

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

UNSTARRED QUESTION NO:2969

ANSWERED ON:13.12.2005

TEA INDUSTRY

Khan Shri Mohammad Tahir;Kushwaha Shri Narendra Kumar;Mandal Shri Sanat Kumar;Munshiram Shri ;Patle Shri Shishupal Natthu;Rawat Shri Ashok Kumar;Shahid Shri Mohammed;Shiwankar Shri Maha Deo Rao

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

- (a) whether tea industry is ailing and need support for revival;
- (b) if so, the steps taken by the Government to revive and support the industry;
- (c) whether the tea industry is facing financial crisis due to decrease in export of tea during the first six months of the current year;
- (d) if so, the details thereof alongwith reasons therefor; and
- (e) the percentage decline in export of tea during the current year in comparison to the last year?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN

(a) : The Indian tea industry has been affected due to the fall in prices in recent years. The industry is also beset with long-term problems like old age of the plantations.

(b) : Government has taken various steps to help the tea industry. These include withdrawal of the additional duty of excise of Re.1 per kg on tea in the Union Budget for 2005-06, sanctioning of two schemes viz. incentives for production of orthodox teas and assistance to the two tea Research & Development Institutions for financing from the special fund created with collections of additional duty of excise on tea, issue of a new Tea (Distribution and Export) Control Order, 2005 in order to maintain quality and retain the brand equity of Indian teas, implementation of a price sharing formula between the small tea growers and manufacturers of tea with effect from 1st April 2004 in order to ensure that the small tea growers get a reasonable share of the price obtained by the manufacturer for made tea, reducing import duty on items of machinery used to improve productivity and quality of tea, including value addition, to an all inclusive rate of 5% etc. A Special Tea Term Loan (STTL) to restructure certain outstanding loans was also announced in 2004. A major programme for replantation and rejuvenation of the old tea bushes in the country is under consideration.

(c) to (e): The main reason for the problems being faced by the Indian tea industry is the fall in prices. Tea exports during the first six months of the current financial year have shown a decline as compared to the corresponding period of last financial year. However, per unit realization of the exported tea has been slightly higher this year. Details are as follows:-

Period Quantity (in million kgs) Value (Rs. in crores)

April to September 2005 (Provisional)	82.24	794.20
April to September 2004	105.90	989.02
Percentage decline	22.34	19.70