SATISFACTION ON PROSPECTS OF SMALL AND MEDIUM TEA EXPORTERS IN NILGIRIS DISTRICT

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ABSTRACT: The Tea Industry is one of the oldest organized firm sectors with a large network of tea producers, retailers, distributors, auctioneers, exporters and employees. India is one of the largest producer, consumer and exporter of tea. The Nilgiris is one of the prominent tea growing area in India. Apart from the favorable agro-physical and climatic conditions prevailing in the study area, the land use and cropping pattern of the area to lend support for the development of tea plantations in The Nilgiris The Tea Board of India was constituted by the Tea Act of 1953 of the Indian Parliament. The Board has been entrusted with the task of developing the tea industry with in the country and promoting the sale of tea in overseas markets. In the present article it is attempted to examine the export prospects apart from the problems faced by the small and medium tea exporters in The Nilgiris district. The objectives are to study the satisfaction on prospects of Small and Medium Tea Exporters in the Nilgiris District and to suggest measures to improve the growth of small and medium tea exporters The study is mainly based on the primary data and secondary sources. Field survey method was employed to collect the primary data from Small and Medium Tea exporters in The Nilgiris district. The small and medium tea exporters were identified in the areas of Coonoor, Udhagamandalam and Kothagiri who are actively engaged in Tea Exports. Therefore, the required data for the present study was collected from 108 Small and Medium tea exporters using convenient sampling method. For analyzing the primary data Percentage Analysis, Weighted Average and Chi-Square Test were used. Study concludes that majority of the tea exporters had perceived positive and satisfactory opinion towards prospects, assistance is much needed for small tea exporters having low experience exporters and also involved in exporting raw material without value addition who can be supported by the tea board to promote the product in local market and also find suitable destinations for the exporters to achieve more profits.

Keywords : Tea, Small Exporters, Medium Exporters, Prospects, Satisfaction

1. INTRODUCTION

The Tea Industry is one of the oldest organized firm sectors with a large network of tea producers, retailers, distributors, auctioneers, exporters and employees. India is one of the world' s largest producer and consumer of tea[1], which accounts for 27 percent of the world production and around 12– 13 percent of the world tea export.

2. ORIGIN OF TEA

Tea, the broad-leaved tree crop, is believed to have originated from South-East Asia and the original home is an indefinite area. It may be the Tibetan Plateau including Sze-Chuan, Yu-nan, Sain, North-East India or China. Tea was known to China even before B.C. 2000 and was first used as a medicine during forth century, and later as a beverage by the end of the sixth century onwards. The Europeans came to know about tea in the sixteenth century.

3. INTERNATIONAL TEA TRADE

From 1689 onwards the English East India Company commenced importing tea directly from China. By the mid 1750s tea houses and tea gardens were appearing in and around London[2]. Until 1833, East India Company's ships monopolised the China tea trade. Company's ships, known as 'East India Men', took six months to make the long and often dangerous voyage from China to London. By 1860s a much faster type of sailing ship replaced the former strongly built merchantmen - the tea clipper. The tea clippers, on their outward passage to China, carried manufactured goods from Britain to ports such as Shanghai and Hongkong[3].

4. INDIAN TEA : A PANAROMIC VIEW

Inspite of its importance, tea industry of India is going through a crisis phase since 1990' s[4]. The industry has witnessed many structural changes during recent years, which include – emergence of small tea growers in the place of large plantation and introduction of bought leaf factories (BLF).

The tea industry in this country has some inherent weaknesses– due to poor yield arising out of poor condition of the gardens (more than 30 percent of the tea grown areas being above the economic threshold age limit), defective auction mechanism, old factory setup (which is affecting tea quality and price realization), poor garden management, frequent changes of garden management/managers, in-experienced owners (like traders who have no previous experience in tea cultivation and interest in plantation business) and the management' s excessive reliance on bank-debts with negligible fresh equity infusion[5].

The Nilgiris mountain with an area of 2900 Sq. Kms has stretched from the Western Ghats of The Nilgiris Wyned to the connector of the states of Tamil Nadu, Kerala and Karnataka. The District is bounded by Karnataka on the North, Kerala on the West and Coimbatore District of Tamil Nadu on the East and South[6]. Besides the physical features, the agro-climatic conditions prevailing in the study area are much congenial for tea production. The low temperature caused by the high altitude of the area was further lowered by the excessive moisture content of the atmosphere resulting from thick vegetation[7]. Apart from the favourable agro-physical and climatic conditions prevailing in the study area, the land use and cropping pattern of the area too lend support for the development of tea plantations in The Nilgiris. The Tea Board of India was constituted by the Tea Act of 1953 of the Indian Parliament. The Board has been entrusted with the task of developing the tea industry with in the country and promoting the sale of tea in overseas markets.

5. STATEMENT OF THE PROBLEM

The Nilgiris tea Industry is endowed with suitable agro-climatic conditions, large existence of tea bushes in the economic age group of "below 50 years", better application of fertilisers, wider use of pesticides, weedicides, etc., more or less satisfactory conditions in the factories, transport facilities, comparatively better yield rates, good Labour, welfare measures etc. Inspite of higher export potential, the continuous increase in stiff competition has resulted in a continuous decline in the export of tea. Besides, the domestic demand for tea is steadily rising. In the present article it is attempted to examine the export prospects apart from the problems faced by the small and medium tea exporters in The Nilgiris district.

6. OBJECTIVES OF THE STUDY

1. To study the satisfaction on prospects of Small and Medium Tea Exporters in the Nilgiris District.
2. To suggest measures to improve the growth of small and medium tea exporters.

7. METHODOLOGY

The research design here used is descriptive research. The study is mainly based on the primary data and secondary sources. Field survey method was employed to collect the primary data from Small and Medium Tea exporters in The Nilgiris district using well framed questionnaire .Based on the information available from UPASI, INDCO, CTTA etc. approximately 500 registered small and medium tea exporters were identified in the areas of Coonoor, Udhagamandalam and Kothagiri who are actively engaged in Tea Exports. Therefore, the required data for the present study was collected from 108 Small and Medium tea exporters using convenient sampling method. For analyzing the primary data Percentage Analysis, Weighted Average and Chi-Square Test were used.

8. LIMITATIONS OF THE STUDY

The study relied exclusively on the primary data and the limitations associated with such sampling techniques forms the limitations of the study. Some respondents had to recall certain information from their memory which could have caused the ' recall bias' .

9. LITERATURE REVIEW

Reddy[8] analyses the trends of tea in the global market. He found that global production has been on the increase at a compound rate of 3.7 per cent per annum, while the domestic consumption of the producing countries has been increasing by 4.9 per cent per annum. The share of tea producing countries in consumption was 65 per cent in 1988. Thus the global demand for tea exceeds its global supply. India is not an exception to this trend. In India, the export of tea has been increasing on annual rate of growth of 4.3 per cent per annum.

Sarkar[9] portrays an overall picture of the world tea economy focusing on the size distribution of plantations, consumption pattern of tea, demand and supply of tea, supply response, trade agreements, and on some policy suggestions. Tea plantation industry is an export oriented industry and it is interesting to note that the producing countries are consuming only a small share of their production and whatever they consume is of inferior in quality which do not have any export value. The supply demand analysis shows that the supply of tea is inelastic to die changes in prices. The estimated price elasticity and income elasticity are found to be very low; and die lagged responsiveness of supply of tea to price changes leads to instability and cyclical fluctuations in supply demand and price.

Manoharan[10] analyses the problems of Indian tea industry based on production, consumption, export and share market. it has been found that low rate of profit, due to declining price and increasing cost of production, adversely affected the industry and the share value of tea companies had dumped considerably. In order to promote die tea industry in India, he suggested some changes in policy for increasing production, reducing costs and rationalisation of tax structure. the small planters may work together forming co-operatives so that they would be able to enjoy the returns from die economies of scale.

The export market of Indian tea was analysed by Kumar[11]. The specific objectives of the study were to analyse the domestic and export market for Indian tea, the Russian and CIS market for Indian tea and the future prospects of Indian tea in Russian market. According to him the product of tea may be classified generally into two: CTC (crush, tear and curl) tea and Orthodox tea. The CTC tea has high domestic demand whereas orthodox tea has high demand in export market. The major export market to Indian tea are CIS countries, Britain, Germany, Holland, Poland and Australia. Liberalisation of imports and crisis in Russian economy has adversely affected tea export from India.

10. ANALYSIS AND RESULTS

10.1. D-emographic Characteristics

Demographic characteristics of the Tea exporters based on their category, number of years experience, variety of tea exported and annual turnover are computed with cross tabulation is presented in the Table below.

Table 1: Demographic Characteristics of the Small and Medium Tea Exporters

Sl. No.	Demographics	Opinion on Prospects			Total
		High	Moderate	Low	
1.	**Category of the organization**				
	Small	24 (47.1)	12 (66.7)	32 (82.1)	68 (63.0)
	Medium	27 (52.9)	6 (33.3)	7 (17.9)	40 (37.0)
2.	**Period of export**				
	Below 5 years	13 (25.5)	4 (22.2)	21 (53.8)	38 (35.2)
	5 to 10 years	22 (43.1)	6 (33.3)	10 (25.6)	38 (35.2)
	Above 10 years	16 (31.4)	8 (44.4)	8 (20.5)	32 (29.6)
3.	**Variety of Tea Exported**				
	Processed Leaves without Value addition	18 (35.3)	7 (38.9)	24 (61.5)	49 (45.4)
	Completely Finished Product	33 (64.7)	11 (61.1)	15 (38.5)	59 (54.6)
4.	**Annual Export Turnover**				
	Less than 5 Lakhs	19 (37.3)	7 (38.9)	28 (71.8)	54 (50.0)
	5 to 10 lakhs	25 (49.0)	6 (33.3)	6 (15.4)	37 (34.3)
	More than 10 lakhs	7 (13.7)	5 (27.8)	5 (12.8)	17 (15.7)

Total	**51**	**18**	**39**	**108**

Source: Computed from Primary Data

1 It is clear from the Table that majority (63%) of the respondents are small tea exporters and the remaining 37% of them are medium scale tea exporters. It is observed that medium exporters expressed high satisfaction (52.8%) level of prospects than the small who had highly (82.1%) perceived towards low level of satisfaction with respect to prospects in tea exports.

2 It is understood that maximum (35.2%) of the respondents are having 5 to 10 years experience in the tea exports and another 35.2% of the tea exporters are having experience below 5 years and the remaining 29.6% of the tea exporters are having experience more than 10 years experience in the tea exports. It is evident that exporters having experience between 5 and 10 years had articulated high satisfaction (43.1%) level of prospects and next was the exporters having 10 years experience (31.4%). Whereas, 53.8% of the exporters having below 5 years experience opined low satisfaction towards prospects.

3 It is understood that most (54.6%) of the respondents are exporting completely finished goods and 45.4% of the tea exporters are exporting processed leaves without value addition. Further, it is evident that high (64.7%) level of satisfaction towards prospects was expressed by the exporters involved in exporting completely finished products whereas, 61.5% of the exporters involved in sending processed leaves without value addition had low level of satisfaction towards prospects.

4 It is observed that half (50%) of the respondents indicated less than 5 lakh annual turnover, while 34.3% of them stated between 5 and 10 lakhs and the remaining 15.7% of the respondents opined that their turnover is more than Rs,10 lakhs per annum. It is observed that respondents having turnover between 5 and 10 lakhs and less than 5 lakhs expressed high (49% & 37.3%) level of satisfaction towards prospects whereas, majority (71.8%) of the respondents having experience less than 5 years articulated low level of satisfaction towards prospects.

10.2. DESCRIPTIVE STATISTICS

Table 2: Satisfaction towards Prospects perceived by Small and Medium Tea Exporters in The Nilgiris District

Statements	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied
Increase in world market prices through New markets and traditional markets	12	36	15	32	12
	11.21%	33.64%	14.02%	29.91%	11.21%
Quality certifications of the produce which will increase credibility domestically and internationally	11	23	34	36	3
	10.28%	21.50%	31.78%	33.64%	2.80%
Tea Board facilitation of trade and promotion of exports	47	14	46	0	0
	43.93%	13.08%	42.99%	0.00	0.00
Cost-effective productivity and sprucing marketing infrastructure	5	18	27	42	15
	4.67%	16.82%	25.23%	39.25%	14.02%
Produce more organic tea which have more global demand	13	7	16	35	36
	12.15%	6.54%	14.95%	32.71%	33.64%

Source: Computed from Primary Data

It is found that the tea exporters expressed their satisfaction towards prospects for tea exports for the first statement " Increase in world market prices through New markets and traditional markets" in the Likert 5 point scale classified in the order of highest to lowest viz. Dissatisfied (33.64%), Satisfied (29.91%), Neutral (14.02%), Highly Satisfied and Highly Dissatisfied (11.21%). Second statement presented in the order highest to lowest satisfaction towards export prospects based on " Quality certifications of the produce which will increase credibility domestically and internationally" Satisfied (33.64%), Neutral (31.78%), Dissatisfied (21.50%), Highly Dissatisfied (10.28%) and Highly Satisfied (2.80%) The third statement on satisfaction towards export prospects was " Tea Board facilitation of trade and promotion of exports" Highly Dissatisfied (43.93%), Neutral (42.99%) and Dissatisfied (13.08%). It is observed from the fourth statement that the satisfaction on prospects shows " Cost-effective productivity and sprucing marketing infrastructure" Satisfied (39.25%), Neutral (25.23%), Dissatisfied (16.82%), Highly Satisfied (14.02%) and Highly Dissatisfied (4.67%). It is clear from the last statement that the satisfaction on prospects shows " Produce more organic tea which have more global demand" Highly Satisfied (33.64%), Satisfied (32.71%), Neutral (14.95%), Highly Dissatisfied (12.15%), and Dissatisfied (6.54%). Though the tables shows the highest and least levels of satisfaction the researcher attempted to find the weightage of each factor to identify the high and low level of satisfaction for prospects achieved by the small and medium tea growers is presented in the Table hereunder.

10.3. WEIGHTED AVERAGE

Table 3: Rank showing Satisfaction towards Prospects Tea Exports perceived by Small and Medium exports

Statements	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied	Wtd. Mean	Rank
Increase in world market prices through New markets and traditional markets	12	36	15	32	12	2.935	4
	0.111	0.667	0.417	1.185	0.556		
Quality certifications of the produce which will increase credibility domestically and internationally	11	23	34	36	3	2.944	3
	0.102	0.426	0.944	1.333	0.139		
Tea Board facilitation of trade and promotion of exports	47	14	46	0	0	1.972	5
	0.435	0.259	1.278	0.000	0.000		
Cost-effective productivity and sprucing marketing infrastructure	5	18	27	42	15	3.380	2
	0.046	0.333	0.750	1.556	0.694		
Produce more organic tea which have more global demand	13	7	16	35	36	3.657	1
	0.120	0.130	0.444	1.296	1.667		

Source: Computed from Primary Data

It is found that the tea rated highly towards the statement " Produce more organic tea which have more global demand" with the mean of 3.657, followed by second rank for the statement " Cost-effective productivity and sprucing marketing infrastructure" with the mean of 3.380, third rank was for " Quality certifications of the produce which will increase credibility domestically and internationally" with the mean of 2.944, fourth rank towards " Increase in world market prices through New markets and traditional markets" with the mean of 2.935 and the last rank was achieved towards " Tea Board facilitation of trade and promotion of exports" with the mean of 1.972.

CHI-SQUARE RESULTS

Table: Association between demographic characteristics of the Tea Exporters and Satisfaction towards Prospects

Demographic Characteristics	χ^2-Value	df	Table Value	Sig.
Category of the organization	11.731	2	5.991	.003
Period of export	10.505	4	9.488	.033
Variety of Tea Exported	6.507	2	5.991	.039
Annual Export Turnover	15.109	4	9.488	.004

Source: Computed from the Two-way Results of Table 1

To substantiate the result shows that

Fig. 1. It is clear that the calculated chi-square value ((11.731) is more than the table value (5.991) to reject the null hypothesis which proves that there is significant association between **" Category of the Organisation"** and **" Satisfaction towards Prospects for Tea Exports" .**

Fig. 2. It is evident that the calculated chi-square value ((10.505) is more than the table value (9.488) to reject the null hypothesis which proves that there is significant association between **"Experience of the Tea Exporters"** and **" Satisfaction towards Prospects for Tea Exports" .**

Fig. 3. It is understood that the calculated chi-square value ((6.507) is more than the table value (5.991) to reject the null hypothesis which proves that there is significant association between **"Variety of Tea Exported"** and **" Satisfaction towards Prospects for Tea Exports" .**

Fig. 4. It is found that the calculated chi-square value ((15.109) is more than the table value (9.488) to reject the null hypothesis which proves that there is significant association between **"Annual Export Turnover"** and **" Satisfaction towards Prospects for Tea Exports" .**

11. SUMMARY OF RESULTS

- It is clear that majority (63%) of the respondents are small tea exporters while it is clear that medium exporters expressed high level of satisfaction (52.8%) towards prospects than the small tea exporters.
- It is understood that maximum (35.2%) each of the respondents are having 5 years as well as 5 to 10 years experience in the tea exports while, 29.6% tea exporters have more than 10 years experience. Also it is evident that exporters having 5 to 10 years had articulated high level of satisfaction (43.1%) towards prospects whereas, low (53.8%) level of satisfaction towards prospects was articulated by exporters having below 5 years experience.
- It is understood that most (54.6%) of the respondents are exporting completely finished goods and 45.4% of the tea exporters are exporting processed leaves without value addition. Further, it is observed that high (64.7%) level of satisfaction towards prospects was expressed by the exporters involved in exporting completely finished products than their counterparts.
- It is observed that half (50%) of the respondents indicated less than 5 lakh annual turnover, while 34.3% stated 5 to 10 lakhs and 15.7% opined more than Rs,10 lakhs per annum. It is observed that exporters having turnover between 5 and 10 lakhs and less than 5 lakhs expressed high (49% & 37.3%) level of satisfaction than the exporters have least experience
- It is clear that the high level of satisfaction on prospects indicated by the small and medium tea exporters was for the statement " Produce more organic tea which have more global demand" and the least satisfaction was for the statement " Tea Board facilitation of trade and promotion of exports" .

SUGGESTIONS AND CONCLUSION

- It is very clear that small exporters are not much concentrated by the Tea Board. Thus the board has to concentrate more on small exporters by providing preference and priority treatment to them. The subsides are provided to manufacturer exporter which are not available to the small exporter and the members of the board are often large exporter and medium exporter only.
- The medium exporter finds their prospect level much better than the small exporters but the small exporters are not much satisfied with their profit levels. To attain the satisfaction on export performance small exporters needed significant improvement in identifying their prospective market opportunities.
- The organizations with less experience is facing more challenge and difficulties in achieving their prospect level. Their focus on target market has to be identified by newly entered exporters which will be possible by the support of commodity Board by providing the informations regarding target markets and also supporting them in their policy making.
- Though the exporters are satisfied with their Annual Turnover they also face difficulty in attaining their profit margin as they are facing difficulties in additional tax burdens, labour cost, marketing expenses etc, which can be triumph over through strategic planning.
- The Tea Board is concentrating more on large and medium exporters in their policy making and the small exporters are almost neglected from its sight. Thus the Board has to show more focus on small exporters where their numbers are high but not Known to the outer world. The board may provide subsides or other credit facilities to improve their prospects.

CONCLUSION

The study concludes, though majority of the tea exporters had perceived positive and satisfactory opinion towards prospects, but assistance is much needed for small tea exporters having less experience in export and the exporters involved in exporting without value addition can be supported by the tea board to promote the product by finding suitable destinations for the small exporters to achieve more profits.

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