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Impact of Corona Lockdown on Tea Prices: Evaluation of WITDA

Lockdown due to Coronavirus in India has brought major problems for many manufacturers and traders. Tea industry is also one of the sectors, which is badly affected by this lockdown. Western India Tea Dealers Association (WITDA) was established in the year 1989, covering a vast area of Gujarat, Maharashtra, and Rajasthan. WITDA provides an overview of the effects of lockdown on tea production and its supply. Two months long lockdown affected tea sector in a very bad way. This lockdown caused about 80 million kilograms decline in the production of tea. The main aspects of this assessment, done by WITDA are, – Comparatively less Production in the early months of 2020 – Scarcity of manpower in tea gardens due to government restrictions. The effect of this lockdown started in the month of March when the production of Tea was just started and that is why it could reduce the major impact of loss on tea production.

The annual consumption of tea in India is about 1080 million kilograms. Which are about 90 Million kilograms per month? However, outdoor use due to lockdown (Out of Home) has had a profound effect. – Roadside small tea shops – Restaurant/cafe – Hotel – Institutional use like in offices, industrial establishments, canteens, etc. All the places have experienced a decline in the demand for Tea. Out-of-home tea consumption is about 50% of total consumption, Which amounts to about 45 million kilograms per month. Thus, 2-month The lockdown resulted in a 90 million kg drop in consumption. One thing is for sure that supply and demand are balanced and are really the opposite of what was initially expected. Data on the sale of tea packets in the retail market shows that consumption of tea outside the home is negligible. One speculation is that

due to the impact of the lockdown on production and non-purchase of tea, traders have run out of stock, so buying tea for the new season will now gain momentum. This has been proved true with an increase of Rs 80 to Rs 100 per kg in farm gate prices. According to WITDA, this fact is exacerbated by miscalculations of actual supply and demand. According to WITDA, this market activity does not reflect a mismatch between supply and demand.