

राकेश सैनी (भा.र.अ.से.)
Rakesh Saini, IDSE

कार्यपालक निर्देशक
Executive Director



टी बोर्ड, उत्तर पूर्व क्षेत्रीय कार्यालय
वाणिज्य एवं उद्योग मंत्रालय (वाणिज्य विभाग)
TEA BOARD N.E. ZONAL OFFICE
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SUB: EFFECTIVE IMPLEMENTATION OF PRICE SHARING FORMULA IN ASSAM

Dear Sir(s)/Madam(s),

I am writing this to inform you that, off late lots of representation/ telephonic intimation/ complaints from various Small Growers Association/ SHG of Small Tea Growers, about non implementation of Price Sharing Formula by Tea Manufacturers in Assam are being received by this office. Some agitation by Small Tea Growers has also taken place in Upper Assam and district administration has also expressed serious concerns about the issue.

One of the reasons that is cited by some manufacturers is lack of knowledge/ clarity/ awareness about the formula. To overcome this ready references on the price sharing formula for Assam has been prepared by this office, the same is enclosed for transmission to your members.

It is once again highlighted that the Price Sharing Formula have been promulgated by the Chairman, Tea Board (The Registering Authority) in exercise of power conferred vide by sub section 3(5) of section 30 of the Tea Act 1953 and para 30 of the Tea (Marketing) Control Order 2003, with prior approval of the central government. The compliance of this Price Sharing between Registered Tea Manufacturer and Green Leaf Grower is mandatory.

It is also stressed once again that the implementation of Price Sharing Formula is one of the mandatory eligibility condition for availing the financial benefits under various developmental schemes of the Tea Board. The beneficiary factories are required to furnish a letter of undertaking (legally enforceable) to pay the green leaf price to the suppliers of green leaf in accordance with the Price Sharing Formula notified by the Tea Board. The breach of undertaking entitles Tea Board to call for the all amounts paid with interest thereon (@ 12% per annum).

You are requested to bring this to the notice of all your constituent factories and impress upon effective-in letter and spirit-implementation of Price Sharing Formula to avoid the unpleasantness associated with enforcement of the regulatory measures.

Yours faithfully,

Encl: as stated.

(Rakesh Saini)
Executive Director

Memo No. G-22/54 Dated Jorhat the 29th August, 2011

Copy is forwarded to:-

- (1) The Chairman, ATPA,
- (2) The Vice-Chairman, ATPA
- (3) All Member Tea Estates, ATPA

} For favour of information and taking necessary action.

SECRETARY,
ATPA, Jorhat

The Secretary, Assam Branch Indian Tea Association, Zoo-Narengi Road, <u>Guwahati-781021.</u>	The Secretary, Tea Association of India (Assam Branch) Zoo-Narengi Road, Opp. CPWD Colony, <u>Guwahati-781024.</u>
The Secretary, Bharatiya Cha Parishad, Jalannagar, <u>Dibrugarh-786005.</u>	The Secretary, North Eastern Tea Association, G. F. Road, Bengenakhowa, <u>Golaghat-785621.</u>
The Secretary, Surma Valley Branch Indian Tea Association, Post Box No. 8, <u>Silchar-788 001.</u>	The Secretary, Barak Valley Branch Tea Association of India, Post Box No. 43, Narsing Dutta Road, Ambica Patty, <u>Silchar-788 004.</u>
The Secretary, Assam Bought Leaf Tea Manufacturers' Association, Teamafco Private Ltd., Goenka Market, RKB Path <u>Dibrugarh-786001.</u>	✓ The Chairman, Assam Tea Planters' Association, A.T. Road, Tarajan, <u>Jorhat-785001.</u>
The Branch Secretary Tea Association of India, Jorhat Branch Near R.R.L. <u>Jorhat-785 006.</u>	The Branch Secretary Tea Association of India, Tezpur Branch Kumargaon Road Jonak Building <u>Tezpur-784001.</u>
The Branch Secretary Tea Association of India, Dibrugarh Branch T.R. Phukan Road Chiring Chapari <u>Dibrugarh-786001.</u>	The Secretary Zone-I, ABITA P.O. Lahowal Chowlkhowa <u>Dibrugarh-786010.</u>
The Secretary Zone-II ABITA Chinnamara <u>Jorhat-785008.</u>	The Secretary Zone-III ABITA C/o. Station Club <u>Tezpur-784001.</u>
The Secretary All Bodoland Small Tea Growers' Association Dimakuchi Zone H.O. Udalguri, P.O. Dimakuchi Dist. Udalguri, BTAD (Assam)	The General Secretary All Assam Small Tea Growers' Association, P.O. Lahowal, College Road Pin-786010, Dibrugarh

The Assistant Director of Tea Development Tea Board, Regional Office, Mission Chariali, P.O. Dekargaon. Dist: Sonitpur, Assam, PIN: 784501	The Deputy Director of Tea Development, Tea Board, Regional Office, TRA Campus, P.O. Cinnamara, Dist: Jorhat, Assam, PIN: 785 008
The Assistant Director of Tea Development Tea Board, Regional Office, Club Road, P.O. Silchar, Dist: Cachar, Assam, PIN: 788 001	The Deputy Director of Tea Development Tea Board, Regional Office, West Chokidinghee, T R Phukan Road, Dist: Dibrugarh, Assam, PIN: 786 001



**TEA BOARD'S PRICE SHARING FORMULA BETWEEN MANUFACTURERS AND TEA
LEAF SUPPLIERS**

SALIENT POINTS FOR READY REFERENCE FOR ASSAM

Introduction: The formula is promulgated by Chairman, Tea Board (The Registering Authority) in exercise of powers conferred by sub section 3(5) of section 30 of The Tea Act 1953 and Para 30 of The Tea (Marketing) Control Order 2003, with prior approval of the Central Government. It is applicable since 1st April 2004. Therefore, compliance by all Registered Tea Manufacturers (RTMs) and Green Leaf Producers/Sellers is mandatory.

Formula in Brief : Every RTM, engaged in purchasing tea leaf from tea growers shall share the total gross proceeds from the sale of such manufactured teas, with the tea growers supplying green tea leaf at a rate not less than 65% (to the tea leaf growers). The reasonable green leaf tea price per kilogram payable to the tea grower by every RTM, engaged in purchasing tea leaf from tea growers shall be based on made tea out-turn percentage i.e. 21.50% for Assam.

Guidelines for implementation of formula:

1. Every RTM purchasing Green tea leaf Shall Maintain a register as per Format-I (Enclosed).
2. The gross sale proceeds of the RTM shall include all teas sold through auction and non auction routes as declared in Form "E" under TMC0 2003 (Submission of this return is mandatory) and is subject to Para 3 (A) and 3 (B) Below.
- 3 (A). In cases, where the teas of any manufacturer are used entirely or partially in the manufacture of value added teas, including loose teas consigned to any agent, the price of such teas for the purpose of Clauses 5 and 6 shall be notional price at which the manufacturer transfer such teas by way of direct transfer to himself/his own value added tea manufacturing unit and/or by way of direct transfer to his contract value added tea manufacturing unit and/or any of the value added tea manufacturing unit of his sister concern and/or transfer to a consignment agent.
- 3 (B). In cases where the teas of any manufacturer are disposed off by way of more than one channel i.e. direct sales through auction and or non-auction route, including loose tea consigned to any agent as well as transfer for use in value added tea manufacture, then the weighted average price of all loose teas through various channels in any month shall be considered for arriving at the average price realised by the manufacturer for the purpose of clause 5 and 6.
4. Green leaf price payable to the tea leaf supplier shall be in accordance with price sharing formula (Given above) and it has to be calculated as given in Para 5 and 6 below.

5. The sale proceed is to be shared in the ratio of 65:35 when the average price realised by the manufacturer in Assam for all teas during the reporting month is either equal to or less than the monthly combined average auction price for CTC teas of Assam sold in auction centers at Guwahati, Kolkata and Siliguri.

6. Where the price realised by the manufacturer of Assam for the reporting month exceeds the monthly average auction price for the CTC teas of Assam, the differential between the auction average price and the price realised by the manufacturer shall be shared in the ratio of 50:50. The remaining portion shall be shared in the ratio 65:35.

7. All estate factories, regardless of the quantum of tea leaf purchased are bound to pay the tea leaf price per kg based on the gross sale proceeds as indicated at Para 4 above.

8. The price of green leaf payable to for the month along with the combined average monthly auction price for CTC teas for Assam should be displayed on the notice board of the tea factory for the information of the tea leaf supplier and one copy of the same should be sent to local office of Tea Board before the 10th of the following month. The manufacturer shall obtain the average monthly auction price in respect of the reporting month by the 7th of the following month from Tea Board.

9. Pending finalisation of tea leaf price for the reporting month, the RTM shall pay the leaf suppliers an advance to the extent of 75% of the price paid during the previous month.

10. The finalisation of tea leaf price payable to tea leaf suppliers for the tea leaf purchased during any month by the RTM of Assam shall be based on the price realised during the following (next) month either through auction or non auction route.

11. If tea leaf is not purchased directly from the tea growers, then RTM shall obtain the following information from tea leaf suppliers to maintain additional register as given below (Refer Sl. NO.6 of Format 1)

Name of the leaf supplier with address	Name of the grower with address	Quantity of leaf collected	Area under tea as per declaration of the tea grower

Illustrations for calculation of green leaf prices:

APS = Monthly average price for CTC teas of Assam in auction.

RP = Reasonable price for green tea leaf per Kg.

AP= Average price realised for made tea by manufacturer during the month

Situation 1: Where $AP \leq APS$

$RP = \{ (0.65 \times AP) \times 0.2165 \}$

Situation 2 : where $AP > APS$

$RP = \{ (0.65 \times APS + 0.50(AP - APS)) \times 0.2165 \}$

FORMAT – I

(Form of register to be maintained by the manufacturer purchasing green tea leaf)

1. Form for the month of Of the year 20....
2. Tea Board's registration number under TMCO:
3. Particulars of the Green Leaf procured from other gardens:

Sl no	Name of the garden	Detailed address	Regd no of the garden granted by Tea Board, if any	Date of procurement	Quantity procured in KG

4. Particulars of green tea leaf purchased from green tea leaf supplier

Date of purchase	Date and time of arrival of tea leaf at the factory	Quantity purchased in Kg	Name of Supplier	Address of Supplier	Tea Board's Regd. no of supplier, if any

5. Amount disbursed towards purchased of green tea leaf :

Sl no	Name of supplier	Date of payment	Amount paid in Rs

6. A separate register is to be maintained in case green tea leaf is not purchased directly from the growers.(Refer Sl NO 11 of Guidelines above)

Remark: The above is only a concise and brief extracts of various orders on the subject purely for the purpose of ease of understanding and not an exact reproduction of the orders and can not be quoted as authority for any action or inaction.