

Indian tea production touches record high, jump in exports

India's beleaguered tea industry is showing signs of resurgence with record production and a jump in exports, besides prices firming up in the weekly auctions.

'The production last year was a record high of 955 million kg, up by 27 million kg compared to 2005, while exports have gone up by about eight million kg to 200 million kg in the same period,' said Dhiraj Kakaty, secretary of the Assam chapter of the Indian Tea Association (ITA), the country's apex tea administration body.

India's \$1.5 billion tea industry was facing a crisis with prices dropping in the weekly auctions since 1998 and exports plummeting as well.

'The overall mood is vibrant with the Indian tea industry now beginning to look up with overseas demand on the increase mainly due to very good quality teas produced by us,' Kakaty told IANS.

Countries like Pakistan, Egypt, Iran and Iraq figured prominently in the export list with the ITA setting up a marketing bureau in Tehran as part of an aggressive campaign to boost sales of the beverage.

A kilogram of good quality Assam tea sold at Rs.73 in the auctions last week. Last year, the average price in the auctions was Rs.65 a kg.

'The gain in production and exports apart, what is heartening is the fact that we are fetching reasonably good prices in the auctions. There is no glut in the market now unlike in previous years,' the tea official said.

India is the world's largest tea producer followed by China.

The northeastern state of Assam is considered the heart of India's tea industry with the state accounting for about 55 percent of the country's total annual tea production.

India's domestic tea consumption that remained stagnant for over a decade had shot up from 620 million kg three years ago to 805 million kg last year.

The slump in prices and exports in the past few years was largely attributed to cheap and inferior quality teas produced by many new tea-growing countries, thereby pushing premium quality Indian teas to facing stiffer competition in the global market.

Faced with crashing prices, a glut in the market and falling exports, the Indian government last year announced a whopping Rs.50 billion package to boost the sagging tea industry.

Up to 70 plantations in Assam had closed down in recent years unable to sell their produce with exports dropping and domestic consumption remaining stagnant.

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