Global Competitiveness of Nilgiris Tea - A PAM Approach

R. Rajaguru, P.K. Mandanna[1] and L. Achoth[2]

Faculty of Business and Economics
Monash University
Australia

In recent years, tea growers and processors of Nilgiris district of India have suffered due to the increasing production cost and decreasing tea price at both domestic and export markets. Tea produced from Kenya and Sri Lanka is popular among importing countries and Indian tea is losing its export share and value. This study aims at examining the global competitiveness of tea produced in Nilgiris district of Tamil Nadu, India. Primary data were collected from 50 tea growers and 10 bought leaf factories. Secondary data were collected from the Tea Board, United Planters Association of Southern India (UPASI), tea exporters and Government of India. Domestic price at Coonoor auction market was compared with international price at Mombosa (Kenya) auction market. Policy Analysis Matrix (PAM) analysis is used to estimate the nominal protection coefficient (NPC), domestic resource coefficient (DRC) and effective protection coefficient (EPC). From this study, NPC, DRC and EPC values were calculated as 0.498, 0.461, and 0.415, respectively. This indicates that the Nilgiris tea is globally competitive and the available resources are utilised efficiently and effectively and there is a vast scope for Nilgiris tea in terms of export to other countries. The EPC value specifies that the government policy and regulations are not in favour of tea export. It als o expresses the need of input subsidy and the relaxation of customs duty and export regulations.

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[1] Department of Marketing, University of Agricultural Sciences, Bangalore, India.

[2] Department of Dairy Economics and Business Management, Bangalore, India.