



RESEARCH ARTICLE

SUPPLY CHAIN MANAGEMENT OF TEA

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ABSTRACT

The present paper deals with organisation structure and supply chain management of Sikkim Milk Union. The primary data has been collected from Sikkim milk union. Technological innovation and competition in dairy sector in India have led to improvements in supply chain management. Supply chain improvements reduce inventories, waste, and costs, and thus increase efficiency within the firm and the market channel. The turnover of Sikkim milk union has grown from Rs. 3055 lakhs in the year 2011-12 to Rs. 3733 lakhs in the year 2013-14, which is 22.19% growth. The Churpi, Butter, Curd, Ice Cream, Milk is the prime products that are produced by The Cooperative Milk Producers Union Ltd., at Gangtok Plant. It is procured from 170 primary milk producers' co-operative societies from three districts (i.e. East, West and South Districts of the State of Sikkim) There are various sources of non-dairy products but most of the times these products (like sweating agents, stabilizer, emulsifier, flavours, and colour) as well as the packing materials are purchased by Sikkim Milk Union from the local market in and around Siliguri, West Bengal. The packing materials are procured from Bhutan. The Sikkim Cooperative Milk Producers Union Ltd Gangtok Processing Plant is under the control of Deputy General Manager (Quality Control), the union is under the process of getting accredited by ISO certification. In addition that they have own their food safety policy measures in their processing plant. The milk union has more concern about to provide the quality milk and milk derived products to their customers.

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INTRODUCTION

The Indian tea (*camellia species*) industry has grown very fast in recent decades. Climate change, slowing down soil fertility, traditional and old age of plantations, declining availability of labour force and emergence of small tea growers are the various recent challenges the industry is facing now a days. Consumers now increasingly demand products produced sustainably without adversely impacting the environment, and expect that the producers are responsible towards maintaining resources for future generations. Global businesses are seeking to provide sustainable products to all customers in all markets. Therefore, they are benchmarking their own sustainability principles with different international and local codes. Sustainability more important. The need of the hour, therefore, is to face these challenges effectively and sustain this magnificent industry, which provides livelihood to millions of the people and wonderful flavours of tea to consumers. Given these challenges, the need to embrace sustainability becomes more and more important. The tea industry is well aware of the

importance of sustainability and it is progressive in its outlook for the future. Many leading tea houses have already embraced the sustainability principles and are adopting them in letter and spirit in order to deliver tea conforming to the food safety standards. Development of local Indian sustainability code However, the adoption level of sustainable production standards across all segments of the industry is yet to reach the optimum level. The Tea Board of India is, therefore, focusing on developing a sustainable tea code based on Indian realities and globally accepted sustainability principles to reach out to those segments of the industry. This sustainability code, to be named Trustea, which has been officially launched in Kolkata today, is being developed in partnership with IDH, The Sustainable Trade Initiative, Solidaridad, The Rainforest Alliance with the support of Hindustan Unilever Limited and Tata Global Beverages. Trustea is answer to future demand The code encompasses all aspects of tea production and seeks to embrace sustainability principles to boost productivity, maintain safety standards to improve quality compliance, and include all stakeholders in the mainstream. It involves the introduction of an India-specific sustainability code which has been tailor-made to be owned by the Indian tea industry. The Trustea code on full scale adoption by the Indian tea industry

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would lead to production of “Certified” safe and hygienic teas, healthier and more environmentally friendly teas. The programme would gear up the industry to be ready for facing future consumer and customer demands, safeguard the competitiveness of the Indian tea industry, maintaining improved relationships and loyalty in the supply chain and other stakeholders, long-term security of supply for the Indian tea market, healthier plantations, workers and the environment, international recognition of sustainable tea practices in India. The Trustea code is bound to improve the social and economic conditions of the tea industry and give an assurance to consumers that they are getting a safe and good cup of tea. Thus, securing long-term sustainability of the India tea industry will significantly benefit all its stakeholders. The Trustea code is still in its pilot phase and will be tested in a range of geographic locations within India and on different farm and plantation sizes. During the pilot phase the Trustea Logo will not be used on consumer packaging. The Tea Board is of the view that effective implementation of the code will enable the tea industry in facing effectively the sustainability challenges, safeguard the plantation environment, welfare of all stakeholders and long-term security of supply. These challenges are to be addressed with a sense of urgency.

Consumer products custom

The economic growth over the review period led to a change in consumer habits, mainly among the urban population. These urban consumers with increased disposable incomes are willing to spend more and are looking for convenience, as well as indulgence options in tea. They are substituting their standard teas (such as loose black standard tea and loose black speciality tea) for premium variants. As a result, the contribution of tea bags black standard and tea bags black speciality to total tea sales was on the rise in 2012 and helped drive value growth of tea.

Competitive

Unilever, with a strong retail value growth of 19%, remained leader of the tea category in 2012. The company accounted for 29% of retail value sales of tea in the country. The company's Brooke Bond brand was the top selling brand in India with a retail value share of 20% in 2012. The company launched 11 new flavours in tea bags black standard, tea bags black speciality and green tea for its two prominent brands; Taj Mahal and Lipton. The success of these new launches aided the company to post strong retail value growth of 19% in 2012, as compared to the 13% achieved in 2011.

Prospects

Over the forecast period, retail value sales of tea are expected to witness a CAGR of 8% in constant value terms to reach Rs133 billion in 2017. Premiumisation witnessed over the review period in the black speciality tea and green tea categories is expected to continue over the forecast period as manufacturers continue to launch products in these categories. A number of new flavours and fruit variants were launched in the review period to target consumers looking for indulgence products. This trend is also expected to continue over the

forecast period as companies try to differentiate their products from competitors in order to attract new consumers to their brands.

World Tea Production

World tea production in 2006 reached 3523 million kilograms, 103.9 million kilograms more than the previous year. India was the market leader at the international level with regard to production and consumption till recently. However, the latest data (2006) demonstrates that China, with 28.9 per cent share of the total world tea production, dominates the market. India comes second with 27.1 per cent of the market share. China's tea production has increased from 934.86 Million kilograms in 2005 to 1020 million kilograms in 2006 whereas India's production has increased from 934.86 in 2005 to 955.9 in 2006. Apart from China and India, tea production also increased in Vietnam, Malawi in 2006 from previous year. Kenya recorded slow production from 2004 onwards; production declined to 310.6 million kilograms in 2006 from 324.6 Million kilograms in 2004 year.

Production of Tea in World:

Country	2009	Share	2010	Share	2011	Share
India	892.96	27	927.28	27.14	955.9	27.1
China	835.23	25.2	934.86	27.34	1020	29.9
Sri Lanka	308.09	9.3	317.2	9.28	310.8	8.8
Kenya	324.6	9.8	328	9.59	310.6	8.8
Bangladesh	55.63	1.7	58.62	1.71	53.26	1.5
Vietnam	97	2.9	109	3.19	132	3.7
Indonesia	164.82	5	165.85	4.85	139.8	4.0
Malawi	50.09	1.5	37.98	1.11	45.01	1.3
Tanzania	30.69	0.9	30.36	0.89	31.35	0.9
Others	551.23	16.7	509.15	14.89	382.8	10.9
Total	3310.35	100	3419.58	100	3523	100

Source: Ministry of Agriculture, Government of India 'Analysis of Tea Industry in India – Focus on Value Chain to suggest a method to improve productivity of tea'.

Production Profile of India

The industry in India includes small and big growers and government plantations. Though the major portion of tea production in India is highly concentrated in some specific regions, it is scattered in different states. India holds around 19 per cent (521403 ha.) of the total area of tea cultivation in the world (2774797 ha). On the basis of the ownership pattern, tea estates can be broadly classified under the following heads:

1. Small holdings, which may be anything from one acre to twenty-five acres (10.12 Ha) in extent, owned by the proprietors;
2. Small gardens, having a tea area below 200 hectares, owned by a single proprietor or partnership firms. This may be further subdivided into;
 - (i) Where tea is cultivated and the green leaf is taken to a nearby factory for processing;
 - (ii) Where both the cultivation and the processing of tea is undertaken.
3. Estates owned by limited liability companies. It may again be further subdivided into Public Limited and Private Limited Companies;
4. Estates owned by big companies; and

5. Estates owned by government undertakings and co-operatives.

The total production of tea in India shows an increasing trend from 1999; and though the trend fluctuates from year to year, the production has moved positively upward. In 1998, tea production was 874 million kilograms, whereas it sharply declined to 825.9 million kilograms in 1999. The widespread closing down of estates and the neglect of the existing plantations were the major reasons for the decline in tea production in the 1999-2001 period³. No plucking was done in many of the small/medium gardens due to low profit. The unequal cost-profit ratio also leads the producers to neglect production. However, the tea industry in India overcame sluggishness in production and has been increasing production since 2002. Many tea gardens have also reopened and the move has also started to re-open more closed gardens in India.

Productivity of Tea Cultivation in India

India's performance in terms of productivity (1690 kilograms) is lower than Kenya's (2235 kilograms) but better than Sri Lanka's (1611 kilograms) in terms of average yield per hectare of total production of tea. Kenya has a much higher growth in yield per Ha than India. India has shown steady growth since 1971 as against Kenya's growth, which has been very rapid. Productivity patterns in the small tea gardens and large-estate sectors vary and productivity is high in the small tea sector. However, the average yields on smallholder farms are lower at about 60 per cent of the yields realised on estates, but showing a steady decline in recent years. The reason for the lower yields is the low levels of fertiliser use and poor husbandry practices. The figure below shows the changes in productivity over a period. Productivity of tea has decreased from 1809 kgs in 1996 to 1774 kgs in 2005(E). Recent years show that productivity is decreasing over a period. Productivity is highly related to the age of tea bushes, temperature, drought and changes in rainfall. South or north-facing tea bushes, slope of the land, etc are also important in productivity. Productivity varies in plantations from region to region and even within one plantation. The same plantation provides different grades of made tea. The management is also influential in achieving high productivity. The recent data from Tata Tea estates, KDHB (Kannan Devan Hills Plantations Company Private Limited) in Munnar shows that the productivity has increased drastically after the new management. The productivity has increased from 687 kgs/Hectare to 3743/hectare in the phase of new management.⁸ This management is known as participatory tea management where all workers and employees are shareholders in plantation sector. It is reported that they feel it belongs to them and this has been influential in achieving high production and productivity.⁹ The yield per Ha in Southern India (2004 kilograms) is higher than that of the Northern India (1601 kilograms). It has to be noted however, that in Northern tea gardens unlike in the southern gardens, plucking does not take place through out the year and hence the volume is low.

Tea Exports: Status and Challenges of India

In a global context, developing countries in South Asia and East Africa account for more than 85 per cent of world tea

production and exports. India and Sri Lanka are dominant in both these respects. Developed countries account for about 62 per cent of world tea imports. Kenya has dominated the world market for several years and its rate of growth is much faster as compared to other competitive countries, including India. India has 12.9 per cent of the market share and is ranked fourth among tea-exporting countries in the international market. While Kenya still dominates the international market with 19.9, China and Sri Lanka have declined their market share in 2006 as compared to the previous year. India's exports on the other hand, have increased from 12.3 per cent in 2005 to 12.9 per cent in 2006. Indian exports at 203.86 million kilograms (including 21.9 million kilograms of imports from other countries for re-export³⁰) showed a welcome increase of 12.01 million kilograms over the previous year. In 2003, India exported 183.63 million kilograms of tea with an export value of Rs 1636.9 crores. In 1997, for instance, it was 211.26 million kilograms with an export value of Rs. 2003 crores. As in production, export from India has also been increasing from 2003 onwards after the negative growth rate since 1997. Exports have surpassed the 200 million kilograms after 2002.

Domestic Consumption

India is still the largest consumer of Black Tea in the world with domestic consumption accounting for almost 80 per cent of the total tea production in the country. The pattern of domestic consumption has shown a steady and positive growth since 2000. From a mere 73 million kilograms in 1951, domestic consumption has increased to 653 million kilograms in 2000. In addition, compared to the previous years, there is a marginal increase in 2004, 2005 and 2006 at 735, 757 and 771 million kilograms respectively⁴⁷. The following figure shows the pattern of domestic consumption in India. The major tea-consuming states in India include Maharashtra (87 million kilograms), Uttar Pradesh (82 million kilograms), Gujarat (64 million kilograms), Rajasthan (58 million kilograms) and Madhya Pradesh (42 million kilograms). The average annual per capita consumption of tea in India varies considerably from region to region. It fluctuates from a maximum of 1.2 kilograms in Punjab to a minimum of 0.36 kilograms in Orissa. The Indian domestic tea market is predominantly a loose tea market, constituting around 60 per cent of the total tea consumption, while the rest is served by packet tea. Over the past couple of years however, there has been a shift in the domestic market from loose tea to branded packet tea. The growth of packet tea has increased in the overall domestic consumption in India. The share of packet tea has increased from a meager 15 per cent in the early 1980s to over 40 per cent currently. Big companies sell tea in branded loose and packet tea. Since 1985, the branded tea segment has registered good growth and its share in the total tea market is currently around 40 per cent.

International Value Chain of the Indian Tea Industry

The concept of value chain is understood as an organised system of exchange from production to consumption, with the purpose of increasing value, changing the margin of price and profit and transforming inputs and competitiveness. The global value chain (GVC) concept is one of a number of approaches

to inter-firm relations. This approach draws on the simple idea that the design, production and marketing of products involve a chain of activities divided between different enterprises, often located in different places. The value chain concept can also be defined as the combination of design, product development, marketing, production and retailing by which products progress from conception to the final consumer. The tea value chain is acquainted with the role of various stakeholders who control and who add value along the chain. The tea industry in India is a buyer-driven commodity chain, despite the fact that marketers dominate the tea industry by concentrating on marketing. The pre and post-auction value chain for tea is long and complicated and involves a number of stakeholders. This includes producers including small tea holders, workers, BLF owners, brokers, buyers, blenders and national and international buyers and retailers. The buyers include buying agents (at the auction centres), sub-agents (in the upcountry markets), wholesalers and semi wholesalers (in the smaller upcountry markets and international level). Other major stakeholders include retailers and consumers. The schematic representation shows multistakeholders and its inter-linkages of the value chain in Indian industry.

Stakeholders of Value chain of Indian Tea

The value chain of the tea industry involves various stakeholders, and their roles are sometimes conflicting and affect convergence at operational levels. The 'structured and predetermined' role of stakeholders and the interactions among them however help maintain the value-additions and the price mechanism in the industry. The section below defines the role of major stakeholders in the value chain of the Indian tea industry.

- (a) Tea producers cum sellers, who are either estate factories or BLFs or cooperative factories who manufacture tea from tea leaves. These producers are considered as sellers in tea auctions. Presently, dealers who purchase/procure tea from such estate factories/BLFs/cooperatives are not allowed to sell their tea in the public tea Auctions.
- (b) Auction organisers, who are designated as Tea Auction Committees or Tea Trading Associations. An auction centre provides the producer with an opportunity to have his product inspected, tasted, graded, valued, catalogued and exhibited, so to speak, by specialists; the brokers, who know the particular need of buyers and countries, choose and bid, depending on the marketing conditions and the tea on offer.
- (c) Tea brokers, who are auctioneers of tea, and sell tea on behalf of sellers at the auction centres.
- (d) Tea buyers, who are purchasers of tea in the auction centres. These buyers are not necessarily the bidders for tea in the auction centres all the time. They could be packeters/blenders who buy for their own brands or packets. Buyers are also agents who buy tea at auctions on behalf of other tea dealers.
- (e) Warehouse keepers are those who store tea to be sold in the auction in warehouses. Producers-cum-sellers can also store their teas meant for auctioning in their own

Warehouses. There are no restrictions on the location of such warehouses for storing teas at Present.

Tea Brokers: Determining Role

The auctioneers play a significant role in the whole transformation of the value chain and tea auction. A tea auctioneer has a regular dialogue with the producers and buyers and is able to monitor changes in demand and production patterns. They always give instructions to producers to make good tea. The value and demand of the tea is fixed through negotiations and convergence with producers. His standing in the trade depends on how prompt and accurate he is in giving information to both the sections. The auctioning companies offer manufacturing advisory services to producers in response to changing market requirements, so they are able to relay the positive and negative attributes of tea to its manufacturers. Though producing companies have expertise in processing techniques the auctioneers merely acts as guides, because they are more in touch with market realities. Auctioneers also constantly update their data bank of crop figures in different parts of the world, price levels at all auction centres, availability of various grades and types of tea, consumption trends, etc. It was also seen that they keep in direct contact with semi-whole-sellers. This requires strong international connections as well as a network of correspondents all over the world. The auctioning companies occasionally give short-term finance to tea producers for the purchase of machinery, capital investment, etc., and recoveries are affected from the sale proceeds of tea. They taste and value tea, based on prevailing market conditions and these valuations, released to all members of the trade, act as guidelines for the sale. The brokers divide tea into different grades based on quality, make samples and fix prices. The quality of tea is measured by a tea taster from each auctioneer based on different criteria such as flavour, colour and thickness. The tea which arrives at the warehouses is catalogued and samples are distributed to all the registered buyers so that they can come prepared for the auction. The prices also depend on the demand from the internal and external markets.

The auctioneers then collect the sale proceeds from the buyers on or before the specified prompt date, normally within 14 days and remit them to the producers after deducting the brokerage of one per cent and government levies such as sales tax. The buyer's payment is assured more or less automatically within 14 days from the date of the sale at the auctions, known as the 'prompt date'. The strength of the auction system lies in the sanctity of the prompt date for the timely remittance of sale proceeds to the producers and this is where the integrity and financial standing of auctioning companies comes into play. On receipt of payment, the buyers are issued a 'Delivery Order' for the teas to be collected from the warehouses. The auctioneers also do a considerable amount of promotional work to ensure maximum competition for the teas on offer in their catalogues. The brokers are also allowed to produce printed catalogues with the name of the garden and essential particulars of tea available for sale every week. They also circulate market information, together with their own views on the market conditions in India and abroad. The tea traders

associations of each region maintain and administer the auctioning system and facilitate the good governance of tea auctions.

Dynamism of Buyers

The buyers are the other major stakeholders in the auction system to stabilise the price mechanism and sale practice. The profile and nature of buyers is dynamic and have different connotations in the market. 'Buyer' means any person, firm, company, corporate body or 48 cooperative society including a consignee or commission agent with a place of business in tea in India who receives tea by way of stock transfer from the manufacturer. They can be engaged in purchasing or procuring tea either from public tea auctions or directly from manufacturers of tea, but the term 'buyer' excludes those who buy only instant tea and other value added products of tea i.e. tea bags, packet teas, flavoured tea, quick brewing black tea etc. and also excludes the secondary buyers who do not source their tea either from auctions or from manufacturers. Indian buyers at auction centres are more fragmented compared to some of the international auction centres. Many of the buyers are registered in more than one auction centre in India. For example, Tata Tea itself has a number of registered buyers and they are registered in various auction centres. It is also the same in companies such as Hindustan Lever and Wagh Bakri. In other words, many buyers represent one big brand company, for instance Tata, and they sell tea to their regional packagers as proxy buyers.⁶⁵ The high fragmentation rate of buyers may not be severe due to this multi registration system with the various auction centres. For example, Tata has registered buyers in six auction centres in India. Tea buyers are also buying agents who buy tea at auctions on behalf of other tea dealers or companies. The details about whom each buyer is bidding in auction are not transparent. Buyers also keep secret as to whether they buy tea from auction to sell in the same state or to upcountry buyers. Major portion of 'dust tea' from the Auction centre in Guwahati sent to the South India and 'leaf tea' for Gujarat, Rajasthan and Madhya Pradesh. Buyers claim that information about to where exactly the tea goes and who they represent is a business secret. Indian buyers at auction centres are more fragmented compared to some of the international auction centres. Several buyers are registered in more than one auction centre in India. For example, Tata Tea alone has a number of registered buyers and they are registered at various auction centres. It is also the same in companies such as Hindustan Lever Limited and Wagh Bakri. In other words, several buyers represent one big brand company, for instance HUL or Tata Tea, and they sell tea to their regional packeters as proxy buyers.

Small and Regional Buyers

Among the scattered buyers, the small buyers are a majority. Since small buyers focus on regional level, it would an advantage to the regional/local marketers. It would further help to get tea at local/village level at a reasonable price. The small buyers play a major role in the domestic loose tea market, where loose tea has the major share (60 per cent). In addition, they focus on the regional level and maintain a low price, which is widely focussed on the majority of the people. The

loose tea traders at the regional level mainly procure their requirements from auction centres and none of them have their own plantations. Loose tea traders represented by small buyers at the regional level procure their requirements mainly from auction centres and none of them have their own plantations. Most of the packagers are dominated by big players and come under the roof of one or two companies. They also produce their own products and fulfil their requirements from the auction centres. The scattered and fragmented small buyers have less power to hold the price realisation, but it takes place only if big buyers are dominant.

Packeters and Marketers

Marketers play a major role in the value chain of the tea industry. They include packeters/blenders and a majority of them are national brand companies. Large retailers or marketers only supply the specifications for the branded products they order. These companies design and/or market but do not form part of the production field. They form a new breed of manufacturers that do not have factories. This separates the physical production of goods from the design and marketing. For instance, Wagh Bakri, a large regional player focused in Gujarat will not integrate its operations backward by acquiring tea estates.⁶⁸ They meet their requirements from auction centres.

Retailers

The role of retailers in the value chain is also significant, as with the trend of increasing imports, these retailers are importing greater quantities of tea. The emerging retail market in India also redefines the function and space of retail market in India and it includes tea markets as well. They determine when and what products are to be made available as well as their characteristics (quality, appearance, packaging and so on). This involves interpreting market trends and specifying what products should be produced to meet these trends. It may also involve specifying the processes to make the product. Supermarkets, however, may merely dictate the 'what' and leave the 'how' to the supplier.

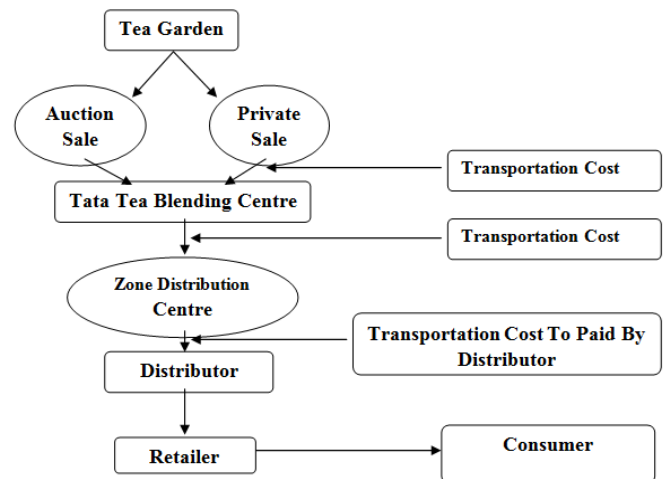
Buyers, Retailers and Consumers

Tea buyers purchase tea from the auction centres and directly from producers and BLFs. It has been observed that the number of buyers participating in the Auction has declined over the period. As stated, direct sale is increasing over the period and most of the buyers prefer direct sale from producers. It is reported that the Auction dominates with the proxy buyers of multinational companies. The role of small and regional buyers in price mechanism is very limited since they buy a relatively small size of the total stock. It is reported that the buying mechanism and its supply to the up-country markets are kept private within buyers and it is conceived as their trade secret. Buyers find hardly any need to address the issues of social and economic responsibilities and welfare measures of workers at gardens in their trade mechanism. Tea buyers are not necessarily the bidders for tea in auction centres all the time They also act as multiple roles such as either packeters/blenders who buy for their own brands or packets,

buying agents who buy tea at auctions on behalf of other tea dealers and even as retailers in their own localities. It is reported that many of the retailers come across difficulties for registration and getting license from the Tea Board. In the loose tea market, very often, various levels of adulteration are prevalent which is done by the retailers mainly to increase their profit from the 'original' tea. This also denies the 'real' taste of good quality tea to consumers as their preferences mainly rely on retailers. Regional packeters and retailers sell packet tea of their own brand in their locality. It has been observed that the sale of stolen tea from factories is prevalent in many tea-producing regions. Generally, retailers prefer tea with which they can make good profit and they are not sensitive about the social and economic responsibilities issues in tea gardens. There is no interface between producers and retailers. However, retailers play a major role in deciding consumers' tastes and preferences especially in rural markets. Unregistered retailers are quite common and lack of institutional set-up forbids them from getting access to the tea markets. Due to the consideration of short-term profit, low quality, adulterated tea and imported tea are sold in retail markets in the rural areas. There is no interface between producers and retailers and this influences the promotion of high quality tea. It is reported that adulterated tea in local markets push down the demand for quality tea and it may harmful to health as well. Consumers may not avail and access quality tea and what they are offered is mostly based on the retailer's preferences. Consumers' preference for tea is very limited mainly because the market is dominated by various soft-drink companies. Many consumers behave that tea is not a healthy drink. There is a lack of availability of good tea-drinking (teashops) outlets at different regions and even in tea producing regions. Lack of tea promotion with its various varieties, for instance, tea as a health drink, is lagging in the tea market. Continuity in generic-promotion schemes through various phases and ways are limited. There are no direct linkages of interaction with tea producers and consumers. Consumers prefer good-quality tea, but are hardly conscious about the social, environment and economic responsibilities at gardens. As stated, though consumers are willing to pay the same, their behaviour patterns do not show their preferences. The domination of branded tea of multinational has created their own consumers over the period due to various schemes and options. At present, the market is very limited. So, to choose high quality tea specifically from small tea segments, even if consumers intend to do so is difficult, if not impossible.

The low per capita consumption of tea in India shows that there is high potential to utilize the market. If an initiative is taken to strengthen the domestic market, it would also demand an increase in the volume of production. Consumers are becoming more quality conscious, but the choice for them is limited. The expansion of tea market in this present market scenario is very difficult. The existing process of tea industry provides no space for consumers to be part of the whole value chain of tea industry. As noted by other studies, consumer behaviour and consumption patterns in India hardly get space to address the social and environmental issues and workers' conditions in the tea industry.

Distribution Channel



Source: Ministry of Agriculture, Government of India 'Analysis of Tea Industry in India –Focus on Value Chain to suggest a method to improve productivity of tea'.

Conclusion

Each stage need not be presented in a supply chain. The appropriate design of the supply chain will depend on both the customer's needs and the roles of the stages involved. In some cases, such as Dell, a manufacturer may fill customer orders directly. Dell builds-to-order; that is, a customer order initiates manufacturing at Dell. Dell does not have a retailer, wholesaler, or distributor in its supply chain. But in Case of Tea, Supply Chain needs to be present in all stages right from the Producers to the Costumers. Any short fall in between supply chain may cause serious problems to all who are the nexus in the supply chain. So, proper supply chain management is needed for smooth flow of goods to the consumers and in return all the engage in the chain will get respective dividend.

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