

Businessline, Pg-16, 16/09/16

# As oversupply hurts prices, tea industry seeks sops from Centre to boost offtake

## OUR BUREAU

Kolkata, September 15

High-quality teas are fetching lower prices at auctions due to oversupply, the Indian Tea Association (ITA) said here on Thursday.

Hence, the association is seeking sops from the government to create consumption in the domestic market.

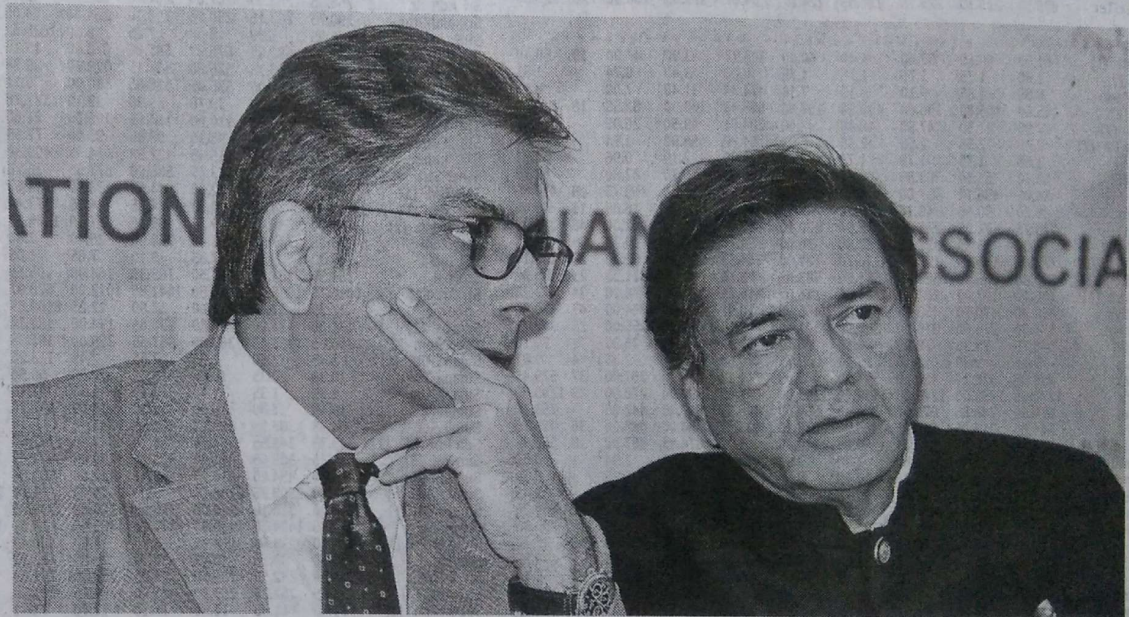
While there has been a 10 per cent (CAGR) rise in cost of production over a decade, tea prices have moved up by only around 6 per cent during this period.

### Global oversupply

According to Azam Monem, Vice-Chairman, ITA, there is a global oversupply of close to 90 million kg (mkg), which includes an increase in production of 70 mkg in Kenya. There's another 20 mkg glut in North India (particularly Assam).

Globally, around 2.5 billion kg is black tea consumption; whereas 2 billion is green tea.

"Exports in the April to July period have remained flat or not grown as per our expectations. This is because of global oversupply. It is a disturbing trend," he said during a press conference.



AK Bhargava (right), Chairman, and Azam Monem, Vice-Chairman, Indian Tea Association, at a press conference in Kolkata on Thursday. ASHOKE CHAKRABARTY

Monem further pointed out that tea being a cyclical industry, the aim currently is to shore up domestic consumption.

Per capita consumption of tea in India stands at 733 grams.

### Govt help sought

ITA is seeking government help to create an awareness campaign and branding agenda for long-term sustainability of the industry.

In this regard, the Tea Board's 'TrustTea' certification could be adopted as a vehicle (by the government) as a brand and to boost domestic consumption.

Long-term awareness campaigns to promote the certification are required on an urgent basis.

Trust Tea, a logo for the India sustainable tea code, was introduced in 2013.

"People who do not know the

logo need to be aware of the Trust Tea stamp and the attributes it stand for. This logo can help us fetch better prices. The government should come in as the driving force," said Arijit Raha, ITA Secretary General.

This apart, ITA will also carry out various promotional campaigns around 'functional' teas and cold teas to drive higher consumption among those in the 15-24 age group.