



## Emergence of small tea growers: Implications in Assam

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### Abstract

Tea, perhaps one of the ancient most beverages in the history of mankind, occupies a hot seat in the world of non-alcoholic brands. Tea industry in India, which is nearly 200 years old, is among the most efficiently organised agricultural enterprises in the country. Owing to its soil species suitable for tea cultivation, Assam, which is one of eight North-Eastern states of India, has been the prima donna in tea production, contributing more than half of the nation's total tea production. Though as many as 850 tea estates of Assam continue to play their roles in the state's industrial configuration, the ever increasing importance of the Small Tea Growers (STGs), since its inception, cannot be undermined in current times. This paper tries to explore various reasons behind the emergence of small scale tea planters in Assam along with various prospects and constraints that are incorporated with tea cultivation in small holding. Moreover the paper is a humble attempt to demonstrate various relevant statistics regarding small holding tea production in the state.

**Keywords:** tea industry, tea production, small tea growers (STGs)

### 1. Introduction

Assam, the premier state among all the North-Eastern states of India, is the world's largest tea producing region. Historically Assam has been the second commercial tea producing region after Southern China. The re-uttering colonial myth of "discovery" indicates the history of the Assam tea bush is attributed to Robert Bruce, a merchant cum soldier of British East India Company, who accidentally encountered it in 1823. Bruce found the plant growing "wild" in different forest of Assam. Maniram Dewan, then a service provider under British, directed him to the local Singpho chief Bessa Gam. Robert noticed the Singphos brewing tea from the leaves of the bushes and managed Bessa Gam to provide him the samples of the leaves and seeds, which he planned to have examined scientifically. However Robert died shortly thereafter, without having seen the plant properly classified. It was only the early 1830s that Robert's elder brother C. A. Bruce made some arrangement to send plants of Assam tea bush to the Botanical Garden of then Calcutta. The plants were finally identified as a variety of tea, which was different from the Chinese version (Sarmah, 2013).

By the late 1830s, a market for Assam tea was assessed in London and the positive feedback stimulated the East India Company to introduce a long drawn process of dispossession of agricultural lands and forest commons through the infamous 'Wasteland Act' allowing significant portion of the province by private capital to be transferred to tea plantation. This close relationship, although exploitative in nature for the local people, of the colonial state and plantation capitalism through the colonial period is best explained in terms of "Planter Raj."

Maniram Dewan of Assam, who rendered service under Assam Company of British until his resignation in 1841, is considered as the first Indian personnel to undertake tea

plantation with his two tea gardens in Jorhat district of Assam. Following the pioneer effort of Maniram Dewan, numbers of Assamese persons came forward with vested interest in tea production. The golden journey of Assam tea has been continuing for almost 200 years without any interruption. It is very evident from the state's first position in all India ranking in tea production with nearly 55% of nation's total tea production (Tea Board of India, 2015) [13].

Originally tea was considered as a plantation which is cultivated in large estates comprising a huge area, producing a single agricultural product for business purpose. Until early 1950s, it was thought to be the sole way to produce tea on commercial basis where the integrated process of production and marketing was controlled by the tea planters. The concept of small holding tea cultivation came into limelight in mid 1950s after a rigorous and successful experiment made by Kenya. This successful venture pushed the planters to make steady shift from big plantation to small holding. Today in most of the tea producing countries like China, India, Sri Lanka, Vietnam, Nepal, etc., small holding tea growers make a useful contribution to the total tea production (Tea Board of India, 2014) [13].

The trend of small holding tea plantation started in Assam in late 1970s and we can now see that tea smallholding is mushrooming all across the state. The present numbers of Small Tea Growers (STGs) in Assam is counted 84,577, which shares almost 30% of the state's total tea production (Economic Survey of Assam, 2016). Small holding tea cultivation is not only making the state's tea sector more efficient and diverse, but also generating a steady flow employment opportunity for rural youths.

The definition of Small Tea Growers is given differently by different agencies.

Tea Board of India defines small tea gardens as those who

have land holding less than 10-12 hectares under tea cultivation.

Government of Assam considers small tea gardens as those who have land area less than 30 bighas.

On the other hand according to All Assam Tea Growers' Association (AASTGA) small tea growers are those who have land area less than 250 bighas for tea cultivation

## 2. Objectives

The research paper is guided by the following objectives:

1. To explore the reasons behind the emergence of Small Tea Growers (STGs) in Assam.
2. To sort out various prospects and problems of small holding tea cultivation in Assam.
3. To demonstrate some relevant statistics relating to small holding tea plantation in Assam.

## 3. Data Source and Methodology

For data faith has primarily been placed on various secondary sources like Tea Board of India, Directorate of Economics and Statistics, Statistical Handbook of Assam, Economic Survey of Assam, etc. along with different journals, magazines, newspapers and internet.

However first-hand information regarding different prospects and problems of small holding tea growing were also collected from various small scale tea growers' communities like All Assam Small Tea Growers (AASTGA) and Tea Growers' Community of Chaiduar development block of the state.

The paper is basically a descriptive and analytical.

To fulfil our first and second objectives the researcher is primarily using available literatures published in various research journals, magazines, etc.

For fulfilling the third objective the researcher is dependent on various survey reports prepared by Directorate of Economics and Statistics, Tea Board of India and All Assam Small Tea Growers' Association (AASTGA) on Small Tea Growers (STGs). To make the calculation easy and distinctive, growers are divided into three categories according to their land holding, namely growers having land area 0-1 acre, 1-3 acres and more than acres respectively. While talking about various relevant statistics regarding Small Tea Growers (STGs), we are basically concerned with total amount of green tea leaves produced by the STGs, market value of produced green tea leaves and annual yield rate of green tea leaves produced by the growers.

The calculation of the market value of green leaves produced by the growers is usually made by two measures. They are Gross Value of Output (GVO) and Gross Value of Output (GVA) respectively. These measure are defines below.

Gross Value of Output (GVO) =  $\sum$  {Production of green leaves X prices of green leaves.}

Gross Value Added = GVO – Input cost.

When we talk about the price of green tea leaves, we generally indicate the producers' price.

## 4. Results and discussions

### 4.1 Emergence of small tea growers (stgs) in Assam

Since late 1970s and early 1980s, the Tea Board of India was impressed by the experimentation on small holding tea cultivation made in Kenya and started putting more emphasis

on the promotion of tea cultivation in small holding. The basic reason behind this changing tactic is the decline in quantity and quality of tea production in the estate sector.

According to Bhowmik (1991) the uprising trend of small holding tea growers is primarily because of the failure of the tea estates to meet the yield target as well as consistent decline in quality of produced tea. In India 51% of the tea bushes in large tea gardens more than 40 years old, which is one among the major reasons for stagnant productivity. Further the re-plantation rate has never been more than 0.4 percent of the aggregate acreage in a year in the recent years, though the prescribed annual norm is 2 percent (Barua, 2013).

Gone are the days when only the big industries and businesses are thought to be the sole way to foster growth and generate employment. Since the days are becoming tougher and tougher with number of workable people is hiking in every nanosecond, the economic importance of small businesses in a developing country like India is much higher than innovative and invention. Having many advantages like requirement of small capital, low skill and technology, consumable capacity to absorb surplus labourers, limited barriers to entry, etc.; small businesses are in fact passport to not only generating employment, but also to see off poverty, enhancing both institutional and financial literacy and improving health condition in rural and semi-rural areas.

The year 1978 witnessed a new era in Assam tea history after the clarion call made by Late Sonaswar Borah, then Minister of Agriculture & Co-operative of Government of Assam, urging people of the state to grow tea in small holding. A handful of entrepreneurs from districts like Golaghat, Tinsukia, Dibrugarh, Jorhat and Sivsagar took this call as a welcome prospect for future transformation of socio-economic life of rural Assam and therefore started planting tea in their lands which hitherto would have been either lying vacant or utilised for cultivation of some other low yielding crops. The message soon spread every nook and corner of Upper Assam and many small and marginal famers and unemployed youths took up tea plantation on their private land and even in Public Grazing Range (PGR) which generally belongs to the state government. The phenomenon became a stupendous people oriented drive towards addressing unemployment (Barua, 2008).

## 4.2 Contemplation and conundrum

### 4.2.1 Prospects

The immediate result of shifting tactic of tea plantation in small holding was a lucrative one. The growers took full advantages of congenial weather, suitable land and other infrastructural facilities that were readily available in Assam (Barua, 2008). There exists other pertinent prospect behind such stupendous growth of small holding tea cultivation in the state. Growers were facilitated with readymade infrastructure like technology, processing units/factory, skilled workers and market. People were interested to utilise their land in tea plantation also because it offers steady of income for longer period with comparatively less investment. Since it is a labour intensive practice it can also yield fruitful outcome regarding employment. Active participation in this sector has the potent to ensure job satisfaction to the local youths (Das, 2012) <sup>[4]</sup>. Increasing practice of tea plantation in small holding in the

rural areas can play skipper role in boosting other inter-connected economic activities like setting up of more manufacturing units of small and medium size based on processing of green tea leaves, more sound and strategic communicative service, easily accessible financial services, improvement in intra and inter trade services, etc. (Taparia, 2003). The practice can also be implemented to check disaster like soil erosion and destruction of natural vegetation. All these developments in small holding tea cultivation will surely create a giant platform of entrepreneurial culture for the vested interested groups (Borah & Das, 2015).

#### 4.2.2 Scope of Economic Independence

Amartunge and Shiratake (2002) and Mwaura and Muku (2007) observed that the small tea enterprises are playing more stringent, effective and significant role regarding reducing poverty and generating employment opportunity than the large tea estates.

Small holding tea cultivation is primarily a family run business where the family members actively participate in maintaining the tea garden. Rather than using permanent labourer, growers are seemed to employ temporary labourer. However some growers also use permanent labourer throughout the year, but only in a few occasions. Saikia (2008) showed that in every small tea garden on an average at least two persons are self-employed and 4/5 people are employed by the growers as hired workers.

According to All Assam Small Tea Growers Association, at least five workers are employed in each tea garden and it is estimated that about 2.4 lakh people are directly engaged in small tea gardens, out of which 1.45 lakh is ex-tea garden labour or excess workers residing in the nearby tea estates.

**Table 1:** Estimated Numbers of Workers Engaged In Small Holding Tea Gardens

Category	No. of workers
Engagement of family members	81,792
Additional workers (from nearby tea estates)	1,45,692
Engagement of sub-staff categories	11,520
Total direct employment	2,39,004

Source: AASTGA, 2014.

#### 4.2.3 Constraints and Crisis

Since inception and during the course of time, the journey of Small Tea Growers (STGs) is not always smooth. They had to go through uphill tasks and continue to do so in order to maintain a steady growth of their tea production. These growers are never expected to assume the mode of dominant producers. Major hindrances for the growers are ownership of land, financial insufficiency low price realisation of green tea leaves, weak co-operation among the growers, dearth of skilled labour, unorganised nature of tea cultivation, etc.

Many growers are cultivating tea in government ceiling land or public grazing range without having formal land ownership. Since the Land Act of Assam restricts the transfer of ownership right to the growers, they usually fail to register themselves under the Tea Board and hence are exempted from any kind of benefits from schemes and policies announced for

them by the government or any financial institution (Das, 2012) <sup>[4]</sup>. Bhowmik and Reddy (1989) <sup>[2]</sup> found that establishment of co-operative tea factories provided a great sense of relief to the small scale tea growers of Nilgiri who were initially unable to supply their product to the tea estates. However heterogeneous size of land holding by the tea growers of Assam blocks the way to form a effective co-operation among the growers.

Since the annual *patta* land where tea cultivation is carried by the most of the growers is not eligible for institutional finance, they always deprive of financial assistance made by the Tea Board or financial institutions which are easily available for the big tea estates (Ganguly, 2013) <sup>[5]</sup>.

Goowalla (2015) <sup>[6]</sup> concerns about the issue that thriving for a ready and smooth market mechanism is a familiar picture of small tea growers of Assam. Growers are compelled to sell their output in nearby big tea estates or Bought Leaf Tea Factories (BLTFs) where the price of green tea leaves is fixed by the dictum of the purchaser. Adding salt to the wound, growers with small land holding cannot even sell their tea leaves to the BLTFs and have to heavily depend on the agents. Absence of direct communication between the ultimate purchasers and the producers of green tea leaves throws the growers into a dismal market condition.

The story does not end here. High oscillation of green tea leaves does not allow the growers to produce in an optimal level and this leads to overriding of cost over revenue earned. Discontent of these growers over the issue of regarding price of green tea leaves offered by the big tea estates and BLTFs is often visible in the state. Ministry of Commerce and Industry, Government of India, found a new pricing formula of green tea leaves according to which the price share ratio between the tea growers and made tea manufacturers needs to be 65:35, from the realisation of made tea during auction. However the guidelines are rarely followed.

The current situation of the small scale tea growers reflects their multi fold layers of dependency. Lack of substantial operational infrastructure as well as unavailability of certain regulatory support system along with erecting weather and existence of ill managed market set up only accentuates the dependency of STGs on multipronged external factors.

#### 4.3 Production, market value and yield rate of tea produced by small tea growers (STGS) in Assam

##### 4.3.1 Production of green tea leaves by the small tea growers (STGS)

Available data shows that total amount of green tea leaves produced by the STGs across the state was 744246115 Kg.s, out of which growers with land holding more than three acres contributes highest with 47% of the total green tea leaves production. On the other hand growers with land holding of more than three acres shares the lowest in total green tea leaves during the same period, which is 20% of the total production.

The following table demonstrate the total amount of green tea leaves produced by the Small Tea Growers (STGs) in Assam during the reference period. Data are shown according to the categories of STGs as mentioned above.

**Table 2:** Production of Green Tea Leaves by the Small Tea Growers (Stgs) In Assam

Category of STGs according to land holding	Production of green tea leaves (in kgs.)	% distribution of green tea leaves among the growers
0-1 acre	145908626	20
1-3 acre	244513687	33
More than 3 acres	353823922	47
All	744246115	100

Source: Directorate of Economics and Statistics, 2015

### 4.3.2 Market Value of Green Tea Leaves Produced By the Stgs in Assam

For determining market value of green tea leaves produced by the Small Tea Growers (STGs) the researcher is using Gross Value of Output (GVO) and Gross value Added (GVA). They are already defined earlier.

#### 4.3.2.1 Gross Value of Output (GVO) Of Green Tea Leaves Produced By the Small Tea Growers (Stgs) In Assam

Current annual GVO of green tea leaves produced by the growers is found to be 1, 18,081 lakh rupees. The contribution of the growers having land area three acres or more is highest, 59%, in current annual GVO of green tea leaves, while that of the growers with land area 0-1 acres is the lowest.

The following table is a clear depiction of current annual GVO of green tea leaves across the state.

**Table 3:** Gvo of Green Tea Leaves Produced by The stgs in Assam:

Category of STGs according to land holding	GVO (Rs. in lakh)	% Distribution of GVO
0-1 acre of land holding	22275	19
1-3 acre of land holding	38275	32
More than 3 acre of land holding	57531	59
All	118081	100

Source: Directorate of Economics and Statistics, 2015

#### 4.3.2.2 Gross Value Added (Gva) Of Green Tea Leaves Produced By the Small Tea Growers (Stgs) In Assam

GVA can simply be calculated by subtracting input cost from GVO.

Current annual GVA of green tea leaves produced by the growers across the state is found to be Rs. 90,455 lakh. Out of this, GVA of growers with more than three acres of land is the highest as it occupies early 46% of current annual GVA. On the other hand the share of the growers having land area 0-1 acres is the lowest with 19% only. This information can be represented in the following diagram also.

**Table 4:** Gva Of Green Tea Leaves Produced By The Stgs In Assam:

Category of STGs according to land holding	GVA (Rs. in lakh)	% distribution of GVA
0-1 acre of land holding	16895	18.68
1-3 acre of land holding	31412	34.73
More than 3 acre of land holding	42148	46.59
All	90455	100

Source: Directorate of Economics and Statistics, 2015

### 4.4 Yield Rate of Green Tea Leaves Produced By the Stgs in Assam

Calculating yield rate of production is one of the major tasks of any study or research regarding small scale tea cultivation. Yield rate of tea cultivation by Small Tea Growers (STGs) can be defined as the amount of green tea leaves produced by the growers per hectare of land under tea cultivation.

The average annual yield rate of green tea leaves for growers of all the categories is found 4483 kg per hectare. Yield rate is highest among the growers having land acreage of 0-11 acres, which is 5401 per hectare, while that of growers having land coverage of more than three acres is the lowest, with 3856 kg per hectare annually. It is attributed to the fact that less the land coverage used for tea cultivation greater is the managerial efficiency and more proper is the use of nutrition for the tea bushes, resulting in a higher yield rate.

Current annual yield rate of green tea leaves for growers of all the categories is shown in the following table.

**Table 5:** yield rate of green tea leaves produced by the stgs in Assam

Category of STGs according to land holding	Yield rate (Kg. /hect.)
0-1 acres	5401
1-3 acres	5178
More than 3 acres	3856
Average yield rate	4483

Source: Directorate of Economics and Statistics, 2015

### 5. Conclusion

Emergence of small scale tea growing practice can be considered as a priceless bonanza for industrial periphery of Assam. As the formal job market sinking every day, the youngsters are gradually frustrated of not having employment opportunity. The menace of unemployment is responsible for the alarming rate of increase in different unrest occurring in the society in the modern time. In such a critical situation, establishment of small scale tea producing units would provide ample space for self-expression and increasing the material well-being of the local youths, which in already evident in rural Assam not many years before. However the state govt. must play the pivotal role as a real booster to the sector. Issues like lack of ownership of land, highly fluctuating price of green tea leaves, scanty use of improved technology, etc. demand immediate attention from the side of the govt. to foster the growth of the sector. Depoliticising the policies, which often causes uneven spatial allotment of various institutional facilities among the small holding tea grower, is another major task at hand of the govt. Establishment of co-operatives among the tea growers can put them in a more robust bargaining position and cease them a more justifiable share of price in the tea market. Apart from the govt., the growers must play their part too. In many cases the sector cannot perform up to its expectation due to the growers' ignorance. Having tea plant in Assam is a rare natural gift and its benefit must be reaped to turn the desert in to an oasis.

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