

Annexure I

Sample reviewed under various schemes (Chapter 4, 5 & 6)

Name of the scheme	Tenth Five Year Plan (2002-07)	Eleventh Five Year Plan (2007-09)	Total	Audit samples	Percentage	Remarks
A. Productivity						
Tea Plantation Development Scheme (PDS)						
Replanting/Replacement Planting	Continued	Discontinued	2565 payments	701 payments	27 per cent	Out of total 15429 ha, examination conducted on 2798 ha
Rejuvenation	Continued	Discontinued	1320 payments	414 payments	31 per cent	Out of total 10903 ha, examination conducted on 1391 ha
Irrigation	Continued	Continued under PDS	25 payments	20 payments	80 per cent	For Kolkata and Coonoor, period covered 2002-07
New Planting	Continued	Continued under PDS	1563 payments (2002-07)	163 payments	10 per cent	Out of total 8444 ha, examination conducted on 286 ha during 2002-07
Self Help Groups	Continued	Continued under PDS	37 SHGs (2002-07)	21 SHGs	57 per cent	Period covered 2002-07
Special Purpose Tea Fund	--	Introduced in this Plan	156 companies	17 companies	10 per cent	Out of total 7217 ha examination conducted on 1303 ha during 2007-09
Revolving Corpus Fund						
Loan Scheme	Discontinued but loan account of defaulters are continued.		317 gardens	52 gardens	16 per cent	52 case files reviewed
B. Quality						
Orthodox Subsidy Scheme						
Scheme started in November 2005	Continued	Payment was made up to Dec 2008	2747 manufacturers	200 manufacturers	7 per cent	200 case files reviewed. Overall sample 7 per cent.
Quality Up-gradation and Product Diversification (QUPDS)						
QUPDS	Continued	Continued	977 manufacturers	261 manufacturers	27 per cent	Period covered 2002-07
			770 manufacturers	77 manufacturers	10 per cent	Period covered 2007-09
Crash Scheme						
One time scheme introduced in 2002	Continued	Discontinued and merged with QUPDS	79 manufacturers	25 manufacturers	32 per cent	--
Price Subsidy Scheme						
One time scheme introduced in 2002	Continued	Discontinued	21.33 crore	21.14 crore	99 per cent	--

Name of the scheme	Tenth Five Year Plan (2002-07)	Eleventh Five Year Plan (2007-09)	Total	Audit samples	Percentage	Remarks
C. Cost reduction						
Human Resource Development Scheme (HRDS)						
Training	Continued	Continued	0.91 crore	0.91 crore	100 per cent	--
Welfare	Continued	Continued	11.16 crore	6.32 crore	57 per cent	--

Annexure II

Key elements of Medium Term Export Strategy and action taken by Tea Board (Paragraph number 8.7)

Implementation Plan	Action taken by Board
FRONT-END	
1. Market Portfolio Diversification	Accepted
CHILE, PAKISTAN & SYRIA	
Target Chile, Syria and Pakistan for opportunistic entry	Market research was conducted in four markets (i.e. Syria, UAE, Saudi Arabia and Chile) to assess potentiality. The reports were disseminated amongst the industry for further follow-up action.
Conduct structured market research and detailed strategy formulation for these markets	
Contact key players and generate list of interested parties. Share information with industries	
Tea Board to actively participate in discussions with buyers for initial contracts	
Contact key buyers in Pakistan, and generate list of interested parties	
Industry associations to organise workshop inviting these buyers along with select Indian players	
Generate list of interested tea importers / packers in UAE to evaluate JV opportunities for routing teas to Pakistan	
Identify regulatory changes, taxation incentives that can be made to encourage formation of JVs	
2. Export Market Development	Accepted
(a) LOGO DEVELOPMENT & ADMINISTRATION	
Define a task-force for promotion & marketing	The Lion logo of Sri Lanka was studied by the Board and benchmarking was done for the Russian market. An attempt was made to implement Exporter Rating System.
Hire an international agency to handle all promotion activities	
Develop single Indian logo	
Finalise Logo rules in consultation with the industry	
Study Sri Lankan Logo processes in detail	
Initiate discussions with industry on logo - attributes, administration processes and finalise rules	
Define a sub-group responsible for quality control - comprising industry experts	
Set quality benchmarks specific to each market	
Hire independent agency for quality monitoring	
Commence trials with trade	
Set processes for monitoring promotion effectiveness	
Develop subsidiary logos - Darjeeling, Nilgiri etc	
Develop an Exporter Rating System for Exporters using the Indian logo	
Design mechanism for rating exporters	
Hire independent body to collate data and implement mechanism	
Develop a formal trade feedback mechanism	
Develop process for rewarding top exporters	
Develop regular updation process	
Pilot system in test market and subsequently roll out to other markets	
(b) CONSUMER PROMOTION & TRADE PROMOTION	
Develop and plan campaign activities	Major campaign in overseas countries could not be conducted due to paucity of funds.
Pilot campaign in Russia, and subsequently roll-out in other markets	
Conduct formal research to evaluate effectiveness	
Target focused trade promotion activities in countries like UAE, UK, Iran	

Implementation Plan	Action taken by Board
(c) PRIVATE BRAND DEVELOPMENT	
Individual players to develop brands in international markets	Draft scheme had been prepared.
Government to assist in promotion of brands of individual players	
Tea Board to formulate detailed rules for private brand assistance	
Allocate fund to part subsidise promotion spends of individual players.	
Government to subsidise only actual direct spends on mass media promotion up to a cap of 20 <i>per cent</i> of total spends	
(d) MARKET RESEARCH	
Hire professional international agency to conduct research	Independent agencies were hired to conduct market research.
Commission market research in 1 market every 2 years on a rotational basis	
(e) AGGREGATED MARKETING	
Industry to evaluate formation of single / multiple entities for aggregated marketing of tea	No action taken.
Evaluate formation along geographic groupings, product groupings, or ownership types	
Develop business case for organisation and operating strategy - roles, ownership structure, high-level financials	
3. Information Transparency Accepted	
Process review to establish required information flow to industry, Tea Board and buyers	A project titled 'Supply, installation and implementation of the IT based Information Dissemination Plan' was implemented.
Develop a comprehensive IT plan outlining application systems, data flow, h/w, communication	
Develop IT back-bone to facilitate collation and dissemination of information	
Introduce mechanism for ensuring transparency of auction and private sale prices	
Auction price information sharing to be made mandatory	
Introduce mechanism for monitoring and reporting private sale prices	
4. Value Addition Accepted	
Identify list of interested parties in these markets for import of packet tea	A list of interested parties wanting to import teas was prepared for circulating trade enquiries.
Remove import duties on import of packing material / machinery	
South India clear teas to be utilised for the RTD segment	
Aim to enter long-term relationships with bottling companies in USA and Japan - who control the instant tea segment	
5. Niche Segments Accepted	
Activities to target single-estate teas and organic tea segments aggressively	Subsidy was given to encourage organic production and HACCAP certification.
Conduct seminars for plantation owners to demonstrate high revenue opportunity in single-estate & organic exports	
Convert low realisation estates in Darjeeling into organic estates	
Government to encourage organic tea production by part subsidising conversion of traditional tea estates to organic	
Tea Board to generate list of niche tea importers in these markets in USA, Japan, UK and Germany	
Implement consumer activities in select stores - in-store promotions, tea tasting sessions	
Government to part subsidise up to a cap of 20 <i>per cent</i> of the total direct spend	

Implementation Plan		Action taken by Board
BACK-END		
6. Conversion of CTC to Orthodox		Accepted
Identify players with dual capabilities and estimate additional capacity requirement		Orthodox Subsidy scheme was introduced in 2005.
Tea Board to design financial package to support conversion & commence disbursement of finances		
Establish mechanism for monitoring conversion		
7. Landed Cost Reduction		Accepted
(a) LABOUR COST REDUCTION		
Representations to the Government for review of existing Plantation Labour legislations to link wages to productivity		No action was taken.
Initiate discussions with labour unions to demonstrate cost imperative		
Link wages to productivity - redefine productivity as a function of quality & quantity		
Evaluate feasibility of reducing permanent labour force		
Estimate financial resources required to implement labour force cut		
Implement labour force reduction		
Individual players to evaluate mechanised plucking		
(b) OVERHEADS & FIELD INPUTS		
Target reduction in estate overheads and HO expenses by 25 per cent in FY02 and additional 15 per cent in FY-03		No action was taken.
Target reduction in field input procurement cost by 8% in FY-02 and additional 5 per cent in FY-03		
Pilot cost reduction in select regions, set benchmarks and roll out process subsequently		
Create fund to part subsidise any expenses incurred in hiring professional assistance in this process		
8. Quality Improvement		Accepted
(a) BENCHMARKING OF BLENDS		
Institutionalise process of tracking customer preferences		Popular brands in Russia were benchmarked and standards developed for using Indian teas.
Benchmark top 3 brands in each category in top 20 markets to ascertain blend profiles & packaging standards		
Formal collation of product and market feedback from top 5 importers in each market		
Sourcing of available market research & commissioning of new research every 2 years		
(b) TRAINING, R&D		
Implement formal mechanism to synergise Government and industry R&D initiatives		Human Resource Development Scheme and Crash Scheme (for moving away from practice of reconditioning) were implemented.
Implement ongoing training in plantation and garden practices		
Create a task force of industry experts to implement training		
Individual players in South India to move away from practice of reconditioning		
(c) PRE-SHIPMENT QUALITY CONTROL		
Form a quality control committee with required legal authority		No action was taken.
Devise criteria for minimum quality of exports		
Hire independent agency to set pre-shipment quality norms, and monitor shipments		

Implementation Plan	Action taken by Board
Make it mandatory for all exporters to obtain quality certification within the next 2 years	
(d) STORAGE OF SEASONAL TEAS	
Individual exporters to examine vacuum packing for better storage of seasonal teas	No action was taken.
Industry players to evaluate option of warehousing near destination and estimate financial requirement	
(e) REPLANTING / REJUVENATION	
Focus on replanting	The SPTF (Special Purpose Tea Fund) has been introduced with main focus on replantation.
Government to reallocate present subsidies in new area development to replanting	
Government to source funds from international agencies to fund replanting	
Government to set fixed portion of 33AB exemption to replanting	
Form a sub-group to coordinate implementation in this area	
Source funds from international agencies to fund development of new clonals and replanting efforts	
9. Program Management of Implementation Accepted	
Define a program management cell to manage and monitor implementation process	Task forces though introduced, became defunct as Tea Board could not hire/provide manpower to support its functions.
Design and maintenance of a comprehensive monitoring mechanism	
Coordinating effort amongst various task forces	
Monthly status review with task forces; highlighting potential issues	
Moderate mid-course corrections to recommendations, if any	
10. Sourcing of Funds Accepted	
Define task force for sourcing funds for the industry	No funds were mobilised except UNDP funding for South India.
Task force to be headed by Tea Board Chairman	
Members to include representatives of ITA, UPASI, and other industry associations	
Identify areas for financing from multilateral institutions based on experience of other countries/industries	
Target areas for financing ; build strong business case	
Tap multilateral international financial institutions; make presentations	
11. Reviewing Roles of the Tea Board Not accepted	
Redesign structure of Tea Board based on revised priorities	
Develop measurable key performance indicators for the top 3 levels of Tea Board management	
Ensure adequacy of controls and legal authority to enable execution	
Redeployment of staff in HO	
Realign geographic spread of foreign offices based on the revised focus markets	
UAE office to exclusively focus on UAE and its re-export markets	
Germany office can be redeployed	
UK office to handle all of Western Europe	
Moscow office to be retained	
One office to focus on niche markets	