

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

UNSTARRED QUESTION NO:2594
ANSWERED ON:08.08.2003
PRODUCTION COST OF INDIAN TEA
MONI KUMAR SUBBA

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

- (a) whether the Government have caused a study into the cost structure of tea production in India for economizing the cost of production of tea in India, to be able to withstand global competition;
- (b) if so, whether any areas in production process have been identified for reducing costs of production;
- (c) if so, the details in this regard, with specific reference to Assam Tea and Darjeeling Tea;
- (d) the cost of production of Indian tea in comparison to that in China, Sri Lanka, Vietnam and Indonesia; and
- (e) the support or protection proposed to be given to Indian tea producers other than that by way of import duty, to enable Indian tea to withstand global competition?

Answer

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

(a) to (c): As a part of implementation of the medium term export strategy, the Tea Board has set up a Task Force to look into the areas for reducing the cost of production of tea which would include all teas produced in the country. The Task force has assigned a study in this regard to the Indian Institute of Plantation Management, Bangalore.

(d): The cost of production of Indian tea in comparison to that in China, Sri Lanka, Vietnam & Indonesia is as follows:

Country Cost of Production in US\$/Kg.

India	1.62
China	Not Available
Sri Lanka	1.43
Vietnam	0.96
Indonesia	0.64

(e): Government/Tea Board has taken a number of steps to support the Indian tea producers to enable Indian tea to withstand global competition. These measures include implementation of a medium term export strategy on tea, increasing the allowance under Section 33 AB of the Income Tax Act from 20% to 40% to encourage profit making units to go in for rejuvenation and re-plantation of their gardens & modernisation of machinery, implementation of factory upgradation scheme to encourage the production of good quality orthodox and non-reconditioned CTC (Cut-Tear-Curl) teas in the country, financial incentives to exporters of tea for meeting part of cost of handling, packaging, transport/freight charges & value addition cost, implementation of a quality upgradation programme for improving quality of tea manufactured by small growers and implementation of a number of developmental schemes during the 10th Five Year Plan for enhancing productivity, quality and marketability of tea produced in the country.