

Nilgiris Tea Crisis

1. Background

- Nilgiris tea industry facing **persistent cost price crisis** for **Green Tea Leaves (GTL)**.
- Farmers, mostly **Badagas**, protested violently in late 1990s–2000 due to plummeting GTL prices.
- Historic support from USSR collapsed after 1991 → worsened crisis.

2. Key Issues Identified

- **Over-reliance on Russian exports** (market crash hurt small growers).
- **High production costs** proportional to quality.
- **Excess factories** in weak feeder areas → poor GTL quality.
- **Auction malpractices** (brokers advancing money to farmers, fixing rates).
- **Disparity in sales**: Coonoor sales rose post-1990s while other regions declined.
- Despite all this → **average prices stagnated at lowest levels**.

3. Current Situation (as per Tea Board of India)

- Nilgiris tea industry: **46,481 small growers**, plantation area of **34,408.85 hectares**.
- Main demands:
 - Minimum GTL price.
 - Base auction price.
 - Recognition of Nilgiris plantation crop as an **essential commodity** under Ministry of Agriculture.
- Presently remains under **Ministry of Commerce**.

4. Challenges for Small Growers

- Rising **labour costs**.

- Lack of **branding & direct trade** opportunities.
- Failure of **government subsidies & schemes**.
- Resistance to **intercropping suggestions**.
- **Younger generation planters** shifting to IT sector instead of continuing tea cultivation.

5. Possible Solutions / Recommendations

- **Innovation & mechanisation** (plucking, pruning) to reduce costs.
- Explore **self-employment models** to cut labour dependence.
- **Branding and direct trade** to improve margins.
- Expand exports to **CIS countries & untapped markets**.
- **INDCOSERVE & TANTEA** (govt-run) could act as price leaders through bulk procurement.
- Potential for **value-added products** → “Nilgiris Champagne Teas”.

6. Conclusion

- Nilgiris tea, though globally reputed, is trapped in a **sustained cost-price crisis**.
 - Without reforms in **pricing, marketing, and grower support**, small growers remain vulnerable.
 - The future lies in **innovation, market expansion, and recognition under agriculture policy**.
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