

# Tea prices may rule firm on fears of drop in production, global demand

**BREWING HOT.** Output of first flush tea expected to be affected by continued dry spell in North Indian estates

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Indian tea prices are likely to rule firm this year on an anticipated drop in production, particularly of first flush tea, following a dry spell in the North Indian estates of Assam and West Bengal, and projections of a buoyant demand in international markets.

According to industry insiders, Assam and North Bengal have hardly had any rain since October last year. This is likely to impact the production of first flush tea, plucking for which begins from mid-February and typically goes on till April.

"It is difficult to estimate the exact crop situation at present, but the general sentiment is that the crop could be lower since there has been no rain or moisture. We will come to know the exact position in April," Sujit Patra, Secretary, Indian Tea Association, told *businessline*.

Estates in Assam and



**SIP BY SIP.** If the rainfall situation improves by mid-March, the crop outlook might improve

West Bengal produced close to 126.4 million kg (mkg) in 2022. First flush typically accounts for around 10-12 per cent of the total crop produced in these estates annually.

If the rainfall situation improves by the second week of March, the crop outlook might improve, said Kaushik Das, Vice-President, IGRA.

Tea prices at auction centres in both North and South India are marginally higher this year compared with the same period last year. For instance, for the week ending February 18, the price at the Kolkata auction centre was at ₹153.26 a kg, while there was no sale of tea in the same period last year; at the Guwahati auction centre the price was

at ₹139.48 a kg (₹134.08); at the Cochin auction centre ₹150.34 a kg (₹140.42); Coonoor ₹117.6 a kg (₹102.50) and Coimbatore ₹127.83 a kg (₹110.92), according to Tea Board data.

**EXPORT TO AID PRICES**  
The country had a sub-normal production for three consecutive years between 2020 and 2022 on the one

hand, while higher export volumes led to significant tightness in pipeline stock. This is also likely to provide some support to bulk tea prices in the new season.

Exports from North India were up to about 30 mkg at 143.89 mkg valued at around ₹4,414 crore during January-December 2022 against 113.96 mkg valued at around ₹3,473 crore in the same period last year.

Sri Lanka's production is likely to drop on the back of an economic slowdown, and Indian tea would be able to cater to markets that were earlier serviced by Sri Lanka, industry sources said. This would lead to firm demand for Indian teas in overseas markets, thereby, keeping prices firm.

India exported 226.98 mkg during January-December 2022 — up 15 per cent against 196.54 mkg in the same period last year, backed by higher demand from the Russian Federation, the CIS and UAE markets.