

Tea industry seeks special financial package from Centre

Lays special focus on falling yield, drop in prices of Darjeeling tea

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Representative bodies of the tea industry have sought a special financial package from the Centre for retaining its viability which is now under serious threat, an official of the Indian Tea Association (ITA) said.

The tea industry bodies re-

cently met the Parliamentary Standing Committee on Commerce and submitted a representation on the challenges faced by the sector.

Secretary General of ITA Arijit Raha said that general issues of the industry had been discussed with a special focus on Darjeeling. He said that production of the beverage has drastically fallen in Darjeeling which is from 12 million kilogrammes to six million kilogrammes at the moment. According to him, the reason for the drop in Darjeeling tea volumes are many, which are

in no place for expansion of the gardens since they are on a hilly terrain and also replantation is difficult.

Replantation

Raha said new yield after replantation generally takes a gestation period of five to seven years and the gardens will earn no revenue during that period.

“It becomes a financial challenge for the industry and also Darjeeling yields are falling. Since fixed costs are the same for Darjeeling gardens and those in the plains, cost of production is

much high in the hills”, he added. Above that, prices of Darjeeling tea are falling. In the last six years from 2016 to 2021, prices have fallen 1.7 per cent CAGR, Raha said. “Darjeeling tea industry is becoming unviable. Exports also face competition from others. Thus, we sought a financial package from the Centre”, he said.

The industry also sought interest rate subvention on working capital loans taken from banks, he added. The other problem faced by the industry is growing surplus remaining in the system due to stagnant domestic

consumption and falling exports.