

**ESTIMATES COMMITTEE
1963-64**

FORTY-SIXTH REPORT

(THIRD LOK SABHA)

1141

MINISTRY OF INTERNATIONAL TRADE

Tea Board, Calcutta

(Reports & Accounts)



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CORRIGENDA

Forty-Sixth Report of the Estimates Committee (Third Lok Sabha) on the Ministry of Inter- national Trade — Tea Board, Calcutta.

- Page 9, Para 20, line 7, for 'Summar' read 'Summary'
- Page 9, Para 20, line 17, for 'Tear' read 'Tea'
- Page 11, line 4, for 'are' read 'area'
- Page 11, Para 25, line 1, for 'lakh' read 'lakhs'
- Page 12, line 3, for '1:66' read '1.66'
- Page 25, Para 68, line 6, for 'dought' read 'drought'
- Page 44, Para 128, line 6, for 'Institure' read 'Institute'
- Page 62, Para 178, line 15, delete 'of'
- Page 64, para 185, marginal heading, for 'Enchanted' read 'Enhanced'
- Page 73, S. No. 8, line 12, for 'expectatiof' read 'expectation'
- Page 77, S. No. 18, line 11, for 'compred' read 'compared'
- Page 79, S. No. 25, line 10, for '69' read '62'
- Page 79, S. No. 25, line 13, for 'tne' read 'the'
- Page 80, S. No. 28, line 5, for 'desirabe' read 'desirable'
- Page 81, S. No. 32, line 4, for 'give' read 'given'
- Page 81, S. No. 33, line 14, for 'immediate' read 'immediate'
- Page 83, S. No. 39, line 3, for 'Eeven' read 'Even'

P. T. O.

Page 83, S. No. 39, line 7, for 'Lok' read 'look'

Page 83, S. No. 40, line 1, for 'tht' read 'that'

Page 83, S. No. 41, lines 5 & 6, for 'ove' and 'thee' read 'over' and 'these' respectively.

Page 84, S.No. 44, line 4, for 'thee' read 'these'

Page 86, S. No.52, line 6, for 'Committee' read 'Committees'

Page 86, S. No. 52, line 15, for 'conideration' read 'consideration'.

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**ESTIMATES COMMITTEE
(1963-64)**

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30. Shri N. M. Wadiwa

SECRETARIAT

Shri N. N. Mallya—Deputy Secretary.

*Elected w.e.f. 16th August, 1964 vice Dr. K. L. Rao ceased to be a member of the Committee on his appointment as a Minister.

INTRODUCTION

I, the Chairman, Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Forty-Sixth Report on the Ministry of International Trade—Tea Board, Calcutta.

2. A general examination of the published Annual Reports and Accounts of the Tea Board for the year ending 31st March, 1963 was conducted by the Sub-Committee of the Estimates Committee on Public Undertakings which took the evidence of the representatives of the Ministry of International Trade and the Tea Board on the 28th, 29th and 30th November, 1963.

3. The Report was considered and adopted by the Committee on the 4th March, 1964.

4. The Committee wish to express their thanks to the Officers of the Ministry of International Trade and the Tea Board for placing before them the material and information that they wanted in connection with the examination of the Annual Reports and Accounts of the Tea Board, Calcutta.

5. A statement showing an analysis of the recommendations contained in this Report is also appended to the Report (Appendix VI).

ARUN CHANDRA GUHA,
Chairman,
Estimates Committee.

NEW DELHI;

March 11, 1964.

Phalguna 21, 1885 (Saka).

I

INTRODUCTORY

A. General

Tea is an important article of international commerce and holds the pride of place in India's foreign trade. The quantity exported during the year 1962-63 was estimated at 2,20,800 thousand Kgs., i.e. about 64 per cent of total production and it contributed Rs. 129.60 crores to the country's foreign exchange earnings.

Importance
of the Tea
Industry.

2. Among the principal tea producing countries of the world, India occupies the first place both in acreage and production. It produces approximately 47 per cent of the world's total supply. The total area planted with tea in India during the year 1962 was 3,34,065 hectares and the total production during the same year was 3,44,445 thousand Kgs. or 759.3 million lbs. Amongst the plantation industries, tea employs the largest number of persons. It provides employment to about 1.2 million persons in the gardens and in the factories.

Production
of Tea.

B. Constitution of the Tea Board

3. In the year 1903, the Government of India, at the request of the tea interests, imposed a levy on tea exported from India for propaganda in India and abroad under the Indian Tea Cess Act, 1903. Under this Act, a Tea Cess Committee was constituted to administer the funds collected from the above levy. The Committee was comprised of representatives of the Tea Industry including Chambers of Commerce. In 1937, the name of the Tea Cess Committee was changed to the Indian Tea Market Expansion Board.

Genesis of
Tea Board.

4. In view of the importance of this industry to the national economy, the Government of India, after independence enacted the Central Tea Board Act, 1949 and set up a body under the Central Government's control, for the development of tea industry. Accordingly, a new Board, called the Central Tea Board, replaced the Indian Tea

Central Tea
Board.

Market Expansion Board. The new Board was made responsible for—

- (i) promoting the sale and increasing the consumption, in India and elsewhere, of Indian tea or of tea generally;
- (ii) carrying on propaganda for these purposes;
- (iii) increasing the production of tea in India;
- (iv) undertaking, assisting or encouraging scientific, technological and economic research;
- (v) collecting statistics;
- (vi) improving the marketing of tea in India and elsewhere; and
- (vii) promoting co-operative efforts among growers and manufacturers, etc.

Indian Tea Licensing Committee.

5. To regulate the planting of tea in India and its export, a separate body known as the Indian Tea Licensing Committee was also set up by Government under the Tea Control Act, 1933. This Act was passed in pursuance of the International Tea Agreement, 1933 to which India was a signatory. After the signing of the Second International Tea Agreement, the Indian Tea Control Act of 1933 was replaced by the Indian Tea Control Act, 1938.

Establishment of the Tea Board.

6. In 1953, both the Central Tea Board Act, 1949 and the Indian Tea Control Act, 1938 were repealed by the Tea Act, 1953 which was brought into force on the 1st April, 1954. The Tea Board constituted under the Tea Act, 1953 was formally inaugurated on the 3rd April, 1954. The functions of propaganda and cognate activities relating to tea on the one hand and control over the cultivation and export of tea on the other were merged in one and the same body viz., the Tea Board, instead of two separate bodies viz., the Central Tea Board and the Indian Tea Licensing Committee.

C. Functions

Statutory Functions of the Board.

7. The principal function of the Tea Board, as prescribed in Section 10 of the Tea Act 1953, is to promote the

development of the tea industry. The specific measures, referred to in the Act for this purpose are—

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

II

ACREAGE, PRODUCTION AND DEVELOPMENT

(a) Area Under Tea Cultivation

Acreege.

8. The main tea growing areas in India are the two great blocks, one in North-East India comprising Assam, West Bengal and Tripura and the other in South India comprising Madras, Kerala and Mysore. Small quantities of tea are also produced in Bihar, Tripura, U.P., Punjab and Himachal Pradesh. The total area planted with tea in the country as on 31st March, 1963 was 3,34,151 hectares. Out of this, the area planted with tea in North India and South India was 2,59,685 hectares and 74,466 hectares respectively. The distribution of the total area State-wise, for the years 1952-53 to 1960-61 is given in *Appendix I*.

**Area Under
Tea Cultiva-
tion.**

9. The area under tea cultivation during each of the last ten years, since the constitution of the Tea Board in 1954, is given below:—

Year	Total area under Tea cultivation	Increase over the previous year
(In Hectares)		
1953-54	3,19,477	..
1954-55	3,20,238	761
1955-56	3,20,587	349
1956-57	3,23,284	2,697
1957-58	3,25,356	2,072
1958-59	3,26,494	1,138
1959-60	3,30,828	4,334
1960-61	3,31,279	451
1961-62	3,33,325	2,046
1962-63	3,34,151	826
		14,674

10. It will be seen that from 1954, when the Board was constituted, till 1963, there has been an overall increase of only 14,674 hectares in the area under tea, that is an increase of about 4.4 per cent. only. The increase in the area has differed widely from year to year. From the State-wise figures of area of Tea (*vide* Appendix I), it is further seen that while there has been an increase in the tea area in the States of Assam, West Bengal, Tripura, Mysore and Kerala, the area decreased in the States of Bihar, U.P. Punjab (Kangra), Himachal Pradesh and Madras during the period from 1952-53 to 1960-61.

Low rate of increase in area under tea.

11. During evidence the Chairman, Tea Board has stated that the rate of increase in area under tea has not been very slow and that they have no statutory powers to compel anybody to extend the acreage or to produce more. *One of the functions of the Board as specified in Section 10 of the Act is to regulate the production and extent of cultivation of tea. In the context of the need for the increased production of tea in the country for internal consumption as well as for export, it is rather surprising that the Tea Board has not prepared any planned programme of increasing the acreage under tea so far. The Committee feel that the Tea Board should have prepared such a programme in consultation with the tea industry and ensured its implementation. The Committee hope that the Board would at least now take suitable steps in this regard.*

12. The Committee are informed that no comprehensive survey of social conditions and suitability of land for tea plantation in the country as a whole has yet been undertaken. It has been stated that whatever areas were *prima-facie* considered suitable for growing tea have already been leased out to various tea gardens both in North and South India and in fact many of the tea estates have areas in their possession larger than what they have under actual tea cultivation. In this connection the Committee note that in 1956 the Plantation Inquiry Commission had recommended that the State Governments in collaboration with the Tea Board and the Tea Industry should have detailed surveys made of the land resources other than land under tea cultivation held by the plantations and the uses to which they are put and then draw up a suitable policy regarding the utilisation of land not fit for expansion of tea production. Explaining the reasons for not undertak-

ing such a survey, the representative of the Ministry has stated that a copy of the Government Resolution dated 1st July, 1957 on the Plantation Inquiry Commission's Report on the Tea Industry was sent to all the State Governments with a view to their undertaking such a survey. The Government will now take up the recommendation of the Plantation Inquiry Commission with the State Governments, and find out as to what action has been taken by them. The Chairman, Tea Board has added, that as the Tea Board has neither the machinery nor the resources for conducting such a survey, the survey should have been undertaken by the State Governments.

P.I.C. recommendation not followed up.

13. *The Committee are surprised at this explanation. They are constrained to observe that no action was taken by the Tea Board or the Government to pursue this recommendation which was made by the Plantation Inquiry Commission—a Commission appointed by the Government of India about seven years ago.*

Comprehensive survey recommended.

14. *The Committee consider that a comprehensive survey of the existing as well as potential areas' for tea cultivation in the country was an essential pre-requisite for planned development of the tea industry and initiative therefor should have come from the Tea Board. Such areas may be found in the Himalayan foot-hills, Kashmir, NEFA, Nagaland, etc. They, therefore, recommend that the concerned State Governments should be approached to undertake such a survey for which technical assistance, if necessary, may be rendered by the Tea Board. The data collected as a result of such a survey would be immensely useful in preparing long term plans for development to increase the area under tea cultivation not only in the existing gardens but also in other regions and places.*

Tea Estates.

15. The following Table gives the number of Tea Estates of various sizes in North and South India as on 31st March, 1961:—

Extent of Uneconomic Holdings.

16. It will be observed from the above table that the number of small holdings below 4.05 hectares in size was 7,443 accounting for an area of 6,935 hectares. The average size of these holdings works out to about 0.7 hectares only. It is stated by the representative of the Tea Board that it is very difficult to define any economic acreage for a tea estate but anything between 120 to 200 hectares could be taken as an ideal unit. Regarding the extent of uneconomic holdings it has been stated that by and large out of a total of about 17,000 gardens (including unregistered all the small grower's estates (i.e. below 20 hectares) numbering about 15,000 (including unregistered) can be taken as uneconomic units.

Organisation of agricultural credit Societies.

17. The Committee find that the Plantation Inquiry Commission had, in 1956, recommended that the small growers should be organised into primary agricultural credit societies for the benefit of members and that Tea Board should promote co-operative efforts amongst growers and manufacturers. It has been stated that the Board has recently undertaken the techno-economic surveys of marginal and economically weak areas and that 50 per cent of the gardens in those areas have been covered by the surveys. Steps have also been initiated by the Board to encourage the formation of co-operative factories among small growers.

Guidance to Small Growers.

18. It has also been stated that the Board is rendering technical advice and guidance to small growers in Kangra and South India for improvement of tea cultivation and manufacture. The State Governments in South India, Punjab and Himachal Pradesh have been requested to formulate suitable schemes for the benefit of small growers for new planting as well as for meeting agricultural expenses such as fertilizers, insecticides etc., funds for which will be provided by the Board.

Fertilizer Subsidy Scheme.

19. Recently a scheme for the grant of a Fertilizer Subsidy to small growers has also been approved by the Board. The subsidy which is proposed to be granted for a period of two years in the first instance, will be at the rate of 50 per cent of the actual cost of fertilizers subject

to the condition that where a subsidy is already granted by the State Government, the subsidy granted by the Board would be reduced to that extent. The Government of India is being approached for necessary sanction of the scheme for which the expenditure to be incurred by the Board annually is estimated at Rs. 2.5 lakhs.

20. The position regarding the techno-economic surveys and the setting up of cooperative factories is given below:— Techno-Economic Survey

<i>A. Particulars of Surveys</i>	<i>Date of Surveys</i>
(i) Tripura area (Report published)	July/August, 1961
(ii) Darjeeling (Report not finalised)	August/October, 1961
(iii) Cachar (Summary of the Report prepared)	December 1961/February 1962
(iv) Nilgiris (Report not finalised)	Sept. 1961/Feb. 1962
(v) Annamallais -do-	Feb./March, 1962
(vi) Kanan Devan -do-	April, 1962.

<i>B. Particulars of Co-operative Factories</i>	<i>Remarks</i>
(i) Co-operative Tea Factory at Kundah (Nilgiris)	Loan advanced in July, 1961. Factory in operation since September, 1962.
(ii) Co-operative Tea Factory at Bir (Kangra)	Loan sanctioned in March, 1963. Expected to be in operation from 1964-65.
(iii) Co-operative Tea Factory Teckoy (Kerala State)	Loan sanctioned in June, 1963 and has not yet been disbursed.
(iv) Co-operative Tea Factory at Kotagori (Nilgiris).	The factory is in the process of formation.

21. It will be seen that the Board started the techno-economic surveys of the uneconomic gardens in 1961 only, i.e. five years after recommendation of the Plantation Inquiry Commission. In regard to the setting up of cooperative factories, the position is also not encouraging as only one factory has started functioning so far and others are in the process of being commissioned. The various other schemes of assistance to small growers have also been initiated only recently. In fact, no co-operative of small growers for the purpose of making available technical help, fertilisers and other assistance has been organised Co-operatives :

so far by the Tea Board although one of the functions of the Board is 'to promote co-operative efforts among growers and manufacturers of tea.'

It is well recognised that the solution to the problems of small growers lies in organising them into co-operatives for production, manufacture and marketing. The Committee, therefore, recommend that the Board should take more positive interest in the matter of organisation of co-operatives of small and uneconomic gardens and give them incentives to join such co-operatives. They hope that a planned programme for development of co-operatives would be evolved and implemented at an early date.

Fragmentation of Tea Estates.

22. During the last ten years there have been 21 and 68 fragmentation of tea estates in North India and South India respectively due to partition amongst the joint owners or sale of a portion of the tea estates etc. The Chairman, Tea Board felt that the problem is not of a very high magnitude as during the period of ten years the number of estates which has been fragmented is very small. The Board has also no powers to prevent fragmentation under the Tea Act.

Desirability to control Fragmentation of Estates.

23. The Committee note that in Ceylon where several tea estates had been sold after fragmentation of tea estates into smaller units, the Government enacted the Tea and Rubber States (control of Fragmentation) Act, 1958 to halt this trend. Under this Act, no sale or transfer of an estate over 100 acres in extent or portion thereof is valid without the approval of the Fragmentation Control Board which has been set up under an Act. *Since fragmentation results in uneconomic estates, loss of efficiency and lower yield, the Committee suggest that Government should bear this problem in mind and may examine, at a suitable stage, whether any control is necessary over the fragmentation of tea estates in the country.*

(b) Replantings

Replantings

24. The following table shows the total area under tea cultivation and the area which has been replanted from

the year 1953-54 to 1961-62 :—

(Figures in Hectares)

Year	Total are under tea cultiva- tion	Area Replanted		Total	Percentage of (5) to (2)
		North India	South India		
(1)	(2)	(3)	(4)	(5)	
1953-54	3,19,477	819	26	845	0·26%
1954-55	3,20,238	1,404	14	1,418	0·44%
1955-56	3,20,587	1,975	30	2,005	0·60%
1956-57	3,23,284	2,386	15	2,401	0·74%
1957-58	3,25,356	2,373	27	2,400	0·73%
1958-59	3,26,494	2,375	60	2,435	0·74%
1959-60	3,30,828	1,878	9	1,887	0·57%
1960-61	3,31,279	1,769	12	1,781	0·53%
1961-62	3,33,325	1,601	6	1,607	0·48%
			Total .	16,779	

25. It will be seen that of the total area of 3·33 lakh hectares under tea in 1961-62, the area replanted during the nine years since 1953-54 amounted to 16,779 hectares only. The percentage of area replanted to the total area under tea annually has ranged from 0·26 to 0·74 per cent during this period.

26. In 1956, the Plantation Inquiry Commission had carried out a survey of the tea plantations regarding the age of tea plants and the progress of replanting. Out of the total area of 3,06,577 hectares the information was received from tea growers, covering an area of 1,70,884 hectares only i.e., 55·7 per cent. It was pointed out by the Commission that of the area covered by the survey, as much as 28·79 per cent of the plants i.e., 49,200 hectares of tea plantations were more than 55 years old, having been planted before 1900. Assuming the economic life of a tea bush to be 60 years, all this area was due for replanting without undue delay. The Commission also observed that during the ten years ending 1953, the total extent of replanting and new planting in the area covered by the survey had been only 8·65 per cent which amounted to less than 1 per cent per year. To keep the plantations from

Survey of
areas which
required re-
planting.

getting overaged in the long run, the Commission came to the conclusion that the normal average rate of replanting should be 1:66 per cent per year.

No Survey undertaken by the Board.

27. The Committee are informed that no overall programme of replanting for the industry has been drawn up by the Tea Board. Each plantation has its own programme of replanting and extensions which has been drawn up in accordance with particular garden requirements and resources, both financial and land.

No improvement in the rate of replanting.

28. From the table given in para 24, it will be observed that there has been no improvement in the rate of replanting even after the Plantation Inquiry Commission made its recommendation. As against the Plantation Inquiry Commission's observation that the rate of replanting should be at least 1.66 per cent per year, the actual percentage of area replanted to the total area under tea was 0.74 per cent in the year 1956-57 and declined to 0.48 per cent in 1961-62. It is noteworthy that the area requiring replanting was assessed at 1,23,000 acres (i.e. about 49,200 hectares) by the Plantation Inquiry Commission in 1956 on the basis of the information received by them for 55.7 per cent of the area under tea plantation. If the same percentage is applied to the total acreage under tea at that time, the area requiring replanting could be assessed at about 8,84,00 hectares (2,21,000 acres). Out of this, the actual area replanted since 1956-57 has been 12,513 hectares only, i.e. about 14 per cent. *Considering that though there may be cases where overaged tea plants even after 60 years, will continue to give good yield, the Committee feel that the progress in replanting has been unsatisfactory.*

No systematic programme of replanting formulated.

29. *The Committee regret to observe that in spite of the importance attached to replanting by the Plantation Inquiry Commission, no systematic programme therefor has been formulated as yet. It is well-known that a constant process of renewal of aged and diseased plants is necessary if a tea garden is to be kept at a high level of productivity and in a healthy condition. The Committee consider that a higher rate of progress in replanting is necessary to prevent the industry gradually running down in vitality and productivity owing to progressive ageing of plants.*

30. The Committee feel that sufficient vigour has not been shown in dealing with this important problem. They recommend that immediate steps should be taken by the Board to collect information about age group of tea bushes in the various tea estates and gardens in the country so as to have a comprehensive idea about the present condition of the tea plantations. At the same time it is necessary that a detailed assessment of the area requiring replanting is made and a long term plan to replant the same within a reasonable period is drawn up by the Board in consultation with the Tea Industry. The Tea Board should also ensure that the programmes of replanting formulated by the various tea estates are implemented properly.

Assessment of areas requiring replanting recommended-

31. To provide the necessary finances and to accelerate the progress of replanting the Plantation Inquiry Commission had recommended that "The gardens should be required to lay aside every year a certain sum of money for the purpose of financing programmes of replanting, and the amount should be credited each year with the Tea Board in a fund to be called "The Tea Replanting Fund" from which withdrawals should be allowed for purposes of replanting according to a programme approved by the Tea Board."

The Replanting Fund.

32. The Committee are informed that this recommendation was considered by the Tea Board in August 1956, which did not favour the idea of setting up "Replanting Fund" for the purpose as it involved a compulsory levy which might cause hardship to many of the gardens. It was also felt that it would be conducive to the best interests of the industry if it was allowed to decide for itself the programme of phased replanting, taking into consideration the individual and peculiar needs of each garden. The views of the Board were communicated to Government which felt that the following points deserved special consideration:—

Recommendation not favoured by the Board and Government.

- (i) No compulsory deposit of funds for items like replanting was provided for in the case of any other industry;
- (ii) Compulsory deposit of funds would have to be made out of profits earned. No two companies were alike; some had high margins, whereas others incurred losses. Any provision requiring

the setting apart of funds for replanting regardless of the actual earnings in a particular year would cause hardship; and

- (iii) Tea prices were subject to fluctuations. During lean years it was impossible for a garden to lay aside funds for replanting.

Government, therefore, considered that the utmost they could do was to exhort the industry to adopt replanting on as wide a scale as possible. Later on the Tea Board evolved a scheme of financial assistance to tea estates for replanting and replacement of tea, called 'the Tea Plantation Finance Scheme' which has been discussed later in paras 69 to 72. In this connection it is pertinent to mention that the Board and Government ignored the fact that funds for the Replanting Subsidy Scheme introduced by the Ceylon Government are provided by the industry itself by way of a cess of 4 Cents on every pound of tea exported.

33. *The Committee are not convinced by the reasons given by Government for not accepting the recommendation of the Plantations Inquiry Commission in this case. The Fund was intended to be created for the benefit of the industry for its rehabilitation and replacement of the wasting assets of the tea estates concerned. Since replanting of the tea bushes has been neglected, it is necessary to ensure that replanting is done by the tea industry from out of its own resources so that its productivity and vitality may not be affected. The expectation that the industry would carry out a programme of phased replanting has been belied by subsequent events.*

Tea Licen-
sing.

34. Under the provisions of Sections 12 to 15 of the Tea Act, 1953, prior permission of the Board is necessary for planting of tea on virgin soil either by way of extension or replacement. Rules 30, 30A, 30B and 31 of the Tea Rules, 1954 framed under the Act indicate the extent to which new plantings *viz.* extensions and replacements may be allowed. The Committee are informed that these controls on tea cultivation are a heritage of the past and were evolved as a result of the International Tea Agreement, which is no longer in force. Since the paramount need at present is for increased production of tea in the country to meet the plan targets of production, the present

restrictions and controls over tea cultivation are considered anachronistic. The Tea Board is proposing necessary amendments to the Tea Act, 1953 and Tea Rules, 1954 for removing all restrictions on tea extension, replacement etc. It is, however, intended that all new comers should obtain prior permission for new planting etc. as hitherto. It has further been stated that although no condition is proposed to be imposed under the Act or the Rules that the new areas (either existing or new estates) must be planted with high yielding tea seeds/seedlings, it is to be expected that the newcomer, in his own economic interest, will plant such areas with high yielding tea seeds/seedlings only.

35. It is noted that in Ceylon the planting of new areas in tea is prohibited except on the authority of licences issued by the Tea Controller under the Tea Control Act. *The Committee feel that with a view to ensure that new planting is done on suitable soil and that seeds/seedlings of approved and high yielding variety are planted there, the desirability to retaining the existing conditions under which prior permission of the Board is necessary for this purpose may be examined by Government. The representative of the Ministry agreed to examine the matter in greater detail in consultation with the Tea Board before removing all restrictions and controls on tea extension, replacement etc.*

Removal of
Restriction
and controls
on tea cultivation.

(c) Production

36. The following table gives the figures of production of tea in the country from the year 1954 to 1962:—

Production
of Tea.

(Figures in thousand of Kgs.)

Year	Production of Tea	Net increase or decrease in production over previous years
1954	2,95,519	+16,742
1955	3,07,704	+12,185
1956	3,08,719	+1,015
1957	3,10,802	+2,083
1958	3,25,225	+14,423
1959	3,25,955	+730
1960	3,21,077	-4,878
1961	3,54,397	+33,320
1962	3,44,445	-9,952

Low rate of increase in production.

37. It will be seen that the overall production of tea in the country increased from 295 million Kgs. in 1954 to 344 million Kgs. in 1962, i.e., an increase of about 16·7 per cent during a period of nine years. As against this, the production in Ceylon increased from 166 million Kgs. to 212 million Kgs. during the same period i.e., an increase of 27·7 per cent. Thus the rate of increase in production of tea in India has been slower than that of Ceylon. Further the rate of increase of production of tea in the country has fluctuated from year to year substantially. In fact there has been a shortfall of 4·8 million Kgs. and 9·9 million Kgs. in production during the years 1960 and 1962 respectively compared to the preceding years. This shortfall has been attributed to adverse climatic conditions.

38. *The Committee appreciate that climatic conditions play a very important part in the yield of agricultural commodities like tea. Nevertheless they feel that the absence of a well laid out programme of replantings, replacements and extensions of tea gardens, along with the lack of irrigation and fertilisers facilities, is also responsible for industry's inability to sustain the present level and achieve a better rate of production. The Committee hope that the Tea Board and the Industry would prepare suitable plans and take vigorous measures to increase production of tea in the country.*

No targets of production laid down for Second Five-Year Plan.

39. The Committee are informed that no targets of production for tea were laid down for the Second Five-Year Plan period. It was only for the Third Plan period that these targets were fixed.

Third Five-Year Plan targets of production.

40. The Third Five-Year Plan envisages the target of production of tea at 408 million Kgs. (i.e. 9 million lbs.) in 1965. The following table shows the actual production from 1960 to 1962 and the estimated production during the years 1963 to 1965 against the Third Five-Year Plan target:—

I.—*Production of Tea in India*

	(In thousand Kgs.)
1960	3,21,077
1961	3,54,397
1962	3,44,445

II. Estimated production on the basis of the Third Five-Year Plan targets

1963	3,80,000
1964	3,94,625
1965	4,08,445

41. It is noted that there has been a net increase of 23.3 million Kgs. only in production of tea in the first two years ending 1962. According to the Chairman, Tea Board, the production of tea during 1963, also is expected to reach 344 million Kgs. only i.e., equal to the production of 1962, and the target of 380 million Kgs. fixed for 1963 is not expected to be reached due to the more unfavourable and unprecedented climatic conditions in North-East India. Thus there is a gap of 63.7 million Kgs. which has to be made up if the target of production of 408 million Kgs. of tea in 1965 is to be fulfilled.

42 It was represented to the Committee that the targets of production of tea were not fixed in consultation with Tea industry. During evidence, the representative of the Ministry has, however, stated that at the time of preparing the targets, the Tea Board and the tea industry were consulted. While fixing the targets they had taken into account the estimated internal and world consumption, estimated exports and sales and production potentiality etc. The Chairman, Tea Board added that in the final analysis, the tea industry felt that the targets fixed were rather on the high side and the industry was very diffident about attaining these targets. He further stated that these are only imaginary targets and had no factual basis.

Realisation of Third Plan production target doubtful.

43. The Committee are aware of the magnitude of the task facing the tea industry and the Board in achieving the Third Plan target. The attainment of this target would involve an increase in production from 321 million Kgs. in 1960 to 408 million Kgs. in 1965 i.e., an additional output of 87 million Kgs. over a period of five years. The production in the third year of the plan period which is apprehended to fall short of the target of 380 million Kgs. by over 36 million Kgs. indicates that the programme is very much lagging behind. Viewed from the past trends in total production and yield per hectare alike, it is evident that the target of production of 408 million Kgs. in 1965 i.e. an increase of 64 million Kgs. in production in the remaining two years is difficult to realise.

Re-fixation of targets of production recommended.

44. While the Committee recognise that unforeseen circumstances like bad weather conditions can arise which may require adjustments in production programme, they consider that the targets of production in such cases should be based on scientific and detailed data and in consultation with the industry. It is unfortunate that targets fixed for the Third Plan were not realistic. For planned development it is essential that targets are realistic and capable of achievement. The Committee would recommend that targets of production for the remaining two years of the Third Plan may be re-fixed realistically and every effort should be made to achieve them. They trust that targets of production for the Fourth Five-Year Plan, would be fixed realistically with full and frank consultation with industry and on scientific data so that there will not be any difficulty in achieving those targets by the industry.

Trends in Average Yield.

45. The following table shows the trend in the average yield of tea per hectare in North and South India since 1954:—

(Figures in Kgs.)

Year	North India	South India	Total India	Increase/decrease over the previous year
1954	953	769	925	..
1955	986	870	961	+36
1956	996	847	963	+2
1957	956	979	961	-2
1958	994	1,020	1,000	+39
1959	1,009	961	998	-2
1960	947	1,051	971	-27
1961	1,064	1,091	1,070	+99
1962	1,014	1,105	1,034	-36

No significant improvement in the yield.

46. It will be noted that the average all India yield of tea has increased from 925 Kgs. per hectare in 1954 to 1,034 Kgs. in 1962, i.e., an increase of 109 Kgs. per hectare or about 12 per cent during the period of nine years. The

rate of increase has, however, not been steady and has fluctuated violently from year to year. In fact, in four years i.e., 1957, 1959, 1960 and 1962, the average yield declined compared to the previous year. It is stated by the Chairman, Tea Board that the average yield in India has been highest in the world and that further increase in the yield may not be appreciable as the industry has already achieved a good deal. Yet the Committee find from a statement of the Chairman Tea Board that in well organised estates in Assam the yield has gone upto 40 maunds per acre on account of better seeds.

47. The Committee do not share the above views of the Chairman of the Tea Board. On the other hand, they feel that there is considerable scope for improvement in the yield per hectare. They have no doubt that by planting high yielding strains of tea and by adopting improved methods of cultivation on a larger scale, the yield can be considerably increased. The Committee recommend that energetic and effective measures should be taken by the Board to increase the yield per hectare. One of the measures that should immediately be taken is to popularise improved methods of tea cultivation and the planting of better strains among tea growers, particularly small growers.

48. The following table shows the average yield per hectare in each State during the period from 1957 to 1962:—

(Average yield per hectare in Kgs.)

Name of State/Area	1957	1958	1959	1960	1961	1962
Assam . . .	1,013	1,076	1,056	972	1,123	1,061
West Bengal . . .	924	930	973	990	1,043	1,016
Bihar . . .	135	94	77	55	103	96
Tripura . . .	416	467	479	416	532	437
U.P. . . .	309	342	402	399	386	384
Punjab (Kangra) . . .	284	273	273	268	285	285
Himachal Pradesh . . .	194	279	345	307	271	271
Madras . . .	1,061	1,092	1,015	1,160	1,125	1,212
Mysore . . .	858	921	847	933	992	1,033
Kerala . . .	906	940	897	967	994	1,020

Negligible
yield in
Bihar,
Punjab,
Himachal
Pradesh etc.

49. It will be noted that the average yield of tea in the five States|areas of Bihar, Tripura, U.P., Punjab and Himachal Pradesh has been very poor. In Bihar it is practically negligible compared to other areas. It has been stated that the low yield of tea in these States is mainly due to lack of up-to-date 'know-how' and poor management. Further in some areas the tea bushes are very old and have been neglected by the small growers for a long time.

50. *It appears that the Board has not studied the problems and difficulties faced by the Tea Estates in these areas to improve their condition and the measures taken by it have proved ineffective. It is evident that there is vast scope for increasing the yield of the tea in these areas. The Committee recommend that concrete and immediate steps should be taken by the Board to help the growers of tea in these areas to increase their output.*

Development
of Strains/
Clones.

51. The Committee are informed that no attempts have so far been made by the Board to prepare a list of high yielding approved clones|strains and that the work on clonal selection has been left to the individual plantations. Tea Research Associations which are run by the industry are stated to be conducting a good deal of research on it. So far Tocklai Experimental Station has released 11 vegetation clones. U.P.A.S.I.'s scientific department has not yet released any proved clones for commercial planting but several gardens in South India have done clonal planting on the basis of their own selection. The Committee understand that in Ceylon a list of 111 clones of high yielding strains of tea has been approved some with yields of over 2,000 lbs. per acre. The list includes not only the well-known clones but other clones developed by the Tea Research Institute as well as a number of clones developed on private estates.

No attempt
made to
publicise and
popularise
clones.

52. *It is obvious that no attempt has so far been made by the Board to publicise and popularise clones of high yielding tea for the use of the growers of tea. The Committee feel that it is of utmost importance that only the best strains of high yielding tea should be used for replanting and extension of areas under tea. While large well-managed tea estates may not always require the help of Tea Board in this regard, it is essential that such a list is made available to the small growers. It should further be ensured that high yielding planting*

material is supplied to the growers at reasonable cost. This will result in increasing the yield of tea per hectare ultimately.

53. At present the Board exercises no control over the Nurseries. nurseries established by the various Tea Estates. During evidence the Chairman, Tea Board has stated that no control is necessary as the tea industry in their own interests would ensure that they planted better quality of tea in the estates. Further the Board would require a tremendous field organisation if they were required to inspect 8,000 tea estates in the country. In this connection the Committee understand that in Ceylon a permit is necessary under their Tea Control Act for the establishment of a Tea Nursery. *The Committee feel that with a view to ensure that only high yielding material is supplied by the nurseries and planted by the growers, some measure of control over the nurseries is necessary. They recommend that the matter may be examined by Government.*

54. The Plantation Inquiry Commission in their report had referred to the difficulty in the matter of availability of quality seeds. They stated that while some gardens had their own seed bars to meet their needs, most of the growers were dependent on tea seed companies which specialised in production and sale of tea seeds. The Commission felt that these sources of supply would not be in a position to meet the industry's demand if replanting was to be given the necessary impetus. They therefore, recommended "It is, therefore, necessary to make special arrangements for the provision of selected tea seeds and other planting material and we consider that this is one of the important responsibilities which the Tea Board should take up." Provision of Seeds to the Tea Estates.

In considering this recommendation Government were of the view that an assessment of the requirement should first be made by the Tea Board.

55. The Committee are informed that the matter was considered by the Board in 1958, which felt that it was not necessary for it to run tea seed gardens which might be left to private parties. It is stated that the Board has liberalised completely the issue of license for the establishment and extension of tea seed bars to give incentive to growers to produce more tea seeds. No assessment of requirements of tea seeds made by the Board.

The Committee regret to observe that Government did not fully accept the recommendation of the Commission in this matter. What is more regrettable is the casual manner in which the Tea Board dealt with the suggestion of Government that it should first assess the requirements of tea seeds and planting material. Instead of doing so, the Board left the arrangements for the supply of tea seeds etc. to private parties—an arrangement which the Plantation Inquiry Commission earlier had found to be inadequate.

56. The Committee cannot overemphasise the need for making adequate arrangements for provision of selected tea seeds and good planting material to all the tea growers. They, therefore, reiterate the recommendation of Plantation Inquiry Commission that the Tea Board should undertake this responsibility. In this connection they would point out that another Board viz. Rubber Board is maintaining nurseries for the supply of high yielding material to the growers.

Quality of
Tea.

57. At present no statistics regarding the production of quality tea in the country are maintained by the Tea Board. It has, however, been stated that on a rough estimate, the percentage of superior, medium and common teas to the total production of tea in the country is 40 per cent, 40 per cent and 20 per cent respectively. Regarding the measures taken by the Board to improve the quality of tea, the Committee are informed that the Board had adopted a comprehensive programme of development to assist the tea industry to increase the production of tea and to improve its quality. It has asked the tea industry to go in for more up-to-date machinery and liberal use of fertilisers for producing better quality of tea.

Improve-
ment in the
quality of
tea
recommen-
ded.

58. In this connection it is noteworthy that one of the functions of the Tea Board is "improving the quality of tea". It is not clear, how in the absence of any statistics the Board satisfies itself that there has been improvement in the production of quality tea. Moreover, tea is an important article of international commerce and earns valuable foreign exchange for the country. There is also an intense competition from other tea producing countries who are continuously taking steps both to improve the quality and reduce the price of their teas. Since the world market in tea is by no means starved of supplies it is imperative that the quality of tea produced in the coun-

try should not only be maintained but continuously improved as any deterioration in quality will affect the demand of Indian tea. The Committee recommend that the Tea Board should at least now take effective steps to see that there is steady improvement in the quality of tea produced in the country from year to year. For this purpose they should encourage producers to rehabilitate their factories and gardens with modern equipment, to replace worn out bushes, to plan extensions and replantations and use the best methods of producing quality teas at cheaper cost.

59. The Committee are informed that the Tea Board has not so far compiled any data regarding the cost of production of tea in the country. Some figures of cost of production in North India and South India for the years 1956 to 1960 were furnished to the Committee which were based on the estimates prepared by the Indian Tea Association and the United Planters' Association of Southern India respectively. It is, however, stated that the cost of production of tea in India is higher than that in Ceylon.

Cost of
Production.

60. The Committee note that in 1956 the Plantation Inquiry Commission had recommended as follows:—

Recommen-
dation made
by PIC.

“A well-planned and regular study of cost data is necessary for keeping the industry informed about its economic efficiency and competitive position. The Tea Board should, therefore, undertake this function as a part of its regular work. A ‘Cost of Production’ section should be set up in the Tea Board for this purpose. This section of the Tea Board should collect relevant data regarding costs of production from all estates.

Further, in order to maintain uniformity and secure better comparability, the forms of cost of production returns should be standardised by the Tea Board with the help of experienced Tea Planters and Chartered Accountants.”

61. Government accepted this recommendation in July, 1957 and asked the Board to set up a unit to study the cost of production as early as possible. The Committee regret to observe that a Cost Accounts Unit was set up by the Board only in October, 1962. It has been stated before the Committee that since this unit was set up only recently, no authoritative figures relating to the actual cost of

Cost
Accounts
Units.

production were available with them now nor they would be available before a year.

No efforts made to compile figures of cost of production.

62. The Committee are surprised to note that though the Tea Board had been in existence since April, 1954, no efforts have been made by it to compile the figures of cost of production of tea in various regions of the country. Further it took the Board nearly five years to establish a Cost Accounts Unit, which was recommended by the Plantation Inquiry Commission in 1956. It is not clear how the Board satisfied itself about the economy, efficiency and competitive position of the industry in the absence of such vital information. Since the cost of production of a commodity affects its competitive position in the world market, the Committee recommend that very early action should be taken by the Board to complete the cost survey of the various tea producing regions in the country. At the same time it should collect comparative cost data from other tea producing countries particularly Ceylon. The various elements of cost will require to be examined in detail to find out why the costs are higher in India than in Ceylon particularly when the average annual yield per hectare of tea in this country is much higher and the labour wages are lower, compared to those in Ceylon. Vigorous efforts should also continue to be made to reduce the cost of production of tea so as to add to the competitive strength of Indian tea in the international market.

(d) Tea Development

Developmental Schemes.

63. Development of tea production—both quantitative and qualitative, is one of the most important functions of the Tea Board. Towards this end, the Board has initiated various schemes, brief particulars of which are as follows:—

(i) Tea Machinery Hire-Purchase Scheme

A scheme for the supply of tea machinery and irrigation equipment to tea gardens on a hire-purchase basis was introduced in April, 1960 and Rs. 2 crores were provided for the purpose. In November 1962, the supply of irrigation equipment was separated from the original scheme and a new one with Rs. 2 crores sanctioned for the purpose. In the course of the last year, the provisions of the Machinery Hire-Purchase Scheme were further liberalised so as to

allow all types of gardens to benefit by the scheme.

proposal by the Board to increase the corpus of the scheme by an additional amount of Rs. 1 crore to benefit a larger section of the industry is under consideration of the Government of India. In the meanwhile, out of 316 applications for an amount of Rs. 4.54 crores received by the Board till 31st March, 1963, 134 applications for Rs. 1.95 crores were accepted by them and a sum of Rs. 68 lakhs disbursed.

64. The scheme for the supply of irrigation equipment on hire-purchase, as indicated above, is an extension of the original scheme with a fund of Rs. 2 crores and a ceiling of Rs. 2 lakhs per estate. The scheme was put into operation in November, 1962. **Irrigation Equipment.**

65. Out of 30 applications for Rs. 30 lakhs, received by the Board till 31st March, 1963, applications worth Rs. 2.68 lakhs only have been accepted by the Board. In addition, an amount of Rs. 31.69 lakhs, representing loans sanctioned against the Machinery Hire-Purchase Scheme on account of Irrigation Equipment before the introduction of a separate scheme for Irrigation Equipment, has now been allocated to this scheme, thereby releasing additional funds for the Machinery Hire-Purchase Scheme.

66. On enquiry it has been stated that complete data regarding the number of tea gardens having irrigation facilities and the acreage covered by such facilities is not available with the Board. It is, however, admitted that in a number of tea estates adequate sources of water are not available. **Irrigation Facilities.**

67. The State Governments which are mainly responsible to help the industry in this regard have been specially approached, but it has not yet been possible to persuade them to extend any general help to the industry in this matter. **No help given by the State Governments to the industry.**

68. *The Committee regret to observe that so far no detailed study of irrigation difficulties faced by the tea estates has been made and that the State Governments have not taken much interest in providing irrigation facilities to them in their respective areas. Due to the vagaries of nature and the drought conditions repeating themselves year after year, the provision of the irrigation facilities to tea estates is of paramount importance for increased production and to*

improve the quality of tea. The Committee recommend that a detailed study of the irrigation difficulties faced by the tea estates in the various regions should be undertaken by the Board without any further loss of time and suitable steps taken to assist the estates to overcome them. At the same time the State Governments may be approached to render active assistance in this matter.

The Committee have no doubt that the State Governments in their own interest would help the tea estates within their areas as the tea industry plays a very important role in the economy of these areas and contributes substantially to the revenues of the State Governments. In case any difficulty is experienced by the Tea Board in obtaining assistance from State Governments in this regard, it should seek the assistance of the Central Government.

(ii) *Tea Plantation Finance Scheme*

Features of the Scheme.

69. The Plantation Finance Scheme was introduced by the Board during the year 1962-63 to assist the tea industry to carry out replantation as well as fresh plantation and has been put into operation since February, 1963. Under this scheme, the Government of India have placed at the disposal of the Tea Board a sum of Rs. 5 crores, to be used as a 'Revolving Fund' to enable it to advance interest bearing loans to the industry. Out of 96 applications for Rs. 405.96 lakhs, received by the Board till 15th October, 1963, 66 applications to the extent of Rs. 236.57 lakhs have been accepted by it. Payments which are on phased instalment basis have already started and initial payments of Rs. 25.89 lakhs approximately had been made upto 15th October, 1963. The whole amount of the loan of Rs. 5 crores for this scheme is expected to be committed by the end of 1963-64. It is estimated that the present scheme would allow replantation extension of about 15,000 acres.

Interest on Loans.

70. The fund for the scheme has been provided by the Government of India and carries interest at 5 per cent per annum. The Board charges interest from the loanee tea estates at 7 per cent per annum with rebate of $\frac{1}{2}\%$ for prompt payment of principal and interest (i.e. $6\frac{1}{2}\%$ per cent effective). The loanee estate has to repay the amount in eight equal instalments commencing from the seventh anniversary of disbursement of the first instalment.

71. An integral feature of the scheme is the *pari-passu* arrangements with Banks. The usual system of tea financing by Banks is that the title deeds for the land are pledged with the Banks as collateral security for funds advanced on hypothecation of tea to be produced during the season. The security for loans under the Plantation Finance Scheme are also the same title deeds of the land which are already pledged with the Banks. It is stated that most of the leading tea financing Banks have agreed to this arrangement. *Pari-Passu Arrangements.*

It has been claimed by the Tea Board that this scheme is in implementation of the recommendation of the Plantation Inquiry Commission regarding the replantation of over-aged bushes.

72. *The Committee have dealt with the recommendation of the Plantation Inquiry Commission in this regard in paras 32 and 33 of the report. Even if this scheme is considered to be in implementation of the recommendation of Plantation Inquiry Commission, it is regrettable that the Board has taken six years in doing so. From the results achieved so far, it appears that the scheme has not made much headway. The Committee hope that wide publicity will be given to popularise this scheme among the tea growers so that full advantage is taken of it. Any procedural or other difficulty in its implementation should be removed as early as possible.*

(iii) *Transport and Fertilizer Subsidy Scheme for Cachar and Tripura*

73. The transport subsidy scheme was introduced by the Tea Board in October, 1959 with a view to afford some relief to the gardens in Cachar and Tripura areas which were experiencing much financial handicap and transport difficulty. This scheme provided for the grant of a subsidy for reimbursement of a portion of the freight charges incurred by the gardens in Cachar and Tripura for sending their teas to Calcutta. The subsidy in respect of Cachar gardens was, however, discontinued from 13th January 1962, on account of improvement in the production and the selling prices of teas produced in Cachar but the subsidy for Tripura gardens is proposed to be extended upto 12th October, 1964. *Transport Subsidy Scheme.*

74. The Fertiliser Subsidy Scheme providing for the grant of a subsidy at Rs. 122 per ton of Sulphate of Ammo- *Fertiliser Subsidy Scheme.*

nia consumed on the basis of 200 lbs. of Sulphate of Ammonia per acre was also put into operation in October, 1959. The scheme which was applicable to gardens upto 300 acres in Cachar and Tripura was discontinued from October, 1961, as the trend of production in those areas showed signs of improvement.

(iv) *Scheme for Aid to Small Growers*

75. The Tea Board is assisting the small growers with technical advice and financial assistance for the setting up of cooperative factories for the manufacture of green leaf. Progress made in this regard has already been referred to in para 20.

(v) *Scheme for Financial Assistance to Marginal Gardens in Cachar and Tripura*

76. A scheme for the grant of loans by the Tea Board to marginal gardens in Cachar and Tripura for repairs, replacements, and renovation of the machinery was introduced in November, 1959 with a fund of Rs. 5 lakhs. A loan of Rs. 37,000 has been granted under the scheme upto the end of the year 1962-63.

**Financial
Stringency
in the
Money
Market.**

77. It has been represented to the Committee that due to the stringency in the money market in the country, the Commercial Banks were extremely reluctant to afford any facility whatever to the industry beyond the normal crops hypothecation limits and that too purely for seasonal requirements. During evidence, the Chairman, Tea Board, however, stated that the financial institutions have not withheld any finance from the industry and in fact the tea industry has not faced any financial difficulty at all. Short term and long term financial needs of tea industry were also covered by these schemes. In regard to long term loans, he stated that neither commercial banks nor the State Finance Corporations nor the Industrial Finance Corporation would agree to advance long term loans as they had their own difficulties. The Commercial Banks were, however, able to provide only the usual short term loans against the hypothecation of the standing crops.

78. The Committee are informed that the above schemes are considered effective and adequate but the Board is

constantly reviewing the situation with the object of extending the scope and making assistance easily available to the industry. No quantitative and qualitative assessment of the impacts of these schemes has, however, yet been made. During evidence the Chairman, Tea Board has also stated that by and large the essential development needs of the industry have been met by the Board.

79. The expenditure incurred by the Board on its various schemes during the last five years is as under :—

Year	Expenditure	Expenditure on Tea Develop- ment.
	(In lakhs of Rs.)	
1958-59	0.30	
1959-60	1.66	
1960-61	4.76	
1961-62	35.18	
1962-63	52.44	

80. From the foregoing paras it will be noticed that the Board has initiated various assistance schemes for tea development and has incurred expenditure thereon recently particularly during the last two years only. Explaining the reasons for the delay in taking up the development schemes, the Chairman, Tea Board stated that till 1955 they were members of the International Tea Agreement and as such very little stress was laid on the increased production of tea as there was a tendency on the part of all the participating members of this Agreement to restrict its production. It was only in 1956, when this matter assumed some importance that certain measures were taken in this respect. Accordingly, on the recommendations of the Board, the Government of India sanctioned a post of Director of Production Control in November, 1956. The incumbent joined his duties with effect from the 16th September, 1958, and the Directorate of Production Control (since re-named as the Directorate of Tea Development) started functioning from that date.

81. *The Committee are not convinced by the reasons for the delay in taking up development schemes. It is unfortunate that it took two years for the Board and Government to fill the post of Director of Production Control. Even after the appointment of the Director of Production Control in 1958, the Board took another three years to*

initiate and activise their schemes. The Committee hope that at least now the Board will pay increasing attention to the development of tea production which is its primary function.

Supply of
Essential
Commodi-
ties.

82. The Committee are informed that the Board is also helping the tea industry in the procurement, distribution and movement of commodities essential to the industry as also import of tea garden machinery wherever necessary. The position relating to demand and allocation of some of the commodities essential to the tea industry during the years 1960-61, 1961-62 and 1962-63 is indicated below:—

Year	Demand	Allocation	Percentage
(a) <i>Fertilizers</i>			
(In tonnes)			
1960-61	92,700	86,816	93%
1961-62	1,49,884	1,29,865	87%
1962-63	1,51,602	1,51,602	100%
(b) <i>Iron and Steel Materials</i>			
1960-61	10,071·14	4,959·38	49%
1961-62	9,384·25	3,127·19	33%
1962-63	9,415·67	28·85	30%
(c) <i>Cement</i>			
1960-61	49,598·951	30,988·200	62%
1961-62	1,65,152·192	43,712·000	26%
1962-63	2,00,897·205	58,500·000	29%
(d) <i>Coal</i>			
1960-61	2,92,261	2,87,739	98%
1961-62	2,82,958	2,79,211	98%
1962-63	3,41,255	3,20,823	94%

83. From the above table it will be noted that whereas the allocation of Fertilizers and Coal to the tea industry was quite satisfactory, the allocations of Iron and Steel materials and Cement were much below requirements.

84. The representative of the Tea Board stated that in view of the overall shortage of Cement in the country and because of the requirements of Defence for Iron and Steel, the Board could not meet the demand of the industry in full in respect of these two items. There is, however, no difficulty in getting imported material as import licences are being issued against sanctioned amounts.

The Committee are glad that the requirements of tea industry for the supplies of fertilisers and coal are being met satisfactorily. They appreciate the difficulty in the supply of Cement and Iron and Steel, to the industry during the present emergency. The Committee trust that the Board would continue to help the industry in securing essential stores of good quality at fair prices. The desirability of establishing cooperatives to supply these stores particularly to the small growers may also be considered by the Board.

85. At present the arrangements for the transport of tea from North-East India region are stated to be inadequate as most of the tea produced in Assam Valley is carried to Calcutta by river transport which runs through Pakistan. The river route from Cachar is also through Pakistan territory. It is understood that Government is now constructing a broad-gauge line upto Jogaigopa and it is proposed to extend it to Gauhati over the Brahmaputra Bridge. At the same time, road communications are also being improved.

Transport
Arrangements.

The Committee feel that since marketing and communications are of great importance to the industry, it is very desirable that the programme for laying the railway line is completed as early as possible.

III

EXPORTS AND TEA PROMOTION

A. Exports

Quantity and Value of Exports. 86. A statement showing the total quantity and value of exports of tea from India during the years from 1954 to 1962 is given below:—

Year	Production of tea	Quantity exported	Value of exports	Percentage of (3) to (2)
	(In thousand Kg.)		(Rs. in crores)	
1954	2,95,519	2,03,195	130.75	68%
1955	3,07,704	1,66,708	113.61	54%
1956	3,08,719	2,37,484	142.82	77%
1957	3,10,802	2,00,786	123.39	64%
1958	3,25,225	2,29,503	136.54	70%
1959	3,25,955	2,14,315	126.39	65%
1960	3,21,077	1,95,113	121.05	60%
1961	3,54,397	2,05,253	124.64	58%
1962	3,44,445	2,14,000	124.92	62%

No significant improvement in Exports.

87. It will be seen that the trend in export of tea has not been steady. During the 9 years the Board had been in the existence there has been wide fluctuations from year to year in the quantity of tea exported. The exports which reached 237.5 million Kg. in 1956, have never since been equalled. On the other hand there has been marked decline in exports during the years 1955, 1957, 1959 and 1960 compared to the preceding years. It will further be seen that the percentages of exports to total production during these years have fluctuated. The exports declined:

from 77 per cent in 1956 to 58 per cent of the total production in 1961. It appears that the export of Green tea which is being produced in some areas of U.P., Himachal Pradesh and Kangra etc., has also declined. This is perhaps due to the loss of market in Tibet.

88. Explaining the reasons for this decline the representative of the Board has stated that due to increased internal consumption of tea in India as well as higher production in other tea producing countries, the exports from India have been affected. Further the internal buyers are prepared to pay higher prices, and hence Indian tea did not become competitive in the international market. The Government are now trying to put curbs on the rate of increase in internal consumption.

89. In this context it is noteworthy that the rate of increase in the exports of tea from Ceylon which is the next largest producer of tea after India and is a keen competitor in the International market, is better than India as will be seen from the following table:—

Position in
Ceylon.

Year	Quantity produced	Quantity Exported
	(In thousand Kg.)	
1954	1,66,349	1,63,866
1955	1,72,371	1,64,307
1956	1,70,359	1,57,909
1957	1,80,428	1,66,800
1958	1,87,404	1,86,323
1959	1,87,392	1,73,950
1960	1,97,180	1,85,875
1961	2,06,488	1,99,104
1962	2,12,295	2,04,857

90. It will be noted from the above table that there has been an overall increase of about 41 million Kg. in the exports of tea from Ceylon in 1962 compared to that in the year 1954. During the same period, the increase in the export of tea from India amounted to 10.8 million Kg. only. Further the rate of increase has been consistent except during the years 1956 and 1959.

It has been stated that since there is small internal consumption of tea in Ceylon, it has necessarily to export all

its produce. Further the Ceylon Tea Propaganda Board is carrying on extensive promotion campaigns in the world for expanding its markets.

91. *The Committee appreciate that increase in the internal consumption of tea as well as good prices prevailing in the internal market have affected the exports of tea from the country during the recent years. They feel that the supply from this country is also not keeping pace with the demand for tea in the international markets. Such a situation would have been avoided, had the Board prepared estimates of production, internal consumption and exports of tea earlier. Timely and effective measures were also called for to increase production. In that case the need to put curbs on the increasing internal consumption of tea would have been obviated. Apart from the compelling necessity of increasing the production of tea in the country, which has been stressed earlier, the Committee recommend that the Tea Board should make vigorous efforts to increase the exports of tea. They hope that necessary steps would be taken in the matter.*

Third Five-Year Plan Target.

92. The Third Five Year Plan envisages an export target of 277 million Kg. (i.e. 610 million lbs.) by 1965 for the tea industry. It is stated that specific export targets for each year of Plan period were not fixed. It will be seen that export during the year 1962 amounted to 214 million Kg. only. During 1963, the exports are expected to be between 220 and 225 million Kgs. Thus the Tea industry has to increase its exports by about 57 million Kgs. in the remaining two years i.e. 1964 and 1965, if it is to achieve the Third Plan target.

Export Target not likely to be achieved.

93. *Considering that there has not been any significant improvement in the export of tea during the last four years, and the production has also not increased in the last two years, it is doubtful if the Tea Board would be able to achieve the export target laid down in the Third Five Year Plan. In this connection it is significant that the Second Plan export target of about 500 million lbs. was also not reached and there was a shortfall of about 62 million lbs. which would have earned over Rs. 10 crores of valuable foreign exchange. The Committee are not happy at the shortfalls in achieving the targets laid down in the Plans. They recommend that targets should be fixed realistically*

and every effort should be made to achieve them otherwise the significance and importance of laying the targets would be lost. The Committee further recommend that Plan targets should be split up into annual targets so that the progress made in achieving them is watched from year to year and action is taken in time to remedy the deficiencies, if any.

94. The quantity of tea exported from India to some of the main tea consuming countries during the years 1954 to 1962 are given in the statement at Appendix II. Export to various countries

95. From the perusal of the statement, it will be noted that with the exception of U.S.S.R., Egypt and Australia, there is a distinct decline in the export of Indian tea to other countries. The decline in exports to U.K. in 1962 has been very significant. Further the percentage of imports of Indian tea to the total imports in the various countries declined significantly during the years 1958 to 1962. For example, the imports in U.K. declined from 55.4% in 1958 to 48.5% in 1962, in Irish Republic from 79.7 per cent to 60.6 per cent, in Canada from 43.8% to 32%, in U.S.A. from 28.9% to 22.6% etc. It is also noteworthy that the percentage of India's share in total import of tea in the world which stood at 48.2% in 1953 came down to 36.5% in 1960 and showed a small rise to 38.2% in 1962. On the other hand, the percentage of Ceylon's share rose from 32.3% in 1953 to 36.6% in 1962. It is thus evident that India is gradually losing its premier place in the world Tea Market. Decline in Exports to some countries.

The Committee are informed that due to lack of adequate propaganda abroad, India is losing ground in the foreign tea markets including traditional markets while Ceylon, with a very strong and aggressive propaganda machinery is capturing markets in the foreign countries. In fact Ceylon tea has become a generic name and any good tea is now called 'Ceylon tea'.

96. During evidence, the Chairman Tea Board has stated that they have taken serious note of this declining trend in the export of Indian tea and are trying to intensify their efforts on export promotion.

97. The Committee feel concerned at the declining trend of export of Indian tea in foreign markets particularly the

traditional ones. What is more disturbing is the fact that in spite of Indian tea being the 'best and India the largest producer and exporter, the image of Indian tea has not been well projected in the importing countries. On the other hand, Ceylon has stolen a march in as much as all good tea is now considered to be 'Ceylon Tea'. The Committee cannot over-emphasise the importance of vigorous and effective measures to propagate and popularise Indian tea in foreign countries. They recommend that concerted efforts should be made by the Board to increase and boost up the exports to the traditional markets and explore new ones by intensifying and gearing up their propaganda machinery and campaigns in those countries.

B. Tea promotion in India and abroad

(a) Foreign Promotion

Pattern of Foreign Promotion.

98. The Committee are informed that for the promotion of tea in foreign countries, the Tea Board has followed the pattern given below:—

- (i) Uninational promotion to project the image of Indian tea;
- (ii) Generic promotion of tea wherever possible in combination with other producing countries; and
- (iii) Supplemental promotion.

(i) Uninational Promotion

(a) Tea Centres.

99. The Board has established a number of tea centres in some of the foreign countries which are working under the direct supervision of the Tea Advisers there. The Government of India have also accepted the proposal to open some more tea centres in important places on the continent of Europe. At present Tea Advisers have been posted in New York, London, Cairo and Sydney to maintain liaison with the local tea trade in these countries and to undertake public relations work for promoting the interest of Indian tea.

(b) Participation in foreign exhibition.

100. The Board participated in a number of foreign exhibitions during the last 3 years in cooperation with the Directorate of Exhibition, Government of India. It arranged for the service and distribution of Indian tea at the 11th World Jamboree at Athens and propose to do likewise

at the XVIII World Olympic games to be held in Tokyo in 1964.

101. Arrangements have also been made for service and sampling of pure Indian tea blends at some trade centres and show rooms in Baghdad, Jeddah, Beirut; Kabul etc. Mobile Tea Vans have also been sent to U.A.R., Jeddah etc. for popularising Indian tea in these countries.

(c) Promoting pure Indian blends of Tea.

102. The Board has also arranged for the presentation of tea caddies through Indian missions abroad as also presentation of Indian tea through All India flights and Air India Offices abroad. Tea caskets were presented to foreign dignitaries in India and abroad.

(d) Presentation of Tea Caddies and Caskets.

103. Delegations have been sent periodically to foreign countries under the leadership of the Chairman of Tea Board. Two such delegations visited U.S.A., Canada, Australia and New Zealand during 1962. The Chairman of the Tea Board also visited U.K., Ireland and West Germany and some ECM countries to study the markets there and establish contacts with the tea trade in these countries.

(e) Tea Delegation.

104. The Board brought out suitable publicity literature highlighting the virtues of Indian tea. Special advertisements on Indian tea were released in foreign publications. Prints of the Board's documentary film in Eastman colour—'Green is Gold' were sent to Sudan, Cairo and Moscow. The Board's wall calendars featuring tea scenes were also distributed in large quantities in foreign countries.

(f) Publicity.

(ii) *Generic Promotion*

105. For purposes of joint promotion with other tea producing countries to project the generic image of tea, India participates in the joint promotion Councils which have been established in U.S.A., Canada, Australia and West Germany. India is the sole producer member of the Tea Council of Ireland set up by the Irish tea trade since 1955.

(iii) *Supplemental Promotion*

106. Supplemental promotion is based primarily on efforts to serve pure Indian tea at functions which will generate goodwill towards the product and thereby stimu-

late consumer interest in purchasing the same tea from local stockists in the country concerned. Recently such promotion has been undertaken on an organised basis in the United States of America.

107. It has been stated that all these methods of promotion *viz.* Uninational, Generic and Supplemental, are complimentary to each other and each one of the patterns is effective in its own way. Since the patterns adopted for promotion of tea abroad are complimentary to each other, it is therefore not feasible to indicate specifically the relative effectiveness of the different patterns of promotion.

**Expenditure
on foreign
promotion.**

108. The following statement shows the expenditure incurred by India and Ceylon on tea promotion in foreign countries:—

INDIA		1958-59	1959-60	1960-61	1961-62	1962-63
Uninational . . .		3,09,093	3,26,280	7,37,384	14,08,900	24,38,621
Generic . . .		40,16,489	42,46,491	22,74,055	17,33,486	12,82,704
TOTAL . . .		43,25,582	45,72,771	30,11,439	31,42,386	37,21,325
CEYLON		1958	1959	1960	1961	1962
Uninational . . .		32,96,550	42,29,059	50,48,017	56,42,929	63,12,234
Generic . . .		40,32,545	37,75,817	27,64,257	26,40,706	17,65,938
TOTAL . . .		73,29,095	80,04,876	78,12,274	82,83,635	80,78,172

**Ceylon Tea
Propaganda
Board.**

109. It will be noted that Ceylon has a separate Board for Tea Propaganda and is spending larger amounts on tea promotion in foreign countries as compared to India. But it is pertinent to note that funds for this propaganda are obtained out of a separate cess of 2.20 cents per lb.

110. *During evidence the Chairman Tea Board admitted that they had lagged behind in the matter of foreign publicity and were now undertaking propaganda in an aggressive manner. The Committee recommend that a review of the effectiveness of the methods of publicity and propaganda abroad may be undertaken by the Board so as to make them more vigorous and purposeful. In this connection they suggest that the publicity methods adopted by the Ceylon Tea Propaganda Board may also be studied by the Board for adopting them suitably to gear up its propaganda machinery abroad.*

(b) *Promotion of Tea in India*

111. The Committee are informed that over the last few years, it is not the Board's policy to take any special measures for promotion of tea consumption in India. The Board's activities relating to tea propaganda in India have been progressively reduced. The various measures of internal promotion which had been launched earlier, are now practically on a care and maintenance basis. The internal promotional activities are mostly confined to organising industrial canteens, running of tea centres and tea buffets and participating in important exhibitions.

Aim of the Board.

112. The expenditure incurred by the Board on 'Tea Promotion in India' during the last five years was as under:—

Expenditure on Tea Promotion in India.

Year	Expenditure
1958-59	32.21
1959-60	24.02
1960-61	13.45
1961-62	14.32
1962-63	12.56

It will be seen that expenditure on Tea Promotion in India has been decreased from Rs. 32.21 lakhs in 1958-59 to Rs. 12.56 lakhs in 1962-63 i.e. by 61 per cent.

113. As stated earlier the Board runs a few Tea Centres within the country. A statement showing the number of Tea Centres maintained by the Board and the losses incurred on them during the years 1961-62 and 1962-63 is given below:

Tea Centres in India.

Tea Centres in India	(In Rupees)					
	1961-62			1962-63		
	Receipts	Expdr.	Loss	Receipt	Expdr.	Loss
Tea Centre Bombay	1,44,897	1,59,901	15,004	1,29,090	1,63,251	34,161
Tea Centre Madras (closed w.e.f. 1-5-63)	33,882	85,120	51,238	30,457	80,183	49,726
Tea Buffet Udyog Bhavan, New Delhi.	32,179	45,534	13,355	35,667	50,511	14,844
Tea Bar, Planning Commission, New Delhi	70,349	84,419	14,070	83,287	98,732	15,445
Tea Bar, Parliament House, New Delhi (opened in Feb., 1963) . . . . .	..	..	..	4,289	6,799	2,510
TOTAL	2,81,307	3,74,974	93,667	2,82,790	3,99,476	1,16,686

114. It will be observed that whereas there has been no material change in the total receipts of these centres during the last two years, the expenditure thereon has gone up by about Rs. 24,502 in 1962-63 as compared to 1961-62. The total losses during the year 1962-63 have also gone up by Rs. 23,019 as compared to those in the previous year. While the Committee concede that there may be some justification for running these centres they feel that a definite criterion of performance should be laid down for them. It would be desirable that efforts are made that these Centres at least, meet their running expenses.

IV

OTHER MATTERS

(a) Research

115. Under Section 10(2) (d) of the Tea Act, 1953, the Board is charged with the duty of undertaking, assisting or encouraging scientific, technological and economic research and maintaining or assisting in the maintenance of demonstration farms and manufacturing stations.

116. The Board has spent the following amount on re- **Expenditure**
search during the last five years:— **on Research.**

Year	(Rs. in lakhs)
	Expenditure on Research
1958-59	0.78
1959-60	1.18
1960-61	1.67
1961-62	6.15
1962-63	3.67

117. It is stated that during the last three years, the **Research**
Board sponsored and financed a number of schemes of re- **Schemes.**
search on Tea, both fundamental and applied, at different
Universities and Technical Institutions and also provided
financial assistance to the existing tea research establish-
ments in the country to enable them to maintain or ex-
pand their research activities. In addition, the Board has
also given grants-in-aid to the scientific departments of
United Planters Association of Southern India and Indian
Tea Association. The Board selects its schemes of research
on the advice of a body of scientists and experts who are
members of the Board's Tea Research Liaison Committee.

118. From the details furnished to the Committee it is
seen that so far the Board has given financial assistance
amounting to Rs. 4.8 lakhs to the various Universities and
Technical Institutions for conducting research on seven

schemes. Regarding the results of these researches, it is stated that these are mostly of a long term nature, covering those items which have not been included in the programme of the existing establishments of the industry and are aimed at collecting scientific data to supplement the efforts of the Tea Industry.

No concrete results achieved from Research.

119. *Apparently no concrete results have been achieved from the above research schemes, on which an expenditure of about Rs. 5 lakhs has been incurred. The Committee are doubtful whether such schemes would prove effective and beneficial to the industry. They recommend that a review of these schemes may be carried out on the basis of the results achieved so far.*

Research Institution run by Tea Associations.

120. At present research on problems connected with tea is conducted by the following research institutions which are run by the Associations of Tea planters:—

- (i) Tocklai Experimental Station of Indian Tea Association at Tocklai near Jorhat, Assam.
- (ii) Tea Experimental Station of the United Planters Association of Southern India at Devershola, Nilgiris.
- (iii) Dooars Tea Research Institute of the Indian Tea Planter's Association at Mal, Jalpaiguri, West Bengal.

121. The Tea Board has given grants-in-aid to the Tocklai Experimental Station of Indian Tea Association and Tea Experimental Stations of United Planters Association of Southern India to the tune of Rs. 4.20 lakhs and Rs. 5.14 lakhs respectively. The major achievements of these institutions on problems relating to tea are listed in *Appendix III*.

Availability of results of research to the Tea Planters.

122. The Committee are informed that the results of research conducted by these Research Stations are not available to non-members Tea Planters except on payment. There are also no arrangements at the Research Stations to attend to the problems faced by the non-members.

123. *It will thus be evident that the achievements of research conducted at the various Research Stations of the Tea Associations are not automatically available to non-*

members, who account for 34% of acreage in North East India and 15% in South India. This applies particularly to small growers who are not members of these Associations. The Committee regret that the Tea Board which is charged with the responsibility of undertaking research, did not ensure that the fruits of research are available for practical application to all tea growers, particularly the weaker section. They hope that the Tea Board would take suitable measures in this direction in future.

124. The Plantation Inquiry Commission in their report had suggested that model experimental farms with attached research facilities should be set up in different regions for developing them into efficient demonstration units for the benefit of the tea producers. Further the experimental tea farm at Palampur in the district of Kangra should be transferred by the Punjab Government to the Tea Board. The Government while accepting the recommendation had stated that the Tea Board had already been asked to prepare such a scheme in consultation with the interests concerned. During evidence, the Secretary of the Ministry stated that they have already taken action for acquiring the Experimental Tea Farm at Palampur. There have been delays in setting up Model Tea Farms in the South.

Model Tea Farms.

125. The Committee regret to note that although the Plantation enquiry Commission had recommended as far as in 1956 for setting up Model Tea Farms for the benefit of the tea producers, no concrete action has so far been taken by the Board. As the establishment of good demonstration farms will be great benefit to the growers of tea, the Committee trust that early action would be taken to set up Model Tea Farms with attached research facilities in different regions of the country for developing them into efficient demonstrating units.

Delay in the setting up of Model Tea Farms.

126. The Tea Board has no arrangements of its own for carrying out research on tea. As already stated the promotion of research on tea is mostly done by the Board in collaboration with established technical research institutions or through Universities whose schemes are financed by it. In this context it may be stated that the work relating to tea research in Ceylon is conducted by a separate body called the Tea Research Institute of Ceylon which is financed entirely from the research cess levied on Tea at 1 cent per pound.

No Research arrangements made by the Board.

**Central Tea
Research
Institute.**

127. The Committee understand that with a view to centralise research on tea in one Institute, it is proposed to convert the Tocklai Experimental Station into a Central Tea Research Institute. The financial assistance to the Institute would be made available by the Board and C.S.I.R. and the tea industry in the proportion of 25%, 25% and 50% respectively for running this Institute. The Institute would be an autonomous body under the administrative control of C.S.I.R.

128. The Committee regret the delay in setting up a Central Tea Research Institute. The delay indicates that the question of research on tea has not been given due importance by the Tea Board. Consequently no unified research on tea has so far been carried out. The achievements of research have not been widely disseminated and thus have not contributed to the maximum development of the industry in the country. The Committee consider it hardly necessary to emphasise the need for scientific research and the practical application of scientific knowledge for the progress of any industry. Since the promotion of research is of vital importance to the development of any such industry, the Committee hope that every effort will be made to set up this Institute at a very early date. At the same time it would also be necessary to set up regional research centres to deal with the problems pertaining to each region.

**Advisory
Extension
Service.**

129. At present the Tea Board has not organised any advisory or extension service to assist the growers, particularly the small growers, in rendering them technical advice on improved scientific methods of tea planting. The Committee understand that the Rubber Board has organised an Extension Service to give technical advice to the small growers since 1955.

In order to help the small growers who are in greater need of guidance and have no easy access to sources of scientific knowledge, the Committee recommend that the Tea Board should organise an effective advisory service. It should be the function of the service to contact small and medium growers to find out their problems and give them prompt advice and guidance in the matter of suitability of soil, its conservation, planting methods, selection of seeds application of fertilisers etc.

The Committee suggest that a phased programme may be prepared for this purpose by according priority to regions where response will be immediate and the need greatest.

(b) *Grade Standards of Tea*

130. No grade standards of tea have been fixed by the Board so far. It is stated that the Board is collaborating with the Indian Standards Institution for fixing the grade standards of tea but there are some difficulties which have to be overcome and this process would take some time. *The Committee feel that standardisation is very essential to maintain and improve the quality of tea, and hope that the work of fixing the grade standards of tea would be expedited.*

Fixation of
Grade
Standards.

(c) *Tea Waste*

131. In order to prevent the use of tea waste as an adulterant and to indirectly help in improving the quality of tea coming out of factories, the Government of India promulgated the Tea Waste (Control) Order, 1959 with effect from 1st October, 1959. This order prohibits the disposal of tea waste except under a licence issued by the Tea Board. During the year 1962-63, there were a total number of 488 licencees as against 468 during the year 1961-62.

Tea Waste
(Control)
Order, 1959.

132. 'Tea Waste' as defined in the Order, means anything purporting to be tea not conforming to the specifications laid down in the Prevention of Food Adulteration Act. It is stated that tea waste is used as manure and as raw material for the production of caffeine. A statement showing the production of tea waste, quantities purchased by manufacturers of caffeine and quantities exported during the years 1960, 1961 and 1962 is given below:—

(In Kgs.)

	1960	1961	1962
1. Production	9,593,595	10,984,883	9,945,073
2. Quantity purchased by manufacturers of Caffeine for manufacture of Caffeine	824,233	927,925	745,904
3. quantity exported	108,862	540,719	172,509

(Quantities of tea waste used as manure or dumped and destroyed as tea waste are not available)

Instant Tea. 133. It will be seen that of the total annual production, nearly ten million Kgs. is tea waste. It is stated that no systematic research has so far been carried out by the Board with the specific objects of finding other uses for this bye-product. The Board's current research on instant tea production is, however, likely to open up certain possibilities regarding the utilisation of tea waste in the preparation of concentrated tea solubles suitable for human consumption.

**Alternative
Uses for
Tea Waste.**

134. *The Committee are rather surprised to note that no systematic research has so far been carried out by the Board on the specific uses of tea waste which is being produced in the country to the tune of 10 million Kgs. annually. Excepting about one million Kg. of tea waste which is being utilised for production of Caffeine and for exports, the rest is either being used as manure or dumped and destroyed as waste. It is regretted that no statistics are being maintained of tea waste which is used as manure or is being dumped or destroyed and hence the Committee are unable to assess the quantity that is being used for adulteration of tea. The Committee suggest that these statistics should be maintained and effective measures should be taken to find out alternative uses for the tea waste and its proper utilisation.*

The Committee would further urge that research on Instant Tea should be expedited and its production put on commercial basis without any delay as it will open new markets for tea. In this connection it is significant that Ceylon has already achieved a measure of success in the development of manufacturing Instant Tea.

**Incidence of
Tea Adul-
teration.**

135. The Committee understand that Tea Waste is sometimes fraudulently used for the adulteration of tea. It is not uncommon for many tea estates, particularly smaller ones, to sell sub-standard teas. *The Tea Plantation Inquiry Commission in its report had pointed out that the adulteration of tea was fairly wide spread. It is stated that as a result of the joint efforts now being made by the Tea Board and the authorities administering the Prevention of Food Adulteration Act, the extent of adulteration of tea has been considerably minimised. The Committee hope that this problem would continue to be effectively dealt with by the Tea Board with the cooperation of administrative authorities.*

(d) Labour Welfare

136. At present about 1.2 million workers are employed in the tea plantations in the country. The Tea Act, 1953 enjoins the Board to secure better working conditions, amenities and incentives for workers. In addition to statutory obligation of the employer under the Plantation Labour Act which is administered by the State Governments, the Tea Board also undertakes supplemental measures for the welfare of the tea garden workers and their dependents. These include payment of stipends and other general welfare measures relating broadly to—

**Labour
Welfare
Measures.**

- (a) Education;
- (b) Medical Aid and Sick Care;
- (c) Vocational Training;
- (d) Youth Movement;
- (e) Sports and Games; and
- (f) Entertainment.

137. Under the Educational Stipends Scheme, the Board awards stipends to the children/dependents of tea garden workers for completing the different courses of studies above the primary stage of education. The following table shows the grants made by the Board under the Educational stipends scheme during the last three years:—

**Educational
Stipends.**

Labour Welfare—Educational Stipends

Year	R.E. as accepted by Government	No. of stipend applications received	No of stipend applications sanctioned	Actual Expenditure:
				Rs.
1960-61	3,00,000	2,982	1,831	2,21,237
1961-62	2,50,000	3,988	3,238	2,48,962
1962-63	4,00,000	7,136	5,506	6,06,333

It will be noted that whereas there was shortfall in expenditure during the years 1960-61 and 1961-62, the actual expenditure during the year 1962-63 was in excess by Rs. 2 lakhs i.e., 50% of the revised estimates, as accepted by Government.

138. A statement showing the percentage of educational stipends sanctioned to the children dependents of workers in tea gardens at the secondary stage of education according to pay groups is given belows:—

Year	Percentage of stipends sanctioned as per pay groups of guardians		
	Upto Rs. 100 p.m.	Rs. 101 to Rs. 200/-	Rs. 201 to Rs. 300/-
1958-59	30%	47%	23%
1959-60	45%	35%	20%
1960-61	52%	34%	14%
1961-62	50%	37%	13%
1962-63	53%	36%	11%

139. It will be seen that the stipends sanctioned to the children dependents of tea garden labour (i.e., in the pay group of Rs. 100 p.m.) was 30% only in 1958-59. It has now risen to 53% in 1962-63. The Committee consider that the welfare schemes of the Board should normally be confined to the tea garden workers rather than to higher pay groups as the workers are large in numbers and in greater need of assistance. They hope that necessary steps would be taken to this end.

**General
Labour
Welfare
Schemes.**

140. Under the general welfare schemes, the Board gives capital grants for extension of school or college buildings, construction of hostel buildings attached to educational institutions against reservation of seats for tea garden students in the School or College and rent-free seats in the hostels and for extension of specialised treatment facilities in hospitals against reservation of beds for tea garden patients for treatment at concessional rates. The Board also makes recurring grants for organising Scout Guide movements in the tea garden areas and encouraging

sports, etc. During the last 3 years the Board made the following grants towards general welfare schemes:

Labour Welfare—General

(In Rs.)

Year	Revised estimates as accepted by Government	Grants sanctioned by the Board against approved Schemes	Actual Expenditure
1960-61	3,00,000	1,93,914	1,69,253
1961-62	2,00,000	3,53,320	2,63,194
1962-63	3,00,000	3,68,472	3,32,962
TOTAL	8,00,000	9,15,706	7,65,409

141. It is stated that the actual disbursements against sanctioned grants are made on the basis of the progress of work in respect of each scheme. *It will, however, be seen from the above table that the actual expenditure during the last three years has fallen short of the sanctioned grants. The Committee feel that the performance of the Board in this respect needs to be improved considerably.*

Expenditure fallen short of sanctioned Grants.

142. Regarding the adequacy of expenditure incurred by the Board on Labour welfare measures it has been stated that it is primarily the responsibility of the producers of tea to take welfare measures for the benefit of the labour of tea plantations. The Board could only take supplemental measures in this regard. The expenditure incurred by the Board on labour welfare had been progressively increasing from year to year. The Secretary of the Ministry added that after the Tea Act 1953, the Plantation Labour Act was passed and part of the responsibility for labour welfare measures really devolved on the Ministry of Labour for enforcement of the Act.

143. *The Committee appreciate that the Board may not be in a position to undertake effective welfare measures for the tea workers. Even so, welfare of workers in any industry is a matter of great importance. The Committee suggest that the Government may examine the feasibility of having a separate organisation to look after the welfare of tea labour, as is being done for coal and mica industry.*

Separate Organisation for Welfare of Tea Labour suggested.

(e) Marketing and Auction of Tea

Tea Auction. 144. The Committee are informed that the tea trade has an established system of marketing of tea through the medium of auctions. At present tea auctions are held at Calcutta and Cochin. Recently another auction centre has been started at Coonoor primarily to help the small growers in offering their teas at the auctions. Teas are offered for open competition in a market comprised of buyers from all over the world as well as internal operators. Some teas are exported directly by the producers to London Auction under forward contracts and private sales. These auctions are governed by a frame-work of rules and regulations evolved by well-organised Associations.

Pattern of disposal of teas through various auctions.

145. The pattern of disposal of teas through various auctions during the period 1962-63 is given below:—

(Figures in mill. Kgs.)

Production during 1962	Quantity sold at Calcutta, Cochin Auctions	Percentage of total sale to total production	Direct Exports to U.K. for London auction		Balance sold privately or ex-garden	
			Qty.	%age to total production	Qty.	%age to total production
344.5	177.1	51.4	84.9	24.6	82.5	24.0

It will be seen that about 51% of the teas are sold at Calcutta and Cochin auctions, 25% at the London auction and the balance of 24% privately and ex-garden.

Recommendation of P.I.C.

146. The Plantation Inquiry Commission had recommended that the Tea Board should assume the function of the regulation of sale of tea in Cochin and Calcutta auctions. Although the Government did not consider that the regulation of sales in Calcutta and Cochin by the Tea Board was a matter of high priority, they desired that the liaison between the Board and the bodies set up by the Trade should be closer.

147. The Committee are informed that although the Tea Act, 1953 enjoins the Board to improve the marketing of tea in India and elsewhere, it does not regulate the marketing and auction of tea at present. During evidence,

the Chairman Tea Board has stated that the trade is so well organised that it is not necessary for the Board to interfere with the normal working of the trade.

148. In this connection, it may be mentioned that the policy of Ceylon Government is to restrict the quantities of High Grown Tea exported for sale at the London Tea Auctions in order to increase the quantity of good tea available for sale at the Colombo Tea Auctions and thereby build up Colombo as a world tea-marketing centre. Position in Ceylon.

149. *The Committee are of the opinion that in the existing circumstances it may not be necessary or desirable for the Tea Board to assume the functions of regulating the sale of tea. But in view of the importance of this industry in the economy of the country and the fact that considerable quantities of tea are sold through private sales in the country and abroad, it is desirable that the Board should keep a close watch on the pattern of sales and associate itself at least directly with the trade. The Committee hope that necessary steps will be taken in this direction.*

150. In 1954, the Tea Auction Committee recommended, Warehouses. *inter-alia*, that additional warehouses should be constructed at Calcutta to provide additional accommodation. In pursuance of this recommendation, the Calcutta Port Commissioners were approached by the Government of India to construct a new Tea Warehouse with a floor space of 6 lakh sq. ft. at an estimated cost of about Rs. 115 lakhs. It has been stated that the construction of new tea warehouse is nearing completion but it will not be ready for use till the installation of the conveyor belts which is expected to take a little more time.

151. It is stated that Tea Board, in consultation with the Ministry, had agreed to take the responsibility for the administration of the warehouses for tea. In the meantime a proposal was made that the Central Warehousing Corporation may take over public warehousing of tea. After protracted negotiations, the Warehousing Corporation intimated that it would not be possible for it to take up this work on the terms specified by the Tea Board.

152. The Committee are now informed that the question of alternative management and running of the new and old

tea warehouses is under the consideration of the Board. In this connection it may also be stated that the Plantation Inquiry Commission in its report (1956) had recommended that the Tea Board should assume responsibility for the administration of the public tea warehouses in Calcutta. The Government also agreed with the recommendation made by the Commission.

153. *The Committee are constrained to observe that there has been undue delay in the construction of the new Tea Warehouse at Calcutta. It is surprising that in spite of the decision of Government that Tea Board should take over the management of these warehouses, the matter has not been finally decided so far. The Committee urge that an early decision should be taken in this regard and steps taken to ensure that the Warehouse which has been built at considerable expenditure is put to use without loss of further time.*

(f) Training

154. The Board has not so far taken any steps for training of persons in tea tasting which is entrusted to it under Section 10(2)(g) of the Tea Act, 1953. It is stated that training is adequately imparted by the trade who train up the personnel for such work. It is understood that specialised courses oriented towards tea industry have now been introduced at the Agricultural College, Jorhat with the assistance of the Tea Board.

The Committee consider it unfortunate that the Board did not carry out the functions entrusted to it under the Act in this regard. In case, there was no need for such training, the Board should have at least apprised the Ministry of the position for necessary direction. They trust that the Board will now take suitable steps to arrange the training of persons in tea tasting. It would also be desirable if courses of training are also started for imparting training in blending, improved methods of planting, cultivation, manuring and spraying also.

(g) Control of Insects and other Pests and Diseases affecting tea:

Supplying of Spraying Equipment. 155. The Tea Board has assisted the growers of tea in the control of insects and other pests and diseases by:-

- (i) sponsoring and providing financial assistance to research; and

- (ii) assuring the supply of equipment and material for their control both from internal sources and imports from abroad.

156. *The Committee understand that so far no arrangements have been made by Board to supply spraying equipment to the small growers in controlling pests and other diseases. It is now proposed to set up cooperatives of small growers, where centralised spraying facilities will be made available to them. As there is a risk of the contagion spreading over from the smaller to the bigger estates, the Committee feel that necessary steps should be taken to make spraying equipment easily available to the small growers where necessary.*

V

FINANCE AND ACCOUNTS

(i) Tea
Fund.

157. Under Section 27 of the Tea Act, 1953, the Board shall form a Tea Fund to which shall be credited:—

- (a) the proceeds of the cess made over to the Board by the Central Government;
- (b) all fees levied and collected in respect of licences, permits and permissions issued under this Act; and
- (c) any other fee that may be levied and collected under this Act or the rules made thereunder.

The fund shall be applied towards meeting the expenses of the Board and the cost of the measures referred to in Section 10 of the Act.

Source of
the Tea
Funds.

158. The principal source of the Board's fund is the proceeds of the cess levied under sub-section (1) of Section 25 of the Tea Act, 1953 on all teas exported outside India which is collected by the Customs authorities at the rate of Rs. 4.40 per 100 Kg. on shipment of teas. The cess so collected is credited to the Consolidated Fund of India after deducting the cost of collection. The Central Government thereafter makes periodical allotment of funds to the Tea Board for meeting its expenses against the Board's budget estimates sanctioned by the Government of India. The Board also realises licence fees directly for export licence or special export licence issued by it at the rate of Rs. 2.20 per 1000 Kg. or part thereof. Besides, the Board also collects fees for licences issued under Tea (Distribution & Export) Control Order, 1957, and Tea Waste (Control) Order, 1959 promulgated under Section 30 of the Tea Act, 1953.

159. The following table shows the net proceeds of the (ii) Tea Cess Proceeds. Tea Cess credited to the Consolidated Fund of India from 1954-55 to 1962-63 and the payments made to the Board therefrom:—

(In lakhs of Rs.)

Year	Net Cess collected by Government	Payments to the Board
1954-55 . . .	128.53	Nil
1955-56 . . .	158.76	45.00
1956-57 . . .	201.60	105.00
1957-58 . . .	168.42	94.00
1958-59 . . .	106.90	114.35
1959-60 . . .	93.09	74.00
1960-61 . . .	85.40	65.00
1961-62 . . .	88.24	84.42
1962-63 . . .	94.38	120.00
TOTAL . . .	1,125.32	701.77

160. It will be noted that the proceeds of the duty credited to the Consolidated Fund exceeded the payments made to the Board till 1962-63 by Rs. 423.55 lakhs. The representative of the Ministry admitted that for some years in the past, cess collections had been larger than the payments made to the Board. At present, however, the expenditure of the Board is overrunning the cess collections and very little is now left in the accumulated tea cess collections.

Augmenting the resources of the Board suggested.

The Committee consider that the tasks before the Board for the development and promotion of tea are quite heavy and would require it to undertake increased activities in these fields in future. The Committee suggest that the desirability of augmenting the resources of the Board suitably may be examined by Government.

Central &
State Taxes
on Tea.

161. The position of Central duties/taxes on tea as on the 1st March, 1963 is as follows:—

Export Cess	4.4 np per Kg.
Excise duty (on loose tea)	Zone I—18 np per Kg.
	Zone II—30nP per Kg.
	Zone III—36 nP. per Kg.
	Zone IV—42 nP per Kg.
	Zone V—54 nP per Kg.
Excise duty (on package tea)	40 nP per Kg. + duty payable on loose tea.

(A rebate of 40 np per Kg. is allowed on package tea exported.)

The export duty which was levied at the rate of 25 nP., per Kg., in addition to the above has, however, been abolished w.e.f. 1st March, 1963.

162. A Central sales tax on inter-State sales of teas is levied at 2%. In addition there are some State Government levies. A West Bengal entry tax is levied at 13.25 nP. per Kg. A sales tax is also levied in Kerala at the rate of 5% *ad valorem* on prices realised at Cochin auction. In Assam a 10% of the fare or freight subject to a minimum payment of 1 nP. is also levied under Assam Passengers' & Goods Taxation Act, 1962.

Position in
Ceylon.

163. In Ceylon the following duties & Cesses were levied on tea during the year 1962:—

Export Duty	35.00 Cents per lb.
Cesses-Replanting & Rehabilitation	4.00 Cents per lb.
Medical aid	0.15 Cents per lb.
Propaganda	2.20 Cents per lb.
Tea Research Institute	1.00 Cents per lb.
Tea Control	0.15 Cents per lb.
TOTAL	42.50 Cents per lb. or 93.7 Cents per kg.

In addition Ceylon has an 'Ad-Valorem' sales tax on teas fetching a price over Rs. 1.85 per lb. at Colombo and London auctions. The rate of taxation is 50% of the excess over Rs. 1.85 subject to maximum of 70 cents a pound. Teas selling below Rs. 1.85 nP. are not required to pay this sales tax.

164. It will be seen that cesses are levied in Ceylon to meet specific activities relating to the development and promotion of tea industry. The Committee trust that while considering the measures for augmenting the resources of the Tea Board, the comparative position of the levies in India and Ceylon will be taken into account.

165. The Budget Estimates and the actual expenditure incurred by Tea Board during the seven years ending 1962-63 are given below:—

(iii) Budget Estimates.

(In lakhs of Rs.)

Year	Budget Estimates	Revised Estimates	Actual expenditure	Closing Balance at the end of the year
1956-57	118.22	98.96	88.32	40.62
1957-58	137.94	129.25	101.54	38.13
1958-59	157.92	132.35	100.61	57.90
1959-60	143.76	137.17	96.32	42.21
1960-61	144.79	147.23	73.08	40.05
1961-62	197.70	129.83	118.23	12.02
1962-63	172.35	149.24	135.52	16.12

166. It will be seen from the above statement that there has been very wide variation in the Budget Estimates and the actual expenditure incurred by the Board. It will be further noted from the above statement that although the cash balances at the end of the years 1961-62 and 1962-63 was not very large, it had been fairly heavy during the earlier years. Evidently there has been over budgetting and large savings in regard to sanctioned amounts from year to year. During evidence, the Secretary of the Ministry conceded that the position had not been satisfactory in the past but it had now improved considerably.

Variation in the Budget Estimates and actual expenditure incurred by the Board.

167. *The Committee feel that heavy cash balances at the end of the years do not reflect well as very large amounts are unnecessarily blocked which could usefully be utilised for other purposes. They recommend that every effort should be made in future to keep the closing balances to the minimum and invest the same in interest bearing deposits as far as possible. The Committee trust that the Board would be more careful in preparing its budget estimates. Having budgetted for a certain amount the Board should see that the funds are fully utilised in a planned and economic way.*

(iv) Publication of Accounts.

168. The only account published by the Tea Board is the Receipts and Expenditure Accounts. It was only in their Ninth Administrative Report for the year 1962-63, that a statement showing the Receipts and Expenditure position of the Board relating to the Tea Fund for the years 1961-62 and 1962-63 was appended. Even so it is merely a summary of cash transactions. The accounts for the year 1962-63 given in the Report are also provisional.

169. It is understood that the accounts are not audited before they are included in the Annual Reports. Prior to the year 1962-63, no such statement was appended to any Report. In their earlier reports, the Board had given very brief and scanty information relating to these accounts which did not fully reveal the financial position of the Board.

170. *The Committee feel that the Board should give its Income and Expenditure Accounts in its Annual Report which would indicate a full picture of its incomings and outgoings over a specified period. It would also be desirable if the position regarding operation of the various financial assistance schemes of the Board i.e. the amounts committed, the amounts disbursed, recoveries made, if any etc., is also indicated therein. They also recommend that as far as possible the Annual Reports of the Board should contain audited accounts.*

(v) Annual Reports.

171. It is seen that the Annual Reports of the Tea Board are only a narration of its activities and do not contain an appraisal of its performance *vis-a-vis* the approved programmes. The report also do not give an account of the activities of the Board with reference to the various functions entrusted to it under Section 10 of the Tea Act,

1953. *The Committee consider it desirable that the Annual Reports of the Board should, among other things, clearly bring out the physical and financial programme, achievements in relation to the programme and the prescribed objectives and functions. The Tea Statistics which are hitherto being published annually may however, continue to be published separately.*

VI

ORGANISATION

(i) Composition.

172. The Tea Board consists of a Chairman appointed by the Government of India and forty members representing various interests as follows:—

(a) Representing the Government of principal tea growing States	Six
(b) Representing owners of tea estates, gardens and growers of tea	Thirteen
(c) Representing persons employed on tea estates and gardens	Seven
(d) Representing dealers including both exporters and internal traders of tea	Three
(e) Manufacturers	Two
(f) Representing consumers	Two
(g) Other interests	Four
(h) Representing Parliament	Three

(ii) Size of the Board.

173. The Committee note that the number of members on the various Commodity Boards like Coir Board (23) Rubber Board (24), and Coffee Board (32) varies from each other and no principles appear to have been laid down by Government for fixing the strength of such Boards. It is stated that so far the size of the Board has not been an impediment in the efficient discharge of its functions and that the Board has not found its size unmanageably large. *The Committee feel that there are obvious advantages in having a smaller and more composite Board. They suggest that the matter may be examined by Government in consultation with the tea industry and the Chairman of the Tea Board.*

(iii) Tenure of the Chairman of the Board.

174. The Chairman of the Board is working whole time and is an official. He is appointed by the Central Government. Since the setting up of the Board in April, 1954, there have been four changes in the incumbency of the

post. The Committee are informed that there is no hard and fast rule in fixing the tenure for the Chairmanship of the Board and that changes in the incumbency of the post of Chairman take place in the ordinary course of transfer of Government officials from one post to another. The tenure of the present incumbent has, however, been fixed at three years.

175. *The Committee consider that frequent changes of the Chairman are not conducive to the efficient functioning of the Board as he is responsible for the proper functioning of the Board and to introduce schemes for improvement and watch their results. In this context the Committee would invite reference to paras 15 and 16 of their 125th Report (Second Lok Sabha) on Coir Board wherein they have recommended that changes of Chairman before the normal expiry of their tenures, merely on grounds of administrative convenience should be avoided as far as possible. The Committee feel that the Chairman of the Board should normally hold this appointment for periods not less than four to five years with provision in case of contract to terminate it earlier on grounds of inefficiency and corruption. In their view such a step will ensure continuity in the service and improve general efficiency of the Board. This will also help in building up a good management team.*

176. Besides the Chairman and the Secretary, there is also a Deputy Chairman at the Headquarters of the Board. (iv) Deputy Chairman of the Board.

The Committee are informed that the proposal for creation of the post of Deputy Chairman was sanctioned by Government in November, 1956, at the instance of the Board. The post has been created to relieve the Chairman of details of administration, actual implementation of policy etc., so as to enable him to devote greater attention to more important matters. The Deputy Chairman also exercises such other duties as may be delegated to him by the Chairman. This also includes certain specific powers relating to sanction of expenditure, which have been delegated to Chairman. The Committee understand that a proposal submitted by the Tea Board in March 1961, for conversion of temporary post of Deputy Chairman into a permanent one was rejected by Government.

177. In view of the fact that the functions and activities of the Board particularly for the development and export promotion of tea, assistance schemes etc. have increased considerably, the creation of the post of Deputy Chairman to assist the Chairman appears to be a step in the right direction. This arrangement should not only relieve the Chairman from his day-to-day work but also enable him to devote greater attention towards the achievements of the objectives and targets set for the Board. In this context the Committee note that this post has been treated as temporary for over seven years. They suggest that if the post is to be continued further, the question of its conversion into a permanent one may be considered by Government.

The Committee further note that neither the Tea Act nor the Tea Rules provide for the post of a Deputy Chairman and that he is not even a Member of the Board.

(V) Appoint-
ment of
Committees.

178. Section 8 of the Tea Act, 1953 stipulates the constitution of an Executive Committee of the Board. It also empowers the Board to constitute other Standing Committees. Rule 12 of the Tea Rules, 1954 envisages the constitution of the following Standing Committees:—

Standing Committees

- (i) Executive Committee (9 members)
- (ii) Export Promotion Committee (7 members)
- (iii) Licensing Committees—
 - (a) Licensing Committee for North India (7 members)
 - (b) Licensing Committee for South India . (4 members)
- (iv) Labour Welfare Committee (9 members)

In addition there were the following two *ad-hoc* Committees as on 1-4-1963 :—

- (i) *Ad-Hoc* Tea Research Liaison Committee of the Tea Board (21 members)
- (ii) *Ad Hoc* Committee for small growers (10 members)

Number of
meetings
held by
various
Committees.

179. Under Rule 12 of the Tea Rules, 1954, the Chairman, Tea Board is the *ex-Officio* Chairman of all these Committees. However, he is not the Chairman of the Licensing Committee for South India. During the last

three years the Executive Committee met 21 times, Export Promotion Committee 20 times, Labour Welfare Committee 8 times, and Ad-Hoc Tea Research Liaison Committee 4 times. The Licensing Committee for North India and South India met two and four times respectively. No meeting of the two Licensing Committees, however, took place during the year 1962-63 but business was stated to be conducted by circulation of papers. The Ad-Hoc Committee for small growers appears to have been constituted with effect from 1st April, 1963 only.

180. The Committee are informed that the various Committees set up by the Board are discharging their functions effectively by such periodical meetings as have hitherto been held. It is also stated that when the Tea Act and the Tea Rules are amended to liberalise the existing restriction on the cultivation, extension, replacement etc., the importance of the two Licensing Committees would be greatly reduced.

181. *In view of the above position, the Committee feel that the desirability of continuance or otherwise of the two Licensing Committees which held no meetings during 1962-63 may be examined by the Board/Government. They also trust that the Board will go into the matter of working of all these Committees with a view to retaining such of those as may be really necessary. The Committee also feel that a Technical Committee to help the Board on all technical matters may be constituted by it which may, if necessary, include outsiders.*

The Committee regret that till March 1963, there was no Committee for small growers whose problems required special consideration. They trust that this Committee would prove effective in studying the difficulties faced by the small growers and providing necessary assistance and guidance to them.

182. The existing financial and administrative powers of the Board are given at Appendix IV.

Powers of
(vi) of the
Board.

183. It will be seen that the Board's existing powers to sanction expenditure outside India is limited to Rs. 50,000 on any item and such expenditure is also further

subject to release of the necessary foreign exchange. Similarly the Board has limited powers in respect of creation of posts and making appointments thereto. At present every plan for foreign promotion is to be sanctioned by the Government of India which involves some delay. This applies also to schemes sanctioned and the budget approved by the Government but where the release of foreign exchange is necessary. It is stated that in the context of the drive for foreign promotion, the financial powers of the Board have been considered inadequate for carrying out any effective promotional work. Further the limited powers of entering into contract, also make the functioning of the Board rather difficult.

Enhanced delegation of Powers requested by the Board.

184. The Committee are informed that the Tea Board had requested the Government in August 1962 to delegate greater powers to the Board, the Executive Committee and the Chairman by necessary amendments to the Tea Rules and the Tea Board By-laws. During evidence the Secretary of the Ministry has stated that in September 1963, Government have accepted a number of proposals submitted by the Board. The Chairman of the Board stated that he did not feel satisfied with the delegation of enhanced powers and as such he is still pressing for acceptance of his earlier proposals.

Reaction of the Board on the Enhanced delegation of Powers.

185. The Committee are informed that the question of enhanced delegation of powers was considered by the Board at their meeting held on the 15th December 1963. The general concensus of the opinion of the members of the Board was in favour of delegation of larger powers to the Board. It was considered necessary for the proper functioning of the Board and for efficient discharge of the responsibilities entrusted to it under the Tea Act and the achievements of Plan targets. It was felt that for the purposes of adequate implementation of foreign promotional schemes, the Board should be granted block allotment of foreign exchange under the sanctioned budget.

Position in Ceylon.

186. The Committee are informed by the Board that the Ceylon Tea Propaganda Board is functioning under wider delegation of powers and enjoys much greater operational flexibility in the matter of incurring expenditure and making appointments to senior posts. Once the budget of the Board is approved by the Ceylon Government, foreign exchange as per sanctioned budget is available without any fresh sanction. It is within the competence of the

Ceylon Board to re-allocate its foreign budget sanctioned, within the block grant, in a manner calculated to fulfil the Board's objectives. The effectiveness of the propaganda machinery of Ceylon Tea Propaganda Board in foreign countries is partly attributed to this reason.

187. *The Committee consider that a statutory body like the Tea Board has to possess a considerable degree of elasticity and autonomy in working if it has to adequately discharge its functions and fulfil the targets of performance set for it by Government. The Committee recommend that the question of giving more financial and administrative powers to the Board consistent with its accountability to Government and Parliament might be re-examined by Government at an early date. They realise that this question has to be considered along with the larger issue of delegation of powers to other Commodity Boards. In such an examination, it is obvious that the specific requirements of each Board, if any, would be taken into account. Periodical reports and returns may be called for in regard to the powers, if necessary. The Committee hope that an early decision would be taken in the matter.*

188. The Board has set up the following offices in the country other than at Calcutta:

- (i) North Zone Office, Delhi.
- (ii) South Zone Office, Madras.
- (iii) West Zone Office, Bombay.
- (iv) Assistant Director of Tea Development (South), Coonoor.
- (v) Licensing Office, Cochin.
- (vi) Welfare Liaison, South, Coonoor.

Various
(vii) Offices
set up by the
Board.

189. It has been represented to the Committee that a Branch of the Supply Department of the Board may be set up in the South with a view to expediting the disposal of applications from the tea growers for procurement and importation of essential commodities. During evidence the Chairman, Tea Board has stated that they are already taking action in the matter and are posting a fairly senior officer in the South to help the tea estates there. The Committee trust that a Branch of the Supply Department of the Board will be set up in the South at an early date.

NEW DELHI;
March 11, 1964

ARUN CHANDRA GUHA,
Chairman

Phalguna 21, 1885 (Saka).

Estimates Committee.

APPENDIX I

[Vide para 8]

Distribution of the total area under tea State-wise for the years 1952-53 to 1960-61.

	1952—53	1953—54	1954-55	1955—56
North India				
Assam	155,990·74	156,248·75	156,726·51	156,750·03
West Bengal	79,580·94	79,563·12	79,483·05	79,234·54
Bihar	1,649·42	1,674·35	1,684·08	1,685·12
Tripura	4,817·96	4,861·01	4,865·05	4,877·93
Uttar Pradesh	2,604·71	2,557·08	2,557·08	2,551·82
Punjab (Kangra)	3,887·80	3,887·80	3,887·80	3,887·80
Himachal Pradesh (Mandi)	428·86	428·86	428·86	423·21
TOTAL—North India	248,835·80	249,220·97	249,632·43	249,410·45
South India				
Madras	34,365·12	34,749·71	35,075·60	35,254·73
Mysore	1,707·23	1,709·66	1,704·45	1,879·31
Kerala	38,734·31	33,797·15	33,825·72	34,043·04
TOTAL—South India	69,806·66	70,256·52	70,605·77	71,177·08
TOTAL-ALL INDIA	318,642·46	319,477·49	320,238·20	320,587·53

(In hectares)

1956—57	1957—58	1958—59	1959—60	1960—61
158,177·44	159,253·72	159,119·13	162,012·81	162,406·95
81,312·50	81,636·18	81,949·34	82,357·60	82,715·57
724·72	724·72	724·72	724·72	533·64
4,959·96	5,038·88	5,161·24	5,182·10	5,055·58
2,388·69	2,385·95	2,368·91	2,370·04	2,083·98
3,887·80	3,887·80	3,763·16	3,763·16	3,763·16
423·21	423·21	420·01	420·01	420·01
251,874·32	253,350·46	253,506·51	256,830·44	256,978·89
30,338·61	30,941·68	31,811·89	32,517·53	32,722·54
1,853·16	1,807·96	1,801·15	1,808·59	1,794·09
39,218·65	39,256·36	39,374·63	39,671·50	39,783·88
71,410·42	72,006·00	72,987·67	73,997·62	74,300·51
323,284·74	325,356·46	326,494·18	330,828·06	331,279·40

APPENDIX II

[vide para 94]

Statement showing quantity of Tea exported from India to some of the Main Tea Consuming Countries

(Quantity in thousand Kgs.)

Countries	1954	1955	1956	1957	1958	1959	1960	1961	1962
U.K.	1,47,216	1,13,867	1,65,743	1,36,859	1,50,104	1,28,173	1,22,175	1,22,073	1,19,862
Irish Republic	9,983	8,153	7,594	8,824	7,191	7,463	6,241	6,471	7,243
U.S.S.R. . . . .	..	..	6,189	7,234	11,466	12,405	10,248	11,858	12,414
Egypt	3,134	5,804	10,484	7,630	11,576	11,700	14,375	15,337	18,541
Canada	8,730	7,387	10,241	7,658	8,638	7,266	6,998	6,371	6,321
U.S.A.	14,524	10,937	12,463	10,587	11,564	10,733	8,598	10,739	11,458
Australia	2,743	2,782	4,262	3,582	3,306	2,877	2,431	1,874	5,254

APPENDIX III

(Vide para 121)

Major achievements of research conducted by various Research Stations Institutes

(a) To manurial requirement of the tea bush under diverse environmental conditions has been investigated with the result that manurial practice has now been rationalised.

(b) It has been discovered that there are optimum heights of pruning and plucking above or below which yields are substantially reduced.

(c) It has been shown that shade has a profound influence on the yield of tea and that there is an interaction between shade, manure and the kind of tea.

(d) It has been proved that deep cultivation is of little use to tea and that this expensive operation is unnecessary.

(e) The life history of all major pests and diseases of tea has been studied and control measures tested so that many of the pests and diseases are no longer a menace.

(f) Methods of selection and vegetative propagation in tea have been perfected and clones of superior yield and quality have been developed.

(g) Methods have been evolved for the production of improved variety of tea seed by breeding.

(h) Major chemical changes in the tea leaf during manufacture have been elucidated and the results are being utilised for the improvement of the manufacturing process.

(i) The Seasonal, regional and grade variations in the chemical composition of tea have been investigated for the fixation of a suitable standards for Indian tea.

(j) Methods have been developed for the production of Instant tea.

(k) Machines have been designed and fabricated which are not only continuous in operation but which on their own merit produce teas of superior quality.

APPENDIX IV

(Vide para 182)

Existing Financial and Administrative Powers of the Board:

1. Power to create posts carrying a salary upto Rs. 500 per month. (The Government have recently raised the limit to Rs. 575 per month).
2. Power to make appointments to posts carrying a salary upto Rs. 500 per month and confirmation of incumbents thereto. (The Government have recently raised the limit to Rs. 575 per month).
3. Power to sanction expenditure outside India upto Rs. 50,000 on any one item. (Such expenditure is subject to release of necessary foreign exchange and sanction of each scheme by the Government of India).
4. Power to enter into contracts involving expenditure upto Rs. 1 lakh or extending over a period not more than three years. (The Government have recently raised the limits to Rs. 3 lakhs and 5 years respectively).
5. Power to sanction expenditure within India for any amount against budget allotment sanctioned by the Government. (This power is subject to the limitations imposed in respect of entering into contracts and creation of posts and making appointments thereto).
6. Power to re-appropriate savings between sub-heads of a major head of expenditure under the sanctioned budget.
7. Power to write off losses upto Rs. 5,000 in any case.

APPENDIX V

Statement showing the summary of Conclusions/Recommendations of the Estimates Committee in the Report

Serial No.	Reference to para No. in the Report	Summary of Conclusions/Recommendations:
I	2	3
I	11	In the context of the need for the increased production of tea in the country for internal consumption as well as for export, it is rather surprising that the Tea Board has not prepared any planned programme of increasing the acreage under tea so far. The Committee feel that the Tea Board should have prepared such a programme in consultation with the tea industry and ensured its implementation. The Committee hope that the Board would at least now take suitable steps in this regard.
2	13	The Committee are constrained to observe that no action was taken by the Tea Board or the Government to pursue the recommendation which was made by the Plantation Inquiry Commission—a Commission appointed by the Government of India, about seven years ago regarding undertaking a comprehensive survey of soil conditions and suitability of land for tea plantation in the country.
3	14	The Committee consider that a comprehensive survey of the existing as well as potential areas for tea cultivation in the country was an essential prerequisite for planned development of the tea industry and initiative therefor should have come from the Tea Board. Such areas may be found in the Himalayan foot-hills, Kashmir, NEFA, Nagaland, etc. They, therefore recommend that the concerned State Governments should be approached to undertake such a survey for which technical assistance, if necessary, may be rendered by the Tea Board. The data collected as a result of such a survey would be immensely useful

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in preparing long term plans for development to increase the area under tea cultivation not only in the existing gardens but also in other regions and places.

- 4 21 The Committee find that no co-operative of small growers for the purpose of making available technical help, fertilisers and other assistance has been organised so far by the Tea Board although one of the functions of the Board is 'to promote co-operative efforts among growers and manufacturers of tea'.

It is well recognised that the solution to the problems of small growers lies in organising them into co-operatives for production, manufacture and marketing. The Committee, therefore, recommend that the Board should take more positive interest in the matter of organisation of co-operatives of small and uneconomic gardens and give them incentives to join such co-operatives. They hope that a planned programme for development of co-operatives would be evolved and implemented at an early date.

- 5 23 Since fragmentation results in uneconomic estates, loss of efficiency and lower yield, the Committee suggest that Government should bear this problem in mind and may examine, at a suitable stage, whether any control is necessary over the fragmentation of tea estates in the country.

- 6 28—29 Considering that though there may be cases where over-aged tea plants even after 60 years will continue to give good yield, the Committee feel that the progress in replanting has been unsatisfactory.

The Committee regret to observe that in spite of the importance attached to replanting by the Plantation Inquiry Commission no systematic programme therefor has been formulated as yet. It is well known that a constant process of renewal of aged and diseased plants is necessary if a tea garden is to be kept at a high level of productivity and in a healthy condition. The Committee consider that a higher rate of progress in replanting is necessary to prevent the industry gradually running down in vitality and productivity owing to progressive ageing of plants.

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- 7 30 The Committee feel that sufficient vigour has not been shown in dealing with an important problem like replanting. They recommend that immediate steps should be taken by the Board to collect information about age group of tea bushes in the various tea estates and gardens in the country so as to have a comprehensive idea about the present condition of the tea plantations. At the same time it is necessary that a detailed assessment of the area requiring replanting is made and a long term plan to replant the same within a reasonable period is drawn up by the Board in consultation with the Tea Industry. The Tea Board should also ensure that the programmes of replanting formulated by the various tea estates are implemented properly.
- 8 33 The Committee are not convinced by the reasons given by Government for not accepting the recommendation of the Plantation Inquiry Commission regarding the creation of a "Tea Replanting Fund". The Fund was intended to be created for the benefit of the Industry for its rehabilitation and replacement of the wasting assets of the tea estates concerned. Since replanting of the tea bushes has been neglected, it is necessary to ensure that replanting is done by the tea industry from out of its own resources so that its productivity and vitality may not be affected. The expectation that the industry would carry out a programme of phased replanting has been belied by subsequent events.
- 9 35 The Committee feel that with a view to ensure that new planting is done on suitable soil and that seeds/seedlings of approved and high yielding variety are planted there, the desirability of retaining the existing conditions of the Tea Act, 1953 under which prior permission of the Board is necessary for this purpose may be examined by Government. The representative of the Ministry agreed to examine the matter in greater detail in consultation with the Tea Board before removing all restrictions and controls on tea extension, replacement etc.
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| 10 | 38 | <p>The Committee appreciate that climatic conditions play a very important part in the yield of agricultural commodities like tea. Nevertheless they feel that the absence of a well laid out programme of replantings, replacements and extensions of tea gardens along with the lack of irrigation and fertilisers facilities is also responsible for industry's inability to sustain the present level and achieve a better rate of production. The Committee hope that the Tea Board and the Industry would prepare suitable plans and take vigorous measures to increase production of tea in the country.</p> |
| 11 | 42—44 | <p>Viewed from the past trends in total production and yield per hectare alike, it is evident that the target of production of 408 m.kg. in 1965 <i>i.e.</i>, an increase of 64 m.kg. in production in the remaining two years, is difficult to realise.</p> <p>While the Committee recognise that unforeseen circumstances like bad weather conditions can arise which may require adjustments in production programme, they consider that the targets of production in such cases should be based on scientific and detailed data and in consultation with the industry. It is unfortunate that targets fixed for the third plan were not realistic. For planned development it is essential that targets are realistic and capable of achievement. The Committee would, recommend that targets of production for the remaining two years of the Third Plan may be refixed realistically and every effort should be made to achieve them. They trust that targets of production for the Fourth Five Year Plan, would be fixed realistically with full and frank consultation with industry and on scientific data so that there will not be any difficulty in achieving those targets by the industry.</p> |
| 12 | 46-47 | <p>The Committee do not share the views of the Chairman of the Tea Board "that further increase in the average all India yield of tea per hectare may not be much as the industry has already achieved a good deal". On the other hand they feel that there is considerable scope for improvement in</p> |

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the yield per hectare. They have no doubt that by planting high yielding strains of tea and by adopting improved methods of cultivation on a larger scale, the yield can be considerably increased. The Committee recommend that energetic and effective measures should be taken by the Board to increase the yield per hectare. One of the measures that should immediately be taken is to popularise improved methods of tea cultivation and the planting of better strains among tea growers, particularly small growers.

- 13 50 It appears that the Board has not studied the problems and difficulties faced by the Tea Estates in these areas to improve their condition and the measures taken by it have proved ineffective. It is evident that there is vast scope for increasing the yield of the Tea in these areas. The Committee recommend that concrete and immediate steps should be taken by the Board to help the growers of tea in these areas to increase their output.
- 14 52 It is obvious that no attempt has so far been made by the Board to publicise and popularise clones of high yielding tea for the use of the growers of tea. The Committee feel that it is of utmost importance that only the best strains of high yielding tea should be used for replanting and extension of areas under tea. While large well-managed tea estates may not always require the help of Tea Board in this regard, it is essential that such a list is made available to the small growers. It should further be ensured that high yielding planting material is supplied to the growers at reasonable cost. This will result in increasing the yield of tea per hectare ultimately.
- 15 53 The Committee feel that with a view to ensure that only high yielding material is supplied by the nurseries and planted by the growers, some measure of control over the nurseries is necessary. They recommend that the matter may be examined by Government.
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- 16 55-56 The Committee regret to observe that Government did not fully accept the recommendation of the Plantation Inquiry Commission regarding provision of quality seeds to the tea estates. What is more regrettable is the casual manner in which the Tea Board dealt with the suggestion of Government that it should first assess the requirements of tea seeds and planting material. Instead of doing so, the Board left the arrangements for the supply of tea seeds etc. to private parties—an arrangement which the Plantation Inquiry Commission earlier had found to be inadequate.

The Committee cannot over emphasise the need for making adequate arrangements for provision of selected tea seeds and good planting material to all the tea growers. They, therefore, reiterate the recommendation of Plantation Inquiry Commission that the Tea Board should undertake this responsibility. In this connection they would point out that another Board *viz.*, Rubber Board, is maintaining nurseries for the supply of high yielding material to the growers.

- 17 58 The Committee recommend that the Tea Board should at least now take effective steps to see that there is steady improvement in the quality of tea produced in the country from year to year. For this purpose they should encourage producers to rehabilitate their factories and gardens with modern equipment, to replace worn out bushes, to plan extensions and replantations and use the best methods of producing quality teas at cheaper cost.
- 18 62 The Committee are surprised to note that though the Tea Board has been in existence since April, 1954, no efforts have been made by it to compile the figures of cost of production of tea in various regions of the country. Further it took the Board nearly five years to establish a Cost Accounts Unit, which was recommended by the Plantation Inquiry Commission in 1956. It is not clear how the Board satisfied itself about the economy, efficiency and competitive position of the industry in the absence of such vital information. Since the cost of production of a commodity affects its competitive position in the world market, the Committee recommend that very early action should

be taken by the Board to complete the cost survey of the various tea producing regions in the country. At the same time, it should collect comparative cost data from other tea producing countries, particularly Ceylon. The various elements of cost will require to be examined in detail to find out why the costs are higher in India than in Ceylon particularly when the average annual yield per hectare of tea in this country is much higher and the labour wages are lower, compared to those in Ceylon. Vigorous efforts should also continue to be made to reduce the cost of production of tea so as to add to the competitive strength of Indian tea in the international market.

- 19 66—68 The Committee regret to observe that so far no detailed study of irrigation difficulties faced by the tea estates has been made and that the State Governments have not taken much interest in providing irrigation facilities to them in their respective areas. Due to the vagaries of nature and the drought conditions repeating themselves year after year, the provision of the irrigation facilities to tea estates is of paramount importance for increased production and to improve the quality of tea. The Committee recommend that a detailed study of the irrigation difficulties faced by the tea estates in the various regions should be undertaken by the Board without any further loss of time and suitable steps taken to assist the estates to overcome them. At the same time the State Governments may be approached to render active assistance in this matter.

The Committee have no doubt that the State Governments in their own interest would help the tea estates within their areas as the tea industry plays a very important role in the economy of these areas and contributes substantially to the revenues of the State Governments. In case any difficulty is experienced by the Tea Board in obtaining assistance from State Governments in this regard, it should seek the assistance of the Central Government.

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- 20 72 The Committee have dealt with the recommendation of the Plantation Inquiry Commission regarding the replantation of overaged bushes in paras 32 and 33 of the report. Even if Plantation Finance Scheme is considered to be in implementation of the recommendation of Plantation Inquiry Commission, it is regrettable that the Board has taken six years in doing so. From the results achieved so far, it appears that the scheme has not made much headway. The Committee hope that wide publicity will be given to popularise this scheme among the tea growers so that full advantage is taken of it. Any procedural or other difficulty in its implementation should be removed as early as possible.
- 21 81 The Committee are not convinced by the reasons for the delay in taking up development schemes. It is unfortunate that it took two years for the Board and Government to fill the post of Director of Production Control. Even after the appointment of the Director of Production Control in 1958, the Board took another three years to initiate and activate their schemes. The Committee hope that at least now the Board will pay increasing attention to the development of tea production which is its primary function.
- 22 84 The Committee are glad that the requirements of tea industry for the supplies of fertilisers and coal are being met satisfactorily. They appreciate the difficulty in the supply of Cement and Iron and Steel, to the industry during the present emergency. The Committee trust that the Board would continue to help the industry in securing essential stores of good quality at fair prices. The desirability of establishing cooperatives to supply these stores particularly to the small growers may also be considered by the Board.
- 23 85 The Committee feel that since marketing and communications are of great importance to the industry, it is very desirable that the programme for laying the Railway line is completed as early as possible.
- 24 91 The Committee appreciate that increase in the internal consumption of tea as well as good prices prevailing in the internal market have affected
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the exports of tea from the country during the recent years. They feel that the supply from this country is also not keeping pace with the demand for tea in the international markets. Such a situation would have been avoided, had the Board prepared estimates of production, internal consumption and exports of tea earlier. Timely and effective measures were also called for to increase production. In that case the need to put curbs on the increasing internal consumption of tea would have been obviated. Apart from the compelling necessity of increasing the production of tea in the country, which has been stressed earlier, the Committee recommend that the Tea Board should make vigorous efforts to increase the exports of tea. They hope that necessary steps would be taken in the matter.

- 25 93 Considering that there has not been any significant improvement in the export of tea during the last four years, and the production has also not increased in the last two years, it is doubtful if the Tea Board would be able to achieve the export target laid down in the Third Five Year Plan. In this connection it is significant that the Second Plan export target of about 500 million lbs. was also not reached and there was a shortfall of about 69 million lbs., which could have earned over Rs. 10 crores of foreign exchange. The Committee are not happy at the shortfalls in achieving the targets laid down in the Plans. They recommend that targets should be fixed realistically and every effort should be made to achieve them otherwise the significance and importance of laying the targets would be lost. The Committee further recommend that Plan targets should be split up into annual targets so that the progress made in achieving them is watched from year to year and action is taken in time to remedy the deficiencies, if any.
- 26 97 The Committee feel concerned at the declining trend of export of Indian tea in foreign markets particularly the traditional ones. What is more disturbing is the fact that inspite of Indian tea being the best and India the largest producer and exporter, the image of Indian tea has not been well projected in the importing countries. On the other hand, Ceylon has stolen a march in as

much as all good tea is now considered to be 'Ceylon Tea'. The Committee cannot over-emphasise the importance of vigorous and effective measures to propagate and popularise Indian tea in foreign countries. They recommend that concerted efforts should be made by the Board to increase and boost up the exports to the traditional markets and explore new ones by intensifying and gearing up their propaganda machinery and campaigns in those countries.

- 27 110 The Committee recommend that a review of the effectiveness of the methods of publicity and propaganda abroad may be undertaken by the Board so as to make them more vigorous and purposeful. In this connection they suggest that the publicity methods adopted by the Ceylon Tea Propaganda Board may also be studied by the Board for adopting them suitably to gear up its propaganda machinery abroad.
- 28 114 While the Committee concede that there may be some justification for running Tea Centres in the country they feel that a definite criterion of performance should be laid down for them. It would be desirable that efforts are made that these Centres at least, meet their running expenses.
- 29 119 Apparently no concrete results have been achieved from the various research schemes, on which an expenditure of about Rs. 5 lakhs has been incurred. The Committee are doubtful whether such schemes would prove effective and beneficial to the industry. They recommend that a review of these schemes may be carried out on the basis of the results achieved so far.
- 30 123 The Committee regret that the Tea Board which is charged with the responsibility of undertaking research, did not ensure that the fruits of research are available for practical application to all tea growers, particularly the weaker section. They hope that the Tea Board would take suitable measures in this direction in future.
- 31 125 The Committee regret to note that although the Plantation Inquiry Commission had recommended as far as in 1956 for setting up Model
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Tea Farms for the benefit of the tea producers, no concrete action has so far been taken by the Board. As the establishment of good demonstration farms will be of great benefit to the growers of tea, the Committee trust that early action would be taken to set up Model Tea Farms with attached research facilities in different regions of the country for developing them into efficient demonstrating units.

- 32 128 The Committee regret the delay in setting up Central Tea Research Institute. The delay indicates that the question of research on tea has not been given due importance by the Tea Board. Consequently no unified research on tea has so far been carried out. The achievements of research have not been widely disseminated and thus have not contributed to the maximum development of the industry in the country. The Committee consider it hardly necessary to emphasise the need for scientific research and the practical application of scientific knowledge for the progress of any industry. Since the promotion of research is of vital importance to the development of any such industry, the Committee hope that every effort will be made to set up a Central Tea Research Institute at a very early date. At the same time it would also be necessary to set up regional research centres to deal with the problems pertaining to each region.
- 33 129 In order to help the small growers who are in greater need of guidance and have no easy access to sources of scientific knowledge, the Committee recommend that the Tea Board should organise an effective advisory service. It should be the function of the service to contact small and medium growers to find out their problems and give them prompt advice and guidance in the matter of suitability of soil, its conservation, planting methods, selection of seeds, application of fertilisers etc.

The Committee suggest that a phased programme may be prepared for this purpose by according priority to regions where response will be immediate and the need greatest.

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34	130	The Committee feel that standardisation is very essential to maintain and improve the quality of tea, and hope that the work of fixing the grade standards of tea would be expedited.
35	134	The Committee are rather surprised to note that no systematic research has so far been carried out by the Board on the specific uses of tea waste which is being produced in the country to the tune of 10 millions Kgs. annually. It is regrettable that no statistics are being maintained of tea waste which is used as manure or is being dumped or destroyed and hence the Committee are unable to assess the quantity that is being used for adulteration of tea. The Committee suggest that these statistics should be maintained and effective measures should be taken to find out alternative uses for the tea waste and its proper utilisation. The Committee would further urge that research on Instant Tea should be expedited and its production put on commercial basis without any delay as it will open new markets for tea. In this connection it is significant that Ceylon has already achieved a measure of success in the development of manufacturing Instant Tea.
36	135	The Committee hope that the problem of adulteration of tea would continue to be effectively dealt with by the Tea Board with the cooperation of administrative authorities.
37	139	The Committee consider that the labour welfare schemes of the Board should normally be confined to the tea garden workers rather than to higher pay groups as the workers are large in numbers and in greater need of assistance. They hope that necessary steps would be taken to this end.
38	140-41	The Committee note that the actual expenditure during the last three years has fallen short of the grants sanctioned by the Board against approved general labour welfare schemes. They feel that the performance of the Board in this respect needs to be improved considerably.

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- 39 143 The Committee appreciate that the Board may not be in a position to undertake effective welfare measures for the tea workers. Even so, welfare of workers in any industry is a matter of great importance. The Committee suggest that the Government may examine the feasibility of having a separate organisation to look after the welfare of tea labour, as is being done for coal and mica industry.
- 40 146-149 The Committee are of the opinion that in the existing circumstances it may not be necessary or desirable for the Tea Board to assume the functions of regulating the sale of tea. But in view of the importance of this industry in the economy of the country and the fact that considerable quantities of tea are sold through private sales in the country and abroad, it is desirable that the Board should keep a close watch on the pattern of sales and associate itself at least directly with the trade. The Committee hope that necessary steps will be taken in this direction.
- 41 153 The Committee are constrained to observe that there has been undue delay in the construction of the new Tea Warehouse at Calcutta. It is surprising that in spite of the decision of Government that Tea Board should take over the management of the warehouses, the matter has not been finally decided so far. The Committee urge that an early decision should be taken in this regard and steps taken to ensure that the warehouse which has been built at considerable expenditure is put to use without loss of further time.
- 42 154 The Board has not so far taken any steps for training of persons in tea tasting which is entrusted to it under Section 10(2)(g) of the Tea Act, 1953. The Committee consider it unfortunate that the Board did not carry out the functions entrusted to it under the Act in this regard. In case, there was no need for such training, the Board should have at least apprised the Ministry of the position for necessary direction. They trust that the Board will now take suitable steps to arrange the training of persons in tea tasting. It would also be desirable if the

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courses of training are also started for imparting training in blending, improved methods of planting, cultivation, manuring and spraying also.

- 43 156 As there is a risk of the contagion spreading over from the smaller estate to the bigger estate, the Committee feel that necessary steps should be taken to make spraying equipment easily available to the small growers, where necessary.
- 44 159-160 The Committee consider that the tasks before the Board for the development and promotion of tea are quite heavy and would require it to undertake increased activities in the e fields in future. They suggest that the desirability of augmenting the resources of the Board suitably may be examined by Government.
- 45 161-64 It is noted that cesses are levied in Ceylon to meet specific activities relating to the development and promotion of tea industry. The Committee trust that while considering the measures for augmenting the resources of Tea Board, the comparative position of the levies in India and Ceylon will be taken into account.
- 46 165-167 The Committee feel that heavy cash balances at the end of the years do not reflect well as very large amounts are unnecessarily blocked which could usefully be utilised for other purposes. They recommend that every effort should be made in future to keep the closing balances to the minimum and invest the same in interest bearing deposits as far as possible. The Committee trust that the Board would be more careful in preparing its budget estimates. Having budgetted for a certain amount, the Board should see that the funds are fully utilised in a planned and economic way.
- 47 168-170 The Committee feel that the Board should give its Income and Expenditure Accounts in its Annual Report which would indicate a full picture of its incomings and outgoing over a specified period. It would also be desirable if the position regarding operation of the various financial assistance schemes of the Board, *i.e.*, the amounts committed, the amounts disbursed, recoveries made, if any etc., is also indicated

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therein. They also recommend that as far as possible the Annual Reports of the Board should contain audited accounts.

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The Committee consider it desirable that the Annual Reports of the Board should among other things, clearly bring out the physical and financial programme, achievements in relation to the programme and the prescribed objectives and functions. The Tea Statistics which are hitherto being published annually may however, continue to be published separately.

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The Committee feel that there are obvious advantages in having a smaller and more composite Board. They suggest that the matter may be examined by Government in consultation with the tea industry and the Chairman of the Tea Board.

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The Committee consider that frequent changes of the Chairman are not conducive to the efficient functioning of the Board as he is responsible for the proper functioning of the Board and to introduce schemes for improvement and watch their results. In this context the Committee would invite reference to paras 15 and 16 of their 125th Report (Second Lok Sabha) on Coir Board wherein they have recommended that changes of Chairman before the normal expiry of their tenures, merely on ground of administrative convenience should be avoided as far as possible. The Committee feel that the Chairman of the Board should normally hold this appointment for periods not less than four to five years, with provision in case of contract terminate it earlier on grounds of inefficiency and corruption. In their view such a step will ensure continuity in the service and improve general efficiency of the Board. This will also help in building up a good management team.

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In view of the fact that the functions and activities of the Board particularly for the development and export promotion of tea, assistance schemes etc. have increased considerably, the creation of the post of Deputy Chairman to assist the Chairman appears to be a step in the right direction. This arrangement should not only

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relieve the Chairman from his day-to-day work but also enable him to devote greater attention towards the achievements of the objectives and targets set for the Board. In this context the Committee note that this post has been treated as temporary for over seven years. They suggest that if the post is to be continued further, the question of its conversion into a permanent one may be considered by Government.

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The Committee feel that the desirability of continuance or otherwise of the two Licensing Committee which held no meetings during 1962-63 may be examined by the Board/Government. They also trust that the Board will go into the matter of working of all the Committee with a view to retaining such of those as may be really necessary. The Committee also feel that a Technical Committee to help the Board on all Technical matters may be constituted by it which may, if necessary, include outsiders.

The Committee regret that till March 1963, there was no Committee for small growers whose problems required special consideration. They trust that this Committee would prove effective in studying the difficulties faced by the small growers and providing necessary assistance and guidance to them.

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The Committee consider that a statutory body like the Tea Board has to possess a considerable degree of elasticity and autonomy in working if it has to adequately discharge its functions and fulfil the targets of performance set for it by Government. The Committee recommend that the question of giving more financial and administrative powers to the Board consistent with its accountability to Government and Parliament might be re-examined by Government at an early date. They realise that this question has to be considered along with the larger issue of delegation of powers to other Commodity Boards. In such an examination, it is obvious that the specific requirements of each Board, if any, would be taken into account. Periodical reports and returns may be called for in regard to the

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powers, if necessary The Committee hope that an early decision would be taken in the matter.

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189 The Committee trust that a Branch of the Supply Department of the Board will be set up in the South at an early date.

APPENDIX VI

Analysis of the recommendations contained in the Report.

I. Classification of recommendations:

A. Recommendations for improving the Organisation and working :

S. No. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 20, 21, 24, 25, 26, 27, 40, 41, 42, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53 and 54.

B. Recommendations for effecting economy.

S. No. 28.

C. Miscellaneous:

S. Nos. 8, 14, 15, 16, 17, 18, 19, 22, 23, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39 and 43.

II. Analysis of more important recommendations directed towards economy .

S. No.	S. No. as per summary of recommendations (App. V)	Particulars
I	28	A definite criterion of performance for the tea centres should be laid down and efforts made that these centres at least, meet their running expenses.
