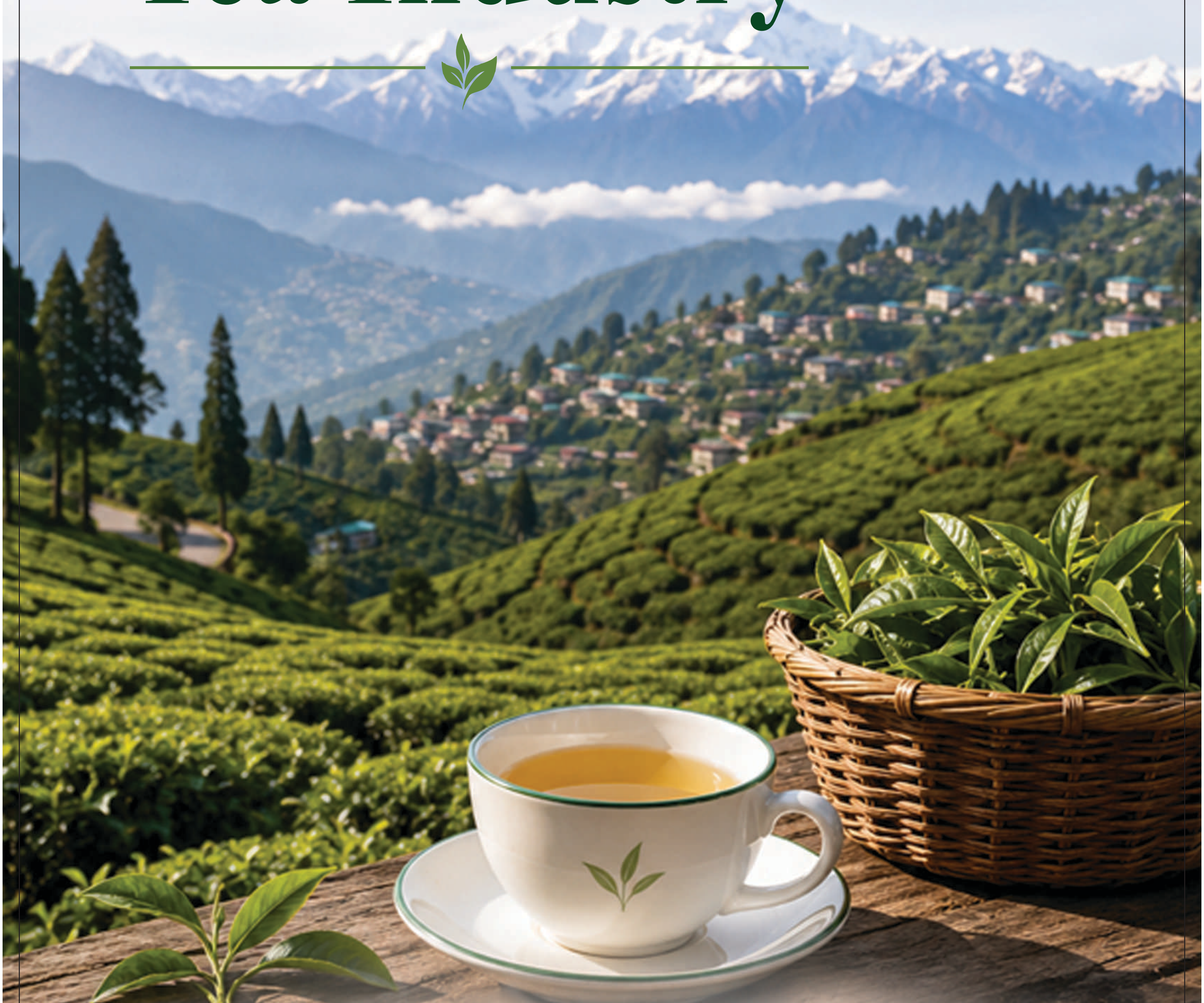
White Paper on

Darjeeling Tea Industry



Prepared By

Indian Tea Association

July 2026

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TABLE OF CONTENTS

SL. No.	DETAILS	Page No.
1	Executive Summary	3-5
2	Chapter I Darjeeling Tea Industry Overview-Challenges	6-8
3	Chapter II Recommendations	9-16
4	Chapter III Financial Package for the Darjeeling Tea Industry	17-18
5	Chapter IV Indian & Global Tea Industry	19-27
6	Conclusion	28

EXECUTIVE SUMMARY

AN URGENT APPEAL FOR THE SURVIVAL OF DARJEELING TEA

Darjeeling Tea is one of India's most celebrated agricultural products and among the country's most internationally recognised Geographical Indication (GI) brands.

Darjeeling Tea is not merely another agricultural commodity. It is India's most internationally recognised Geographical Indication, a symbol of our heritage, quality and global reputation. For over 170 years, it has carried the name of India to discerning consumers across the world while sustaining the economy and livelihoods of the Darjeeling hills. Today, this iconic industry stands at the brink of irreversible decline.

Production has fallen by over 61 percent during the last three decades, from 14.5 million kilograms in 1990 to barely 5.6 million kilograms in 2025. Eight tea estates remain closed, many others continue to incur substantial losses, and the industry's financial position has deteriorated to an extent where the cost of production significantly exceeds market realisations. Rising labour costs, stagnant prices, increasing input costs, unhindered imports, climate-related challenges, and declining productivity have collectively pushed the sector into a prolonged crisis. Without immediate intervention, the collapse of several more estates appear inevitable.

The consequences extend far beyond the tea industry itself. More than 55,000 permanent workers and thousands of seasonal workers depend directly on these plantations for their livelihoods. The closure of additional estates will inevitably lead to unemployment, economic distress, outward migration, and growing social instability in the Darjeeling hills. Equally concerning would be the irreversible erosion of one of India's most valuable global heritage brands.

The gravity of the situation is not new. Successive Parliamentary Standing Committees have repeatedly recognised the precarious condition of the Darjeeling tea industry and have recommended a dedicated revival package, stronger export promotion, protection against unfair imports, and other sector-specific interventions. These recommendations, made after detailed examination by Parliamentary Committee itself, remain largely unimplemented.

The industry has now reached a stage where further delay carries serious consequences. Every cropping season lost further weakens the financial viability of tea estates and diminishes the possibility of recovery. The window for corrective action is rapidly closing.

The Indian Tea Association is therefore making these respectful submissions through this White Paper proposing a focused revival framework, including a dedicated annual financial support package of approximately Rs. 113 crore together with structural policy reforms aimed at restoring competitiveness, protecting employment, modernising production, encouraging investment, and safeguarding the unique identity of Darjeeling Tea.

The financial commitment sought is modest when viewed against the immense economic, social and strategic value of preserving one of India's most celebrated geographical indications. The cost of inaction, however, will be immeasurably greater.

The Indian Tea Association assures the Government of its fullest cooperation in implementing a practical, transparent and sustainable revival programme. With timely intervention and collaborative action, this historic industry can once again become a source of national pride, rural prosperity and export growth.

The key recommendations are detailed in Chapter II & III. A summary of the key recommendations are as follows:

- **Financial Support & Revival Package –** Introduce a dedicated financial revival package, concessional credit, interest subvention, and incentive support to restore the viability of Darjeeling tea estates.

Sl. No.	Suggestions	Annual Financial Impact (Rs. In Cr.)
1	Orthodox Subsidy	28.00
2	Interest Subvention on Working Capital	5.60
3	Transport Subsidy	1.68
4	Mechanization of Field Operations	3.00
5	Govt. Support for Employers' Contribution- PF	50.00
6	Rejuvenation Subsidy	10.00
7	Modernisation of Manufacturing Activities	15.00
	TOTAL OUTLAY (Approx.)	**113.28**

- **Grant of Seasonal Industry Status –** Recognise Darjeeling tea as a seasonal industry to align regulatory and labour frameworks with its unique production cycle.
- **Employment Support During Lean Periods –** Permit deployment of tea garden workers under VB-G RAM G (erstwhile MNREGA) schemes for estate development activities during the non-cropping season.
- **Labour Code Reforms & Welfare Rationalisation –** Recognise plantation welfare benefits in wage determination and facilitate delivery of welfare amenities through Government schemes.
- **Integration with Government Welfare Schemes –** Extend agricultural, infrastructure, healthcare, insurance, and social welfare schemes to organised tea plantations.
- **Rejuvenation of Ageing Tea Bushes –** Enhance financial assistance and institutional support for rejuvenation of ageing tea areas to improve productivity and climate resilience.
- **Freehold Status for Tea Tourism Projects –** Grant freehold rights for land earmarked for tea tourism and allied activities to attract investment and promote diversification.
- **Minimum Sustainable Price for Made Tea:** Introduce a Minimum Sustainable Price for Made Tea linked to Cost of Production
- **Minimum Import Price for Orthodox Teas –** Introduce a Minimum Import Price mechanism to protect the Darjeeling tea sector from the adverse impact of low-priced tea imports.
- **Review of GST on RTD Tea Products –** Rationalise the GST rate on Ready-to-Drink tea beverages to encourage innovation, value addition, and domestic consumption.
- **Enhancement of RODTEP Rates –** Enhance RoDTEP benefits for tea exports to improve international competitiveness and offset embedded taxes.

Recognising the strategic importance of the sector, this Paper endeavours to provide a comprehensive policy framework for the revival and sustainable growth of the Darjeeling tea industry.

As the oldest Association of Tea Producers in India and the Secretariat to the Consultative Committee of Plantation Associations (CCPA), the Indian Tea Association (ITA) remains committed to working in close partnership with the Government of West Bengal & India and all stakeholders towards the revival and sustainable growth of the sector. The Association looks forward to continued constructive engagement in shaping a resilient, competitive, and future-ready tea industry for the State.

We respectfully urge the Government of India and Government of West Bengal to accord the highest priority to this matter and to initiate time-bound action on the recommendations contained in this White Paper. The survival of the Darjeeling tea industry can no longer wait. What is at stake is not only the future of an industry but also the livelihoods of thousands of workers, the stability of an entire hill economy, and the preservation of a globally renowned symbol of Brand India.

CHAPTER – I

DARJEELING TEA INDUSTRY

I. DARJEELING TEA SECTOR PROFILE

TEA SECTOR PROFILE	
TOTAL AREA UNDER TEA (Hectares)	17500
TOTAL NO. OF GARDENS	87
TOTAL PRODUCTION: 2025 (mkg)	5.6
NO. OF PERMANENT WORKERS	55000**

*** The Darjeeling tea industry in addition to employing over 55,000 workers on a permanent basis also engages approximately temporary 15,000 workers during the plucking season which lasts from March to November. A unique feature is that more than 50 percent are women.*

II. AREA AND PRODUCTION

YEAR	AREA UNDER TEA (HECT.)	PRODUCTION (MKG)
1990	20065	14.49
2000	18109	9.81
2020	17820	6.7
2023	17820	6.01
2024	17820	5.71
2025	17500	5.60

- Darjeeling production has significantly declined in the last 3 decades.
- Decline in production attributed to low yields from age old bushes, climate change adversities, organic conversion & man-power shortage.

III. AUCTION PRICES

AVERAGE AUCTION PRICE (RS/KG)			
Year	Darjeeling	Total West Bengal	All India
2017	438.14	129.07	134.81
2018	452.16	139.75	140.80
2019	338.76	137.98	142.15
2020	372.76	191.11	190.96
2021	372.8	177.53	174.84
2022	351.93	176.75	180.92
2023	332.61	163.87	169.02
2024	396.29	189.23	199.30
2025	437.85	169.74	188.03
CAGR	**-0.01%**	**3.48%**	**4.25%**

Source: J Thomas & Co. Pvt. Ltd

IV. CHALLENGES

- Most of Darjeeling tea estates are small in size. The average size of a garden in Darjeeling is 150 hectares as compared with 450 – 500 hectares in Dooars and Terai. **The average yield in Darjeeling is approximately 320 kgs per hectare.**
- Tea estates in Darjeeling being located in hilly terrains, the cost of production is substantially higher than the plains. Yields have been declining over the years due to climate change adversities. Due to hilly terrains, tea estates are disadvantaged from carrying out replantation activities for improving yields.
- The tea-growing zone has reached saturation point and there is little scope for further expansion
- **The cost structure of tea production in Darjeeling (being landlocked on hilly terrains and escalating costs) has reached levels that are difficult to sustain, with prevailing production costs continuing to remain substantially higher than average market realisations, thereby exerting severe pressure on the economic viability of the organised tea sector.**
- Fixed costs constitute 80% of the total cost of production out of which labour and employment cost constitute 60% of the total cost. The scope for cost reduction or rationalization is therefore limited.
- Over the past decade, key production costs have increased sharply, with energy costs recording a CAGR of 9–15%. Cost pressures have further intensified in 2026–27, driven by inflationary trends and geopolitical disruptions.
- Cash wages in West Bengal have increased from Rs 122.50 in 2015 to Rs 250 at present (i.e. 104%) . In addition to cash wages, tea estates continue to provide extensive statutory and non-statutory welfare benefits, including housing, healthcare, firewood, dry tea, crèche facilities and other amenities, further adding to the financial burden on producers. Sustaining wages payments during the lean period poses a challenge in absence of operational revenue.
- Low labour productivity, particularly in Darjeeling, has further increased the cost of production.
- Due to the quality profile of Darjeeling Teas, as well as the hilly terrains, mechanization is not yet an option.
- Labour absenteeism post 2017 has touched almost 40% resulting in tea estates not being able to optimize harvest of leaf during the peak season thereby impacting both quality and cost of production.
- **The surge in import of Nepal teas in the last few years has adversely impacted the viability of the Darjeeling tea sector.**

CLIMATE CONCERN

Available reports and published data indicate that Darjeeling has experienced significant climatic shifts over the past few decades, contributing to its categorization under the “Very High” climate severity zone. Various studies have reported a substantial decline in annual rainfall in the range of approximately 37% to 43% between 2010 and 2025, adversely affecting soil moisture content, spiking irrigation dependence, and declining tea productivity. Long-term historical assessments have also indicated a rise of over 1°C in mean annual temperature over the last century, reflecting a clear warming trend in the Darjeeling hills. These climatic changes are increasingly impacting crop sustainability, quality, and overall plantation resilience in the region.

- The increasing trend in the maximum temperature recorded in Darjeeling Hills is illustrated below:

Year	Temperature (°C) Maximum
1993	19.99
2003	18.10
2012	20.50
2023	26.20
2025	26.10

- **The West Bengal State Action Plan on Climate Change (2022–2027)** does not mention the tea industry, despite it being one of the sectors most significantly impacted by climate change. This needs to be reviewed.

SUMMARY

- The Darjeeling tea industry provides direct employment to over 55,000 workers, with women forming a majority of the workforce.
- Darjeeling tea production has declined sharply by more than 61% i.e. from 14.49 Mkgs. in 1990 to 5.60 Mkg. in 2025.
- Declining production is attributed to low yields from age old bushes, climate change adversities, organic conversion & man-power shortage.
- Darjeeling tea auction prices have recorded **a negative CAGR** over the years, indicating persistent market stress.
- High production costs, escalating costs of inputs, low yields, terrain-related constraints, and limited scope for mechanization have adversely affected sectoral viability.
- Labour absenteeism has risen significantly post-2017, impacting plucking efficiency, tea quality, and production economics.
- Climate change has emerged as a major concern, with declining rainfall and rising temperatures severely affecting productivity and plantation sustainability.
- Tea Sector to be included in the State Action Plan on Climate Change.

CHAPTER – II

RECOMMENDATIONS

In light of the severe structural, financial, and operational challenges confronting the Darjeeling tea industry, there is an urgent need for a comprehensive and coordinated policy response to safeguard this globally renowned heritage sector. A sustainable revival strategy, combining financial support, regulatory reforms, productivity enhancement, market protection, and livelihood security, is essential to restore the industry's long-term viability and competitiveness. Accordingly, the following **eleven (11)** key recommendations are submitted for the kind consideration of the Government with a view to revitalising the Darjeeling tea sector, strengthening its resilience, improving value realisation, preserving employment, and securing the future of one of India's most iconic Geographical Indication (GI) products

RECOMMENDATION #1

Financial Support and Sectoral Revival Measures: The tea industry in the Darjeeling region, is presently facing severe liquidity stress arising from escalating production costs, stagnant price realisations, and sustained pressure on operating margins. The resultant cash flow constraints have adversely impacted developmental activities, field upkeep, modernization, and welfare expenditure across tea estates, necessitating urgent institutional financial support for sectoral revival.

A suggested Financial Package for Darjeeling region, along with indicative corpus outlay requirements (approximately **Rs. 113.28 crores**), are detailed separately in the subsequent Chapter. In addition to the above, the following merit consideration:

- In this regard, the recommendations of the RBI Working Group on the Tea Industry constituted during the 2002 sectoral recession under the Chairmanship of Shri S. Madhukar, former CMD of United Bank of India, merit reconsideration. These included restructuring of seasonal deficits into term loans, reschedulement of repayment obligations based on future viability, and continued standard asset classification post-restructuring subject to prudential norms.
- Against the backdrop of prolonged financial stress, creation of a dedicated corpus-based revival package with a defined sunset clause for the Darjeeling tea industry merits urgent consideration. The proposed framework may facilitate concessional working capital support and long-term institutional finance for land rejuvenation, modernization of factory infrastructure, energy efficiency, and worker welfare measures. Financial assistance may be extended based on realistic viability assessments considering production history, market demand, and sustainable price realisations.
- Targeted Working Capital Term Loans (WCTLs), along with structured credit support and interest subvention, may also be considered to address immediate liquidity constraints. In this regard, interest subsidy of 5% on term loans and working capital facilities, coupled with extended repayment tenures of up to 15 years and a moratorium period of 2 years, would provide meaningful financial relief considering the long gestation nature of plantation revival.
- **The Assam Tea Industries Special Incentive Scheme (ATISIS), 2020 — comprising support for orthodox and speciality tea production, interest subvention and factory modernization — may also serve as a useful reference model for designing a similar incentive framework for stressed tea estates in Darjeeling.**

- **Further, the 171st Report of the Parliamentary Standing Committee on Commerce has acknowledged the precarious financial condition of the Darjeeling tea industry and recommended consideration of a dedicated financial relief package for the sector.**

  "A financial package as a revival mechanism should be extended by the Government of India to the Darjeeling Tea Sector. It further recommends the Tea Board to take steps for extending special assistance to modernize and mechanize the tea industries of Darjeeling district and North Bengal in collaboration with financial institutions of NABARD".

RECOMMENDATION #2

Granting Seasonal Status to Darjeeling Tea Industry: Tea cultivation in Darjeeling is intrinsically seasonal, with commercial production largely confined to the period from **March to November.** Owing to the region's unique agro-climatic conditions, prolonged winter months, low temperatures, reduced daylight hours, and dormancy of tea bushes result in little or no crop harvest during the lean season (December to February).

However, tea estates continue to incur expenditure throughout the year including lean season towards wages, welfare obligations etc. The existing regulatory and policy framework does not adequately reflect these unique operational realities.

In view of the unique climatic and operational characteristics of tea cultivation in the Darjeeling hills, the Government is earnestly requested to accord **Seasonal Industry Status** to the Darjeeling tea sector. Seasonal Industry Status would establish a policy framework aligned with the sector's operating cycle, enabling greater flexibility in labour deployment during the lean period and more efficient social security administration.

- **Employment support for off-season work through Implementation of Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin) Schemes in Tea Estates:** As tea manufacturing and field operations cease during the off-season, the State Government may then consider deployment of tea estate workers for other activities under the **Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin)** (erstwhile MGNREGA). This would provide productive employment during the lean season, offset wage costs for tea estates, and contribute to supporting the long-term sustainability of the Darjeeling tea industry.

RECOMMENDATION #3

Labour Codes: State Rules: The Government of India has introduced the Code on Wages, 2019 and the Occupational Safety, Health and Working Conditions Code, 2020 to establish a uniform framework for wages, welfare, and workplace safety. While plantation employers continue to bear extensive statutory responsibilities relating to housing, healthcare, sanitation, education, drinking water, and other welfare facilities, the Wage Code excludes most in-kind benefits from wage computation, permitting recognition of only up to 15% of total wages.

This creates a unique challenge for the organised plantation sector, which remains obligated to provide substantial welfare benefits while simultaneously complying with a uniform wage framework applicable to industries without similar statutory obligations. The position assumes greater significance in light of the Raptakos Brett & Co. Ltd. (1991) judgment, wherein the Supreme Court recognised housing, healthcare, education, fuel, clothing, and family welfare as essential components of minimum living standards and held that the value of such benefits should be considered while determining wages where they are already provided by employers.

The same principle has also been recognised by the International Labour Organization (ILO), which has observed:

> *"If the cost of social benefits are borne by the employer, the problem of the industry's capacity to pay wage costs has to be taken into consideration from the point of the total financial implications of minimum wage and other social regulations taken together. Secondly, in determining the minimum rates of pay sufficient to guarantee the workers a reasonable standard of living, the authorities responsible must of necessity take account of existing or planned non-wage benefits accruing to the workers, since these benefits are themselves important elements in the standard of living of those who enjoy them."*

In this context:

- **The State Rules may provide for appropriate recognition and valuation of statutory and non-statutory in-kind fringe benefits while determining wages in totality.**

Further, Section 92 of the Occupational Safety, Health and Working Conditions Code, 2020 permits plantation welfare obligations to be discharged through Central and State Government schemes.

- **The State Rules may facilitate the delivery of welfare amenities such as healthcare, water, sanitation, and allied services through Government schemes, with corresponding institutional support from the State, thereby reducing the welfare costs burden on plantation employers while ensuring continuity of worker welfare.**

RECOMMENDATION #4

Integration of Tea Plantations with Government Welfare Schemes: Tea plantations function as integrated socio-economic ecosystems supporting large resident populations in remote and infrastructure-deficient regions. Extension of state & national welfare schemes to plantation communities would substantially improve living standards while reducing the welfare burden borne exclusively by the industry.

Section 92 of the Occupational Safety, Health and Working Conditions Code, 2020 enables discharge of plantation welfare obligations through Central and State Government schemes.

Priority areas may include:

- Healthcare coverage under national health protection schemes and other schemes for upgradation of healthcare facilities.
- Provision of transportation facilities for school-going children of tea garden workers.
- Improvement in the Digital banking infrastructure in tea-growing regions.
- Crop insurance coverage for the Organised Sector under agricultural risk mitigation schemes.
- Irrigation support to address climate-related rainfall variability.
- Subsidized provident fund and pension contributions for labour-intensive tea estates.

Further, tea being an agricultural crop highly vulnerable to climate volatility, it is essential that the benefits of schemes under the Ministry of Agriculture both central and state, such as

Sl. No.	Schemes
1	Pradhan Mantri Fasal Bima Yojana
2	Pradhan Mantri Krishi Sinchai Yojana
3	Bangla Shasya Bima Scheme
4	Agriculture Development Fund
5	Accelerated Irrigation Benefit Programme
6	Financial Support for Farm Machinery (FSSM)
7	Rashtriya Krishi Vikas Yojana (RKVY) RKVY-RAFTAAR (Remunerative Approaches for Agriculture and Allied Sector Rejuvenation)

and other relevant schemes are extended to the organised tea plantation sector to help mitigate rising climate-related costs. Institutional convergence is therefore essential for long-term sustainability.

The Association is pleased to note the Government of West Bengal Notification No. 49-HA/O/M-04/2026 dated 3rd June 2026 extending all Government projects and welfare schemes to tea garden areas across the State, and looks forward to the effective implementation of the notification and appropriate integration of such schemes to support the welfare and development of plantation communities.

RECOMMENDATION #5

Rejuvenation of Ageing Tea Bushes: A significant proportion of the tea area in the organised sector in Darjeeling comprises ageing tea bushes with declining productivity, reduced quality potential and increasing climate vulnerability, adversely impacting both yield and long-term economic sustainability. There is an urgent need for a structured and sustained rejuvenation programme. In the existing support framework of the Tea Board India under the Tea Development & Promotion Scheme presently, replantation activities are eligible for financial assistance @ 25% of unit cost of Rs. 10.00 lakhs per ha, i.e. @ Rs.2.50 Lakhs/hectare. It is submitted that replantation is not a viable option for Darjeeling tea gardens because of geographical factors and therefore, it is suggested that financial assistance under Tea Board Scheme should be extended for Rejuvenation activities in Darjeeling hills.

A calibrated long-term rejuvenation roadmap, supported through sustained financial assistance with an initial annual outlay of **Rs. 10 crores** would be critical for improving productivity, climate adaptation and ensuring the long-term sustainability and global competitiveness of the Darjeeling tea industry. This merits consideration.

RECOMMENDATION #6

Modernisation of Tea Manufacturing Infrastructure: A large number of tea factories in the organised sector in Darjeeling require urgent modernization and technological upgradation to improve manufacturing efficiency, product consistency, energy utilisation and overall competitiveness. It is pertinent to note that under the erstwhile *Government of India North East Industrial Policy (NEIP), 1997,* tea was recognised as one of the identified thrust sectors and substantial fiscal incentives were extended to tea manufacturing units in the North Eastern States, including capital investment and interest subsidies, transport and manufacturing infrastructure modernization support, insurance reimbursements, and excise duty exemptions.

However, despite West Bengal being one of India's largest Tea producing States, similar policy support was not extended to the tea industry in the State. Consequently, tea factories in West Bengal continue to bear the full financial burden of replacing ageing machinery, upgrading energy-intensive processing systems and modernising manufacturing infrastructure, thereby creating a structural competitive disadvantage vis-à-vis neighbouring producing regions that historically benefited from such incentives.

In view of the above, the Government may consider introducing a targeted **Modernisation Support Scheme** for the organised tea sector in Darjeeling, on the lines of the erstwhile incentive programmes. The scheme may provide capital subsidy for factory modernisation, interest subvention for technology upgradation, support for energy-efficient machinery, and fiscal incentives for sustainable manufacturing infrastructure, with an initial annual outlay of approximately **Rs. 15 crores.**

Such support would significantly enhance manufacturing efficiency, improve quality consistency, reduce energy costs and strengthen the competitiveness. This merits consideration.

RECOMMENDATION #7

Grant of Freehold Status to the Land earmarked for Tea Tourism Projects: Under the West Bengal Tea Tourism and Allied Business Policy, 2019, tea estates are permitted to utilise up to 15% of their grant area for tea tourism and allied business activities. **To fully realise the investment potential of this policy, it is submitted that the land earmarked for tourism and allied economic activities may be granted freehold status.**

Such a measure would significantly enhance investor confidence, facilitate access to institutional finance, improve the bankability of projects, and attract greater private investment into the region. The grant of freehold rights for approved tourism and diversification projects would accelerate the development of tea tourism infrastructure, promote sustainable economic diversification, generate employment opportunities, and provide much-needed supplementary income to tea estates, thereby contributing to the long-term viability and resilience of the Darjeeling tea industry.

The Government may therefore kindly consider granting freehold status for land designated for tea tourism and allied business activities under the policy framework, in order to unlock investment, foster economic development, and support the sustainable growth of the sector.

RECOMMENDATION #8

Minimum Sustainable Price Mechanism: Tea Auction prices for Darjeeling remain highly volatile due to cyclical demand-supply imbalances, frequently falling below sustainable cost of production levels, while plantation input costs—including wages, energy, compliance, and welfare—have risen steadily without commensurate price growth, thereby eroding the economic viability of the organised sector and constraining reinvestment in quality, replantation, modernisation, and climate resilience. The Public Auction has increasingly failed to ensure fair and sustainable price realisation, with auction prices remaining volatile and often below viable levels, exerting sustained financial pressure on producers.

There is an urgent need to introduce a **Minimum Sustainable Price** for Darjeeling made tea sold in the domestic market, linked to the cost of production and prescribed quality standards. Such a mechanism would prevent distress sales below economically viable levels, safeguard the sustainability of tea producers, promote market discipline, and ensure the long-term stability and integrity of the Darjeeling tea sector.

RECOMMENDATION #9

Minimum Import Price for Orthodox Teas: Tea imports in recent years — particularly from Nepal has increased manyfold and thus there is a need to strengthen the regulatory framework governing tea imports in order to safeguard the integrity, sustainability, and global reputation of Darjeeling tea.

The volume of tea imports from Nepal has constantly surpassed the Darjeeling tea production.

Country	2025 Qty (M kg)	2024 Qty (M kg)	2023 Qty (M kg)
Nepal	11.70	16.05	13.66
Total (All countries)	39.65	44.53	24.52

Source: Ministry of Commerce & Industries, Govt. of India

- Rising import volumes have contributed to domestic supply pressures and potentially diluted the distinct identity and quality perception of Darjeeling teas in domestic and international markets.
- While the Tea Board India has initiated certain regulatory measures in this regard, further policy intervention merits consideration.
- **The 194th Report of the Parliamentary Standing Committee on Commerce has acknowledged the serious situation of the Darjeeling tea industry in connection with the influx of Imports from Nepal and has recommended:**

  "There is also a pressing need to review the provisions of Indo-Nepal trade agreement pertaining to tea. At present tea from Nepal is imported duty free while Nepal imposes 40% duty on Indian Tea export. Further, low quality Nepalese Tea is mixed with GI tagged Darjeeling Tea affecting its brand. The Department needs to implement strict measures to protect the GI tagged Darjeeling tea and impose strict penalties on violations."
- Consideration may be given to the introduction of an appropriate Minimum Import Price (MIP) mechanism to prevent inflow of teas at unsustainably low-price levels that adversely impact domestic price realisation and producer viability.
- The cost of production of Darjeeling tea has been escalating over the years beyond sustainable levels. The estimated cost of production of Darjeeling Tea is approximately Rs 650 to 750 per kg which is far above the average price realization. The widening gap between the cost of production of Darjeeling tea and import price of Nepal tea is adversely impacting the viability of the Darjeeling tea sector.

A Table showing the import price of Nepal Teas is given below:

Tea Imports from Nepal		
Year	Import Quantity (mkg)	Import Price (Rs/Kg)
2018	16.67	127.17
2019	7.58	135.53
2020	10.88	202.61
2021	9.21	168.46
2022	17.36	135.19
2023	13.66	143.65
2024	16.05	160.52
2025	11.70	170.17

Source: Tea Board & DGFT

There is established precedent for the imposition of **Minimum Import Prices (MIP)** by the Government of India to safeguard domestic producers from the adverse impact of low-priced imports. For instance, MIP were introduced on various categories of peas to curb cheaper imports and support domestic market prices. Similarly, the Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry, imposed an MIP on pepper and its derivatives to arrest the decline in domestic black pepper prices caused by a surge of low-cost imports, particularly from Vietnam routed through Sri Lanka.

The ITA in its submissions to the Commerce Ministry/Tea Board has advocated for introduction of a Minimum Import Price for teas to protect the Darjeeling Tea Sector. This may be considered.

RECOMMENDATION #10

Review of GST on Ready-to-Drink (RTD) Tea Products: The current 40% GST rate on Ready-to-Drink (RTD) tea beverages acts as a significant disincentive to innovation, value addition, and market development within the tea sector. Globally, major tea-producing and tea-consuming countries actively encourage product innovation and value-added beverage segments through supportive tax regimes, research support, branding assistance, and market development initiatives. Foreign countries have witnessed substantial growth in RTD tea consumption owing to policy environments that encourage innovation and diversification in tea-based products. For India, particularly for premium teas such as Darjeeling Tea, the RTD segment offers an important avenue to attract younger consumers, expand domestic consumption, create higher value realisation, and strengthen demand for quality teas. Rationalisation of the GST rate on tea-based RTD products would therefore encourage investment, foster innovation, support product diversification, and enhance the long-term competitiveness and sustainability of the Darjeeling tea industry.

The Association, therefore requests that GST rate for authentic tea-based RTD beverages be reviewed & reduced to 5% GST slab. Such rationalisation would encourage value addition, support investment in innovative tea products and strengthen the long-term growth and competitiveness of the Indian tea industry.

The Association would be grateful if the Hon'ble Minister-in-Charge, Finance Department, Government of West Bengal, being a member of the GST Council, would kindly consider placing this matter before the GST Council for its consideration.

RECOMMENDATION #11

Review & Enhancement of RODTEP Reward Rate for Bulk Tea: The Remission of Duties and Taxes on Exported Products (RoDTEP) rate for Black Tea in Bulk (Tariff Items 09024020 and 09024030) was reduced from 1.7% to 1.4% of FOB value with effect from 10th October 2024 vide CBIC Memo No. CBIC-140605/12/2023-O/o Dir (Drawback)–CBEC dated 9 October 2024. This represents a further reduction in export support for the tea sector, despite continuing cost pressures and intensifying competition in international markets. The earlier rate of 1.7% of FOB value, subject to a cap of RS. 6.70 per kg, had been notified vide Government Notification No. S.O. 133(E) dated 9 January 2023.

It is pertinent to note that a study commissioned by the Indian Tea Association during 2021–22 estimated the incidence of embedded taxes on export-bound teas at 5.91% of the average export sale price, significantly higher than the current RoDTEP benefit. Subsequently, as advised by the Government, a fresh study was undertaken in 2023 and the requisite data was submitted for review of the rates. Furthermore, prior to the introduction of RoDTEP, tea exporters were eligible for benefits under the Merchandise Exports from India Scheme (MEIS) at 5% of FOB value, indicating a substantial decline in export incentives available to the sector. In view of the strategic importance of tea exports and the need to maintain India's competitiveness in global markets, a review and enhancement of the RoDTEP rate for tea merits favourable consideration.

Avg. FOB Unit Price of Darjeeling Tea exports (Rs/Kg)	RoDTEP Reward @ 1.4% (Rs/Kg)	MEIS Benefit @ 5% (Rs/Kg)	Reduced Benefit under RoDTEP (Rs/Kg)
550	7.70	27.50	(-) 19.80

We have been proactively engaging with the Government seeking a review of the RODTEP rates applicable to Tea with an upward revision to a level of around 5% of FOB to enable Indian Tea Exporters to be competitive in the international markets. However, the latest downward revision would impede the profitability of Indian tea exports at a time when shipment costs and other input costs have increased substantially.

The last few years have been extremely challenging for Indian tea exports as geopolitical tensions in key markets have adversely impacted shipment volumes. Further, the exponential increase in ocean freight in the last few years has increased the cost of Indian exports adversely impacting competitiveness. In keeping with the Govt. of India's priority to increase exports, India as the largest Black Tea producing country, is making efforts to increase the share of Indian Tea in the global market. rkets, a review and enhancement of the RoDTEP rate for tea merits favourable consideration.

In view of the foregoing, we would submit the following:

- **The Reward Base Rate under RoDTEP for Black Tea in Bulk (H.S Code 09024020 and 09024030) may kindly be reviewed and considered for upward revision to 5% which would be at par with the benefit under the erstwhile MEIS**

SUMMARY

- **Financial Support & Revival Package –** Introduce a dedicated financial revival package, concessional credit, interest subvention, and incentive support to restore the viability of Darjeeling tea estates.
- **Grant of Seasonal Industry Status –** Recognise Darjeeling tea as a seasonal industry to align regulatory and labour frameworks with its unique production cycle.
- **Employment Support During Lean Periods –** Permit deployment of tea garden workers under MNREGA for estate development activities during the non-cropping season.
- **Labour Code Reforms & Welfare Rationalisation –** Recognise plantation welfare benefits in wage determination and facilitate delivery of welfare amenities through Government schemes.
- **Integration with Government Welfare Schemes –** Extend agricultural, infrastructure, healthcare, insurance, and social welfare schemes to organised tea plantation communities.
- **Rejuvenation of Ageing Tea Bushes –** Enhance financial assistance and institutional support for rejuvenation of ageing tea areas to improve productivity and climate resilience.
- **Factory Modernisation Support –** Provide capital subsidies and technology upgradation incentives for modernisation of tea manufacturing infrastructure.
- **Freehold Status for Tea Tourism Projects –** Grant freehold rights for land earmarked for tea tourism and allied activities to attract investment and promote diversification.
- **Minimum Sustainable Price for Made Tea:** Introduce a Minimum Sustainable Price for Made Tea linked to Cost of Production
- **Minimum Import Price for Orthodox Teas –** Introduce a Minimum Import Price mechanism to protect the Darjeeling tea sector from the adverse impact of low-priced tea imports.
- **Review of GST on RTD Tea Products –** Rationalise the GST rate on Ready-to-Drink tea beverages to encourage innovation, value addition, and domestic consumption.
- **Enhancement of RoDTEP Rates –** Restore and enhance RoDTEP benefits for tea exports to improve international competitiveness and offset embedded taxes.

CHAPTER – III

FINANCIAL PACKAGE FOR REVIVAL OF THE DARJEELING TEA INDUSTRY

I. INCENTIVIZING EXPORTS OF DARJEELING TEAS: ORTHODOX SUBSIDY

- Darjeeling produces 100% orthodox teas a vast majority of which are exported.
- Global demand for Orthodox / Green Tea has been rising and this segment constitutes more than 60% of the global tea trade.
- Due to hilly terrains and lower yields, the cost of production in Darjeeling is much higher than the plains. We would request the Government of West Bengal to consider incentivizing orthodox production for a period of three years by Rs 50/- per kg. The estimated annual financial outlay would be:

Darjeeling Production	Suggested Orthodox Subsidy	Annual Financial Impact
5.6 mkg or 56 lakh kgs	Rs 50/- kg	Rs 28.00 crores

II. INTEREST SUBVENTION ON WORKING CAPITAL LOAN

- The high rate of interest being charged by the lending banks need to be mitigated to enable the tea sector to remain competitive and viable. Interest subvention on working capital loan @ 5% to the Darjeeling tea plantation sector for a period of five years would be helpful in ensuring sustainability in operations. The estimated annual financial outlay based on a loan requirement of Rs 200/- per kg for the organized sector would be:

Darjeeling Production	Estimated Loan Requirement	Annual Financial Impact
5.6 mkgs	Rs 112 crores (5.6 mkgs x Rs 200/kg)	Rs 5.6 crores (Rs 112 crores x 5%)

III. MECHANIZATION OF FIELD OPERATIONS

- Tea Plantations are faced with severe of shortage of workforce. It has therefore become necessary to introduce various mechanical devices for improving the working efficiency. A 25% subsidy on the cost of field machinery may kindly be considered for extension.
- Estimated fund requirement to start the Scheme could be around **Rs 3.00 crores.**

IV. TRANSPORT SUBSIDY FOR DARJEELING TEA SECTOR

- Tea Estates in Darjeeling being located in hilly terrains are severely constrained by high transportation costs. The Darjeeling tea sector has to bear high costs for inward flow of inputs as smaller trucks have to be used for transporting inputs and also for dispatch of teas to auction centres in Kolkata and various other markets across the country.
- It would be of critical importance at the present juncture to extend a Transport Subsidy @Rs. 3/kg to the Darjeeling Tea Sector to mitigate the high cost on movement of inputs and teas. The estimated annual financial outlay would be:

Darjeeling Production	Subsidy Rate	Annual Financial Impact
5.6 mkg or 56 lakh kgs	Rs 3/- per kg	Rs 1.68 crores.

V. TEMPORARY GOVERNMENT SUPPORT FOR EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS:
The Darjeeling tea industry is presently facing an acute financial crisis arising from rising labour costs, declining productivity, and sustained erosion of profitability. Given that labour-related expenditure constitutes a major component of plantation operating costs and that tea estates continue to support large resident populations in remote hill areas, there is a strong case for temporary government intervention to preserve employment and maintain plantation operations.

The Government of India may consider introducing a time-bound employment retention and social security support package for the Darjeeling tea sector under the Pradhan Mantri Viksit Bharat Rozgar Yojana (PMVBRY) framework or through a dedicated sector-specific scheme, whereby the **employer's statutory contribution towards EPFO** for workers employed in Darjeeling tea gardens is borne by the Government for a period of **five years.** With an estimated outlay of **approximately Rs. 50 crores per year,** such support would provide immediate financial relief to tea estates, improve liquidity, encourage retention of the existing workforce, and facilitate reinvestment in rejuvenation and productivity enhancement measures. This would safeguard livelihoods, prevent further distress in the plantations, and support the revival of this nationally important heritage industry.

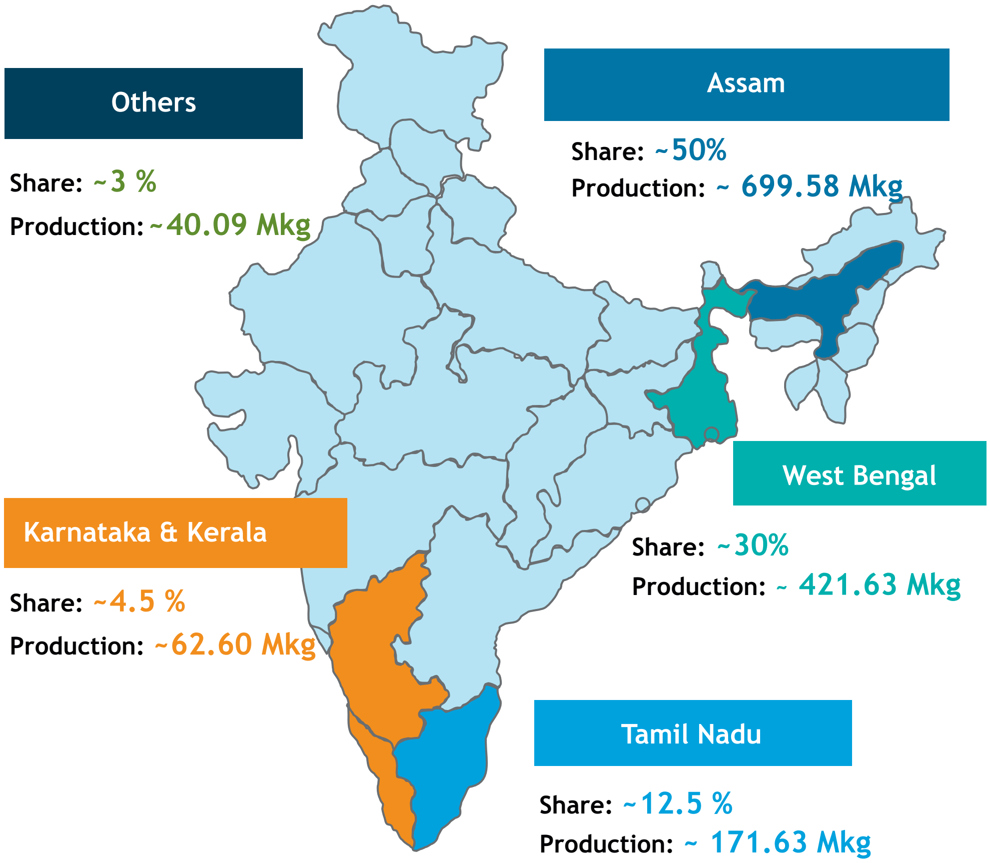
SUMMARY OF ANNUAL FINANCIAL OUTLAY DARJEELING

Sl. No.	Suggestions	Annual Financial Impact (Rs. in Cr.)
1	Orthodox Subsidy	28.00
2	Interest Subvention on Working Capital	5.60
3	Transport Subsidy	1.68
4	Mechanization of Field Operations	3.00
5	Govt. Support for Employers' Contribution- PF	50.00
6	Rejuvenation Subsidy (Recommendation 5)	10.00
7	Modernisation of Manufacturing Activities (Recommendation 6)	15.00
	TOTAL OUTLAY (Approx.)	**113.28**

CHAPTER – IV

INDIAN & GLOBAL TEA INDUSTRY

A. INDIA



I. INDIAN TEA-SERVING NATIONAL PRIORITIES: OVERVIEW

13% of the Global Tea Area	6.35 lakh hectares (Big Growers – 4.21 lakh hect, Small Growers – 2.14 lakh hect)
19.21 % of Global Production- 1395.53 million kgs. (2025)	Largest Black tea producer in the world.
Approx. 14% of Global Tea Exports- 286 million kgs approx.	3rd largest Tea exporter in the world (Value: Rs. 8659.44 crores approx.) 87% of the Exports are to 21 countries.
1.2 million workers	Direct employment - 50% of the workforce are women
57% of All India Production – 790.52 million kgs.	Contributed by Small Tea Growers (STGs) Total Nos. – 2,49,318 (Avg. Holding < 1Hec.) Total Area Under Tea (STG)- 213903.91 Hect.

II. ALL INDIA PRODUCTION REGION-WISE:

All India Production (In Mkg) – Region Wise			
YEAR	North India	South India	All India
2021	1108.04	235.02	1343.06
2022	1134.54	231.82	1366.36
2023	1156.98	236.68	1393.66
2024	1076.57	226.96	1303.53
2025	1161.3	234.23	1395.53

III. INDIAN TEA SECTOR: TRENDS OVER TIME

Year	Production (mkg)	Avg. Auction Prices (Rs/Kg)	Exports (mkg)	Imports (mkg)
2015	1208	128.60	228	19
2016	1267	135.93	222	21
2017	1321	134.81	252	21
2018	1338.63	140.8	256	25
2019	1390.08	142.15	252	16
2020	1257.53	190.96	210	24
2021	1343.06	174.84	197	27
2022	1366.36	180.92	231	30
2023	1393.66	169.02	232	24
2024	1303.53	199.3	256	45*
2025	1395.53	188.03	286	40*
	Price CAGR	**3.87%**		

Source: Tea Board & J Thomas & Co. Pvt. Ltd. ** Ministry of Commerce & Industries, Govt. of India*

- Indian tea production has increased by over 15% since 2015.
- Production growth has been largely driven by the Small Tea Grower (STG) sector, which now accounts for nearly 57% of total output, while production from the Registered Tea Garden (RTG) sector has declined since 2010.
- Indian tea prices have largely remained stagnant, registering a CAGR of only 3.87% over the past decade.
- An imbalance between demand and supply continues to be a major factor behind price stagnation.
- After a prolonged period of stagnation, tea exports have shown encouraging growth in recent years.
- Tea imports have risen significantly in the last few years, primarily driven by imports from Nepal and Kenya.

IV. AREA UNDER TEA IN INDIA – GROWER-WISE

AREA UNDER TEA (Hec)			
Year	All India	Big Growers (BG)	Small Growers (SG)
2018	636557	420671	215886
2023	624326	421461	202865
2024	634605	421461	213144
2025	635365	421461	213904

Source: Tea Board

V. TEA PRODUCTION: 2026

Tea Production (upto May 2026)				
Region	2026 (mkg)	2025 (mkg)	Diff (mkg)	Dff (%)
Assam	138.40	136.34	2.16	1.58
West Bengal	104.12	104.90	-0.78	-0.74
North India	251.67	249.73	1.94	0.78
South India	81.82	96.50	-14.68	-15.21
All India	333.49	346.23	-12.74	-3.68

Source: Tea Board

- Due to unfavourable weather conditions, tea production has witnessed a downward trend.

VI. EMERGENCE OF SMALL TEA GROWERS – DUAL ECONOMY

- Traditionally, tea cultivation in India was dominated by the organized sector, with tea grown on leasehold estates typically exceeding 100 hectares and supported by dedicated processing factories. The sector comprises both, large companies operating multiple estates and smaller firms managing single-estate plantations.
- In the last two decades, the industry has undergone a major structural shift, driven by the rapid growth of the Small Tea Grower (STG) and Bought Leaf Factory (BLF) segments, which now contribute nearly 57% of India's tea production.

STATE WISE TEA GROWERS					
	Assam	West Bengal	North India	South India	All India
No. of BG	762	449	1327	240	1567
No. of SG	133864	39654	190491	58827	249318

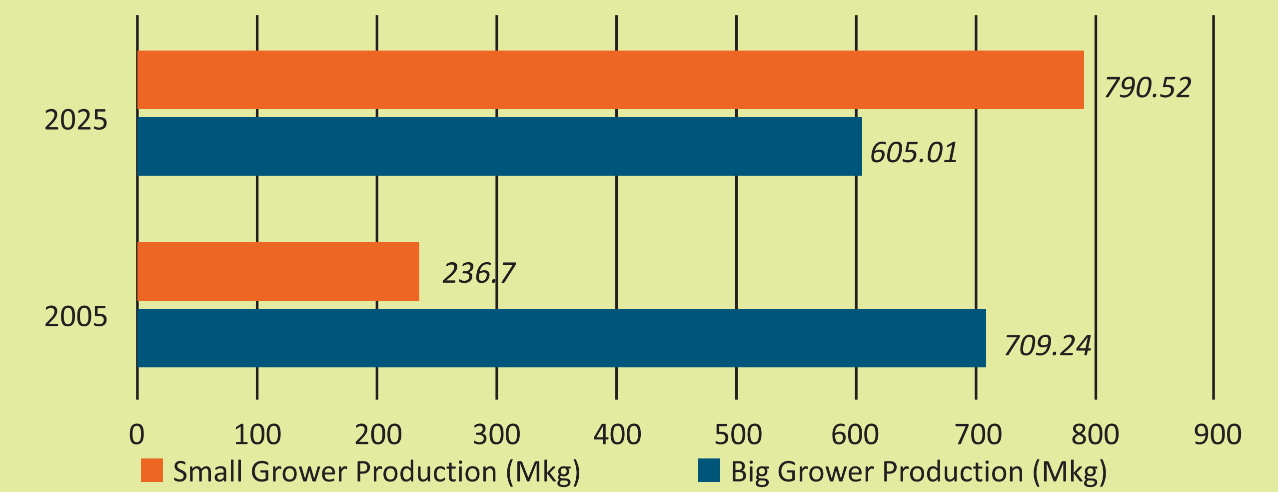
Source: Tea Board

YEAR	Big Grower Production (mkg)	Small Grower Production (mkg)	All India Production (mkg)
2005	709.24 **(75%)**	236.70 **(25%)**	945.94
2025	605.01 **(43.35%)**	790.52 **(56.65%)**	1395.53

Source: Tea Board

- Small Tea Grower production has increased by 234% and Big Grower production has declined by more than 15% during the period 2005-2025.

RISE OF SMALL TEA GROWERS



ALL INDIA PRODUCTION (IN MKG) – GROWER WISE					
Year	**BG**	**%**	**SG**	**%**	**TOTAL**
2021	654.24	48.71%	688.82	51.29%	1343.06
2022	656.44	48.04%	709.92	51.96%	1366.36
2023	651.51	46.75%	742.15	53.25%	1393.66
2024	595.86	45.71%	707.67	54.29%	1303.53
2025	605.01	43.35%	790.52	56.65%	1395.53

Source: Tea Board

- The emergence of Small Tea Growers has created a dual economic structure in tea plantations. Tea Estates registered under the Plantation Labour Act with a resident work force incur higher cost overheads when compared to stand alone Bought Leaf Factories where such cost overheads are lower.
- The cost structure of the organized sector has high component of fixed cost. 80% of the costs comprising labour, power etc are fixed in nature with no scope for reduction.
- This wide variation in the cost of production between the two verticals is enabling the Bought Leaf segment to offload teas at a lower price. On the other hand, a large cross section of the organized sector with high costs of production is unable to match the same price levels. Large section of the tea industry in the organized sector is incurring losses.

- While the tea production has been growing at a steady pace but much is attributable to the production of STGs as over the years the RTG productions has shrunk at a rate of -1.3%. The demand and supply projection in a study by BDO, states that the Indian tea industry will be staring at a shortfall of ~350 Mn kgs of tea by 2030.

VII. EXPORTS FROM INDIA

REGION WISE EXPORT FROM INDIA									
	North India			South India			All India		
Year	Qty (Mkg)	Value (Rs Cr)	UP (Rs/Kg)	Qty (M.Kg)	Value (Rs Cr)	UP (Rs/Kg)	Qty (Mkg)	Value (Rs Cr)	UP (Rs/Kg)
2021	113.96	3472.59	304.72	82.58	1838.56	222.64	196.54	5311.15	270.23
2022	147.33	4507.28	305.93	83.75	1852.27	221.17	231.08	6359.55	275.21
2023	141.00	4105.00	291.13	90.69	2055.86	226.69	231.69	6160.86	265.91
2024	155.49	4850.34	311.94	100.68	2317.07	230.14	256.17	7167.47	279.79
2025	194.86	6294.08	323.01	90.67	2365.36	260.88	285.53	8659.44	303.28

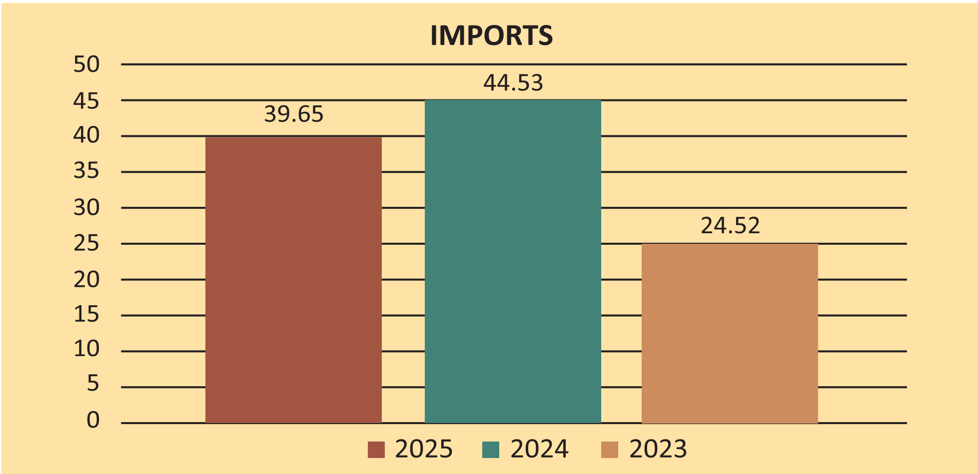
Source: Tea Board

VIII. IMPORTS

TEA IMPORTS (JANUARY – DECEMBER)						
	2025		2024		2023	
Country	Qty (Mkg)	Values in crore	Qty (Mkg)	Values in crore	Qty (Mkg)	Values in crore
Kenya	14.04	244.19	16.63	240.25	4.81	85.91
Nepal	11.7	199.1	16.05	257.64	13.66	191.81
Total	39.65	670.1	44.53	676.08	24.52	379.59

Ministry of Commerce & Industries, Govt. of India

- There has been a surge in tea imports especially in the last couple years which has aggravated the domestic oversupply situation. The major share of imports is contributed by Nepal and Kenya.



- Reports of imported teas being blended with Indian tea and exported without an appropriate multi-origin tag are damaging the brand equity of Indian tea globally.

B. GLOBAL

1. GLOBAL TEA OVERVIEW:

Area (hectares): 2024	5442565
Production: 2024 (Mkg)	7074
Exports: 2024 (Mkg)	1968
% of Exports of total Production	28%
Consumption: 2024 (million kg)	6957

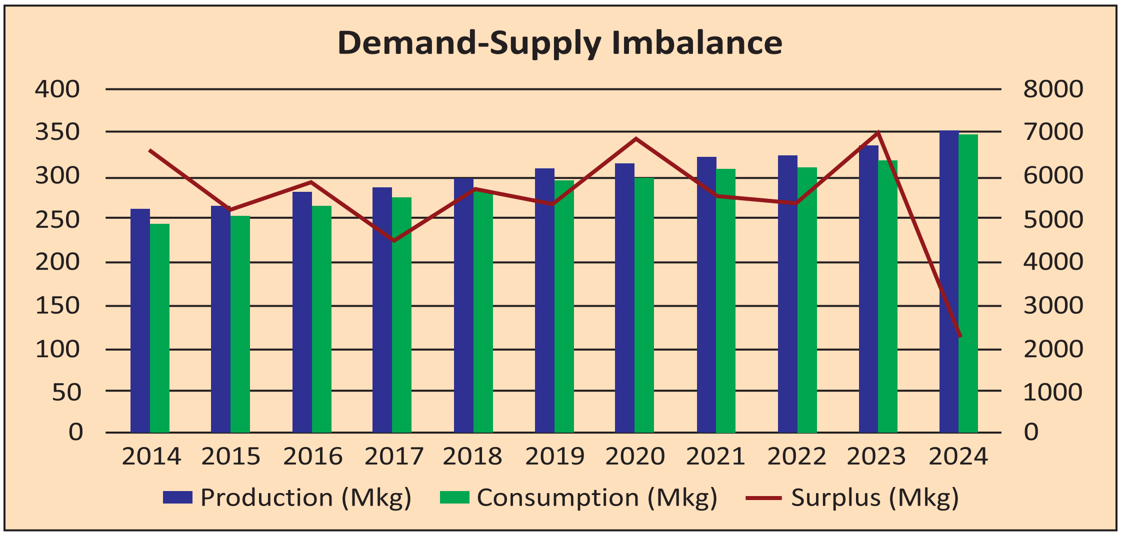
Source: ITC Bulletin 2025

II. GLOBAL PRODUCTION-CONSUMPTION-SURPLUS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production (Mkg)	5228	5306	5595	5719	5967	6162	6287	6449	6477	6701	7074
Consumption (Mkg)	4900	5047	5302	5493	5683	5895	5944	6173	6234	6351	6957
Surplus (Mkg)	328	259	293	226	284	267	343	276	243	350	117

Source: ITC Bulletin 2025

III. DEMAND- SUPPLY IMBALANCE



Production

— World tea production estimated to have increased by 373 mkg in 2024 compared to 2023.

— Increase in production in 2024 primarily due to surge in crop in China.

— As per FAO estimates, Black tea production is projected to increase by 1.6% annually till 2032.

— World Green Tea production is estimated to grow by 6.3% annually reflecting expansion in China.

— Indian Black tea production is projected to grow by 1.7% annually (1735 mkg by 2032).

Consumption

— As per ITC bulletin, over the last decade, world tea consumption increased by 3.57% CAGR reaching a volume of 6957 mkg in 2024. The increase has been due to increase in population and growth in per capita income levels.

— Tea consumption in traditional importing countries of Europe and North America has been declining due to increasing competition from other beverages.

— As per FAO estimates, Black Tea consumption is projected to grow by 1.8% annually.

Surplus

— As per ITC bulletin, in 2024, global trends indicate a robust increase in consumption of 9.54%, leading to a sharp contraction in the global surplus by 66.57%, which declined from 350 Mkgs in 2023 to 117 Mkgs in 2024

IV. GLOBAL TEA EXPORTS (IN MILLION KGS)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1826	1798	1812	1815	1880	1913	1861	1951	1862	1880	1968

Source: ITC Bulletin 2025 Supplement

- World Tea Exports have been hovering between 1800-1900 million kgs in the last 10 years.
- Geopolitical tensions and economic slowdown have disrupted international trade resulting in lower shipments to key importing markets in recent times.
- As per FAO estimates, Black Tea exports projected to grow by 1.2% annually over the medium term.
- Green Tea exports projected to grow by 3.5% annually as per FAO estimates.

V. GLOBAL AUCTION PRICES (IN US$/KG)

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
India	2.08	1.94	2	2.04	2.03	2.03	2.57	2.37	2.29	2.04	2.94
Bangladesh	2.19	2.41	2.55	2.45	3.11	2.31	2.05	2.32	2.1	1.71	1.7
Sri Lanka	3.53	2.96	3.2	4.06	3.58	3.05	3.4	3.11	3.88	3.58	4.12
Kenya	2.14	2.95	2.41	2.97	2.59	2.2	2.01	2.09	2.48	2.24	2.07

Source: ITC Bulletin

- Global Auction Prices in Dollar terms have remained stagnant in the last 10 years which has aggravated the financial stress of tea producers.
- Slowdown in the global economy has put pressure on prices adversely affecting demand and resulting in surplus in the market.

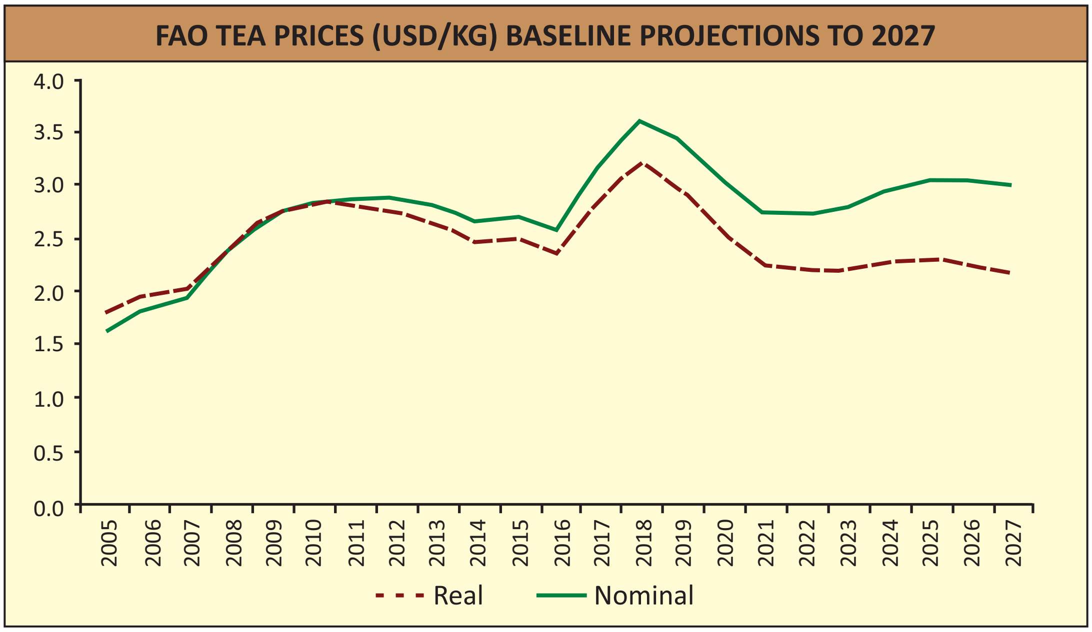
- FAO projections for the medium term suggest that supply and demand of Black Tea will be in equilibrium in 2027 at a price of USD 3.00 per kg.
- The price projections as per FAO estimates indicate a decline by 1.4% in nominal terms, while in real terms prices would actually decline by an annual average of 3.6% percent over the next decade.
- FAO projections further indicate that an increase in output by 5% could result in decline in prices substantially.

VI. GLOBAL OVERVIEW 2025

Production (Mkg)		7266
Exports (Mkg)		2009
Prices (US$/Kg.)	India	2.57
	Bangladesh	1.89
	Sri Lanka	3.82
	Kenya	2.06

VII. FAO PROJECTIONS ON GLOBAL TEA PRICES

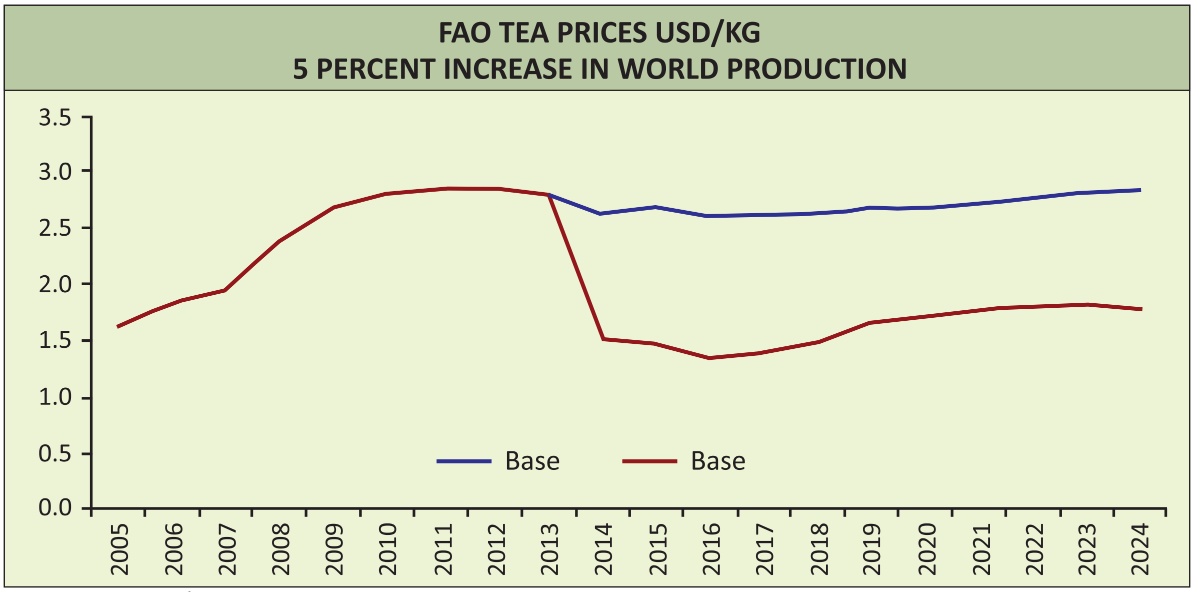
The Food and Agricultural Organization (FAO) of the United Nations' medium-term projections of Global prices indicate that global prices may decline in nominal terms by 1.4% while in real terms it would decline by an annual average of 3.6% over the next decade.



Source: FAO IGG/Tea Secretariat

FAO projections further indicate that there is need to maintain the delicate balance between supply and demand to achieve sustainability. An increase in output by 5% for instance could lead to a dramatic decline in prices by 40% over the next 10 years. This is indicated below:

EFFECT ON PRICES OF A 5 PERCENT PRODUCTION INCREASE OVER THE BASELINE



Source: FAO IGG/Tea Secretariat

The situation calls for an overarching policy to check expansion of Tea Areas. This is critical for the viability of the tea sector and security of employment of the millions of workers engaged in tea cultivation.

SUMMARY

- India accounts for nearly 19% of global tea production and remains the world's largest black tea producer and third-largest exporter.
- Small Tea Growers now contribute nearly 57% of India's tea output, significantly reshaping the industry structure over the last two decades.
- Indian tea prices have largely stagnated despite rising production.
- Escalating input costs, putting pressure on organised tea estates.
- Tea exports from India have shown strong recent growth, while imports from Nepal and Kenya have sharply increased, intensifying domestic oversupply concerns.
- Adverse weather conditions and climate change disruptions have negatively impacted tea production trends in 2026.
- The organised tea sector faces high fixed labour and welfare costs, creating a dual-cost economy vis-à-vis the lower-cost bought leaf segment.
- Global tea production and consumption continue to rise, with the 2024 global surplus sharply narrowing due to stronger demand growth.
- Global tea exports and auction prices have largely remained stagnant over the past decade amid geopolitical and economic uncertainties.
- FAO projections indicate long-term downward pressure on global tea prices, highlighting the need to maintain supply-demand balance and regulate area expansion.

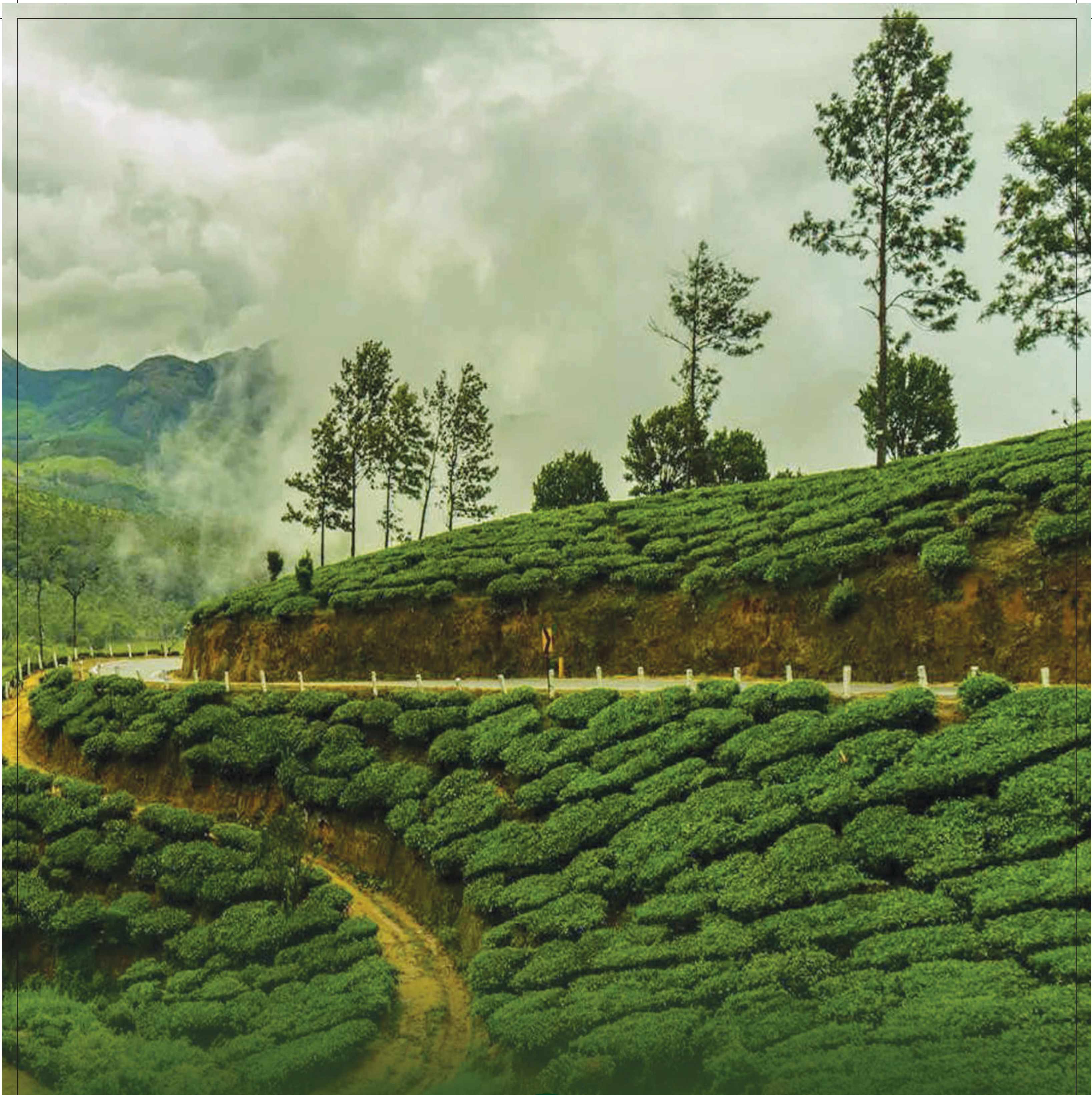
CONCLUSION

The Darjeeling tea industry stands at a defining moment in its long and distinguished history. Revered globally as the "Champagne of Teas" and recognised as one of India's most prestigious Geographical Indication (GI) products, Darjeeling Tea represents far more than an agricultural commodity. It embodies a unique legacy of heritage, quality, sustainability, employment generation, ecological stewardship, and India's reputation in premium international markets. However, the industry is today confronted by a combination of structural challenges, including declining production, escalating costs, climate-related disruptions, ageing tea bushes, labour shortages, market distortions arising from low-priced imports, and increasing compliance obligations, all of which threaten its long-term viability.

The challenges facing the sector are no longer temporary or cyclical in nature; they require a comprehensive, coordinated, and forward-looking policy response. At the same time, Darjeeling Tea possesses immense strategic potential. With its globally recognised brand equity, premium market positioning, and strong linkages to livelihoods, tourism, exports, and environmental conservation, the sector can be revitalised and repositioned as a resilient, high-value, and future-ready industry. Realising this potential will require targeted financial support, enabling regulatory reforms, climate adaptation measures, productivity enhancement initiatives, infrastructure modernisation, market protection mechanisms, and stronger integration with public welfare and development programmes.

The recommendations outlined in this Paper seeks to provide a balanced and practical roadmap for revival and sustainable growth. Their objective is not only to restore the financial health of tea estates, but also to safeguard employment, strengthen competitiveness, improve value realisation, encourage investment, and preserve the unique identity of Darjeeling Tea for future generations. Achieving these goals will require close collaboration among the Government of India, the Government of West Bengal, Tea Board India, financial institutions, industry stakeholders, and local communities.

The revival of the Darjeeling tea industry is both an economic necessity and a national responsibility. Protecting and strengthening this globally acclaimed heritage sector is essential not only for the livelihoods of thousands of workers and their families, but also for preserving one of India's most iconic agricultural brands and ecological landscapes. With timely policy intervention and collective action, Darjeeling Tea can overcome its present challenges and continue to serve as a symbol of excellence, sustainability, and national pride for generations to come.



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