Volume 16 Issue 35
Originally issued as B7

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 16 Issue 7 Version 1.0 Year 2016
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

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

By Anuj Gupta

Banaras Hindu University

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

Keywords: *export, focused, black tea, domestic production, green tea.*

GJMBR-B Classification: *JEL Code: A10*

Strictly as per the compliance and regulations of:

© 2016. Anuj Gupta. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

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

Anuj Gupta

Abstract- Tea is one of such product whose trade balance is always positive for India, revealing huge advantage for the nation. The study is related with the export of agro processed foods especially tea, its trend, direction, world's export & measures to enhance export. The study reveals the position of India's tea export in world market. It has been found that Iran, Russia, UK, USA & UAE are the major importers of tea from India; hence they must be focused more. China is the largest seller of tea at global market, while Iran is the largest purchaser of India's black tea. Government policies & institution plays an important role in enhancing the export of tea. Meanwhile, domestic demand of this product is also increasing due to increase in population & other related factors. The production of tea must also be increased by adopting various methods. The requirement of green tea is more in western countries; hence this product line must be targeted. There is a huge difference in export of tea from India & other top nations. This gap could only be reduced by ways of government intervention & target market analysis. Due to individual researcher's constraint & resource limitation some parts like domestic production & sales, state-wise trend, etc. is not mentioned & opened for next research.

Keywords: export, focused, black tea, domestic production, green tea.

I. Introduction

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

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

II. Objective of Study

Following are the objective of the present study:

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

III. Literature Review

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

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

Author: Research Scholar, Faculty of Commerce, BHU, Varanasi, India.
e-mail: anujwhbhu@gmail.com

© 2016 Global Journals Inc. (US)

IV. Research Methodology

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

a) *Export of Agro processed food products*

The population of the country & problems related to food had led a huge controversy over the topic of export of food products. But it is found that the products which are exported were either excess or different in variety which is demanded within the country. The export of marine products, buffalo meats basmati rice, tea, etc. was the main among them. Table 1 is showing clearly the trend of such agro-processed products from the recent past:

Table 1: Trend of exports of Agro processed food products

Exports of Agro processed food products*						
(US $ Million)						
Commodity	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Marine Products	2,095.28	2,622.72	3,443.63	3,464.08	5,016.63	5,510.24
Buffalo Meat	1,163.54	1,895.07	2,842.83	3,201.14	4,350.38	4,781.18
Rice –Basmoti	2,289.35	2,493.89	3,216.99	3,564.04	4,864.89	4,518.11
Rice(Other Than Basmoti)	76.38	50.86	1,723.38	2,651.97	2,925.16	3,335.09
Spices	1,257.86	1,733.59	2,725.66	2,786.12	2,497.30	2,430.35
Guergam Meal	240.70	646.08	3,354.82	3,919.23	1,979.70	1,552.15
Oil Meals	1,658.83	2,437.90	2,420.46	3,038.60	2,796.44	1,324.17
Cashew	591.35	619.23	915.13	746.97	842.32	909.26
Sugar	23.20	1,211.00	1,838.55	1,574.62	1,177.11	871.41
Other Cereals	625.71	803.61	1,127.95	1,505.16	1,204.16	869.06
Wheat	0.01	0.15	202.06	1,934.24	1,569.08	828.76
Coffee	429.74	661.77	952.87	866.13	798.83	814.02
Sesame Seeds	316.51	507.25	553.13	528.08	592.17	772.27
Castor Oil	461.63	654.00	971.85	792.75	725.70	770.49
Fresh Vegetables	637.16	575.92	624.88	627.08	886.14	763.02
Groundnut	302.42	480.45	1,093.05	747.39	525.68	760.37
Tea	623.29	736.46	847.63	865.97	798.79	681.36
Processed Fruits And Juices	401.87	408.16	472.84	473.42	547.14	592.26
Fresh Fruits	322.72	299.09	399.31	496.06	608.99	516.20
Cereal Preparations	217.39	277.85	393.23	411.79	471.32	496.76
Misc Processed Items	176.84	233.93	298.58	340.62	418.04	455.05
Alcoholic Beverages	124.08	180.27	303.16	355.19	401.53	369.59
Dairy Products	170.47	267.70	135.99	427.53	727.54	355.83
Processed Vegetables	156.74	164.34	218.64	202.66	213.05	281.81
Pulses	86.95	191.47	228.03	236.39	290.28	199.86
Other Oil Seeds	29.08	24.92	41.32	76.28	155.18	185.03
Milled Products	32.50	43.35	72.70	111.07	166.15	166.87
Cocoa Products	20.59	27.87	36.51	54.03	93.97	138.87
Sheep/Goat Meat	156.56	56.70	53.80	78.35	115.37	135.71

© 2016 Global Journals Inc. (US)

Poultry Products	78.73	69.10	94.98	91.22	93.03	106.38
Vegetable Oils	-	-	-	-	53.38	94.57
Fruits / Vegetable Seeds	30.57	40.51	60.03	63.70	68.80	69.96
Shellac	15.12	30.81	53.09	73.84	84.95	43.80
Molasses	4.12	47.01	42.78	40.83	24.53	28.09
Niger Seeds	5.10	9.85	24.83	16.55	18.69	17.71
Cashew Nut Shell Liquid	5.85	7.45	12.40	5.50	6.35	9.10
Processed Meat	1.85	3.03	2.02	1.73	1.29	2.29
Other Meat	2.29	2.09	0.77	0.43	0.55	0.44
Edible Vegetable Oils	38.18	25.23	54.06	85.92	-	-
FPI-Exports	**14,871**	**20,541**	**31,854**	**36,457**	**38,111**	**35,757**

**: All agricultural produce when exported undergo an element of processing. Hence all edible agricultural commodities exported are included in the export data.*

Source: DGCI&S, Kolkata

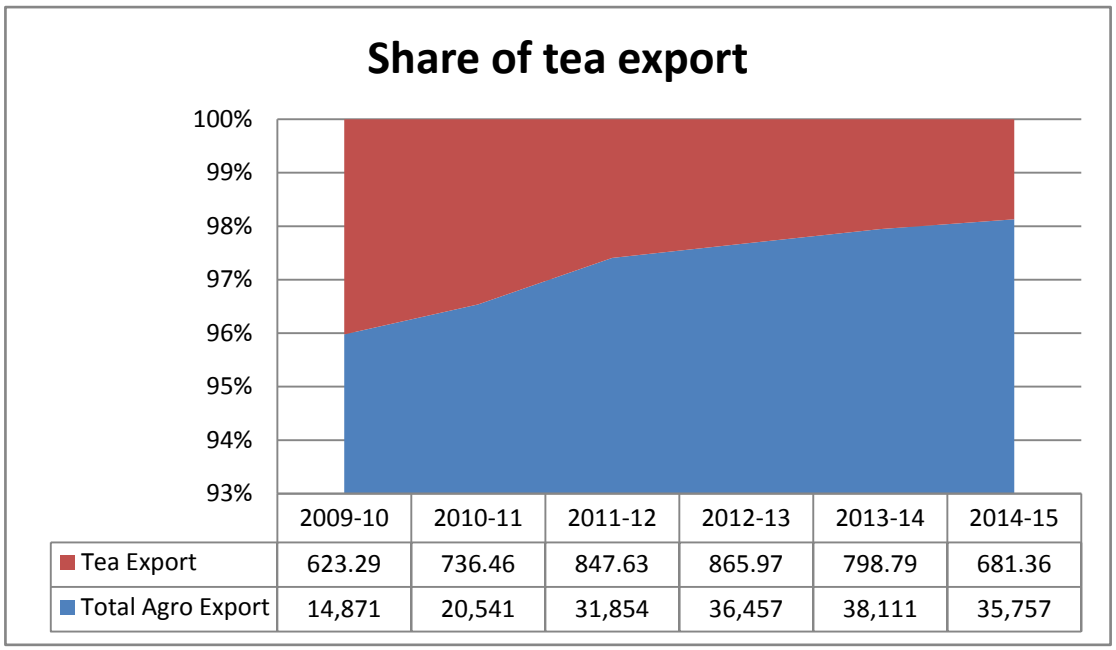


Figure 1: Export share of tea in total agro-processed food products

Source: Table 1

Table 2: Comparison of tea & total agro-food processed export (in US $)

Commodity / Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
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

It has been seen from the table 2 that the share of export of tea in total agro export is decreasing at a slow rate. This share was 4.19% in 2009-10 while it decreased to 1.91% in 2014-15. In figure 1 the same thing is shown in the form of graph. It also shows very less coverage of that product in total agro export.

© 2016 Global Journals Inc. (US)

b) Recent trends in Tea's foreign trade

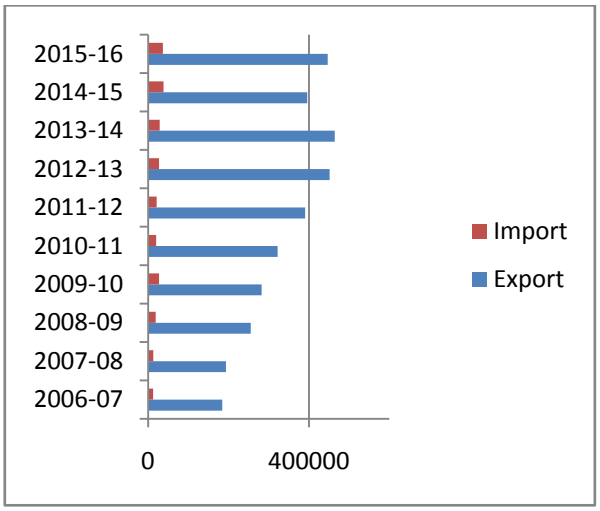
Table 3: Export-Import of Tea in last 10 years

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	171993.8
2007-08	193674.68	104.97	4.97	12652.86	101.18	1.18	181021.8
2008-09	255177.55	138.31	31.76	18812.37	150.43	48.68	236365.2
2009-10	282439.72	153.08	10.68	27135.14	216.98	44.24	255304.6
2010-11	322292.24	174.68	14.11	19858.34	158.79	-26.82	302433.9
2011-12	390715.51	211.77	21.23	20989.17	167.84	5.69	369726.3
2012-13	451368.11	244.64	15.52	26961.47	215.59	28.45	424406.6
2013-14	464215.27	251.61	2.85	28496.71	227.87	5.69	435718.6
2014-15	395766.48	214.51	-14.75	38158.70	305.13	33.91	357607.8
2015-16	446696.08	242.11	12.87	36584.04	292.54	-4.13	410112

Source: Ministry of Commerce

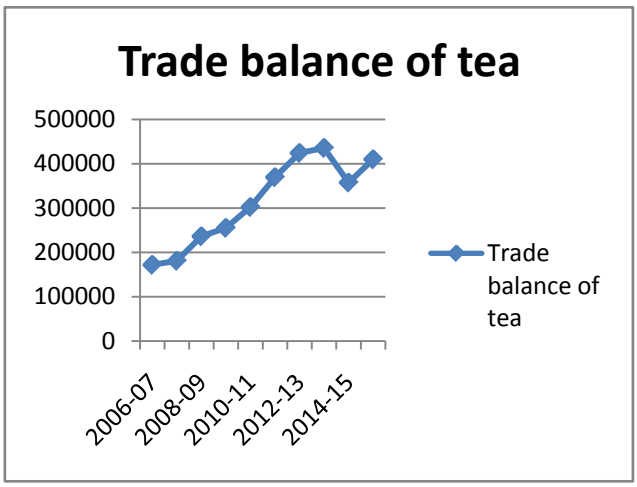
*Note: *Export indices taking 2005-06 as base year **Import indices taking 2005-06 as base year*

Karl Pearson's coefficient correlation=0.7836, Standard deviation (SD) for export=106089.14 Standard deviation for import=177179.56. Table 3 shows trend of export-import of tea in India. It has been seen that growth in import of tea is increased (2015-16 indices=292.54) as compared to the growth in year 2005-06. But the growth when compared to previous year is negative (-4.13%). Biggest hike in import growth shows in 2008-09 with 48.68% while negative growth was biggest in 2010-11 (-26.82%). Export growth was highest in the year 2008-09 (31.76%) while lowest in 2014-15 (-14.75%). Highest amount of tea exported from India was in year 2013-14. The Karl Pearson's coefficient correlation was 0.78 which shows a high degree of positive correlation, signifying growth of one with the growth of another. The SD of export & import is quite high that shows huge deviation in the data.



Source: Table 3

Figure 2: Export-Import of Tea in last 10 years



Source: Table 3

Figure 3: Trade balance of tea in India

Table 3 shows the export-import trend of tea in India in last 10 years. It has been seen that the import of tea is irregular in nature due to demand of certain quality of tea. There is huge difference between the export & import of tea in every year. The trade balance of tea is always favorable i.e. the export is always higher than import of tea.

© 2016 Global Journals Inc. (US)

Table 4: Year-wise trend of India's tea export with top 5 countries* (Values in Lac Rupees)

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	23,006.34	40,158.80	60,838.03	54,141.16	68900.80
Russia	27,764.89	28,121.61	36,037.63	46,960.01	51,511.81	57,824.02	69,213.36	65,811.59	59,115.19	67403.87
UK	24,682.33	22,791.75	31,598.12	32,057.29	35,923.52	50,512.02	55,396.17	35,600.64	34,673.96	41,571.61
USA	10,518.89	11,869.21	16,370.39	19,360.25	23,354.33	27,837.92	30,843.31	37,371.17	35,806.98	34,294.77
UAE	17,547.97	29,036.74	31,792.76	33,863.21	34,432.27	42,736.34	51,865.46	46,362.77	24,215.67	30,014.12

Source: Ministry of Commerce

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

Table 5: Mean & standard deviation of exports to top 5 countries

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

Table 4 shows the top five India's tea importing countries. Among them Iran rose at top with Rs.68900.80 lakh in the year 2015-16, while UAE is at fifth position with Rs.30014.12 lakh in the same year. The galloping growth in Iran's import of tea has led huge prospects for India in that country as compared to other countries. While in Russia, UK, USA & UAE this growth is irregular & creeping in nature.

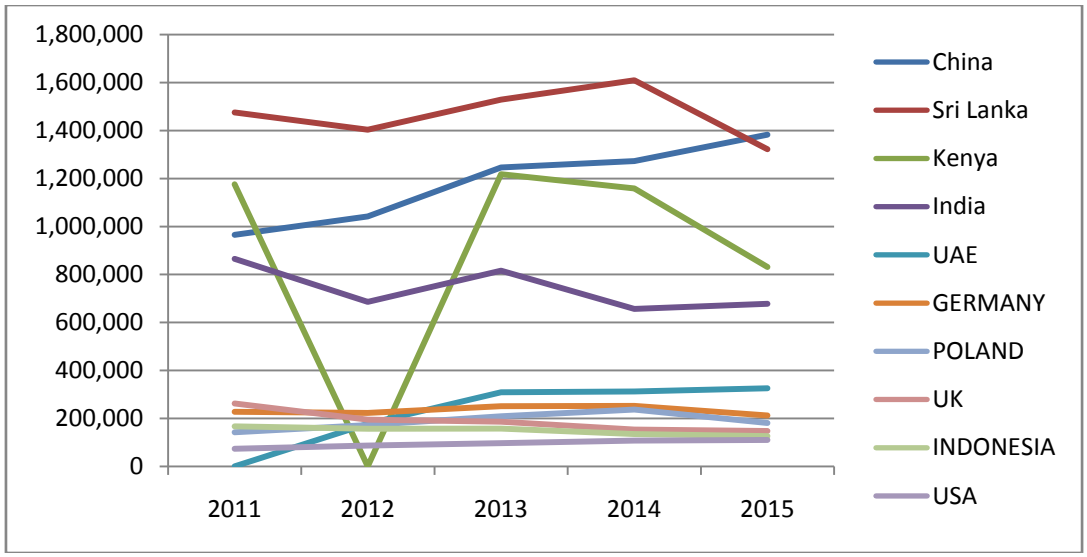
Table 5 shows the mean, CAGR & SD of top five countries in terms of tea imports from India. It may be noted that the mean of Russia is much higher than all the countries but its position is 2nd in the table. The SD of USA is lowest & Iran's is highest which shows normal growth & abnormal growth in imports, respectively.

Table 6: Top Tea exporting countries of the world (Values in US $ thousands)

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 Arab Emirates	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

Source: International Trade Centre

© 2016 Global Journals Inc. (US)



Source: Table 6

Figure 4: Diagrammatical representation of top tea exporting countries of the world

Table 6 shows the top 10 tea exporting nations of the world. Figure 4 is a graphical representation of the same in various years. It has been analyzed that the growth of export in China was steady, while in India it was irregular, sometimes negative too. Sri Lanka headed this table till 2014 with more than 20% of world's total export. In the year 2015 this crown was taken by China with 4.62% more than Sri Lanka. Only 4 (China, Sri Lanka, Kenya & India) out of ten are sharing 63.48% of the world's total export in 2015. India is sharing nearly 10.21% of world's export itself in 2015. Some countries are showing negative CAGR including India (-0.059) while China (0.09), UAE (0.22), Poland (0.06) & USA (0.1) are showing positive growth rate.

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

Following measures must be taken by the policy makers & exporters to increase the export of tea:

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

V. Conclusion

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

References Références Referencias

1. Chand, R. and S.C. Tiwari, (1991). Growth and Instabilities of India's Exports and Imports. Agricultural Economics, 46(2): 36-49.
2. Dutta, H., (2007). The Turnaround of Indian Tea Sector, Delhi Business Review, 8(1): 117-120.
3. Govindasamy S.K.(1993), Tea and Drought, Kisan World, April-1993, Vol. 20.
4. Krishna Swamy P.R.(2001). Tea for Good Health, Kisan World, Aug-2001, Vol. 28, No. 8.
5. Bose, Bimal. (1991) India: Coffee and Tea Update, Tea and Coffee Trade Journal, January 1, 1991.
6. Asopa V.N. (2007). Tea Industry of India, Indian Institute of Management, Ahmedabad, July 2007.
7. Banerjee. G.D., Banerji Srijeet. (2008). Tea Industry – A Road Map Ahead, Abhijeet Publications, Delhi, 2008.
8. Chaudhuri. M.R.(1978).The Tea Industry in India – A Diagnostic Analysis of Its Geo-Economic Aspects, Oxford book and Stationary Co., New Delhi, 1978.
9. Banerjee G.D, and Sarda Banerjee, Tea Industry at Crossroads, YOJANA, August 2005, Vol. 49.

© 2016 Global Journals Inc. (US)

10. Arize A. (1990). An Econometric Investigation of Export Behavior in seven Asian Developing Countries, Applied Economics, Vol. 22 (7) pp. 891-904.
11. Chen Huan (2009). A Literature Review on the Relationship between Foreign Trade and Economic Growth, International Journal of Economics and Finance, Vol. 1, No. 1.
12. Gupta, A. and Kumar, R. (2016). Bilateral trade of India with middle-east countries: a study of Iran. IJCT March2016, Vol.6(1)
13. www.teaboard.gov.in
14. www.teaindustry.co.in
15. www.tea.co.in

© 2016 Global Journals Inc. (US)

This page is intentionally left blank

© 2016 Global Journals Inc. (US)