

No.T-17014/5/2007-Plant (A)
Government of India
Ministry of Commerce & Industry
Department of Commerce

New Delhi, the 25th March, 2008

To

The Chairman
Tea Board
Kolkata

Subject: Approval for “Quality Upgradation & Product Diversification Scheme” of Tea Board with an outlay of Rs. 230 crores for implementation during the 11th Plan period.

Sir,

I am directed to convey the approval of the Government of India for implementation of “Quality Upgradation & Product Diversification Scheme” by the Tea Board during the 11th Five Year Plan, with to the following main ingredients : -

- i) For modernization of the processing factories by replacement of old and worn out machinery, a subsidy @ 25% of the actual cost of machinery would be provided. In the case of processing machinery for orthodox tea in 100% CTC factories and new factories set up by Self Help Groups, the subsidy @ 40% would be provided. Outlay on this components would be Rs. 87.25 crores.
- ii) For value addition by way of creating additional infrastructure for cleaning, blending, colour sorting, packaging etc. a subsidy @25% on the actual cost of machinery would be provided. In the case of machinery for orthodox tea in 100% CTC factories, the subsidy @ 40% would be provided. The outlay on this component would be Rs. 36.75 crores.
- iii) Subsidy @ 50% of the certification fee subject to a ceiling of Rs. 1.00 lakh per certificate including renewals would be provided for ISO/HACCP and Organic Tea certification. The outlay for this component would be Rs. 1.00 crores.

iv) For setting up of new factories for production of green tea, orthodox teas and speciality teas etc. (product diversification), a subsidy @ 40% would be provided. The outlay of this component would be Rs. 5.00 crores.

v) As an incentive for orthodox tea production a subsidy @ Rs. 3/- per kg. of actual production of leaf grades and Rs. 2/- per kg for dust grades and an additional incentives @ Rs. 2/- per kg. of the incremental volume over the previous year. The outlay for this component would be Rs. 120.50 crores of which Rs. 20.50 crores being the first year requirement would be met from Additional Excise Duty (AED) funds. However, the component of subsidy on orthodox tea would be evaluated by an independent agency before March, 2009.

2. As the scheme is highly subsidy based, a robust monitoring mechanism may be evolved to prevent leakages.

3. This issues with the concurrence of the Finance Division vide their U.O. No. 848/FD/2008 dated 25th March, 2008.

Yours faithfully,

(Raj Singh)

Director

Tel: 2306 2109

To

1. Planning Commission, (Dr. Nagesh Singh, Adviser (PAMD), Yojana Bhawan, New Delhi.
2. Planning Commission, Director (Agri Division) Yojana Bhawan, New Delhi.
3. Planning Commission, (Ms. Sutapa Majumdar, Director), Yojana Bhawan, New Delhi
4. Department of Expenditure, (Ms. Parama Sen, Deputy Secretary- PF-II) North Block, New Delhi.
5. Department of Commerce (Shri Nirmal Singh, Economic Adviser), Udyog Bhawan, New Delhi.
6. CPAO, Ministry of Commerce & Industry, New Delhi.
7. Finance Division, Department of Commerce

8. Principal Director of Audit (Economic & Service Ministries), AGCR Building, New Delhi
9. Guard File.

Copy for information to : Sr.PPS to CS/PS to AS&FA/ Sr.PPS to AS(OPA)

(Raj Singh)
Director

Item-wise outlay and physical target for Quality Upgradation and Product Diversification Scheme of Tea Board

Activity	Physical Target	Financial Target Rs. Crores
1.Modernization of the processing factories by replacement of old and worn out machinery by providing subsidy @ 25% of the actual cost of machinery. In the case of processing machinery for orthodox tea in 100% CTC factories and new factories set up by Self Help Groups, the subsidy @ 40% would be provided.	349 units	87.25
2. Value addition by way of creating additional infrastructure for cleaning, blending, colour sorting, packaging facilities etc. by providing subsidy @25% of the actual cost of machinery. In the case of machinery for orthodox tea in 100% CTC factories, the subsidy @ 40% would be provided	147 units	36.75
3 Quality assurance certification – ISO/HACCP and Organic Tea Certification by providing 50% of the certification fee subject to a ceiling of Rs. 1 lakh per certificate including renewals.	100 units	1.00
4. Product diversification – setting up of new factories for production of green tea, orthodox teas and specialty teas etc. 40% subsidy would be provided.	20 units	5.00
5.Incentive for orthodox tea production	380 m.kg	100.00*
Total		230.00

(* plus Rs. 20.50 being first year's requirement of funds which would be met from the AED Fund)