

Production And Export of Tea From India

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Abstract- India is the second largest producer and exporter of tea in the world. The commercial cultivation started in India after British introduced tea from China. Production and of tea from India reached 1208780 MT and Export was 230456 MT in 2016. Growth rate of production and export of tea from India over the years from 1996-97 to 2015-16 was found to be 1.02% and 1.007% respectively. Export prospect of tea from India is declining because of many factors and the major one is increased domestic consumption.

Keywords- India, Tea, Export, Production, Growth rate.

I. INTRODUCTION

India is one of the largest tea industries in the world. East Indian company made tea more popular in India, they found out that Indian soils was suitable to cultivate these plants. Earlier period British choose Assam valley and mountains of Darjeeling as early sites for tea planting. After many years tea production in India began to boom and became one of the largest tea producers in the world – second only to China. In India tea is grown mainly in states like Assam, West Bengal, Tamil Nadu and Kerala. India produces large quantities, which is important because it is a nation of over one billion tea drinkers, with over 70% of the tea produced in the nation being consumed domestically. Major destinations of Indian tea in 2015-16 were countries like Iran, Russia, UAE, USA and UK.

Although India ranks second in the production prospects of the Indian tea export seems to be very weak due to rising domestic demand, slow increase in the yield, slow expansion of area under tea cultivation and the inability to compete with major tea producing countries (Dhakre, 2015).

India's share in world exports of tea has also drastically declined indicating that India is unable to take advantage of the expanding world market (Kumar et al., 2008).

Talukdar and Hazrika (2017) observed that production, export and growth of graded tea increased during the last two decades and Revealed Comparative Advantage (RCA) indicated that India is still competent in the global tea

market and tea is not an efficient export crop as the domestic prices were higher than the world prices and suggests that India should go more for graded and value-added tea by reducing the costs of production to gain the competitive advantages.

Export of Non-Instant and Instant tea from India was differing from year to year and there exists high positive correlation between export value of non-instant tea and instant tea as for as tea export in different periods, export of value-added tea from India was decreasing every year but the value of tea was increasing every year due to increase in price of tea and found out that the import quantity of tea was remaining almost same for all the years (Sivanesan, 2013).

II. MATERIALS AND METHODS

The study was based on secondary data of production and export of tea from the year 1996-97 to 2015-16. Data was collected from Tea board of India (<http://www.teaboard.gov.in>) and Economic Review of Government of Kerala, 2017.

Compound Annual Growth Rate (CAGR) was used to measure the past performance of economic variables. CAGR was calculated using the following formula:

$$Y = ab^t e_t$$

Where, Y= dependent variable for which growth rate was estimated, a = Intercept, b = Regression co-efficient, t = Time variable and e = Error term.

CV calculated for production and export of tea.

$$CV = (\text{Standard Deviation}/\text{Mean}) * 100$$

III. RESULTS AND DISCUSSION

Table 1. Production, export and import of tea from India

Year	Production	Export	Import
2016	1208780 MT	230456 MT	16984 MT

Data source: FAOSTAT

By analysing data of tea production from India shows that a continuous increase from the period 1996-97 to 2015-16, but the growth is found to be very slow (Fig. 1). But the export of tea from India was found to be increasing very slowly with very high fluctuations over the years (Fig. 2)

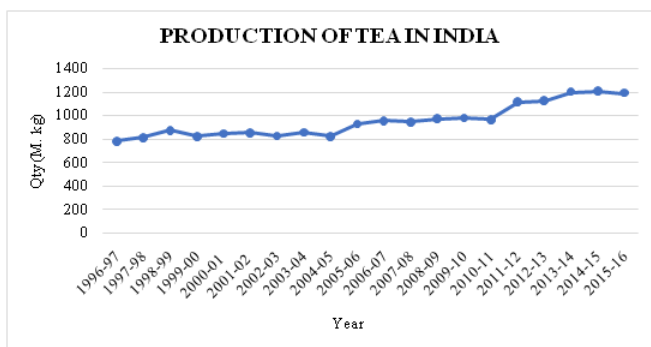


Fig. 1: Production of tea in India

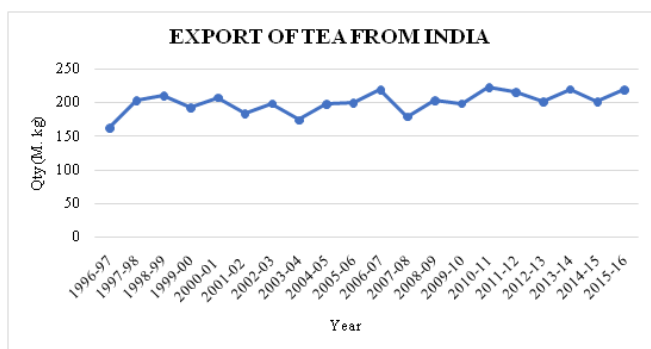


Fig 2. Export of tea from India

From the data on export and production of tea from Kerala, CAGR and Coefficient of variation is calculated and presented in table 2.

CAGR for the production over the study period has found to positive growth trend (1.02% per annum) and for export also has positive growth trend (1.007% per annum).

Coefficient of variation for production of tea in India were 14.78% and for export from India it was 8.01%. It showed the relative variability in the production and export of tea.

Table 2: CAGR and CV of production and export of tea (1996-97 to 2015-16)

Particulars	Production	Export
Compound Annual Growth Rate (% per annum)	1.02	1.007
Coefficient of variation (%)	14.78	8.01

IV. CONCLUSION

It can be concluded that production and export of tea from India had a less growth rate over the years from 1996-97 to 2015-16 and it is only 1.02% and 1.007% respectively. The results also show that 14.78% variation in the production and only 8.01% variation in the export of tea. The major set back of tea export from India is increased domestic consumption but still India can be a major in tea export globally.

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