Plantation

Tea

8.36 Production of tea, after stagnating between 1997-98 and 2004-05 at around 830-850 million kgs, increased by over 12 per cent in 2005-06 (Table 8.11). The current year also looks promising as the April-October output is estimated to be 8.2 per cent higher than in the comparable period in 2005-06. With nine major tea producing States in India — Assam,

Table 8.11 : Tea production, consumption and trade

(Qty: million kgs, Value: Rs crore)

Year	Production	Exports		Imports		Domestic consumption $
	Quantity	Quantity	Value	Quantity	Value	Quantity
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	930.9	181.1	1631.60	16.40	99.26	757
2006-07(April-Oct.)@	722.5	114.3	1048.50	13.75	70.84	NA

@ Estimated NA Not available $ Relates to calendar year.

Source : Ministry of Commerce and Industry.

West Bengal, Tripura, Arunachal Pradesh, Nagaland, Himachal Pradesh, Tamilnadu, Kerala and Karnataka — India is the largest producer and consumer of tea in the world. With consumption of tea in quantity terms growing more or less steadily at about 3 per cent per year, net exports (exports less imports) of tea has declined over the years. Government has approved setting up of a Special Purpose Tea Fund (SPTF) under the Tea Board for funding replantation and rejuvenation activities aimed at improving the age profile of tea plantations. A total outlay of Rs. 567.1 crore has been proposed during 2006-07 which will spill over to the 11th Five-year plan. The estimated area to be taken up for replantation/rejuvenation is expected to be 85,044 hectares comprising replantation of 68,154 hectares and 16,890 hectares of rejuvenation. This is expected to improve yield levels.

Coffee

8.37 Coffee output, which after growing rapidly between 1997-98 and 2000-01 to over 3 lakh tonnes had stagnated in 2001-02, fell to around 2.7 lakh tonnes in the next four years ending in 2005-06 (Table 8.12). Coffee prices declined from US $1700 per tonne in 1998 to around US $580 per tonne in 2003. International coffee (robusta) averaged US cents 79.3 per kilogram in January-December, 2004, but recovered to US cents 174.5 in January, 2007. Wholesale price index of coffee also improved from 90 as on January 24, 2004 (1993-94=100) to 196.2 on January 27, 2007. With an increase in prices, there appears to be a resurgence in coffee production in 2006-07 so far.

8.38 Indian coffee by contributing 4 per cent to global production enjoys a niche market. Farm productivity and production slumped in many producing countries during the crisis years of 2002-2005, perhaps due to which the demand has finally caught up with supply and prices have started firming up. To mitigate the problems of coffee growers arising from the low prices of coffee in the crisis years, Government has taken a series of steps including: (i) re-phasing/restructuring of loans taken by the coffee growers including interest relief; (ii) interest subsidy on working capital loans of 5 per cent for small growers and 3 per cent for large growers; (iii) campaigns to promote domestic consumption of coffee; (iv) reduction of import duty on specified machinery to 5 per cent for the coffee sector to enable the industry to improve productivity, quality and consumption of coffee; (v) an International Coffee Festival in Bangalore in February 2007 to reinforce the salient and unique features of Indian coffees to the entire coffee fraternity across the globe; and (vi) implementation of weather (rainfall) insurance as a risk management support for coffee growers in collaboration with Agriculture

Table 8.12 : Coffee production, consumption and trade

Year	Production	Export			Domestic
	Quantity (lakh tonnes)	Quantity (lakh tonnes)	Value (Rs crore)	Value US$ million	Consumption (lakh tonnes)
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	2.74	2.02	1510	349	0.80
2006-07*	3.00 @	1.31 @	1016 @	227@	0.80

* (April-October) @ including re-exports
Source : Ministry of Commerce and Industry

Insurance Company of India Ltd. After a prolonged and unprecedented crisis, India as one of the sixty odd coffee producing countries of the world seems to be managing to stage a recovery in the current year.

Natural rubber

8.39 India ranks third in production and fourth in consumption of natural rubber in the world. Rubber plantations are spread over 5.9 lakh hectares in 16 States. Rubber is primarily grown in Kerala and adjoining Kanyakumari district of Tamilnadu, the traditional rubber growing areas of the country. In 2005-06, these traditional areas accounted for 86 per cent of total planted area and 95 per cent of total production. Other States contributing to the remaining area/production are Tripura, Assam, Megahalaya, Mizoram, Manipur, Goa and coastal Karnataka. Production of natural rubber 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.

Table 8.13 : 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	801	803	1796
2006-07*	841	831	1857

*Anticipated

Source : Ministry of Commerce and Industry.

8.40 Production of natural rubber, which grew almost by a quarter between 2002-03 and 2005-06, is expected to increase by 3.5 per cent in 2006-07 over 2005-06 (Table 8.13). Consumption of natural rubber, which had exceeded domestic production in each year between 1999-2000 and 2004-05, was below domestic output in 2005-06. With consumption growth exceeding growth in domestic output, 2006-07 is likely to see a reversion to the trend of the earlier years. The improvement in yield, observed since 2003-04, however, appears to be continuing in the current year. Wholesale price index of raw rubber which was 176 as on January 24, 2004 (1993-94=100) increased to 324.1 as on January 27, 2007. International Prices of Rubber also increased from US$ 1.48 per kg during January-December 2004 to US$ 2.11 per kg in January, 2007. Higher prices, while exerting pressure on general price level and products using rubber as an input, nonetheless, provided higher income to the growers.