

Indian Tea Industry: Scope And Opportunities

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ABSTRACT

Tea is a universal beverage known to everyone. It is enjoyed and at the same time given the value of medicine and unfathomably considered a panacea to all diseases. Tea is a fast moving product next to wheat and rice in any country. It is juxtaposed as a food, medicine and at the same time a potential product for income generation. There is a colourful scope with its variety of potential ideas to make money in the tea industry especially in India. This paper is a simple attempt to prove this point mentioned.

KEY WORDS: - *Indian Tea Industry, Business opportunities, Business potential, Tea tasting and Tea blending.*

Introduction

The two leaves and the bud that is used to prepare this beverage called tea are appreciated in every household in the world. It is not considered just as a stimulating drink, but has become a way of life to the majority of the people in the world over. It is the cup of tea that completes the morning breakfast, and it is the drink that makes up the “tea break” or the “tea time” for others. Tea industry is a labour intensive, horticulture industry, where millions of people in the

developing world procure their livelihood. The price hike spiral that seems to have engulfed almost all consumer products appears to have left tea without much effect. Inputs that are needed for tea production have been on a steady rise, but the realisation price for tea has been stationary, and at most times on the decline. This has caused concern to tea producing countries, as there has been a reduction in their foreign exchange earnings.

The Indian tea industry witnessed many structural changes over a period. The emergence of small tea growers and Bought Leaf Factories, which create new paradigm in tea industry by putting forward low cost of production in terms of workforce and technology, is one of the major changes in the recent history of the Indian tea industry. Crisis in the tea industry and closing down of tea estates are some of the other issues which are facing the industry recently.

The plantation sector works in a strong network of capital assets and has its own methods of addressing issues such as the quality of green leaves, production of 'made tea', and social, economic and social responsibilities at the field and market levels. The tea is grown in 16 states. The industry in India includes small and big growers. This proves the vast field covered by the industry in India. In other words the industry still hold big business opportunities which can be made use of by young and enthusiastic entrepreneurs who are willing to come to the industrial clutch.

Significance of the study

Tea is one of the most important non-alcoholic beverage drinks in India, especially Kerala, Tamil Nadu, Karnataka and Assam. Indian tea industry is one of the major sources of income for the national exchequer. It is also a major contributor to the Gross Domestic Product. Being such an industry of great contribution it does not draw back on the fact of employment to workers and business opportunities to enthusiastic entrepreneurs. In this light the study, "Business Opportunities in the Indian Tea Industry", is significant.

Review of Literature

Indian Tea Industry is a sure source of great opportunities. Previous studies conducted prove their potential.

Radhakrishnan in his study (1997) emphasised that there is a need to work out suitable strategies for domestic market expansion. There is a gap between those who want the product and those who produce. Potential areas range from physical supply of raw materials to distribution of the output.

Krishna (1995) in his study mentions about the increasing competitiveness of competing countries like Sri Lanka due to increase in productivity and price competitiveness. There is a dire need to increase production and manufacture, improve marketing in markets – both domestic and foreign.

Deshmukh (2012) through her studies found out that Pakistan is willing to pay more for Indian tea but the latter is facing stiff competition from Vietnam. Focus must be to attain international standards in production, manufacturing and marketing. There is a vast opportunity still lying golden in these areas.

These are some of the studies which deeply engrave the fact that Indian tea industry has a caricature of vast opportunities.

Objectives of the study

Every study has some objectives lying on the face and deeply below it. The various objectives of this study are:-

1. To describe about the vast nature of the Indian tea industry.
2. To bring out the potential areas available as business opportunities in the industry.
3. To ascertain facts on the utilization of these opportunities.

Scope of the study

The scope of the study is limited to the listing out of various opportunities remaining uncovered and those which require further improvement. Mostly the facts and requirements with regard to this are mentioned. The study also focuses on to describe the present trend in the industry in the background of business potentiality.

Methodology-

Formulation of a suitable methodology is indispensable for a meaningful research work. In the present work the following methodology is adopted:-

Sources of Data-

Both primary data and secondary data would be in need for establishing industry's present position and to find out the present marketing practices of industry's players.

Primary data

Primary data has been collected through personal interview with the help of a structured interview schedule. Data has been collected from officials in the offices of Tea Board of India controlled by Executive Director Coonoor; tea marketing companies; tea traders – wholesalers and retailers.

Secondary data

Secondary data will be collected by an extensive review of existing literature. They shall also be collected from genuine records and reports of various tea industry related and other supplementary sources. Publications of Tea Guardian, Tea Digest of Tea Board of India, Publications of Agriculture and Processed Food Products Export Development Authority, Publications of Indian Institute of Foreign Trade, other relevant bulletins and tea industry websites have been made use of.

Business Opportunities in Tea Industry

Tea cultivation, manufacturing, marketing and selling are vast areas spread over huge amount of time, money and resources. The commercial ownership under one management ranges from owning all these areas (like Good Ricke Co. Ltd. which owns the whole chain) to the smallest which is only one of the elements of any of these areas (like a small tea retailer or a farmer). The range shows the deep meaning of potential embedded in the sector. The various opportunities are as follows.

- According to the Tea Board there is a vast potential for a tea taster. He can become a professional if he can undergo courses regarding this and gain experience which can further help to understand the quality of tea. A unit need not be set up. All what is required patience and the interest towards the field. An expert in tea tasting will not go without earning a good income which he can claim as his professional income.
- Entrepreneurs are now turning to setting up tea shops. This requires providing simple but tasty foods fried and baked along with tea which includes all kinds of tea – black, green, oolong, white, masala, chocolate, etc. A person conscious on his health will have at least tea even if he does not take any food.
- Retail and wholesale selling of tea is another business opportunity. Different types of tea dusts, granules and leaves are available which can be brought to the customers who are deprived of it. This requires questing on where all these are available and where there is a strong demand for it. There must be a good relationship between the manufacturer / middlemen so that there is an understanding between them. The quality gets affected with differences in climate and rainfall. This has to be borne in mind.
- One can take up as a side profession as a tea blender. Mostly hotel dusts require blending of two or more brands. There are selling outlets without the knowledge of proper blending. This opportunity can be made use of. The blender has to choose between the quality and the cost. Usually he takes a proportion balancing both taste and cost.
- Certainly one can also do business of blending. He can sell bulk teas of good blends to merchants who in turn can pack them and sell to the final consumer. Blending is a tremendous activity which requires patience and knowledge. For proper blending a person must be employed for tea tasting. It would be better if he himself is equipped with the skills of tea tasting.
- Those who are interested in farming and agriculture can opt for tea cultivation. If the produce is of excellent quality there will be takers (who are manufacturers) at whatever price the cultivator is stating. The plant requires appropriate climate, water and, if possible, natural fertilizers. Tea cultivation of special tea like the orthodox tea has a very good market.
- One can even start a small unit for manufacturing. Many small units are there even in Kerala which buy from nearby cultivators. These manufacturers enjoy easy control of

money, materials and resources and hence enjoy large profits. With time they can expand them.

- The trend of coming of exporting units is another marvel. The units collect and if needed blend tea of superior quality and sell into international markets at good prices. Good quality Indian teas always have good takers in the market.
- According to Gobin Hazarika, a person can become a one – man army. He himself is one such. He has a garden. He grows the plant, manufactures in his own small unit and mostly exports it to countries like Canada, Japan and Egypt. His annual production is near to 4000 kgs with his 2 acre tea estate. He says the profits earned are immense.

When such opportunities are available entrepreneurs can at least think about the viability of tea business. According to experts investment in tea business is a promising way of earning good revenues. Hence for one willing to start a venture can have an option of tea business in his list of business opportunities.

Tea business – A potential opportunity

Tea business is a potential business opportunity. The following facts are proof to this statement.

- ❖ Deputy Chairman of the Planning Commission Montek Singh Ahluwalia declared tea as a national drink last year due to its consumption and the fact that many lives are dependent on the industry.
- ❖ India ranks only second to China in tea production and come to fourth position in case of exports. This is quite a fact to make one realize that production needs to be increased to come to levels of China and to aim for more exports.
- ❖ Indians are the greatest consumers of tea. Though on an average annual consumption of a person comes only to 750 grams, due to its vast population it becomes the biggest consumer. Most of the tea produced is consumed domestically. Hence there is scope for further expansion to meet domestic and foreign demand.
- ❖ FDI has been allowed in the industry to allow more and better utilization produce.

- ❖ Tea Tourism is another concept being promoted by the Tea Board. One can try a hand in setting up cottages amidst the tea plantations.
- ❖ More people are getting attracted towards tea especially green tea because of its health benefits. But the improper distribution or supply chain is depriving them from buying it.

Recommendations and Suggestions

The various recommendations and suggestions that can be given with regard to business opportunities in tea industry are as follows.

- ✓ Many courses are being conducted under the supervision of Tea Board of India. But the people are unaware about it. An awareness campaign is a necessity. Many more courses on blending (in a healthy and ethical measure) etc. needs to be promoted.
- ✓ Courses should be with the focus on developing entrepreneurs into tea business.
- ✓ Courses offered at present are very costly and an ordinary man with interest in the subject will not be able to participate due to its cost.
- ✓ Government must take the initiative of building up entrepreneurship among the children and the youth. Special courses must be encouraged from the school level itself.
- ✓ An awareness campaign on the benefits of drinking tea will enhance the number of tea drinkers and will result ultimately a healthy society.
- ✓ A lots of issues faced by the retailers and wholesalers regarding the taxes, unethical practices and others need to be addressed. These issues deter people from coming into the industry. Unethical practices like blending of poor quality tea, mixing of cashew waste are rising issues – especially in Kerala – done for cheap profit which is eating into the industry and which will in the long run affect very adversely to the industry.
- ✓ An association needs to be formed where there are manufacturers, cultivators, retailers and wholesalers which must lay down norms to develop the tea market as a whole.

Conclusion

Tea business is one of the best one can start. It is one of the fastest growing segments and there is the capability to develop double to what is at present in within the next 15 years. According to Tony Robbins, a famous development guru, it requires knowledge backed by

business guidance, marketing guidance and tea education for a successful tea business man. He must know the taste and preference of the locality and the world around at the same time. He must adjust as per the requirements of time so that he can grow up his ordinary business into a divisive and successful business.

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