

Plantation crops

Tea

8.10 India is the largest producer and consumer of tea in the world accounting for about 28 percent of world production and 14 percent of world trade. Export of tea is around 25 percent of domestic production. Of late, some quantity of tea is being imported for blending and re-export. Under the present Exim Policy, import of tea is permitted with an import duty of 100 percent. Consumption, production and trade of tea in recent years is listed in Table 8.7.

8.11 The all India auction price for tea during 2002 (Jan.-Nov.) was Rs.55.24 per kg as compared to Rs.61.66 per kg for the same period of 2001, thus registering a substantial

decline. Low auction prices of tea, especially in South India, have been a source of concern, and the Government has taken a number of steps like reduction in excise duty, increasing the allowance under Section 33 AB of I.T Act from 20 percent to 40 percent, implementation of a Credit Relief Package announced by RBI etc. to help the tea industry.

Coffee

8.12 Coffee is cultivated in about 3.49 lakh hectares in India, mainly spread over 3 southern states namely, Karnataka (57.8 percent), Kerala (24.3 percent) and Tamil Nadu (8.8 percent). Arabica and Robusta are the two varieties grown comprising of 48 percent and 52 percent of the area respectively. Production of over 3 lakh tonnes

Table 8.7 : Tea production, consumption and trade*(Qty: million kgs. Value: Rs crore)*

Year	Production Qty	Export		Import		Domestic consumption Qty
		Qty	Value	Qty	Value	
1997-98	835.64	211.26	2003.15	2.61	17.79	602
1998-99	854.78	205.86	2191.84	8.93	64.73	620
1999-00	835.35	192.44	1932.66	10.36	61.97	638
2000-01	848.36	203.55	1889.78	15.23	95.47	658
2001-02	847.25	190.00	1695.78	16.02	82.70	679
2002-03 (Apr.-Nov.)	709.19 (741.87)	128.89 (129.27)	1110.36 (1191.04)	16.98 (11.23)	78.20 (61.16)	—

*Figures in bracket relate to previous year corresponding period.
Source : Ministry of Commerce and Industry.

in 2001-02 from 1.70 lakh tonnes in 1990-91 is evidence of its buoyant growth. The growth in production is motivated primarily by exports since over 80 percent of coffee produced in the country is exported. The annual domestic consumption is around 50-60 thousand tonnes (Table 8.8). In recent years, global coffee prices have fallen due to global over supply thus affecting adversely all the coffee producing countries including India.

8.13 Coffee Board has been implementing various plan schemes for development of coffee under which various types of financial/technical assistance is provided to coffee growers. Raising productivity and improving quality of the produce is considered vital for

competing in the international market. Schemes undertaken by the Coffee Board have been formulated to ensure long term development of the sector.

Natural rubber

8.14 Rubber is cultivated mainly in Kerala state and the Kanyakumari district of Tamil Nadu. Total area under rubber cultivation is nearly 5.67 lakh ha. About 97 percent of the country's demand for natural rubber (NR) is met from domestic production. (Table 8.9). Export of rubber has been insignificant, as the international price of rubber was most of the time lower than the domestic price. However, the latest spurt in global price of rubber has resulted in some buoyancy in exports. During April to January, 2003 around 41,900 tonnes of rubber has been exported as against 1,946 tonnes in the corresponding period of the previous year. To curb surge in imports of rubber in the QR free regime, the Government has enforced BIS standards on quality of imported rubber, increased import duty to 70 percent from 35 percent in 2001-02 and restricted import of rubber only through two ports, namely, Kolkata and Vishakhapatnam.

8.15 The domestic prices of natural rubber registered a fall in 1999, and remained low during the next two years. Much to the relief of growers, prices rose in 2001 with the annual average price at Rs.3109 per quintal. The market intervention operations by State Trading Corporation, which started in

Table 8.8 : Production, export and consumption of coffee*(lakh tonnes)*

Year	Production	Export			Domestic consumption
		Qty	Rs crore	US\$ million	
1990-91	1.70	1.00	279	108	0.54
1996-97	2.05	1.81	1467	452	0.55
1997-98	2.28	1.79	1708	477	0.50
1998-99	2.65	2.12	1752	431	0.50
1999-2000	2.92	2.45	1901	447	0.55
2000-01	3.01	2.47	1374	334	0.58
2001-02	3.06	2.13	1050	246	0.60
2002-03	2.80*	1.37#	694	158	-

* Estimated
1.4.2002 to 13.1.2003
Source : Ministry of Commerce and Industry.

Table 8.9 : Natural rubber - consumption, production and yield			
Year	Consumption ('000 tonnes)	Production ('000 tonnes)	Yield (kg/ha)
1997-98	570	580	1549
1998-99	590	610	1563
1999-00	630	620	1576
2000-01	630	630	1576
2001-02	638	631	1576
2002-03*	658	638	1580

* Estimated
Source : Ministry of Commerce and Industry.

September 1997 by procuring rubber on Government account, were discontinued in April, 2001. Government, under the provisions of the Rubber Act 1947, fixed and notified on September 12, 2001 the minimum price of the two most commonly used varieties of natural rubber viz., RSS 4 and RSS 5, at Rs.32.09 per kg and 30.79 per kg respectively to enable the rubber growers get a reasonable price for their produce. The price of rubber has however been showing an increasing trend since March, 2002 and is at present ruling around Rs.4400 per quintal.

Price Stabilisation Fund

8.16 Deeply concerned about the problems faced by the growers of coffee, tea, rubber

and tobacco due to a fall in prices of these products, the Government has decided in principle to set up a Price Stabilisation Fund (PSF) with an initial corpus of Rs. 500 crore. The operational modalities of the PSF have been worked out by an Inter- Ministerial committee and the recommendations of the committee are now under consideration of the Government.

8.17 The PSF seeks to bring about price stabilisation without resorting to the practice of procurement operations by the Government agencies. Intervention through the PSF means that when the prices fall below a certain benchmark level, the growers participating in the scheme will be compensated through the fund and in the years, when prices rise, the growers will have to contribute to the PSF. To begin with the Scheme is proposed to cover about 3.42 lakh growers who operate holdings of upto 4 hectares.

8.18 The corpus of Rs.500 crore shall include contribution of Central Government, growers and the concerned State Governments where these crops are primarily grown. The interest earnings of the corpus of funds alone shall be utilised for operationalising the Scheme. The Scheme will be operational initially for ten years commencing from April, 2003.