

# Coffee and Tea Industry in India: Current Trends and Future Prospects

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## Abstract

India has acquired an exalted status on the global tea map. The country is the second largest tea producer in the world. Interestingly, india is also the world's largest consumer of black tea with the domestic market consuming 911 million kg of tea during 2013-14.the export earnings from plantation crops like coffee and tea played a significant role in financing indian development. Production of tea reached 1,233.14 million kg in 2017-18 from 878.65 million kg in 2008-09 with a compound growth rate of 2.86 % during 2017-2018. India tea export recorded a compound growth rate of 1.22 % during 2017-2018, where import recorded a compound growth rate of 0.78 % during 2017-2018.

**KEYWORDS:** Tea, Coffee, Cultivation, Production, Export, Import

## Introduction

Coffee is predominantly an export oriented commodity and over 70 percent of the coffee produced in the country is exported and remain 30 percent is consumed within the country (planning commission, 2017). Coffee is cultivated in the southern states of India. Karnataka is the largest contributor with (56.3%); the other states are Kerala (21%) and Tamil Nadu (7.7%). Non Traditional Areas are contributing 13.7% and 1.2% is being contributed by Eastern Region. In India plantation crops are mainly grown in Kerala, Karnataka, Tamil Nadu, West Bengal and North Eastern states of India. Globally tea is grown in more than 35 countries .India is ranked fourth in terms of tea exports, which reached 232.92 million kg during 2017-18. Production of tea reached 1,233.14 million kg in 2017-18. Around 1,008.56 million kg was produced in North India and 224.58 million kg was produced in South India. All varieties of tea are produced by India. While CTC accounts for around 89 per cent of the production, orthodox/green and instant tea account for the remaining 11 per cent.

## Trends In Production Of Coffee And Tea In India

India is a small player in International market in coffee trade. Therefore it is a price taker. But Indian coffee is preferred for blends. Therefore Indian coffee production is influenced by International prices. India has been producing only around 4 per cent of world output of coffee and exporting around 4.5 percent of world coffee exports. But in the case of tea India has been one of the major producer in the world. During 1951-60 India was producing around 40 percent of world production. It declined to 26 percent during 2014. China and Kenya are able to increase their share in world production considerably.

**Review Of Literature**

**Dr. P.Uma**, in her research paper has tried to study the ‘Role of SMEs in Economic Development of India’ comparing the performance of small and medium enterprises in the pre-liberalization and post liberalization period. The paper concludes that every industrial and business organization has to take up the responsibility to meet the challenges posed by globalization.

**Prof. SudhaVenkatesh and KrishnaveniMuthaiah**, has taken an initiative in providing the importance of SME’s in India along with the services provided by the supporting agencies

**Prof. Harpreet Singh and Manish Bansali**. in the article ‘Major problems of and prospects of food processing industry in Punjab explained the problems as well as prospects with its response to seasonal fluctuation in terms of productivity, profitability and export in Punjab on food processing industry. They have arrived at the conclusion that sector suffers from the lack of marketing strategies, seasonal fluctuations and performance of products.

**STATEWISE TEA PRODUCTION IN INDIA**

States	Area (‘000 ha)		Production (‘000 tonnes)		Yield (kg/ha) 2008
	2008 TE(2)	Percentage to total(3)	2008 TE(4)	Percentage to total(5)	
Assam 1928	231.00	(44.54)	445.25	(53.09)	
West Bengal 1866	104.20	(20.09)	194.45	(23.19)	
Tamil Nadu	49.10	(9.47)	131.22	(15.65)	2672
Kerala	36.80	(7.09)	53.15	(6.34)	1444
Tripura	6.10	(1.18)	7.35	(0.88)	1205
Himachal Pradesh	2.10	(0.40)	1.60	(0.19)	-
Karnataka	2.10	(0.40)	5.24	(0.62)	2495
Arunachal Pradesh	2.00	(0.39)	0.90	(0.11)	-
Nagaland	0.50	(0.09)	0.25	(0.03)	-
Manipur	0.90	(0.08)	0.25	(0.03)	-
Orissa	0.05	(0.01)	0.10	(0.01)	-
Sikkim	0.05	(0.01)	0.10	(0.01)	-
North India 1607	403.91	(77.87)	649.04	(77.39)	
South India 1652	114.78	(22.13)	189.60	(22.61)	
Northeast region 1892	240.05	(46.28)	454.09	(54.15)	
India 1617	518.68	(100.00)	838.64	(100.00)	

**Source:** *Horticulture Production Yearbook*, National Horticultural Board, Ministry of Agriculture, Government of India, New Delhi (various issues).

### Objectives

- 1) To study the present status of Indian tea industry by taking into consideration its past and future.
- 2) To study the growth rate of production, import and export in India.
- 3) Analyse the trends in production of coffee and tea exported from India

### Methodology

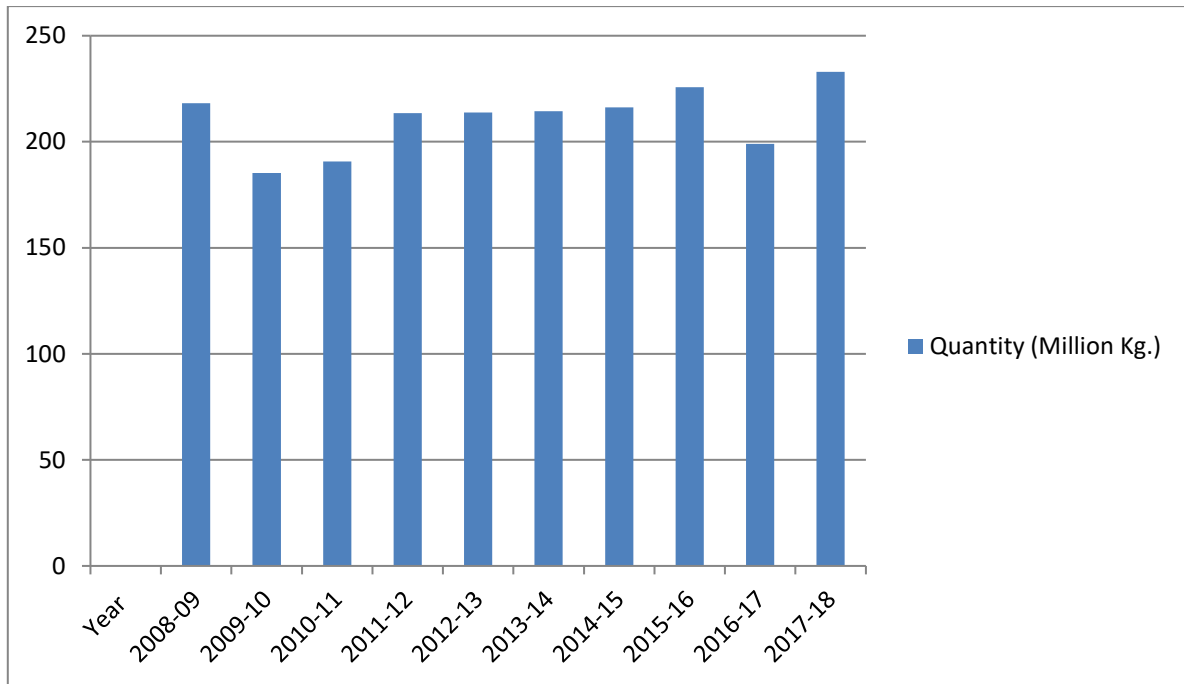
The study was conducted for 10 years time period and predominantly based on secondary data pertaining from the year 2008-09 to 2017-2018. Data for the various aspects such as production, import and export of coffee and tea was collected from various sources of epitome of agriculture. Statistical analysis was performed and the compound annual growth rate and CV calculated for export and import of coffee and tea.

$$CV = (\text{Standard Deviation} / \text{Mean}) * 100$$

### Results And Discussion

**Table 1:** Year-Wise Export of tea from India during 2008-2009 to 2017-2018.

Year	Quantity (Million Kg.)
2008-09	218.15
2009-10	185.32
2010-11	190.64
2011-12	213.43
2012-13	213.79
2013-14	214.35
2014-15	216.23
2015-16	225.76
2016-17	199.08
2017-18	232.92
CAGR	1.221
CV	7.43

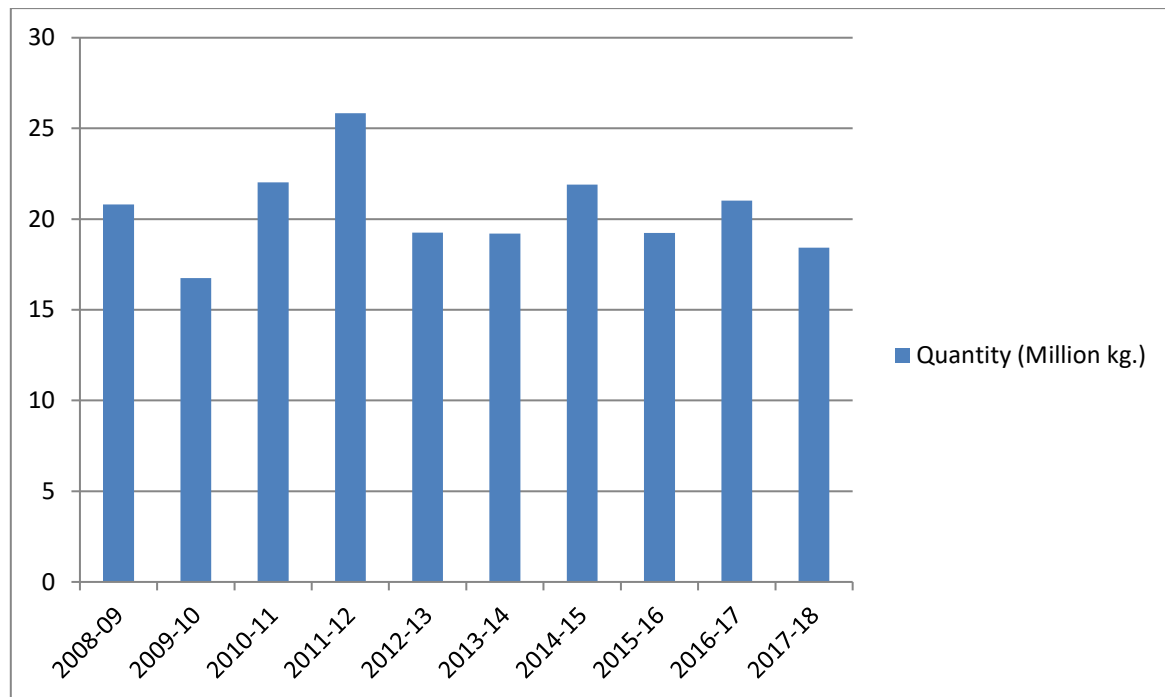


**Fig.1:** Year Wise export of tea from India during 2008-09 to 2017-18

Table 1 depicts the year wise data of tea export from India since 2008-09 and likewise the graph plotted for the same. It clearly indicates from the above export data that since 2008 the export in tea was greatly increased from 183.07 million Kg to 232.92 million Kg. CAGR and CV calculated for the above data, as 1.221 and 7.43 respectively. From these results it is noted that Indian tea is getting more demand in global market which pave the way for encouraging tea growing famers for production and earning the foreign currency.

**Table 2:** Year-Wise Import of tea in India during 2008-2009 to 2017-2018.

Year	Quantity (Million kg.)
2008-09	20.8
2009-10	16.75
2010-11	22.03
2011-12	25.84
2012-13	19.26
2013-14	19.21
2014-15	21.9
2015-16	19.23
2016-17	21.02
2017-18	18.43
CAGR	0.784
CV	19.57



### Projected Demand Of Tea In Global Market

A research study provides a detailed analysis of the global tea market, focusing on the product segmentation, major growth drivers, barriers, opportunities and challenges, key geographical segments, and competitive scenario. As per the research study, in 2013, the global tea market was worth Rs 2619.37 bn and is projected to reach a valuation of Rs 3183.17 bn by the end of 2020. The market is expected to exhibit a 2.80% CAGR between 2012 and 2018.

In review of the current scenario of Indian tea in terms of production, exports and imports indicates the fluctuation in the production which leads to cyclical fluctuation in prices, import and export (Liu and Shano 2016). Agriculture commodities are the basis for nation's economy. Although the export of the Indian tea is get increased but looking towards the global scenario it is observed that there is fallen in export of tea from 43% (2008) to 34% (2016) form its total production (Gibbs, 2016). Hence, extension work has to be performed to encourage the farmers for growing the tea as well as strategies needs to be applying to catch up the challenge of global demand for tea in the coming years.

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