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Tea Industry in India: Current trends and future prospective

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Abstract
India has acquired an exalted status on the global tea map. The country is the second largest tea producer in the world. Interestingly, India is also the world's largest consumer of black tea with the domestic market consuming 911 million kg of tea during 2013-14. India is ranked fourth in terms of tea exports, which reached 232.92 million kg during 2015-16. Production of tea reached 1,233.14 million kg in 2015-16 from 878.65 million kg in 2003-04 with a compound growth rate of 2.86 % during 2003-2015. India Tea export recorded a compound growth rate of 1.22 % during 2003-2015, where import recorded a compound growth rate of 0.78 % during 2003-2015.

Keywords: Tea; Cultivation; Production; Export; Import

Introduction
Globally tea is grown in more than 35 countries. However, only top seven countries including India contributed 90% of the total world tea production (Dan Bolton, 2016) [2]. Tea was introduced in India by British national, Robert Bruce in 1838 (Wagh, 2014) [7]. Indian tea is among the finest in the world owing to strong geographical indications, heavy investments in tea processing units, continuous innovation, augmented product mix and strategic market expansion. The main tea-growing regions are in Northeast India (including Assam) and in north Bengal (Darjeeling district and the Dooars region). Tea is also grown on a large scale in the Nilgiris in south India. India has acquired an exalted status on the global tea map. India is ranked fourth in terms of tea exports, which reached 232.92 million kg during 2015-16. Production of tea reached 1,233.14 million kg in 2015-16. Around 1,008.56 million kg was produced in North India and 224.58 million kg was produced in South India.
The top export markets in volume terms for 2015-16 were Russian Federation (48.23 million kg), Iran (22.13 million kg) and Pakistan (19.37 million kg). In terms of value, the top export markets were Russian Federation (US$ 102.48 million), Iran (US$ 87.39 million) and UK (US$ 62.8 million). All varieties of tea are produced by India. While CTC accounts for around 89 per cent of the production, orthodox/green and instant tea account for the remaining 11 per cent.

Objectives
1) To study the present status of Indian tea industry by taking into consideration its past and future.
2) To study the growth rate of production, import and export in India.

Methodology
The study was conducted for 13 years time period and predominantly based on secondary data pertaining from the year 2003-04 to 2015-2016. Data for the various aspects such as production, import and export of tea was collected from various sources of epitome of agriculture. Statistical analysis was performed and the compound annual growth rate and CV calculated for export and import of tea.
CV = (Standard Deviation/Mean)*100

Results and discussion

Table 1: Year-Wise Export of tea from India during 2003-2004 to 2015-1016

Year	Quantity (Million Kg.)
2003-04	183.07
2004-05	205.81
2005-06	196.67
2006-07	218.15
2007-08	185.32
2008-09	190.64
2009-10	213.43
2010-11	213.79
2011-12	214.35
2012-13	216.23
2013-14	225.76
2014-15	199.08
2015-16	232.92
CAGR	1.221
CV	7.43

Source: Tea board of India (http://www.teaboard.gov.in)

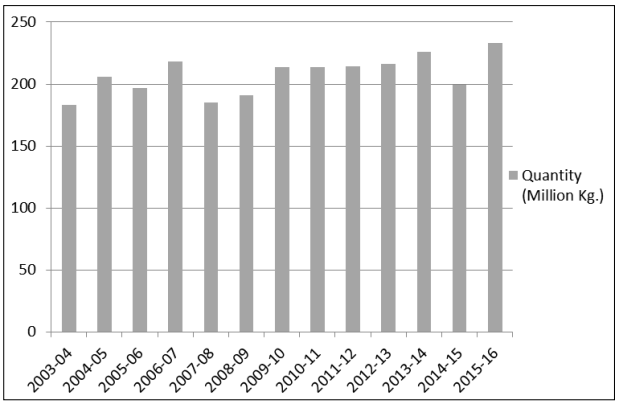

Fig.1: Year Wise export of tea from India during 2003-04 to 2015-16

Table 1 depicts the year wise data of tea export from India since 2003-04 and likewise the graph plotted for the same. It clearly indicates from the above export data that since 2003 the export in tea was greatly increased from 183.07 million Kg to 232.92 million Kg. CAGR and CV calculated for the above data, as 1.221 and 7.43 respectively. From these results it is noted that Indian tea is getting more demand in global market which pave the way for encouraging tea growing famers for production and earning the foreign currency.

Table 2: Year-Wise Import of tea in India during 2003-2004 to 2015-1016 (Quantity in Million Kg)

Year	Quantity (Million kg.)
2003-04	11.34
2004-05	32.53
2005-06	17.41
2006-07	20.8
2007-08	16.75
2008-09	22.03
2009-10	25.84
2010-11	19.26
2011-12	19.21
2012-13	21.9
2013-14	19.23
2014-15	21.02
2015-16	18.43
CAGR	0.784
CV	19.57

Source: Tea board of India (http://www.teaboard.gov.in)

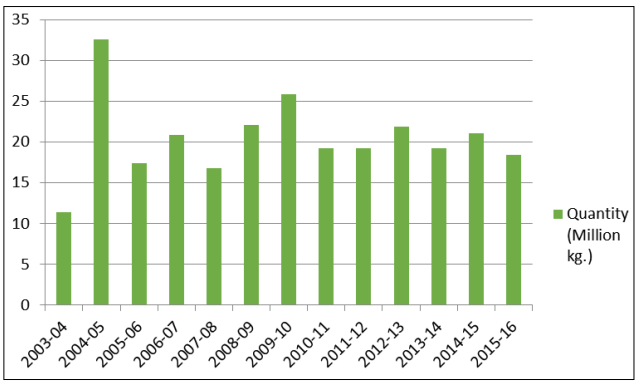

Fig 2: Year Wise import of tea from India during 2003-04 to 2015-16

Tea export data from 2003-04 to 2015-16 indicates the up and downs in the tea import to India. It may be due to climatic changes leads to fluctuation in per year production, reduction in production area under tea cultivation as well as rapid increase in demands compared to the increase in the productivity. Using the above data CAGR and CV calculated and it is 0.784 and 19.57 respectively. Although it is found that the export is get increased but along with that the demand is also increased. Hence, in near future certain changes ha to be made with regards to increasing the productivity

Table 3: Top five tea producing countries in the world for the year 2016

Country	Tea production (Metric Tones)	Percentage of world total
China	1,924,457	36.00%
India	1,208,780	22.60%
Kenya	432,400	8.00%
Sri Lanka	340,230	6.30%
Viet Nam	214,300	4.00%

Sources: FAOSTAT data: 2016

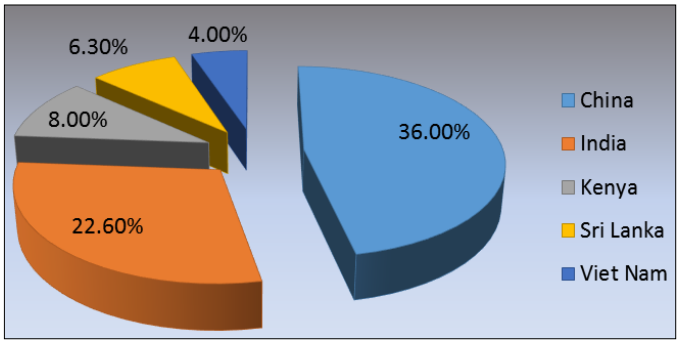

Fig 3: Tea production data 2015-16

It is depicts in Table 3 that India is the second largest tea producer among the tea producing countries of the world after China in the year of 2016.

Projected demand of tea in global market

A research study provides a detailed analysis of the global tea market, focusing on the product segmentation, major growth drivers, barriers, opportunities and challenges, key geographical segments, and competitive scenario. As per the research study, in 2013, the global tea market was worth Rs 2619.37 bn and is projected to reach a valuation of Rs 3183.17 bn by the end of 2020. The market is expected to exhibit a 2.80% CAGR between 2014 and 2020.

In review of the current scenario of Indian tea in terms of production, exports and imports indicates the fluctuation in

the production which leads to cyclical fluctuation in prices, import and export (Liu and Shano 2016). Agriculture commodities are the basis for nation's economy. Although the export of the Indian tea is get increased but looking towards the global scenario it is observed that there is fallen in export of tea from 43% (2006) to 34% (2015) form its total production (Gibbs, 2016) [5]. Hence, extension work has to be performed to encourage the farmers for growing the tea as well as strategies needs to be applying to catch up the challenge of global demand for tea in the coming years.

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