

# Small Tea Cultivation in the Process of Self-Employment: A study on the Indigenous people of Assam (India)

Kakali Hazarika<sup>#1</sup>, Kaberi Borah<sup>\*2</sup>

<sup>#</sup> Department of Humanities and Social Sciences,  
National Institute of Technology Silchar, Silchar-788010, Assam, India

<sup>1</sup> ziasarmah@gmail.com

<sup>\*</sup> Department of Humanities and Social Sciences,  
National Institute of Technology Silchar, Silchar-788010, Assam, India

<sup>2</sup> k.borah0049@gmail.com

**Abstract** - The tea industry of India has had a long trip since the 18<sup>th</sup> century. In spite of having a strong base as manufactured product, it allows a bigger gain for the country as agricultural output. Among the tea producing states of India, Assam is well known internationally since a long time ago. The state dominates the country's tea map by producing almost half (50 per cent) of the total tea production. In the recent years, Indian tea industry has witnessed many structural changes such as the replacement of small tea plantations by large plantation, the emergence of Bought Leaf Factories (BLFs), for example. Cultivation of tea on smallholding has gained considerable momentum amongst the youth. Being a labour intensive industry, it is the source of employment for the Assam's indigenous people. It has the potentiality for making a positive economic impact ensuring new employment opportunities, proper utilisation of local resources and as a source of revenue. It is estimated that there are nearly 90,000 Small Tea Growers (STGs) in Assam creating employment for around 1.5 lakh people apart from producing innumerable rural entrepreneurs with the potentiality of transforming the socio economic condition of rural Assam. This paper highlights the prospects of small tea cultivation as a source of self-employment in Assam.

**Key Words:** BLFs, Employment, Entrepreneurs, STGs.

## 1. Introduction

Tea is the ancient beverage and the most popular drink in the world. The tea industry of India is one of the oldest and perhaps the most efficiently organized agricultural enterprises in India (Borborah & Gogoi, 2007). In India, tea has grown in an area of 5.10 lakh<sup>1</sup> hectares producing 23 per cent of the global tea production (in 2010). Since the introduction of tea in India (in 1823), the industry has contributed immensely towards the socio-economic development

<sup>1</sup> A lakh is a unit in the South Asian numbering system equal to one hundred thousand (100,000).

of the tea growing regions. Indian has sixteen tea growing states, of which Assam, West Bengal, TamilNadu and Kerala account for about 95 per cent of the country's total tea production. Among these states, Assam produces almost 50 per cent (480.286 million kg) of the total production (966.403 million kg) of India (TBI, 2010).

**Table 1:** Production of Tea in India (million kg)

Year	Small Growers (Area up to 10.12 hectares)	Big Plantation (Area above 10.12 hectares)	Total Production
2007	257.46	728.97	986.43
2008	257.46	723.36	980.82

Source: Tea Board of India

According to NABARD, Tea is a big agricultural enterprise also having some characteristics of industry. It involves both agricultural (cultivation, manuring, irrigation etc.) and industrial operations (processing and manufacturing). The production of tea in India takes place in both large plantation and small gardens. Small Tea Growers (STGs) are defined, as a person or group having plantation area up to 10.12 hectares (TBI). In Assam there are 3767 registered STGs (Statistical Handbook, 2009), where as the actual number is estimated to be 90,000 (approx). According to All Assam Small Tea Growers Association, the STGs contribute with 29 per cent of the state's total tea production and with 14 per cent of country's overall production.

## 2. Statement of the Problem

Tea industry may be directly responsible for the economic development of a country, and it surely is in a country like India. It is a revenue generator as well as employment provider to large number of people both directly and indirectly.

In many empirical researches, it has been observed that small-scale tea cultivation was widely recognized as an integral part of economic development for many countries in the world. This is true for Japan, Sri Lanka, Singapore or other developed or developing countries. Also in Assam, tea cultivation has immense potential for both employment and income generation. It can be a lucrative business venture and can play an important role in improving socio-economic condition of the rural people of Assam. The advent of STGs represents a new development for the tea industry of Assam; most of these people are young educated and unemployed youth taking tea cultivation as their profession. However, the young growers are facing many problems related to the availability of finance, low price of green leaf, processing of leaves etc. Hence, considering the above aspects, following objectives will be highlighted in this paper:

1. To identify prospects of tea plantation in smallholding in the process of self-employment in Assam.
2. To identify the constraints faced by the existing STGs of Assam.

### 3. Small Tea Plantation

Traditionally tea is best known as plantation crop. Tea plantation is often called tea estates/gardens. Plantation comprises a large area, producing a single agricultural product as a commercial venture. This model (plantation) was introduced in India during the colonial period by the planters (mostly from UK) and until 1950's it was thought to be the only way to produce tea on commercial basis where cultivation as well as processing were done by the planters.

#### 3.1 Emergence of Small Tea Cultivation

The concept of small tea cultivation came into existence when Kenya (1950's) had decided to produce tea for export. The experiment taken by Kenya (1950's) succeeded and a modern trend of small tea holders or growers arose in developing and developed countries to produce cash crop like tea. Since then there has been a steady shift in tea cultivation from big plantation to small holdings (CDPA, 2008). Today in most of the tea producing

countries like Indonesia, Kenya, Bangladesh, Nepal, Sri Lanka, or Vietnam small tea cultivation significantly contributes to the country's total tea production along with the large estates. In many ways tea cultivation is very attractive – as tea provides long and sustainable income for a long period with comparatively less investment, moreover it uses unutilised and underutilised lands, gives long time employment opportunities etc.

#### 3.2 Small Tea Growers (STGs) in India

The emergence of STGs is a recent concept in India. Most of the suitable land for tea plantation was already occupied by the large tea plantation (Hannan, 2008). Tea cultivation on small holding was initiated (1930's) beyond the traditional tracts of cultivation in Nilgiris of Tamil Nadu (Chai Time, 2007). It was only in the late 1980's or early 1990's that the cultivation spread to the other tea producing states of India like Assam and West Bengal. The Tea board of India (TBI) formally adopted the concept of STGs during the eight five year plan (Hannan, 2008). In recent years non traditional tea cultivating states like Arunachal Pradesh, Nagaland, Meghalaya, Sikkim have also taken some efforts to introduce tea gardens in these regions (Saikia, 2011).

As per the membership of various small tea growers association in different states the number of small holders currently stands at 126256 (TBI, 2006) and producing nearly 35 per cent of total tea production of the country. The number of STGs has registered stupendous growth particularly in Tamil Nadu. Around 53.9 per cent STGs are concentrated in South India. Out of the total tea produced by the STGs, the North India posses the highest share (54 per cent).

**Table 2:** Distribution of Small Tea Growers in India

State	Number of STGs	Area(in ha)
Assam	42,492	41,249
West Bengal	8,398	9,500
Tamil Nadu	61,985	43,157
Kerala	5,999	4,810
Other states	7,382	8,032
Total	126,256	106,748

Source: Tea Board of India, 2005 Kolkata

### 3.3 Small Tea Growers (STGs) of Assam

Though the tea industry of Assam is more than 180 years old, the concept of tea cultivation on smallholding is comparatively recent development. Earlier tea cultivation was colonial in nature without the involvement of local/native people. This was limited within the influential classes and not permissible to common people (Gogoi, 2011).

The situation was also the same after the independence (when British free India); the indigenous people of Assam were deprived from this outstanding entrepreneurship because of some legislation (Saikia, 2008). Finally, in the year 1978, the Government of India as well as the Government of Assam allowed the local people to cultivate tea on small holdings, abolishing all the barriers. These growers have taken the advantages of congenial weather for tea cultivation, available suitable land and other infrastructural facilities that were readily available in Assam. So far as the published data, the first commercial tea plantation in a small plot of land was started in Golaghat district of Assam during 1978.

According to a survey by the State Government (Assam) and tea Board of India, the major concentration of STGs is found in upper Assam districts like Tinsukia, Dibrugarh, Sivsagar, Golaghat and Jorhat. It has been found that there are 68,465 STGs in Assam and nearly 5 lakh families are associated with this phenomenon.

**Table 3:** Growth rate of STGs in Assam

District/year	1993	1998	2003	2007
Tinsukia	528	2153	8438	15561
Dibrugarh	1635	5856	11625	16972
Sivsagar	1005	2232	4258	12436
Jorhat	639	2502	5150	4962
Golaghat	837	1881	4774	11392
Other	134	1023	4148	4144
Total Assam	4778	15647	38393	65466

Source: All Assam Small Tea Growers Association

In Assam, tea cultivation occupies nearly 2.4 lakh hectares, out of which 56871 hectares (23 per cent) are occupied by STGs (2003).

## 4. Prospects of Cultivation of Tea on Smallholding (in Assam)

Small tea cultivation is one of the most significant developments towards the end of last century. There are various reasons for the phenomenal growth in the number of STGs. These tea growers have shared the benefits of favourable soil and climate, readymade infrastructures like technology, labour, market, government support etc. for cultivating tea. More over farmers have opted for tea because it has limited risk for the factors like crop failure, climate change, dearth of market etc. As Assam is a traditional player in tea plantation (Taporita, 2011).

### 4.1 Strength of Small Tea Cultivation

#### 4.1.1 Scope for entrepreneurship

Cultivation of tea in small scale is said to be the outcome of the entrepreneurial ability of a group of local youth in the latter part of 1970's (Goswami, 2006). The private initiatives taken up by small tea growers shall cultivate the spirit of entrepreneurship. Encouraging the youths in taking up small/ medium level tea cultivation would strengthen the backbone of the rural economy as well as curb social unrest in the economy (Barker, 2007). Tea growing in any scale either big or small is an enterprise, since it encompasses all elements required for an enterprise viz. Land labour, capital and organization.

#### 4.1.2 Source of Income and employment to the rural mass

Small tea cultivation provides ample avenue for self-employment for the rural educated unemployed youths besides engaging family labours (Baruah, 2007). The cultivation itself creates many employment opportunities in the field of manufacturing, supply of garden implements, transportation of green leaf and retailed outlets of agro chemical and manures etc. Today, the rural unemployment has almost ended in most of the upper Assam district as tea cultivation on small holding gave the people avenue to earn livelihood. In the last 25 years, around 65000 small tea gardens are established by the local people. In every garden, 1or 2 people are self-employed and 4 or 5 people are employed by the grower in their garden and other related activities (Saikia, 2008).

Other than the unemployed youths many ex-tea garden employees, service personnel's and government employees also taken up small tea cultivation because of their personal satisfaction and as a source of steady income in future.

#### 4.1.3 *Incentives provided by the Tea Board of India*

A registered grower is eligible for the benefits given by the TBI. For an individual grower the benefits are:

- Subsidised loan for plantation of tea
- Price subsidy if the price of green leaf falls below a certain level
- Free training etc.

For STGs society

- Subsidies in purchasing transport vehicle
- Setting up leaf collection shed
- Supply of input as fertilizer, plant protection chemical, sprayer, pruning etc.

#### 4.1.4 *Utilization of land*

Most of the land used by the STGs may be considered as second grade land for growing tea. Some of them grow tea in ceiling surplus land, waste land, grazing land or government lands which were either underutilized or unutilized. The STGs of Assam has successfully utilized 20 million hectare waste land (Khanikar, 2006).

#### 4.1.5 *Establishment of Bought Leaf Factory (BLF)*

BLF is an arrangement to manufacture tea bought from only STGs within a tea cluster. It is a welcoming feature as it creates the marketing point for green leaf produced by the STGs. There are 220 BLFs (2009 statistics) which produces 130 million kg of tea that accounts for 25 per cent of the total tea production of Assam.

The urbanized outlook of tea cultivation, the glamour associated with it, the living standard of the managers of the big tea gardens and facilities enjoyed by them, attracted the new generation of Assam towards tea cultivation. Hence, the cultivation of tea on small holding is the green revolution of Assam which empowering many people for the first time and rejuvenating the state's economy. These growers dot the landscape as more and more people of rural Assam turn their backyard into mini plantation.

#### 4.1.6 *Major constraints of small tea plantations*

Presently going through different reports and Small Tea Growers Association views, this sector is facing some internal and external hurdles.

- **Low Price of green Leaf**

In present scenario, the most important problem of the STGs of Assam is the absence of fair price for the green leaves produced by the growers. The STGs do not possess their own processing unit; and have to sell their produce to the big estates or BLFs where price is entirely decided by the BLF or big grower. More over tea is a perishable product therefore the STGs compel to take the price whatever offer by the factory owners.

- **Land ownership problems**

Most of the growers are growing tea in government lands, ceiling lands without any valid land right in Assam. The land Act of Assam restricts the transfer of ownership right to the tea growers. It is a great concern for the small tea growers of Assam. It may be mentioned that Indian states like Arunachal Pradesh, Tamil Nadu were given the right for settlement of land.

- **Financial Problems**

Whatever growth the small tea cultivation has, it entirely depends upon private initiative of individual growers. Institutional finance to this sector is very less (2 per cent only). This problem is due to lack of ownership of land, non-registration of tea gardens etc. Lack of these documents, the institutional finance and help from Tea Board of India are not enjoyed by the small tea growers, which hinder the growth of this sector.

- **Marketing of Green Leaf**

Green leaf is a perishable product which needs to be processed within twelve hours of plucking. In the absence of proper marketing channel of green leaf, the small tea sector has to depend on the buyers, like big tea garden owners, BLFs, etc. Recently, some agents are coming as new intermediary between tea growers and factory owners. Lack of market information, absence of proper storage facilities, transportation problem etc. ultimately bring down the price of green leaf.

- **Lack of Technical Knowhow of the Growers**

It is found that most of the small tea growers are not technically sound or lack of proper knowledge in the field of tea cultivation. These unskilled cultivators are facing problem in certain areas like- pest management, manuring, drainage etc. that is most essential knowledge for the growth and development of this sector.

- **Lack of Co-ordination between Producer and the Buyers of Green Leaf**

As small tea growers are scattered and the amount of production also heterogeneous in quality. It becomes very difficult to set up a common price for the produce of small tea gardens.

- **Taxes**

In Assam, instead of supporting the growth of small tea growers, (which has been taken up by the new generation local Assamese people), instead of rewarding them, the small growers have been asked to pay additional 20 paisa per kilogram of leaf as green leaf cess; though an existing land cess of Rs 22 per bighas is there. Other than, this they have to pay a fine of Rs 200 per bighas if they put the tea under government fellow land.

- **Unregulated Growth of Small Tea Growers**

Unregulated growth of this sector in Assam has given rise the problem of price fluctuation of green leaf in the market. Without going through the marketing and economic holding etc. many small tea growers started cultivation of tea in the remote areas of Assam; which ultimately leads to the uneven development of this sector.

## 5. Policy Recommendations

The small tea growers of Assam are a major economic force within the tea industry. From the above discussion, it is clear that this industry may rebuild the socio-economic structure of the indigenous people. The problems which are highlighted like land ownership problem; can be shorted out by the Government taking example from other states like Arunachal Pradesh, Tamil Nadu, West Bengal etc. The only thing needed here is the sincere effort from the Government side and look this small tea gardens a new development initiative for the state.

- If we can solve the land ownership problem in Assam, we can also minimize the problem of finance to some extent of this sector; which is one of the most important factors for the growth of an industry. The institutional finance and financial assistance from Tea Board of India is totally based on land ownership of the cultivator in Assam.
- In case of marketing, the All Assam Small Tea Growers Association (AASGA) can

set up co-operative form of cultivation and a standard for production of green leaf and their price before every tea-growing season. For proper price, Government can come to rescue the small tea grower with a minimum support price concept, which is applicable with other agricultural products.

- Looking into the technical problems of the small tea growers, the Tea Board of India, Tea Research Authority and corporate tea producers should take the responsibility to train different aspect of tea cultivation to the small tea growers. This will improve the technical knowhow of the cultivators.
- To restrict the unregulated growth of small tea gardens, Tea Board of India or the Government of India should set up a regulatory authority to look into the matter to restrict the uneven growth of this sector. In a liberal economy, a regulator is must for the proper development of a particular sector, who will guide the development process.

## 6. Conclusion

The private initiatives taken up by small tea growers shall cultivate the spirit of entrepreneurship in Assam it is very important for the development of the state. Entrepreneurs are the backbone of a nation. Establishment of small units of production would provide youth of the state their fruitful opportunities for self expression and increasing their material wellbeing. In Assam younger generation feel frustrated because they do not have assurance that their education and other skill and talent would be fully utilized. Therefore encouraging these youths in taking up small/ medium level tea cultivation would strengthen the backbone of the rural economy and will also curb social unrest in the economy. This first generation entrepreneur will be the role model for the next generation. Economic benefits from the tea industry enjoyed by the British before independence and people from outside the state (Assam) after independence. Native people did not get their due share from the development of tea industry. Tea industry of Assam can be termed as oasis in a desert. The first generation cultivators who have taken up commercial cropping of tea are a radical step towards a new social system in Assam. This will empower the people of Assam with dignity. This silent economic revolution by small tea growers in the rural areas across Assam has helped to tackle unemployment problem apart from using unproductive land in an environment friendly manner. There for support

should come from every quarter to sustain this socio economic revolution.

## References

- [1] Barker & Justin (2007); "Importance of Entrepreneurship" at <http://www.yeabiz.wordpress.com/2007> visited on 12.10.12.
- [2] Baruah Dr. Pradip (2008) "The Tea Industry of Assam, Origin and Development"; EBH Publisher Guwahati.
- [3] Benarjee G.D & S. Benarjee (2008); "Global Tea Trade-Dimension and Dynamics, published by Abhijit Publication, Delhi, (23-59).
- [4] Bezbaruah, H.P., (1999), "Origin & History of Development of Tea"; Global advance in tea science ; A journal by Aravali Books International pvt Ltd; New Delhi; India.
- [5] Borborah S. & J.K Gogoi (2007) "Development issues in the North-East in the Turn of the country", published Papyrus Books, Guwahati, Assam.
- [6] CPDA, (2008); Report on Research undertaken on Tea Sector Kenya, March2008
- [7] Chai Time, Sustainable livelihood for STGs thorough CSR at <http://www.picindia.org/publication/chaitime> visited on 7.4.2008.
- [8] Boruah, G.C.S (2007) "Small Tea Growers of Assam (Editorial)"; The Assam Tribune, 20<sup>th</sup> July; Guwahati.
- [9] Dahiya Suraj Bhan (2002) "Tough Time for Tea Industry Ahead"; The Tribune online edition; Chandigarh.
- [10] Gogoi, P.(2011); " A colonial cultivation turned into a common cultivation" article published in *Seuj Silpa*; a souvenir All Assam Small Tea Growers Association's 8<sup>th</sup> Triennial Convention, Jorhat.
- [11] Hannan Abdul (2008) Study of Tea Growers in Assam.Indialine.com (2008) "Assam Tourism", (visited on August 15<sup>th</sup>, 2008) at <http://www.indialine.com/travel/assam/tea-garden.html>.
- [12] International Tea Council, Annual Bulletin Supplement, 2010
- [13] Khanikar, C.R (2006), "Representation in the International capacity building and networking workshop for CSOs and other stakeholders in the tea sector", Asomor Khudra chah kheti(Assamese); 1<sup>st</sup> edition, published All Assam Small Tea Growers Association, Dibrugarh, Assam
- [14] Goswami Mukuta, (2006), "Emerging of Entrepreneurship in Tea Plantation-A study of small tea growers of Assam"; PhD thesis submitted to Guwahati University, Assam.
- [15] Neog A.k.(1993) , "The Small tea growers of Assam", 1993souvenir, North Eastern Tea Association, Decade Function, Golaghat
- [16] Saikia, S.(2008); "Small tea cultivation: a golden dream for self employment(Assamese)" , Asomor Khudra Chah Kheti;1<sup>st</sup> edition, published by undivided Lakhimpur district Small Tea Growers Association,Assam".
- [17] Saikia , A.(2011); " Tea plantation and Small Tea Gardens in North east India" article published in *Seuj Silpa*; a souvenir All Assam Small Tea Growers Association's 8<sup>th</sup> Triennial Convention, Jorhat
- [18] Sen Benoy( 2008), Origin and Development of Tea; EBH Publisher; Guwahati; Assam.
- [19] Spielman, (2009), "cultivating an Industry: a survey of the lives of British tea planters in Assam, India, 1860-1936", Published By McIntyre Library, University Of Wisconsin Eau Claire
- [20] Subhajit S (2007) "Indian Tea Industry since the 1990's"; SSRN-Social Science Research Network at <http://papers.ssrn.com/sol3/papers.cfm> visited on 09.10.2009.
- [21] Taporia M and P. B. Bhuyan, (2011); "Tips for Effective Management of a Small Garden", article published in *Seuj Silpa*; a souvenir All Assam Small Tea Growers Association's 8<sup>th</sup> Triennial Convention, Jorhat.
- [22] Thomas Line,(2006) "Sustainable Livelihood for Indian Tea Workers- The international dimension"; at [www.tomlines.org.UK/user\\_image/TeaTraidcraft.pdf](http://www.tomlines.org.UK/user_image/TeaTraidcraft.pdf). visited on 22.04.2011.
- [23] Tea Statistics (2006); Tea Board of India.