

CHAPTER - I

INTRODUCTION

Be it the morning chai (tea) , the hospitality cuppa (cup) or the rejuvenating evening cup , tea is something that cut across most economic , social and geographical barriers . Tea is not just the favourite Indian beverage, it is appreciated by connoisseurs world wide. Easily afforded by most, it is of all fast moving consumer goods becoming a necessary item to-day. But the origin of tea lies in obscurity . China is, however, believed to be the country where tea was developed first in some immemorial time. From China tea cultivation was spread to other countries. Cultivation of tea and development of tea industry in India is of recent origin despite the fact that India had a close tie with China and Far East from the very early date of Christian Era. It was developed first in Assam in 1830s. The foundation of the present Indian tea industry was laid down between 1856 and 1859. Since then the number of gardens and their out turns went on increasing at a commendable rate.

Contrary to its recent past , India occupied the World's supreme position in respect of production , consumption and export. It also occupied an important place to the national economy. Apart from multifarious indirect effects sprang out from establishment and expansion of this industry its direct impact to the national economy as a source of employment , Government revenue , and foreign exchange earning is remarkable to note.

Notwithstanding India is seen to be the largest producer as well as exporter of tea, the degree of predominance of Indian tea in the World market has been descending since mid-sixties while China , Indonesia and East African countries particularly Kenya have been improving their position dramatically since sixties . The volume of World export over 1951-90 has increased by more than two and half fold with an annual growth rate 2.30 per cent while India's volume of export has been hovering around 200-210 thousand metric tons. The proportional share of India's export to the world export trade during the period is recorded continuously dwindling with an annual rate 2.26 per cent whereas China and East African countries especially Kenya have substantially improved their position . From a comparison of production growth of tea with that of domestic consumption during the period 1961-90 , it is found that the consumption is witnessed to enhance about four-folds as against nearly two-folds increase in production. This sustained inadequacy of production growth in comparison with that of consumption and its possible negative impact in creating exportable surplus raises question

as to how higher growth of production can be achieved . Limitation imposed by area expansion the research issue to examine yield contributing factors comes in .

The above tea production and trade scenario *inter alia* its possible consequences keeping in view the following research questions comes to the fore. What are the factors behind loss of India's position in the world tea trade ? Whether and how India has diversified her trade strategy to stabilise foreign earning in view of loss of traditional export markets ? Is the direction of tea trade from foreign to domestic market profitable ? Does the cost situation of Indian tea industry vary with respect to size and ownership type? Has the price of Indian tea been increasing over time in the internal market with growing demand ? These and a host of other related questions are yet unanswered.

In view of the above research questions , following objectives have been drawn for the present study.

- (1) To review the trend and growth of area , production and yield rate of tea in some major countries including India; and also in different tea growing regions, states and districts in India.
- (2) to identify factors which have been responsible for inter-estate yield differences of tea with reference to Dooars region of West Bengal ;
- (3) to work out cost and cost-structure of made tea and to identify the factors for inter-estate cost-differences with reference to Dooars region.
- (4) to examine the cost-price relationship of made tea ;
- (5) to examine the factors constraining to generate exportable surplus of Indian tea;

With the above objectives keeping in view the present study is divided into the following Chapters.

In the present chapter the nature of the problem is delineated . And based upon the nature of the problem the scheme of work has been presented with a break-up into different Chapters.

Chapter-II examines the origin of tea and chronological development of tea economy in India and abroad with an objective to understand how tea has become important in daily life with the passage of time.

Chapter-III purports to investigate the relative performance of output growth of tea in major tea producing countries along with the contribution of its constituent components area and yield in order to highlight the position of India vis-a-vis other leading tea producing countries in this respect.

Various technical aspects of tea leaf production in the farm and its processing in the factory are presented in **Chapter-IV** with a view to making one aware of different operational stages through which green leaf is converted into the end product.

The methodology and procedural detail in selecting the sample tea gardens and their resource positions have been discussed in **Chapter-V** in order to form a useful background for the subsequent analyses.

An attempt has been made in **Chapter-VI** to identify the important factors accounting for inter-garden and intra-garden yield differences of green leaf to elicit therefrom the areas of intervention with an objective to enhance productivity with a greater pace.

Trend of India's tea export in comparison with that of leading exporting countries has been explained in **Chapter-VII** with an aim to identify the factors contributing to the loss of global markets of Indian tea.

Chapter-VIII depicts the temporal price behaviour of Indian tea in the internal market to understand whether the price movement of tea has shown an upward drift with ever growing consumption demand.

Chapter-IX furnishes the cost of production per unit area and per unit of green leaf output and 'made tea'. This chapter also discusses the cost structure of tea gardens according to the size-class and ownership category.

An attempt is made in **Chapter-X** to examine the relationship between price and cost per unit in order to ascertain whether the existing price-cost relationship is favourable to the tea producers.

Chapter-XI presents a summary of the entire work and tries to draw some broad based conclusions on the basis of results and discussions of different chapters.