



Tea India

July – December 2013

Editorspeak

THE lead feature of this *Tea India* issue is on the visit of the Iran Tea Delegation to Kolkata. This visit was in the wake of a very successful Indian Tea Delegation to Iran earlier in the year. Indo-Iran tea ties continue to strengthen and consolidate. Indian tea exports to Iran during 2013 have significantly jumped and the Indian tea industry greatly values the Iran market not only as a discerning one for quality tea but as a transmitter of signals for Orthodox production.

The Tea Board of India has launched an initiative 'TRUSTEA', setting out a Sustainable Tea Programme for India. Several Stakeholders are working in partnership with the primary focus to accelerate transformation of the Indian tea industry embracing globally accepted sustainability principles. This initiative could significantly contribute to enhancing the brand equity of Indian tea and its acceptance within a growing segment of markets and consumers who demand safe and sustainably produced products.

As this issue of *Tea India* was going to print, a Grand Charity Auction organised by the Guwahati Tea Auction Centre (GTAC) was successfully held

on December 3, 2013, led by the GTAC Chairman, Pradyut Bordoloi and graced by the Chief Minister of Assam. The event was superbly organised, raising funds that would go to help NGOs work in the field of welfare of persons with multiple disabilities. *Tea India* lauds this initiative.



India Domestic Sustainability Tea Programme

UNILEVER has for some time been sensitizing various stakeholders on the need to develop a Sustainability Tea Programme for India. The initiative was being funded by Hindustan Unilever Limited (HUL) and the Sustainable

Trade Initiative (IDH) with Solidaridad as implementing partner and Rainforest Alliance as technical advisor. HUL and IDH have had several discussions with the ITA and several tea producing companies and on ITA's request, IDH prepared a briefing note to summarise the contours of the initiative and the path to progress.

The India Domestic Sustainable Tea Programme seeks to sustainably transform around 500 mkg of tea. The five year programme runs from 2012-2016 and aims to target 600 plus factories, 500,000 tea plantation workers and 400,000 smallholders. The main focus of the programme is to accelerate transformation of the Indian tea market in close partnership with tea industry stakeholders. It includes the development and implementation of a tea sustainability Code based on



MGVK Bhanu, Chairman, Tea Board at the launch of the India Sustainable Tea Programme



Joost Oorthuizen, CEO IDH – The Sustainable Trade Initiative and MGVK Bhanu, Chairman, Tea Board of India at the launch

Indian conditions but without compromising on the globally accepted sustainability principles. The India specific Sustainability Tea Code will be developed from the industry, by the industry and for the industry. Effective implementation of the code will help in improving social, economic and environmental performance of Indian tea producers and provide sustainable tea to fast increasing number of Indian tea consumers. The Programme will also offer training to

producers to comply with the Code. Three Farmer Support Centres will be set up to facilitate such services. The Tea Board has agreed to champion the programme and organised the launch of the India Sustainability Code in July 2013. It is however being signaled that this Sustainability Code would not be mandatory but will be left to individual companies to voluntarily subscribe.

Valuation of Tea Bush: Rate of Compensation

IN view of the sharp increase in the cost of planting of tea bushes both in the plains and the hill areas of West Bengal, there was a strong case for upward revision of the rates of compensation per bush. The ITA has represented that the existing rates of compensation – for the plains: Rs 53/- per tea bush and for the hill areas: Rs 58/- per tea bush – that have not been revised for a long time, are not commensurate with the cost of planting, which has gone up considerably since the last revision effected in 2006. The Association has suggested the

following rates which emerge in line with increase in unit costs of replanting:

For the plains: Rs 135/- per tea bush

For the hill areas: Rs 155/- per tea bush.

ITA has requested the Land and Land Reforms Department, Government of West Bengal, to revise the rates of compensation for tea bushes to Rs 135/- and Rs 155/- per tea bush for the North Bengal plains and Darjeeling hill areas respectively.



North America Tea Conference at Bermuda



MGVK Bhanu, Chairman, Tea Board of India with the participants from India at the Conference

THE Tea Board and the Indian Tea Association participated in the 4th North American Tea Conference held in Bermuda over 24 - 26 September 2013.

Major Sponsorship slots were taken by the Tea Board of India – who was the exclusive Sponsor for the Welcome Reception. M/s McLeod Russel India Ltd and Goodricke Group Limited also were Sponsors at the event.

The Bermuda Conference billed as “Tea in the Triangle - Plotting Tea's Future” saw strong participation from the US and Canadian tea trade and a number of tea producers and exporters covering North and South India were present

at the Conference. The highlights of the Conference were:

- ❖ A Producers/Importers/Consumers Breakfast Session
- ❖ Chairman US Tea Association's Reception and Dinner
- ❖ Presentations from several thought leaders covering varied aspects of business such as:
 - The state of the US economy
 - Updates and outcome of the 5th Scientific Tea & Health Symposium
 - Review of Tea Market in North America
 - Impact of 'single-serve' coffee and its effect on consumer tea usage



MGVK Bhanu, Chairman, Tea Board of India felicitating Joe Simrany, President, US Tea Association

- Affordable Tea harvesting of Tea: The next change
- Tea 2030: What the Industry might look like

Tagged with the Conference was the Gold Medal Tea Competition which saw tea samples reflecting the best quality and standards unique to particular tea growing areas across the world. An independent jury selected the Teas for Awards for the best in its production category – White, Oolong, Green and Black.

The North American Tea Conference also gathered to celebrate the significant contributions made by Joe Simrany who joined the US Tea Association in 1991 and was retiring from its services at the end of 2013. Presentations and mementos to Joe Simrany were made on behalf of the Tea Board of India and the ITA at the event.



A N Singh, Chairman, ITA with the award won by the Castleton Tea Estate of Goodricke Group Ltd.

ITA Suggestions Towards Foreign Trade Policy

THE ITA placed the following suggestions towards Foreign Trade Policy which was under review by the Ministry of Commerce and Industry, Government of India:

◆ **Export benefits for INR denominated exports to the Russian Federation**

In context of trade with Iran, the Directorate General of Foreign Trade had allowed that export proceeds realised even in Indian Rupees (INR) would be eligible for export benefits and incentives (DEPB, VKGUY etc).

ITA sought similar benefits in respect of tea exports in INR to the Russian Federation.

The ITA's suggestion was in view of the fact that the Russian Central Bank has resumed bidding to dispose off funds in Indian Rupees and a tendering process was in place. Tea exporters to the Russian market had commenced using the INR route.

◆ **Extension of the Export Obligation Period beyond six months**

Appendix 40-A relating to Export Obligation Period under Advance Authorisation/DFIA Schemes currently stipulates an export obligation period of six months in respect of tea. Given that there could be extenuating circumstances and difficulties in the wake of constraints in the importing market, leading to circumstances beyond control of an exporter, extension of the export obligation period could be allowed on a case to case basis. However, given the quality aspects of a sensitive product like tea, it is equally important to ensure that in the case of such extensions, adequate monitoring and assessment is conducted of the quality parameters as laid down under the Tea (Distribution & Export) Control Order 2005 and appropriate inspection and checks are conducted in conformity prior to effecting exports.

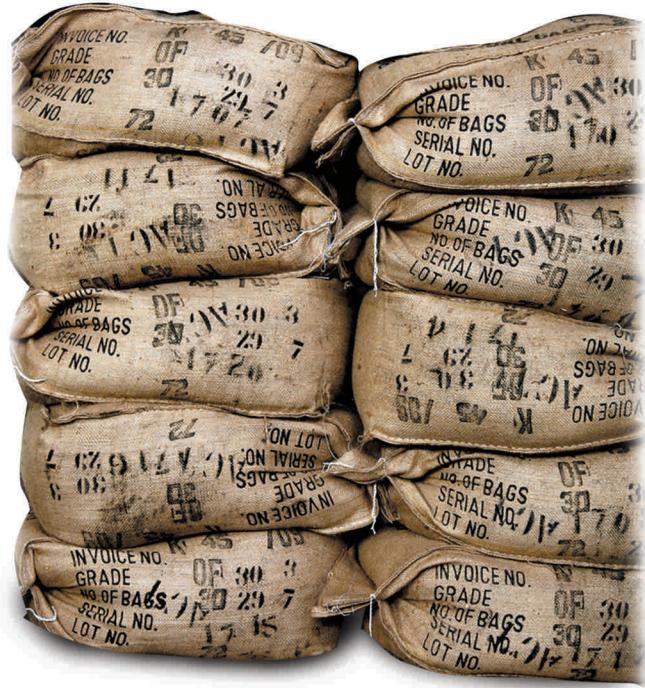


100% FDI in Specified Sectors

THE Government of India had earlier allowed Foreign Direct Investment (FDI) upto 100% in the Tea sector (including plantations) with prior approval of the Government and subject to certain conditions:

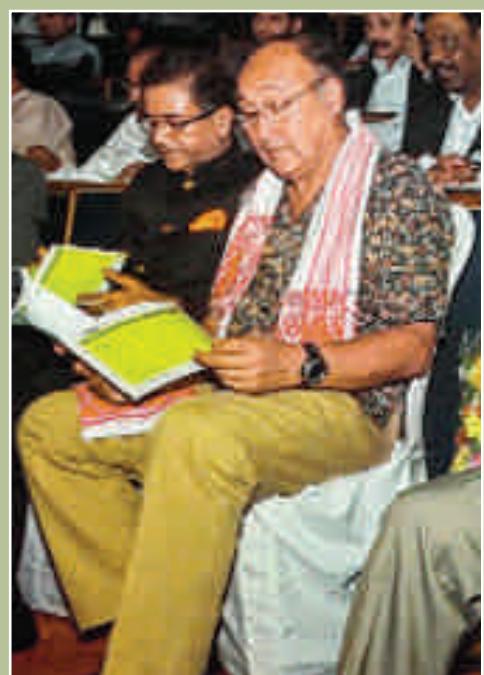
- Compulsory disinvestment of 26% equity of the Company in favour of Indian partners/Indian public within a period of five years
- Prior approval of the State Government in case of any future land use change

In a recent development, the Government of India, after clearance from the Cabinet Committee on Security has allowed FDI in the Tea sector upto 49% under the automatic route and beyond 49% through FIPB route. The condition of divestment to Indian partners has been withdrawn.



Grand Charity Auction

ITA members participated in the Grand Charity Auction conducted by the Guwahati Tea Auction Centre (GTAC) on December 3, 2013 at the ITA Pragjyoti Auditorium, Guwahati, to coincide with the World Disability Day. Tarun Gogoi, Chief Minister of Assam and Pradyut Bordoloi Minister of Power, Public Enterprises, Industries & Commerce and Chairman of the GTAC, were present at this Charity Auction which was held manually. All leading buyers participated in the auction and generously bid for over 26,000 kg of tea. A significant amount was raised, which would be donated to certain NGOs working for rehabilitation, training and welfare of persons with multiple disabilities.



A K Bhargava, Vice-Chairman, ITA (left) with noted actor Victor Banerjee at the Grand Charity Auction

Pradyut Bordoloi, Chairman GTAC (extreme right) with others at the inaugural ceremony

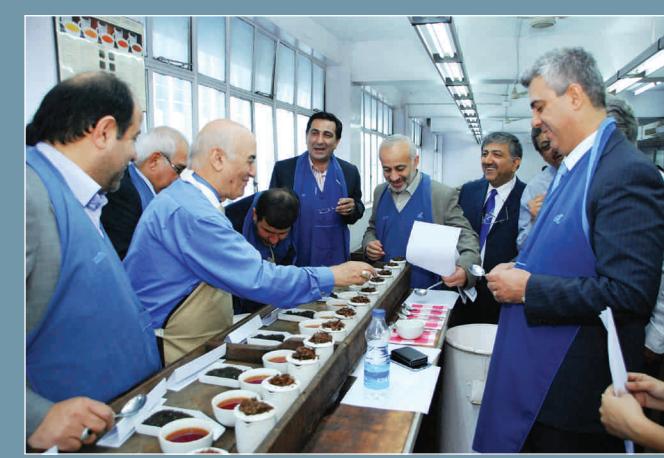


Welcome Meet organised by Tea Board of India

A Tea Delegation from Iran, led by Hamid Reza Movassaghi, Chairman, Iran Tea Association, visited Kolkata from August 5 - 9, 2013. The visit was in response to an invitation extended by the Indian Tea Delegation led by Chairman Tea Board of India, which visited Iran in March 2013 to promote Indian tea exports. The visit by the Iran Tea Delegation was sponsored by the Tea Board of India as part of the export promotion effort and facilitated by the Indian Tea Association (ITA).

During the visit:

- The Chairman Tea Board of India hosted a Welcome Meeting followed by dinner on August 5, 2013. MGVK Bhanu, Chairman Tea Board of India, A N Singh, Chairman Indian Tea Association, Hamid Reza Movassaghi, Chairman, Iran Tea Association and Ali Moharer, Chairman, Tea Organisation in Tea Plantation Areas under the Ministry of Agriculture, addressed the Meet. Mementos were exchanged between the visiting delegation and the hosts.
- The Indian Tea Association hosted an Interactive Meet on August 6, 2013 evening, where a large cross section of the tea industry and trade were invited. The invitees



Tea tasting conducted by J Thomas & Co. Pvt. Ltd.



The Delegation at an auction at Nilhat House



Reception at Kolkata



Interactive Meet hosted by ITA

years – signed by India and Iran, can fructify. The Chairman ITA highlighted the following key issues:

- India had remained a committed trade partner of Iran, even during the difficult period when Iran's trade links with the outside world had been under stress.
- There was evidence of collective effort towards realization of the target set in the MoU. Tea exports

Iran Tea Delegation Visit

included producer exporters, constituent associations of the CCPA, exporters under the Indian Merchant Tea Exporters Forum (IMTEF), senior brokers, representatives of UCO Bank, FIEO, ECGC and the shipping lines and also senior officers of the Tea Board

led by the Chairman MGVK Bhanu. A N Singh, Chairman, ITA, delivered the welcome address highlighting the need for cooperation to ensure that the target set as per the MoU – to boost annual Indian tea exports to Iran to a level of 30 mkg over the next few

Tea India

to Iran in 2013 could surpass the previous year's level of 13 mkg by four to five million kg.

- ◆ Indian tea producers, largely under the umbrella of the ITA, had responded by enhancing the level of Orthodox production.
- ◆ Indian tea exporters were committed to servicing the Iran market with due attention to quality of tea as well as servicing of exports.

Maintaining quality has been at all levels – fine plucking standards, delivery of leaf to the factory, vigilant controls at the processing end, best practices of factory management and hygiene that accompany GMP Certification. Tea Board had also put in place inspection and monitoring procedures to ensure that exports conform to prescribed quality standards.

- ◆ Need for resolving outstanding issues related to Customs valuation in Iran.
- ◆ Need for the GMP Certification to be made valid for a longer period of time to reduce time and transaction costs.



ABITA Zone 1 receives the Iran Delegation at Dibrugarh Airport

- ◆ Need for more sailings, availability of containers and competitive freight rates and also ECGC cover to improve export levels.

The Chairman Iran Tea Association stated that they deeply appreciated the efforts of the Tea Board of India and the ITA to arrange this visit and thanked the members of the exporting community for their continued commitment to the Iran market.

Ali Moharer, Chairman, Tea Organisation in Tea Plantation Areas, stressed the need for greater cooperation between India and Iran to improve and upgrade the tea production infrastructure in Iran and hoped that the next visit of the Indian Tea Delegation would cover Iran's tea growing regions.

The Chairman, Tea Board of India, lauded the ITA for efficiently organising the visit.

The Iran Tea Delegation visited Kolkata Auction Centre and an elaborate tea tasting session was arranged for the team by J Thomas & Co. Pvt. Ltd. On August 7, 2013, the Delegation went to Dibrugarh where it was hosted by several tea estates – particularly those undertaking Orthodox manufacture – in Upper Assam. It enabled the Delegation to get a glimpse of 'Best in Class' manufacturing methods and standards followed by the host tea estates.



Reception at an estate bungalow in Assam

Flexibility in Tea Board's Proposal for Mandatory Replanting Rate at Two Percent

THE provisions of minimum two percent replanting/ replacement/rejuvenation of the total area per annum of particular gardens under the SPTF Scheme and difficulties faced by a few tea companies to follow the same in all the gardens under the same management was discussed in the Tea Board meeting on June 24, 2013 in Valparai, Tamil Nadu. The Board has approved the proposal for allowing flexibility in the rate of replanting individual gardens owned by the same company provided the overall rate of replanting for the applicant tea company is not less than two percent per annum.

Tea Tourism Policy

ITA has been making submissions on the need for a holistic Tea Tourism Policy in respect of North Bengal and the matter was last represented to the Government of West Bengal through a Note from the Association on the Draft Investment & Industrial Policy of West Bengal. A Memorandum – setting out the Government's policy – issued by the Chief Secretary, Government of West Bengal, contains the details.

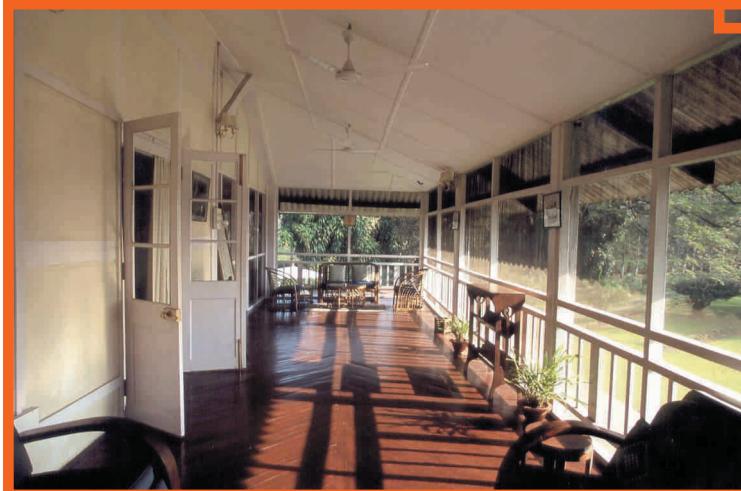
Some of the highlights of the Tea Tourism policy are:

- Both in the plains and hills, land meant for tea tourism will be limited to five acres. Civil construction will be done within 1.5 acres in the plains while in the hills it will be limited to only 1.00 acres.
- If companies owning tea gardens want to undertake tea tourism in their own names, resumption under sub-section (3) of Section 6 of the West Bengal Estates Act, 1953, will not be required. But if they want to do the same in a new name, resumption will be required and salami and land revenue at commercial rates will have to be paid.
- For a joint venture company – between the existing tea company and another company – resumption will be required along with a fresh lease. Salami and land revenue will have to be paid at commercial rates. And the tea garden company has to have a majority share in the joint venture company.
- No land under actual tea plantation can be used for tea tourism and under no circumstance the area under tea



plantation can be reduced.

- Tea gardens can make use of existing guest houses/bungalows with necessary renovations if required, for temporary accommodation of tourists.



Assam Land Policy

S C Das, Additional Chief Secretary, Revenue and Disaster Management, Government of Assam, suggested in course of an interactive session held in Guwahati that Industry Bodies should petition the Bhumindhar Barman Committee on issues relating to Land Policy of Assam. ITA has accordingly made a representation through ABITA covering the following:

- **Land utilisation policy for alternate crop**

- ❖ Special cultivation of tea and purposes ancillary to it have been specifically exempted from the application of land ceiling laws. Since alternate cropping and alternate economic activity is not coming under the law [Section 4(2)], ITA has submitted a request for these to be specifically included in Section 4(2).
- ❖ At present the lease for the special cultivation of tea does not contain a provision permitting these activities. ITA has requested for inclusion of a separate clause in the lease agreement specifically permitting alternate cropping and alternate economic activity. Provisions can be made as to the maximum area that can be used for alternate cropping.
- ❖ Short term extension of leases is a major

matter of concern for many tea garden managements. ABITA recommended that the leases should be reviewed for a period of thirty years and the settlement process should be completed in a time bound manner.

- **Land utilisation policy for tourism**

The Committee has been petitioned to consider a similar policy to promote tea tourism in Assam.



BRANCH BUZZ

Meeting on problems due to dolomite mining in Bhutan

To discuss about the problems in the Dooars region arising due to dolomite mining in Bhutan, a meeting was called by Dooars Branch Indian Tea Association (DBITA) at the request of the District Magistrate (DM) of Jalpaiguri on October 2, 2013, at the Central Dooars Club, Binnaguri. Besides the DM and the ADM of Jalpaiguri, the SDO, Alipurduar, the BDO, Madarihat, Deputy Director and Assistant Directors, Department of Agriculture, GM,

District Information Cell, the Nodal Officer, MGNREGS, the Chief Engineer and AEE-IC, West Bengal Pollution Control Board and others were present at the meeting. DBITA made a power point presentation highlighting the adverse effects of dolomite mining on tea estates. This meeting was to be followed by a high level meeting with the Indian Ambassador to Bhutan, Home Ministry officials etc.



(L to R) Nikhil Nirmal, IAS, SDO, Alipurduar, A Tshering, Addl. District Magistrate, Pritha Sarkar, IAS, District Magistrate, Jalpaiguri, P K Bhattacharjee, Secretary, DBITA



(L to R) Subrata Ghosh, Chief Engineer, WBPCB, Dr. Nitai Kundu, Sr. Scientist, WBPCB, G K Paul, AEE-IC, WBPCB, Chandan Pal, GM, District Information Cell

Labour Commissioner's Visit to DBITA Headquarters

JAWAID Akhtar, Labour Commissioner, Government of West Bengal, accompanied by Md. Rizwan, Joint Labour Commissioner, dropped in at DBITA on September 6, 2013. The Branch took the opportunity to acquaint them with the status of DBITA and the critical role it plays in the tea industry of West Bengal.

(L to R) P K Bhattacharjee, Secretary, DBITA, Jawaid Akhtar, IAS, Labour Commissioner, West Bengal, Md. Rizwan, Jt. Labour Commissioner, North Bengal Zone



Workshop on submission of E-Return

DBITA organised a Workshop on the subject of E-Returns – that has been made mandatory by Tea Board – between members of all Associations and Tea Board officials on July 19, 2013 at the Central Dooars Club, Binnaguri. Member gardens were having difficulties in complying with the Tea Board directive and this workshop was intended to seek clarifications on the subject. Tea Board was represented by K K Bhattacharyya, Deputy Director of Tea Development, Siliguri and Subrata Banerjee, System Analyst, Kolkata, Dhriman Saha, FAO, Siliguri, Dipjyoti Uzir, DO, Jalpaiguri, Subhasish Kr. Swain, DO, Jalpaiguri and A Sarkar, Assistant Director of Tea Development, Jalpaiguri. A hundred and fifty members from all Associations attended the Workshop. The Tea Board officials stressed on the urgency of timely



(L to R) S Bagchi, Dy. Secretary, DBITA; A K Sengupta, Vice-Chairman, DBITA; K K Bhattacharyya, Dy. Director of Tea Development, Tea Board, Siliguri; Subrata Banerjee, System Analyst, Tea Board, Kolkata

filings of E-Returns online and explained the method in detail. They also clarified queries raised by members.

Interface Meeting with Regional Provident Fund Commissioner, Siliguri

A meeting involving the Regional Provident Fund Commissioner and his officers, to discuss and better understand various issues ranging from E-filing of claims to digitisation of signature, was called by the Terai Branch, Indian Tea Association (TBITA) on August 27, 2013, at the Terai Club.

At the meeting the changed method of working on E-filing and settlement of claims and method of payment to the beneficiaries were comprehensively discussed. The Regional Provident Fund Commissioner suggested that his department along with TBITA and Bankers could sit together and solve problems involving KYC, bank account opening and all other issues faced by workers. The Regional Provident Fund Commissioner also replied to specific queries regarding various issues.

The Chairman TBITA hosted a dinner for the Regional Provident Fund Commissioner and other officials.

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