

## **Bulk tea industry likely to face another challenging year in FY22: Report**

As labour wage has been increased effective end-February 2021, production returning to largely normal levels has led to pressure on prices.

### Synopsis

**As labour wage has been increased effective end-February 2021, production returning to largely normal levels has led to pressure on prices.**

By [Sutanuka Ghosal](#), ET Bureau

Dec 09, 2021, 06:11 PM IST

While FY2021 proved to be one of the best years in recent times for the bulk **tea industry**, sustainability of the same appears unlikely in FY22, according to a joint report titled “Tea Industry at the crossroads” released by **ASSOCHAM** East and **ICRA** on Thursday.

As labour wage has been increased effective end-February 2021, production returning to largely normal levels has led to pressure on prices. Consequently, the industry is likely to face another challenging year in FY22. Hence, for the long term sustainability of the industry, **tea prices** must consistently remain materially higher than the cost of production

Speaking at the launch of the report, Manish Dalmia, chairman ASSOCHAM Tea Sector Council East said, “The changing dynamics in the tea sector calls for greater collaboration between various stakeholders to transform the tea industry and make it more sustainable and environment friendly. ASSOCHAM endeavors to facilitate dialogues and partnerships to build a strong economic agenda. We will continue to create platforms to facilitate cross industry engagements. I am confident

that the report released today will benefit the Tea industry which is amongst the foremost revenue as well as wage-earner for the country”.

Kaushik Das, Vice President ICRA said, this knowledge report while providing an analysis of the relative position of Indian bulk tea industry, particularly that based out of North India, in the global tea industry highlights some key success factors that could lead to an improved financial performance of the industry on a sustainable basis.

Ravi Agarwal, Chairman ASSOCHAM East said, “Tea sector has had a significant impact on the economy of this region and still plays a major role in the livelihood of millions. To ensure sustainable growth for the sector, we must look at the changing dynamics, future global trends and availability of local support to enhance productivity. I am sure this report prepared with ICRA as a knowledge partner will go a long way in fostering a balanced social and economic growth for this important sector.”

Perminder Jeet Kaur, Director East, ASSOCHAM stated that the study shall help identify factors essential for sustainable growth of the sector. Globally the tea Sector is undergoing change; climate is fast emerging as a critical factor impacting Indian Tea. Another aspect is balancing the human element with modernization and technology adaptation for quality production.

The bulk tea industry has to cope with continued rise in labour cost over the decade while prices of teas have largely remained flat. Increased production of small tea growers has led to pressure on prices of tea as export stayed in range. This has led to a decline in operating profitability of bulk tea players to 2% in FY20.

LC: <https://m.economictimes.com/industry/cons-products/food/bulk-tea-industry-likely-to-face-another-challenging-year-in-fy22-report/articleshow/88186015.cms>