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India's Tea Industry Faces Persistent Market Stress Amid Climate Risks, Import Pressures and Changing Consumer Demand Patterns

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Recent Developments:

- India's tea market has remained in a **deflationary phase** for nearly four to five quarters as adverse weather, low-priced imports, and a shift in consumer preference towards cheaper brands and the unorganised sector have compressed profit margins of major tea companies.
- According to **Tea Board of India**, tea exports continued to remain robust, while the Board has also introduced the online **Tea Mark Licensing Portal** and strengthened **Tea Mark Certification** guidelines to improve traceability, quality assurance and export competitiveness.
- The **Tea Board of India** has also expanded quality surveillance through updated **NABL-accredited laboratories** and certification mechanisms to ensure compliance with domestic and international quality standards.

About Tea:

Tea as an Agricultural Commodity:

- **Tea** is produced from the leaves of **Camellia sinensis** and is the world's second most consumed beverage after water.
- India is the **second-largest tea producer** globally and among the leading tea-exporting countries.
- Tea cultivation supports millions of livelihoods through plantation employment, small tea growers, processing units, auctions, logistics and exports.

Tea Board of India:

- The **Tea Board of India** is a **statutory body** established under the **Tea Act, 1953** under the **Ministry of Commerce and Industry**, with headquarters at **Kolkata**.
- The Board promotes cultivation, production, quality improvement, research, domestic marketing, exports, branding, certification and welfare of the tea sector, while also regulating the use of the **Tea Mark**.

Agro-Climatic Requirements:

- **Climate:** Tea thrives under hot, humid tropical and subtropical conditions with prolonged frost-free periods.
- **Temperature:** The optimum range is **20–30°C**, while temperatures above **35°C** or below **10°C** adversely affect plant growth and leaf quality.
- **Rainfall:** Well-distributed annual rainfall of **150–300 cm** with adequate humidity supports optimum productivity.
- **Soil:** Tea grows best in **well-drained, porous, acidic soils** that are low in calcium and rich in organic matter.

India's Tea Production Scenario:

Production Trends:

- Tea production has remained broadly resilient despite periodic fluctuations caused by climatic variability, pest attacks, ageing bushes and labour shortages.
- Production increased from **1,267.36 million kg (2016)** to **1,390.08 million kg (2019)**, declined during the pandemic to **1,257.53 million kg (2020)**, recovered to **1,393.66 million kg (2023)**, moderated in **2024**, and improved again to around **1,370 million kg in 2025**.

Regional Concentration:

- India's tea production remains geographically concentrated, making national output vulnerable to regional climatic disturbances.
- **Assam** and **West Bengal** together contribute more than **80%** of total production, while **Tamil Nadu**, **Kerala**, **Tripura**, **Himachal Pradesh**, **Uttarakhand** and a few North-Eastern states contribute comparatively smaller shares.
- Heatwaves, floods, erratic monsoon rainfall and landslides in Assam and North Bengal have a disproportionate impact on national production and prices.

India's Tea Trade Performance:

Exports:

- Tea exports have shown steady growth in both quantity and value, indicating improvement in India's global market presence.
- During **2024–25**, India exported about **263 million kg** of tea valued at around **?7,818 crore**, while exports during **April–December 2025–26** exceeded **223 million kg**.
- India's share in global tea production is significantly higher than its share in global exports, indicating substantial scope for expanding export competitiveness and value addition.
- Major export destinations include the **UAE**, **Iraq**, **Russia**, **China**, **United States**, **Iran**, **United Kingdom**, **Germany**, **Saudi Arabia** and **Trkiye**, with the top twenty markets accounting for nearly **88%** of total exports.

Imports:

- Tea imports generally account for only **2–3%** of domestic production and are primarily used for blending, re-export and value addition.
- Imports increased sharply during **2024–25**, raising concerns regarding domestic price stability, quality assurance and market competition.
- Growing imports from **Nepal** and **Kenya** have intensified competitive pressure on domestic producers by lowering auction prices and increasing price volatility.

Factors Behind the Current Slowdown:

Climate Change and Weather Extremes:

- Prolonged heatwaves, irregular rainfall, floods and landslides have reduced tea yields, deteriorated leaf quality and increased pest infestations.
- Climate variability has shortened harvesting cycles, reduced production of premium-quality tea and increased irrigation and plantation management costs.

Cheap Imports and Price Competition:

- Low-priced imports from neighbouring countries have increased downward pressure on domestic auction prices.

- Since tea largely functions as a **commodity market** with relatively low brand loyalty, consumers often switch to cheaper alternatives during periods of inflation or income stress.

Consumer Behaviour:

- Consumers have increasingly shifted towards low-cost sub-brands and products supplied by the unorganised sector, reducing the pricing power of organised tea companies.
- Premiumisation strategies have achieved only limited success because tea remains a highly price-sensitive daily consumption product.

Rising Cost of Production:

- Labour wages, fertilisers, energy, transportation and plant protection costs have increased faster than tea prices, compressing profit margins.
- Restrictions on several pesticides have increased production costs by requiring costlier alternatives while ensuring higher food safety standards.

Supply Chain Disruptions:

- Temporary **LPG shortages** linked to geopolitical disruptions in **West Asia** reduced household fuel consumption, indirectly affecting tea consumption in some regions.
- Weather-related disruptions have also affected transportation, auction arrivals and timely marketing of tea.

Structural Challenges:

- Ageing tea bushes, inadequate replantation, fragmented small holdings, limited mechanisation and declining productivity continue to constrain long-term competitiveness.
- Small tea growers remain highly vulnerable to volatile auction prices and increasing input costs.

Significance of the Tea Sector:

Economic Importance:

- Tea is one of India's major plantation crops contributing to agricultural output, export earnings and rural industrialisation.
- The sector supports extensive forward and backward linkages through packaging, logistics, warehousing, auction platforms and international trade.

Employment Generation:

- The industry provides direct and indirect employment to millions of workers, with women constituting a significant share of the plantation workforce.

Regional Development:

- Tea cultivation plays a crucial role in the socio-economic development of **Assam**, **West Bengal**, **Tamil Nadu**, **Kerala** and several North-Eastern states.

Foreign Exchange Earnings:

- Tea exports contribute to India's agricultural export basket and strengthen the country's presence in premium global beverage markets.

Challenges for the Tea Industry:

Economic Challenges:

- Persistent commodity price volatility, declining profitability and market concentration increase financial risks for producers.
- Heavy dependence on a limited number of export destinations exposes India to geopolitical and demand-side shocks.

Environmental Challenges:

- Climate change, increasing frequency of extreme weather events, pest outbreaks and declining soil health threaten long-term sustainability.

Institutional Challenges:

- Limited investment in replantation, inadequate technological adoption, fragmented supply chains and insufficient branding reduce international competitiveness.

Way Forward:

Strengthening Competitiveness:

- Promote premium teas, speciality teas, **Geographical Indication (GI)** products, organic tea and value-added products to improve export realisation.
- Expand market access through diversified export destinations and stronger trade diplomacy.

Climate-Resilient Tea Cultivation:

- Encourage climate-resilient varieties, efficient irrigation, integrated pest management, soil conservation and scientific replantation programmes.
- Strengthen early warning systems and weather-based advisory services for plantation management.

Institutional and Policy Measures:

- Improve quality certification through **Tea Mark**, strengthen testing infrastructure, support digital marketing and modernise tea auctions.
- Enhance financial support for small tea growers, promote mechanisation and expand research through specialised tea research institutions.

Value Addition for UPSC:

Important Institutions:

- **Tea Board of India**
- **Ministry of Commerce and Industry**
- **Tea Research Association (TRA)**

Important Legislation:

- **Tea Act, 1953**

Important Concepts:

- **Tea Mark**
- **Geographical Indication (GI) Tea**
- **Commodity Price Deflation**

- **Integrated Pest Management (IPM)**

Important Current Affairs Linkages:

- Climate change and plantation agriculture.
- Agricultural export competitiveness.
- Quality certification and food safety.
- Sustainable agriculture and resilient supply chains.
- Small growers, rural livelihoods and agricultural value chains