

Tea sector facing challenging times ahead

Concern over 40 m kg drop in output, falling exports, rising imports

SHOBHA ROY

Kolkata, December 20

The Indian tea industry, which is likely to end the calendar year 2021 with a 40-45 million kg drop in production over 2019 and a steep decline in exports, may continue to face challenging times moving forward if consumption – both domestic and exports – does not pick up soon.

According to Tea Board of India data, the country's total tea production was 1,390.08 million kg (mkg) in calendar 2019. North India (which includes gardens in Assam and West Bengal) accounted for nearly 84 per cent of this at 1,171.09 mkg, while the remaining (218.99 mkg) came



A surge in imports of cheaper teas is likely to hurt producers

from South Indian gardens. The industry compares the current year with the pre-pandemic 2019 since 2020 is considered more as a year of aberration due to the steep decline in production due to Covid-induced lockdown during the peak plucking months, and the sharp surge in prices. While the data for November and December are still not available on the Tea Board website, industry, however, estimates an overall decline of around 40-45 mkg this calendar year. Accord-

ing to Sujit Patra, Secretary, Indian Tea Association (ITA), the crop is down by nearly 39 mkg till October this year.

Drop in North India

North India production is estimated to be lower by around 65 mkg, while in South India is up by around 25 mkg till October this year. In November again, the crop in North India is estimated to be lower by around 20-25 per cent over same period in 2019.

“Export is at an all time low due to a combination of factors including higher shipment costs, pending resolution of the Iran payment crisis and problems around container availability among others. Price wise, auction offerings have gone up and quality tea is fetching good prices but it is difficult to estimate how the crop will be next year and what kind of demand will be there,” Patra told *BusinessLine*.

As per Tea Board data, tea exports during January-September dropped nearly 10 per cent to 137.97 mkg compared with 153.27 mkg a year ago. However, unit price of export increased by nearly 15 per cent to Rs 272.86 a kg (Rs 237.30 a kg) during the said period.

There has also been a surge in imports of cheaper teas which is likely to hurt the tea producers. Though a majority of tea imported is for re-exports, a fair chunk gets absorbed in the domestic market. Tea imports during January-August this year increased by 34 per cent to 16.97 mkg against 12.65 mkg in the year-ago period. Total imports last year were up by 50 per cent at 23.79 mkg against 15.85 mkg in 2019. The average price of North Indian teas during mid-December for all auction centres was up by nearly 10 per cent at ₹188.27 a kg this year against ₹171.65 a kg last year.