

## Tea Industry Reforms and Auction Ecosystem in Assam

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### I. Background: Guwahati Tea Auction Centre (GTAC)

- Established: 1970; sold 9.1 million kg in its first year.
  - Current Turnover: Rs. 3,851 crore (last fiscal).
  - Average Price Realised: Rs. 227.70/kg (Rs. 44.50 hike from previous year).
  - Record Price: Rs. 751/kg for a CTC (Crush-Tear-Curl) line.
  - Significance: GTAC is among the world's largest CTC tea auction centers and is central to the Assam economy, contributing to employment, exports, and local value chains.
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### II. Current Challenges in Assam's Tea Value Chain

Issue	Impact
Blending & Packaging Done Outside Assam	Revenue, employment, and industrial benefits diverted to other states.
Assam's Industrial Policy Excludes Tea Packaging Units	No incentive for private sector to invest in local processing infrastructure.
Orthodox Tea Mostly Auctioned in Kolkata	GTAC's role undermined; Assam loses visibility and value capture.
Bulk of GTAC Tea Bought by Traders Outside Assam	Local entrepreneurs and MSMEs excluded from higher profit margins.

Subsidies Not Linked to GTAC Sales or ICD Export	Weak export facilitation and underutilised inland logistics infrastructure.
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### III. Government Policy Recommendations

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#### **Amend Assam Industrial Policy**

- Include blending and packaging units under the eligibility list.
- Provide conditional incentives to units that both procure and process Assam tea within the state.

2.

#### **Promote “Pure Assam Tea” Branding**

- Ensure geographical indication (GI) authenticity.
- Enforce labelling norms to prevent deceptive blending with non-Assam teas.
- Enable export quality certification and traceability mechanisms.

3.

#### **Link Subsidies to GTAC and Inland Container Depot (ICD) Usage**

- Conditional fiscal benefits for:
  - Auctioning via GTAC.
  - Exporting via ICD Amingaon, Guwahati.
- Helps build Assam-centric export chains and stimulate local infrastructure investment.

4.

#### **Encourage MSMEs and Local Tea Startups**

- Develop tea lounges, cafes, and tourism circuits.

- Promote value-added tea products: herbal infusions, flavoured teas, and wellness blends.
- Provide easy credit access and market linkage support via Assam Start-Up Policy and PMFME (Pradhan Mantri Formalisation of Micro Food Processing Enterprises).

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## IV. Multidimensional Benefits of Strengthening Assam’s Tea Sector

### Economic

- Employment generation in rural Assam.
- Enhanced value realisation for small growers and Bought Leaf Factories (BLFs).
- FDI and private investment through industry-linked incentives.

### Infrastructural

- Growth of cold storage, packaging hubs, warehouses, and export logistics.
- Activation of the ICD can reduce cost of tea export and increase competitiveness.

### Cultural and Ecological

- Preservation and promotion of Assam’s tea heritage.
- Opportunities for tea tourism, artisanal production, and climate-resilient farming practices.

### Strategic and Global Positioning

- Reinforces Assam’s brand in international tea markets.
- Reduces dependency on other states for value addition.

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## V. Way Forward: Vision for Assam as a Global Tea Hub

Short-Term (1–3 years)	Medium-Term (4–6 years)	Long-Term (7+ years)
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Implement industrial incentives; promote GTAC use	Develop GI-branded exports and processing parks	Global tea innovation centre and climate-resilient plantations
Launch awareness on Assam-only packaging	Build regional export clusters via Act East Policy	Secure trade pacts in ASEAN, EU, Japan with Assam GI certification
Integrate GTAC digitally with Tea Board and customs	Tax benefits for in-state logistics and exports	Establish Assam as the Davos of Tea Diplomacy

### UPSC-APSC Linkage and Previous Year References

- UPSC GS-III: Indian economy, industrial policies, food processing and value addition.
- GS-II: Government policies, cooperative federalism (link with Tea Board of India).
- APSC Paper V: Assam-centric industries, trade, and cultural economy.
- Relevant PYQs:
  - “What are the challenges in promoting agri-based industries in the North-East?” (UPSC GS-III, 2020)
  - “Discuss the significance of branding GI products in enhancing rural income.” (UPSC GS-III, 2022)