

COFFEE BOARD  
ORIGIN, GROWTH AND FUNCTIONS

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CHAPTER I

**INTRODUCTION**

1. Indian Coffee which was mainly depending upon exports in the first quarter of the present century found itself in a precarious situation, due to the widespread damage to coffee estates, caused by pests and diseases and the general depression of the Thirties. The Coffee Industry was on the verge of ruin. Planters found coffee cultivation a losing proposition and many of them practically abandoned the plantations. This led the producer interests to make representations to the Government of India. The Government passed the Coffee Cess Act (XIV of 1935) and set up the first Indian Cess Committee in November 1935 with the main object of promoting the sale and increasing the consumption of Indian Coffee at home and abroad. The Committee had confined its activities to research and propaganda for Indian coffee, as a popular beverage in India and the United Kingdom. With the outbreak of the Second World War, the industry was faced with a severe crisis which the Coffee Cess Committee was not contempt to deal with, having its own limitations to tackle the problem effectively.

2. Thereupon, the representatives of the industry met in a Conference (known as the First Coffee Control Conference) convened by the Government of India in September 1940 and presided over by Sir A. Ramaswamy Mudaliar, the then Commerce Member in the Viceroy's Executive Council. In pursuance of the unanimous recommendations of the First Coffee Control Conference convened by the Government in September 1940, the Government promulgated the Coffee Market Expansion Ordinance (XIII of 1940) setting up the Indian Coffee Market Expansion Board on 21-12-1940 for a period of one year upto 31-8-1941. This Board, in addition to carrying on the work of the Indian Coffee Cess Committee was empowered to collect and market the estimated coffee crop of the year under controlled conditions. The then States of Mysore, Travancore and Cochin, also enacted similar Ordinances. Under the Ordinance of 1940, the control was applied to estates of 25 acres and above to 60% of their crop, then estimated as exportable surplus. This 60% of their crop had to be delivered to the pool and the remaining 40% treated as Internal Sale Quota, which the grower was permitted to sell in the internal market.

3. The Ordinance which was originally terminable on 31<sup>st</sup> August 1941, was extended upto the 30<sup>th</sup> June 1942 by the Coffee Market Expansion (Second Amendment) Ordinance (VII of 1941) and then replaced by the Coffee Market Expansion Act 1942 (VII of 1942) on 2<sup>nd</sup> March 1942,

extending its life to cover the entire period of the war and one full crop year (July-June) thereafter.

4. Under the Coffee Market Expansion (Second Amendment) Ordinance VII of 1941, control was extended to estates of 10 acres and above. The Coffee Market Expansion Act (VII of 1942) which replaced the Ordinance, brought within its purview all estates of 5 acres and above and reduced the sale quota to 10 per cent of the crop in 1942-43. Thereafter, under Notification No. 59 (4)/IP/43 of 28<sup>th</sup> August 1943 the scope of the Act was extended to every estate irrespective of acreage. No internal sale quota was declared after 1943. Every planter was obliged to deliver his entire crop to the common pool, except such quantities as were permitted by the Board to be retained for his domestic use and seed purposes.

5. The Act came to be placed as a permanent measure on the statute book only on the 11<sup>th</sup> March 1947 in pursuance of Act IV of 1947, which was enacted in accordance with the unanimous recommendations of the Fourth Coffee Control Conference convened by the Government of India in April 1946.

6. The magnitude of the problems facing the industry were such, particularly in relation to the post-war control of coffee, that the Government felt it necessary to reconstitute the Board to enable it to tackle the problems effectively. This was done, also to help further development of the Coffee industry, to bring about redistribution and expansion of several interests represented on the Board and, also to providing for the development of the Coffee Industry under the control of the Union, the Coffee Act (VII of 1942) was amended in 1954 and the reconstituted Board was brought into effect from 1<sup>st</sup> August 1955. Thus, the Board which is lineal successor of the Indian Cess Committee has been evolved stage by stage, since 1940. One of the major administrative changes brought about by the amended Act was that with effect from the 1<sup>st</sup> August 1955 a full-time Chairman came to be appointed by the Government of India as the Chief Executive of the Board.

7. In keeping with the enlarged objects of this Act, the Board's functions were expanded. Originally they were (i) marketing of Indian Coffee through a common pool as prescribed in the Act, (ii) promoting the consumption of Indian Coffee in India and abroad and (iii) promoting agricultural and technological research in the interests of the Indian Coffee Industry. The functions now added are- (1) assistance to Coffee growers for development of their estates and (2) provision of welfare measures for

workers on coffee plantations. Thus, over and above its original functions of Marketing, Propaganda and research, the Board is now empowered to utilize its General Fund for development of coffee holdings of unregistered owners and also for providing welfare measures for the coffee plantation workers.

### **Constitution and Functions of the Board**

8. *Constitution:-* The Board, a Statutory Body constituted under a Central enactment as mentioned earlier, functions under the administrative control of the Government of India in the appropriate Ministry. The present strength of the Board is 33 member including the Chairman. The dispensation of membership of the Board among the several interests is as under:-

- |      |  |     |   |
|------|--|-----|---|
| i)   | Chairman   | - 1 | (appointed by the Government of India – does not represent any particular interest) |
| ii)  | Members of Parliament  | - 3 |   |
| iii) | Governments of the Principal Coffee Growing States, Viz., Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu (one each) | - 4 |   |

iv)	Coffee growing Industry	-	10
v)	Coffee trade interests	-	2
vi)	Coffee curing interests	-	1
vii)	Labour interests	-	4
viii)	Consumer interests	-	5
	and		
ix)	Other interests	-	3
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	Total	-	33
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9. The Coffee Act provides that the Central Government may make such consultations as it may think fit, before appointing the members representing the interests mentioned above.

10. The 4 members representing Governments of the principal coffee growing States of Karnataka, Kerala, Tamil Nadu and Andhra Pradesh, are appointed by the Government of India in consultation with the respective State Governments. Of the 3 members of Parliament, 2 members elected by the Lok Sabha and the remaining one by Rajya Sabha. All the 32 members are appointed by the Central Government.

11. *Term of Office of the Members:-* The term of office of the members of the Board is for a period of not exceeding 3 years. They are eligible for reappointment. Also, in the case of members of Parliament they cease to be members of the Board, if they cease to be members of the Parliament they cease to be the members of the Parliament. Further, a member appointed to fill a casual vacancy holds office so long as the member whose place he fills would have been entitled to hold office if the vacancy had not occurred.

12. *Functions:-* The functions assigned to the Board under the Coffee Act are the following:-

- i) the promotion of the sale and consumption in India and elsewhere of the coffee produced in India;
- ii) the promotion of agricultural and technological research in the interest of the Coffee Industry;
- iii) assistance to coffee estates for their development;
- iv) the securing of better working conditions and the provisions and improvement of amenities and incentives for workers; and
- v) the working of the measures enumerated in the Coffee Act relating to the operations of the Surplus Pool.

13. The Board functions through its various Standing committees which are six in number viz,

- i) Executive Committee - (8 members including Chairman and Vice –Chairman)
- ii) Marketing Committee - ( 15 members do )
- iii) Propaganda Committee - ( 7 members do )
- iv) Research Committee - ( 12 members do )
- v) Development Committee - ( 7 members do )
- vi) Coffee Quality Committee - ( \*7 members do )

(\*Note: Of the 7 members, Chief Coffee Marketing Officer and Director of Research are co-opted members).

14. These Statutory Committees are appointed by the Board each year, normally at its half-yearly meetings from among its members, for a period of one year commencing from 1<sup>st</sup> July of each year upto 30<sup>th</sup> June of

the succeeding year. Composition and functions of these Committees are all detailed in the Coffee Rules. A Committee appointed by the Board may also appoint a Sub-Committee from among the members, for enquiring and reporting on a specific subject or any other purpose within the scope of the functions allotted to it by the Board. Such Sub-Committees will have no statutory powers. The Chairman of the any Committee appointed by the Board may require any Officer of the Board and invite any person or persons to attend any meeting of the Committee, such Officers or persons will have no right to vote. The Chairman of the Board is the ex-officio Chairman of all the Committees, and the Vice-Chairman will also be a member of all the Committees.

15. The Board at its half-yearly meetings also appoints 3 Ad-hoc Committees styled 'Regional Committees' separately, for the three States of Karnataka, Kerala and Tamil Nadu, for the purpose of scrutinizing the applications received from the children of labourers in coffee estates for grant of educational stipends. The Regional Committees are composed of the Chairman of the Board as ex-officio Chairman and one Grower Member and one Labour member of the States concerned.

16. In addition to the transaction of the business through these Committees, there is provision in the Coffee Rules for transaction of

business by circulation of papers, if the Chairman so directs when there is no time to convene a meeting of the Board or of the Committees concerned for the purpose of transaction of the items of business concerned. Any proposal or resolution so circulated and approved by the majority of members who have recorded their views in writing shall be as effective and binding, as if such proposal or resolution were decided by majority of votes of members at a meeting.

17. In the absence of the Chairman, the Vice-Chairman takes the chair and conducts the deliberations at the meetings of the Board and of the Committees.

18. The notices of meetings and the meeting papers are sent to all members of the Board within two copies to the Government of India in the appropriate Ministry. In respect of the Committee meetings, the notices of meetings and the meeting papers are sent to the members of the respective Committees with copies to all other members of the Board. If any of the non-members of the respective committees desires to suggest any subject for consideration of the Committee concerned, he could do so with the approval of the Chairman, who is the competent authority to admit the subject for discussion and consideration. In the same way, if any of the non-members of the respective Committees desire to attend any of the meetings of the respective Committees, he could do so at his own cost.

19. The payment of traveling allowances and daily allowance to the

members of the Board attending the meetings as members, is governed by the provisions of Rule 28(1) of the Coffee Rules.

20. There is provision in the Coffee Rules for the election of Vice-Chairman from among the members of the Board. His term of office is 12 months from the date of election or if the election is held before the expiry of the term of Office of the existing Vice-Chairman, from the date on which such Vice-Chairman, would vacate office. The Vice-Chairman takes the chair and conducts the deliberations at the meetings of the Board and of the Committees in the absence of the Chairman. According to Section 8(a) of the Coffee Act, the Vice-Chairman shall exercise such of the powers and perform such duties of the Chairman as may be prescribed or as may be delegated to him by the Chairman.

21. The Chairman of the Board is the Principal Executive Officer of the Board appointed by the Central Government and he exercises administrative control over all departments and officers of the Board. He is responsible for the proper functioning of the Board and its Committees and also for the proper implementation of their decisions.

22. There are five main departments in the Board, viz.,

- i) Secretariat,
- ii) Directorate of Marketing comprising Marketing and Propaganda Departments;
- iii) Research and Extension Wings,
- iv) Development, and
- v) ICO (Project Wing).

23. An Administrative Chart relating to all the departments of the Board is given at Appendix I.

24. The Chief Officers of the Board are – (1) Chief Coffee Marketing Officer (2) Director of Propaganda (3) Director of Research and (4) Secretary, as defined in Coffee Rules 31(2)(a)(iii).

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