Lobby seeks concession in tea import duty: State takes up issue with Centre

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GUWAHATI, Aug 17: With reports indicating that a lobby is pressing hard for concession in import duty of tea, the Assam government is taking up the issue with the Central government.

The Consultative Committee of Plantation Association – the umbrella body of tea producing companies – has already submitted a representation to Union Commerce Minister Piyush Goyal, contending that any move to reduce the import duty would have an adverse impact on the demand-supply equilibrium with concurrent erosion of domestic prices, thereby adversely affecting the economic viability and livelihoods of tea producers and 1.2 million workers employed by the Indian tea industry.

Official sources today said the State government too is aware of the matter and is worried.

“We have also received a copy of the representation. The Assam government is aware of the issue and Industry Minister Chandra Mohan Patowary is taking up the matter with the Government of India,” the sources said.

Sources said a tea blending and packaging lobby is seeking duty free import of tea due to rising prices of Indian tea. Presently, there is 100 per cent customs duty on tea imports.

The average price of tea at the latest auction at Guwahati Tea Auction Centre was Rs 298.28, which is up by Rs 136.55 when compared to last year’s prices. The high prices are due to low production this year.

“Due to low cost of production, countries like Indonesia, Vietnam, Malaysia, China have the capability to offer average quality tea at much lower prices. Even after taking into account ocean freight and other factors, the landing cost of such teas from these countries would be cheaper than that of Indian tea,” the planters here said.

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“The lobby which is pressing for the concession is not linked to manufacturing. But they are commercial entities whose profits have been hit due to the rise in prices of tea here. They now want to import cheap tea from outside, blend, package and sell it here,” industry sources said.

“Due to the rise in labour wages, fertilizers and other welfare measures, the cost of tea production in India is already high compared to China and the new entrants in the tea producing business. Due to the stiff competition in the world tea trade, India is slowly losing its ground in the global tea market. Now if instead of promoting tea exports, imported tea is allowed to enter the domestic market, it shall sound the death knell of the centuries-old tea industry of India which is also the single largest employer of women workers in India,” the sources added.

Concession in imports in any form will enable other tea producing countries to flourish at the cost of Indian tea which has a vast domestic market and provides livelihood to millions of people, the CCPA stated in its representation to the Centre.