

No. 4/4/2007-Plant.-B
Government of India
Ministry of Commerce & Industry
Department of Commerce

New Delhi dated the 24th March, 2008.

To

The Chairman,
Coffee Board,
No. 1, Dr. B.R. Ambedkar Veedhi,
Bangalore.

Subject: Implementation of the Scheme of 'Development Support' for coffee by the Coffee Board during the XIth Five Year Plan (2007-2012) - reg.

Sir,

I am directed to refer to the Coffee Board's EFC proposal on the above-mentioned subject and to convey the approval of the Government of India to the implementation of the scheme of 'Development Support' for coffee by the Coffee Board during the XIth Five Year Plan (2007-2012) with an outlay of Rs. 310 crore (Rupees three hundred and ten crore only) as per details given hereunder:

- (i.) Payment of replanting subsidy @ 25%, 30% and 40% to the coffee growers having holdings of more than 10 hectares, 2 to 10 hectares, and up to 2 hectares, respectively, subject to the condition that subsidy would be available only to individual growers and not to the cooperative/corporate entities engaged in plantation. The outlay of this component is Rs.100 crore.
- (ii.) Payment of subsidy of 20% towards quality upgradation, and pollution abatement and 25% towards water augmentation, restricted to individual growers having holding size of 20 hectares. The outlay of this component is Rs.40 crore.
- (iii.) To extend financial incentives in North East Region for planting and aftercare and also supply of coffee seedlings/shade saplings. The outlay of this component is Rs.20 crore.
- (iv.) Expansion of the area under coffee in Non-Traditional Areas and tribal sector. The outlay of this component is Rs.45 crore.
- (v.) Implementation of programmes of capacity building for all stakeholders in coffee sector. The outlay of this component is Rs.10 crore;

- (vi.) Implementation of welfare support to labours and tiny growers. The outlay of this component is Rs.5 crore.
- (vii.) Providing interest subsidy at the uniform rate not exceeding 5% to growers on working capital loans for an outlay of Rs.90 crore, subject to the following conditions:
 - (a) the interest subsidy will be limited to a ceiling of Rs.50,000 per Arabica coffee grower and Rs.40,000 per Robusta coffee grower; and
 - (b) the interest rate, after allowing interest subsidy should not be lower than 7%.

2. The above approval is subject to the condition that comprehensive evaluation of the scheme will be done by an independent agency after two years with regard to the parameters of the scheme and scales of subsidy.

3. The Board will send the quarterly physical and financial performance report about the status of the implementation of the scheme to this Department.

4. As the scheme is highly subsidy based, a robust monitoring mechanism will be ensured to prevent leakage.

5. The expenditure for implementing the scheme will be met by the Board out of the approved plan funds of the Board during the XIth Plan period and no additional/ separate funds would be provided to the Board for this purpose.

6. This issues with the concurrent of Finance Division of this Department vide their Dy. No. 814/FD/2008 dated 20.3.2008.

Yours faithfully,

(Vijay Kapoor)
Under Secretary to the Govt. of India
Tel. (011) 2306 2618