ABSTRACT

The British Colonizers in India discovered tea and the method of consumption of tea. Since then India became the leader in the production of tea in world market. The increasing population, increase in income, upliftment in social status, health awareness, increase in literacy and many other factors pushed Indian tea production inwards—as major portion of the tea production is being consumed by the home population. The last two decades showcase that Indian tea production has a fluctuating, a rather non-stable graph of tea production which is being challenged by the small nations like Sri Lanka and Kenya. The monopolies of India and China as the biggest exporters and manufacturers of tea in the global markets are shaking and are threatened by Sri Lanka and Kenya. The present paper attempts to explicate the present status of Indian tea industry by taking into consideration its past and future. The share of India in the production of tea was nearly 25% of the world’s production which is gradually coming down whereas the neighbouring small nations like Sri Lanka is rising as a leader in the exports of tea. This is because they consume coffee whereas Indians prefer to consume tea more often than coffee. Some corrective measures are also required to increase the production and exports of tea. Also, along with tea some align products should be cultivated by the farmers in order to increase the production. Further, more research is expected in this crop to attract more consumers and markets.

Keywords: Tea; Cultivation; Production; Export; Import

INTRODUCTION

Tea is the oldest and the most widely consumed and the lowest cost beverage in the world after water. It is considered to be one of the major components of world beverage market which provides more than 2,000 different types of tea for consumption. Though several varieties of tea such as green tea and herbal tea are now becoming popular, by far the most important tea to international trade is black tea. In the global tea market, China, India, Kenya, and Sri Lanka are the major producers and also play a major role as exporters of tea, while Russia, U.K., U.S., Pakistan, and Japan form the major markets for these exports. Consumer awareness of the health benefits of tea and premium have been the growth drivers of the tea market recently. In this domain the global tea industry is largely dominated by India, the second largest producer and one of the largest consumers of tea. India is succeeded China and followed by Kenya Sri Lanka, Vietnam and Indonesia in the production hierarchy of countries.

Scientists have been throwing light upon the benefits of tea consumption. The positive aspect of consuming tea has been highlighted by Ferriman (1997) in his resourceful article titled; “Health Effects of Tea” which was published in The Planter's Chronicle argues that tea contains flavonoids, which are antioxidants and good for human body. Flavonoid in-take reduces the risk of heart disease, stroke and cancer, specifically skin cancer and rectal cancer. Similarly, financial scholars and analysts like Reddy (1991) in his much informative article, “Global Tea Scenario: 2001 AD” which saw light in Economic and Political Weekly analyses the trends of tea in the global market. Reddy, in his
observation, states that global production is on the increase at a compound rate of 3.7 per cent per annum, while the domestic consumption of the producing countries is increasing by 4.9 per cent per annum. He goes back to 1988 to trace the data and claims that the share of tea producing countries in consumption was 65 per cent in 1988 which showcases that majority of consumption is done at the domestic level. Thus the global demand for tea exceeds its global supply. India is not an exception to this trend. In India, the export of tea has been increasing on annual rate of growth of 4.3 per cent per annum.

Tea cultivation is not done everywhere and anywhere. Its cultivation is restricted to certain specific regions in the world due to specific requirements of climate and soil that suit its cultivation. Among the major tea producing countries that are located in the continent of Asia are China, India, Sri Lanka are the major producers. Kenya, Malawi, Rwanda, Tanzania, Uganda are major producers in African tea growing countries which are located mostly around the tropical regions. Apart from these regions, certain regions in South America like Argentina and Brazil produce tea. Further, some part of Iran and Turkey produce tea. Similarly, some region in Russia and Georgia also produce tea. According to Global Industry Analysts the universal market for hot beverages—coffee and tea—is forecasted to reach US$69.77 billion in value and 10.57 million tons in volume terms by the year 2015 (GIA, 2011).

Tea in India is introduced by a British national, Robert Bruce who discovered tea plants mounting in the upper Brahmaputra valley in Assam and neighboring areas some two hundred years back from today. It was in 1838, Indian tea that was developed in Assam was sent to the then Great Britain for the first time, for public sale. Therefore, tea in India is grown primarily in the domains of Assam, West Bengal, Tamil Nadu and Kerala. Apart from these major regions, tea is also grown in little quantities in Karnataka, Himachal Pradesh, Tripura, Uttaranchal, Arunachal Pradesh, Manipur, Sikkim and Meghalaya.

Further, India has a dual tea base, contrasting most other tea exporting countries. Both CTC and Orthodox tea is produced in India. Indian tea industry is agro-based and therefore, labour intensive as it provides direct employment to over 1 million persons. Also, its forward and backward linkages cater employment to additional 10 million persons who derive their bread and butter from tea. Northeast India region of the tea industry provides employment to around 9,00,000 persons on permanent basis. Further, it accommodates the illiterate women as laborers for the primary functions. Hence, it becomes one of the largest employers of women amongst organized industries in India. Therefore, tea industry, in a way provides self-reliance and source of income and also pride and confidence to the rural women in India. Women, thus, constitute nearly 51% of the total workforce in tea industry. As the tea estates in the North Eastern India are located in industrially backward areas, tea industry becomes a major source of income for the population residing around such estates.

While tracing the history of production of tea, India during the first decade after Independence was producing around 40 per cent of world production which declined to 26 per cent during 2004. This decline is evident because China and Kenya increased their share in world production and also in exports. The share of China and Kenya during 1951-60 was 13.59 per cent and 2.67 per cent respectively, increased to 24.90 per cent and 10.30 per cent in 2004. China has emerged as major tea producer in the world in the recent years. There is gradual decline in India’s share in world export from 42 per cent during 1951-60 to 21.91 per cent during 1981-90, further 13.35 per cent during 2001-04. This is mainly because of the increase in the consumption of tea at domestic level and the loss of competitive spirit at international level. Further, an African country like Kenya during 1951-60, was producing and exporting 3 per cent of the world, by 2001-04, its share in world export of tea increased to 19.50 per cent. This shows the increasing competition in the world market. Similarly, China was exporting 5.37 per cent of world export during 1951-60, increased its share to 17.85 per cent during 2001-04. The increase in the share of exports of these countries cut the share of Indian exports of tea.

In his scholarly report titled, “A Study of Indian Tea Exports: with Special Reference to the CIS (Commonwealth Independent States) Countries,” Mr. Kumar analyzes the domestic and export market
for Indian tea, the Russian and CIS market for Indian tea and the future prospects of Indian tea in Russian market. According to him the product of tea may be classified generally into two: are CTC (crush, tear and curl) tea and Orthodox tea. The CTC tea has high domestic demand whereas orthodox tea has high demand in export market. The major export markets for Indian tea are CIS countries, Britain, Germany, Holland, Poland and Australia. Further, the Liberalization of imports and economic crisis in Russia has adversely affected Indian tea exports. Subsequently, Russia and CIS (Commonwealth Independent States) countries have been catering the variety of tea from the high priced high quality tea to the low priced low quality tea due to the crisis in their countries. Consequently, Sri Lankan tea which is low priced and of inferior quality is dumped in Indian markets which was exported to these countries in past. Now, this has adversely affected the Indian tea industry as Indian tea is gradually losing its space in foreign markets.

With the use of advanced techniques and modified methods the last decade of 20th century shows gradual increase in total area under tea. This is the need of the time as the domestic consumption is increasing. To see the global expanse of tea production, one has estimate the area used for the production of tea. During the year 1991, tea was cultivated globally in 2563.75 thousand hectors which increased to 2661.88 thousand hectors with a compound growth rate of 0.42%. In the wake of 21st century, the world tea industry saw a steady increase in the geographical space under the cultivation of tea. Subsequently, during the year 2001 the area under the cultivation of tea was 2727.42 thousand hector. This scenario changes as the space for the cultivation of tea increases to 3691.89 thousand hectors in the year 2010 with a compound growth rate of 3.42%. This information indicates an optimistic picture of tea industry in India.

Researches and surveys conducted during last two decade indicate that China is heralding in the production of tea as it produces 45% of the world production of tea followed by India who produces 21%, Sri Lanka 7%, Kenya 5% and Vietnam 3%. Also, these nations followed the same trend of world tea production as the area under cultivation was the same. The production, therefore, in 1991 was 2631.05 million Kg which remained almost same till 1997. Gradually, a sudden change is seen in 1998 as the world tea production reaches a new height of 3026.13 million kg. Further, this hike in production of tea stooped in the year 2000 to 2928.67 million kg. But from 2001 onwards production of tea increased steadily and reached 4162.33 m kg with a compound growth rate of 3.48% during the period 2001-2010. The last two decades indicate a trend of increase in production of tea due to an array of reasons —increase in area for tea plantation, improved planting material, advanced technology including integrated package and practices for tea cultivation—which certainly has succeeded in pulling much revenue to the manufacturers and government as well. The last two decade show that India contributed 28% of the world tea production that is followed immediately by China by 25%, Sri Lanka by 9% being green tea producer and Kenya by 9% CTC (Crush, Tear and Curl) producer. The remaining less than a quarter of production of tea is done by the rest of countries.

**OBJECTIVES OF THE STUDY**

1. The present paper attempts to explicate the present status of Indian tea industry by taking into consideration its past and future.

2. To find out the reasons behind the gradual decline in India’s share in world export of the tea product.

**Tea Export**

Tea is an easily available and cheaper beverage liked by young and old. Hence it is consumed more in the domestic market itself. A very less share of its production enters international market. Further, though the Liberalization policy of Government of India has made the exports a hassle free venture, India is not the biggest exporter of tea. World Tea export recorded a compound growth rate of 2.31% during the decade 1991-2000 where export increased from 1078.17 million kg to 1324.65 million kg. Almost similar compound growth rate is evident in the first decade of 21st century where the export of
tea shows a hike from 1400.55 million kg in 2001 to 1738.41 million kg in 2010. The average growth in the exports of tea during the last two is surprisingly shown by the small nations like Kenya and Sri Lanka who are leading the world each with 20% of their contribution followed by China with 17%, India by 14% and other nations by 25%. This information also shows the rise of two small countries like Kenya and Sri Lanka who surpassed the geographically and economically strong nations like India and China.

Last few years indicate that the total world exports averages 41% of total world production and 84% of exports accounted for by six countries like India, Sri Lanka, China, Kenya, Indonesia and Vietnam.

**Import**

Similarly, import of tea has also shown an increasing trend during the last two decades. From 1093.40 million kg in 1991, it grew to 1272.94 million kg with a compound growth rate of 1.70% during 1991 to 2000. In 2001, around 1333.01 million kg tea was imported worldwide which increased to 1618.87 m kg at the end of 2010. The annual compound growth rate was 2.18% for the period between 2001 and 2010. This makes clear that India is dealing both with imports and exports of tea.

**Indian tea in Global Scenario**

Apart from the largest consumer of tea India is the largest producer of black tea in the world. Currently, India produces 23% of total world production and consumes about 21% of total world consumption of tea. This shows that nearly 80% of the tea produced is consumed within the country. Over the last 20 years, India’s world ranking as an exporter has come down from number one to number four, in the phase of stiff competition from Sri Lanka, Kenya, and China. Due to increase in population, increase in income and increase in the consumption of the beverage within India, the exports of tea are declining.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>World</th>
<th>India</th>
<th>Rank</th>
<th>% of Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area under Tea (Million hectors)</td>
<td>3.94</td>
<td>0.58</td>
<td>2nd</td>
<td>15</td>
</tr>
<tr>
<td>Production (Million Kg.)</td>
<td>4162</td>
<td>966</td>
<td>2nd</td>
<td>23</td>
</tr>
<tr>
<td>Yield (Kg/Hector)</td>
<td>1143</td>
<td>1668</td>
<td>1st</td>
<td>--</td>
</tr>
<tr>
<td>Export (Million Kg)</td>
<td>1738</td>
<td>193</td>
<td>4th</td>
<td>11</td>
</tr>
<tr>
<td>Consumption (Million Kg)</td>
<td>3980</td>
<td>837</td>
<td>2nd</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Department of Statistics, Tea Board of India, Kolkata

Thus, the review of the global scenario of tea in terms of area of cultivation, amount of production, actual yield, exports and imports indicate overall increase in the quantity of tea in the world market over last two decades and the trend is increasing gradually. Now it is time for framing and adopting new strategies to meet up the challenges in global demand for tea in future. Besides, general consumption of tea, health benefit effects of tea need to be promoted more vigorously to attract the non-conventional areas of tea in the world for an expansion in the consumption of tea. Value addition and diversification for a wide range of tea products need to be developed for balancing the supply demand chain. Scientists who are working on tea should publish their articles in journals and in media to attract more consumers towards tea than to the health hazardous cold drinks.

**CONCLUSION**

There is gradual decline in India’s share in world export from 42 per cent during 1951-60 to 21.91 per cent during 1981-90, further 13.35 per cent during 2001-04. This is mainly because of the increase in the consumption of tea at domestic level and the loss of competitive spirit at international level. %.

This information also shows the rise of two small countries like Kenya and Sri Lanka who surpassed the geographically and economically strong nations like India and China. Now it is time for framing and adopting new strategies to meet up the challenges in global demand for tea in future. Besides, general consumption of tea, health benefit effects of tea need to be promoted more vigorously to attract the non-conventional areas of tea in the world for an expansion in the consumption of tea.
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