaf and dust grades from Rs.3 and Rs.2 to Rs.4 and Rs.3, increase in incremental production subsidy to Rs.10, and subsidy on export of Rs.7. This would mean a total subsidy package of Rs.267 crores and if the export subsidy is decreased in the same package to Rs.5 instead of Rs.7, it will be Rs.265 crores.
- (b) Keeping the subsidy element same (as is now) for leaf and dust of Rs.3 and Rs. 2 respectively, but increase incremental production subsidy to Rs.10 and exports subsidy to Rs.7, it would be RS.205 crores and keeping orthodox export subsidy to Rs.5 in the same combination, it would be Rs.203 crores.

3. Small Growers Development Scheme

Giving due considerations to the special needs of the small growers sector and increasingly important role the sector is playing in the Indian tea industry, a separated dedicated scheme has been proposed for the sector with various sub-components covering all aspects of development for the sector.

Many of the benefits enshrined under this new scheme are already available as part of the XI Plan PDS. However, we have made some changes in the ceilings and quantum of subsidy based on the legitimate demands of the industry and general escalation in cost of equipment and implements.

4. Market Promotion Scheme

There is a continuing need for the Tea Board's intervention in promoting the Indian Tea Exports. Also, in the domestic Market, given the competition that tea faces from other beverages, 'generic' promotion of tea is required. Thus, there is a need for continuance of Market Promotion efforts in the 12th Plan period. Activities proposed to be supported under the Market Promotion Scheme under 12th Plan have been highlighted below :

Infra structure creation: Designated Tea Parks, fully developed well served and serviced basic infrastructure meant for tea units engaged in activities of processing, blending, tea bagging, storing, warehousing etc. for the purpose of exports are proposed. Core infra structure may include internal road, power facilities, water supply, R & D centre etc.

Brand Promotion (Promotion Scheme for Packaged Tea or Indian Origin):The Scheme is intended to promote teas of Indian origin. The Scheme covers all the Indian companies/exporters marketing Indian brands in packets less than 1 kg and would be applicable for the categories like showroom, promotional campaign, in store demonstration, website development, inspection charges, etc.

Brand equity, IPR/GI protection and related legal activities:In order to increase the brand equity and protection of GI/IPR of Indian tea and in particular, the origin teas like Darjeeling, Assam, Dooars-Terai, Nilgiris, Kangra etc it is essential to administer these marks/logos and stop misuse of such treasured Indian origin names internationally. Efforts to register these GI's in various jurisdictions and fight legal battles against infringement of Indian logos/marks need to be continued.

Promotional activities:

Domestic Promotion- In order to increase domestic consumption of tea and sustain a demand pull in the domestic scenario it is essential to continue with media campaign, fairs/exhibitions, advertisement/sponsorship etc.

Incentive to Exporters/Associations- The activities like transport subsidy, Export Promotion Support to the exporters and associations etc are very important for their continuance in particular the support under transport subsidy (ICD Amingaon) provides an incentive to the exporters for the loss incurred due to empty haulage of containers from Amingaon to Haldia. Export Promotion Support by way of providing air travel reimbursement, sharing a part of overseas Buyer-Seller meets participation in fairs/exhibitions etc by the exporters provide a positive impact on export activities and to help increasing market share.

Overseas Promotion :Activities like membership of Tea Councils, overseas promotion in Japan etc will continue to have good significance on increasing market shares in the overseas markets. Joint Overseas Promotion by way of 5-5-5 Project in 5 countries assumes great importance in the matter of India Brand Promotion in the potential markets in Russia, USA, Kazakhstan, Iran and Egypt.

Trade Related Activities: Trade related activities like Deputation-Delegation both outbound and inbound, participation in International Fairs/Exhibitions, organizing Semimar/Conference like India International Tea Festival, conducting market research in various potential countries, building up tea infra structure by way of Tea Park/Warehouse etc will continue to remain thrust areas in order to have close interaction with the overseas importers and increase market share and develop new markets abroad as also to facilitate Indian tea industry to improve quality image and attraction.

Publicity Materials: PR activities through various gift materials, tea caddies/carton/chestlets etc together with releasing advertisements on Indian Tea in printing media/publications have always been found to be an effective vehicle for promotional publicity, both in domestic market and abroad. Hence these activities are very well justified to continue in the 12th Plan period.

Freight Equalisation Subsidy: Unlike in Sri Lanka Indian tea exporters do not have the direct shipment from the country itself. They have to incur a huge additional cost due to loading through feeder vessels to Sri Lankan port first. This has been a long standing grievance from the Indian tea exporters. In order to increase price competitiveness of Indian tea exports it is proposed to assist them by providing a subsidy / assistance.

Logo administration and quality assurance:Logos of Indian origin tea such as Darjeeling, Assam, Dooars-Terai, Nilgiris etc together with India Tea are registered as GI /CTM in India and also overseas under various country regulations. It is proposed to attach some minimum quality benchmark on organoleptic and chemical parameters of such tea for usage of these logos and administer the system accordingly. This will involve constant monitoring/checking of the quality through inspection.

Assistance for setting up Tea Boutiques :In order to showcase diversified product range of Indian tea Tea Boutique is considered an important promotional vehicle where tea on consumer preference can be spot sampled and sold across to potential buyers and tea connoisseurs. While Tea

Boutiques have been already popular internationally, it is proposed that assistance to set up such boutiques with the basic infra structure be provided to the exporters and some scheme be formulated.

Tea Campaign : Sustained tea promotions by way of media campaigns aimed at popularizing the positive aspects of tea and in a manner made specially interesting to the youth, is the need of the hour, both for the overseas and the domestic market. Apart from extolling the positive health benefits, the other positive social attributes associated with tea such as camaraderie, friendship, bonding etc can be explored. The style quotient of tea which is on an upward swing in the niche markets and in the niche segments of many societies should be exploited while also popularizing it as a preferential beverage choice of the youth with health and beauty aspects being stressed on. A 360 degree advertising and media blitzkrieg on a sustained level over the years would go a long way in popularizing this amazing beverage- India Tea.

5. Plantation workers welfare and Training Scheme(Human Resource Development Scheme)

There are various schemes run by state and central govt. that cater to the various labour welfare related activities aka education, drinking water, sanitation, health, etc., currently being covered under Tea Board schemes. At the same time, it has also been observed that it has become financially unviable for the tea industry to continue to bear the social cost burden in their garden estates. Considering the same, our key recommendation on the proposed scheme for HRD are as follows:

1. HRD Scheme to cater only human resource development activities and training of Tea plantation workers
2. Creation of a separate trust or an agency under the aegis of the Tea Board to look after:
 - a. Housing facilities under Indira AwasYojana
 - b. Sanitation facility under Total Sanitation Campaign
 - c. Safe drinking water under Swajaldhara
 - d. Health under National Rural Health Mission (NRHM),
 - e. Educational facilities under SarvaSikshaAbhiyan
 - f. Formation of SHG under SJSY
3. Focus on Training Programmes

6. Scheme for Monitoring the implementation of Regulatory provisions of Tea Act.

There are certain regulatory and compliance related activities of Tea Board that are not covered under any scheme. Such activities include the following:

- **Mandatory check- mechanism to ensure quality of tea meant for export from India**

- ☞ Mandatory Checking of each consignment before its shipment from India destined for selected countries like, Japan, Germany, United Kingdom, Russia, U.S.A., Iraq, Iran and A.R.E.

- ☞ Mandatory Checking of consignments below certain level of unit FOB export price.

Export of tea from India is, at present, regulated /monitored under the provisions of the **Tea (Distribution and Export) Control Order 2005** which has been notified in supersession of the earlier order viz:- the Tea (Distribution and Export) Control Order 1957. The **standard of quality of tea to be exported** from India shall **conform** to the specifications of black tea, green tea etc as **indicated in the above mentioned**

order of 2005. Apart from the above standard of quality of tea, tea **exporters are prohibited** from exporting tea in which the maximum level of metallic contaminants, pesticide residue etc. **exceed the level** as indicated in Para 2(v) of the aforesaid order.

- **Mandatory check mechanism to ensure supply of quality Green leaf to the manufacturer and the process of manufacturing quality tea for the consumers.**
- **To introduce regular monitoring mechanism of checking of Tea Waste generated at the factory level to ensure maintenance of quality tea at the factory.**
- **To introduce Region wise / State wise study on the status of the tea estates / tea manufacturing factories.**
- **To undertake a Micro level study on the extent of implementation of the different regulatory provisions of Tea Act and Control Orders.**
- **To undertake a Region wise / State wise assessment of extent of programme implementation by the beneficiaries under different schemes of Tea Board, its impact & economic analysis.**
- **To study the cost of production of tea leaf of the small grower vis-à-vis by estates and cost of manufacturing of made tea by the Estate Factories / Bought Leaf Factories & Co-operative factories.**
- **Strengthening of e-auction and bringing other allied activities under electronic platform.**

Tea Board needs to strengthen following functional areas, in order to become a more effective development and regulatory agency:

- Cost accounting: Tea Board has to rely extensively on external agencies for undertaking studies on cost structure, cost competitiveness, etc of tea industry on a regular basis. It needs to have an in-house cost accounting cell for undertaking such exercises.

- Economics & Policy Research Unit: For effective planning and policy formulation for the industry, an in-house economics and policy research cell should be part of Tea Board's internal structure. This cell should carry out high level policy research, best practice studies in terms of policies and planning, and provide specific periodic recommendations to the authorities in terms of suggested policy interventions.

- HRD Cell: Human Resource Development is a crucial function. Tea Board currently does not have any HRD cell. The same should be created in order to effectively monitor and implement HRD Scheme related initiatives and activities.

7. Research and Development Schemes

The activities covered under this scheme includes – meeting recurring expenditure on some of the identified items of TRA and UPASI-TRF, up-gradation of DTR&DC, supporting research projects of Tea Research Institutes and other recognized Institutes on quality up- gradation, Integrated Pest and Disease Management, value addition and product diversification, nutrition management, tea and human health, setting up of quality control laboratories etc.

(A) Ongoing Research Schemes :The research schemes that have been initiated during the XI Plan period are under various stages of completion and some of the schemes are to be continued for one or two years of the XII plan period for their completion.

(B) Justification for continuation during XII Plan: Long term Research is necessary for developing and improving the techniques for modernization of processing, as well as, for finding answers to emerging constraints and limitations. Streamlining and strengthening of the research and creating suitable mechanism to ensure that research remains responsive and in tune with the time is cardinal for future progress and growth of the industry.

CHAPTER IV - REVIEW OF SCHEME WISE PERFORMANCE DURING 2007-11 AND 2011-12 (April 11- November 2011)

TEA BOARD

Department of Commerce

CHAPTER IV - REVIEW OF SCHEME WISE PERFORMANCE DURING 2007-11 AND 2010-11(April 2011-November 2011):TEA BOARD

SI No	Name of the XI Plan Schemes	XI Plan outlay	XI Plan Physical Major Targets	Achievements 2007-11 (Four Years)		Targets 2011-12		Achievements-2011-12 (Upto 30 th November, 2011)	
				Fin	Phy	Fin	Phy	Fin	Phy
1	PDS	55	New Planting 7450 ha Irrigation & Drainage-7900 ha SHGs of small growers-212 nos	25.29	3084.72 ha 9521.89 ha 227 Nos	13.00	2000 ha 1500 ha 60 nos	7.00	250 ha 1450 ha 10 nos
1.1	SPTF (Subsidy)	200	Replanting 32560 ha Rejuvenation 8432 ha	91.68	18691.11 ha 6621.00 ha	60.00	9000 ha 1500 ha	22.00	2922 ha 444 ha
1.2	SPTF (Capital)	61		60.00		1.00		0.00	
2.1	QUPDS	130	Factory Modernization 349 units Value Addition-147 units Quality certification- 100 units	85.28	854 units 80 units 155 units	42.00	80 units 10 units 10 units	26.90	239 units 15 units 22 units
2.2	Orthodox Production	100	380 m kgs	57.37	306 m.kg	33.00	100 m.kg	27.00	75 m.kg
3	MPS	119	Fairs & Exhibitions- 100 Nos. <i>Transport subsidy</i> ICD Amingaon 128 m.kg	89.47	113 Fairs 100.26 m.kg	15.00	<u>20 Fairs</u> <u>24 m.kg</u>	11.50	2 (I)+ 8(D) Fairs ---m.kg
4.	HRD	50.0	(i)Health care Drinking water- 5000 units Sanitation-10,000 units Capital grant to Hospitals / clinics -45 ii.Education: Educational stipend / uniforms /book grants etc-50000 students Capital grant to schools & hostels-	15.26	 29 39547	5.00	 - 1000 units 10 units 10,000	2.80	 = <u>0</u> 1 units 500 students 1 units

			45 units		16	10units		
			Assistance for organizing Bharat Scouts and Guides & sports activities in plantation Districts-5500 students		5336	1000		700 students
			iii.Training					
			Training of small growers+workers- 10,000 workers		45191	2000 workers		700 persons
			Training of garden managers-2500 persons		1350	200 persons		300 persons
			Training of Extension service providers to SHGs-424 trainers		234	170 trainers		---
			Planters Productivity councils- 15 Nos		23	15 Nos		10 no. 39(823)
5	R & D	85		104.74		12.00		5.25
	Total	800		529.09		180.00		102.45

**Chapter V: FINANCIAL REVIEW: EXPENDITURE FOR 2007-11 AND 2011-12
OUTCOME BUDGET 2012-13 DEPARTMENT OF COMMERCE: TEA BOARD INDIA (Rs in Crores)**

Subsidy	2007-11 Actuals	2011-12 BE	2011-12 RE	2011-12 Actual expenditure upto 30 th November , 2011	2012-13 BE
1	2	3	4	5	6
PDS					
SPTF	151.68	60.00	18.00	22.00	75.00
Non SPTF	25.29	13.00	61.00	7.00	15.00
QUPDS					
Incentive for orthodox production	85.28 57.37	42.00 33.00	127.73 83.93	26.90 27.00	50.00 41.00
MPS	89.47	15.00	26.00	11.50	30.00
HRD	15.26	5.00	5.00	2.80	8.00
Total for Subsidy	424.35	168.00	321.66	97.20	219.00
Total for GRANT-IN-AID	104.74	12.00	12.00	5.25	16.00
Grand Total	529.09	180.00	333.66	102.45	235.00
New Scheme	0	0	0	0	15.00*
Allocation for N.E. region out of the total outlay	275.00	98.00	172.49	62.50	138.00
AED Funds	31.20	0.00	0.00	0.00	0.00
Total Outlay	560.29	180.00	333.66	102.45	250.00**

* Added Rs 12.00 Cr. for 5-5-5 programme ** 15 Crore proposed for new schemes(Small Growers Development Scheme and Regulatory mechanism scheme)