

Chapter 1 Introduction

About Tea

1.1 The botanical name for tea is *Camellia Sinensis*, a shrub with leathery green and shiny serrated leaves. It is a hardy plant that grows from mean sea level to 6000 feet and above - from temperate to tropical climates, wherever the soil is slightly acidic with well distributed rainfall and



Camellia Sinensis

good drainage. If left to grow naturally, it can grow up to 15 meters or more, but for ease of harvest, it is pruned at 18 to 28 inches every few years, which assures an explosion of young flushes of two leaves and a bud.

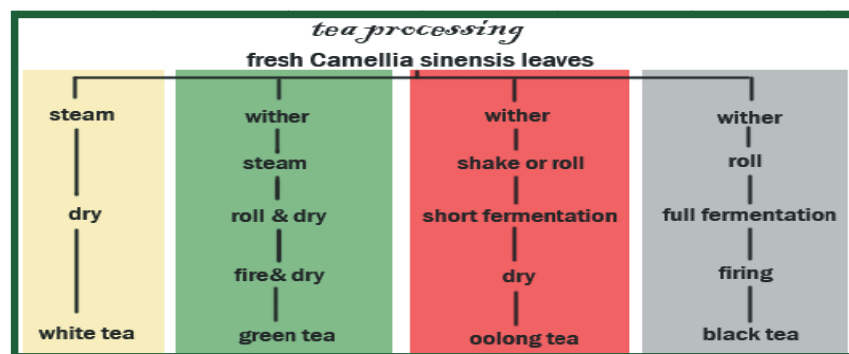
1.2 Harvesting is largely done by hand, which requires both skill and dexterity and care is taken to pluck only the fully developed two leaves and a bud and not the stalk. Majority of tea leaf pluckers are women. An experienced plucker can gather up to 45 to 90 kgs of leaves in one day. Although the newly planted tea plant becomes ready for its first harvest in its second year, the regular commercial yield can be obtained only after the formative prune, which is done after 4 to 5 years from planting.

1.3 Tea can be classified based on the type of manufacture and most commonly, it is differentiated as green¹, oolong², black and white³. The processing of tea of various types can be seen in the figure below:

¹ Green tea is not fermented. The leaves are either lightly pan-fried and tossed in a wok-like metal pan for half an hour or more, or steamed after plucking to prevent oxidation.

² Oolong tea is semi-fermented. The leaves are withered, pan fried and then rolled and twisted, which gives more flavor than flat leaves.

³ White tea is produced from mature buds of a rare tea bush found only in Fujian, China. It is neither oxidised nor rolled.



Black Tea is the most popular and accounts for 83 *per cent* of world tea trade. Green Tea holds the balance 17 *per cent* share. Black Tea is of two types⁴ viz. Orthodox Tea and CTC (cut, tear and crush) Tea. The share of Orthodox Tea in the world market is 44 *per cent*, whereas for CTC, it is 39 *per cent*.



Black Tea- CTC and Orthodox and Green Tea

1.4 Other forms of tea traded include Value Added Tea and Convenience Tea such as Instant Tea, Tea Bags, Specialty Tea like Yellow tea⁵, Compressed tea⁶, Puer tea⁷, Organic Tea, Decaffeinated tea, Flavoured Tea, Spiced Tea, Iced Tea etc.

World Tea Market

1.5 India, China, Kenya, Sri Lanka and Indonesia are the largest tea producing countries in the world. Details of the area covered, production and estimated⁸ export share in the year 2010 is detailed below:

⁴ Black tea is of two types - CTC and Orthodox. Though the raw material (i.e. green leaf), and the basic stages of processing (i.e. withering, rolling, fermentation, drying and sorting) are same for both, the difference lies in the methods of rolling. In the case of orthodox, Tea the leaf is rolled simulating a process as if it is rolled between two palms with gentle pressure. In case of CTC, the leaf is passed through a set of three pairs of rollers with sharp edges and rotating at high speed. Thus, the particle size of CTC tea is smaller and the same is larger in case of orthodox tea since the entire leaf is twisted and mostly remains intact.

⁵ A special tea processed similarly to green tea, but with a slower drying phase, where the damp tea leaves are allowed to sit and yellow.

⁶ Blocks of whole or finely ground tea leaves packed in molds and pressed into block form.

⁷ Large leafed tea from the Yunnan province in China.

⁸ Figure for 2011 not available in Tea Board.

Table 1–Data about major tea producing countries in the world

Country	Area covered (lakh hectares)	Production (million kgs)	Export share (per cent)
China	18.49	1370.00	17.45
India	5.79	966.40	11.15
Indonesia	1.27	129.20	5.03
Kenya	1.58	399.01	25.44
Sri Lanka	1.88	329.38	17.23

Source: Information received from Tea Board

About the Indian Tea Industry

1.6 Other than Central and State Governments which formulate legislations on tea, the major players in the Tea Industry are Tea Planters' Associations⁹, Tea Auctioneers Association¹⁰, Tea Traders Association¹¹, Tea growers¹², manufacturers¹³, exporters and distributors¹⁴, buyers¹⁵, brokers¹⁶, owners of bought leaf factories¹⁷, owners of co-operative factories¹⁸, owners of corporate processing sector¹⁹, Tea Research Association (TRA)²⁰, United Planters' Association of Southern India²¹(UPASI) and Tea Board of India. The map given below depicts the tea growing areas in various states in India viz., Assam, Arunachal Pradesh, Tripura, Mizoram, Nagaland, Manipur, Meghalaya, West Bengal, Uttarakhand, Himachal Pradesh, Karnataka, Kerala, Tamil Nadu and Orissa covering an estimated area of 5.79 lakh hectares as of January 2009.

⁹ Tea Planter's Associations formulate policies and initiate action towards the development and growth of the Industry, facilitate liaison with the Tea Board, Government and other related bodies.

¹⁰ Tea Auctioneers' Associations have been set up with an objective of promoting and safeguarding the interests of tea auctioneers.

¹¹ Tea Traders Associations have been constituted with a view to bring buyers, sellers and brokers of tea to a common forum and to provide an institutional framework for the conduct of the public tea auctions.

¹² Tea grower means any person, firm, company or body corporate or cooperative society engaged in cultivation of tea plants.

¹³ Manufacturer means any person, firm, company, corporate body, co-operative society etc., who manufactures tea made from the leaves of *Camellia Sinensis*, (including green and instant tea), which includes Estate Factories, Bought Leaf Factories and Co-operative Factories or who produces value added products commercially such as packet tea, tea bags, flavoured tea and quick brewing black tea.

¹⁴ Exporter/ Distributor means a person, firm, company, corporate body, co-operative society engaged in the business of export of tea (including export of imported tea outside India) / distribution of imported tea.

¹⁵ Buyer means any person, firm, company, corporate body, cooperative society etc., including a consignee or commission agent, who receives tea by way of stock transfer from the manufacturer, with a place of business in tea in India, engaged in purchasing or procuring tea either from public tea auctions or directly from manufacturers of tea.

¹⁶ Broker means any person, firm, company, corporate body, cooperative society etc., engaged in the business of brokering in tea through the licensed auction systems.

¹⁷ Bought leaf tea factory means a tea factory which sources not less than two-third of its tea leaf requirement from other tea growers during any calendar year for the purpose of manufacture of tea.

¹⁸ Government owned factories buying leaf from small growers.

¹⁹ Organised sector with estates and associated processing units. Sometimes, they may also buy leaf from small growers.

²⁰ The Tea Research Association (TRA) is a registered co-operative society dedicated to scientific research and extension for improvement in productivity and quality of tea in the North East (NE) India.

²¹ UPASI is an apex body of planters of tea, coffee, rubber, pepper and cardamom in the Southern States of India viz., Tamil Nadu, Kerala and Karnataka and engaged in activities such as, research, welfare schemes for workers, sports etc.



Map showing tea growing area in India

**Tea Board –
Functions and
Organisational
Structure**

1.7 Tea Board of India was established in 1954 under section 4 of the Tea Act, 1953 as a statutory body under the Ministry of Commerce and Industry (MOC&I). The Board is responsible for the following important functions as per Para 10 of the Chapter II of the Tea Act, 1953:

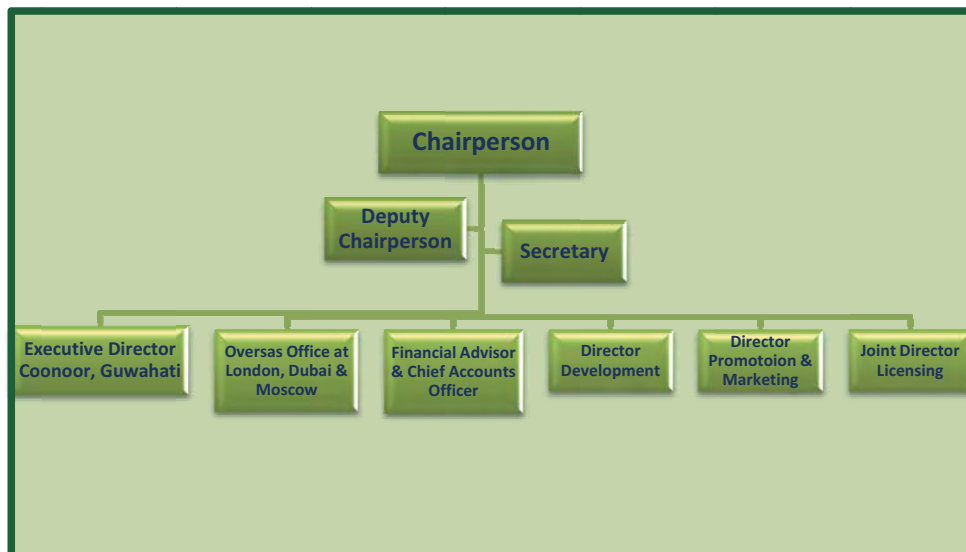
Functions of Tea Board

- Regulating the production and extent of cultivation of tea;
- Improving the quality of tea;
- Promoting co-operative efforts among growers and manufacturers of tea;
- Undertaking, assisting or encouraging scientific, technological and economic research and maintaining or assisting in the maintenance of demonstration farms and manufacturing stations;
- Assisting in the control of insects and other pests and diseases affecting tea;
- Regulating the sale and export of tea;
- Training in tea testing and fixing grade standards of tea;
- Increasing the consumption of tea in India and elsewhere and carrying on

promotional activities for that purpose;

- Registering and licensing of manufacturers, brokers, tea waste dealers and persons engaged in the business of blending tea;
- Improving the marketing of tea in India and elsewhere;
- Subscribing to the Share Capital of or entering into any arrangement or other arrangement with any other body Corporate for the purpose of promoting the development of Tea industry or for promotion and marketing of tea in India or elsewhere;
- Collecting tea statistics from growers, manufactures, dealers and such other persons as may be prescribed on any matter relating to tea industry; the publication of statistics so collected or portions thereof or extracts therefrom; and
- Securing better working conditions and provision/improvement of amenities and incentives for workers.

1.8 Tea Board is headed by Chairperson who is assisted by Deputy Chairperson, Secretary, Financial Advisor & Chief Accounts Officer, Director (Development), Director (Promotion & Marketing), Joint Director (Licensing) at their Headquarters at Kolkata. Besides, the Board has its two Zonal Offices at Guwahati and Coonoor headed by Executive Directors and 12 regional/sub-regional offices²². The Board also has three overseas offices at London, Dubai and Moscow. The Organisational Structure of Tea Board is as follows:



Organisational Structure of Tea Board

²² New Delhi, Siliguri, Mumbai, Cochin, Chennai, Silchar, Kottayam, Agartala, Jorhat, Tezpur, Kurseong and Palampur

Activities of Tea Board

1.9 The Board functions as a statutory body of the Central Government under MoC&I and has 31 members (including Chairperson) drawn from Members of Parliament, tea producers, tea traders, tea brokers, consumers and representatives of Governments from the principal tea producing states and trade unions. The Board is reconstituted every three years and guided by four standing committees dealing with administrative matters, export promotion of tea, developmental activities and labour welfare activities.

1.10 The activities of Tea Board can be grouped into the following areas:

a) Regulatory Activities, which include according permission for growing tea to big and small growers and registration & licensing of various stakeholders in Tea Industry as per Tea Act, 1953. The functions of Tea Board in respect to regulating the production and extent of cultivation of tea, regulating the sale and export of tea, registering and licensing of manufacturers, brokers, tea waste dealers and persons engaged in the business of blending tea and collecting tea statistics from grower, manufactures, dealers and such other persons and publication of statistic so collected fall under the Regulatory Activities.

b) Developmental Activities, which include various loan and subsidy schemes undertaken by Tea Board for providing impetus to various developmental activities such as enhancement of productivity, improvement of tea quality and reducing the cost of tea production. Functions of Tea Board including improving the quality of tea, promoting co-operative efforts among growers and manufacturers of tea and securing better working conditions and provision/improvement of amenities and incentives for workers are part of Developmental Activities.

c) Research Activities, which include various research activities conducted by Tea Board's own Tea Research Centre for Darjeeling tea at Kurseong and industry-backed Tea Research Centers which are financed by Tea Board. Undertaking, assisting or encouraging scientific, technological and economic research and maintaining or assisting in the maintenance of demonstration farms and manufacturing stations and assisting in the control of insects and other pests and diseases affecting tea form part of Research Activities.

d) Marketing and Promotional Activities, which include various schemes and other activities undertaken by Tea Board for overseas and domestic promotion. Increasing the consumption in India and elsewhere of tea and carrying on propaganda for that purpose, improving the marketing of tea in India and elsewhere, subscribing to the Share Capital of or entering into any arrangement or other arrangement with any other body Corporate for the purpose of promoting the development of Tea industry or for promotion and marketing of tea in India or elsewhere form part of Marketing and Promotional Activities of Tea Board.