

Demonetisation hits tea production in south India

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KOCHI: It seems all is not well with the tea production figures in south India. The crop figures for 2016 show that the cultivation from the southern part of the country is down by 16.4 per cent during January-November 2016, compared to the same period a year ago.

The crop figures for the period were 196.57 million kg whereas these stood at 212.97 million kg in 2015. Interestingly, the north India and All India figures are high this time.

The reasons include change in climate, high wages which reduced cultivation, and the impact of demonetisation in the plantation sector.

According to Association of Planters in Kerala, the plantation sector in south India has been going through a crisis. “The situation became worse owing to the ill effects of demonetisation. Most migrant workers left plantations as they did not get wages on time. Also, the climate proved to be a villain and impacted the overall production. Even as the entire production in India was moved up, south India scripted another sorry picture.”

It blamed the respective state governments for not providing the helping hand to the sector, which provides large-scale employment.

In south India, tea is grown on 1.19 lakh hectares across Tamil Nadu, Kerala and Karnataka. The region produces around 230 million kg (mkg), accounting for a fifth of the country’s total output of 1,200 mkg.

D Vinod Sivappa, president, United Planters’ Association of Southern India, said, “The growing of tea and coffee is considered as agricultural activities and no input credit is allowed on goods purchased for growing and cultivation of tea and coffee.

This implies that input taxes that were levied at the growing stage can’t be set off against the final market product. This would result in cascading of taxes. Hence, seamless input credit mechanism can be made available for the dealers who grow and manufacture tea and coffee as an integrated activity.”

He added that without financial aid and encouragement from the state governments and the central government, tea plantations will be left to ruin.