

TEA MARKET REPORT – MUMBAI (OCTOBER 2006)

Rise in tea production:

India's tea production during April-August 2006 stood at 587.25 million kg as compared to 571.14 million kg in the corresponding period last year.

During the period under review, North Indian production increased to 441.97 million kg as compared to 419.67 million kg. Whereas, the South Indian production stood at 151.46 million kg as compared to 145.3 million kg.

Rise in tea exports:

India's tea exports during January-August 2006 stood at 114.1 million kg as compared to 110.6 million kg in the corresponding period last year.

India's tea exports during April-August 2006 stood at 77.55 million kg as compared to 63.23 million kg in the corresponding period last year. On the export front, South India overtook North India having a share of nearly 70%.

South Indian contribution to the export front was around 53.72 million kg during April-August 2006 as compared to 30.14 million kg in the corresponding period last year.

North Indian contribution to the export front during April-August 2006 was 33.09 million kg.

Assam tea fetches better price:

One kg of good quality Assam tea sold at Rs.70 in the auctions held at Guwahati in October 2006 as compared to Rs.62 in the same period last year. Generally, North Indian teas fetched on an average Rs.72.30 per kg during January-August 2006 as compared to Rs.64.74 in the corresponding period last year.

South Indian tea also fetched a unit price of Rs.50.13 per kg during January-August 2006 as compared to Rs.43.37 in the corresponding period last year.

Rise in tea imports:

During January-August 2006, nearly 14 million kg of tea entered India as compared to 11 million kg in the corresponding period last year, recording an increase of 28%. Major supplier was Vietnam, which accounted for about 7.5 million kg.

Meanwhile, the government in a bid to check the movement of imported teas into the domestic market, has directed the tea industry to export teas that enter the country for re-exports within six months. The directive has been issued at a time when the Indian tea production is significantly lower, and there is a general apprehension that unscrupulous traders may use the situation to sell imported tea in the domestic market for quick returns.

Tea Board delegation puts off Pakistan visit:

The Indian Tea Board has decided to postpone its proposed delegation to Pakistan, because of strains in Indo-Pak relations. Even though, the visit was postponed, export of Indian tea to Pakistan was by and large unaffected. Last year India exported about 9.3 million kg of tea Pakistan and this year, the board had set a target to double the quantity to 20 million kg.

Tea Board to discard IBM software for E-auction:

The Tea Board has decided to replace the software developed by IBM for electronic auction across the country with a new one as there were lots of complaints about the software from the auctioneers alleging it to be faulty. However, the IBM software was doing well in Coonoor among all the auction centers in the country.

The Tea Board has informed a Special Committee headed by Indian Tea Association Chairman and Tata Tea Managing Director to shortlist the vendors, which had responded to the expression of interest (EOI) invited by the statutory agency. Some of the companies which had responded to the Tea Board expression of interest were NCDEX, Metal Junction, NSE,IT (an arm of National Stock Exchange) and MMTC. The shortlisted vendors would be asked to submit technical and financial bids and selected vendor would be then asked to supply the software and hardware for the conduction of E-auction.

Warm response for e-auction in tea:

The Commerce Ministry's recent draft paper for electronic auctions has received good response from a large section of growers. However, a small section of growers, especially those with branded teas, have reservations about the proposed system.

E-trading for packaged tea soon:

The government has initiated steps to enable the packaged tea industry, especially premium varieties like Darjeeling and Assam tea, to operate on e-auction mode from next year. The move is expected to benefit plantations that are currently selling through middlemen by improving their revenue realization. E-auctions will also help establish a credible price-discovery mechanism. Tea Board has circulated draft discussion paper for new market design among all concerned and invited comments. The Board is in talks with IT division of National Stock Exchange to prepare the software necessary for the system.

Darjeeling teas to get facelift:

A Special Purpose Tea Fund is on the anvil to help in replanting of old tea bushes over a targeted area of over 200,000 hectares in Darjeeling district of West Bengal State. The fund plan was mooted to combat the problems being faced by tea planters here in

uprooting and replanting tea bushes. Though re-plantation is the need of the hour, the high cost involved in the process is a major hurdle. However, the Ministry of Commerce and Industry has assured the planters that the issue is high on the agenda of both the central government and Tea Board.

Metros to get tea boutiques:

Tea Board has decided to set up tea boutiques in the four metros and tier-II cities as a part of its drive to promote tea consumption. The boutiques will be run on a franchisee basis and are expected to rake in handsome revenues for the Tea Board. At present, the board runs a tea boutique in Mumbai, which was set a few years ago. The boutique is generating on an average income of Rs.18 million annually.

Tea focus on non-traditional areas:

In a bid to boost production of tea, the government is planning to shift focus on non-traditional areas. For tea cultivation, the government is looking at Sikkim, Nagaland, Tripura and Meghalaya.

A high-level meeting convened in Guwahati will speed up diversification and the Department of Commerce is expected to work closely with the Panchayati Raj Ministry to work out a detailed road map.

Tea Research Station for new variety:

The Tocklai Experimental Station (TES), a tea research center under Tea Research Association (TRA) in collaboration with scientists from Kyoto University of Japan is developing a new variety of tea. The scientists in the research station have undertaken a study on 'molecular mechanism of Darjeeling tea' (which is famous for its flavour) under India-Japan institutional level collaborative project aimed at improving overall quality of Indian tea. This will help to develop a new variety of tea. It is believed that there are certain pests whose infestation leads to the flavour of Darjeeling tea.

Chinese green tea in India:

It was reported that about 250,000 kg of Chinese green tea entered India in 2005 through private channels. Its unique selling point is its much publicized anti-oxidant medicinal properties, which has made it popular among the youngsters in India. Entry of Chinese green tea may pose a big challenge to the black tea consumers in the country.

(M. M. Abdul Raheem)
Consul General