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FACTORS INFLUENCING THE MARKETING PERFORMANCE OF TEA GROWERS IN WAYANAD DISTRICT

Dr. E. Mubarak Ali¹

P. Sabnam²

Abstract

Plantation industry is an important industry in Kerala. It plays crucial roles in income generation, foreign exchange earnings and employment generation both directly and indirectly. However, the overall performance of this industry is found to have been unimpressive. In Kerala tea growing districts are Idukki, Wayanad, Kottayam, Kollam, Thiruvananthapuram, Trissur, Malappuram and Palakad. Though tea is grown in all these districts there is considerable special concentration in two districts. Idukki and Wayanad has 17.5% of tea growing area in the state (tea board 2014-15) since the market for tea Idukki has 72.7%, Wayanad has 17.5% of tea growing area in the state (tea board 2014-15) since the market for tea is of an international one, and trade liberalization is expected to have a substantial impact on this industry. Trade liberalization and free import of tea, import of inferior quality of tea and re-export of it mixing with the traditional product have caused problems both in the domestic and there exists competition among producers at the international level. Competitiveness has become the key to success. Those units who are having the cost of production above the average international price will find difficult to continue to operate. In the case of Kerala most of the units are in this category. The disintegration of the former USSR (United Soviet Socialist Republic) which accounted for more than half of the total exports of India caused serious problems in Indian tea exports and it has very much affected Kerala tea because USSR used to be the major market for Kerala tea. Tea companies are facing severe problems such as high cost of production and low price realization. The employees are facing the major problem of insufficient wage rate compared to the living expenditure and they are found to be dissatisfied with poor working conditions. In sum the tea plantation industry is facing a crisis. In this context the present study attempts to examine the problems and prospects of tea plantation industry and proposes to undertake a detailed analysis of its growth performance in terms of market creation and analysing major marketing problems faced by the plantation sector and suggest some solutions to this problem.

Introduction

It has been found out that the production of Tea is slowly increasing in spite of a number of constraints. The production of goods has meaning only when they are marketed. Therefore, an attempt is made in this study to analyze marketing of Tea. Tea is a natural product and virtually calories-free when drunk without milk and sugar. It is served and drunk in a number of different ways across India. Its production, consumption, and sales have to be carried out under licenses issued by the Tea Board; a statutory body constitutes under Act, 1953 to promote all around development of the Tea industry and comes under the administrative control of the Ministry of Commerce and Industry. By these Acts, all the activities connected with Tea, right from the production till consumption is regulated. A license from the Tea Board is a must to plant Tea bush, deal in Tea, and process Tea into consumable or marketable forms and also for consuming Tea for producing varieties of Tea products. All those who deal in Tea are required to submit returns to the Tea Board in the prescribed forms.

Significance of the Study

Tea production and marketing occupies a major role in the Indian economic scenario. The recent development in the industry has become a cause for concern among the tea producers of the sub-continent. The fall in price of tea leaves for several years has led to a crisis among tea growers. In Wayanad district tea industry includes more than 1,500 growers and employs more than 12,000 families. After liberalization, privatization and globalization, India struggles to compete in the international market with leading producers like China, Kenya, and Sri Lanka etc. The present study aims to find out the disturbing causes to the present setback in the tea industry and thereby suggest ways and means to rectify the present condition and bring the industry to its original state.

Marketing Channels of Tea

Marketing consist of number of heterogeneous function besides selling, transformed from the producer to the ultimate consumers. Producers, small growers, plantation buyers, auction centers national buyers and

¹ Head & associate professor PG & Research Dept. of Commerce, Jamal Mohamed College (Autonomous), Tiruchirappalli.
² Ph.D Scholar (PT), PG & Research Department of Commerce, Jamal Mohamed College, (Autonomous), Tiruchirappalli

retailers operate at the different distribution channels are identified in marketing of Tea in the study area are given below, the marketing channel of Tea is shown below

Channel I Producer/Small Grower – Plantation Estate- Bought Leaf Factories- Auction Centers- Wholesalers / National Buyers- Retailer- Ultimate Consumer.

Channel II Producer/Small Grower – Plantation Estate- Estate Factories- Auction Centers- Brands- Ultimate Consumer.

Channel III Producer/Small Grower – Plantation Estate- Estate Factories- Bought Leaf Factories- National Buyers- Retailer- Brands- Ultimate Consumer.

Channel IV Producer/Small Grower – Plantation Estate- Estate Factories- Bought Leaf Factories- National Buyers- Brands- Retailer- Ultimate Consumer.

Marketing Method followed by the Companies.

According to George (1980) (1982) there are two stages in tea marketing retail and

The primary marketing channels are

1. Direct export or forward contract
2. Ex- garden sales
3. The Auction system

The Auction system is the most important one because it has got some advantages such as possibility of distribution of huge quantities high competition and improved grading.

Companies follow different marketing methods for selling their products. A single company itself follows different methods to market tea companies that do not have their own factory to manufacture tea follow ex garden sale. The following are the important methods of marketing

- I. Auction: Auction is most important marketing method followed by most of the tea companies manufactured tea will be sent to the auction centres for pricing and selling. Auction system facilitates distribution of huge quantities of the product. In the shortest possible time, increased competition among buyers and sellers and improved grading and packing.

(London auction centre is the first one started in the world, Calcutta Guwahati and Siligary in North India and Cochin, Coonoor and Coimbatore in South India are the Indian auction centres)

- II. Direct export or forward contract: through this method companies export tea directly to other countries without going through the procedure of auction. In direct export or forward contract only two parties are involved, one is the manufacturer the other, the purchaser.
- III. Ex-garden sale: Ex garden sales are mainly followed by the estate is having no factory. If the estates do not have their own factory either they supply the leaves to the factory of their own company for manufacturing or they sell it to outside.
- IV. Packet tea: Some of the companies have packet tea division either the factory itself or in other places. They manufacture branded products in packet tea division and market in different brand name Elstone Tea, AthithiChaya (Parrisons), Viswas gold (Priyadarshini) etc. most of the visited companies follow auction and packet tea marketing method.

Objectives of the study

To identify the most dominant problem in marketing of tea in Wayanad district

Research Methodology

Survey method was adopted to collect required data from the sample respondent they data were collected from farmers of small holding and estates in revenue district Wayanad and revenue sub division Mananthavadi, Vythiri and Sulthan Bathery samples are collected.

Problems Faced by Tea Growers in Marketing of Tea

For the tea growers there are a number of problems regarding collecting information to marketing of tea. The following problems were formulated with the help of respondents and the significance of these problems was tested with the help of Garret ranking the following table shows the rank order (Table - 1)

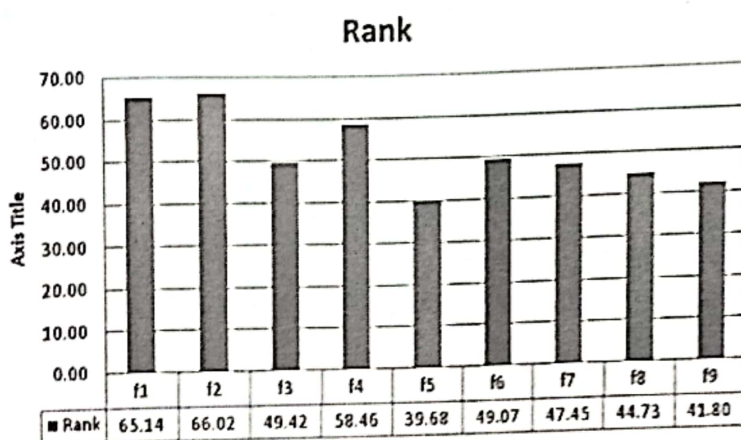
Table - 1 : Problems Faced by Tea Growers in Marketing of Tea

S.N	Problems	Total Score	Mean Score	Mean Score
1	Frequent fluctuation of prices	58623	65.14	65.14
2	Adverse marketing policy of the Government	59415	66.02	66.02
3	None availability of import substitute	44478	49.42	49.42
4	Stiff competition at global level	52611	58.46	58.46
5	Forced sales by the privet money lenders	35712	39.68	39.68

Inefficient administration in tea action	44161	49.07	49.07
Dominance of middle man	42701	47.45	47.45
Lack of promotional activities	40255	44.73	44.73
Complicated marketing process	37621	41.80	41.80

It is observed that due to substandard marketing policy of the government is the major problem faced by the respondents with the Garrett mean score of 66.02, which is followed by the problem of frequent fluctuation of prices with the Garrett mean score of 65.14. Then the impact of globalization created stiff competition at the global level with the Garrett mean score of 58.46, followed by None availability of import substitute with the Garrett mean score of 49.42 and inefficient administration in tea auction with Garrett mean score of 44.73 and complicated marketing process with Garrett mean score of 41.80. Finally, forced sales by private money lenders with the Garrett mean score of 39.68 is ranked ninth.

Chart - 1 : Problems Faced by Tea Growers in Marketing of Tea



Problem Faced by Producers Company Relating to Marketing of Tea

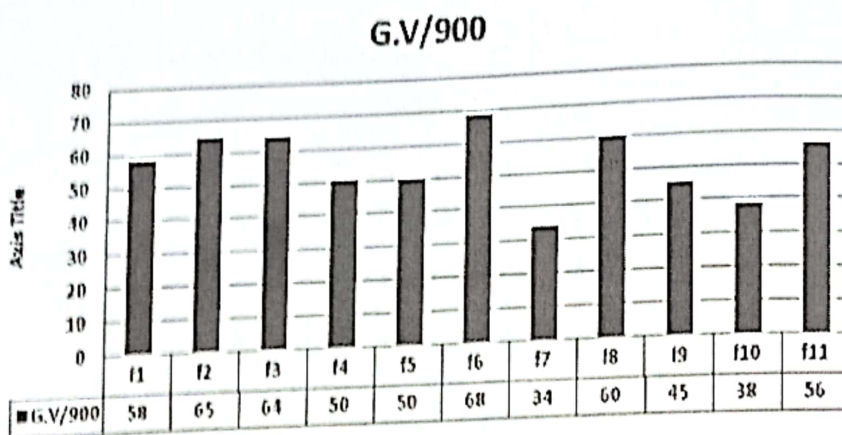
The following problems were ascertained through preliminary discussion with the members. The significance of these problems was tested with the help of Garrett ranking. The following table shows the rank order.

Table - 2 : Problem Faced by Producers Company Relating to Marketing of Tea

N	Problems	Total Score	Mean Score	Rank
1	Inefficient management due to poor salary/less qualified trained personnel	52345	58	V
2	Ignoring efficient and experienced	58170	65	II
3	Lack of sound financial position	57855	64	III
4	Lack of clarity of legal formalities	45360	50	VII
5	Attraction of the growers by the private sectors and middlemen through increased price	44870	49	VIII
6	Lack of knowledge in marketing strategies	61545	68	I
7	Poor salesmanship	30690	34	XI
8	Seasonal fluctuation in the price level	53825	60	IV
9	Dominance of private dealers	40805	45	IX
10	Inadequate Storage facilities	34545	38	X
11	Change in import policy of the Government	50491	56	VI

The major problems faced by the tea growers are lack of knowledge in marketing strategies with the Garrett mean score 68 and ignoring efficient and experienced personnel with the Garrett mean score 65, further it is followed by lack of sound financial position with Garrett mean score of 64, Inefficient management due to poor salary/less qualified trained personnel with the Garrett mean score of 58 and Change in import policy of the Government with the Garrett mean score 56 and Lack of clarity of legal formalities with Garrett mean score 50. Attraction of the growers by the private sectors and middlemen through increased price with Garrett mean score of 49 is followed by Dominance of private dealers with the Garrett mean score of 45 and Change in import policy of the Government with the Garrett mean score 56 and Lack of clarity of legal formalities with Garrett mean score 50. Attraction of the growers by the private sectors and middlemen through increased price with Garrett mean score of 49 is followed by Dominance of private dealers with the Garrett mean score of 45 and inadequate Storage facilities with the Garrett mean score of 38 finally, poor salesmanship with the Garrett mean score of 34 is ranked eleventh.

Chart - 2 : Problem Faced by Producers Company Relating to Marketing of Tea



Problems Related to Facilitating Functions of Marketing

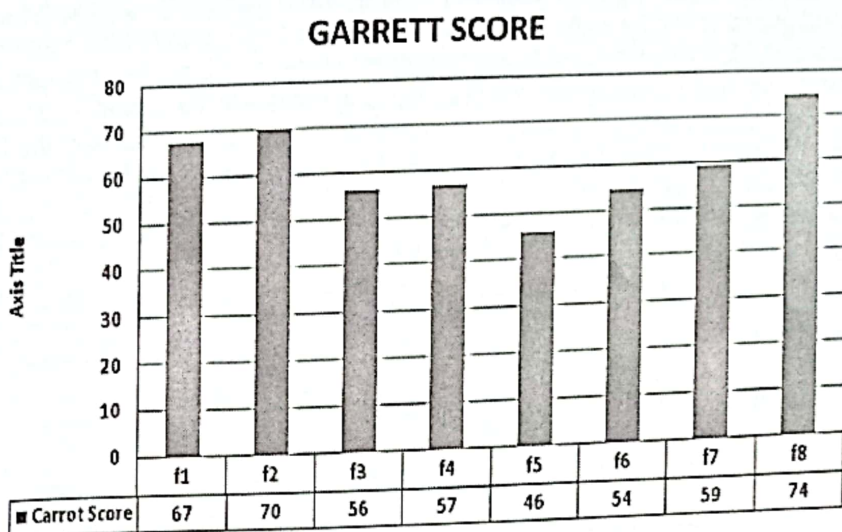
The tea growers faced many problems in marketing, the following list of problems were ascertained through preliminary discussion with the tea growers. The significance of these problems was tested with the help of Garrett ranking. The following table shows the rank order.

Table - 3 : Problems Related to Facilitating Functions of Marketing

S.N	Problems	Total Score	Mean Score	Rank
1	In adequate storage facilities	606110	67	III
2	Lack of transport facilities	62930	70	II
3	Lack of insurance coverage(crop insurance)	50946	56	VI
4	In adequate availability of working capital	50960	57	V
5	Variations in Weights and measures	41060	46	VIII
6	Lack of market information	48815	54	VII
7	Lack of knowledge on grading and promotional activities	53236	59	IV
8	Lack of knowledge in marketing strategies	56979	74	I

In terms of marketing the tea growers were highly affected by lack of knowledge in marketing strategies with the Garrett mean score 74 this is followed by lack of transport facilities with the Garrett mean score of 70 that too in hilly areas. They also complaint about In adequate storage facilities with the Garrett mean score of 67, lack of knowledge on grading and promotional activities with the Garrett mean score of 59 and in adequate availability of working capital with the Garrett mean score of 57, lack of insurance coverage(crop insurance) with the Garrett mean score of 56 and lack of market information with the Garrett mean score of 54. finally they also complain about variations in Weights and measures with the Garrett mean score of 46 is ranked eighth.

Chart - 3 : Problems Related to Facilitating Functions of Marketing



General Problems Faced by Tea Growers in Production and Marketing of Tea

Due to government policy the respondents faced many problems. The following lists of problems were collected from the experts involved in tea industry. The significance of these problems was analyzed by Garrett ranking. The following table shows the rank order.

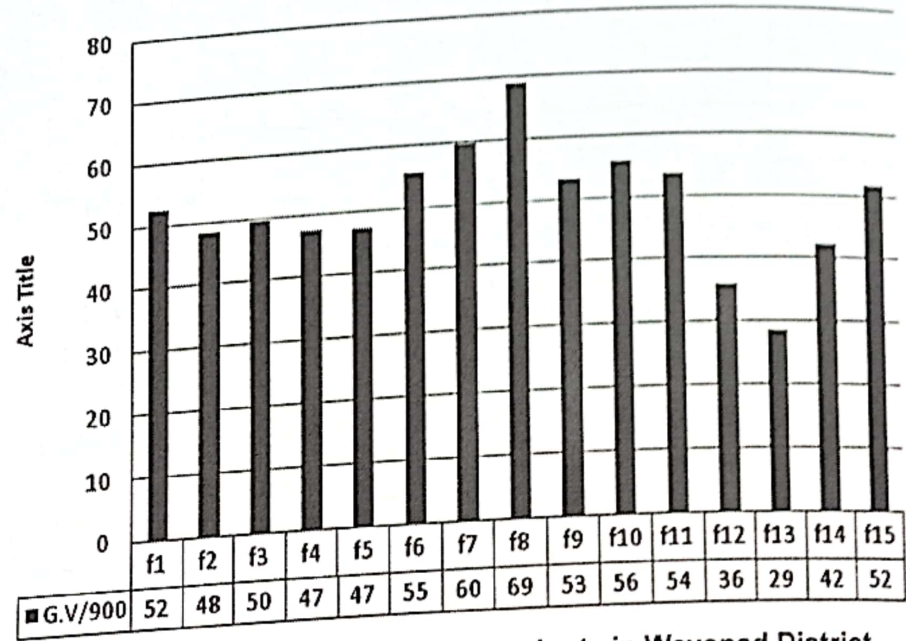
Table - 4 : General Problems Faced by Tea Growers in Production and Marketing of Tea

S.N	Problems	Total Score	Mean Score	Rank
1	Inefficient tea board activities	47053	52.28	VII
2	Inadequate marketing opportunities of tea	43479	48.31	X
3	Lack of stable policy for fixing of tea price	44655	49.62	IX
4	Inadequate subsidy and grand schemes	42668	47.41	XI
5	Lack of training in handling machinery	42483	47.20	XII
6	Lack of R&D measures	49938	55.49	IV
7	Lack of scientific production process/method	54652	59.61	II
8	Inadequate financial assistance	61923	68.80	I
9	Lack of co-operation for conversion of uncultivated land	47767	53.07	VI
10	Frequent changes in taxation policy	50133	55.70	III
11	High cost of purchase and sale of products	48244	53.60	V
12	Inadequate distribution of agricultural inputs	32315	35.91	XIV
13	Inadequate supply of agricultural implements like Tractor, Sprayer etc	25691	28.55	XV
14	Inadequate supply of manures, fertiliser and equipment	37989	42.21	XIII
15	Complicated policies and procedures formulated by the central and state government	46590	51.77	VIII

The major problems faced by respondent relating to government policies are inadequate financial assistance with the Garrett mean score of 68.80 and lack of scientific production process/method with the Garrett score of 59.61. it is followed by frequent changes in taxation policy with the Garrett mean score of 55.70, lack of R&D measures with Garrett mean score 55.49, high cost of purchase and sale of products with Garrett mean score 53.60 and lack of co-operation for conversion of uncultivated land with the Garrett mean score of 53.07. Next comes Inefficient tea board activities with Garrett mean score of 52.28, complicated policies and procedures formulated by the central and state

government with the Garrett mean score of 51.77, lack of stable policy for fixing of tea price with the Garrett mean score 49.62 and inadequate marketing opportunities of tea with the Garrett mean score of 48.31. Next to this inadequate subsidy and grand schemes with the Garrett mean score 47.41, lack of training in handling machinery with Garrett mean score of 47.20 and inadequate supply of manures, fertilizers and equipment with the Garrett mean score 42.21. Next to this Inadequate distribution of agricultural inputs with the Garrett mean score of 35.91 further it is followed by inadequate supply of agricultural implements like tractor, sprayer etc with the Garrett mean score 28.55.

Chart - 4 : General Problems Faced by Tea Growers in Production and Marketing of Tea G.V/900



Sources of Information for Marketing Tea by the Respondents in Wayanad District

The respondents are utilizing various sources of information for marketing tea the following sources were identified with the discussion of respondents. The significance of these sources was tested with a help of Garrett ranking. The following table shows the rank order.

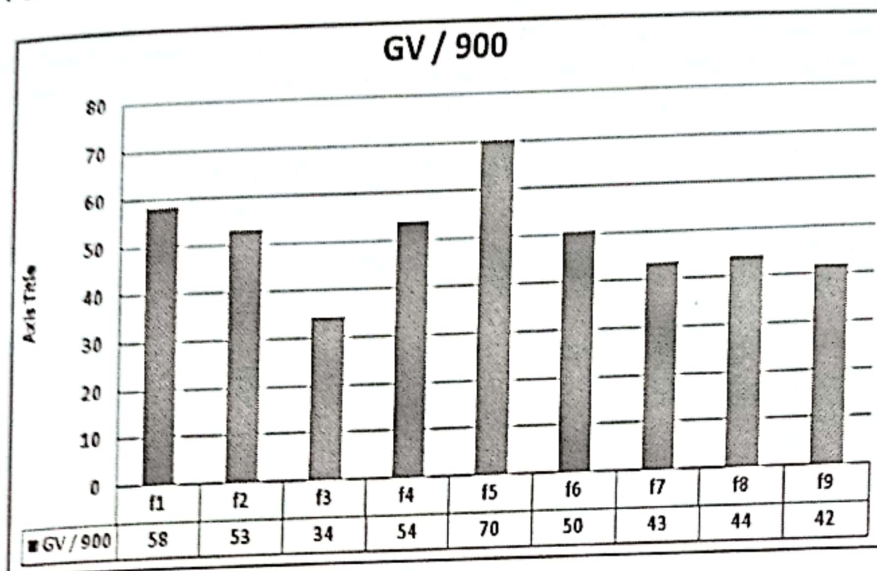
Table - 5 : Sources of Information for Marketing Tea by the Respondents in Wayanad District

S.N	Problems	Total Score	Mean Score	Rank
1	Internet/TV	52430	58	II
2	Journals and magazines	47530	53	IV
3	Export promotion council	30791	34	IX
4	Tea board/co-operatives	48206	54	III
5	middlemen/Agents	63179	70	I
6	tea federation/Association	45369	50	V
7	Trade fairs and exhibition	38910	43	VII
8	Reports/surveys	39677	44	VI
9	Conferences/seminars/workshops	37449	42	VIII

With reference to the above mentioned table it is clearly noted that both of middlemen/Agents top the list with Garrett mean score of 70 and Internet/Tv with Garrett mean score of 58 play equal importance in relation to marketing of tea and it is followed by Tea board/co-operatives with Garrett mean score of 54, Journals and magazines with the Garrett mean score of 53 play equal importance in relation to the marketing of tea. tea federation/Association with

the Garrett mean score of 50, Next to this is Reports/surveys with the Garrett mean score of 44, seventh source of information is Trade fairs and exhibition with the Garrett mean score of 43, it is observed that conferences/seminars/workshops is ranked eighth with the Garrett mean score of 42, finally information from Export promotion council with the Garrett mean score of 34 are sources acquiring marketing information for very few respondents and is placed ninth

Chart - 5 : Sources of Information for Marketing Tea by the Respondents in Wayanad District



Findings

1. It is observed that due to adverse marketing policy of the government is the major problems with Garrett mean score 66.02 of sample respondents followed by frequent fluctuation of prices score 65.14 and stiff competition of the global market is the another major problem faced by the producers.
2. Major problems faced by the producer company is the lack of knowledge in marketing strategies with Garrett mean score of 68 and lack of sound financial position with Garrett mean score of 64 is the main problem
3. In problem relating to facilitating function of marketing that is also lack of knowledge in marketing strategy with Garrett mean score 74, another major problem faced by growers in Wayanad is the lack of transport facilities in Garrett mean score 70 that too in hilly areas
4. General problems faced by production and marketing are in adequate financial assistants with the Garrett mean score of 68.80 and lack of scientific production process/method with Garrett mean score 59.61.

Suggestions

It is noted that if every farmer in the producer company converted to organic production. We could eliminate pesticides from entering the environment annually. Chemicals and pesticides use result in many negative environmental issues. After learning a few of the best secrets and benefits of drinking organic tea, so it is the big marketing strategy.

1. It Tastes Better: Because no synthetic fertilizers or chemicals are used to grow organic tea, its natural, delicious flavors shine through readily.
2. Its Safer: Like many people, we probably try to avoid consuming chemicals with our food. Tea that's grown in accordance with organic standards isn't exposed to herbicides, pesticides or synthetic fertilizers, so don't have to worry about exposing yourself to them when enjoying a rich cup of tea. And if the tea is certified organic, we are assured that it is non-GMO.
3. Its Healing : Many studies have shown that organic teas contain nutrients and compounds that may help improve or prevent certain conditions. For instance, people who drink it regularly may have a reduced risk of

developing arthritis. It may help ward off heart disease, and some studies also suggest it may help prevent cataracts, which can lead to blindness.

6. **Its Nutritional:** All teas contain a variety of nutrients and antioxidants. Because they're purer, organic teas tend to have higher concentrations of the most beneficial elements. In terms of nutrients, it typically contains vitamins A, C, E and K. It also often contains potassium, magnesium and calcium and it loaded with flavonoids, which are prized for their antioxidant properties. Antioxidants combat harmful free radicals that can cause early aging and that may negatively impact the immune system.
5. **It's Better for the Environment:** While many of the benefits of organically grown tea have to do with your own health and well-being, it's important to note that it's much better for the environment too. Harsh chemicals aren't used, so they don't leach into the soil.
6. **It builds healthy soil, it support water conservation and water health**

Conclusion

The tea growers faced by many problems in marketing. It is clearly noticed that many sample respondents receiving information about marketing of tea through middleman or agents. The intervention of agents is major problem faced by the tea growers in Wayanad. The emerging entrepreneurship in small tea plantation could be considered as new vision for the sustainable growth and development of the tea sector of Wayanad. This silent socio-economic revolution by the small tea growers of the district has been contributed significantly in the rural industrialization process. But the present status of small tea grower's shows their multiple dependencies on large tea estate. Lack of own processing unit, storage facility, lower price of the green leaves are the most sought problems. Establishment of processing units, production of organic tea would provide youth of the state the profitable opportunities in tea industry. The primary objectives of Wayanad green tea producer company is the collection, processing and marketing of tea leaves from society members and small tea growers and to provide more profitable rate of green leaves and good quality tea to consumer. in a more competitive market under the control of the multinational companies small producers existence and marketing is very difficult in this situation company produced a special tea called "organic Green TEA" which has medicinal value and is more beneficial to health. Thus, these different opportunities should be grabbed through policy measures and challenges should be addressed to make them opportunities. Therefore, support should come from all the stakeholders to promote this socio-economic revolution of small tea plantation.

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