

Low price in auctions hits Tea Inc

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Kolkata: Despite a shortfall of roughly 50 million kg (mkg) of crop till June 2021, the Indian tea Industry struggles to obtain remunerative costs from the market. The crash in prices of tea auctioned at the Siliguri Tea Auction Committee in the last sale held on July 2, 2021, has been to the tune of more than Rs 30 a kg — almost 18%-20%.

In a release, the [Tea Association of India \(TAI\)](#), a premier planters' body, said: "In such a depressing scenario the tea industry is gasping for breath in its quest for survival. Earlier, on the industry had to effect a steep rise in daily wages of garden workers to Rs 202 from Rs 176 from January 1, 2021."

Tea Board India chairman Prabhat Bezbaruah told TOI that the industry is shocked to see the collapse in prices which is not warranted by the North Indian crop scenario. "However, South Indian crop, which is of a lower quality, is considerably higher than 2019, and coupled with lower exports, has resulted in an oversupply of mediocre teas. This in turn has dragged the entire market down," he said explaining the reason behind lower price realisation.

According to him, logistics issues have compelled many buyers to appoint agents who are representing several such buyers. "Hence, the normal level of competition in the auctions has also reduced, resulting in yet lower prices."

Sandeep Mukherjee, principal advisor to the Darjeeling Tea Association (DTA), said: "There is a propensity of tea not fetching a fair value in auction and it is lopsided in favour of buyers, which needs to be corrected."

However, the founder of the online tea store [The Tea Shelf](#), Atulit Chokhani, believes that the 2021 prices are lower than the last year, but when compared to 2019 figures, current numbers are in better shape. "Change in demand-supply ratio may be the reason for this year's price fall than the last year. A buyer-retailer like us is not affected by this fall," he added.

In the above background, TAI has demanded a finance package from the state government "that can significantly scale down its costs in the form of cost of finance such as incentives on working loan and sops to undertake capital expenditure, while considering assistance to provide a thrust in the production of various types of tea other than CTC". This necessitates loss in crop outage, since for these categories of teas, the cost of production often gets upended," the release added.

The tea gardens in North Bengal produced 424 mkg of tea in 2019 roughly, which amounts to approximately 31% of the country's production. Over 30% of the population in North Bengal have forward and backward linkages to the tea industry that still continues to remain the only large-scale organized industry sector of the region.