

INDIAN TEA ASSOCIATION



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ROYAL EXCHANGE
6 NETAJI SUBHAS ROAD
KOLKATA 700 001

Circular No. 5/2025-26

30th April 2025

TO: ALL MEMBER COMPANIES WITH INTEREST IN WEST BENGAL

EDUCATION AND RURAL EMPLOYMENT CESS: CONTINUATION OF EXEMPTION

Members would be aware that in the West Bengal Budget 2025-26, while exemption under Agricultural Income tax was continued for 1 (one) year, the budget was silent about continuation of exemption with respect to the payment of Green Leaf Cess (Education Cess and Rural Employment Cess).

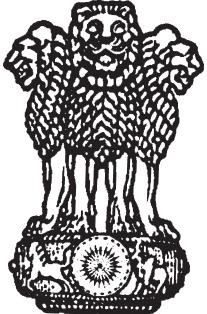
The Association had taken up the matter with the Hon'ble Labour Minister, Govt. of West Bengal vide letter dated 18th February 2025 and also with the Additional Chief Secretary, Finance Department, Govt. of West Bengal vide letter dated 6th March 2025 with a request to continue the exemption with respect to payment of Green Leaf Cess.

Following persistent efforts, we are pleased to inform that the Govt. of West Bengal vide Gazette Notifications dated 7th March 2025 has continued the exemption on Green Leaf Cess (Education Cess and Rural Employment Cess) for 1(one) year w.e.f. 1st April 2025.

The concerned Gazette Notifications and ITA representations are attached for members information.

ARIJIT RAHA
SECRETARY GENERAL
Encl: As stated

The



Kolkata Gazette

Extraordinary
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PHALGUNA 16]

FRIDAY, MARCH 07, 2025

[SAKA 1946

PART I—Orders and Notifications by the Governor of West Bengal, the High Court, Government Treasury, etc.

GOVERNMENT OF WEST BENGAL
FINANCE DEPARTMENT
REVENUE

NOTIFICATION

No. 398-F.T.

Dated, 07th day of March, 2025

No. 398-F.T., the 7th day of March, 2025.-- WHEREAS the Governor is satisfied that it is necessary so to do in the public interest;

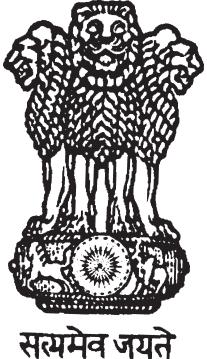
NOW, THEREFORE, in exercise of the power conferred by clause (m) of section 78B of the West Bengal Primary Education Act, 1973 (West Ben. Act XLIII of 1973), as subsequently amended, the Governor is pleased hereby to direct that a tea estate producing green tea leaves on which the education cess is leviable under sub-section (2A) of section 78 of the said Act, shall be exempted from the payment of education cess for a period of one year with effect from the 1st day of April, 2025.

2. This notification shall come into force with effect from the 1st day of April, 2025.

By order of the Governor,

MALAY GHOSH, IAS
OSD & Ex-officio Secretary
to the Government of West Bengal.

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FINANCE DEPARTMENT
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NOTIFICATION

No. 397-F.T.

Dated, 07th day of March, 2025

No. 397-F.T., the 7th day of March, 2025.-- WHEREAS the Governor is satisfied that it is necessary so to do in the public interest;

NOW, THEREFORE, in exercise of the power conferred by sub-section (5) of section 4 of the West Bengal Rural Employment and Production Act, 1976 (West Ben. Act XIV of 1976), as subsequently amended, the Governor is pleased hereby to direct that a tea estate producing green tea leaves on which the rural employment cess is leviable under sub-section (2A) of section 4 of the said Act, shall be exempted from the payment of rural employment cess for a period of one year with effect from the 1st day of April, 2025.

2. This notification shall come into force with effect from the 1st day of April, 2025.

By order of the Governor,

MALAY GHOSH, IAS
*OSD & Ex-officio Secretary
to the Government of West Bengal.*

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ROYAL EXCHANGE
6 NETAJI SUBHAS ROAD
KOLKATA 700 001

No. 675

6th March 2025

The Additional Chief Secretary
Finance Department,
Government of West Bengal
Nabanna, 12th Floor,
325 Sarat Chatterjee Road,
Howrah -711102

Dear Sir,

Primary Education and Rural Employment Cess: Continuation of Exemption

Greetings from Indian Tea Association (ITA)!

In recognition of the persisting stressed condition of the tea sector, the Government of West Bengal has been providing exemption to the tea sector from payment of Primary Education and Rural Employment Cess. The last such exemption was granted up to the financial year 2024-25. In the Budget 2025-26, while exemption under Agricultural Income tax has been continued, the budget is silent about the payment of Primary Education and Rural Employment Cess.

The West Bengal tea industry continues to be under deep financial stress with the ongoing pressure on profit margins due to high production costs and low-price realization. In 2024, the West Bengal tea industry suffered a significant production loss of over 60 million kilograms, primarily attributed to the adverse impact of climate change, which raises serious concerns about the long-term sustainability and viability of the industry. In light of the current challenges, withdrawing the existing relief measures would further aggravate the situation, imposing an unbearable financial strain on the already struggling Tea Industry.

We would therefore, request the Government of West Bengal for continuation of the exemption in respect of Green Leaf Cess, for a period of at least three years with effect from 1st April, 2025.

In this context, it may please be noted, the instant matter was represented by the Association at the meeting chaired by the Hon'ble Labour Minister, Govt. of West Bengal on 18th February 2025 which was amongst others attended by the Chief Secretary, Govt. of West Bengal as well. The representation submitted during the course of the said meeting is enclosed herewith for your kind perusal and consideration.

We look forward to your positive consideration and support in this matter.

Thanking You,

Yours faithfully,

Arijit Raha
Secretary General
Encl: As stated

Copy to : Hon'ble Labour Minister, Government of West Bengal
Chief Secretary, Govt. of West Bengal

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ROYAL EXCHANGE
6 NETAJI SUBHAS ROAD
KOLKATA 700 001

No. 633

18th February 2025

Shri Moloy Ghatak
Hon'ble Labour Minister,
Government of West Bengal
Kolkata

Respected Sir,

West Bengal Tea Industry: Critical Issues

Greetings from the Indian Tea Association (ITA)!

We wish to express our gratitude to you for providing us an opportunity to interact with you during the meeting convened on 18th February 2025 to discuss several critical issues confronting the West Bengal tea sector.

While the industry deeply appreciates the pro-active role of the State Government in addressing some of the critical issues, we would like to take this opportunity to attach a comprehensive Note on the West Bengal Tea Industry Critical Issues and suggested interventions for favour of your kind consideration.

We would be grateful if our submissions as detailed in the attached Note are considered favourably by the Government of West Bengal. We would be pleased to submit further clarifications as deemed appropriate.

Thanking You,

Yours faithfully,

Sd/-

Atul Rastogi
Chairman
West Bengal Regional Committee

Encl: As stated

WEST BENGAL TEA INDUSTRY CRITICAL ISSUES: NOTE

BACKGROUND

The West Bengal tea industry has been passing through a critical phase amidst decline in production caused by climate change as well as depressed prices and the plantations are gripped by this untoward trend with a consequent impact on their operational viability. Tea prices over the last decade have grown at a CAGR of around 4% while costs of vital inputs like Coal, Gas, MOP, Sulphur etc have grown at a CAGR of 9% to 15% during the same period. The rapid increase in production over the last decade following the emergence of small tea growers have resulted in surplus teas remaining in the system as domestic consumption levels and exports have not matched the increase in production. Oversupply is one of the primary reasons for price stagnancy.

Year	Production (Mkg.)					Price (Rs.)				
	All India	Total West Bengal	Dooars	Terai	Darjeeling	All India	Total West Bengal	Dooars	Terai	Darjeeling
2014	1207	329.46	189.16	131.79	8.51	130.91	129.98	133.47	114.45	294.46
2015	1208	324.5	181.78	133.96	8.76	128.6	123.6	129.70	105.30	297.18
2016	1267	356.3	204.47	143.7	8.13	135.93	133.36	136.50	118.67	334.56
2017	1321	384.51	219.58	161.72	3.21	134.81	129.34	137.21	111.72	438.14
2018	1338	394	226.11	160.2	7.69	140.81	139.75	144.08	123.55	452.16
2019	1390	424.29	240.25	167.08	7.46	142.15	137.98	144.66	121.17	338.76
2020	1257	389.25	223.66	158.89	6.7	190.96	191.11	194.37	180.94	372.80
2021	1329	408.17	235.75	165.41	7.01	174.84	177.53	190.31	151.65	372.80
2022	1365	414.08	234.81	172.34	6.93	180.92	176.75	191.96	147.87	351.93
2023	1393	433.54	237.71	189.82	6.01	169.02	163.87	178.59	137.52	332.61
2024	1285	373.48	209.43	152.45	5.6	198.73	190.62	202.98	166.30	382.17

Input Costs (Last 10 years)	
Increase in Energy Costs (CAGR)	Coal – Over 10%, Gas – 9%, HSD – 12%
Increase in Fertilizer Costs (CAGR)	12% to 15%
Cash Wage Increase % (2014-2023)	122%

Emergence Of Small Tea Growers: Dual Economic Structure

- ✓ The emergence of Small Grower/Bought Leaf Sector has created a dual economic structure in the industry with varying economies of scale. The cost of production of the Organized (RTG) Sector is significantly higher due to higher fixed overheads as compared to the STG / BLF Sectors. Small Tea Growers today contribute around 60% of the total West Bengal Tea Production.
- ✓ The advantage of a lower cost of production enables the STG / BLF Sectors which accounts for 52% of the production to off load teas at lower prices.
- ✓ This has resulted in 50% of the Indian Tea production being produced at a much lower cost by the STG/BLF Sector as compared to the Organized (RTG) Sector. The organized sector with higher cost overheads is not able to match such price levels.
- ✓ While leaf prices for the STG/BLF sector can be adjusted depending on the market of saleable teas, the fixed costs of the Organized Sector are incurred irrespective of market conditions and cannot be adjusted with low returns arising from downturn in markets.

CURRENT TEA SCENARIO:

The year 2024 was extremely challenging for the West Bengal tea industry as production declined significantly. Auction prices although initially witnessed an increase, declined drastically post September 2024.

PRODUCTION SCENARIO: SHORTFALL

January – December				
Region	2024 (mkg)	2023 (mkg)	Difference (mkg)	Difference (%)
Dooars	209.43	237.71	-28.28	-11.90
Terai	158.45	189.82	-31.37	-16.53
Darjeeling	5.60	6.01	-0.14	-6.82
Total West Bengal	373.48	433.54	-60.06	-13.85
North India	1057.98	1156.98	-99.00	-8.56
All India	1284.78	1393.66	-108.88	-7.81

Source: Tea Board

AUCTION PRICE SCENARIO:

January – December				
Region	2024 (Rs/Kg)	2023 (Rs/Kg)	Diff (Rs/Kg)	Diff (%)
North India	224.51	187.38	37.13	19.82
Dooars	202.98	178.59	24.39	13.65
Terai	166.90	137.52	29.38	21.36
Darjeeling	382.16	319.51	62.65	19.61
All India	198.73	168.43	30.30	18.01

Source: Tea Board

PRICE DROP CONCERN:

MONTHS	Kolkata		Siliguri	
	Price (Rs/Kg)	%(+/-)	Price (Rs/Kg)	%(+/-)
September 2024 (Sale 36-39)	298.59		219.34	
October 2024 (Sale 40-43)	277.35		221.07	
November 2024 (Sale 44-47)	258.55		204.79	
December 2024 (Sale 48 –52)	218.13		178.38	
October to December (AVG.)	245.90		194.61	
Sep to December Down by Rs.	-80.46	-26.88%	-40.96	-18.67%
Sep to Average Oct-Dec Down by Rs.	-52.69	-14.82%	-24.73	-7.57%

Despite sustained efforts to control costs, increase exports, and improve quality, tea producers are confronted with huge operational losses.

The advent of climate change has adversely impacted production. Unpredictable climatic conditions have impacted crops by way of increased pest activity and resultant higher cost on pest management. The increasing trend in temperature and the erratic trend in rainfall leading to floods have affected several plantations making them highly vulnerable to the vagaries of nature. All these have culminated in an adverse impact on growth and yield.

IMPORT OF TEAS FROM FOREIGN COUNTRIES

- The surge in import of Nepal teas in the last few years has adversely impacted the viability of the Darjeeling tea sector. The volume of tea imports from Nepal surpasses the Darjeeling tea production as would be evident from the Table below:

Year	Darjeeling Tea Production (mkg)	Nepal Tea Imports (mkg)
2024	5.60	13.01*
2023	6.01	13.66
2022	6.60	17.36
2021	6.87	9.21
2020	6.70	10.88
2019	7.96	7.58
2018	7.69	16.67

Source: Tea Board

- Nepal produces approximately 20 mkg, majority of which is exported to India. Increase in Tea imports from Nepal has adversely impacted Tea Auction Prices.
- Reportedly Tea Imports from Kenya has surged almost 288% to 13.71 mkg. that is a cause of concern for tea producers in India, as the industry is grappling with oversupply

In view of the West Bengal tea industry facing severe crisis for reasons stated above, it has become imperative that the following interventions to mitigate/rationalize costs borne by the established sector merit immediate consideration:

SUGGESTED INTERVENTIONS:

1. Mitigation Of Cost: Application of Government Schemes for The Tea Sector

- The cash wage of tea garden workers in Dooars and Terai has increased substantially in the last few years. The industry also has to bear high costs on account of in-kind benefits which are provided to the workers free of cost. In view of severe cost pressures being faced by all established tea estates in West Bengal, the tea sector is not in a position to absorb any further increase in wage costs.
- The Government of India has notified the Occupational Safety, Health and Working Conditions Code, 2020. The Code has amongst others, repealed the Plantations Labour Act, 1951. Section 92 (2) of the Code enables provision of benefits like housing, drinking water, health facilities, crèche facilities, recreational facilities etc. through Government sponsored schemes.
- Under the circumstances, it is crucial for the Government to kindly consider taking over the responsibility of extending social welfare benefits through Government Schemes as provided

in Section 92 (2) of the Occupational Safety, Health and Working Conditions Code, 2020. This would, to some extent, mitigate the high employment costs being presently borne by the industry.

- **Housing facilities:** The State Govt. has been constructing Housing under different Govt. scheme in tea gardens and Managements have been extending NOCs. However, there remains a disparity in the housing specifications and the same is not completely relieving the tea estate managements from their responsibilities under Plantation Labour Act.

Therefore, it is necessary that the efforts being taken by the State Govt. are institutionalized through Notification in such a way that the same gives a relief on the cost borne by the Management for providing Housing facilities to workers.

- **Medical facilities:** Medical facilities including tea garden hospitals and dispensaries are required to be provided and maintained by the employer as per Statute. The State Government may consider extending benefits under the National Rural Health Mission (NRHM) to the tea sector on similar lines as provided in the neighbouring tea growing state of Assam.

2. LAND MATTERS

- (a) **Land for Tea Tourism and Allied Business:** It is learnt from the announcement of the Hon'ble Chief Minister, Govt. of West Bengal at the Bengal Global Business Summit (BGBS) that the West Bengal government has announced plans to revise the maximum limit of land that can be used for tea tourism or allied businesses from 15% to 30% of the total grant area. While this is a welcome move and is expected to boost the tea industry, but it's suggested that the government also consider including areas with old, non-productive tea bushes and unviable for replanting or rejuvenation, in the allowable areas beside fallow land.

- (b) **Land Pattta:** The Govt. of West Bengal issued Notification No. 3076-LP/A-04/23 dated 1st August 2023 containing the SOP wherein it is stated as below:

- Identification / Demarcation of Land within Tea Garden
 - ✓ District Magistrate shall conduct survey to identify surplus / unutilized land of tea garden. Such land should not as far as possible be in the midst of the tea garden and preferably be at any corner of the tea garden.
 - ✓ For any running tea garden, NOC of the tea garden management shall have to be obtained for its subsequent resumption for distribution of homestead pattas.

It is learnt that in many cases, the labour lines which have the labour quarters of workers have been included in the Survey and NOC for issuing land patta is being sought from the management for the same. In many tea estates acts of coercion has been resorted to.

The State Govt. is urged that clarificatory directions be kindly issued in a manner deemed appropriate for adhering to the spirit of the SOP circulated with the State Govt's Notification No. 3076-LP/A-04/23 dated 1st August 2023.

3. Renewable Energy: Solar Power in Tea Estates

- Power cost constitutes a major element in the total cost of producing tea.
- The facility of Net Metering needs to be considered in the Solar Power Policy of the State Government to encourage investments in Solar Power Plants by the Tea Sector.

We enclose herewith a Note on the subject

4. Creation Of Irrigation Facilities and Water Harvesting

- Climate change has adversely affected all the Tea growing regions. Drought has become a recurring phenomenon. To mitigate the effects of drought, it is necessary to create irrigation infrastructure which involves substantial investments. Government assistance towards improved irrigation facility needs to be extended to both big and small growers.
- The industry seeks the support of the Government of West Bengal to facilitate extension of irrigation schemes under the Ministry of Agriculture, Government of India to the tea sector to combat climate change challenges and sanction of Projects/Schemes to augment water availability in tea estates.

5. Primary Education and Rural Employment Cess: Continuation of Exemption

In recognition of the persisting stressed condition of the tea sector, the Government of West Bengal has been providing exemption to the tea sector from payment of Primary Education and Rural Employment Cess. The last such exemption was granted up to the financial year 2024-25. In the Budget 2025-26, while exemption under Agricultural Income tax has been continued, the budget is silent about the payment of Primary Education and Rural Employment Cess.

Given the prevailing strained margins between average price realization and cost of production, we would request the Government of West Bengal for continuation of the exemption in respect of Green Leaf Cess for a period of at least three years with effect from 1st April, 2025.

6. Darjeeling Issues:

The Darjeeling Tea Sector, is currently experiencing significant financial distress, resulting in the closure of several tea estates. The 171st Report of the Parliamentary Standing Committee on Commerce has recognized the precarious financial condition of the Darjeeling tea industry and has made several recommendations, including the provision of a financial relief package tailored for this sector. Indian Tea Association has prepared a White Paper on Darjeeling Tea Industry (copy attached) and offers a thorough analysis of the current challenges facing the Darjeeling tea industry, emphasizing critical issues such as production difficulties and shifting market dynamics. It also outlines strategic recommendations aimed at revitalizing the sector and ensuring its sustainable future. We urge the Govt. to give due consideration to our suggestions.