

Increasing imports of tea a matter of great concern

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On the other hand, tea exports had taken a hit as evident from the decline in the quantity exported and the value realised, Bhansali said.

Increasing imports of tea into India is a matter of great concern and it would be detrimental to the tea sector, according to the United Planters' Association of Southern India (UPASI), the apex body of planters. Prashant Bhansali, President-UPASI, in a press statement stated that during the first quarter (January-March) of the current year [2021] the import has shown a significant jump of 139.36 % year-on-year.

"Imports of tea during 2020 was estimated at 23.40 million (M).Kgs as against 15.85 M.Kgs in the previous year, an increase of 47.63%. The domestic tea sector has been witnessing increasing cost of production due to high input cost and high wage cost and any higher intake of teas through import will have a telling effect on this sector which caters to a large segment of the population residing in the remote areas," he added.

Tea is an important agro-industry that employs 2.12 lakh growers and 11.65 lakh workers, of which more than 70% are women and hence very important from the inclusive growth model pursued by the Government of India. Fifty per cent of the production in the country comes from the small grower sector, UPASI reports.

The plantation commodities including tea were exposed to international competition since April 2001, when the quantitative restrictions were lifted as per the commitments under WTO. The signing of the ASEAN Agreement in 2009 had further opened up the Indian tea market to plantation producing countries like Indonesia and Vietnam.

Under the ASEAN Agreement, the import duties were gradually reduced since 2009 for tea and the current import tariff for ASEAN countries, Indonesia and Vietnam is 45%. Import of tea from Nepal under SAFTA is nil duty.

Bhansali suggested that the Government of India should closely monitor the import of tea and also implement provisions of Tea (Distribution & Export) Control Order 2005, wherever necessary.

On the other hand, tea exports had taken a hit as evident from the decline in the quantity exported and the value realised, Bhansali said.

"For instance, tea export was lower by 42,430 tonnes in 2020 and the declining trend continued during the first four months of 2021. Though there was some recovery expected on the export front, the shortage of containers, especially food-grade containers and increased freight charges had turned out to be an obstacle for plantation exports including tea from India," he said.

Amid these disadvantages, the non-payment of MEIS from 1st April 2020 and dis-continuation of the scheme itself from December 31, 2020, without any new incentive scheme in place had added further difficulty to the existing distressed situation, he added.