Indian Tea Sector – Scope for Global Opportunities

July 11, 2025 • vajiramandravi.com

Indian Tea Sector Latest News

- India's tea sector is in the news after experts highlighted its vast potential to become a tea superpower by focusing on quality, new export markets, and boosting domestic consumption.

Introduction

- India's tea sector holds a unique position in the global economy, being one of the world's largest producers and consumers of tea.
- With tea deeply ingrained in the country's cultural fabric and economy, the industry plays a vital role in rural livelihoods, exports, and domestic consumption.
- Recent assessments by global experts point toward vast untapped potential, particularly in improving quality standards, exploring emerging markets, and enhancing per capita consumption within India.

The Indian Tea Sector: An Overview

- India is the **second-largest producer and consumer of tea** and the **third-largest exporter** globally.

- Tea cultivation spans across Assam, West Bengal, Kerala, and Tamil Nadu, providing employment to over **1.2 million workers directly** and sustaining millions more indirectly.
- **Production:** In 2024, India produced **1.303 billion kg** of tea, contributing significantly to the global production of **7.074 billion kg**.
- **Consumption:** Domestic consumption stood at **1.22 billion kg**, highlighting India's centrality in balancing global supply and demand.
- **Exports:** India exported **255 million kg**, valued at nearly **$800 million**, positioning itself after Kenya, China, and Sri Lanka.

Challenges in the Sector

- **Low realisation per export unit** compared to Sri Lanka and Kenya due to quality inconsistencies.
- **Stagnant domestic per capita consumption** of 840 grams per year, compared with **Turkey's 3 kg per year**, the highest globally.
- Pressure from **climate change, ageing tea bushes, and rising labour costs** is affecting productivity.

Recent Steps by the Government and Industry

- Initiatives under the **Tea Development Board** to modernise tea estates.
- Promotional efforts through the **India Tea brand** to improve recognition in global markets.
- Incentives for organic and speciality tea production to capture premium markets.

News Summary

- At the **India International Tea Convention in Kochi**, experts underscored India's untapped potential in the global tea trade.
- **Focus on Quality:** India must improve quality standards to secure better prices in international markets.
- **Exploring New Markets:** India needs to expand exports beyond traditional buyers to newer markets such as **South America and Africa**, where demand is rising.
- **Domestic Market Potential:** Indian consumers are increasingly willing to pay for quality. The participants noted that if per capita consumption rises even to **1 kg annually**, India could absorb its entire production domestically.
- **Comparative Position:** While Kenya exports almost its entire tea output and Sri Lanka earns $1.4 billion from 245 million kg exports, India earns significantly less despite exporting a higher volume.
- The experts concluded that with its scale, heritage, and growing consumer sophistication, India has all the "ingredients to become a tea superpower."

Conclusion

- The Indian tea sector stands at a critical juncture. While it enjoys the advantage of scale and deep-rooted cultural demand, the focus must shift toward quality enhancement, brand positioning, and diversification into new global markets.
- Rising domestic consumer aspirations also present opportunities to boost per capita consumption.

- If these challenges are addressed, India has the potential to transform from being a large producer into a true **global tea superpower**.

Source: TH
