

Analysis Of Trends In Export Of Tea From India

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Abstract: In this research the trends of the tea export in India have been considered with the help of the empirical analysis. India and china are the top producers of tea. The tea industry tends to play an important role in the economy of the country as it tends to provide major income sources for the nation. Thus, the exports of tea need to be encouraged by the producers which will help in promoting and generating money value that will be significant. For this analysis the quantitative secondary data collection method is being used in which the researcher will be using various internet sources to find the secondary data, graphs and other figures which will help in understanding the trends and the challenges faced by the Indian tea exports. The analysis done have suggested that in the challenges like domestic consumption, decrease in yield, emergence of other tea producing countries have been affecting the export of India in terms of tea. In order to maintain the position, the tea board of India needs to make amends related to promotional activities more.

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Chapter 1: Introduction

1.1. Background of the Study

India has been engaged in exporting the different products of agriculture since ages. The agriculture and the sectors allied tends to provide employment to 55% of the population in the country. Tea has been one of the important commodity in the agriculture industry as it is the second largest beverages that is being consumed in the world after water. Production of tea is being carried out in almost all part of the world and some of the major producers of tea are countries like China, India, Iran, Sri Lanka, Japan, Bangladesh etc. China is the top most country in producing tea and India is the largest consumer of tea in the world (Saha, et al., 2021). India tends to produce approx 1.2 million tons of team every year and among this 50% is being consumed by the population of India itself and only half of the tea gets to be exported in other countries. The major amount of team that is imported from India are Russia, Iran, UAE, Pakistan, USA, Egypt etc. The tea production has also helped in creation of jobs for the citizens of Indian people directly as well as indirectly since many years.

The main credit for the creation of the tea industry in India goes to the British that were responsible for identifying the prospects of tea in India. Tea are being produced in states like Assam, West Bengal, Tamil Nadu, Kerala, Tripura, Himachal Pradesh, Bihar, Uttar Pradesh in India but the quantities tends to be limited to the first five states only in substantial manner (Sekar, 2022). Although India is one of the largest producer of tea but the prospect of the country for exporting tea tends to be weak because of the increase in demand and decreasing in the yield process and slow area of expansion which comes under the cultivation of tea and their inability for competing with the major tea exporting countries. Approx 85% of the total household in India consumes the tea produced and this consumption have been because of the increase in population, more urbanization, increase in income and living standards of the citizens of India. It has been seen that the tea is income elastic and has more elasticity in the nations that are developing (Parte, et al., 2022). As a result the share of India for export to such developing nations have been increasing as well. The prospect of tea has been optimistic and is provided if India could improve the export strategy and make the export surplus available more by making improvement in the yield.

The tea board of India have been set up in the year 1953 so that the development of the tea industry in India could be done. The board is located in Kolkata and have more 17 offices in other states. This board is responsible for controlling the producers, manufacturers, exporters etc by different control orders under the Tea Act. The board have more responsibilities related to the production and productivity while improving the tea quality and promotion of market. The board also needs to focus on the research and development of the industry and undertake the direct activates related to promotions which includes joint participation organizing, arrangement of the buyers and the sellers meet and hosting up the delegations of trade (Vidya, 2018). The board also

conduct the market survey while analyzing and identifying the consumer behavior and providing the information that are relevant and accurate to importer and exporter.

1.2. Aim and Objectives

The main aim of this study is to analyze the trends in tea export of India. The aims of the study have been further divided into the following objectives:

1. Understanding the trends related to the export quantity and the value of tea from India
2. To study the overall growth of the export of tea from 2015-2021.
3. Identifying the different functions of marketing that are being performed by the exporter and the influencing factors of the tea product
4. Analyzing the challenges faced in the tea exports.

Chapter 2: Research and Methodology

2.1 Introduction

The study is being done taking into consideration the whole India. The secondary data has been collected by the annual report of the tea board and the other internet sources. India tends to be a leading tea producer in the world but now a days the contribution in India have been declining. This research report focuses on the India and also provides the comparison of India with other tea producing countries in the world.

2.2 Research Philosophy

The research is being focused on the usage of the quantitative research on which empirical study will be done considering the trends of the tea export in India. This is the reason that the interpretivism research philosophy will be followed. The aspect of the interpretivism is considerate regarding the positive and the negative aspect which is being involved in the specific factor and analyzing properly and elaboration of the aspects that are involved (Alharahsheh, and Pius, 2020). So, it will be helping to understand and develop the knowledge for considering the factor related to the trends of the export of tea.

2.3. Research Approach

As the research will be conducting empirical analysis for understanding the themes of the export of tea the secondary data collection method will be used. The analysis of the data considering the topic and the objectives of the study secondary data collection will be more viable option and an inductive approach will be taken which will be used for justifying the topic and its objectives.

2.4. Method of data collection

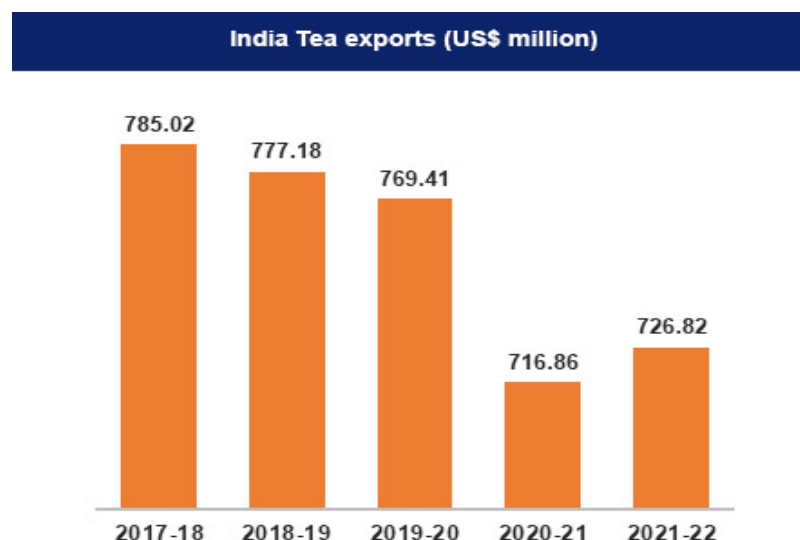
There are two types of method through which data can be collected which are primary and secondary but in this research secondary method will be used in which the data that already exists in the internet will be collected and analyzed. The type of data that is being collected is quantitative in nature. The quantitative method tends to help in collection of high quality of data in numerical manner. In this report the secondary quantitative research is being conducted in which data that exists already are being used. The existing data are being summarized and being collated for increasing the research effectiveness. Databases like Google Scholarly, tea board of India, Statista, Researchgate etc will be used for gathering the export data of tea from India. The present research will be collecting the data from the year 2015-2021 (Martins, da Cunha, and Serra, 2018).

2.5. Method for data analysis

The analysis of the quantitative data have been done so that the results could be analyzed. In this report an empirical analysis that will be an approach of evidence based for studying and interpretation of the information will be done. The approach of the empirical tends to rely on the data of the real world, metric and result instead of the theories and the concept.

Chapter 3: Analysis and Results

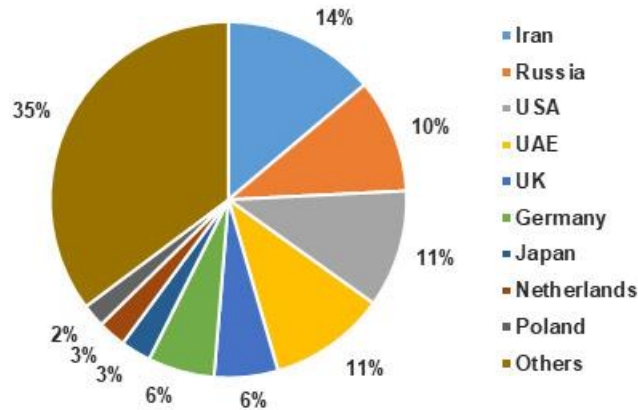
Tea export growth in India



Source: Tea Board of India

India is one of the top exporters of tea in the global market and contributes to 10% of the total exports. The total tea export reached US\$ 687.9 million and Darjeeling, Nilgiri and Assam tea can be considered the most popular tea but black tea is exported the most, and constitute 96% of the total tea export (ibef.org 2022). The total export in the year of 2021-22 was around 200 million Kg. The export increased in 2022 by 9% where a 65 million kg increase was witnessed and can be valued at US\$ 215 million. India exported 197 million kg in 2021 where the total value of export was \$718 million which implies almost 2% increase from 2020 (ibef.org 2022). The price per unit exported from India has increased significantly resulting in a higher profitability. The company has exported tea to more than 25 countries and some of the major importers include Iran, USA, Germany, China, UK, Russia and UAE. India imported 21% of their total export to CIS nations and the countries. The analysis has clearly shown that the exports from India decreased from 2017 to 2019 and it further decreased in year of 2020 due to the pandemic but the export is back on track and has picked up the pace in 2022 (ibef.org 2022).

India's country wise share revenue from tea exports (2021-22)



Source: Tea Board of India

Challenges faced by the tea exports in India

The tea industry in India has been going through various challenges and the tea auction prices have declined significantly in the past years. Moreover, India struggled to take initiative in improving the quality of tea being produced so that the price margins can be raised. It can also help in improving the profit margin (Deka and Goswami 2020). The tea industry is facing power issues, labour issues, financial issues, lack of effective labour scheme, increase in pollution and lack of effective communication system. The tea industry has been going through a crisis due to lower production of tea leaves, which can have a long-term impact on the business (Das and Mishra 2019). Global warming has also impacted the production of tea in India, where the climatic conditions have become unfavourable for plantations due to less amount of rainfall and it has caused a significant problem in terms of the production. Bacterial black spot is a common disease in tea leaves and the North Eastern plantations are quite prone to these diseases (Das and Mishra 2019). In the international market, the price realisation is quite low, and temporary labourers have been used in the peak seasons to fulfil the demand. The wages in the industry are quite low resulting in a shortage of labour in the industry (Deka and Goswami 2020). The Indian tea industry is heavily fixated on the production quantity and not the quality so there is lack of improvement in the quality of the tea exported to foreign nations. Therefore, it is essential for the businesses to ensure that they can improve the quality of the products and deal with the climatic conditions with efficient management of water. Moreover, the labour shortage is a major problem, which needs to be dealt with by increasing the wage margin.

Chapter 4: Discussion

Kadu, et al., (2021), states that export is the fastest growing segment of the agricultural sector in India. India is among the top 5 exporters of tea in the world that makes 10% of the total exports. In the year 2021 the total tea export from India has been US\$687.9 million. In India states like Assam, Darjeeling and Nilgiri have been considered to be one of the finest tea producers in the world. Most of the tea that is being exported out of India is black tea, Regular tea, Green tea, Herbal tea, Masala tea and Lemon tea. The total exports of India during the year 2021-2022 had been 201 million kg. The country has been able to export 65 million kg in January-April 2022 that was valued US\$215 million. There also had been an increase by 9% from the same period in 2021.

Tea board is also engaged in carrying out the activities of promotion for improving the tea consumption and improving the demand for more value. The tea board has been engaged in arranging different promotional activities like participating in the trade fairs so that the health and wellness benefit of tea could be propagated and advertising of the tea virtues can be done. In order to help the exporters of India in the overseas market on a sustainable basis the Tea Board of India has been able to set up a scheme called "Promotion for Packaged Tea of Indian Origin". With the help of this scheme proper assistance in the promotional campaign of 25% in the reimbursement of cost and display of the International Departmental Stores are being provided. Further product literature and website development and charges of the inspection reimbursement upto 25% of the charges are also being provided (Archana, 2019). The tea board also tends to provide the subsidies for the domestic exporters for participating in the International Fairs. Such fairs provide the platform to the exporters for showcasing the products in the international events for the promotion and facilitation

of generating trading opportunities. Another scheme introduced by Tea Board is Tea Development and Promotion Scheme that had been launched in 2021 and the main focus of this scheme has been to enhance the productivity and the production quality of tea in India. Some other promotional events that have been organized by the board are Darjeeling charity auction, participation in major trade events etc.

Das, and Zirmire, (2018), showed that in the current situation of India the tea industry considering the production, export and imports have been fluctuating which has been the reason behind the cyclical fluctuation of the prices, import and export. Further the agricultural commodities have been the basis for the nation's economy. Even though the export of the Indian tea has increased but considering the global platform it has been fallen in the export of tea. This is the reason that the extension of the work have been made for farmers encouragement for growing the tea as well as the strategies that are needed to be applied for catching up the challenge of the global demand for tea in the future.

It has been seen that the exporters of tea in India have been facing the uncertainty from two of the major market in Iran and UK. UK has been able to get tea at cheaper prices from Kenya that have been affecting the Indian tea industry and in similar manner there are challenges related to the payment mechanism Iran. Iran wants to be engaged in trading but they want it to be traded in dollar instead of rupees. There also have been increases in the domestic consumption of the tea and lesser number of competitors spirit in the global platform. As a result the unit prices of tea have been also affected (Saha, et al., 2021). The growing tea plantation area in India is more than the global area and there also remains low volatility that is being registered. However the average protection and yield has been lowering in India through there is instability which is lower than the resisted at the global export level of tea in the south India.

Chapter 5: Conclusion

India is one of the top exporter of tea because of the geographical indication and heavy investment in the processing of tea units. However in the current years the industry have been facing many challenge because of the decrease in the cultivation area, decrease in yield and increasing in the consumption of the domestic market. However still the nation has managed to retain the position of the country to be the top export market in the global platform.

5.1 Recommendation

There is the absence of any powerful branch which will be supporting the driving of the promotion of the export tea market. For winning the confidence of the lost foreign market among the global consultancy firm needs to identify and revitalize the image of Indian tea in the international market. There is need to make improvement in the supply chain management inside the nation and network marketing of global tea. It has been seen that there are no actual producer of tea that have a linkage directly with the consumer because the tea is being sold to bulk purchaser by direct sale which is why the producers does not understand the demands of the market and the customer choices which is important in the current economy.

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