

Plantation sector

Tea

8.9 India is the largest producer and consumer of tea in the world and accounts

for around 27 per cent of world production and 13 per cent of world trade. Export of tea is around 20 per cent of domestic production (Table 8.6). Of late, some quantity of tea is

Table 8.6 : Tea production, consumption and trade

(Qty: million kgs Value: Rs crore)

Year	Production		Export		Import		Domestic consumption\$
	Qty	Qty	Value	Qty	Value	Qty	
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	
1999-2000	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	837.6*	184.4	1665.1	22.5	105.3	693	
2003-04	850.5*	183.1	1636.9	11.1	67.0	714	
2004-05 April-Oct. (Estimated)	623.1 (652.8)	103.8 (102.2)	904.9 (974.9)	23.1 (6.3)	99.8 (38.1)	735#	

* Provisional. Figures in brackets for the corresponding period of previous year.

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

Source: Ministry of Commerce and Industry.

imported for blending and re-exports. Under the present Foreign Trade Policy, import of tea is permitted with an import duty of 100 per cent.

8.10 The average All-India auction price of tea which was Rs 66.87 in 1997 started moving up significantly from 1998. However, the prices started falling from November 1999 onwards to reach Rs 61.71 per kg in 2000 and Rs 56.00 per kg in 2003. The low auction prices of tea have been a source of concern and the Government of India took several steps in 2004 to help the tea growers (Box 8.2). This resulted in moderate hikes in prices of tea during 2004.

Coffee

8.11 Among the plantation crops, 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 has created a niche for itself in the international market, particularly Indian Robustas, which are highly preferred for their good blending quality. Arabica coffee from India is also well received in the international market. The problem of excess supply observed in 2001-02 has eased with a pick up in both exports and domestic consumption, while output stagnated at a level lower than the bumper harvest observed in

Table 8.7 : Production, export and consumption of coffee

(Lakh tonnes)

Year	Production	Export			Domestic consumption
		Qty	Rs crore	US\$ million	
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	371	0.55
2000-01	3.01	2.47	1374	243	0.60
2001-02	3.01	2.13	1050	246	0.64
2002-03	2.75	2.07	1051	234	0.68
2003-04	2.75	2.32	1158	262	0.70*

*provisional

Source: Ministry of Commerce and Industry.

2000-01 and 2001-02 (Table 8.7).

8.12 In recent years, coffee prices have fallen due to global production of coffee overtaking its consumption. The fall in the prices of coffee has affected all the coffee producing countries including India. To mitigate the problems of coffee growers arising from the present low prices of coffee, the Government of India has taken a series of steps including re-phasingment / restructuring of loans taken by the coffee growers and interest relief to coffee growers (Box -8.2).

Box 8.2 : Initiatives to boost plantation sector in recent year

Tea	Coffee	Rubber
<ul style="list-style-type: none"> ● Replacement of the central excise duty payable on tea by an additional duty of excise of Re.1/- per Kg for creating a separate fund for long term development and modernisation of the tea plantation sector; . ● Increasing the allowance under Section 33 AB of the Income Tax Act from 20 per cent to 40 per cent; . ● Implementation of a credit relief package announced by RBI and IBA to help the tea industry; . ● Introduction of a price sharing formula for equitable sharing of the sale proceeds between the Bought Leaf Factories and small tea growers; . ● Implementation of IT based Information Dissemination Plan for the tea industry, including conversion of manual auction centers into electronic auction centers. 	<ul style="list-style-type: none"> ● Re-phasing / restructuring of loans taken by the coffee growers from commercial banks;” ● Providing interest relief to coffee growers on their working capital loans taken from financial institutions;” ● Undertaking campaigns to promote domestic consumption of coffee;” ● Reduction of import duty on specified machinery for coffee sector to 5 per cent to enable the industry to improve the quality and productivity of coffee for making it globally competitive;” ● Convincing the Commercial Banks to provide working capital loans to coffee growers at reduced interest rates. 	<ul style="list-style-type: none"> ● A number of plan schemes are being implemented. These schemes provide for suitable financial / technical assistance to the growers, processors, exporters etc for increasing production of natural rubber through expansion of area, enhancing productivity, improving the quality of produce to achieve competitiveness in the global markets and promoting agricultural and technological research in the interest of the industry ;” ● In the context of boosting export of natural rubber and establishing India as regular exporter of this commodity, Government is implementing an Export Promotion of Natural Rubber Scheme since 2001-02. The scheme inter-alia provides for financial assistance to the exporters of NR for quality upgradation, certification, transportation etc.; ” ● To regulate the import of inferior rubber coming into the country, which was passing as standard rubber, Government has enforced conformity with BIS standards on imported rubber also, as in the case of domestic rubber;” ● Government is also implementing a Price Stabilization Fund Scheme with a corpus of Rs.500 crore for the benefit of the growers of tea, coffee, rubber and tobacco.

Natural rubber

8.13 Rubber is primarily produced in the State of Kerala and adjoining Kanyakumari district of Tamilnadu, the traditional rubber growing areas of the country. Rubber is also produced in Tripura, Assam, Meghalaya, Mizoram, Manipur, Goa and Coastal Karnataka. Rubber plantations are spread over 5.7 lakh hectares in 16 States of the country. Production of natural rubber is dominated by smallholdings (with an average holding size of 0.5 hectare), which account for 88 per cent of the output. Consumption exceeded domestic production between 2000-01 and 2003-04. With some improvement in the yield of natural rubber, output is expected to exceed consumption of natural rubber in 2004-05 (Table 8.8). For the development of the rubber sector, the Government, through the Rubber Board, has taken various steps such as conformity with BIS standards on imported

rubber, scheme for export promotion of natural rubber and providing suitable financial/ technical assistance to the growers (Box 8.2).

Table 8.8 : Natural rubber-consumption, production and 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**	760	762	1727

*Provisional ** Expected

Source: Ministry of Commerce and Industry.