

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1582
ANSWERED ON:30.11.2009
PRICE OF TEA
Joshi Shri Pralhad Venkatesh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the prices of the Tea in open market have increased;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps being taken by the Government to contain the above increasing prices and the outcome thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (c) : Yes, Madam. As of September 2009, the price of tea in the primary market has increased by Rs.14.42/kg and at retail level by Rs.12.28/kg when compared to the average price of tea for 2008. The primary reason for increase in prices in 2009 was the shortfall in global production to the tune of 71 million kilograms during the calendar year up to September 2009, mainly due to the effect of drought in the major tea producer exporting countries – Sri Lanka and Kenya.

Tea prices in the primary market crashed from Rs 76/kg in 1998 to Rs 56/kg in 2005 and remained depressed till 2007. Tea prices started moving up from the middle of 2008 and continued during 2009. Tea price improvements in 2008 & 2009 have not actually neutralized the effects of past downturn. This improvement is helping tea plantations to recoup accumulated losses and providing renewed impetus to investments (field & factory). Both Sri Lanka and Kenya have now started recovering from the adverse effect of drought. It would be prudent to allow some time for the market forces to stabilise the prices based on demand and supply position.