

Tea Industry in India – Challenges Ahead

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Abstract -- One of the India's Primary beverages is TEA, where around 85% of households in the country are consuming Tea. Out of the world's total tea production, 27% is being done by Indians. As India is one of the countries with largest consumer base for tea, about three-fourths of the country's total produce is consumed by the local people. Indian tea has its own taste and quality that makes it stand out in the market. Darjeeling, Assam Orthodox and High range Niligiri are most popular because of its unique aroma, strength, color and flavor. Major tea growing regions in India are Assam, Darjeeling, Dooars region and Nilgiris in the southern region. Recent data on Tea Industry reveals that Export of Indian teas increased by 5.7 per cent in the first four months of 2017. Even though this looks positive this does not showed a right signal for the Planters. As Tea Industry looks lucrative when seen from outside, its real scenario is that it is trembling with lots of fear factors. This paper analyses the important factors that is currently affecting the Tea Industry in India.

Index Terms: Tea Industry, Issues, Challenges.

I. INTRODUCTION

Tea suppliers in India produce some of the world's best varieties of tea such as White tea, green tea, black tea, oolong tea, organic tea and herbal tea, etc. Among the top 5 per-capita tea consumers, India is also one of the country in the list. Indian Tea known for its quality have to encounter so many processes to get that distinctive taste. All these varieties of tea contain different types of polyphenolic compounds with antioxidant properties thus being good for health. Different health benefits are offered by each tea because of different nutrient contents.

According to the Tea Board of India, quality of a Tea refers to all the characteristics of tea in which it is judged by its market value. It is the sum total of both external and internal factors like aroma/flavor, briskness, strength and color and character of infused leaf. As India is a home to a wide variety of teas, export

of finest varieties of tea also contributes a good share to the National Income of our country. Tea Industry with its vast base established in our country is undergoing silent problems at present.

II. OBJECTIVES

- To discuss the major issues faced by Tea Industry
- To analyze the root causes for the emerging issues
- To suggest solutions in order to reduce the challenges faced by the Industry.

III. ISSUES FACED BY THE TEA INDUSTRY

Tea prices started declining:

Across the world, tea's auction price has declined in the recent past as per World Bank's report. And also no proper steps were taken to improvise the quality of tea being produced in India to raise the price margins as the profits were often used for something else and not for the tea gardens.

Less Production:

Tea industry is facing number of problems such as financial problems, power problems, labor issues, poor labor schemes, inadequate communication system, increased pollution fee, less subsidy for transport etc. This kind of situation have put the tea industry in North East India in a hopeless situation, resulting in low production of tea and tea leaves.

Climatic Conditions:

If climatic conditions are unfavorable for tea plantations owing to less or heavy rainfall that also poses severe problems affecting the production of tea and lives of tea industry laborers.

Pest Problem:

Bacterial black spot is a disease that spreads and spoils the tea leaves. North East Tea Estates are prone to this kind of a disease spread by a bug and this is also an issue that affects tea industry

Low wages for laborers:

As price realization of tea is very less in the international market and as temporary laborers are used in the peak seasons, usually the wages paid for tea industry laborers are very less. This made some of them starve and leave out the industry.

Quality deterioration:

As importance is given only to production increase and not for quality improvement, Indian tea known for its superior taste may lose its market in the international arena if quality is not taken care of.

IV. CAUSES FOR THE PROBLEMS PLAGUING TEA INDUSTRY

Despite of the climatic conditions affecting the tea production several other man made factors contributes mainly to the problem as it is always in the list affecting the production.

As the number of small tea growers started increasing, this paved way to the rise in Bought leaf factories. It is that previously tea estates were the major tea producers and they hold very large quantum of tea and was able to manage it with good profits. But when small tea growers started growing tea in their own or rented small holdings, this seemed very attractive for young people in that region. Thus leading to more and more number of small tea growers in the same region and these people will be in tie up with Bought leaf factories(BLF's) who will purchase the leaves and convert them into tea powders.

As BLF's fixes the prices for tea leaves, small tea growers who initially felt a good business was struggling a lot because of poor price realizations. In

addition to this STGs are facing high pressure from BLF's as if the leaves are brought to them at late hours the prices are even low for those tea leaves. And also Government's intervention hardly effects the STG's problems.

Low yields and High production costs are pulling the legs of STG's backward. Even the corporate companies are slowly exiting out of the industry and were concentrating only on the retailing part instead of production,

This on the one hand, strategists say that the root cause lies in the abundant supply of cheap tea. With the outlook of creating more employment opportunities and to improve the lifestyle of tea growers Government encouraged STGs which in turn lead to cheap tea made using green leaves procured from small growers. But this created an imbalance in the industry.

As STG's were not even paid the minimum amount for their tea leaves, Low price realizations, high production costs, Low yield, cheap tea and compromise on quality leaving the industry and large number of peoples life miserable. This sector remains unorganized even under the several silent regulatory bodies of the industry. Non transparency and poor research also adds fuel to the fire.

Political scenario is also posing a major problem that in Darjeeling, due to political agitation, production of flag bearer variety of tea has been stopped for around 100 days from mid-June which is one of the best buying season. This has forced lot of exporters to substitute that with Nepal tea to compensate the flavor and aroma.

V. SUGGESTIONS

Improvement through Training:

Farmers should be made aware of the certifications and training being offered by certification bodies on our standards – which trains them on the farmers Code of Conduct and supply chain management and also

guides them on how different necessities should be inferred.

Quality Enhancement:

Only quality tea production paves the way to preserve and significantly increase the export prices. Moreover this also will increase the demand for Indian tea among international products in the global arena and thereby increasing the profit margins as well as improving the living standards of people who is dependent on tea industry.

Need for Organized Business:

Indian tea industry is still unorganized and even though Government is controlling this industry with Tea Board, it's not that effective as expected. Thus it is the Tea Board that has to undergo structural reforms in order to safeguard the industry as well as so many people who is dependent totally on tea for their survival.

Awareness Programs:

Growing STG's become a biggest challenge for the Tea Industry that only production is given importance by them because of ignorance. Thus to improve the standards of Tea Production, Government and Tea board have to organize more awareness programs on Tea plantations and on entrepreneurship skills, so as to run the business with better profits.

CONCLUSION

India being the second largest producer of Tea has numerous opportunities to develop the Tea Industry as it is providing employment to a huge number of people in the north eastern states. As Global production of tea in 2017 got reduced because of problems faced by Kenya and other countries who are also the major suppliers of tea to the world, India now has the best opportunity to penetrate through the world market. And also this October and November Tea production of India has increased from previous years thus showing a positive sign of reviving back as demand is increasing that in turn leading to increased prices. It is the policy makers who have to formulate strategies to keep this industry alive.

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