

# Business Standard

## Sale of specialty tea varieties on the rise in domestic, overseas markets

Auction centers are also easing their norms to promote such sales

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The marginal increase in the prices of crush tear curl (CTC) tea, (a process of production, in which black tea leaves are run through a series of cylindrical rollers), has prompted tea growers to increasingly shift towards production of speciality tea, which fetches steep prices both in the domestic as well as international markets.

Moreover, auction centres are also easing their norms to promote such sales.

Recently, a 1.1 kg of Golden Needle, from Arunachal Pradesh's Donyi Polo Tea Estate, fetched an exorbitant price of Rs 40,000 a kg, while Gold tea from Manohari Tea Estate in Assam was sold at Rs 39,000 a kg in the Guwahati tea auction. Earlier, orthodox tea variety (hand-processed tea) from Mokalbari Tea Estate and Dikom Tea Estate were sold at Rs 8,100 and Rs 12,000 per kg, respectively.

Specialty tea varieties fetch lucrative prices every year in international markets such as Iran, Germany and Japan.

Most of Darjeeling specialty tea varieties are sold to foreign buyers privately, and not via auction. However, the Golden Needle and Manohari Gold varieties are sold to Indian buyers such as Assam Tea Traders and Saurabh Tea Traders of Guwahati for supply in Delhi and Ahmedabad, respectively. Dinesh Bihani, secretary at the Guwahati Tea Auction Committee (GTAC), said such varieties would be sold in the domestic market only as tea connoisseurs, willing to pay a hefty price for quality, were on the rise in India. Besides, Azam Monem, chairman at the Indian Tea Association said, "It is good for the industry if high-quality tea gifting picks up in India. Such purchase has always been prevalent in Japan, China. Now, if this trend picks up in India, it will not only good for this niche market, but also prove India's prowess to produce such high-end tea."

"The small tea growers (STG) from Assam are increasingly shifting towards the production of such exquisite tea varieties and the GTAC has eased norms so that these tea producers can find a better market in the country itself through the auction route," Bihani said.

Against the earlier requirement of putting up a minimum 500 kg of tea for listing in the auction catalogue, the auction committee has now eased it to only one kg for the STGs listing such specialty varieties in the auction catalogue. Besides, the bigger producers need to pay ~21,000 as the registration fee.

The STGs are required to pay Rs 1,000.

"Such moves have encouraged more and more STGs to list on the auction centres," he said.

On the other hand, the Tea Board has also eased its upper cap of sale prices for premium orthodox tea from Rs 20,000 a kg to Rs 40,000 a kg.

Bijoy Gopal Chakraborty, president at Confederation of Indian Small Tea Growers Association said the trend towards the production of organic, high quality and boutique teas started three years ago after some STGs realized that they cannot rely on the production of usual CTCs which isn't remunerative.

"Besides, like Darjeeling, tea from Meghalaya, Arunachal Pradesh, Mizoram and Manipur have an inherent aroma, all these are hilly areas and if they can cultivate the right variant at the right altitude, provided weather conditions are optimal, these can fetch excellent prices," he said.

Bihani said the problem with the STGs were exposure to the market, which various auction centres and the Tea Board were addressing. Various schemes such as orthodox incentive, a special North-East package and others have been rolled out and buyers across India can participate in the auctions.

Industry sources suggested that while in Assam, there are around 850 tea estates and another 0.1 million STGs, only 150 gardens and around 200 STGs cultivate quality orthodox varieties, including the specialty ones.

On an average, quality orthodox varieties fetch anywhere between Rs 250-500 a kg when under the hammer, while standard CTC fetches 130-140 a kg.

The tea companies for long have been complaining about stagnant or low increase in tea prices, which may render production unviable. On the other hand, brokers and buyers point out that the prices would "always depend on quality".

Against a total sale of an estimated 200 kg of such boutique varieties from January to August last year, via the auction route, 300 kg of the same varieties have been sold in the same period this year.

- Around 200 STGs in the Northeast produce specialty tea varieties
- Such varieties getting better prices through pan-India auction
- Specialty STGs use the right plucking procedure and techniques to get the best orthodox tea
- From January-August 200 kg of specialty tea from the Northeast went under the hammer

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