

## Problems of Small Tea Growers: A Study in Sonitpur District, Assam

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### Abstract

*The small tea plantation sector now occupies an important space in the economy of Assam and contributes to the generation of rural employment. However, the sector is not free from problems. These are largely because of infrastructure deficiency and absence or implementation of certain regulatory measures. This paper provides a brief account of the problems faced by the small tea growers in the state drawing insights from the fields.*

### I. Introduction

The dominant tea producing regions of the world now see changed trajectory in the production process with involvement of growing number of small growers<sup>1</sup>. The Tea Board of India's emphasis on the promotion of the small tea growers since 1980s is primarily because of the decline in quality and production of tea in the estate sector. Bhowmik (1991) indicates the rise of small tea growers in India is primarily because of the failure of the tea industry to meet the expected growth target and decline in demand in the international market, quality being one of the factors. In India 51 per cent tea bushes are more than 40 years old, which is one of the causes of stagnant productivity (Tea Board of India, 2006). Moreover, the re-plantation rate is never been more than 0.4 percent of the total acreages in a year in recent years, though the prescribed annual norm is two percent<sup>2</sup>.

The paper looks at the growth of small tea growers in few pockets of Sonitpur district of Assam and discusses the major challenges faced by the growers in their consolidation process.

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<sup>1</sup> For example, In Assam small tea gardens emerged in early 1980s and the number had shot up to 48,292 in 2005 accounting 22.7 per cent of area and 25.8 per cent of total production (Statistical Handbooks of Assam, 2011).

<sup>2</sup> The Parliamentary Standing Committee on Commerce, Government of India, 2012 considered lack of bush re-plantation and rejuvenation of bush health as major deterrent factors for Indian tea plantation.

*The rise and expansion of small tea gardens*

In 1978, the then Agriculture Minister of Assam took the initiative and encouraged the rural youths of the state to take up tea plantations in the homesteads and fallow land to improve their economic conditions (Bora, 2008). Since then, plantations in the small sector show a considerable rise spreading over the districts, particularly in Eastern and Northern Assam. Skilled manpower from the nearby plantation estates, a convenient market to sell in the tea estate factories and advantages of plantation crops over the seasonal agriculture crops were some of the factors that helped in consolidation of the sector in the state. This phenomenon is described in the popular discourse as the most remarkable people-oriented economic activity towards boosting the state's economy and addressing the unemployment problem to an extent.

The expansion of the small tea sector also induced setting up of tea factories, popularly known as bought leaf tea factories (BLTFs) by a wealthy section of investors. At present there are 177 BLTFs across nine districts of the state (Government of Assam, 2011). The establishment of the BLTFs along with the existing factories of the tea estates, however, could not help to create a fair ground to absorb the produce of the small growers. This is particularly reflected by discontents of the small growers over the pricing of green tea leaves. The high oscillation of prices of tea leaves during the year, often un-remunerative, thus leading to a kind of dependency condition to sell the green tea leaves. Data of the survey conducted by the government of Assam (2011) reveals that processing capacity of the 177 BLTFs in Assam is about 260 million kg, whereas the production in the small tea garden sector stood at 391.5 million kg in the year 2008, indicating a crisis picture to sell the leaves.

*Study area*

The paper is based on interaction with small tea growers in six rural development blocks of Sonitpur district viz. Sootia, Behali, Biswanath, Bagmara, Rangpara and Balipara. The district of Sonitpur is situated between the river Brahmaputra and the Himalayan foothills of Arunachal Pradesh. Its long foothills region with Arunachal Pradesh provides a fertile ground suitable for tea cultivation (particularly in Biswanath Chariali and Behali blocks) leading to high concentration of tea gardens in the district. At present, the district has more than 6500 small growers covering an area of 1297.63 hectares (Government of Assam, 2011).

The land available for tea cultivation in the district can be divided into three categories: forest land, agricultural land (low land and high land) and grazing land. The concentration of tea plantation is mostly seen in the privately owned agricultural land, but now expansion is visible in the forest and grazing land, owned by the State. Agricultural land are further divided into three types on the basis of the revenue generated namely, i) *myadi* land (permanently settled), ii) *eksona* (yearly settlement), and iii) *tauzi* (government land but under individual occupation in lieu of nominal rent to the government). At present, people have started using all categories of land

for tea plantations. The use of forest land, for example, is witnessed in development blocks of Rangapara and Chariduar. It is found that a large section of small tea growers in the district are from rich class of rural and semi-urban areas. This class, besides using their own land, also acquired land from the poor and marginal peasants for tea plantations. Further, many government officials, influential political leaders and businessmen are also seen to be engaged in grabbing community and State land in the remote areas adjacent to forest land and have started tea plantations.

### *From agriculture to small tea plantation*

One of the reasons of expansion of small tea plantations, as cited by the small growers, is because of the menace created by the animals in the agriculture pockets. “...growing pineapples on commercial basis, but it became impossible with growing menace from the monkeys. This is precisely the reason that, many people in the villages now even stopped growing the seasonal vegetables. Replacement or change in land use to tea thus became a viable alternative”<sup>3</sup>. In some other pockets, elephant disturbances in the sugarcane fields, compelled people to shift to teaplantation. This problem has been acute in the study blocks of Chariduar and Rangapara adjacent to the Nameri National Park.

## **II. The Constraints and the Crisis**

### *Oscillation of prices of green tea leaves*

The small growers are dependent on the BLTFs and estate factories to sell their green tea leaves. The growers reported high oscillation of the prices of leaves supplied to the factories (Table 1). The small growers have poor negotiable power and the oscillations and downward trend even in a month create constraints to meet the operational costs of the plantations.

**Table 1: Average price of Green Leaves (2009-2013)**

Year	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2009	15.9	15.8	15.8	18.3	13.8	12.8	12.3	13.8	14.1	14.1
2010	15.8	15.8	15.8	15.8	16.3	16.3	14.8	14.8	14.8	14.8
2011	18.4	18.8	18.8	18.8	6.00	14.3	12.0	11.5	10.8	10.8
2012	17.8	18.5	19.8	21.8	19.8	18.8	17.8	16.8	16.8	16.8
2013	18.8	18.5	22.8	19.8	15.3	15.3	15.3	14.5	14.0	14.0

Source: Growers' diary (from Behali Block), figures are in Rs.

Small growers discontent over the prices offered by the tea factories often visible in the state. The Tea Marketing (Control) Order, 2003, of Ministry of Commerce and Industry, Government of India, has stated a price sharing formula of green tea leaves. To this, the price share ratio between tea growers and manufacturers needs to be 65:35

<sup>3</sup> Discussion with a small tea grower in Biswanath Chariali area, August, 2013

from the realisation price of made tea at auction market. This guideline, however, as revealed from the prices (Table 1) is not followed<sup>4</sup>.

### *Heterogeneity issue in formation of producers' co-operatives*

The issue often raised that setting up factories by the small tea growers on cooperative mode could help in ensuring remunerative prices for green tea leaves. The concept of co-operative tea factories provided relief to the problems faced by the small growers in many tea producing areas in the country, particularly in the Nilgiris in India (Bhowmik, 1997; Reddy and Bhowmik, 1986). However, the heterogeneous size class of holdings among the small growers comes in the way of forming cooperative in the sector<sup>5</sup> It is seen that in many cases the establishment of BLTFs are joint initiatives of both the growers and affluent investors. Discussion with the small growers in the study area reveals that the owners of some of the BLTFs put pressure on the neighbouring tea estates to keep the price of green tea leaves lower<sup>6</sup>. Moreover, the section of growers with larger size of holdings (more than 10 acre), never raise their voice for price fluctuations. The small growers are on the opinion that there exists a reciprocal relation between the large growers and the factory owners towards ensuring continuous supply to the tea factories and better prices for the leaves.

### *Oversupply or limit in processing capacity of green leaves*

The processing factories set the limits on the supply of the quantity of green tea leaves during peak season<sup>7</sup> adding to the woes of the small growers. The processing units (both the estates and BLTFs) fixed a maximum amount to be transported and purchased for every 'carrier'<sup>8</sup> and refuse to take any extra leaves beyond the pre-determined quantity. This in straight term indicates oversupply of the leaves. Besides the limit imposed on the quantity supplied, the growers also face problem in selling the leaves during the weekends as only a few factories remain open till Saturday noon. Furthermore, without any prior intimation, the processing units sometimes refuse to take leaf from the growers.

<sup>4</sup> To make a kg of dry tea it requires about 4.5 kg of green leaves. The cost component at the factories is estimated at 35 per cent of total costs. Thus the price payable for a kg green leaves should be =sale proceeds at auction market  $\times (1/4.5) \times 0.65$  (the share cost of production at field). Considering the average price of Rs. 130/kg at the auction market of Guwahati during 2013, the price of green tea leaves could have stand at Rs. 18.75/ kg. But we observe huge deviation for larger part of the year (Table 1).

<sup>5</sup> The field work captured land holdings in the size classes of more than 25 acres, 10-20 acre, 3-10 acre, 1-3 acre and below 1 acre. The holdings remain as peasants smallholdings and the existing regulations would work if holdings are of about 2-3 acres in size. The government of Assam's consideration of tea holdings as small with acreages up to 25 acre appears to be problematic.

<sup>6</sup> Discussion with the growers, 9<sup>th</sup> April 2013.

<sup>7</sup> The monsoon months (June- September) are the peak season when the tea yields are the maximum.

<sup>8</sup> The word 'carrier' refers to those people who got engaged in transporting green tea leaves to the factories.

The venture in tea plantations in the neighboring state of Arunachal Pradesh, adjacent to the Sonitpur district also has induced the supply of green tea leaves to the factories located in Sonitpur district. This may be one of the reasons for setting the limit of supply of leaves.

Das (2013) views that the meager price offered for the tea leaves is indicative of the fact the processing units take advantage of abundant supply of this perishable product. Discussions with the growers revealed similar experiences which they also encountered from the company's part as they deny the leaves on account of technical glitches. Rise in production in estate plantations also leads to refusal in purchase. Under such circumstances the growers have no choice but not to pluck the mature leaves leading to wastages of the leaves.

### *Experience of the tea leaves agents*

The 'carriers' often incur losses during peak plucking seasons when the factory management refuses to buy the leaves, even after reaching the premises of the factory. In such circumstances the entire process becomes very uncertain. Such development also invades the self-respect of the 'carriers' as well as of the growers<sup>9</sup>, forcing them to knock the doors of processing factories one after another.

The *Maharis*<sup>10</sup>, a multi-tasked staff employed by some of the small tea growers with large landholdings for supervisory activities and transportation of the leaves shared that it is better to work as wage earner than to engage in job of transportation<sup>11</sup>. A grower from Rangali village narrated his experience "*While transporting a fully loaded vehicle of green leaves, the manager of a factory refused to buy the green tea leaves. On my constant request, he agreed to purchase it and bargained the price of the leaves at Rs 15/- per kg instead of Rs 22/- per kg, but finally refused. The approach in another factory yielded the same result. The final action was throwing the green leaves to river out of sheer frustration*"<sup>12</sup>.

### *Scarcity of Labour*

Tea plantation is a labour intensive production sector. In this sector labour is non-substitutable to machineries to ensure quality of the pluck. Ideally, a smallholding of about 2 acres can be run by the family members. However, considering the larger size of the plantations (as we have indicated), the growers seek the services of hired labourers. Moreover, there is demand for additional hands during the peak season as the yield of matured tea bushes increases. Generally, the ex-tea garden workers and the casual workers engaged in tea estates are the main source of labour to work in the

<sup>9</sup> FGD with growers engaged in green leaf transportation.

<sup>10</sup> The term *Mahari* refers to the unemployed youths of the study area who are employed by the relatively large small tea growers as multitasker.

<sup>11</sup> Discussion with the *Maharis* of small tea gardens of village Botiamari (Behali Block).

<sup>12</sup> Discussion with a grower on 25<sup>th</sup> August 2013

small tea gardens, along with a small segment of daily wage earners from the respective villages.

As, labourers are often not available in the production pockets, transportation of the labourers has become an additional responsibility for the growers. It is found that most of the labourers demand pick up and drop facility. The labour crisis has led to development of a unique system operated by the 'carrier' of green tea leaves. It may be noted that in the areas of small tea gardens, significant number of youths are now involved in the supply of tea leaves from the production holdings to the tea factories. The small growers place the demand on the carriers to supply the labour to work in their plantations, and in turn supply green tea leaves. The carriers also look for sufficient quantity of supply to derive maximum profits. To ensure an uninterrupted supply from the growers, the carriers arrange supply of workers to work in the plantations. The growers also pay a sum of Rs. 10/ per workers towards the transportation cost, irrespective of the distance travelled. In areas of labour shortage, it is seen that the growers offer gifts as well as monetary bonus to the workers during festivals to ensure their availability.

The crisis of labour supply is apparent during the festival period of *Durga Puja* and *Holi*<sup>13</sup>. The hangover of the festivals continues for long leading to absenteeism and subsequent wastage of the leaves. Moreover, availability of relatively remunerative jobs in other non-farm sectors has also created crisis in the supply of labour to work in the plantations (note wage).

#### ***Imposition of levies by the State***

Since the year 2009, government of Assam is imposing a Cess of Rs. 0.20 for a kg of green tea leaves. The Cess is collected through the BLTFs and estate factories, who deduct the amount from supplies made by the small growers. In addition to the Cess, the government imposes a tax of Rs 200/- per *bigha* on the government land used by the small growers. Interactions revealed that such levies put additional burden on the growers, particularly because of rising inputs costs in fertilisers, pesticides and wage of labour.

#### ***Lack of irrigation facility***

One hectare standing mature tea plants requires about 10,000 liters of water per day which is equivalent to 2.5mm rainfall (Barua, 2008). Tea plants also need water after pruning which is generally done during the months of December and January. This period is generally dry in Assam, receives a few showers of retreating monsoon, eventually fruitful for the growth of tea plants after pruning (Barua, 2008).

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<sup>13</sup> These are some major festivals celebrated by the working community involved in the tea gardens.

However, erratic nature of rainfall in recent times, particularly during the non-monsoon period, forces the growers to make arrangements for irrigation infrastructure. Considering the size of the holdings, however it is uneconomical to make the provisioning of irrigation infrastructure. Drawing water from the nearby water bodies, river and extraction of groundwater is not inexpensive for the small growers. The Tea Board of India emphasized on this issue in the XII plan period. Now, the Tea Board offers irrigation subsidy at 25 per cent of the total expenditure subject to a maximum of Rs. 10,000 per hectare, but this appears to be very low in comparison with the current cost (around 70,000 per hectare) (Das, 2013: 30).

#### ***Pressure from militants groups***

Some of the tea pockets in Sonitpur district are infested by the militants groups, who reportedly accumulate a considerable sum from the tea sector. The small growers in the study district, particularly areas bordering Arunachal Pradesh are also the victims. The incidence of demanding money and kidnapping of the small tea growers has become a phenomenon in the area.

#### ***Theft of green tea leaves***

Stealing of green tea leaves has emerged as a problem in the pockets of small tea garden. The prime reason as indicated is that the BLTFs and Estate tea factories procure green tea leaves through the carriers or agents without verifying the sources. The carriers collect the tea leaves from people at certain collection points and not from the garden directly. The layer of intermediaries creates the space and some needy people get involved in stealing and sell to the carriers (Saikia, 2012).

#### ***The Grower's Association***

The Biswanath small tea growers' association was formed in the year 1992. Later with involvement of many more growers from other localities it was given a shape of district level association. The association appears to be helpless in addressing the plight of the small growers including finding ways to ensure remunerative price of green tea leaves.

The president of the association shared: "*If no one agrees to sell the leaves in lesser price, the processing units are bound to pay the right price. A section of growers selling leaves at lesser price must have some kind of understanding with the factory management, including the waiver of the transportation cost*". It may indicate that the spirit of cooperation is missing in the production space.

It may be noted that the Carriers or the Agents, in order to ensure their livelihood assure the supply of tea leaves to the factories. There is an informal directive from the growers association not to sell green leaves through the carriers and at low price. The cash starved small growers, however cannot ignore the carriers, unless some concrete

provisioning from the association is made. This leaves a section of growers to remain indifferent to the directive of the association. It will require an effective formation of the producer societies to collect and sell the tea leaves, along with the regulation to implement the price sharing formula of green tea leaves.

### **III. Conclusion: Initiatives of the institutions need to be complemented by supportive regulations**

Present condition of the small tea growers shows their multifold layers of dependency. The deficiencies in operational infrastructure and absence of certain regulatory supports have only accentuated dependency of the small growers on variety of external factors. On one hand, erratic weather and lack of irrigation facilities affect the yield in their plantations and absence of regulations on price front creates anxiety to sell their produces. In addition to these two set of factors, on operational front certain factors influence the cost of production and yield. It appears that on institutional front the supports are primarily on operational line.

The Assam Agriculture University extends its supports as advisory in husbandry and technological fronts. The “Small tea Growers Advisory Programme” in the Department of Tea Husbandry and Technology, which receive aid from Tea Board of India. The training and supports are in the areas of pesticide residue and overuse of fertilizers, knowhow of growing tea vis-à-vis pruning, skiffing, shade trees and production process of made tea<sup>14</sup>. The intervention of the Assam Agriculture University is necessary because at present the question is being raised on the quality of tea plucked in the small tea gardens. It is often reported that, the small growers do not use fertilizers and pesticides rationally, largely because of lack of knowledge. The buyers at the international as well as national markets are now quality conscious, look for organic products and test the presence of residuals of fertilisers and pesticides. To maintain the quality and environmental standard the small tea growers will require a brand name and institutional support, which appears to be beyond imagination at the present regulatory environment, particularly on the pricing front.

The Tea Board of India in the 11<sup>th</sup> five year plan had incorporated various field oriented developmental measures aimed at increasing field productivity and reduction in cost of production. In order to achieve these objectives, financial assistance is being extended to all segments of sector regardless of their size. In addition to the scheme, for Self Help Groups, the Tea Board has provisions of subsidy for setting up of leaf collection centers, purchase of weighting scales, leaf carrying bags, plastic crates, purchase of transport vehicles, and purchase of field inputs like fertilizers, plant protection chemicals, pruning machines, etc. Such support on the marketing front, however, cannot be considered complete.

Moreover, the schemes of the Tea Board of India are confined only to the registered growers and only a small fraction of the small growers in Assam are registered with

<sup>14</sup> Discussion with Prof Gautam Saikia on 28<sup>th</sup> August, 2014 (Jorhat Agricultural University).

the Tea Board. Registration in the Tea Board requires submission of certain documents including the land possession certificate. The growers which have used government land do not have land possession certificate. Even though the TBI has introduced the process of issuing biometric card from the year 2013, which is quite easy in comparison to the previous process of registration but the process has not yet completed.

It may be commented that the efforts of the institutions on development front need to be complemented by the regulations to ensure fair price and market for the produces. This could be the first step towards ensuring inclusiveness and distributive justice in the small tea plantation sector.

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