

# TEA SHOP

## 1. INTRODUCTION

The highest-quality of tea in Uttarakhand region is produced in the Kumaon area and tea here is commonly referred to as "Uttarakhand Tea" or "Kumaon Tea." The particular type of tea plant that is utilized to make Kumaon tea, flourishes in the climate and altitude of the area. Tourists often seek comforting beverages and tea joints that offer well-known teas that cater to their preferences. Wagh Bakri, Assam tea and Darjeeling tea are reputable and established tea brands with a loyal customer base. Their recognition can attract tea enthusiasts looking for trusted tea varieties in a chilly region like Uttarakhand. If properly managed, the profitability of a tea business in Uttarakhand can be high, particularly if it sells a variety of teas in major tourist areas.

## 2. PRODUCT & ITS APPLICATION

The tea products include a wide variety of teas each having unique uses. Kumaon tea, a type of black tea native to Uttarakhand, is widely popular for its subtle flavour. Assam tea is a popular option as traditional Indian chai and is famous for its rich flavour. Renowned for its muscatel flavour, Darjeeling tea is regarded as a premium type and green tea for both its mild, grassy flavour and health advantages. Other servings include teas from reputable brands such as Gujarat's Wagh Bakri Tea that is highly regarded for its peculiar taste and strong aroma.

## 3. DESIRED QUALIFICATION FOR PROMOTER

The promoter has to have a keen interest in tea business and must have the acumen to market demand and trends. Formal education is not required, but possessing the necessary knowledge and abilities is essential for starting and running a successful tea business.

## 4. BUSINESS OUTLOOK AND TRENDS

At present, the revenue in the Tea segment amounts to US\$16.66bn. The Indian Tea market is expected to grow annually by 0.96% (CAGR 2023-2025). The Market is enormous, and the tea business is growing in hilly regions of India. Multiple factors have influenced tea demand among tourists in hilly locations. The refreshing and comforting nature of tea, combined with the cultural experience, scenic views, and local specialties, makes it a popular choice. Tourists frequently want social interactions and leisure, and tea is a versatile beverage that fits in well with the relaxed lifestyle. The availability of a wide range of tea options, as well as the increasing trend of tea tourism, add to the allure of tea in these destinations, where it has become a vital element of the tourist experience.

## 5. KEY BUSINESS ELEMENTS

- Strategic location: The promoter must choose a high-traffic location in Uttarakhand, such as a tourist attraction or a bustling market.
- Diverse Menu: It includes curating and offering a diverse tea options that includes a variety of tea varieties and custom blends.
- Premium Quality: Tea is a beverage renowned for its richness, aroma and flavor. For optimum tea quality, the promoter must consider buying premium tea leaves.
- Cleanliness and hygiene: The promoter must maintain good cleanliness and hygiene standards in both the preparation and serving tables.
- Ambiance and Comfort: The promoter must provide an inviting environment for customers by providing comfortable seating.

- Marketing and Promotion: There must be a marketing plan that includes social media and local advertising to improve visibility., or seasonal collections, to differentiate business and meet unique regional demands.

## **6. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY**

Tea's market value is projected to be around Rs 10,000 crore, with a domestic market penetration of more than 90%. Since the Indian tea market has always found its customer to be loyal, the nation has developed a tea culture. Over the years, the steadfast devotion of Indian tea lovers has changed, and today's consumers want a wider range of teas to be supplied, which contributes to the expansion of the Indian tea industry. India has a wide range of traditional tea-drinking customs, including the "adda" culture of West Bengal, where friends and family get together to enjoy tea and chat, and "chai wallahs," who serve tea from carts on the street. Additionally, a popular traditional beverage all over the nation is Indian masala chai, which is made of tea blended with spices like cinnamon, ginger, and cardamom. The growing interest in India's rich tea culture and history has led to an increase in the country's tea tourism industry. In addition to learning about the background and methods of tea manufacturing, visitors take tours of the tea factory and gardens and even participate in tea tastings.

## **7. SUPPLY OF RAW MATERIAL**

Promoting a tea stall in Uttarakhand requires aggressive measures to provide a consistent and varied supply of teas, including well-known brands like Wagh Bakri, Darjeeling, and Assam. The promoter must start by carefully choosing these authorised distributors or wholesalers of tea brands' and build trusting connections with them. The promoter must examine options for buying in bulk to see if they can get at better deals and terms. They must efficiently manage tea supply and give consumers premium tea experience by implementing these steps.

## **8. BUSINESS MODEL**

The business layout includes a welcoming entry, an order and service counter, a clean and organized tea prep space, table & chair seating, a clear menu and tea displays. Outdoor seats, branding, and plantations are a few examples of elements that can improve the ambiance. The arrangement should be planned to facilitate easy customer flow and to foster a friendly atmosphere that invites guests to unwind and enjoy their tea.

## **9. BUSINESS PROCESS**

- Supplier Relationships: The promoter must develop trusting connections with tea suppliers for Darjeeling, Assam, and specialty blends.
- Quality Control: It is also to ensure that tea quality is a top priority and carry out frequent tastings and inspections.
- Storage: The promoter must store tea leaves according to kind and quantity in a cold, dry, and well-ventilated space.
- Bulk Purchasing: Other prospects into affordable buying of tea supplies in bulk must be explored.
- Tea Presentation: The packaged tea must be kept in glass cabinets, open shelves, or in beautiful packaging to present teas.
- Ordering System: The promoter must establish an efficient ordering system.
- Waste Management: There should be efficient waste management system ensuring that the remnants of tea leaves are properly disposed of.

**10. MANPOWER REQUIREMENT**

Sr. No	Particulars	No.	No. of month in year	Wages/Salaries per month (Rs. In Lakhs)	Annual Expense (Rs. In Lakhs)
1	Self-employed	1	-	-	-
2	Skilled (Tea-Coffee Expert)	3	12	0.35	12.60
3	Retail Sales Person and Other Service Staff	4	12	0.30	14.40
4	Accountancy Service	1	12	0.05	0.60
	<b>Total</b>				<b>27.60</b>

**11. IMPLEMENTATION SCHEDULE**

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1
2	Construction (if applicable)	1.5
3	Procurement & installation of Plant & Machinery	2.5
4	Arrangement of Finance	1
5	Recruitment of required manpower	1
6	Total time required (some activities shall run concurrently)	3

**12. COST OF PROJECT**

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Pre-operative and preliminary Exp.	0.34
2	Equipment and Furniture Exp.	5.70
3	Working Capital	28.23
	<b>Total Project Cost</b>	<b>34.27</b>

**13. MEANS OF FINANCE**

Bank-term loans are assumed @ 60%

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	13.71
2	Bank Finance	20.56
	<b>Total</b>	<b>34.27</b>

**14. FURNITURE AND FIXTURES**

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Café tables	6	0.15	0.90
2	Café Chairs	25	0.10	2.50
3	Wall Art	5	0.05	0.25
4	Counter	1	0.25	0.25
5	Shelving Units	5	0.10	0.50
6	Menu Boards	2	0.05	0.10
7	Cabinets	10	0.12	1.20
	<b>Total</b>			<b>5.70</b>

**15. SALES REALISATION**

Sr. No	Product	Sales in Percentage
1	Variety of Teas(Wagh Bakri Tea, Kumaon Tea, Assam Tea, Darjeeling Tea, Oolong Tea, Masala Tea, flavored blends, and premium teas)	64.0%
2	Coffee (Espresso, Cappuccinos, Lattes)	23.0%
3	Savory Snacks and Biscotti	5.0%
4	Packaged Cookies and Biscuits	6.0%
5	Retail Selection (Packaged Teas, Buns & Breads, Tea Masala, etc.)	2.0%
	<b>Total</b>	<b>100.00%</b>

**16. PROFITABILITY CALCULATIONS**

The basis of profit calculation is;

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realization	144.14
B.	Cost of production	
i)	Raw materials	93.69
ii)	Utilities	5.10
iii)	Manpower Cost (Salaries/wages)	27.60
iv)	Administrative expenses	0.70
v)	Packaging Cost	0.47
vi)	Material Lost Cost	0.47
vii)	Selling & distribution expenses	3.36
viii)	Repairs & maintenance	0.00
ix)	Rent	0.30
x)	Interest	0.48
xi)	Misc. expenses	0.00
	Total (B)	132.16
	No of Unit production	658440
	Cost of Goods Sold per unit	Rs. 20(Rupees Twenty)
	Gross profit/loss (A – B)	11.97
	Less: Depreciation	0.59
C.	PBIT	11.39
D.	Income-tax	2.28
E.	Net profit/loss	9.11
F.	Repayment (Annual)	0.53
G	Retained surplus (E-F )	8.58

**17. BREAKEVEN ANALYSIS**

(Rs. in lakhs)

Fixed cost	
Land & Building Rent	0.30
Depreciation	0.59
Interest	0.48
Manpower	8.28
<b>Total Fixed cost</b>	<b>9.64</b>

<b>Variable cost</b>	
Raw materials	93.69
Utilities	5.10
Manpower	19.32
Administrative expenses	0.70
Selling & distribution expenses	3.36
<b>Total Variable cost</b>	<b>122.17</b>
Variable cost per Unit	Rs. 19
Revenue per unit	Rs. 22
Margin per Unit	Rs. 3
Number of Unit for Break Even Point	289053
Actual Capacity	658440

## 18. STATUTORY/GOVERNMENT APPROVALS

It is important to comply with food safety and business regulations before starting a food industry-related business.

1. Shop and establishment license is necessary for operating a dairy business wherein working hours, employment conditions, and other regulatory requirements are stipulated.
2. FSSAI-Food safety license registration is a must-have document for dairy food preparation to meet legal requirements. The Food Standards and Safety Authority of India (FSSAI) is the primary authority in charge of food safety regulation and oversight. As a result, according to the law, FSSAI Basic Registration is required.
3. The food sector is seen as a polluting industry due to the emissions of smoke from cooking and food waste washings. As a result, the food business needs a pollution license/certificate or approval for operation from the State Pollution Control Board to be established. The Central Pollution Control Board has categorized hotels and restaurants as Large Hotels, Medium Hotels, Small Bakeries, and Small Hotels.
4. Registration of dairy business for Goods and Service Tax (GST) with the Goods and Service Tax Network (GSTIN) as it applies to these products.

## 19. TRAINING CENTERS AND COURSES

Training centers that offer professional training and certification in entrepreneurship and business management are as follows:

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD)  
Regional Centre, Dehradun  
NSTI Campus, Green Park, Dehradun- 248001,  
Uttarakhand, India
2. Indian Institute of Entrepreneurship(IIE)  
NH-37 Bypass, Near Game Village,  
Lalmati Guwahati- 781029,  
Assam, India

Swayam portal (link: <https://swayam.gov.in/>) can also be accessed for enhanced learning on business commerce, accounting, production, marketing, and areas of entrepreneurship.

**Disclaimer**

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