

The Role of Tea Plantation Industry in Indian Economy and a Comparative Analysis on its Growth Performance

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There are different views regarding the origin of tea. It is widely accepted that the tea is originated in china. But there is a strong argument that the original home of tea is in Assam. The word Tea is derived from the Chines word 'Tay'. The first authentic record related to tea is 'Cho Ching' was written by Chinese scholar Lu Ya in AD 800. The tea is firstly used as a commercial crop also in China. Up to 1560 the tea was unknown by European. In 1560 the European started to know the taste of tea. At that time the tea was costly. Gradually the tea become the part of the life of European, especially France and Holland (UPASI).

This section attempts to review the important literature on tea plantation and analysing the trends of tea plantation. For analysing the trend there are tentatively classified in three categories like International level national and Kerala level. Within each level there are further categorised as production, area under cultivation, productivity, consumption, import and export of tea.

Key Words: Tea Plantation, Growth Performance, Import & Export of Tea

Introduction

The 19th century onwards the British East India Company had a monopoly power of the tea trade with china. The East India Company Financed its tea trade with illegal opium tea trade with China, it leads to the opium war. (1839-42). The East India Company have been continued to enjoy the monopoly with china tea trade for two and half centuries. Later when faced with an end of its monopoly the company need to develop an alternative. After losing the monopoly tea trade with china The East India Company took major role in the development of tea trade and also in the tea plantation of India. The East India Company formed many committees to develop tea plantation in India. Finally C.A. Bruce was appointed as the superintendent tea cultivation of Assam and finally he started tea production in India.

India occupies a place of pride among the tea producing countries in the world. The Indian tea industry is moving a very tough stage. Over the last two decades the tea industry of India faced many structural changes. The production and export share of Indian tea is deteriorating during this period. The demand of tea is determine the quality and price of tea. The domestic demand of tea is very high in India. Due to this reason the export market of tea showing a slow growth. Increasing domestic consumption in India boosted the profitability of domestic sales rather than export. India is the largest consumers of black tea in the world and more than 80 per cent of the tea produced in India is domestically consumed in India. Even though the production is increasing the growth of production is very slow. The high cost of production, lack of infra-structure, labour strike etc. are the main reason of the slow growth of production and crisis in India

Labour in globalizing India

The term globalization is relevant as concept. It has different dimension like border culture, political, economic and environment dimension of globalisation (IMF 2008). In simple globalisation is a process of economic and non-economic restructuring, involves increase economic integration among national economics. The prominence of studying the outcome of globalisation on the labour market is very important, because the earning from labour is the main source of income of many developing countries.

The globalization may positively or negatively effect to the labour market. For example in the tea labour market is witnessed both effect of globalization. After the introduction the export market of tea is drastically deteriorating. The

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share of Indian tea export showed negative trend. Many big estates are closed due to inability to meet the competition from other countries and the huge expense to maintain the estate. Many workers were lost the job due to closure of estate. It is the negative impact of globalization on Indian labour market. But at the same time it has many advantages also. Many small growers are entered in to the tea cultivation during this period. The small growers can sell their product in general auction.

Technology is the engine of globalization. Technological advancement reduces the demand of skill and unskilled labour. According to the IMF over the last two decade the labour has become more globalised. During the globalised era the employment sharply increased in informal sector but most of the job created sector is in esquire, low wage rate and low survival rate. The impact of globalization on the labour market has an important policy issue of every country.

This study attempts to explain the current status of Indian tea industry by taking into consideration its past and future. According to him the share of tea production in India is deteriorating whereas the country like Sri Lanka and Kenya rising their tea exports This is because these countries are prefer coffee to tea whereas Indians prefer tea more than coffee. He also suggest Some corrective measures to essential to improve the production and exports of tea, along with tea some align products should also be cultivated by the farmers in order to increase the production. Due to the huge domestic consumption the export of India is deteriorating. In order to meet the challenges in global demand of tea new strategy is required in future. A huge campaign required to attract non-conventional areas of tea in for an improve the demand of tea.

This study examined the performance of India's tea exports and compare with major tea producing countries with the regime of production export and area under cultivation of tea with the help of secondary data. According to him the percentage Share of the tea export of in total agricultural exports is deteriorating significantly. The present study identified the factors accountable for deprived performance of India's tea exports, increasing domestic consumption, slow growth of yield, slow increase of area under cultivation of tea, and lack of technologies advancement etc. In order to boost the tea export of India, relative profitability of sale in the tea in International market should enhance and to reduce the domestic consumption and prefer more coffee than tea and the Govt. should provide some export rebate to improve the export and also to improve the quality.

This study aims to analyse the trend of tea industry in India, using various statistical tools like time series analysis, regression analysis, cluster analysis and ANOVA test the data used exports, production and area under cultivation of tea in India for the period of 1950 to 2006. This study presented that India's export performance is too poor as compared to production. Region wise production and export of tea also discussed in this paper. According to him there is a weak correlation between the export and production of Indian tea. For the region wise production the North India perform well than South India. He argues that the industry is incapable to generate income for future development. And the investment in to the developmental activities of the estate is very less, that why the growth of productivity is very less to the Indian tea estate compared to other countries. In order to attain the comparative advantages the tea industry should invest more on the research and development and introduce modern technology for production.

The trend of export, opportunities and challenges faced tea industry, in the era of liberalization is discussing this paper with the help of secondary data published by Tea board of India. According to the Indian tea industry is unable to meet the challenges faced from the global tea producers. Diversification of tea product and value addition is necessary to increase the demand and supply of tea. In order to overcome the crisis the industry should expand the domestic and export market. He put forward many suggestions to improve the condition of tea market. Improve the quality of tea and redesigning the product mix etc. put forwarded by him.

The domestic trends in tea imports of India is analysing in this study with the help of secondary data. The time series data analysing tool is used to analyse the import trend. According to after the elimination of quantitative restriction in 2001 large scale tea is importing to India, it is mainly from Nepal and Kenya. There is a separate price level is prevailing the north and south part of India, in order to improve the growth of export the Govt. should fix a uniform price without intervening the intermediaries. Government have to implement the appropriate EXIM policy to increase the quantity of tea export and diminish the quantity of tea import.

A detailed analysis of the production, sales, selling price export and import of tea in India is discussing this paper using various tools like index of growth correlation and t test. According to him only 50 per cent of the tea is sold through auction and balance is sold by the open market. He mainly argues that the export value added from India is declining

every year but due to increase the price the value of tea was increase continuously. In order to overcome this issue the Govt. should regulate the tea price. In order to meet the domestic consumption the Govt should take necessary action to improve the production.

The impact of the devaluation on tea export is analysing the study of. He analysed the tea export of 1967 with the help of secondary data published by the Tea board. According to him due to the devaluation of rupee the Indian tea export got benefited but India didn't get the benefit of the devaluation of Rupee because at the time of devaluing the British pound.

The global trend of tea during the period of 1974 to 88 is disguised this paper entitled Global Tea Scenario: 2001 AD by using trend analysis. According to him the demand of tea in globally is increased at the same time the gap between the demand and supply is increased during this time as a result a rise of the tea price. During this period the country like China Kenya and SriLanka exported the tea at uneconomical price. According to him there is no relation between the annual tea export volume and export price. During this period the growth rate of area under cultivation of tea is slow even though due to the increased production the supply has to increase.

The problem faced by the Indian tea industry is analysing this study based on production, area under cultivation consumption, import and export of tea. According to during 1950's there had been an immense rise in the export of tea from India, at this period India's world ranking as an exporter was one but in the next decade onwards the position of India as a largest exporter of tea is lost. Due to these reason the share value of Indian tea is deteriorating considerably. In order to recover from this crisis the Govt. of India put suggestion on changes in the policy. To increase productivity, reduce the cost and restructure the tax structure of tea etc. are put forward. During this period the small holders are working together and formed the Co-operative society (Mishra & Rajan, 1986), examined the trends in the growth of tea at national as well as international level. Especially in area, production, yield, export and import with the help of secondary data published by the tea board of India. During the period of 1952-82 the productivity of Indian tea increased. Growth of productivity during this period was 12 per cent and area under tea cultivation showed a high growth at 18 per cent. According to him the productivity is not enough to meet the huge consumption and export. He argues that Indian tea export facing severe competition from other tea producing countries. In order to enhance the export of tea the Govt. should change the policy to increase the quality of tea with low price.

(George & Tharian, 1980), made a study based on the analysis of the domestic consumption and export of Indian tea. Earlier India has a monopoly power on the export of tea in the world but due to the entrance of other country like Sri Lanka and Kenya etc. in to the export market of tea, India lost its position and huge domestic demand also adversely effect to the export of Indian tea. According to him there are three channel of marketing of tea, the auction is the important channel among these. He argues that the export of Indian tea is depending upon the condition of Britten because the Britten was the major importer of tea from India. The price and quantity of Indian auction of tea is depending on the market condition of Britten. He conclude that after the independence of India Britten slowly shifter the tea export from India to African Country like Kenya it adversely affect the export condition of India.

(Bhowmik & Kumar, 1990), conducted a study to analyse the export performance of Indian tea. He argues that the huge domestic demand made a hindrance of growth of the performance of Indian tea market. The increased domestic determine auction price. In 1987 the price of tea is increased from 30 to 60 rupees. But the growth rate in production is remaining stagnant. According to him the main causes of the low growth rate of production of tea is the use of old bushes. One third of the tea bushes are uneconomic in India. The only way of improving the productivity is to use the high yield verity of tea bushes and he also suggests that the use of fertiliser and spraying will help to improve the productivity.

Growth of tea production in world

Tea is the most acceptable and cheapest beverage in the world it is cultivating only limited countries in the world due to the specific requirement soil and climate, even though it is consumed all over the world.. Mainly there are 28 countries are producing tea in the world among these countries China, India, Kenya and Sri Lanka are largest producers of tea in the world. The annual global production of tea in 2013 is 5345523 ton Kilo gram. (Table 2.1) and cultivated at 3521226 hector. India has been the major global player in tea production, consumption and export. Due to the changing technology and trends in global tea production India has lost the monopoly of tea production and export. In this section we made an attempt to project the global frame work of tea in terms of production, area, export and import of tea all over the world over the last five decade.

The table 2.1 shows the major Tea producing country in the world and also showing the percentage share of the total world tea production. The Compound Annual Growth Rate (CAGR) of production shows an increasing trend except the period between 1991-2001 during this period the CAGR deteriorating and the growth of production of tea is 2.03 per cent it may be due to the Asian crisis because the major tea producers are from Asia like China, India, and Sri Lanka etc. From 2001 onwards the production of tea was increased dramatically in this period the CAGR of tea production in the world is 4.29 per cent.

Table 2.1 Annual Production of Tea in Selected countries: 1961-2013

	1961	1971	1981	1991	2001	2011	2012	2013
China	97064	179984	368223	562961	721536	1640310	1804655	1939457
	(9.87)	13.76	19.52	21.95	23.01	34.38	35.84	36.28
India	354397	435468	559583	720300	847000	1095460	1135070	1208780
	(36.02)	33.28	29.67	28.09	27.01	22.96	22.54	22.61
Kenya	12641	36290	90941	203588	294620	377912	369400	432400
	(1.28)	2.77	4.82	7.94	9.40	7.92	7.34	8.09
Sri Lanka	206488	217773	210148	240747	295090	327500	330000	340230
	(20.99)	16.64	11.14	9.39	9.41	6.86	6.55	6.36
Vietnam	7500	15500	21178	33100	75700	206600	216900	214300
	(0.76)	1.18	1.12	1.29	2.41	4.33	4.31	4.01
Turkey	5450	33585	42606	136887	142900	221600	225000	212400
	(0.55)	2.57	2.26	5.34	4.56	4.64	4.47	3.97
Iran	10922	16000	33100	42091	51160	103890	158000	160000
	(1.11)	1.22	1.76	1.64	1.63	2.18	3.14	2.99
Indonesia	77100	60922	109135	139520	166867	150200	143400	148100
	(7.84)	4.66	5.79	5.44	5.32	3.15	2.85	2.77
Argentina	6486	29900	22785	46075	71117	92892.2	82812.9	105000
	(0.66)	2.29	1.21	1.80	2.27	1.95	1.64	1.96
Japan	81527	93111	102300	87800	85000	82100	85900	84800
	(8.29)	7.12	5.42	3.42	2.71	1.72	1.71	1.59
Malawi	14288	18597	31965	40501	36800	52000	53500	54000
	(1.45)	1.42	1.69	1.58	1.17	1.09	1.06	1.01
Bangladesh	26542	12007	38772	45012	52000	60500	60000	64000
	(2.70)	0.92	2.06	1.76	1.66	1.27	1.19	1.20
Uganda	5100	18000	1700	8877	32857	35194	50915	53000
	(0.52)	1.38	0.09	0.35	1.05	0.74	1.01	0.99
World	983785	1308424	1885907	2564565	3135778	4771205	5034967	5345523
	(100)	100	100	100	100	100	100	100

Figures in brackets show percentage share in total. Source: FAOSTAT

The table 2.1 explains that china with the highest share in the world production of tea, china producing more than one-third of the total tea production in the world in 2013(32.75). In 1961 China's production was 9.87 per cent of the total tea production in world. It was a remarkable increase in the production of tea in china. India has been the largest producer of tea in world, in 1961 India produce 36.2 per cent share of the total tea production in the world. But from 1971 onwards

the share continuously decreasing and in 2013 India's share was only at 22.6 per cent in world total tea production. at the same time China's share in the tea production continuously increasing. Other countries like Kenya, Vietnam, Turkey, Iran etc. share has increase spicily Kenya; Kenya attained a remarkable increase in the production of tea. In 1961 the share of Kenya's Tea production in the world is 1.28 per cent but in 2013 it is 8.09 per cent of the world production. At the same time other countries, whose share has fallen are Sri Lanka, Bangladesh, and Japan etc. Sri Lanka was one of the largest producers of tea in the world, in 1961 they produced more than one-fifth (22.99) of the total tea production in the world. The same like India the Sri Lanka's per cent share of tea production in world is deteriorating, in 2013 the share is only at 6.36 per cent.

Table 2.2 : Area under Tea Cultivation of Different countries in the World: 1961-2013(MH)

	1961	1971	1981	1991	2001	2011	2012	2013
China	354979	5829 57	1087516	851370	905662	1658760	1748508	1763500
	25.98	33.56	45.60	37.57	37.83	48.61	49.71	50.08
India	331229	358675	384242	421000	504000	600000	605000	563980
	24.25	20.65	16.11	18.58	21.05	17.58	17.20	16.02
Sri Lanka	237713	241667	244918	221691	18897 0	221969	221969	221969
	17.40	13.91	10.27	9.78	7.89	6.50	6.31	6.30
Kenya	17756	43400	78896	100626	124290	187855	190600	198600
	1.30	2.50	3.31	4.44	5.19	5.50	5.42	5.64
Indonesia	107000	79000	85023	94647	115416	123300	121600	122400
	7.83	4.55	3.57	4.18	4.82	3.61	3.46	3.48
Vietnam	19100	31300	36000	45800	74400	114399	115963	121649
	1.40	1.80	1.51	2.02	3.11	3.35	3.30	3.45
Turkey	14976	28351	53167	88639	76653	75890	75860	76426
	1.10	1.63	2.23	3.91	3.20	2.22	2.16	2.17
Bangladesh	32000	45604	45165	47629	48600	56670	57900	58300
	2.34	2.63	1.89	2.10	2.03	1.66	1.65	1.66
Japan	48900	54000	61000	57600	50100	46200	45900	45400
	3.58	3.11	2.56	2.54	2.09	1.35	1.30	1.29
Argentina	13100	32250	31100	37192	37420	39120	39322	38000
	0.96	1.86	1.30	1.64	1.56	1.15	1.12	1.08
Uganda	5500	15000	4000	14500	15761	21000	27000	28000
	0.40	0.86	0.17	0.64	0.66	0.62	0.77	0.80
Malawi	11000	14500	17500	20103	18800	24569	25000	25600
	0.81	0.83	0.73	0.89	0.79	0.72	0.71	0.73
Iran	19979	20210	32000	31959	31455	23937	24000	24500
	1.46	1.16	1.34	1.41	1.31	0.70	0.68	0.70
World	1366126	1737148	2384664	2265886	2394320	3412539	3517384	3521220
	100.	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Figures in brackets show percentage share in total
Source: FAOSTAT

A similar change has been noticed in the share of area and yield (see appendix I) under cultivation of tea in the world. Table 2.2 present the area under tea cultivation of major countries in the world with percentage share. It explains that the area under cultivation of tea is fluctuating during the last five decade. During the period 1971-81 the CAGR of the area under cultivation of tea showed negative figure (-0.55). In 2001 the area under cultivation of tea in world is 2394320 hector, which increased to 3412539 hector at the period of 2011 at a CAGR of 3.61 per cent.

The table 2.2 describes that China with highest share in total area under tea cultivation in world. It is around 50 per cent of the total area of tea in the world is cultivated in China. In 1961 china's share in tea cultivation area is 25.98 but in 2013 it is 50.08 per cent an Astonishing increasing in the area under cultivation of tea in China. India and china have the same share of area under cultivation of tea in 1961. After that china shows a remarkable increase at the same time India's share shows a negative trend. In 1961 the share was 24.25 per cent and in 2013 it is only at 16.02 per cent. Similar trend has been noticeable in Sri Lanka's share in the total area under tea cultivation of tea. Sri Lanka's share had minimized from 17 per cent in 1961 to 6.30

per cent in 2013. Other countries whose share in total area under cultivation of tea has fallen are Indonesia, Bangladesh, Japan etc. on the other hand other than China , Kenya, Vietnam, etc. showed a positive trend in area under tea cultivation of tea.

The share of major tea exporting countries in the world, presented in table 2.3, shows there is triplicity increase in the export of tea during the last 50 years. Like the share of area under cultivation and production of tea in world Similar propensity is observed in world export market. The CAGR is fluctuating. During the period of 2001 to 2011 the CAGR of world tea export is 3.18 per cent, a huge increase as compared to the previous decade (1.94). Among the major global tea exporting countries only India's tea export market it shows a sharp deteriorating trend to the total world tea export. In 1961 India contribute 34 per cent of the total tea export in the world in 2012 it is only 12 per cent. Among all tea exporting countries Kenya and Vietnam showed positive growth in export of tea (Table2.3). Even though the deteriorating growth Sri Lanka holds the top position of tea export share, in 2012 the share of Sri Lankan tea export is 17.62 per cent of the world tea export. The period of 1961 to 2012 Vietnam's export increased almost 20 times more, during this period the tea export share of Vietnam's is increased from 0.38 per cent to 8.16 per cent of the world tea export. Contribution of Kenyan tea export to the world tea export market is increased at more than six times during this period. Among the major tea exporting countries in the world Kenya suppressed all other big giants in the tea export like India, Sri Lanka and Indonesia. Chines tea export also showing positive trend. The country like India Sri Lanka and Indonesia etc. share with world export is sharply decline.

Table 2.3 Export Quantities of major countries in the world (in Ton) 1961-2012

	1961	1971	1981	1991	2001	2011	2012
Sri Lanka	193103	200800	183362	212017	293524	321074	318396
	32.61	26.14	19.26	17.73	20.24	16.19	17.63
Kenya	11957	41688	84095	175625	207244	306678	234181
	2.02	5.43	8.83	14.68	14.29	15.46	12.97
China	32800	48400	83400	184872	249645	322580	313484
	5.54	6.30	8.76	15.46	17.22	16.26	17.36
India	204959	199561	238750	215144	177603	322548	225082
	34.61	25.98	25.08	17.99	12.25	16.26	12.46
Indonesia	32242	44803	71259	110207	99797	75450	70071
	5.44	5.83	7.49	9.21	6.88	3.80	3.88
Viet Nam	2266	1784	8100	7953	67900	133900	146708
	0.38	0.23	0.85	0.66	4.68	6.75	8.12

Argentina	5352 0.90	22454 2.92	25872 2.72	36029 3.01	58110 4.01	86650 4.37	78056 4.32
Uganda	4215 0.71	15268 1.99	501 0.05	7018 0.59	18220 1.26	55650 2.81	55210 3.06
Malawi	13000 2.20	18157 2.36	31017 3.26	37047 3.10	36587 2.52	46007 2.32	34679 1.92
Japan	7999 1.35	1420 0.18	2708 0.28	289 0.02	625 0.04	2420 0.12	2408 0.13
Bangladesh	16310 2.75	9000 1.17	31786 3.34	26862 2.25	6400 0.44	945 0.05	838 0.05
Turkey	0 0	17497 2.28	3315 0.35	2314 0.19	4817 0.33	2242 0.11	3161 0.18
Iran	367 0.06	644 0.08	2889 0.30	0 0.00	10004 0.69	22429 1.13	11208 0.62
World	592164	768175	951994	1196094	1450128	1983290	1806173

Figures in brackets show percentage share in total,

Source: Calculated from FOASTAT

Table 2.4 : Annual import of tea from selected countries in the world (by quantity in tone) (1961-2012)

	1961	1971	1981	1991	2001	2011	2012
USSR*	14900	42600	84521	170000	154448	187790	180486
	2.52	5.72	9.57	14.95	11.13	9.90	9.50
United Kingdom	251999	226289	160408	178148	164016	154552	144587
	42.54	30.38	18.16	15.67	11.82	8.15	7.61
USA	49594	79584	86297	84332	96668	127511	125656
	8.37	10.69	9.77	7.42	6.97	6.72	6.61
UAE	0	2300	15079	22401	40000	50733	36541
	0	0.31	1.71	1.97	2.88	2.67	1.92
Egypt	22764	11002	30131	88528	56403	100423	109379
	3.84	1.48	3.41	7.78	4.06	5.29	5.76
Pakistan	16056	31800	72531	104056	106822	119231	122304
	2.71	4.27	8.21	9.15	7.70	6.28	6.44
Morocco	13856	12855	22622	24289	37701	64541	53078
	2.34	1.73	2.56	2.14	2.72	3.40	2.79
Germany	8270	115 97	20052	25087	37758	54843	56548
	1.40	1.56	2.27	2.21	2.72	2.89	2.98
Japan	1970	14072	13910	36674	60396	42013	37773
	0.33	1.89	1.58	3.22	4.35	2.21	1.99
Poland	2285	9712	24547	9523	33102	49241	32950
	0.39	1.30	2.78	0.84	2.39	2.60	1.73
World	592387	744 775	883128	1137218	1387667	1897183	1899980
	100	100	100	100	100	100	100

USSR and Russia combined together

Source: Calculated from FAOSTAT

Figures in brackets show percentage share in total

Similar trend is noticed in value terms (Appendix III). Share of India's global tea export has come down from 39 per cent to 11 per cent during the period of 1961 to 2012. In terms of export value also Sri Lanka retains its number one position even though sharp declaim in its contribution. China Kenya and India have occupied the consecutive position.

In terms of import of tea no country have major share in market. Among the importers Russia and United-Kingdom is the major contributor of import market of tea. It is important to note that United Kingdom was the major importer of the tea in 1961. UK hold more than 42.54 per cent of the market share in 1961, after that there was a steep declaim in the UK's share of import, in 2012 UK accounted for 7.61 per cent of global tea import. In 2012 Russia hold 11 per cent of the total tea import in the world followed by UK (7.61), USA (6.61), Pakistan (6.44), and Egypt (5.71).

Growth of Tea Production in India

The tea industry is one of the oldest industries in India; it has nearly 200 years old. Primarily the tea in India was grown in Assam later spared over Kerala, Tamil Nadu and West Bengal. These are the main tea cultivating states in India. Apart from these states tea is also growing in Tripura, Karnataka, Himachal Pradesh, Andhra Pradesh etc. The tea is the largest agro based industry in India. More than one million workers are directly related to this industry, most of them are women. Out of the total work force more than 50 per cent of the workers are women. The development of Tea industry in India started during the colonial period. After losing the monopoly of tea trade with China the East India Company started the Tea cultivation in India and expanded area and production in rapidly since 1870. During this period there was an immense growth in India's Tea cultivation. There were many improvements in tea production technology as a result the growth of the Tea sector was high. Approximately tea is growing 60000 hector, which account for more than 16 percent of tha total area under cultivation of world. The table 2.5 shows that the area, production and yield of tea during the pre-independence period. In this period there is a high growth in production and area under cultivation of tea although there were periods of crises of war and political instability adversely affect the growth of tea estate in India (Karmakar and Banerjee 2005).

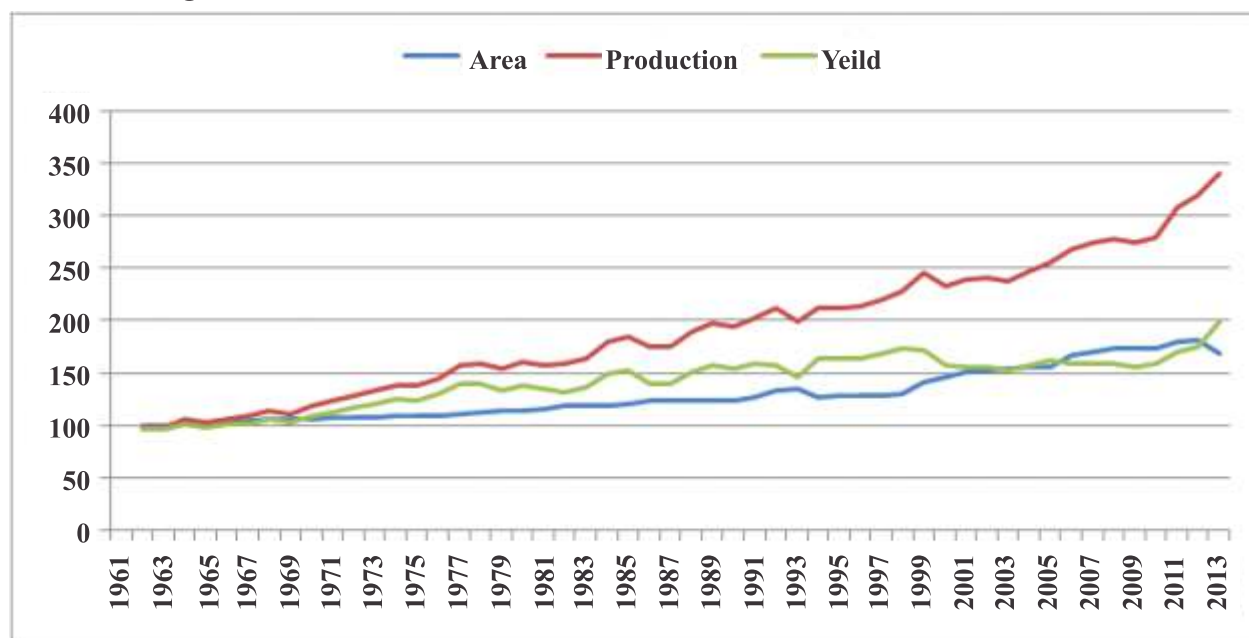
Table 2.5 Growth of Tea industries in India during colonial period

Year	Area (000 Ha)	Production (Million Kg)	Yield(Kg/ ha)
1850	0.75	0.1	130
1890	152	57	373
1918	275	173	692
1939	337	205	610
1947	309	255	822

Source: Tea Statistics Various issues

During the post-independence period the Tea sector continues its growth in terms of number of new estates. Even though the sector was facing crisis since 1990, the introduction of small holders helped Tea industry to retain its growth (Mishra 2012). The area wise growth shows that the South Indian states accounted around 80 per cent of the Tea garden in India early 1980. But in 2004 their share has come down to 47 per cent. The share of North India increased due to the entrance of small growers. Small growers changed the face of North India's Tea plantation sector.

Figure 2.1 Index number of Area, Production and Yield of tea in India 1950-2004



Source: Calculated from FAOSTAT

During the post-independence period Indian Tea industry recorded a tremendous growth in the area production and yield (Figure 1). 1998 onwards small growers also the part of Indian Tea industry it aggravated the growth of this sector, although these period is considered as the crisis period of Indian Tea industry (Sharma, K, & Upadhyay, 2012). During this period many large growers closed there estate due to crisis (Table 1.2). The data from the tea board shows that after 2010 there are 5320 workers are affected the closure of estate due to crisis, mainly these estates are situated in West Bengal, Kerala and Assam. During 1999 to 2006 around 130 tea gardens were closed (Jain). As the Expert opinion, the main reason of this closure is that the tea gardens in India were inherently weak and suffered from low productivity and lack of investment on development activities and most of the estates are more labour intensive, lack of technological advancement are also adversely affect the growth of tea plantation estates of India.

Table 2.6 Closure of Tea Estate in India as on 31-07-2014

State	Tea Estate	Month of Closure	workers affected
Kerala	Kottamala	Dec - 2013	220
	Achancoil	Feb - 2010	47
West Bengal	Uheklapara	Aug - 2002 - Mar - 2006	802
	Bandapani	Jul - 13	1283
	Red Bank	Dec 2012 - Dec - 2013	1588
	Surendra Nagar		451
	Uharahipur		824
Assam	Rani	Mar - 10	105

Source: Loka Sabah un-stared question. No 4430 dated on 08-08-2014

It is clear from the figure 2.1 that in 2002 onwards the area under tea cultivation was decreased but production and yield showing the increasing trend due to the use of improved technology (Appendix IV). The growth rates of the Tea industries are fluctuating during the post-independence period. During the period of 1961-2013 the Compound Annual Growth Rate (CAGR) of production was 2.43 Per cent (table 1.7). In this period the CAGR of area under cultivation is only at 1.05 per cent (Table 1.7). It displays that the production of tea grow faster than the area under cultivation. In 1970 shows a highest growth in production and yield. (3.03 And 2.31 respectively). While the highest growth rate in area under tea has been registered during 1990's it is mainly due to the entry of small growers. In this decade the rate of growth of production and yield shows a decreasing trend.

Table 2.7 CAGR of Area, Production and yield of Tea: 1961-2013

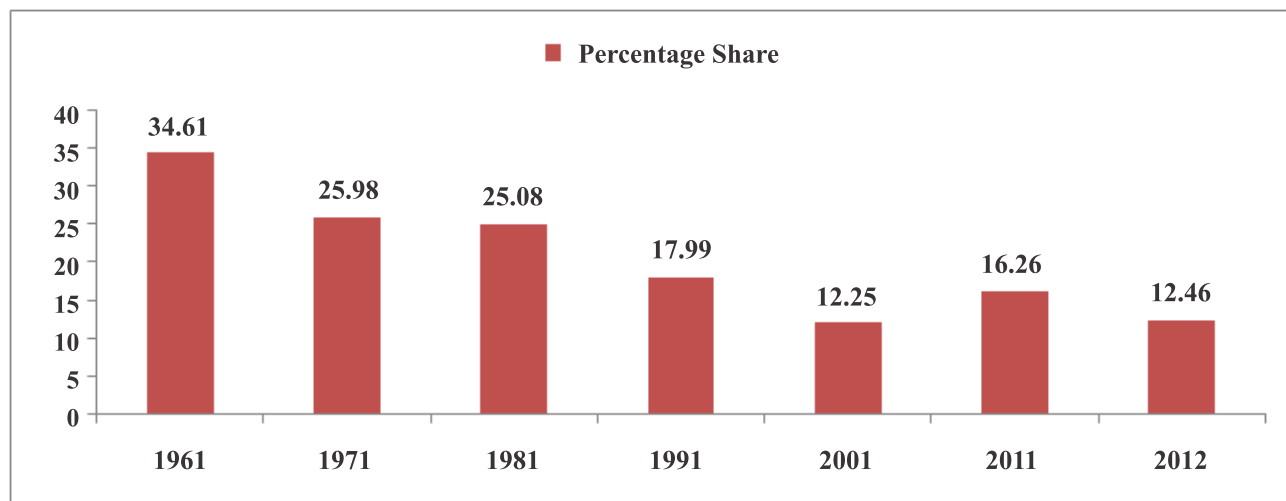
CAGR			
Year	Area	Production	Yield
1961-70	0.82	1.86	1.04
1971-80	0.70	3.03	2.31
1981-90	0.86	2.32	1.45
1991-00	1.70	1.53	-0.16
2000-13	0.94	3.01	2.05
1961-2013	1.05	2.43	1.37

Source: Calculated From the FAOSTAT

The tea industry in India had been started during the colonial period, after losing the monopoly trade with china the East India company started tea cultivation in India. United Kingdom was the main importer of tea before and immediately after the independence of India (Table 2.8). Later the massive domestic consumption of tea, India lost its supremacy of tea export to other countries. For the period of last five decades it has been observed that the tea export of India has been deteriorating. During this period India's world ranking as an exporter has come down from first position to forth rank (Table 2.3). The figure 2.2 shows that the growth of Indian tea export. The growth of Indian Tea export is continuously decreasing except a slight improvement in 2011-12. In 1961 India's share of tea export to global tea export was 35 per cent and in 2012 it is only 12 per cent. Earlier there was no such competition from world tea market. Late 19th and beginning of the 20th century India and China was dominated in the tea market. Later Sri Lanka and Kenya are producing export oriented tea and entered in to the market.

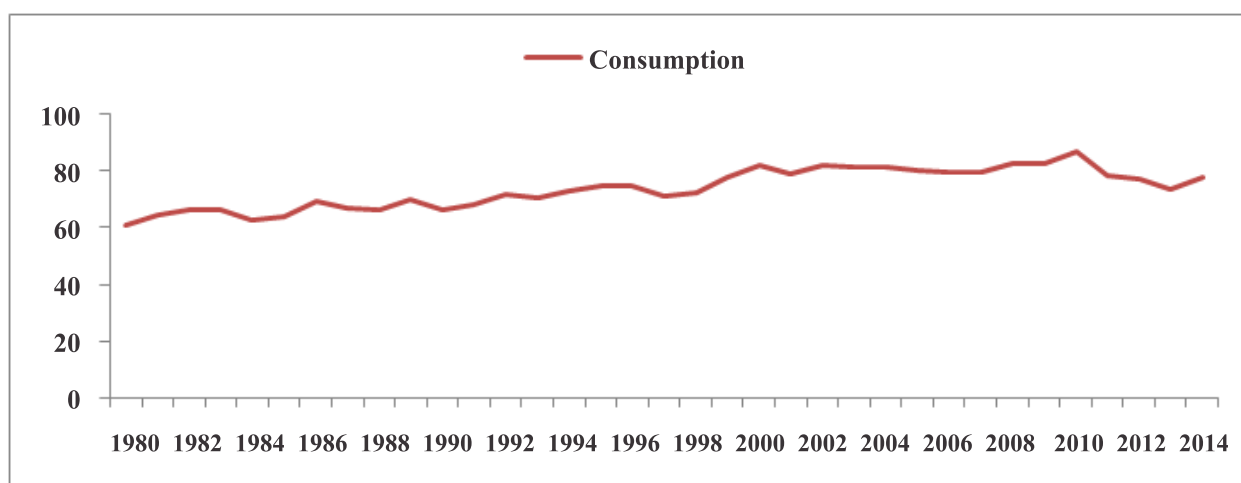
Since 1980 India has been facing stiff competition from these countries. During this period India's tea production was growing but 80 per cent of the Indian tea is domestically consuming. Figure 2.3 and 2.4 shows the share of consumption and export to production tea from India. The main reason of this deterioration of tea export is competition from other countries and huge domestic consumption, slow growth of yield, slow expansion of area under tea cultivation and lack of technological advancement etc. These are adversely effect to the Indian tea export. India is the largest consumers of black tea in the world from the diagram 2.3, is clear that the consumption of tea is increasing over the period but the export of tea is decreasing (Appendix 3). It shows that the Indian tea production is not sufficient to meet the consumption and export.

Figure 2.2 Export Share of Indian Tea to World



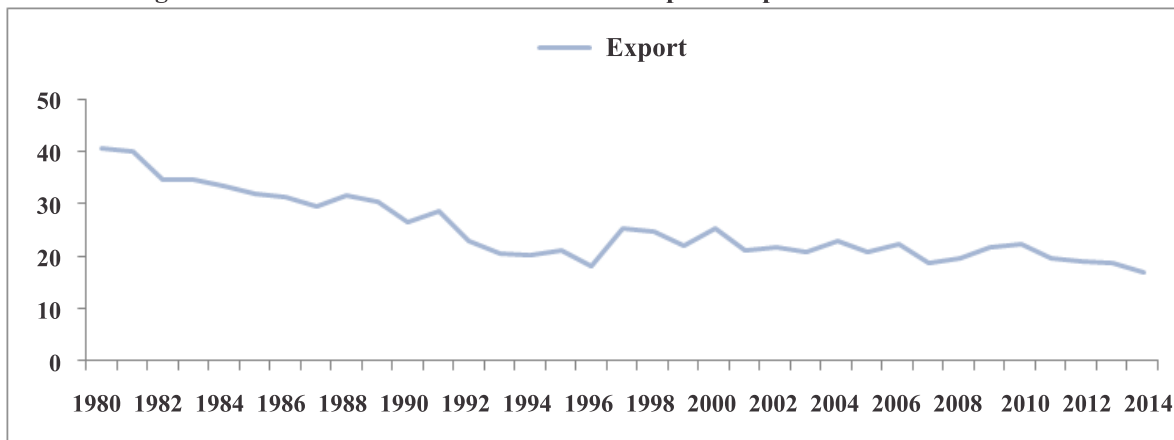
Source: Calculated from FAOSTAT

Figure 2.3 Trends in Relative share of Consumption in production of Tea in India



Source: Calculated from various issues of tea statistics and tea digest

Figure 2.4 Trends in Relative share of Consumption in production of Tea in India



Source : Calculated from various issues of tea statistics and tea digest

The export share of tea from India to major country has been presented in table 2.7. Russia and United Kingdom are the major tea trading partners of India. Even though they are the major trading partners of India, the growth rate of tea from India to these countries fluctuating. In 1950 India was the major player in the tea export market due to many hindrances India looses its position. In 1950 more than 42 per cent of the Indian tea was exported to United Kingdom but in 2014-15 UK's import of tea from India reduced. Recently the Russian federation and Iran are the major importer of Indian tea. In 2014-15 Russia imported 39.14 million kilo grams of tea from India. 18.58 Million Kilo Grams of tea is exported from India to UK. In the case of Iran the share is 17.53 Million Kilo Grams. Pakistan, UAE, Poland etc. are other major importers of tea from India. The import of these countries is fluctuating every year because of the market condition and changes in the value of Dollar. (See appendix VI)

Table 2.8 Major country wise export of Tea from India (Quantities in M Kg) 1991-2014

Country	1991-92	1995-95	2001-2002	2006-2007	2011-12	2014-15
Russia	112448*	66179*	61.88	13.34	42.67	39.14
UK	24160*	21706*	16.86	5	20.23	18.58
Iran	11048*	3290*	1.44	1.23	14.42	17.53
Pakistan	249*	245*	2.61	7.66	21.65	15.01
UAE	5562*	16836*	25.79	5.61	18.8	13.95
USA	2027*	3536*	6.07	2.71	11.19	13.54
Kazakhstan		3343*	12.48	1.5	12.13	11.46
Germany	4242*	7178*	4.41	1.79	7.83	7.05
Poland	9083*	10566*	8.67	1.4	3.43	3.94
Australia	474*	770*	0.95	2.11	3.74	3.1

Source: Tea Statistics, Tea digest of various issues

* Quantities in thousand Kg

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