

## Chapter 11 Conclusion

Tea Board of India was set up in 1954. Yet, even after five decades of its existence, more than 80 *per cent* small growers in India continue to be outside the ambit of Tea Board's regulations. We found that the system of inspection for regulating the activities of various stakeholders was weak and non-transparent. Tea Board was also not able to ensure submission of business information by stakeholders so as to exercise effective control on their activities, nor was it able to collect Tea statistics in a timely manner. We found Tea Board ineffective in exercising its role as a regulator of tea in India. This had an adverse impact on the effectiveness of its functioning in other areas of development such as research, marketing and promotion of tea in India.

Ageing plantation is one of the primary reasons for declining productivity of tea cultivation in the country. The total area under commercially unproductive bushes has increased substantially. Therefore, programmes for replantation/replacement plantation, rejuvenation, pruning etc., are necessary for enhancing productivity. The targets for replanting/replacement planting are set very low and at current rate, it would take another 149 years to wipe off the backlog for replanting/replacement planting up to 2008.

Tea Board neither fixed any target/outcome in any of its subsidy schemes nor laid down any mechanism to measure impact of such schemes. There are deficiencies in implementation of various other activities aimed at increasing productivity. The capital investment and subsidy support for replantation is grossly inadequate as compared to the requirement. The continuous rise in commercially unproductive bushes is a serious threat and may pose major risk to the Tea industry in the immediate future unless appropriate and timely interventions are made for arresting this trend and unless efforts are made to explore areas for new plantations.

Indian tea realises low price as compared to its other competitors primarily due to its inferior quality and adverse product mix. Production of orthodox tea has not increased and actual production of orthodox tea has fallen substantially below the targets set. Tea Board failed to lay down enhancement in production of orthodox tea as a pre-requisite for eligibility of subsidy and allowed subsidy despite non-submission of proper documents/without proper verification of factory records.

India has the highest cost of production amongst major tea-producing countries in the World and cost of sales are often higher than the auction realisation. Yet Tea Board did not prescribe regular cost studies to identify the components which would aid cost reductions.

Research activities are not fruitful as neither any deliverables are transferred for the use of the tea industry nor are any patents filed. This is attributable to inadequate monitoring and shortage of manpower and resources. Tea Board failed to work in consonance with the tea industry in implementation of e-commerce initiative of the IT Portal Project as well as for securing its financial commitment for operating IT Portal Project post-implementation.

Market diversification efforts including exploring new markets through its overseas offices and other promotional activities have not yielded any effective results and exports have remained largely stagnant. Government budgetary support is inadequate for effective discharge of functions of the Board. Generation of resources from duty of excise as a cess on all tea produced in India is also not adequate. The rates of cess have been revised at varying intervals ranging from nearly three years to more than 14 years. The ceiling of cess at rate not exceeding

50 paise per kilogram was fixed way back in 1986. Internal generation of funds was also not adequate.

Thus, Tea Board needs to carry out major structural and strategic changes in its policies and plans to perform its regulatory functions more efficiently and effectively. Considering the poor performance of Tea Board in enhancing productivity, improving quality and reducing cost of Indian tea, we are of the view that the Government needs to review the entire functioning of Tea Board and take a holistic view on its existence and role in the future. The Government may also consider redesigning its programmes, schemes, delivery mechanisms and allocate higher financial outlays to effectively address the problems that plague the tea industry in India.

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