



# **EXPORT COMPETITIVENESS OF INDIAN TEA**

**-a special reference to Assam tea**

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# Background

- Tea (*Camellia sinensis*) was introduced by the Britishers in early 1820 in India, more particularly in the upper Assam region.
- Charles Alexander was known as “Father of Indian Tea Industry.”
- In 1837, the first English tea garden was established at Chabua (now in Dibrugarh District) Assam.
- Since 1840, Assam Tea Company began the commercial production of Tea.
- Since 1950, it rapidly expanded.



World's Gold Standard

# TEA MAP OF INDIA



TEA BOARD INDIA



# Seasonality of production

- Quantity & quality of production varies with seasons.
- Being an agricultural products it harvesting seasons normally from March to December.
- There are three categories of products depending on harvesting seasons , viz: 1<sup>st</sup> flush (end of February to April) , 2<sup>nd</sup> Flush (May to July) and Rain flush ( from August to end of December).





# Manufacturing Process in India

- The primary concept behind manufacturing of tea is called fermentation. Indian Tea production mainly on following categories:
  - **CTC tea** (Crush, Tear & curl)- the withered leaf undergoes the “crush, tear, curl” process, whereby it is shredded and then crushed between sets of grooved rollers to produce a small granular final product. This method revolutionised tea manufacture when it was introduced as it yielded double the cuppage per weight and it is ideally suited to tea bags.
  - **Orthodox** – tea is made by rolling the withered leaf under light pressure to create a twisted, wiry appearance in the final product



# Manufacturing Process in India

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- **Green tea** differs from black in that the withered leaf is steamed and rolled before drying or firing, so avoiding the fermentation stage.

# Area & production of Indian Tea



| Year | North India   |                         | South India   |                         | Total         |                         |
|------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|
|      | Area (ha)     | Production (million kg) | Area (ha)     | Production (million kg) | Area (ha)     | Production (million kg) |
| 2004 | 406190        | 662.19                  | 115213        | 230.78                  | 521403        | 892.97                  |
| 2005 | 435788        | 718.42                  | 119823        | 227.55                  | 555611        | 845.97                  |
| 2006 | 447371        | 753.24                  | 119649        | 228.56                  | 567020        | 981.80                  |
| 2007 | 458718        | 764.74                  | 119740        | 221.69                  | 578458        | 986.43                  |
| 2008 | 458718<br>(p) | 733.92                  | 119740<br>(p) | 246.90                  | 578458<br>(p) | 980.82                  |

P-provisional

Source: Tea Board, India

# No of growers of Indian Tea



| Year | Small Growers |                                  | Big growers |                                  | Total         |               |
|------|---------------|----------------------------------|-------------|----------------------------------|---------------|---------------|
|      | Nos           | Area (ha)<br>(up to<br>10.12 ha) | Nos         | Area (ha)<br>(above<br>10.12 ha) | Nos           | Area (ha)     |
| 2004 | 127366        | 110787                           | 1661        | 410616                           | 129027        | 521403        |
| 2005 | 139041        | 142985                           | 1672        | 412626                           | 140713        | 555611        |
| 2006 | 141544        | 154099                           | 1673        | 412921                           | 143217        | 567020        |
| 2007 | 157504        | 162431                           | 1686        | 416027                           | 159190        | 578458        |
| 2008 | 157504<br>(p) | 162431<br>(p)                    | 1686<br>(p) | 416027<br>(p)                    | 159190<br>(p) | 578458<br>(p) |

P-provisional

Source: Tea Board, India





# Production by growers:

| Year | Small Growers<br>Area (ha)<br>(area up to 10.12 ha) |                               | Big growers<br>Area (ha)<br>(above 10.12 ha) |                            | Total         |                            |
|------|---|-------------------------------|--|----------------------------|---------------|----------------------------|
|      | Nos   | Production<br>(million<br>kg) | Nos  | Production<br>(million kg) | Nos           | Production<br>(million kg) |
| 2004 | 127366  | 201.96                        | 1661   | 691.01                     | 129027        | 892.97                     |
| 2005 | 139041  | 231.29                        | 1672   | 714.68                     | 140713        | 945.97                     |
| 2006 | 141544  | 249.71                        | 1673   | 732.09                     | 143217        | 981.80                     |
| 2007 | 157504  | 257.46                        | 1686   | 728.97                     | 159190        | 986.43                     |
| 2008 | 157504<br>(p)                                       | 257.46                        | 1686<br>(p)                                  | 723.36                     | 159190<br>(p) | 980.82                     |

P-provisional

Source: Tea Board, India



# Production of tea : category-wise

| Year | CTC<br>(million<br>kg) | Orthodox<br>(million<br>kg) | Darjeeling<br>(million<br>kg) | Green tea<br>(million<br>kg) | Total<br>(million<br>kg) |
|------|------------------------|-----------------------------|-------------------------------|------------------------------|--------------------------|
| 2003 | 799.5                  | 64.1                        | 9.6                           | 4.9                          | 878.1                    |
| 2004 | 814.6                  | 61.4                        | 10.1                          | 6.9                          | 893.0                    |
| 2005 | 849.4                  | 75.9                        | 11.3                          | 9.4                          | 946.0                    |
| 2006 | 893.4                  | 66.3                        | 10.9                          | 11.2                         | 981.8                    |
| 2007 | 887.9                  | 78.6                        | 10.9                          | 9.0                          | 986.4                    |

Source: Tea Board, India



# Production of Assam Tea

| Year | Production Assam Tea (million kg) | Assam's share in North India Tea production | Assam's share in All India Tea production |
|------|-----------------------------------|---|---|
| 2004 | 435.65                            | 65.79%                                      | 48.79%                                    |
| 2005 | 487.49                            | 68.20 %                                     | 51.53%                                    |
| 2006 | 502.04                            | 66.65%                                      | 51.13%                                    |
| 2007 | 511.88                            | 66.94%                                      | 51.89%                                    |
| 2008 | 487.50                            | 66.42%                                      | 49.70%                                    |

Source: Tea Board, India

# Export of Indian Tea



- CTC , Orthodox and Instant tea are the major items exported from India.
- Value added Tea like Packet tea, Tea bags and instant tea also exported to various countries.
- North Indian tea contribute major share of Indian Tea Export.



# Export of Indian Tea

| Year | Total Tea (excluding Instant Tea) |                        | Instant Tea      |                        | Total Tea (including instant tea) |                        |
|------|-----------------------------------|------------------------|------------------|------------------------|-----------------------------------|------------------------|
|      | Qty (million kg)                  | Value (million Rupees) | Qty (million kg) | Value (million Rupees) | Qty (million kg)                  | Value (million Rupees) |
| 2004 | 193.91                            | 17281.35               | 3.8              | 1130.01                | 197.71                            | 18411.36               |
| 2005 | 195.23                            | 17305.11               | 3.8              | 1004.68                | 199.03                            | 18309.79               |
| 2006 | 215.67                            | 19031.17               | 3.1              | 1034.09                | 218.17                            | 20065.26               |
| 2007 | 175.84                            | 17186.41               | 2.9              | 914.69                 | 178.74                            | 18101.10               |
| 2008 | 200.07                            | 22963.98               | 3.0              | 965.16                 | 203.07                            | 23929.14               |

Source: Tea Board, India

# Country-wise export of Indian Tea



| Countries        | 2008 (p)         |                  | 2007             |                  | 2006             |                  |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                  | Qty (million kg) | Value (Rs in Cr) | Qty (million kg) | Value (Rs in Cr) | Qty (million kg) | Value (Rs in Cr) |
| Russia           | 40.44            | 407.73           | 42.02            | 355.29           | 36.99            | 290.77           |
| Kazakhstan       | 11.33            | 139.62           | 9.57             | 96.92            | 10.39            | 113.72           |
| Ukraine          | 1.56             | 14.62            | 1.54             | 11.49            | 0.85             | 6.43             |
| Uzbekistan       | 0.08             | 0.96             | 0.03             | 0.33             | 0.41             | 2.95             |
| Other CIS        | 0.61             | 9.04             | 0.27             | 5.60             | 0.46             | 5.34             |
| <b>Total CIS</b> | <b>54.02</b>     | <b>571.97</b>    | <b>53.43</b>     | <b>469.63</b>    | <b>49.10</b>     | <b>419.21</b>    |
| UK               | 19.30            | 215.08           | 17.88            | 165.43           | 23.21            | 215.29           |
| Netherlands      | 2.58             | 55.41            | 2.73             | 45.43            | 2.93             | 45.34            |
| Germany          | 4.33             | 90.39            | 5.83             | 96.53            | 4.36             | 91.33            |
| Ireland          | 1.48             | 34.60            | 2.01             | 36.85            | 2.42             | 45.62            |
| Poland           | 3.45             | 40.18            | 4.40             | 35.97            | 3.67             | 32.80            |

# Country-wise export of Indian Tea



| Countries    | 2008 (p)         |                  | 2007             |                  | 2006             |                  |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|
|              | Qty (million kg) | Value (Rs in Cr) | Qty (million kg) | Value (Rs in Cr) | Qty (million kg) | Value (Rs in Cr) |
| USA          | 9.55             | 153.62           | 9.55             | 132.42           | 8.54             | 135.82           |
| Canada       | 1.52             | 24.73            | 1.04             | 12.81            | 1.13             | 14.31            |
| UAE          | 24.80            | 282.53           | 24.55            | 243.75           | 21.88            | 219.82           |
| Iran         | 15.90            | 210.00           | 13.14            | 145.70           | 8.67             | 90.75            |
| Iraq         | 5.11             | 67.00            | 2.54             | 13.38            | 41.33            | 211.92           |
| Saudi Arabia | 3.40             | 37.45            | 1.56             | 13.64            | 1.06             | 10.57            |
| ARE          | 15.04            | 111.75           | 5.14             | 33.17            | 2.75             | 21.00            |
| Turkey       | 0.11             | 1.16             | 0.14             | 1.13             | 0.16             | 1.24             |
| Afghanistan  | 10.74            | 75.83            | 8.26             | 43.15            | 7.41             | 40.12            |
| Singapore    | 0.32             | 7.17             | 0.41             | 6.91             | 0.51             | 7.27             |
| Sri Lanka    | 5.57             | 55.54            | 3.93             | 32.48            | 3.19             | 30.62            |

# Country-wise export of Indian Tea



| Countries       | 2008 (p)         |                  | 2007             |                  | 2006             |                  |
|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                 | Qty (million kg) | Value (Rs in Cr) | Qty (million kg) | Value (Rs in Cr) | Qty (million kg) | Value (Rs in Cr) |
| Kenya           | 2.06             | 12.50            | 3.26             | 15.51            | 8.74             | 48.80            |
| Japan           | 2.71             | 66.81            | 2.40             | 49.23            | 2.67             | 65.68            |
| Pakistan        | 7.67             | 57.42            | 5.48             | 28.51            | 14.73            | 91.15            |
| Australia       | 4.91             | 103.63           | 4.87             | 95.63            | 4.46             | 84.19            |
| Other countries | 8.55             | 118.14           | 6.20             | 92.85            | 5.81             | 83.68            |
| <b>Total</b>    | <b>203.12</b>    | <b>2392.91</b>   | <b>178.75</b>    | <b>1810.11</b>   | <b>218.73</b>    | <b>2006.53</b>   |

Source: Tea Board, India



# Global Export : Country-wise



| SI | Countries    | 2008(p)<br>(million kgs) | 2007<br>(million kgs) | 2006<br>(million kgs) |
|----|--------------|--------------------------|-----------------------|-----------------------|
| 1  | Kenya        | 383.44                   | 343.70                | 312.16                |
| 2  | Sri Lanka    | 298.79                   | 294.25                | 314.92                |
| 3  | China        | 296.94                   | 289.43                | 286.59                |
| 4  | India        | 203.12                   | 178.75                | 218.73                |
| 5  | Vietnam      | 115.00                   | 110.93                | 105.12                |
| 6  | Indonesia    | 95.00                    | 83.66                 | 95.34                 |
| 7  | Argentina    | 75.50                    | 74.23                 | 70.72                 |
| 8  | Malawi       | 40.06                    | 46.59                 | 41.96                 |
| 9  | Uganda       | 42.39                    | 43.64                 | 32.70                 |
| 10 | Bangladesh   | 8.39                     | 10.56                 | 4.79                  |
| 11 | Zimbabwe     | 5.50                     | 7.60                  | 11.38                 |
| 12 | Others       | 64.39                    | 62.52                 | 62.47                 |
|    | <b>Total</b> | <b>1653.29</b>           | <b>1574.99</b>        | <b>1581.01</b>        |

Source: Tea Board, India

# The Situation

- Tea production fluctuating.
- Cost of production has gone up.
- Tea price is declining.
- Export of Indian tea declining with price.
- Imports of tea steadily increasing.





# The Vision

- Need to make Indian tea a powerful brand and also to win back the confidence of lost markets.
- Creation of value added opportunities for hundred of thousand families who depend upon Indian tea industry.
- Reduction of cost of production.
- Improvement of better quality of tea.
- Promotion of Organic tea.

# Proposed frame work



- **Proper utilisation of land**

- Focusing on tea plant less than 30-35 years old.
- Fallow land is being utilised for regeneration of tea and also to bring down the average tea to 40 years and double the productivity.
- Land for creation of other infrastructure is being rationalised.
- Certain land to be utilised during interim period for production of medicinal plants , vanilla etc.

- **Labour and employment**

- There is a need of re-alignment for modernisation and regeneration of workers family.



# Expected results on frame work

- **Global Competitiveness:**

- Youngest tea in the world
- Leader in Tea productivity
- Progressive land and employment regulatory frame work.

- **Sustainable livelihood**

- Progressive and modern work force
- Integrated agricultural model.

# Support from the Government



- **Government of India** has taken up the following:
  - Promotional activities like:
    - Conducting campaign in foreign markets.
    - Buyers-sellers meet.
    - Tea testing sessions .
    - Participating various International Trade fairs, arranging International conventions, providing incentives to Exporters etc.
- Launched “Tea Plantation Development Scheme” through Tea Board, India.
- **Assam Government** launched “ Tea Cess utilisation Policy,2010” to boost the production in Small growers segment. Etc.



**THANK YOU**