

1 Export of India's Agro Processed Food Products: A Study of Tea

2 Anuj Gupta¹

3 ¹ Banaras Hindu University-221001

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5

6 **Abstract**

7 Tea is one of such product whose trade balance is always positive for India, revealing huge
8 advantage for the nation. The study is related with the export of agro processed foods
9 especially tea, its trend, direction, world's export measures to enhance export. The study
10 reveals the position of India's tea export in world market. It has been found that Iran,
11 Russia, UK, USA UAE are the major importers of tea from India; hence they must be
12 focused more. China is the largest seller of tea at global market, while Iran is the largest
13 purchaser of India's black tea. Government policies institution plays an important role in
14 enhancing the export of tea. Meanwhile, domestic demand of this product is also increasing
15 due to increase in population other related factors. The production of tea must also be
16 increased by adopting various methods.

17

18 **Index terms**— export, focused, black tea, domestic production, green tea.

19 **1 Introduction**

20 India is one of the largest black tea producing country of the world. The major states which account for 95%
21 of total production are West Bengal, Assam, Tamil Nadu & Kerala; remaining 5% is covered by 12 states. For
22 managing the future prospect & export of this commodity Tea Board was formed which traces its existence from
23 year 1903 when Indian Tea Cess Bill was passed to access the tea export. The present tea board is an autonomous
24 body working under the control of Ministry of Commerce & Industry, Government of India set up as a statutory
25 body on 1st April, 1954 as per provision under Section (4) of Tea Act 1953. It is an apex body which looks
26 after the overall interests of the tea industry. It has succeeded the Central Tea Board (CTB) & the Indian Tea
27 Licensing Committee (ITLC) which functioned under the Central Tea Board Act, 1949 & Indian Tea Control
28 Act 1938, respectively.

29 The present study encompasses various areas including the export-import of tea from the year 2005-06 to
30 2015-16 & direction of export of tea. The destination of export of tea from India to top 5 countries in the studied
31 period is also ascertained. It has been seen that India is among the top tea exporting country. The import of
32 the country is also increasing at a decreasing rate. The requisite of different type of tea & brand demand is
33 also a main problem that has led an increase in import demand of tea also. China is the largest seller of tea at
34 global market, while Iran is the largest purchaser of India's black tea. Government policies & institution plays
35 an important role in enhancing the export of tea.

36 **2 II.**

37 **3 Objective of Study**

38 Following are the objective of the present study: 1. To study the trend of export of agro-processed food products
39 in India. 2. To study the trend of export-import of tea in the given time period in India. 3. To analyze the
40 direction of India's tea export. 4. To ascertain the top tea exporting country of the world. 5. To provide some
41 suggestive measures for improvement of India's tea export.

42 **4 III.**

43 **5 Literature Review**

44 Shinoj P et al ??2008) examine the comparative advantage of India in agricultural export vis-a-vis Asia in the
45 post reform era. From 1991 to 2004, ten major agricultural commodities group are studied. India has been able
46 to maintain comparative advantage in commodities like cashew and oil meals, but tea, coffee, spices, marine
47 products have been negatively affected. Govindasamy (1993) in his study revealed the effect of drought on tea in
48 the recent years. It was found that tea is highly water-consuming product & drought has effected its production
49 negatively.

50 Another study done by M. R. Chaudhary (1978) had found the concentration of tea production in specific area
51 in the country. It has also shown that the area in which tea is sown is hilly & prone to good monsoon. North-east
52 is huge producer of tea in India & south-India is producing coffee. Banerjee (2008) given a road map for the
53 prospects of tea industry in India. The demand is unending & supply is somehow proportionately decreasing.
54 Therefore more concentration is to be made over production that will boost export too.

55 IV.

56 **6 Research Methodology**

57 The study is highly based on secondary data. The information is taken from the websites of ministry of commerce,
58 tea board, International trade centre & DGCI&S Kolkata. Data of 10 years is taken for trend & 5 year is taken
59 for direction, top exporting nations, etc. These data are compiled in the form of table, line graph, area charts,
60 bar graphs, etc. Statistical tools like AGR, mean, Karl Pearson's coefficient correlation, standard deviation,
61 percentage, etc. are used for analyzing the data. The study is done in the year 2016 hence data up to that year
62 is mentioned.

63 **7 a) Export of Agro processed food products**

64 The population of the country & problems related to food had led a huge controversy over the topic of export
65 of food products. But it is found that the products which are exported were either excess or different in variety
66 which is demanded within the country. The export of marine products, buffalo meats basmati rice, tea, etc. was
67 the main among them. Table 1 is showing clearly the trend of such agro-processed products from the recent past:
68 Source: Table 3 Source: Table 3 Table 3 shows the export-import trend of tea in India in last 10 years. It has
69 been seen that the import of tea is irregular in nature due to demand of certain quality of tea. There is huge
70 difference between the export & import of tea in every year. The trade balance of tea is always favorable i.e. the
71 export is always higher than import of tea. Table 6 shows the top 10 tea exporting nations of the world. Figure
72 4 is a graphical representation of the same in various years. It has been analyzed that the growth of export
73 in China was steady, while in India it was irregular, sometimes negative too. Sri Lanka headed this table till
74 2014 with more than 20% of world's total export. In the year 2015 this crown was taken by China with 4.62%
75 more than Sri Lanka. Only 4 (China, Sri Lanka, Kenya & India) out of ten are sharing 63.48% of the world's
76 total export in 2015. India is sharing nearly 10.21% of world's export itself in 2015. Some countries are showing
77 negative CAGR including India (-0.059) while China (0.09), UAE (0.22), Poland (0.06) & USA (0.1) are showing
78 positive growth rate.

79 **8 c) Measures to increase the India's export of tea**

80 Following measures must be taken by the policy makers & exporters to increase the export of tea: 1. Using more
81 land for cultivation of tea & advanced technique for reduction in wastage. 2. Government must support exporters
82 by providing them subsidies to enhance the export of tea. 3. Cultivation of green tea must be promoted which
83 has huge demand in world market. 4. Tea tasters must be appropriately appointed & standardized grading &
84 packaging system be adopted. 5. Tea boards must perform seminars, conferences, conclaves, workshops, etc. for
85 the owners of farms, exporters, workers, farmers & processors of tea.

86 V.

87 **9 Conclusion**

88 The study is related with the export of agro processed foods especially tea, its trend, direction, world's export &
89 measures to enhance export. The study reveals the position of India's tea export in world market. It has been
90 found that Iran, Russia, UK, USA & UAE are the major importers of tea from India; hence they must be focused
91 more. Meanwhile, domestic demand of this product is also increasing due to increase in population & other
92 related factors. The production of tea must also be increased by adopting various methods. The requirement of
93 green tea is more in western countries; hence this product line must be targeted. There is a huge difference in
94 export of tea from India & other top nations. This gap could only be reduced by way of government intervention
95 & market analysis. Due to individual researcher's constraint & resource limitation some parts like domestic
96 production & sales, state-wise trend, etc. is not mentioned & opened for next research.

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2016

Year

8

Exports of Agro processed food products*

(US \$

Million)

Commodity	Marine	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
XVI Products	Buffalo	2,095.28	2,622.72	3,443.63	3,464.08	5,016.63	5,510.24
Is- sue	Meat Rice -Basmoti	1,163.54	1,895.07	2,842.83	3,201.14	4,350.38	4,781.18
VII	Rice(Other Than	2,289.35	2,493.89	3,216.99	3,564.04	4,864.89	4,518.11
Ver- sion	Basmoti) Spices	76.38	50.86	1,723.38	2,651.97	2,925.16	3,335.09
I () B	Guergam Meals	1,257.86	1,733.59	2,725.66	2,786.12	2,497.30	2,430.35
	Cashew Sugar	240.70	646.08	3,354.82	3,919.23	1,979.70	1,552.15
		1,658.83	2,437.90	2,420.46	3,038.60	2,796.44	1,324.17
		591.35	619.23	915.13	746.97	842.32	909.26
		23.20	1,211.00	1,838.55	1,574.62	1,177.11	871.41
Global	Other Cereals	625.71	803.61	1,127.95	1,505.16	1,204.16	869.06
Jour- nal	Wheat Coffee	0.01	0.15	202.06	1,934.24	1,569.08	828.76
of	Sesame Seeds	429.74	661.77	952.87	866.13	798.83	814.02
Man- age- ment	Castor Oil	316.51	507.25	553.13	528.08	592.17	772.27
and	Fresh Vegetables	461.63	654.00	971.85	792.75	725.70	770.49
Busi- ness	Groundnut	637.16	575.92	624.88	627.08	886.14	763.02
Re- search	Processed Fruits	302.42	480.45	1,093.05	747.39	525.68	760.37
	And Juices	Fresh	623.29	736.46	847.63	865.97	798.79
	Fruits	Cereal	401.87	408.16	472.84	473.42	547.14
	Preparations	322.72	299.09	399.31	496.06	608.99	516.20
	Misc	Processed	217.39	277.85	393.23	411.79	471.32
	Items	Alcoholic	176.84	233.93	298.58	340.62	418.04
	Beverages	Dairy	124.08	180.27	303.16	355.19	401.53
	Products	Processed	170.47	267.70	135.99	427.53	727.54
	Vegetables		156.74	164.34	218.64	202.66	213.05
	Pulses		86.95	191.47	228.03	236.39	290.28
	Other Oil Seeds		29.08	24.92	41.32	76.28	155.18
	Milled Products		32.50	43.35	72.70	111.07	166.15
	Cocoa Products		20.59	27.87	36.51	54.03	93.97
	Sheep/Goat Meat		156.56	56.70	53.80	78.35	115.37

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[Note: Source:]

Figure 1: Table 1 :

Figure 2: Table 1

9 CONCLUSION

2

100%						
99%						
98%						
97%						
96%						
95%						
94%						
93%	2009- 10	2010-11	2011- 12	2012-13	2013-14	2014-15
Tea Export	623.29	736.46	847.63	865.97	798.79	681.36
Total Agro Export	14,871	20,541	31,854	36,457	38,111	35,757
Commodity						
2009-10	2010- 11	2011-12		2012-13	2013-14	2014-15
Year						
Tea	623.29	736.46	847.63	865.97	798.79	681.36
FPI- Exports	14,871	20,541	31,854	36,457	38,111	35,757
Share%	4.19	3.59		2.66	2.38	2.10
						1.91

Source: Table 1 & author's calculation

Figure 3: Table 2 :

3

Year	Export (in Rs. lacs)	Indices* 2005- 06=100	Growth %	Import (in Rs. lacs)	Indices** 2005- 06=100	Growth %	Trade balance
2006-07	184499.36	100.00	12.31	12505.56	100	16.75	171
2007-08	193674.68	104.97	4.97	12652.86	101.18	1.18	181
2008-09	255177.55	138.31	31.76	18812.37	150.43	48.68	236
2009-10	282439.72	153.08	10.68	27135.14	216.98	44.24	255
2010-11	322292.24	174.68	14.11	19858.34	158.79	-	302
						26.82	
2011-12	390715.51	211.77	21.23	20989.17	167.84	5.69	369
2012-13	451368.11	244.64	15.52	26961.47	215.59	28.45	424
2013-14	464215.27	251.61	2.85	28496.71	227.87	5.69	435
2014-15	395766.48	214.51	-14.75	38158.70	305.13	33.91	357
2015-16	446696.08	242.11	12.87	36584.04	292.54	-4.13	410

Source: Ministry of Commerce

Note: *Export indices taking 2005-06 as base year

**Import indices taking 2005-06 as base year

Karl Pearson's coefficient correlation=0.7836,

Standard deviation (SD) for export=106089.14 Standard deviation for import=177179.56.

Figure 4: Table 3 :

4

Country	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Iran	10,062.86	17,174.70	20,777.70	21,260.76	30,679.95					68900.80
	23,006.34	40,158.80	60,838.03	54,141.16						
Russia	27,764.89	28,121.61	36,037.63	46,960.01	51,511.81					67403.87
	57,824.02	69,213.36	65,811.59	59,115.19						
UK	24,682.33	22,791.75	31,598.12	32,057.29	35,923.52					41,571.61
	50,512.02	55,396.17	35,600.64	34,673.96						
USA	10,518.89	11,869.21	16,370.39	19,360.25	23,354.33					34,294.77
	27,837.92	30,843.31	37,371.17	35,806.98						
UAE	17,547.97	29,036.74	31,792.76	33,863.21	34,432.27					30,014.12
	42,736.34	51,865.46	46,362.77	24,215.67						

Source: Ministry of Commerce

*Top 5 countries is decided on the basis of 2015-16 data

Figure 5: Table 4 :

5

Country	Mean	Std. Deviation	CAGR
Iran	34700.11	20281.68	0.238322
Russia	50976.40	15763.40	0.103567
UK	36480.74	10300.67	0.059636
USA	24762.72	9938.53	0.140325
UAE	34186.73	10327.9	0.061451

Source: Author' calculation from table 4

Figure 6: Table 5 :

4

Figure 7: Table 4

6

Major Exporters	2011	2012	2013	2014	2015	CAGR
China	965,080	1,042,116	1,246,308	1,272,663	1,383,062	0.094132
Sri Lanka	1,475,038	1,403,154	1,528,519	1,609,339	1,321,899	-0.02703
Kenya	1,176,308	N/A	1,218,162	1,158,746	830,921	-0.10941
India	865,427	685,456	816,055	656,214	677,933	-0.05922
United Emi- Arab rates	N/A	177,788	309,139	312,642	325,891	0.223836
Germany	227,114	222,871	250,827	252,089	212,085	-0.01697
Poland	141,864	172,177	208,849	237,007	180,799	0.062505
UK	262,052	194,881	186,460	153,556	147,681	-0.13357
Indonesia	166,717	156,741	157,501	134,584	126,051	-0.06752
United States of America	73,737	86,934	97,262	107,799	110,245	0.105779
World	7,124,583	7,175,894	8,024,858	7,875,480	6,638,334	-0.01752

Figure 8: Table 6 :

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