

# THE INDIAN TEA EXPORTS INDUSTRIES : THE ISSUES AHEAD

\*Dr Abhishek Tripathi,

Assistant Professor , Prestige Institute Of Management Dewas M.P.

## Abstract

India is the largest producer and consumer of black tea among commodities in the world, tea is produced in 15 states of India. In all aspects of tea production, consumption and export, India has become the leading country in the world, mainly because it accounts for 30% of the world's tea production. Probably the only industry in which India has maintained its leading position for over 150 years. In all aspects of tea production, consumption and export. India has become the world leader. India exports tea mainly to Russia and European countries. It also exports to the United States, Japan, West Asia and the Asia-Pacific region. Research uses statistical and econometric tools to analyze data. Research shows that India's contribution to world tea production and tea exports has not increased significantly over the years, the cultivated area in India has not increased at the same rate as the world tea area. There are no exporters in India including small tea exporters and medium and large exporters registered on the tea board. The workers face the big problem that the salary is not enough compared to the cost of living and they feel dissatisfied with the poor working conditions and the tea industry is facing a crisis. The present study attempts to examine the problems and prospects of the tea industry and proposes to carry out a detailed analysis of its growth performance in terms of trends in terms of production area and yield. The present study relied on secondary data for analysis. The study was carried out over a period of 56 years from 201116.

## INTRODUCTION

The tea industry is a combination of industry and agriculture. grow up. Tea leaf production is an agricultural activity while its processing is an industrial one. Most of the big estates process the raw leaves in their own factories. The tea industry is of great importance in the national economy of India in terms of revenue generation, foreign exchange, job creation and contribution to the public treasury. India has the largest tea producers and consumers in the world. It is the only industry in which India has maintained its leading position for more than 50 years. In India, the total export value of agricultural products from 1981 to 1990 was 20.16%, from 2001 to 200 it decreased to 5.78%. In 201516, tea exports reached 232.92 million USD, up 17% over the same period last year.

India's tea exports reached 2.06 million kg in April-June 2016, with a growth rate of 2.56%. India remains the largest tea producer in the world. Fifty years ago, India accounted for half of the world's tea exports. The

largest tea specialist in the world is Kenya, followed by Sri Lanka and China. Today, its market share is 11% and is decreasing. The net result is that India makes a few dollars from selling tea around the world today which has mostly gone down.

## **RESEARCH PURPOSE**

- *Research on export marketing trends of tea products.*
- *Study of the overall growth of tea exports from India since 2011 16.*
- *To identify the different marketing functions that exporters perform and the factors influencing tea products.*
- *Examining the issue of tea exports.*

## **OVERVIEW**

To maintain its position as a major tea exporter, it is very important to maintain consistently high quality, in light of the emerging new competition in the international tea scene (Turbo), 1986). It is important to maintain a certain balance in production, domestic consumption, exports and prices for the Indian tea industry to continue to grow. Although India remains the world's largest tea producer, increasing domestic consumption means that output must increase if exports are not affected (Aruja, 1999). The challenge for the tea industry is to raise prices, improve quality, and ensure that tea is available at a reasonable price to producers and affordable to domestic consumers, and there is enough surplus to satisfy the demand. export requirements (Dalnya, 2002). India plays an important role in the global tea trade, being the largest producer, consumer and exporter in the world. Consequently, fluctuations in tea production, consumption and exports in India are sufficient to disrupt international tea trade (Paul, 2000). To improve the economic situation of India, the government should take appropriate measures to increase tea exports and develop this industry.

## **ASSESSMENT**

- India's share of world tea exports shows a downward trend.
- The tea board plays an important role in the export of tea.
- Select a marketing strategy that will facilitate the promotion of tea exports.

## **RESEARCH METHODS.**

Research conducted by the whole of India. Secondary data was collected through Tea Board's annual report and internet sources. India was once the world's largest tea producer, but today India's contribution to the world is dwindling. The study area is India and the study compares the tea economy of India with other tea producing countries in the world.

This study covers a 5-year period from 2011 to 2016 and is based on secondary data collected from the Tea Board of India. The researcher applied a statistical tool to analyze the data.

### ***Tea Board***

Tea Board is established as a statutory body. Under the Tea Act 1953, the council is headed by a chairperson and consists of 30 members appointed by the Indian government representing various parts of the tea industry. The council's headquarters is located in Kolkata and has two regional offices. Each is in the northeastern region at Guwahati in Assam and the southern region at Coonoor in Tamil Nadu. Council responsibilities include production, improving productivity and quality, promoting markets and welfare measures for plantation workers, and supporting and developing research. As the regulator, the experts of the Council control growers, producers, exporters, tea brokers, buyers, auctioneers and warehouse holders through control orders. The differences are reported in the Tea Act 1953.

### **INDIA'S POSITION IN THE WORLD'S TEA EXPORT**

compares with the tea export situation of other major tea exporting countries. The main tea exporting countries in the world are Kenya, Sri Lanka, China, India and Indonesia, but before assessing the export performance of the main tea exporting countries in the world. In terms of production, India is the leading tea producer in the world. The other major producing countries were China, Sri Lanka, Kenya and Indonesia in 195160. India produced about 0% of the world production, falling to 26% in 200 . Tea exports in 201516 totaled 232.92 million USD, a year-on-year growth of 17%. India is the fourth largest tea exporter in the world. Indian standards 13% of the world's total exports. Estimated exports from India are 2,03,120 tonnes produced from 2393 crores. From April 2008 to March 2009, India exported 1,90,6 0 tonnes of tea at Rs 12 .9 /unit/kg and reported a standard exchange of \$518.0 million.

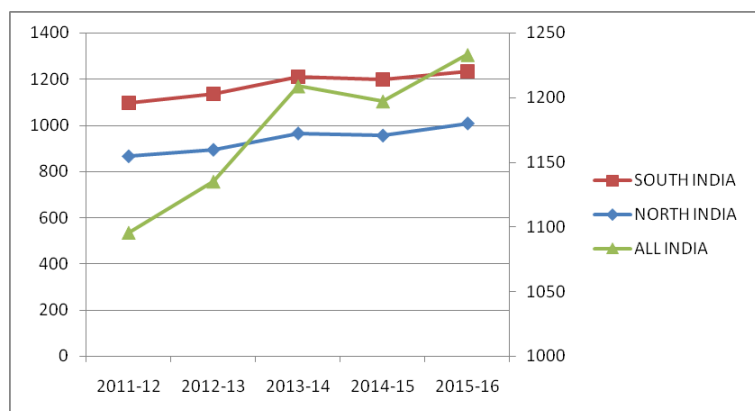
### **PRODUCTION OF TEA LAST DURING THE LAST FIVE FINANCIAL YEARS ( IN MILLION Kgs).**

<b>Year</b>	<b>North India</b>	<b>South India</b>	<b>All India</b>
2011-12	865.59	229.87	1095.46
2012-13	893.98	241.69	1135.07
2013- 14	965.07	243.71	1208.78
2014-15	955.82`	241.36	1197.18
2015-16	1008.56	224.58	1233.14

*Source: calculated from tea statistics, tea board of India various issues*

Compared to the last years, it can be seen that in 2016, tea production increased by 127.10 kg. Fertilizer production was the highest in 2015 with 110.78 million tons, 101.31 million tons in 201 and 112.8 million tons in 2013. From the above, it is clear that there are fluctuations in tea production in each of the years of this study.

#### GRAPHICAL REPRESENTATION



#### Exports

India has exported 182.6m.kgs of tea and it has increased to 207.44 m.kgs in the year 2014. During 2016 - 2017 exports data are provisional and based on the return received from the registered exporter. During the current financial year 2016-2017 provisional exports stood at 80.19 m.kgs, with FOB value of Rs.1,647.68 crore as compared to 83.28 m.kgs and FOB value of 1656.39 crore of corresponding period.

#### EXPORTS OF TEA FROM INDIA DURING THE LAST SIX FINANCIAL YEARS

YEAR	QTY MKGS	VALUE CROR	RS VALUES MILLION	UNIT PRICE KG	UNIT PRICE(Per Kg)
2011-12	211.9	3230.13	472.63	162.43	2.23
2012-13	216.23	4005.93	493.00	185.26	2.28
2013-14	225.76	4509.09	496.67	199.73	2.20
2014-15	199.08	3823.64	625.55	192.07	3.14
2015-16	232.92	4493.10	686.67	192.90	2.95

Source: calculated from tea statistics, tea board of India various issues QTY=Million Kgs, Value = Rs in Crores, Up = Unit price in Rs/Kg

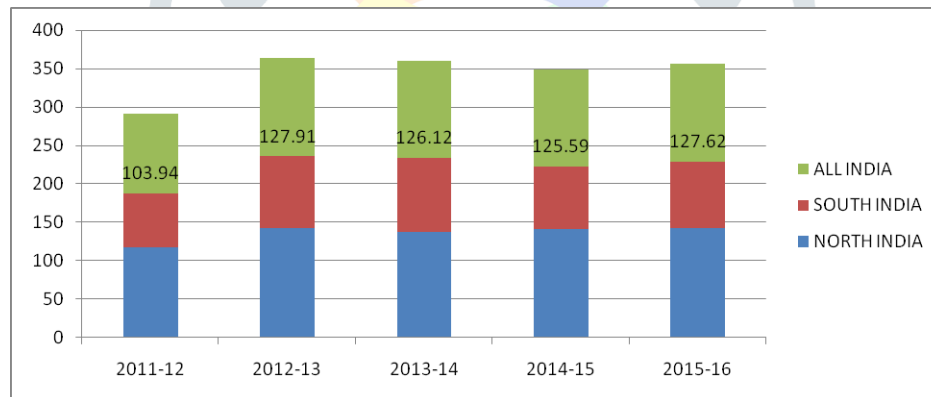
During the financial year 2016-2017 the all India auction prices increased by Rs 12.88 per kg compared to the corresponding period of last five years. North India auction prices were increased by Rs24.19 per Kg

Average prices of tea per Kg sold in public auctions

Period	North India	South India	All India
2011-12	117.01	70.26	103.94
2012-13	142.09	93.75	127.91
2013-14	137.61	95.82	126.12
2014-15	141.46	81.15	125.59
2015-16	142.91	85.64	127.62

Source: calculated from tea statistics, tea board of India various issues

#### GRAPHICAL REPRESENTATION



## AVERAGE PRICES OF TEA PER KG SOLD IN PUBLIC AUCTIONS ANOVA

One-way completely randomized : WORLD EXPORT OF TEA

WORLD EXPORT OF TEA					
	KENYA	CHINA	INDIA	SRILANKA	OTHERS
1	24	18	12	17	28
2	24	18	12	17	29
3	26	18	12	17	27
4	27	17	11	17	28
5	25	18	13	17	27
6	27	18	12	16	27
<b>N</b>	6	6	6	6	6
<b>X</b>	25.5	17.833	12	16.833	27.667
<b>S</b>	1.378	0.408	0.632	0.408	0.816
<b>Xave</b>	19.967				

Source : computed data

Table value table F ratio for df 4 and 25 at 5% level of significance is 2.76

source	Df	SS	MS	F	P-value
treatments	4	1006.47	251.617	381.237	1
error	25	16.5	0.66		
total	29	1022.97			

Explanation The calculated f ratio is greater than the table f ratio then the alternative hypothesis is accepted.

**IMPACT**

Hypothesis None - There are no significant differences in the performance of the five tea exporting countries.

Alternative Hypothesis - There are significant differences in the performance of the five tea exporting countries.

**Tea advertising**

One of the main functions of the tea council is to carry out promotional activities aimed at improving tea consumption and raising demand for more value. Indian tea for international export. India produced 1209 m.kg of tea in 2013-201 and grew by 6. 9% compared to 2012-2013. 911 mkg is consumed in the domestic market,

growing by 2.25% per year. The Tea Council has organized a number of promotional activities, such as participating in a national trade fair to spread the health and mental benefits of tea, and advertisements praising the qualities of tea have also been published. on important publications.

## KEY PROMOTION EVENTS

- Forward to India
- Darjeeling Charity Auction
- Attend Major Trade Events
- Tea Workshops & Competitions in India
- Social Media & Website Advertising
- Sponsorship Program &
- In-store advertising Print and graphic media

## EXPORT OFFER

- Subsidized shipping for tea exports from ICD Amingaon in Assam State.
- Reimbursement of travel and participation expenses to qualified exporters to participate in trade shows in foreign markets.
- A strict monitoring mechanism has been put in place to protect Darjeeling tea in the main export markets.

## EXPORT PROBLEMS

Indian tea exporters face uncertainty in their two main markets, Iran and the UK. The UK is flooded with cheaper grade tea from Kenya which is spoiling Indians chances there. Similarly India is facing a problem in the payment mechanism with Iran as the country wants tea trade to be conducted in dollars instead of rupees.

The exports fell 5.19 16 to 216.79 m.kg. The unit price realizations in 2016 were the same as the previous year in dollar terms but higher by .8% when concerned to rupee terms.

The export fetches a very good amount of foreign exchange to the exporting nations. Most tea producing countries export tea to other countries. In 2001, India exported 182.6 million kg of tea and increased to 207. million kg in 201 . Its contribution to world tea exports was 13.1 % in 2001, but has declined. to 11.3 % in 201 . Tea exports increased in quality but not in proportion. Currently, China is the world's largest tea exporter and exports 18.76% of the tea produced domestically. India's tea exports gradually decreased from 2% in 195.60 to 13.55% in 20010 (Ashok Wagh 201 ) The cause of this decline was the continuous increase in domestic tea consumption, which India lost. International competitors and the emergence of two small tea producing countries, namely Sri Lanka and Kenya, have surprised India's average tea exports.

## RESEARCH RESULTS

Tea growing area in India outperforms the global region with less variability recorded.

The moderate protection and output decline in the case of India, however, are slightly less volatile than globally constrained, though. In terms of area, the Northern region recorded a higher position.

## SUGGATIONS

- India does not have a strong branch to support the promotion of the export tea market. To win the trust of lost foreign markets, a global consulting firm has identified the need to restore India's tea image in the international market.
- There is a need to improve domestic supply chain management and global tea marketing networks.
- The tea producer has practically no direct relationship with the end consumer as tea is sold to wholesalers either by direct sales or by acting with large buyers. Therefore, the producer does not clearly understand the choice of the customer's market demand. It is very important in today's market economy

## CONCLUSION

This study clearly deals with export marketing of agricultural products, especially tea. The main factors causing the underperformance of tea exports identified in this study are the increase in domestic demand, the slow increase in output and the slow expansion of tea acreage that cannot compete with other countries. major tea exporting country, the global increase. demand for tea relative to global demand.

## REFERENCES

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