

Trouble brewing: Assam tea industry is struggling for survival

Synopsis

Bidyananda Barkakoty, Adviser, North Eastern Tea Association (NETA), “On one hand the price realisation of tea is lower by Rs. 44.19 per kg, which is about 18% lower compared to last year and on the other hand, the cost of Production (CoP) has gon...

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Tea planters in Assam said that tea industry is struggling for survival due to prices declining below the Cost of Production (CoP).

Bidyananda Barkakoty, Adviser, North Eastern Tea Association (NETA), “On one hand the price realisation of tea is lower by Rs. 44.19 per kg, which is about 18% lower compared to last year and on the other hand, the cost of Production (CoP) has gone up due to hike in wages and inputs. CoP has gone up by Rs. 25.00 per kg of made tea due to recent hike in daily cash wage from Rs 167.00 to Rs 205.00. CoP has also gone up by Rs. 7.00 per kg of made tea due to increase in cost of inputs like fertilizer, pesticides, diesel, natural gas, coal, transportation etc. Therefore, the net negative impact on the industry till date is to the tune of Rs.76.00 per kg of made tea.”

“The average price realisation of CTC tea at the Guwahati Tea Auction Centre (GTAC) this year, from April to July, is Rs. 208.02 per kg, whereas it was Rs. 252.21 per kg during the same period last year. Therefore, the average price realisation this year is lower by Rs. 44.19 per kg. Only about 9% teas have fetched above Rs. 300.00 per kg and about 51% of teas have got sold below Rs.200.00 per kg.”, said Sunil Jallan, Chairman, NETA

“Moreover the unsold quantity at GTAC is more than double compared to last year. In 2020, the unsold quantity at GTAC from April to July was 16.37%, whereas this year, the unsold quantity is 35.16%”, said Jallan

“Assam’s total production in 2021, from Jan to June, is less by about 41 million kgs, which is about 19% less compared to same period in 2019. Production of 2020 was an aberration due to Covid-19 induced lockdown. In 2019, from Jan to June, tea production was 220.11 million kgs whereas this year it is 179.32 million

kgs.”, said Kamal Jalan, Vice Chairman, NETA

“Rise of imports in the first quarter of this year is detrimental to the domestic tea sector. Non availability of data relating to the break-up of imports for re-exports is an area of great concern”, said Jalan.

The **State Govt** is doing its best to help the struggling tea industry by recently announcing the scheme “Assam Tea Industries Special Incentive Scheme (ATISIS – 2020)”. The Green leaf cess exemption for 3 years wef 1st Jan, 2019 has also been helpful for the tea industry. But unless there is rise in price of tea the tea industry including the **Small Tea Growers** (STGs) will have to struggle for survival”, said Barkakoty.