

India Tea Association concerned over rising tea imports

Imports are taking place at extremely low prices which are much below the cost of domestic production, the planters' body said.

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Kolkata: A body of tea planters on Wednesday expressed concern over rising imports of the commodity and said a minimum price should be fixed for shipments arriving from overseas to protect the domestic units.

Indian Tea Association said imports in 2020 increased by 47 per cent as compared to 2019, and by 176 per cent in the first six months of the current calendar year as against the corresponding period.

Imports are taking place at extremely low prices which are much below the cost of domestic production, the planters' body said.

The present rate of import duty at 100 per cent must be maintained to protect the domestic industry, while a minimum import price for overseas consignments should be fixed, the association said in a status paper which pointed out that the tea sector is passing through a severe financial crisis.

Tea prices were not rising to keep pace with the cost of production, it said.

Prices over the last decade had increased at a compounded annual growth rate of four per cent, while input costs had risen by 9-15 per cent, the planters' body said.

In 2020, there was a production loss of 130 million kgs and tea prices increased for a very brief period and started falling this year, it said.

Coupled with the crop loss, most companies are facing acute cash flow problems as working capital has dried up in the absence of adequate bank finance, it said.

ITA also stated exports are crucial for the long-term viability of the tea sector as the domestic consumption level has not increased with the rise in production.

Owing to the COVID-19 pandemic, exports of tea in 2020 witnessed a fall by 43 million kgs and were down by 11 million kgs in the current year so far.

The association said a manifold increase in ocean freight had also hit exports of the beverage.

Ocean freight had doubled and trebled because of a severe shortage of containers.

In this context, ITA said RODTEP rates for tea should be increased to six per cent, while restoration of orthodox tea production incentive scheme and resolution of Iran payment issues are required.

Remissions of Duties and Taxes on Exported Products (RoDTEP) replaced the Merchandise Exports from India Scheme (MEIS).

The government implemented the RoDTEP scheme with effect from January 2021, and for tea, the benefit rate has been fixed at one per cent to 1.7 per cent (cap of Rs 3.6 per kg) of freight on board (FoB).

LC: <https://www.eastmojo.com/national-news/2021/10/27/india-tea-association-concerned-over-rising-tea-imports/>