

Plantation sector

Tea

8.19 India, the largest producer and consumer of tea in the world, accounts for

around 27 per cent of world production and 13 per cent of world trade. Export of tea for 2004-05 was about 25 per cent of domestic production (Table 8.10). In the recent years,

Table 8.10 : Tea production, consumption and trade

(Qty: million kgs, Value: Rs crore)

Year	Production Quantity	Exports		Imports		Domestic consumption \$ Quantity
		Quantity	Value	Quantity	Value	
1997-98	835.6	211.3	2003.2	2.6	17.8	597
1998-99	855.2	205.9	2191.8	8.9	64.7	615
1999-00	836.8	188.9	1796.3	10.4	62.0	633
2000-01	848.4	203.6	1889.8	15.2	95.5	653
2001-02	847.4	190.0	1695.8	16.8	86.7	673
2002-03	846.0	184.4	1665.0	22.5	105.3	693
2003-04	850.5	183.1	1637.0	11.1	67.0	714
2004-05	830.7 [^]	205.8	1924.7	32.5	145.0	735 [#]
2005-06	666.8 [^]	101.1	954.2	7.9	51.5	NA
(Apr-Oct) @	(623.1)	(125.0)	(1175.7)	(19.8)*	(85.9)*	NA

[^] Preliminary Estimates @ Estimated * (April-September) NA : Not available

\$ Relates to calendar year # For the complete calendar year

Note : Figures in parentheses relate to April-October 2004-05.

Source : Ministry of Commerce and Industry.

Box 8.3 : Initiatives taken to boost the plantation sector

Tea

- Withdrawal of the additional excise duty of Re. 1 per kg on tea in the Union Budget 2005-06.
- Sanctioning of two schemes viz. grant of subsidy for production of orthodox teas and assistance to the two R&D Institutions viz. Tea Research Association at Tocklai (Assam) and United Planters' Association for Southern India – Tea Research Foundation (UPASI-TRF) with an estimated outlay of Rs.93 crore for financing from the special fund created with the additional duty of excise of Re.1 per kg on tea collected during 2003-05.
- Issue of a new Tea (Distribution and Export) Control Order, 2005 on 1st April 2005 under the provisions of the Tea Act, 1953 in supersession of the Tea (Distribution and Export) Control Order, 1957 to maintain quality and retain the brand equity of Indian teas.

Coffee

- Sharing the total interest burden of Rs. 287.10 crore on Special Coffee Term Loan (SCTL) for the three year moratorium period equally amongst the banks, the Government and the grower loanees.
- Requesting the Banks to lower the interest rates charged on SCTL from the existing 11 per cent to 9 per cent or rate applicable to agriculture sector whichever is lower, during the remaining repayment period of SCTL loans.
- Writing off of coffee developmental loans along with interest amounting to around Rs. 24 crore, due from the Coffee Board to the Government – the Coffee Board will in turn waive the old developmental loans amounting to around Rs. 64.59 crore extended by the Board to the coffee growers having holdings (below 10 hectares).
- Continuing the interest subsidy scheme on working capital loans for small growers (below 10 ha) at the rate of 5 per cent and large growers at the rate of 3 per cent for the remaining years of the Tenth Plan. The interest subsidy would be reduced by 1 per cent for a period of 3 years in the case of those growers who received the benefit of reduced interest burden on SCTL during the moratorium period. The package will reduce the debt burden of a large number of coffee growers.
- Cess on coffee exports which was levied @ Rs. 500/tonne has been brought down to zero level.
- For promoting coffee export to Russia and CIS countries, Government has approved a proposal at a total cost of Rs. 15.32 crore under Market Access Initiative (MAI) scheme.

Rubber

- The Government through Rubber Board is implementing seven Plan Schemes for development of rubber plantations during the 10th plan period with an outlay of Rs. 415 crore.
- The objective of the Price Stabilisation Fund is to provide relief to the growers of tea, coffee and rubber when the prices of these commodities fall below a specified level, without resorting to the practice of procurement operations by the Government agencies. The Price Stabilisation Fund was established with a corpus of Rs. 500 crore, which includes Rs. 482.88 crore by the Central Government and Rs. 17.12 crore as a non refundable initial contribution by the participating growers @ Rs. 500 per grower.
- An Expert Committee has been constituted by the Department for reviewing the PSF Scheme for making it more useful and attractive to the growers. The Committee has submitted its report and action has already been initiated on the modified scheme.

Table 8.11 : Coffee production, consumption and trade

Year	Production Quantity (lakh tonnes)	Export			Domestic Consumption (lakh tonnes)
		Quantity (lakh tonnes)	Value (Rs crore)	Value US\$ million	
1997-98	2.28	1.79	1708	477	0.50
1998-99	2.65	2.12	1752	431	0.50
1999-00	2.92	2.45	1901	372	0.55
2000-01	3.01	2.47	1374	243	0.60
2001-02	3.01	2.14	1050	216	0.64
2002-03	2.75	2.07	1051	234	0.68
2003-04	2.70	2.33	1158	262	0.70
2004-05	2.75	2.11@	1224@	295@	0.75*
2005-06*	2.81	1.27@	925@	219@	0.80

* provisional @ including re-exports
Source : Ministry of Commerce and Industry

some quantity of tea is also imported for blending and re-exports. The problem of high cost of production and stagnant productivity needs to be addressed on an urgent basis. Several steps have been taken for development and modernisation of the sector (Box 8.3).

Coffee

8.20 Coffee has made significant contribution to the Indian economy during the last 50 years. Although India contributes only 4 per cent of the world production, Indian coffee — particularly Indian Robusta — has created a niche for itself in the international market. Indian Robusta is highly preferred for its good blending quality. Arabica coffee from India is also well received in the international market. The details on production, consumption and trade in recent years is in Table 8.11. Several steps, including restructuring of loans and creation of markets in Russia and the CIS countries have been taken for the development of Indian coffee (Box 8.3).

Natural rubber

8.21 In addition to the State of Kerala and adjoining Kanyakumari district of Tamil Nadu, the traditional natural rubber growing areas of the country, rubber is also grown in Assam, Goa, Karnataka (coastal), Manipur, Meghalaya, Mizoram, and Tripura. Rubber

plantations are spread over 5.7 lakh hectares in 16 States of the country. Production is dominated by small holdings, which accounts for 88 per cent of the production as well as area with an average holding size of 0.5 hectare. The details on production, consumption and yield of natural rubber in recent years are in Table 8.12. The Price Stabilisation Fund scheme is being restructured to make it more useful to the growers (Box 8.3).

Table 8.12 : Natural Rubber-Consumption, production & yield

Year	Consumption (‘000 tonnes)	Production (‘000 tonnes)	Yield (kg/ha)
1997-98	572	583	1549
1998-99	592	605	1563
1999-00	628	622	1576
2000-01	631	630	1576
2001-02	638	631	1576
2002-03	695	649	1592
2003-04	719	711	1663
2004-05	755	749	1705
2005-06 *	799	780	1745

*Anticipated
Source : Ministry of Commerce and Industry.