

## Growers against auctioning of all tea

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A protest is brewing among growers over the Tea Board's move to re-introduce routing of all the tea produced in the country through the auction platform.

"If implemented, such a move would make tea a commodity rather than a brand, benefiting large-scale buyers, blenders and retailers, while growers are denied benefits of value addition," a source in the growers' fraternity told *BusinessLine*. He cited the Tea Board notice seeking amendments to the Tea Marketing Control Order 2003.

Earlier, the quantity to be routed through auctions was 70 per cent. Later, this was reduced to 50 per cent on the request of the industry. Following this, individual gardens started building their own brands through quality improvements by making large-scale investments.

### Price pressure

There is also an apprehension among growers that the increased supply of tea in the auction market will drag prices down further.

C Paulrasu, Executive Director, Tea Board of India, Coonoor, said that the Board has not taken any decision in this regard. "We have only sought feedback from producers and other stakeholders on routing 100 per cent of the tea produced through auctions. Any further decisions in this regard will be taken only after evaluating their comments," he said.

### Board view

However, the Board, in its notice, said routing 100 per cent of tea through the auction system would ensure actual price recovery of quality teas. In its view, the compulsory routing will automatically attract all prospective buyers to actively participate in the auction process, increasing competition in a healthy manner.

Allowing partial routing of teas is leading to low-quality teas being offered and this is affecting the entire price realisation mechanism, it indicated.

Expressing concern, a top official at a corporate tea producing company here said that the move would hit exports carried out both by producer exporters and merchant exporters, as they have already developed a direct market overseas over the years.

### Exporters' fear

"This will vanish and buyers from India will be reduced. Overseas buyers may go to other geographies to purchase tea, which could affect the export market," he adds.

Apart from this, there would be an extra quantity of tea available in the domestic market and this may possibly impact prices.

Of the 1,250 million kg of production, around 230-250 million kg was sold in the export market and the remainder through auctions and private channels.

“When 100 per cent of the produce is routed through the auctions, the supply may be more than the demand. Therefore there will not be any immediate buyers for the extra quantity available in the market,” he said.

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