

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1736
ANSWERED ON:01.08.2003
AUCTION SYSTEM IN TEA
P. RAJENDRAN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the recommendations of the Ferguson Committee to improve the auction system in tea;
- (b) the steps already taken by the Government for the implementation of the same;
- (c) the progress achieved by those steps;
- (d) whether the Government have noticed that several tea estates have been closed and thousands of workers were thrown out of employment and starvation deaths occurred; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI CH. VIDYASAGAR RAO)

(a) : Concerned with the fall in auction prices of tea and such fall not getting reflected in the retail prices, a study of the primary marketing system for tea was conducted through M/s A. F. Ferguson & Co. The major recommendations of the Ferguson Committee with respect to the auction system, include discouraging divisibility of lots and proxy bidding, fixing maximum sample limits, defining lot sizes in terms of weight rather than volume, introduction of ex-estate sale and electronising the bidding process in the auction centres.

(b) & (c) : Based on the recommendations of M/s A. F. Ferguson & Co. the Government notified the Tea Marketing Control Order, 2003 on 01.01.2003 in replacement of the TMC O 1984. Necessary directions regarding the changes in the auction rules were issued by the Tea Board for a more transparent and efficient price discovery mechanism. Government has also approved implementation of an Information Technology based Information Dissemination Plan for the tea industry which covers electronising the tea auction centers in India.

(d) & (e): Continuous fall in prices of tea coupled with increased cost of production and fall in demand have adversely affected the economy of the tea plantations resulting in closure/lockout of the some of the gardens. As per the information available, during the year 2002, 36 gardens spread over the States of Kerala, West Bengal, Assam, and Tripura were closed down due to financial crisis, resulting in unemployment among the workers of these gardens.