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Factors Influencing the Selling Price of Unprocessed Tea among Smallholder Farmers in Ilam, Nepal

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Abstract

Despite an increasing demand on tea (*Camellia sinensis*), global tea prices have been showing a downward trend for the past decade. The certification according to organic farming practises is, among other factors, an effective method for tea farmers to increase profits made from tea production. Furthermore, increasing awareness of consumers towards ethical products is gradually leading to a shift of popularity from conventionally grown to organically produced tea. Nepal's tea industry is thriving and has steadily been growing in the near past. A large share of domestic tea production in Nepal is carried out by smallholder farmers. Their livelihoods are highly influenced by any fluctuations in the selling prices for tea. The Nepalese government intends to increase the export of tea and eventually improve the living situation of the population working in the tea sector. Based on this problem, we investigated which factors are positively influencing the selling price of unprocessed tea leaves among smallholder tea farmers in Nepal. Information was collected through a questionnaire survey among 91 farmers in Ilam, one of the main districts for tea production in Nepal. Data were analysed using descriptive statistics and multifactorial regression. Results of the regression analysis indicate that organic certifications, frequent attendance in training, memberships in a cooperative as well as access to credits positively influenced the selling prices of tea (Table). As each of these factors is far from full utilisation among the tea farmers in Nepal, we recommend involved stakeholders to encourage the acquisition of organic certifications for farming operations. In addition, cooperative memberships should be promoted and credits, as well as extension services, should be made more accessible.

Table: Factors influencing the selling price of unprocessed tea leaves

Variable	Coefficient	Std. Error	p-value
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Organic certification	7,234	1,684	0,000
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Education	-0,112	0,164	0,498
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Farming experience	-0,056	0,088	0,521
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Access to credit	2,515	1,47	0,091
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Cooperative membership	6,050	1,87	0,002
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Participation in training	1,202	0,609	0,052
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Keywords: Improved livelihood, nepalese tea farming sector, organic certifications, tea export strategy, tea selling price