

AUTHOR

Dr. Poonam Rani

Lecturer,  
Dept. of Commerce,  
A. S. (PG) College,  
Mawana

# Present Scenario of Tea Industry In India

*The Role and Relevance in Indian Economy.*

## ABSTRACT

India is largest producer and consumer of tea in the world. India produces 27% of total world production of tea and its trade is 13% of total world trade 25% of indigenously produced tea is exported. For mixing and export some quantity of tea is imported 100% import duty is on tea under present foreign trade policy. High production cost of tea and productivity problems needs immediate attention. In this area long term development and modernization steps have been taken - 1. In central government budget of 2005-06 additional custom duty of Re. 1/kg. has been withdrawn and 2. To maintain quality and brand equity of tea central government has issued Tea (Distribution and Export) control order 2005.

### 1. INTRODUCTION

In India, the plantation of tea was first started in Assam and it was the first capitalist enterprise introduced by the British Government in the middle of nineteenth century. The first tea company namely 'Assam Company' has also the distinction of being the first joint stock company of India.

The first commercial samples of Assam tea of eight chests was sent to London and sold on January 10<sup>th</sup> 1838 but production on commercial basis was started only from 1840. In India tea is grown in number of states like Assam, West Bengal, Tamil Nadu, Kerala, Tripura, Manipur, Auranachal Pradesh and Nagaland. Among these state, Assam holds the unique position in the production of tea. It alone produces more than 50% of country's total production.

The tea industry's has been of considerable importance in the national economy of India as a major foreign

exchange earning industry. It exported 205.6 Million Kgs. in the financial year 2004-05 of the value of Rs. 1924.70 crores.

The credit for expedition of economic development of North Eastern Region especially of Assam goes to the tea industry, as there was practically no industry in the region till the discovery of tea. Tea industry helps in the growth of many ancillary industries such as plywood industry, fertilizers industry, tea chests making industry, tea machinery making industry and repairing industry. Moreover it also influences the growth of cottage industry as tea requires plucking basket, hoes and many others which are products of cottage industry.

Tea industry has provided a stimulus to the development of means of communication. Extension of railway line to the North East region in the later part of the last century was done by 'Assam Bengal Railways' primarily for transportation of tea from Assam. Besides

JOURNAL OF  
COMMERCE  
& TRADE

Warehousing is an another marketing problem in the tea industry. In Assam, some of the produced tea is marketed through Guwahati Auction Centre which is operating from 25<sup>th</sup> September 1970.

railway, the tea industry was instrumental for development of roadways and water transport system.

## 2. PRESENT SCENARIO

Tea, being agro-based industry in character, is a highly labour intensive industry and it therefore, offers employment avenues to a large number of people. In this background, if we look at the present scenario of the tea industry, one can find plethora of problems that envelops the industry. The tea industry of our country has a series of management and economic problems. Because of such problems the production of tea declines time to time. The main reasons for such declining trend are:

### Productivity of Tea

The productivity of an undertaking is the ratio of the goods and/or services produced to resources used. In other words the productivity is the ratio of the inputs and the outputs. When an undertaking increases its production by increasing the inputs, it is mere increasing of production and not the productivity. But when an undertaking increases its production without increasing its resources or inputs, not only the production increases but the productivity also increases.

The rate of productivity per labour in the tea gardens of our country was 850.5 Kg in 2003-04 as compared to 830 Kg. in 2004-05. The declining rate of productivity is one of the major problem of management.

### Marketing of Produced Tea

Marketing of tea is another problems of the tea industry. Poor transportation is one of the reasons

behind this problem. The major tea producing states like Assam, transportation plays a vital role in the marketing of tea. In Assam the rail and road transportation are disturbed time to time during raining seasons. Floods also disturb rail and road communication for many days. Warehousing is an another marketing problem in the tea industry. In Assam, some of the produced tea is marketed through Guwahati Auction Centre which is operating from 25<sup>th</sup> September 1970.

### Labour Problems

Under labour legislation, the workers are to work under definite rules and regulations. While speaking about labour problems in general it comprises the problem of social security, minimum standard of living, working hours, working conditions, accidents, sickness, maternity, old age benefits, health care, education and cultural and recreational facilities. The Plantation Labour Act. 1951, provided housing, medical attention, education and most of other benefits to the tea garden labourers. But most of the tea gardens are not fulfilling the provisions of the Act in full so labourers are dissatisfied from managements for not solving their problems.

### Reduction in Export of Tea

Tea is the most important commodity for export from India. But India's share in the world's total export has substantially declined in recent years. The following table shows export of Indian tea during the financial year 1997-98 to 2005-06.

The reason behind this decline is the weak ex-port demand in international markets and adverse weather conditions.

**PRODUCTION OF TEA AND EXPORT**

Period	Production Quantity (M. Kg.)	Export Quantity (M. Kg.)	Price (Cr. Rs.)
1997-98	835.6	211.3	2003.2
1998-99	855.2	205.9	2191.8
1999-00	836.8	188.9	1796.3
2000-01	848.4	203.6	1889.8
2001-02	847.4	190.0	1695.8
2002-03	846.0	184.4	1665.0
2003-04	850.5	183.1	1637.0
2004-05	830.5	205.8	1924.7
2005-06	666.8	101.1	954.2

**Uneconomic Tea Garden**

In India there are a member of uneconomic tea garden. It is a difficult task to measure these uneconomic tea gardens. The tea Board for the purpose of licensing new planting, considers individual owned garden below 150 acres and company owned estates below 300 acres as uneconomic units. The factors responsible for uneconomic unit are:

- a) technical factors-such as size of gardens, size of factory, quality of equipment, etc., and
- b) economic factors-such as organisation and management, finance, labour, transport and price fluctuations.

In addition to the above mentioned problems, there are a number of economic problems such as financing of tea industry, taxation burden, high cost of production, etc. This problem leads to the management problem.

**3. CONCLUSION**

The following suggestions may be made in the light of the above problems:

- a) The productivity can be achieved through better utilization of resources

of the production without compromising with the quality of production and improvement in the production system and process. Some other measures to increase, productivity are: better handling of materials, modernisation, scientific management, better planning and control, labour management co-operation, rational wage policy, etc.

Different workers unions such as Assam Chah Mazdoor Sangh (ACMS), Assam Chah Kkarmechari Sangh (ACKS) can play a very constructive role in increasing labour productivity. It will help for the stable and sure growth of the industry.

- b) We could overcome the problem of marketing of tea in our country with better transportation on facility and improved communication system. Better warehousing facility at Guwahati and Calcutta may be helpful in solving marketing problem.
- c) The tea industry trade unions should play a positive role in promoting export of tea in international market. They should explore markets, establish contacts and undertake

- publicity for the product by supplying literatures, brochures, calendars and other gift materials for sale. Apart from these the focus will have be directed more and more towards value added tea products, which emerges as a new trend in the international markets.
- d) The tea gardens of our country must fulfil all the provisions of the Plantation Labour Act, 1951 for the benefit of the labourers. As per the provision of the Act, the management must provide the labourers with better housing accommodation, medical, education, drinking water and many
- e) The garden authorities should not confine their resources, only for their profit making business, rather they should take some steps to uplift social cultural and economic conditions of the surrounding areas. As labour is the main component of tea industry its well being is the prime work for the garden authority Education should be made compulsory among their children.

#### **REFERENCES**

1. Economic Survey, Annual 2005-06, New Delhi.
2. India 2005, Government of India, Ministry of Information and Broad Casting.
3. State Bank of India's Economic News Letter.
4. Dr. J. P. Mishra, Agriculture Economic.
5. Dutt, Rudra & Sundram, K.P.M., Indian Economy.
6. Bhattacharya S. N., Rural Industrialisation in India, Delhi 1980.