

National Tea Policy, 2000

Government of Nepal has approved and implemented National Tea Policy 2000 as per the intention of National Tea and Coffee Development Board Act 1992 for the development of Tea as a sustainable source of income for the enhancement of employment opportunities and earning of foreign currencies with increased participation of private sector in the production, processing and commercial transaction of Tea through the sustainable and systematic utilization of available resources and opportunities in the country. Policies and Working Policies are enlisted in the following paragraphs.

A. Production and Processing

1. The banks shall provide loans as priority credit on the minimum interest rates for Tea plantation and Processing.
2. After the registration of industry for Tea plantation, the Banks shall provide loans up to 80 percent of the total project cost.
3. A grace period of up to 7 years for orthodox and green Tea in the hilly region and 5 years for C.T.C. Tea in the Terai shall be given on the loan provided for Tea plantation.
4. The interest on loan shall not be capitalized in grace period.
5. Income tax shall not be levied within the grace period.
6. The principal and interest amount of the loan invested on the Tea plantation have to be fully paid up within 10 years from the end of grace period.
7. There shall be an exemption of 75 percent land registration fee while purchasing land for Tea plantation.
8. The Board shall recommend for exemption of land revenue on the Tea plantation land.
9. A Team comprising of members from Ministry of Forest and Soil Conservation, Ministry of Agriculture and Cooperative and National Tea and Coffee Development Board shall recommend such Land to Government of Nepal through Board. And such lands may be given on lease, for up to a period of 50 years for Tea plantation.

10. The amount received through lease shall be deposited in the following funds:
 - a) 50 percent in the revenue of Government of Nepal
 - b) 50 percent in Tea Development Fund.
11. A capital grant shall be provided for irrigating the Tea plantation. And a custom duty shall be levied at the same rate as that of agricultural equipments while importing pipe and other equipments required for irrigation.
12. Custom duty on the importation of equipments required for Tea processing industry shall be levied at the same rate of agricultural equipment.
13. Government of Nepal shall give priority for infrastructure development like road, irrigation, electricity, communication, education and health in the commercial Tea plantation areas.
14. An arrangement shall be made to avail the fuel wood required for the operation of Tea industry directly from the concerned Forest supply Committee fixing the periodic quantity to entrepreneurs in a way not adversely affecting the local supply, and the trees planted within the Tea estate may be used by the Tea estate itself.
15. The fertilizers, pesticides, weedicide, and Agricultural equipment etc. required for the Tea business shall be allowed to import from other Countries.
16. A Tea Development Fund shall be established from the revenue received from Tea entrepreneurs, grant from Government of Nepal, support received from International Non-Governmental Organization and foreign grants or assistance. And such funds shall be utilized in the development and extension of Tea with the participation of private sector.
17. Following activities shall be given priority to encourage Land consolidation.
 - a) Arrangement of low interest loan shall be made to purchase land for Tea cultivation.
 - b) The extension of land consolidation through Tea cultivation shall be encouraged lawfully.

18. On the basis of feasibility study, area with more than 3000 Ropanis declared for Tea plantation will receive priority for infrastructure development like electricity agriculture road etc.

B. Market and Trade Promotion

1. The auction system shall be developed with the participation of private sector for the introduction of Tea in international market system. Necessary infrastructure shall be developed in this regard.
2. Tea export promotion activity shall be mobilized in coordination with Agricultural Business promotion and Statistics Division of Ministry of Agriculture, and cooperatives Agricultural Enterprise Centre (Federation of Nepalese Chamber of Commerce and Industry), Royal Nepalese Embassies and Consulates. The information pertaining to production, quality, quantity and production areas shall be published under the Ministry of Tourism.
3. The Customer duty on packaging materials to be imported for export of Tea shall be levied at the same rate of agricultural equipment.
4. Exporting more than one containers of Tea needs to open the letter of credit to that effect.
5. The facility to be received in export to other countries shall be provided in the export to India as well.
6. Encouragement shall be made towards timely reform of the packaging industry in order to develop and establish domestic Tea brand.
7. For sale and export the value added packed Tea shall be encouraged than raw and loose Tea.
8. The participation of the small and cooperative Tea entrepreneurs in trade fair, trade exhibition, workshop, seminars shall be supported by Tea Development Fund.

C. Institutional Arrangement

The Board shall perform following functions for the effective implementation of this policy.

1. Conduct necessary study and research in relation to Tea cultivation and render technical advice and assistance to import the improved Tea sapling from abroad for multiplication and distribution, sale and distribution of it.
2. Provide support to small farmers in order to transport the Tea cutting.
3. Render free technical service to small and cooperative Tea farming.
4. Recommend to concerned agencies in relation to subsidised registration fees, Land ceiling, land revenue etc, custom facilities in the import of machinery, irrigation equipment, packaging materials, steel structure, letter of credit facilities.
5. Recommend for necessary loan for pesticides, Chemical fertilizers, agricultural equipment and fuel necessary for Tea business.
6. Maintain records about Tea entrepreneurs of the country.
7. Perform monitoring and evaluation and take necessary action, in case of misuse of the policy.
8. Manage for awarding prizes and letter of appreciation annually for best producers, processors, Tea packaging industry and exporters in order to encourage the Tea business.
9. Provide updated facts and figures on area of plantation, production, Export, Import and new findings of the research activities to the Government authority and other related organizations in periodic basis.
10. With the permission of Government of Nepal maintain relation with Tea related international agencies, enter into agreement and develop working partnership.
11. Develop Board as an autonomous entity along with the participation of private sector for the sustainable development of Tea business. The Board shall provide different recommendation and advice including awarding of land on lease for Tea production and processing, and the Board shall realise fees for providing such services with the approval of Government of Nepal.

12. Collect national as well as international information covering study and research, market development of Tea, and provide information to Tea entrepreneurs.
13. Manage to receive statistics and other related information on regular basis from all Tea related agencies and use such information in decision making, research and market promotion activities.
14. In affiliation with universities/trade schools conduct human resource development and research activities.
15. Perform related activities in coordination with Export Promotion Committee.
16. Maintain majority of high investors in the operation of Tea Development Fund.
17. Suggest Government of Nepal for the effective implementation of the provision mentioned in this Policy.

D. Manpower Development

1. A Tea Research and Training Centre shall be established with the participation of Nepal Agriculture Research Council, international cooperation and private sector.
2. Manage for National and International level training under Tea Development Fund for small Tea farmers and the manpower working in Tea cooperatives. And for other entrepreneurs, arrangement shall be made to bear such costs by themselves.
3. No income tax shall be levied on investments made by entrepreneurs on training in order to encourage manpower development.
4. An arrangement of training shall be made on time to time basis to technicians extending their services.

E. Development and Promotion of Auxiliary Industries

1. A minimum custom duty shall be levied on the import of machineries for packaging industry as it is beneficial to country to sell the Tea on local market or to export after getting value added in it.
2. The duty levied on the packaging materials to export Nepalese Tea shall be refunded under Duty Draw Back facility.
3. Manage to exempt income tax up to five years to those industries established for packaging and exporting of Tea.