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## A STUDY ON THE DOMESTIC TEA EXPORT FROM SOUTH INDIA

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### Abstract:

*India is the second largest producer of tea and the biggest consumer of the beverages. Three traditional items-textiles, jute manufactures and tea accounted for nearly 54 percentages of the country exports. World tea production and export in the year 2012 was 4624.6 M.Kg and 1770.7 M.Kg, Indian tea export are 205.40 M.Kg and South India tea exports was 81.6 M.Kg. The fluctuation of tea export from South India is computed by time series of least square method and compound growth rate. In 2012, India earns foreign exchange from exporting tea is Rs.3750 crores.*

### KEY WORDS:

Tea Export, Quantity, Compound Growth Rate, Time Series, Trend Value.

### 1.INTRODUCTION:

Legends ascribe the creation of the tea plant to Daruma or Bodhidharma-the founder of Zen Buddhism. Centuries ago, while meditating near Nanking, in China, the saint fell asleep. On waking up, he was so angry that he punished himself by cutting off his eyelids. Where the eyelids dropped to earth, a strange plant came up. Its leaves were found to give brew that could banish sleep and so the tea plant was born and the tea beverage came into being.

One summer day while visiting a distant region of his realm, Shen Nung and his court stopped to rest. In accordance with the emperor's edict, the servant began to boil water to drink. Dried leaves from a near by bush fell into the boiling water, infusing a brown liquid into the water. Being essentially a scientist, the Emperor was interested in the new liquid. He drank some and found it very refreshing. And so, according to legend, tea consumption spread throughout Chinese culture reaching into every aspect of society.

### 2. TEA IN SOUTH INDIA

In South India, Dr.Christie was the first to experiment with the growing of tea plants in the Nilgiris in 1832 and some of his plants were distributed to various parts of the Nilgiris hills for trial. In 1834, a few plants grown from the seeds brought from china were again planted in these hills. The earliest record of commercial planting in Kerala was in peermade during 1875. The development of Kannan Devan Hills by James Finlay and Co. In 1878 with tea as an exclusive crop, is a landmark in the history of tea planting in this part of the country.

### 3.SIGNIFICANT OF TEA EXPORT

In 2012, India earns foreign exchange from exporting tea is Rs.3750 crores. Increase in export business helps in earning scarce foreign exchange and stimulate the domestic industry to manufacture the qualitative products for the world market. The export performance in tea during 2012 in quantity terms continued to be dismal, but owing to strong unit value which increased by Rs.33.67 per kg. The quantum of exports took a back seat, with quantity exported declining from 215.4 M.kg in 2011 to 201.1 M.kg in 2012, a decline of 14.3 M.kg. Exports to all major destinations declined barring Egypt 3.4 M.kg and Germany 1.1 M.kg. Drastic fall in export volume from India was reported by CIS countries - 6.8 M.kg, USA - 2.2 M.kg, Pakistan -1.6 M.kg, UK -0.7 M.kg and Iran and UAE -0.2 M.kg each.

### 4.TERMS OF TRADE

The balance of trade is the difference between a nation's exports of goods and services and its imports of goods and services, if all financial transfers, investments and other components are ignored. A nation is said to have a trade deficit if its imports exceed its exports. Monetary balance of trade is different from physical balance of trade. Developed countries usually import a lot of raw materials from developing countries. Typically, these imported materials are transformed into finished products and might be exported after adding value. Most developed countries have a large physical trade deficit. The terms of trade refer to the rate at which the goods of one country exchange for the goods of another country. It is a measure of the purchasing power of exports of a country in terms of its imports.

### 5.OBJECTIVES

The main objective is to analyse the quantity of tea export from South India.

### 6.PROBLEM OF THE STUDY

The problem of the study is based on the fluctuation of tea export from South India.

### 7.SCOPE OF THE STUDY

This study entitled "A Study on the Domestic Tea Export from South India" is merely under taken for the academic purpose and to examine the quantity of tea export. As far as this study is concerned not only to study about the tea export, it emphases to maintain good quality and the quantity of tea to be exported in international market.

### 8.LIMITATIONS

The main limitations faced by the researcher for the present study are secondary data, there is no comparative study analysed here. The study covers seventeen years period only. Analyses and interpretation of data have their own limitation with regard to diligence, accuracy and reliability. North Indian tea export is absolutely forbidden.

### 9.METHODOLOGY

#### 9.1 Collection of Data

In order to analyse the quantity of tea export in South India, secondary data was collected from United Planters Association of Southern India.

#### 9.2 Time Series Analysis

A time series is the data on any variable recorded over a constant time interval. The period of data recording may be an hour, a day, a week, a month or a year, depending on the type of event the data refer. A time series graph reveals the characteristic features of the pattern of variations in the time series. Even a casual look at the graph is able to show the upward or downward direction the movement in the time series tend to follow over a long period of time.

#### 10. TREND VALUE BY LEAST SQUARE METHOD

A straight line trend is, however more frequently encountered because most business and economic time series either consistently tends to increase or decreases over a period.

A trend equation  $T_t = a + bX$ . Where a and b are constants. To obtain definite values from the above equation fitting a straight line trend by least square method.

##### Trend in quantity of tea export from South India;

When  $X = 0$ , Value of  $a = 95$ ; Value of  $b = 0.32$

Hence, the trend line is  $Y_c = 95 + 0.32 X$ ; To find out the trend values or computed Values of Y form different values of X, for the year 1996 the value of  $X = -8$ .

While substitute the value of X in the above equation and get the following results.

When  $X = -8$ ;  $Y_c = 95 + (-8 \times 0.32) = 92.44$ ; similarly other values are calculated.

#### 11. FINDINGS OF THE STUDY

Quantity of tea export from South India, during the year 1996, was 66.9 M.Kg. The average quantity of tea export in South India was 95 M.Kg and the compound growth rate of tea export in South India is 0.25, growth rate is very low and there is a trend in tea export, as shown in the table 1. The maximum tea export was recorded in 2006, with an increase of 119.9 M.Kg. From 2007 to 2012 tea export in South India declined, in 2012 tea export was merely 81.6 M.Kg. Indian tea export is increasing due to the increase of North India tea export.

#### 12. SUGGESTION AND MEASURES

· Fresh capital inflow is needed right at this moment for the tea industry of India. Investment in new plantations and production machineries must come immediately to compete in the international market. Since tea industry has to compete globally, it is necessary that they should have access to global capital at competitive rate. This can bring life to tea industry and those who live on it, especially workers.

· Tea plantation industry is an agro-based industry it has to pay agricultural as well as industrial taxes which will increase the cost of production, considering the situation of high cost of production and low price realization faced by the industry Government could help the tea companies by reducing the tax burden.

· There is a need for reducing the unit cost of production through productivity gains, capacity building of small growers, streamlining marketing channels, improving infrastructure, tailoring marketing activities to individual country's demand, propagating health benefits of tea and promotion of organic tea using the tea mark. This is exactly what the domestic tea companies should do for their long term survival.

#### 13. CONCLUSION

Increase in export business helps in earning scarce foreign exchange and stimulate the domestic industry to manufacture the qualitative products for the world market. In India and South India quantity of tea export decrease, the export value of tea increase due to the unit value, other countries tea consumption increase and the fall of production by the exporting countries.

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14. TREND IN TEA EXPORT FROM SOUTH INDIA

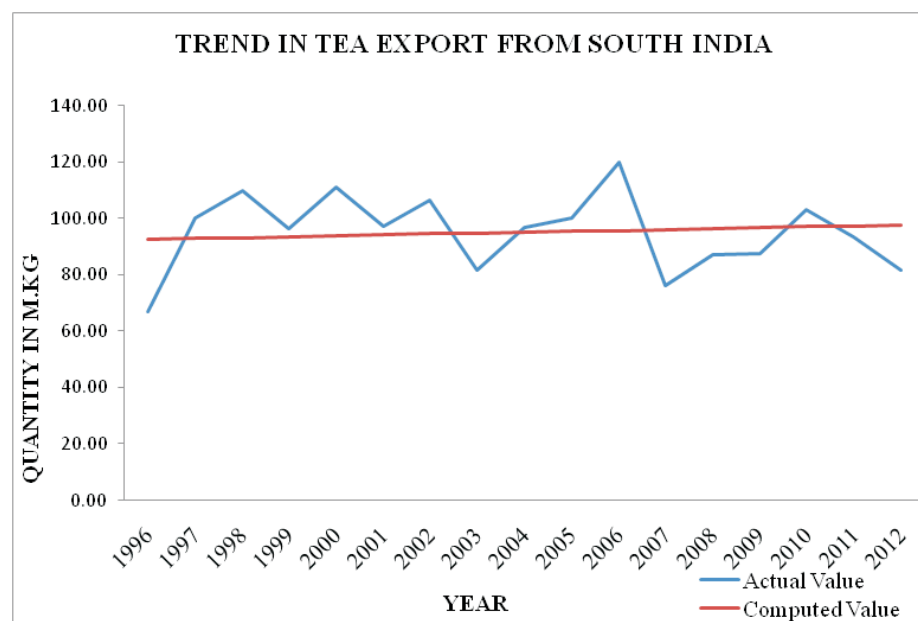
**Table: 1**  
(In M.Kg)

S.no	Year	Actual Value	Computed Value
1	1996	66.9	92.44
2	1997	100.3	92.76
3	1998	110.0	93.08
4	1999	96.5	93.40
5	2000	111.1	93.72
6	2001	97.2	94.04
7	2002	106.6	94.36
8	2003	81.5	94.68
9	2004	96.8	95.00
10	2005	100.1	95.32
11	2006	119.9	95.64
12	2007	76.0	95.96
13	2008	86.9	96.28
14	2009	87.4	96.60
15	2010	102.9	96.92
16	2011	93.4	97.24
17	2012	81.6	97.56

(In M.Kg)

Source: Computed from UPASI

**FIGURE: 1**



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