

Tea Sector

A. INDCO TEA FACTORIES:

There are around 60,000 small tea growers in Nilgiris District cultivating tea in an area of 30,000 hectares. Initially, the small tea growers were supplying green leaf to bought leaf factories at low price. In order to uplift the tea growers, the government of Tamil Nadu decided to promote Cooperative movement among them. With the establishment of the first Industrial Cooperative Tea factory at Kundah in 1962, these small tea growers were able to realise a better price for their green leaf. Now, 15 ICTFs with the members of 24596 are working in this district. They are producing 184 lakh kgs of made tea every year, contributing 17% of the total production of made tea in this district.

The Government released a sum of Rs. 11.20 crores as support price to the member growers of Industrial Cooperative Tea Factories in Nilgiris District for their green leaf supplied during 2011-12 and the amount was disbursed to more than 14,000 grower members. Similarly, a sum of Rs.6.00 crores have been released for the same purpose during 2012-13 . With a view to fulfil the long time demand of Small Tea Growers of Nanjanad area of Nilgiris District , the Government have announced setting up of a new Industrial Cooperative Tea Factory at Nanjanad at a total project cost of Rs.5.00 crore.

The performance of the Indco tea factories for the past years are furnished below :

Year	No of Tea Factories	Total Production (Rs in lakh)	Total Sales (Rs in lakh)	No of Profit Tea Factories	No of Loss Tea Factories
2005-06	15	3801.08	4289.16	8	7
2006-07	15	5519.86	6687.92	12	3
2007-08	15	4793.10	5807.37	6	9
2008-09	15	8931.60	9649.46	13	2
2009-10	15	11648.00	11467.01	9	6

2010-2011	15	8043.20	8271.43	15	0
2011-2012	15	12011.14	9509.51	15	0
2012-2013	15	14009.16	14055.22	15	0
2013-2014	15	14211.86	13285.89	9	6

NEW INITIATIVES

In order to improve the operational efficiency of Industrial Cooperative Tea Factories by way of increasing their productivity as well as improving the quality of made Tea, the Government have sanctioned a scheme of Modernisation and Upgradation at a total cost of Rs.6.00 crore. Out of this, the Government released grant of Rs.5.46 crores for the purchase of machineries and equipments. Purchase and Installation of Machineries are in progress.

Government in G.O. Ms.No.24 MSME (A) Dept dt.29.5.2013 have sanctioned a sum of Rs.50.00 lakhs towards installation of Digital Scales with programme counter connectivity and printer for 7 Indco Tea Factories in Nilgiris District for the year 2013-2014.

B. INDCOSERVE

The Central organization of the 15 Industrial Cooperative Tea Factories is called INDCOSERVE (The Tamilnadu Small Tea Growers Industrial Cooperative Tea Factories Federation Ltd.). Today, the INDCOSERVE has become the largest business organization in the country.

The INDCOSERVE provides various services to the Indco Tea Factories such as warehouse facilities at Coonoor, Coimbatore and Cochin, supply of fertilizers, supply of jute bags for packing of teas, machinery spares, and other inputs to the small tea grower/members through the Indco Tea Factories besides helping to market the teas of the factories to their best advantage. INDCOSERVE also provides financial support to the member Indco Tea Factories. It is selling Ooty Tea through Public Distribution System in the State.

In order to increase the sale of Ooty tea through PDS, the Hon'ble Chief Minister has launched the sale of Ooty Tea in 250 gms pouch and selling of Ooty tea through Avin outlets on 4.1.2013. During 2012-13, the Indoserve has achieved the highest sale of Ooty Tea to the Quantity of 3932 MTs under PDS. This could be made possible because of the various measures taken by this Government.

The performance details of Indcoserve are given below:-
(Rs. in lakh)

S. N o.	Details	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-14
1.	Tea sales to PDS.	2489.87	1848.92	1653.99	2858.73	3025.26	3966.90	5084.62
2.	Tea sales to Defence	-	942.46	-	-	---	-----	---
3.	Direct sales/H form sales	-	-	-	-	----	-----	--
4.	Other sales	-	-	13.73	13.73	---	-----	
5.	Sale of input materials	-	34.96	64.10	35.21	--	---	---
6.	Wareh use and Worksho p income	87.72	51.87	51.96	87.73	101.97	127.53	155.37
7.	Total	2577.59	2878.21	1783.78	2946.46	3127.23	4094.43	5239.99
8.	Profit for the year.	+ 347.4	+ 25.60	+103.86	(+)60.75	(+)36.94	(+) 64.89	(+)371.01

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9.	Cumulative loss/profit	+347.43	+25.60	+103.86	(+)60.75	(+)36.94	(+)64.89	(+)371.01

C. TEASERVE

In search of a transparent and better price discovery mechanism for primary marketing of tea, the Government accorded permission for setting up of an Electronic Auction Centre vide G.O.Ms No.36, Small Industries Department, dated 16.07.2002. Accordingly, the new Industrial Cooperative Society in the name of TEA MANUFACTURERS SERVICE INDUSTRIAL COOPERATIVE SOCIETY LIMITED popularly known as "TEASERVE" was Registered on 28.08.2002 and commenced its business on 3.9.2003. However, it commenced its regular auction on the sale of made Tea with effect from 1-10-2003.

The performance details of the Teaserve from the inception are stated below:-

Year	Qty Sold (in M.T)	Qty Sold in Value (Rs in Lakh)	Net Profit / Cumulative Loss (Rs in Lakh)
2005-06	12796	4500.67	(+)0.84
2006-07	15785	7305.52	(+) 3.42
2007-08	13343	5727.86	(+)0.52
2008-09	15147	9751.22	(+) 1.82
2009-10	16491	11702.53	(+) 6.70
2010-11	18241	10471.23	(+)7.20

2011-12	16634	9639.90	(+) 3.48
2012-13	17088	14578.74	(+) 7.76
2013-14	16731	13772.59	(+) 10.10

Scheme for Rejuvenation of Cooperative Tea Sector – Modernisation of Indco Tea Factories.

While maximization of profit is the basic objective of a bought leaf factory, Indco tea factories have certain in-built constraints due to their social obligation to the small tea growers, workers and the various attributes responsible for poor performance of tea cooperatives are mismatch of green leaf arrival and installed capacity, machinery-wise capacity mismatch, poor performance of old machinery etc.

The Tea Board suggested a long term solution for rejuvenating the Indco tea factories and also changing the image of Indco tea factories from plainer teas to good premium teas. As the demand-pull factors are working against the tea industry and the demand related issues are beyond the control of the factories, it has been decided to address the issues relating to cost-push factors which are controllable. Hence, the report of the Tea Board has clearly brought out that the mismatching of the machineries is one of the primary reasons for the production of poor quality teas and for pushing the costs especially fuel, power and wages to abnormal levels and therefore recommended proper matching of the machineries in all the Indco Tea factories.

Therefore, based on the recommendations of KVK – UPASI and the Tea Board of India, a scheme to modernize 15 Indco Tea Factories to ensure the quality of made tea and to increase the production capacity of the Indco Tea Factories, at a cost of Rs.10.53 crore was approved by the Government. The Government have sanctioned a sum of Rs.2.638 crore as Government share capital (25% cost of the scheme) and Rs.2.638 crores as Government loan (another 25% cost of the scheme) totaling to Rs.5.26 Crores in G.O.Ms.No.57, MSME(A) Department dated 15.10.2008. The amount sanctioned was drawn and paid to Indcoserve and the balance 50% cost of the scheme will be met from out of Tea Board subsidy and bank loan at the rate of 25% each. The scheme is under various stages of implementation now.

On completion of the modernization of all Indco Tea Factories, Indco Tea Factories are expected to produce quality of made tea and pay better rate to the small tea growers / members.

For more details please visit <http://www.indcoserve.com/>