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**ORGANIZATIONAL INNOVATIONS AND
SMALL TEA GROWERS (STGs) IN INDIA**

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ABSTRACT

Small tea plantations were in vogue in India since early 1960s. They were mainly concentrated in Tamil Nadu, Kerala and Karnataka. It was only during the late 1980s or early 1990s they started spreading to North-Eastern states such as Assam and West Bengal. The smallholders are unorganized and operate in fragmented landholdings. They face challenges of landownership regulations and related procedural problems. Technical know-how on tea husbandry and cultivation is very low and the integration of this unorganised sector with the plantation industry seems to be a challenging task. At present various agencies such as *Smallholders Associations*, *Primary Producing Societies (SHGs)*, *Bought-Leaf Factories (BLFs)*, and *Co-operative Factories (CPFs)* exist in the 15 small tea growing states. However, most of these agencies are found to be ineffective due to the lack of proper co-ordination and collective action in an integrated manner. By analysing organisational innovations like *BLFs*, *CPFs*, *SHGs*, *Federations-Associations-Confederations* against the back drop of the emergence of Small Tea Growers (STGs) and their national and regional growth pattern, the present study try to identify the gaps in the existing policies and suggests new areas of research.

Introduction

It is a matter of serious concern that in spite of the significant differences between the large and small tea plantations, very little attention has been given to identify the problems specific to small farms. Most often they are treated on par with the large tea estates. Farmer-based tea cultivation in India has started in 1930s in Nilgiris mainly by *Bagada* community (Hayami and Damodaran: 2004). A comprehensive study of Smallholders and Co-operative tea factories on the emergence of small tea growers in India was made by Bhowmik (1989). However, some information on small tea growers is available based on various official reports and studies conducted by different committees appointed by the government from time to time. Most of the reports suggest that the small tea plantations emerged in early 1960s in India and these were mainly concentrated in south Indian states of Tamil Nadu, Kerala and Karnataka. It is only during the late 1980s or in early 1990s that they spread in North-Eastern states including Assam and West Bengal.

Though the origin of small tea plantation in India is only a recent phenomena, during this short span of time it has acquired two distinct types of operations for the unorganized and organized sectors completely in tune with the international trends: The organised sector has a history of planned development extending over one and a half century since the third phase of colonial rule in India, and it was mainly developed to meet the needs of the colonial rulers.

Today, the situation is diametrically opposite of what it was under the colonial rule and the *unorganised sector* of tea industry is an outcome of the survival and sustainability of the thousands of unemployed youths

in the backward pockets of the country. Most of the farms are small and owned mostly by individual owners using labour-intensive production techniques. The size of workforce in these individual farms is too small as compared to traditional estate gardens. The present study attempts to trace the changing nature of organisational structure of tea plantations and suggests some survival strategy for small holders.

Objectives of the Study:

The broad objectives of this study include the following:

1. To analyse the changing structure of size of holdings in tea plantations across time in different regions and to identify possible explanations;
2. To study the problems faced by the small holders and throw light on the emerging organisational innovations like *Bought-Leaf Factories*, *Primary Producing Societies* (S H Gs) and *Smallholders Organisations*;
3. To examine the effectiveness of the new organisational innovations and bring forth the research issues for future research;

1. Small-holders in India's Tea Plantations

Reliable secondary data on Small Tea Growers (STGs) is limited. Therefore only primary survey and field studies may provide an understanding of the problems and issues. Some macro-level information is available in Tea Statistics published by Tea Board of India since 1998. But this cannot be treated as comprehensive because many of the growers are not registered with Tea Board and out of the ambit all kinds of data sources.

Available data indicates that at the national level, there is an absolute increase in the number of STGs across India from 110396 in 2000 to 157504 in 2007 (**see Table 1**). At the same time, the area under

tea cultivation has gone up from 109198 hectares in 2003 to 162431 hectares in 2007. During the same period, the area under estate gardens/big growers seem to be almost constant. Interestingly, the percentage share of area under cultivation for tea shows that the small growers constituted 21.02 percent in 2003 and have further increased to 28.08 percent in 2007. Similar trends for the estate gardens/big growers have rather shown a declining trend from 78.98 per cent to 71.92 percent during the same period. The share of tea production of the small-holders has also increased substantially from 20.57 per cent to 26.10 per cent during the period between 2003 and 2007.

The absolute increase from small holdings is 76.80 million kgs during the corresponding period, against 21.50 million kg from the estate sector. The average farm size of small-holders is 1.03 hectares as compared to 246.75 hectares in case of estates. Productivity has been decreasing from 1654 kg/ha in 2003, to 1585 kg/per ha in 2007. It may be due to varying nature of age structure of bushes in smallholder gardens and growing nature of new areas into tea cultivation. It is also to be noted that since the small growers sell the green leaves to the Bought Leaf Factories, co-operative factories and estate garden factories, there is a possibility that the data on tea production by the smallholders gets recorded in estate gardens account. Hence, there may be an extent of under-reporting of production by STGs which ultimately overestimate the productivity and efficiency of estate gardens. It is also contradictory as Hayami (2004) mentions: “the advantage of smallholders lies in their predominant reliance on the labour of family members which provides a strong incentive to elicit conscientious work efforts for the sake of family well-being, in contrast to hired wage workers which require close supervision for attaining comparative performance levels. This advantage applies to both ‘farm’ and ‘non-farm’ family enterprises but it is specially pronounced for agricultural production”. Since most of the estate gardens suffer from old age bush, the Tea Board of India has already announced Special Purpose Tea Fund (SPTF) for re-plantation and rejuvenation of the sector.

Table 1: Number, Area, Farm Size, Production level and Productivity in Smallholders and Estate Gardens

India: National Level/Years		2000	2003	2005	2007
A.	Smallholders				
a.	Number of STGs (Upto 10.12 hectares)	110396	127366	139041	157504
b.	Area under Tea in Ha (% of total area)	NA	109198 (21.02)	142985 (25.73)	162431 (28.08)
c.	Production in Million Kg (% of total tea)	NA	180.66 (20.57)	231.29 (24.45)	257.46 (26.10)
d.	Average Farm Size (Ha)	NA	0.86	1.03	1.03
e.	Productivity (Kg/Per Ha)	NA	1654	1617	1585
B.	Big Growers/Estates				
a.	Number of Big Growers/Estates	1614	1661	1672	1686
b.	Area under Tea in Ha(% of total area)	NA	410400 (78.98)	412626 (74.27)	416027 (71.92)
c.	Production in Million Kg (% of total tea)	NA	697.47 (79.43)	714.68 (75.55)	728.97 (73.90)
d.	Average Farm Size (Ha)	NA	247.08	246.81	246.75
e.	Productivity (Kg/Per Ha)	NA	1699	1732	1752

Note: NA -Not Available as data provided in Tea Statistics are not segregated between Smallholders and Estate Gardens.

Table 1 shows the distribution of small holders and estate gardens by their broad structure. At the macro level, there are regional differences in the growth of tea industry between North India and South India. During 2000 to 2007, the total area of tea plantation in North India has increased from 390906 ha to 458718 ha, an increase of 67812 ha. During the same period the total area under tea production in South India has increased from 113460 ha to 119740 ha, an increase of 6280 hectares.

The growth rate of number of smallholders (STG) is relatively high as compared to big Growers/Estates over the years. The highest annual growth in the number of STGs was found during 2006-07 and 2001-02 with 11.28 per cent and 11.01 per cent respectively. The increase in the expansion of area under cultivation was highest during 2004-05 with 29.06 per cent growth which reflected in production during the same period of time (Table 2). On the other hand, the annual growth of estate sector seems to be very marginal and sluggish in terms of area under cultivation and number of estates. There was an increase in

Table 2: Growth in Area and Production by STGs and Estate Gardens

Years	Annual Growth (%) of STGs (Upto 10.12 Ha)			Annual Growth (%) of Big Growers/Estates		
	No of STGs	Area (Ha)	Production (M Kgs)	No of Estates	Area (Ha)	Produc- tion (M Kgs)
2000						
2001	2.95			0.00		
2002	11.01			1.24		
2003	0.95			1.65		
2004	0.00	1.46	11.79	0.00	0.05	-0.93
2005	9.17	29.06	14.52	0.66	0.49	3.43
2006	1.80	7.77	7.96	0.06	0.07	2.44
2007	11.28	5.41	3.10	0.78	0.75	-0.43

production during 2004-05 to 2005-06 with 3.43 per cent and 2.44 per cent respectively. It may be due to the increase in number of estates during 2001-02 and 2002-03.

Small Tea Growers in India: A Regional Perspective

As per Tea Board of India (2004), there are 1,27,366 STGs spread over 15 states with area under cultivation of 1,10,787 hectare. Production increased from 97.45 million kg to 201.96 million kg between 1998 and 2004 (see Table. 3). Among the 15 states, 12 are found to be in North and North-East India. As per the Directorate of Tea Development (2005), only 56.77 per cent of growers had registered with Tea Board. It also needs to be mentioned that in Nilgiris (Tamil Nadu) almost all the growers are given temporary registration under price subsidy scheme. Status of registration is perhaps depressing in the case of West Bengal and some North Eastern regions, as most of the growers are under-reported due to land related policies and other procedural problems of the respective governments. It is also to be noted that the expansion in terms of number of STGs, area of cultivation and production level is higher in North and North-East India compared to south Indian states. The regional pattern of production in different years is found to be most striking and it is 34.61 million kg (1998), 65.75 million kg (1999), 89.85 million kg (2003), and 112.16 million kg (2004) in North and North-East India; and 62.84 million kg (1998), 68.19 million kg (1999), 90.80 million kg (2003), and 89.79 million kg (2004) in south India. As is evident from Table 3 the production has increased almost three fold in North and North-East India and the contribution made by the smallholders was indeed commendable.

The annual growth in the number of STGs is 7.87 per cent for all India during 1998 to 2004 and the regional growth was 16.36 per cent in North and North East India and 3.37 per cent in South India (Table 4). The annual growth in area under cultivation was 10.25 per cent in all India as compared to 15.17 and 5.83 per cent respectively in North and North-East

Table 3: Number, Area and Production Contribution of Small Tea Growers in India classified by States/Region

States/Regions	1998			1999			2003			2004		
	No of STGs	Area (Ha)	Prod ('000 Kgs)	No of STGs	Area (Ha)	Prod. ('000 Kgs)	No of STGs	Area (Ha)	Prod. ('000 Kgs)	No of STGs	Area (Ha)	Prod. ('000 Kgs)
Assam	24942	25923	24718	30174	30707	49485	42492	41249	55285	42492	41249	62630
West Bengal	809	2996	8170	1145	5614	14565	8398	9500	32245	8398	10590	47513
Tripura	205	432	107	217	463	165	1509	1956	856	1509	1956	656
Bihar	241	737	26	243	1323	365	980	1973	1089	980	1973	989
Uttar Pradesh	2	13		2	13		70	746		70	746	
Himachal P	3677	2251	1594	3677	2251	1163	3695	1660	190	3695	1660	185
Manipur				21	210	10	427	1200	47	427	1200	47
Sikkim	73	29		73	123		3	17		3	17	
Arunachal P	6	32		15	142		36	108		36	108	
Nagaland	6	39		65	523		1451	1800	141	1451	1800	141
Meghalaya				6	41		38	112		38	112	
Mizoram				2	10		269	588		269	588	

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States/Regions	1998			1999			2003			2004		
	No of STGs	Area (Ha)	Prod ('000 Kgs)	No of STGs	Area (Ha)	Prod. ('000 Kgs)	No of STGs	Area (Ha)	Prod. ('000 Kgs)	No of STGs	Area (Ha)	Prod. ('000 Kgs)
North India	29961	32452	34615	35640	41420	65753	59368	60909	89853	59368	61999	112161
Tamil Nadu	50571	31276	59349	55612	36849	65290	61985	43415	88014	61985	43774	86009
Kerala	5970	4796	3435	5999	4800	2838	5999	4810	2637	5999	4950	3628
Karnataka	15	74	60	16	83	63	14	64	156	14	64	162
South India	56556	36146	62844	61627	41732	68191	67998	48289	90807	67998	48788	89799
All India	86517	68598	97459	97267	83152	133944	127366	109198	180660	127366	110787	201960

Source: Computed from Tea Statistics 1999-2000 and 2003-04, Tea Board of India.

[Note: Data on Small Tea Growers are segregated since 1998 by Tea Board of India and since then it is available in Tea Statistics].

and South Indian states. It may be noted that while the average farm size at all India level is 0.87 hectares, average farm size at the state level were 1.04 and 0.72 hectares respectively in North and North East India and South India. Average farm size varies across the states and it had a link with the registration status of STGs with Tea Board of India. As mentioned earlier, most of the growers are not registered with the Board due to procedural problems and ownership related issues. Similarly, productivity per unit of land is relatively high as compared to estate gardens. Corresponding productivity per unit of land for STGs gardens and Estate/ Big Growers at the national level were 1822.96 kg/per ha and 1752 kg/per ha respectively. As indicated earlier there are inconsistencies in productivity measured at the state level due to under reporting of information rendered by farmers associated with Tea Boards registration as well as varying nature of age structure of bushes in plantations.

Over the years, the number of STGs had increased substantially across all the states. The highest percentage share in the number of STGs was found in *Tamil Nadu*, *Assam* and *West Bengal* with 48.67 per cent, 33.36 per cent and 6.59 respectively. Similarly, the percentage share of area under cultivation was 39.51, 37.23 and 9.56 per cent in of Tamil Nadu, Assam and West Bengal (Table 4). If one compares the production level at the regional level, it is observed that in North India 47.31 per cent area produced only 35.52 per cent of tea in 1998, at the same time 52.69 per cent area produced 64.48 per cent in South India. This scenario gets immediately changed in 2004 where 55.96 per cent area produced 55.54 per cent of production in North and North East India. On the other hand, in South India 44.04 per cent of area produced 44.46 per cent of production. The reason for such kind of trend is the reflection of varied nature of bush age in young tea plantations in North and North East India. It is also evident from the productivity level which rose from 1066.65 kg per ha to 1809.08 kg/per ha during 1998-2004 in North and North East India, while in South India the increase was marginal from 1738.62 to 1840.60 kg/per ha as most of the STGs were having old bush and reached a stable production level due to maturity of the plants.

Table 4: Annual Growth, Farm Size and Productivity, Percentage Share of Number of STGs, Area and Production by States/Region

States/Region	Annual Growth (%) (1998-2004)			Farm Size(Ha)		Productivity (Kg/Per Ha)		% Share of STGs in total holdings		% Share of Area (Ha)		% of Share of Production	
	No of STGs	Area (Ha)	Prod.	1998	2004	1998	2004	1998	2004	1998	2004	1998	2004
	Assam	11.73	9.85	25.56	1.04	0.97	953.52	1518.34	28.83	33.36	37.79	37.23	25.36
West Bengal	156.35	42.25	80.26	3.70	1.26	2726.97	4486.59	0.94	6.59	4.37	9.56	8.38	23.53
Tripura	106.02	58.80	85.51	2.11	1.30	247.69	335.38	0.24	1.18	0.63	1.77	0.11	0.32
Bihar	51.11	27.95	617.31	3.06	2.01	35.28	501.27	0.28	0.77	1.07	1.78	0.03	0.49
Uttaranchal	566.67	939.74		6.50	10.66			0.00	0.05	0.02	0.67		
Himachal P	0.08	-4.38	-14.73	0.61	0.45	708.13	111.45	4.25	2.90	3.28	1.50	1.64	0.09
Manipur					2.81		39.17		0.34		1.08		0.02
Sikkim	-15.98	-6.90		0.40	5.67			0.08	0.00	0.04	0.02		
Arunachal P	83.33	39.58		5.33	3.00			0.01	0.03	0.05	0.10		
Nagaland	4013.89	752.56		6.50	1.24		78.33	0.01	1.14	0.06	1.62		0.07
Meghalaya					2.95				0.03		0.10		
Mizoram					2.19				0.21		0.53		

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Assam and North-Eastern Region

In Assam and other north-eastern states, the concept of growing tea in smallholdings was unheard till 1975¹. Small farmers in these states started taking up tea cultivation on a large scale during mid 1990s due to good prices that prevailed during 1996-98. The average size in majority of the holdings is less than one hectare. These small and marginal farmers are dependent on tea plantation for their livelihood. Tea in the North Eastern region has become a farmers' crop, providing livelihood and new opportunity not only for self-employment but also for other wage earners. The abundance of suitable land, demonstration effect of tea estate in immediate surroundings, skilled labour, advantage of a long duration plantation crop over the other seasonal agricultural crops, suitable soil and climate etc. are some of the factors that encouraged the small and marginal farmers as well as educated unemployed and others to take up tea plantation. The major strength of this sector lies in the young and most productive age of the plantations of reasonably high clonal composition, low cost of production and the youth segment of first generation entrepreneurs with receptiveness to new and improved agro-techniques. Assam and Tripura were the only traditional tea growing areas before the emergence of STGs in the North-Eastern region. Today, almost all the hill states in the region grow tea.

Considering the institutional and other hurdles present in the north-eastern region, the Tea Board of India offers special assistance to this sector in the form of subsidies, financial support and technical training. During the Ninth Five Year Plan (1997-2002), Tea Board allotted plantation subsidy to 819 small tea growers up to Rs.866.83 lakh (Table 5). It contributed to the development of 3739.22 hectares under small tea plantation, during the same period. Except Sikkim, almost all the North-Eastern states, the STGs have been benefited from *Plantation*

1. Tea Board, 2003, *48th Annual Report 2001-2002*, Tea Board of India, Kolkata, p. 26.

Subsidy Scheme. The highest area developed by the scheme was in Assam with 983.01 hectares in traditional tea growing areas and 548.37 hectares in non-traditional areas. In addition to that, with the financial assistance from Tea Board, an exclusive cell aimed at rendering extension services to STGs in the region was set up under as the aegis of *Small Tea Growers Advisory Programme (STAP)* in 1991².

Table 5: Financial Assistance Extended to Small Tea Growers in NE Region [During the 9th Plan Period]

States	Subsidy		
	Number of Growers	Area Developed [in hectares]	Rupees [In lakhs]
Assam (T)	378	983.01	148.21
Assam (NT)	95	548.37	144.04
Tripura	192	350.72	69.73
Arunachal Pradesh	44	837.39	252.77
Nagaland	93	741.60	188.91
Meghalaya	9	96.64	25.81
Manipur	7	131.49	27.88
Mizoram	1	50.00	9.48
Total for NER*	819	3739.22	866.83

* Excluding the state of Sikkim; T - Traditional, NT - Non-Traditional
 Source: 48th Annual Report 2001-2002, Tea Board

According to the *Directory of Small Tea Growers* (2001) published by government of Assam, there are 28585 growers with a cultivated area of 27878 hectares (Table 6). Out of the total production of 453.5 million kg, 257.6 million kg came from the State. Labour absorption is also high and more than 3 persons per hectares apart from staffs for supervision. According to Baruah and Taparia (2004-05), almost 90 per

2. *Ibid.*, p. 30.

cent of STGs are concentrated in five districts of Assam, viz. *Dibrugarh* (30.26 per cent), *Tinsukia* (21.97 per cent), *Jorhat* (13.42 per cent), *Golaghat*, (12.44 per cent) and *Shivsagar* (11.08 per cent).

Table 6: Region-wise Distribution of Small Tea Growers in Assam

Region	No. of STGs	Area under Tea (Ha)	Average Farm Size (Ha)	Production (Million Kg)	No. of Labourers	No. of Staff
Brahmaputra Valley	28498	27750	0.98	256.5	102896	5116
Hill Areas	84	105	1.25	1.06	412	23
Barak Valley	3	27	9.00	NA	NA	NA
Total	28585	27878	0.98	257.6	103308	5139

Source: Computed from the Directory of Small Tea Growers (2001), Government of Assam.

As per Table 7, it can be said that a few number of growers were registered with Tea Board. In the entire state of Assam only 2927 growers were registered out of 42390 growers. The highest concentration of growers is found in *Tinsukia* and *Sivsagar* with a total of 22590 and the registered growers were only 408 i.e. a paltry 1.81 per cent. There is a marked difference in farm size between Tea Board All Assam Small Tea Growers Association (AASTGA). It also indicates that only well-informed smallholders were registered with Tea Board. The STGs which faces land related procedural problems were associated with district level units of AASTGA and find difficulties to register with Tea Board.

Table 7: District-wise Distribution of STGs and Tea Area (Ha) in Assam

Districts	TBI (As on March 2006)			AASTGA (As on 2002-03)		
	No of growers (Regd. with TBI in %)	Area under Tea (Ha)	Average Farm Size (Ha)	No of growers	Area under Tea (Ha)	Average Farm Size (Ha)
Dibrugarh	190 (1.75)	490.05	2.58	10876	5723.07	0.53
Tinsukia	218 (1.86)	496.52	2.28	11714	13789.47	1.18
Sivasagar	121 (1.71)	332.01	2.74	7047	5389.2	0.76
Jorhat	183 (5.51)	247.87	1.35	3320	1325.47	0.40
Golaghat	868 (13.30)	1905	2.19	6526	5566.93	0.85
Lakhimpur	133 (29.68)	349.15	2.63	448	262.27	0.59
Sonitpur	493 (34.92)	1047.06	2.12	1412	837.33	0.59
Dhemaji	54	111.42	2.06	Nil	Nil	Nil
Darrang	162	476.07	2.94	34	49.47	1.46
Kamrup	7 (28.00)	26.95	3.85	25	45.6	1.82
Cachar	31	127.7	4.12	Nil	Nil	Nil
Karbi Anglong	286 (75.26)	1961.68	6.86	380	574.67	1.51
Nagaon	119 (37.07)	300.17	2.52	321	219.07	0.68

Districts	TBI (As on March 2006)			AASTGA (As on 2002-03)		
	No of growers (Regd. with TBI in %)	Area under Tea (Ha)	Average Farm Size (Ha)	No of growers	Area under Tea (Ha)	Average Farm Size (Ha)
Morigaon	7 (35.00)	7.35	1.05	20	44.27	2.21
Kokrajhar	9 (37.5)	46.65	5.18	24	89.6	3.73
Nalbari	8 (50.00)	29.42	3.68	16	9.6	0.60
Barpeta	1	1.51	1.51	Nil	Nil	Nil
Dhubri	1 (1.16)	1.04	1.04	86	90.4	1.05
N C Hills	1	4.68	4.68	Nil	Nil	Nil
Hailakandi	4	23.84	5.96	Nil	Nil	Nil
Goalpara	1 (1.04)	6.25	6.25	96	96.13	1.00
Karimganj	7	36.28	5.18	Nil	Nil	Nil
Bongaigaon	23 (51.11)	60.3	2.62	45	113.33	2.52
Total	2927 (6.90)	8088.97	2.76	42390	34225.88	0.81

TBI-Tea Board of India; AASTGA-All Assam Small Tea Growers Association

Source: Computed from the data Collected from TBI-North-East Zonal Office, Guwahati and AASTGA, Dibrugarh.

According to Baruah and Taparia's (2004-05) study, most of the smallholders in Assam were small and marginal and nearly about 85 per cent of STGs were having less than 4 hectares of holding. It is apparent that all these growers should have enrolled under the Price Stabilization Fund Scheme. It reveals that out of 42,492 of STGs almost 35-36 thousand of growers should have been covered under the scheme. However, as per the 54th annual report of Tea Board of India, only 3194 STGs were enrolled under the scheme.

Table 8: Holding-Size Distribution of STGs in Assam

Holding Size (Hectares)	% of Growers	
<0.67	10.28	84.76
0.67-1.21	25.63	
1.35-2.56	34.68	
2.70-3.91	14.17	
4.05-5.26	6.37	15.24
5.40-6.61	4.32	
6.74-7.96	2.32	
8.10-9.31	1.49	
9.45>	0.74	
All Groups	100.00	

Source: Baruah, S and Taparia, M. 2004.

West Bengal

The emergence of Small Tea Plantations in North Bengal is somewhat similar to North-Eastern region. Plantations were introduced in both these regions during 1990s. It is worth mentioning here that during the late 1980s and early 1990s this area was dominated by pineapple cultivation. During late 1980s, farmers resorted to tea cultivation in their fields due to inadequate market outlets for pineapple.

Since, this is a perishable product, it cannot be kept for long and transported over a long distance. Thus, in the absence of proper marketing and processing strategies, the pineapple growers had to face a lot of difficulties for selling their products. Moreover, most of the products were sent to distant cities like *Delhi, Kanpur, Agra, Nagpur, and Kolkata* etc. and it involved an army of middlemen each taking a share of the produce. Consequently, the presence of middlemen placed unnecessary burden on the producers, which, in turn brought in its own share of uncertainties in the cultivation of pineapple. The resultant outcome was that the vast tracts of pineapple growing area had to submerge and give way to a new and commercially viable crop like tea. This in turn led its way to the emergence of small tea plantations in the last two decades of the twentieth century.

Initially, small tea plantations started in Chopra block of Uttar Dinajpur district and spread to other localities later. Chopra block in Uttar Dinajpur is considered as the birth place of small tea plantations in North Bengal. In the initial stages, the STGs used to sell green leaf to the estate gardens, but later on Bought-Leaf Factories came up to meet the needs of the STGs. During formative years, growers were facing transportation problem as small tea plantations emerged in backward areas. As per the other available sources, currently, there are 20352 growers distributed in four districts of West Bengal spread across 25708.06 hectares (Table-9). Most of the growers were not registered with Tea Board due to lack of NOC from the land and land reforms department. As on 30.06.01, 6041 growers had submitted their applications to the land reforms department and only 1783 growers had received NOC. The highest number of growers are concentrated in *Uttar Dinajpur*. The average farm size in the State is 1.27 hectares.

Table 9: Status of Small Tea Growers (As on 31.12.2009)

District	No of STGs	Area (Ha)	Average Farm Size (Ha)
Uttar Dinajpur	10397	10993.32	1.06
Jalpaiguri	5777	8986.36	1.56
Darjeeling	3637	4062.59	1.12
Cooch Behar	541	1665.80	3.08
Total	20352	25708.06	1.27

Source: Computed from Land and Land Reforms Department, Government of West Bengal cf. http://www.telegraphindia.com/1100115/jsp/siliguri/story_11985634.jsp accessed on 25th April 2010.

As is evident from Table 10, based on the survey conducted by the Department of commerce and economics, North Bengal University, almost 83.55 per cent of smallholders were having less than 2.43 hectares. On the other hand, only around 6 per cent growers had a holding-size of more than 4 hectares. It is interesting to note that only 132 numbers of STGs were enrolled since the inception of the scheme (54th Annual Report, Tea Board of India).

Table 10: Holding-Size Distribution of STGs in West Bengal

Holding-Size (Hectares)	% of Smallholders	
<0.80	46.84	83.55
0.80-1.62	27.85	
1.62-2.43	8.86	
2.43-4.05	10.13	16.46
4.05-10.12	6.33	
	100.00	

Source: Unpublished Report, Department of Commerce and Economics, NBU.

Tamil Nadu

Tea plantation in Tamil Nadu is mainly concentrated in *Nilgiris* district due to favourable agro-climatic conditions. Originally the district was part of a coffee growing region and tea was introduced around 1835 following the recommendations of a committee appointed by the then Madras Government³. The STGs came into the picture during early 1950s. The idea of setting up CPFs for improving the viability of STGs was first recommended by the Plantation Enquiry Commission in 1956⁴. The Government of Tamil Nadu made the pioneering work in this regard by formulating a scheme for smallholders in 1958 on a co-operative basis. The *Tamil Nadu Small Tea Growers' Industrial Co-operative Factories Federation Ltd* (INDCOSERVE), the apex body of the CPFs, has estimated that there were around 63,000 STGs in the state, with an area of approximately 30,000 hectares⁵. The first INDCO Tea Factory was started at *Kunda village* in 1962 in Nilgiri district. According to estimates of Tea Board of India (2004), there were 61,985 Small Growers in Tamil Nadu with a holding of 43,774 hectares clocking a production of around 86 million kg. There were 200 BLFs including 15 INDCO Tea Factories. As per the Department of Horticulture, Government of Tamil Nadu, the absolute number of small⁶ and marginal farmers⁷ were 23,052.

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3. Tea Board, 1980, *Techno-Economic Survey of Nilgiris Tea Industry*, Tea Board of India, Kolkata, p. 2.
 4. V.N. Reddy and S.K. Bhowmik, 1989, Small Growers and Co-operative Tea Factories in Nilgiris, *Economic and Political Weekly*, September 30, p. A-146.
 5. INDCOSERVE and INDCO Tea Factories, 2006, INDCOSERVE and INDCO Tea Factories in Nilgiris District (Tamil Nadu), *Unpublished Short Notes*, p.1.
 6. Small farmer-1 to 2 hectares of tea cultivation.
 7. Marginal farmer-0.5 to 1 hectares of tea cultivation.

Kerala

Initially in Kerala, STGs were concentrated in *Kottayam* and *Idukki districts*. Majority of small tea plantations in Kottayam came into existence around 1950s, when tea prices were ruling high and the export quota system were on⁸. The buoyant tea prices and the export quota system had prompted the STGs to register with the Tea Board. The registration was slackened after the quota system was suspended in 1961. During 1970-71 the price of green leaf declined considerably and many of the planters in *Kottayam* had switched over to rubber plantation. Another important reason attributed by the growers for the switch over was reportedly the assistance given by the Rubber Board through their development programmes to the small growers.

Compared to this, the situation in Idukki was entirely different. The small tea plantations in Idukki were relatively of recent origin and a majority of them came into existence by 1960. Moreover, most of the small tea plantations in Idukki were unregistered. The small tea growers in this district could not switch over to rubber since rubber could not grow at those altitudes.⁹. As per Tea Board of India (2004), there were 5999 small tea growers with 4950 hectares of plantation in Kerala and they were distributed in *Idukki* and *Wayanad* districts. There were 20 BLFs in operation in Kerala. The total production of Kerala from small tea plantations was around 3.8 million kg tea.

As per the Techno-Economic Survey and Socio-Economic Survey of Kerala Tea Industry, there were 4892 Small Tea Growers in the districts of *Wayanad* and *Idukki* registered with Tea Board of India. Total area under tea belonging to these growers was 3796.06 hectares. The district-wise distribution is indicated in Table 11.

8. Tea Board, 1979, **Techno-Economic Survey of Small Tea Gardens in Kottayam and Idukki**, Tea Board of India, Kolkata, p. 5

9. *Ibid.*, p. 6.

Table 11: District-wise Distribution of Small Tea Gardens

Districts	Number of growers	Area (Ha)	Average Farm Size (Ha)
A) Wayanad	24	7.23	0.30
B) Idukki	4868	3788.83	0.78
Kumili	42	18.90	0.45
Vandanmedu	110	76.52	0.70
Peermade	372	283.26	0.76
Vaghamon	1805	1519.09	0.84
Total (A+B)	4892	3796.06	0.78

Source: Computed from Techno-Economic and Socio-Economic Survey of Kerala Tea Industry, Tea Board of India, 2001.

Himachal Pradesh

Tea is grown in *Kangra* and *Mandi* districts of Himachal Pradesh. The former accounts for more than 90 per cent of the total area under tea plantation in the state¹⁰. Although, Kangra valley is endowed with suitable agro-climatic conditions for tea plantation the tea industry in this region has not yet developed on account of various reasons. The problems faced by STGs were reported to be lack of suitable planting materials at reasonable prices, non-availability of fertilizers, the inability of small growers to employ permanent and skilled labour and the non-remunerative price of tea. There were instances of STGs switching over to other crops. Added to this, the tea industry in Kangra has not been attracting adequate number of permanent and skilled labour owing to comparatively lower wages.. Consequently, it has been noticed that majority of owners too work as labourers in their own family farms.. Since majority of the STGs do not own any factory they have to carry the green leaf either to the CPFs or to large estates with factories.

10. Tea Board, 1979, *Techno-Economic Survey of Small Tea Gardens in Kangra (Himachal Pradesh)*, Tea Board of India, Kolkata, p. 4.

Carrying green leaf to other places is not only difficult and time consuming but it is also equally a crude process which adversely affects the overall quality of the tea. The first CPFs was established at *Bir* in the year 1964¹¹. At present there are 3675 STGs with an area of 1660 hectares in Himachal Pradesh and 4 CPFs.

2. Emerging Organisational Innovations

Bought-Leaf Factories

Over the years, smallholders developed a new system consisting small-scale tea farmers and factories sans plantation. They depend on the supply of green leaf from smallholders specialising in manufacturing made tea out of purchased leaves. These factories are named as *Bought-Leaf Factories (BLFs)* in India. This decentralised system consisting independent smallholders and independent factories contrasts with plantation system in which production of tea leaves are integrated to the processing of leaves under a single management system (Hayami and Damodaran: 2004). Privately owned Bought-Leaf Factories first came into existence in Nilgiris during 1962-63 which used to purchase green leaves from the smallholders (Bhowmik: 1989).

Today, STGs spread in 15 States and BLFs are established in 10 States over the years (Table 12). States like *Manipur, Meghalaya, Mizoram, Nagaland* and *Sikkim* do not have such factories. Most of the growers located in these States supply their green leaf to the adjoining states or Estate Gardens as well as produce tea at household level as organic tea. During 2004, there were 477 BLFs located in 10 States, out of which 200 were in Tamil Nadu followed by 163 in Assam, 79 in West Bengal and 20 in Kerala. At the regional level, 255 BLFs are located in North and North East India and 222 in South India. During the period of 1998 to 2004, the total number of BLFs in India rose from 277 to 477.

11. Ibid., p.6

Similarly, the production of BLFs increased from 91.36 to 229.47 million Kgs during the period 1998 to 2004. Production contribution of different States is 94.84 million kgs in Tamil Nadu followed by 77.65 million kgs in Assam, 49.59 million kgs in West Bengal, and 3.80 million kgs in Kerala. At the regional level, North and North East India collectively produce around 130.71 million kgs and 98.76 million kgs are produced by South India. In Tripura, there were 9 BLFs in 1998 which was reduced to 2 BLFs in 2004 in spite of increased production over the years.

Figure 2.1



Figure 2.2

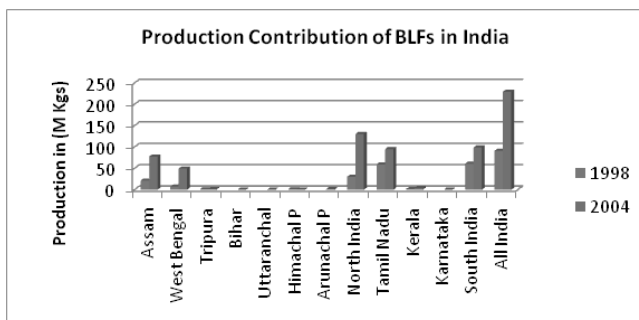
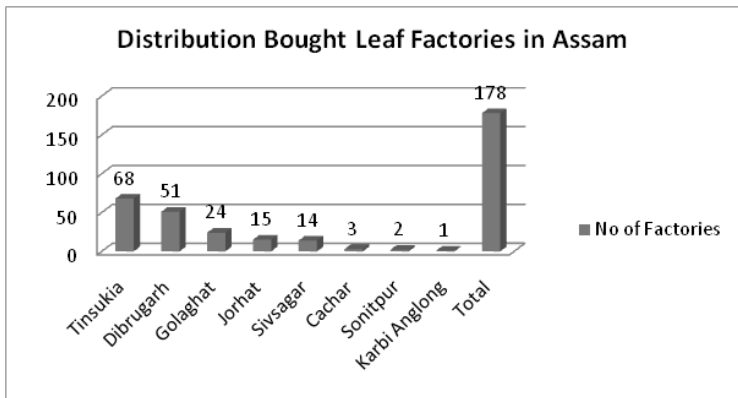


Table 12: Number of Bought Leaf Factories (BLFs) and Production Contribution (M Kgs) by States/Region

States/Regions	1998		1999		2000		2002		2003		2004	
	No of BLFs	Prod. (M Kgs)	No of BLFs	Prod. (M Kgs)	No of BLFs	Prod. (M Kgs)	No of BLFs	Prod. (M Kgs)	No of BLFs	Prod. (M Kgs)	No of BLFs	Prod. (M Kgs)
Assam	61	21.43	75	29.32	105	38.76	139	53.29	152	65.36	163	77.65
West Bengal	22	7.43	29	13.49	44	17.17	56	33.44	69	37.74	79	49.59
Tripura	9	0.6	10	0.7	11	1.67	2	1.58	2	1.51	2	1.47
Bihar							1	0.07	1	0.22	1	0.25
Uttaranchal							1	0.02	1	0.02	1	0.02
Himachal P	4	0.95	4	0.71	4	0.82	4	0.44	4	0.41	4	0.43
Arunachal P									4	1.03	5	1.3
North India	96	30.41	118	44.22	164	58.42	203	88.84	233	106.29	255	130.71
Tamil Nadu	168	59.3	168	65.5	173	76.55	175	78.62	197	89.86	200	94.84
Kerala	13	1.65	13	1.53	13	1.7	14	1.75	18	3.15	20	3.80
Karnataka							1	0.23	2	0.07	2	0.12
South India	181	60.95	181	67.03	186	78.25	190	80.6	217	93.08	222	98.76
All India	277	91.36	299	111.25	350	136.67	393	169.44	450	199.37	477	229.47

Source: Computed from Tea Statistics 1999-2000 and 2003-04, Tea Board of India.

[Note: Data on Small Tea Growers are segregated since 1998 by Tea Board of India and since then it is available in Tea Statistics.]

Figure 2.3

The district-level distribution of BLFs seems to be interesting. In North and North East India they were widely spread over large areas as compared to South India. In Assam these were established in eight districts of *Tinsukia*, *Dibrugarh*, *Golaghat*, *Jorhat*, *Shivsagar*, *Cachar*, *Sonitpur* and *Karbi Anglong* and STGs are scattered in 23 districts. Similarly, in West Bengal BLFs were located in four districts. In Tamil Nadu all the BLFs were located in *Nilgiris* only and in Kerala they were found in *Wayanad* and *Idduki* districts.

According to Tea Board of India (2006), there were 178 registered BLFs in Assam and out of which 68 factories were located in *Tinsukia* and 51 were in *Dibrugarh* districts. Almost all the factories were established after 1995 except Upper Assam Industries (1984). The ownership patterns of the BLFs were either partnership firms, or private limited companies and they were processing only CTC tea (Black Tea). The patterns of distribution of BLFs in Assam are as follows:

The all India annual growth rate of the number of BLFs in during 1998-04 was 12.03 per cent and at the regional levels, it was 27.60 per cent in North and North East India and 3.78 per cent in South India indicating that major expansion of factories took place in North and North East India only (table 13). In Himachal Pradesh, there has not

been any new establishment of BLFs whereas in Tripura it has reduced over the years. The highest growth of production is found in West Bengal with 94.57 per cent per annum followed by Assam with 43.72 per cent. There is a significant difference at regional level, with production rising at 54.97 per cent per annum in North and North East India while in South India it was only 10.34 per cent.

It is further evident from Table 13 above that the share of STGs in total production was only 10.46 per cent in 1998 which increased upto 25.70 per cent in 2004. STGs in North and North East India contributed only 4.54 per cent of total tea in 1998 which grew upto 19.74 in 2004. There has been a considerable increase of the percentage share of the number of BLFs and production level in North and North East India from 34.66 to 53.46 per cent and from 33.29 to 56.96 per cent respectively. As against to this, it declined in South India from 65.34 to 46.54 per cent and from 66.71 to 43.04 during the corresponding period.

INDCO Co-operative Factories (CPFs) in Tamil Nadu

In the beginning, STGs were supplying green leaf to BLFs. As mentioned earlier, the Plantation Enquiry Commission (1956) had proposed to set up Co-operative Factories for the increase of economic viability of STGs and to counter the market monopoly of Big Growers and BLFs. The first Industrial Co-operative Tea Factory (INDCO) was commissioned in Kundah¹². By 1985-86, 12 Co-operative Factories were established in Nilgiris. These factories had a membership of 8983 STGs cultivating around 7163 hectares of land with an average farm size of 0.80 hectares. By 1998 there were 15 Co-operative Factories with a membership of 20,049 STGs with a cultivated area of 12,893.93 hectares (Table-14). The average farm size was 0.64 hectares. All these INDCO factories have an apex body known as INDCOSERVE (The Tamil Nadu Small Tea Growers' Industrial Co-operative Tea Factories'

12. S K Bhowmik, 1989, 'Small Growers and Co-operative Tea Factories in Nilgiris', *Economic and Political Weekly*, p. A-146.

Table 13: Annual Growth, Percentage Share of STGs, number of BLFs and their Production in India

States/Region	Annual Growth (%) (1998-2004)		% Share STGs to Total Tea in India		% Share of Number of BLFs		% Share of Production of BLFs	
	No of BLFs	Production	1998	2004	1998	2004	1998	2004
Assam	27.87	43.72	4.59	17.83	22.02	34.17	23.46	33.84
West Bengal	43.18	94.57	3.84	23.12	7.94	16.56	8.13	21.61
Tripura	-12.96	24.17	9.7	20.51	3.25	0.42	0.66	0.64
Bihar				24.51		0.21		0.11
Uttaranchal				8		0.21		0.01
Himachal P	0.00	-9.12	55.56	69.36	1.44	0.84	1.04	0.19
Arunachal P				58.83		1.05		0.57
North India	27.60	54.97	4.54	19.74	34.66	53.46	33.29	56.96
Tamil Nadu	3.17	9.99	44.91	58.18	60.65	41.93	64.91	41.33
Kerala	8.97	21.72	2.51	6.12	4.69	4.19	1.81	1.66
Karnataka				2.14		0.42		0.05
South India	3.78	10.34	29.96	42.80	65.34	46.54	66.71	43.04
All India	12.03	25.20	10.46	25.70	100.00	100.00	100.00	100.00

Federation Limited). INDCOSERVE and INDCO Tea Factories are the largest producers and sellers of tea in Nilgiris commanding 17 per cent of total production¹³. This organisation provides various facilities to INDCO Factories such as starting from supply of fertilizers, jute bags for packing of teas, machineries and other inputs to the STGs/members through INDCO Factories, marketing of tea produced by INDCOs and warehousing facilities at Coonoor, Coimbatore and Cochin. INDCOSERVE also give financial support to the member INDCO Factories.

Table 14: INDCO Factories in Tamil Nadu

S. No.	Name of INDCO Factory	Year of Operation	Number of STGs Linked	Tea cultivated Area (Ha)	Average farm Size (Ha)
1	Kundah	1962	1466	928.74	0.63
2	Karumbalam	1966	732	583.40	0.80
3	Mercunad	1967	1481	918.22	0.62
4	Mahalinga	1967	1800	1069.23	0.59
5	Manjoor	1967	1435	859.92	0.60
6	Ithalar	1967	2016	956.28	0.47
7	Pandalur	1974	1481	1187.85	0.80
8	Kaikatty	1976	1379	948.58	0.69
9	Kattabettu	1976	879	690.28	0.79
10	Salisbury	1983	1600	1186.64	0.74
11	Frontier	1986	2108	1163.16	0.55
12	Kinnakorai	1989	820	527.53	0.64
13	Bikkatty	1991	947	465.99	0.49
14	Ebbanad	1997	790	682.19	0.86
15	Bitherkad	1998	1115	726.32	0.65
	Total		20049	12893.93	0.64

Source: Computed from Short Notes on INDCOSERVE and INDCO Tea Factories in Nilgiris district, Tamil Nadu.

13. Short Notes, 2006, INDCOSERVE and INDCO Tea Factories in Nilgiris District, Tamil Nadu, p. 2.

Over time there has been a steady decline of the collective performance of INDCO Factories. Based on indicators provided in Table 15, it is found that 1827 members of STGs (2000-01 to 2005-06) have withdrawn their membership from INDCO Factories resulted in reduction of the tea cultivated area by 1560.32 hectares. The average farm size decreased from 0.66 to 0.64 hectares. All these factors affected the production level of INDCO Factories. The collective production of INDCO Factories was 537.40 and 138.37 lakh kg of green leaf and made tea in 2000-01 which declined to 475.87 and 123.42 lakh kg in 2005-06. The productivity level was low and varied from 3717.94 to 3690.65 kg/per ha and 957.30 to 957.19 kg/per ha of green leaf and made tea respectively during the period. The outturn percentage of made tea from green leaf has been stable around 25 per cent to 26 per cent over the years. But there has been a decline in the rate of green leaf/per kg during the years from Rs.5.89/- to Rs.4.80/- per kg indicating a net decline of Rs.1.09/- per kg for green leaf. This clearly indicates that though input and farm management cost had increased over the years, the returns to the growers have declined.

It is worth mentioning that all the 15 INDCO factories may not be functioning and operating in an efficient manner. However, the Salisbury INDCO Factory had an impressive performance over the years. Table-16 presents various aspects of the performance and growth of the factory. The membership had decreased from 1953 to 1606 during 2000-01 to 2005-06 period and it was due to the withdrawal or cancellation of membership of disloyal members by the management. 455 Disloyal members were removed from the roll in 2002-03 alone. It reduced the total tea cultivated area of Salisbury INDCO Factory hinterland or catchment area. There has been a surge in the production of green leaf and made tea from 65.14 lakh kg to 107.12 lakh kg and 15.55 lakh kg to 24.25 lakh kg respectively during 2000-01 to 2005-06. The productivity level seems to have improved tremendously from 4085.72 to 9027.17 kg/per ha and from 975.33 to 2043.59 kg/per ha of green leaf and made

Table 15: Growth of INDCO TEA Factories

Indicators/Years	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
a. Number of members/STGs	21876	20724	20012	19158	20089	20049
b. Tea Cultivated Area (Ha)	14454.25	13960.73	13140.08	12340.89	13069.64	12893.93
c. Average Farm Size (Ha)	0.66	0.67	0.66	0.64	0.65	0.64
c. Quantity of Green Leaf Purchased (Lakh Kgs)	537.40	481.18	462.76	510.16	553.59	475.87
d. Quantity of Made Tea Produced (Lakh Kgs)	138.37	124.15	121.13	137.46	143.35	123.42
e. Productivity of Green Leaf (Kg/Per Ha)	3717.94	3446.67	3521.74	4133.90	4235.70	3690.65
f. Productivity of Made Tea (Kg/Per Ha)	957.30	889.28	921.84	1113.86	1096.82	957.19
g. Ratio of Made Tea and Green Leaf (%)	25.75	25.80	26.18	26.94	25.89	25.94
h. Rate paid for Green Leaf (Rs./Per Kg)	5.89	5.46	5.65	4.99	6.96	4.80

Source: Computed from Short Notes INDCOSERVE and INDCO Tea Factories in Nilgiris District, Tamil Nadu.

Table 16: Growth of Salisbury INDCO Factory

Indicators/Years	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
a. Number of members/STGs	1953	1968	1945	1645	1663	1606
b. Tea Cultivated Area (Ha)	1594.33	1610.53	1255.87	1269.23	1258.30	1186.64
c. Average Farm Size (Ha)	0.82	0.82	0.65	0.77	0.76	0.74
c. Quantity of Green Leaf Purchased (Lakh Kgs)	65.14	56.83	71.27	81.44	114.37	107.12
d. Quantity of Made Tea Produced (Lakh Kgs)	15.55	13.61	16.14	18.91	23.41	24.25
e. Productivity of Green Leaf (Kg/Per Ha)	4085.72	3528.66	5674.95	6416.48	9089.25	9027.17
f. Productivity of Made Tea (Kg/Per Ha)	975.33	845.07	1285.16	1489.88	1860.45	2043.59
g. Ratio of Made Tea and Green Leaf (%)	23.87	23.95	22.65	23.22	20.47	22.64
h. Rate paid for Green Leaf (Rs./Per Kg)	6.18	6.25	6.40	5.63	8.00	6.69

Source: Computed from Short Notes on Working of the Salisbury INDCO Tea Factory, Gudalur, Tamil Nadu.

tea respectively. The reason of improving the productivity level was due to optimal use of the capacity by the management and purchasing of green leaf from STGs from adjoining Wayanad district. The outturn percentage of made tea from green leaf remained stable from 22 per cent to 24 per cent. The green leaf price paid by the Salisbury INDCO was better than the average price paid by the INDCOSERVE Factories.

Here, it should be mentioned that systematic information on *cost of production for green leaf* and *cost of processing for made tea* is not available separately at the national level. Therefore, INDCO factories may be taken case studies and other Co-operative factories (CPFs) as well in various states along with BLFs which may produce genuine results. It may also prove that Co-operative Factories (CPFs) should go hand-in-hand with BLFs by which smallholders enter into production and marketing and forward linkages.

Primary Producing Societies (SHGs)

The idea of setting up *Primary Producing Societies* (SHGs) was initiated by Tea Board of India during the Tenth Plan period (2002-07)¹⁴ for improving the economies of scale. This alternative approach has ultimately fostered and brought new changes and a ray of hope for the growers. This cluster approach for STGs and the formation of *Primary Producing Societies* (SHGs)¹⁵ has unfolded many social realities across the states and somehow has helped in mitigating the market risks to a certain extent.

During the same time, a Delhi-based organisation, *Centre for Education and Communication*, partnering with Tradecraft funded by DFID, UK had initiated a National level project *Sustainable Livelihood for Small Tea Growers in India* which was implemented in. *Assam, West*

14. *Tea Plantation Development Scheme* (Tenth Plan Period), Tea Board of India.

15. These are village level institutions registered under State Societies Registration Act as well as Tea Board of India. The membership varies in each society depending upon local geographic conditions and settlement pattern. Tea Board of India has introduced this cluster approach during the 10th Five-year Plan (2002-07).

Bengal, Tamil Nadu, and Kerala. Under this initiative, STGs were organized into groups/societies in villages or a cluster of villages. As on 31st March 2008, 294 *Tea Producing Societies* (SHGs) have been formed with a total membership of 12,941.

Table 17: Primary Producing Societies (SHGs) in India (As on 31st March 2008)

States	Number of Primary Producing Societies (SHGs)	Number of Registered PPS (SHGs) with Tea Board	Number of STGs/ smallholder Involved	Average Membership Size of Primary Societies
Assam*	123	Nil	4705	38.25
West Bengal	40	Nil	2212	55.3
Tamil Nadu	31	31	3491	112.6
Kerala	100	100	2533	25.3
Total	294	131	12941	44.02

* The figures of Assam are estimated based on 32 Tea Producing Societies (SHGs).

Source: Computed from the data available at Centre for Education and Communication, New Delhi.

A small sample study under the project was conducted during *September to November 2007* in *Assam, West Bengal, Tamil Nadu and Kerala* taking the *Tea Producing Societies* (SHGs) as basic units of the study. Sample societies were selected considering all the stakeholders and different geographical locations. Ten Societies in each state were considered purposively. The results of the study are summarized in Table 18.

The average individual farm size is 0.78 hectares in Assam, 1.53 hectares in West Bengal, 0.77 hectares in Tamil Nadu, and 0.47 hectares in Kerala. The average farm size in four states is 0.90 hectares. The status

Table 18: Performance and Effectiveness of Primary Producing Societies (SHGs)

Indicators/States	Assam	West Bengal	Tamil Nadu	Kerala	Total
a. Average Membership Size of the Societies(No. of STGs)	33.70	65.00	139.30	44.40	70.60
b. Average Size of the Societies/Plantation Area (Ha)	26.31	99.83	107.20	20.64	63.49
c. Average Farm Size of the Societies (Ha)	0.78	1.53	0.77	0.47	0.90
d. Percentage of STGs Registered with Tea Board of India	0.89	14.46	18.95	31.98	17.70
e. Percentage of members supplying Green Leaf through Societies	92.87	94.61	85.14	50.00	82.72
f. Percentage of members credited to leaf agents in Societies	44.21	18.30	26.13	8.33	23.69
g. Average Green Leaf Procurement by the Societies (Kg)	985.00	3980.00	2080.00	920.00	1991.00
h. Average Green Leaf Price/Per Kg received by the Societies	10.15	6.76	6.89	7.15	7.74
i. Average Green Leaf Price/Per Kg outside the Society Area	9.25	6.21	5.97	6.50	6.99

Source: Based on Field Survey, September to November 2007.

of individual registration of STGs with Tea Board is relatively low: at 0.89 per cent in Assam, 14.46 per cent in West Bengal, 18.95 per cent in Tamil Nadu, and 31.98 per cent in Kerala.

The inter-state variation of the *size of Primary Producing Societies* (SHGs) is a crucial issue and it can be measured in two ways. First, by the membership status of societies. Secondly, by plantation area of a particular society. The average *membership status* of STGs in *Primary Producing Societies* (SHGs) was 33.7, 65.0, 139.3 and 44.4 in Assam, West Bengal, Tamil Nadu and Kerala respectively. Similarly, the average area of the Societies in all these States was 26.31 hectares in Assam, 99.83 hectares in West Bengal, 107.20 hectares in Tamil Nadu, and 20.64 hectares in Kerala. The average membership status of societies in four states together was 70.60 and the average area of the societies is 63.49 hectares.

Most of the Societies were newly formed and hardly had any experience of leaf trade in group/cluster approach. Majority of the growers-members *supply green leaf through Societies* and their percentage varied from 50 per cent (lowest) in Kerala to 94.61 per cent (highest) in West Bengal. Many members supply green leaf to the leaf agents as they had taken *advance money* for farm management in lean season. The dependency level of STGs to the leaf agents was 44.21 per cent, 18.30 per cent, 26.13 per cent, and 8.33 per cent in Assam, West Bengal, Tamil Nadu and Kerala respectively.

The total plantation area and the *daily average green leaf procurement* are highly linked; the higher the plantation area in a state the higher volume of the daily leaf procurement. Of course, it is also related with other factors like seasonality, number grower-members supplying leaf, farm management and input practices etc. The average daily procurement of green leaf is 985 kg in Assam, 3980 Kg. West Bengal, 2080 Kg. in Tamil Nadu, and 920 Kg. in Kerala. Similarly, there is a wide variation in the price realization for green leaf/per kg between

grower-members in a Society and the growers outside Society. The State-wise variation has been found to be 0.90 Paise/Per Kg in Assam, 0.55 Paise/Per Kg. in West Bengal, 0.92 Paise/Per Kg. in Tamil Nadu, 0.65 Paise/Per Kg. in Kerala, 0.75 Paise/Per Kg. at all India level.

The BLFs are dependent on agents and it appears that there are two major reasons for such dependency. First, small numbers of STGs are organised under Societies in BLFs hinterland. Secondly, low volume of green leaf is supplied by the Societies. One Society can supply green leaf up to 1500-2000 kg/per day. When, BLFs crashing capacity is much more than the possible supply from small number of Societies in an area, BLFs could explore alternative sources of green leaf supply to meet the required amount of leaf on a daily basis. This has led to the growth of leaf agents (middlemen) in small tea growing areas. The strength of societies lies in their organized force, collective voice, capacity to supply huge quantities of quality green tea leaves, and increased bargaining power. Absence of processing units and non-conformity with scientific farming methods¹⁶ are the major sources of weakness. Therefore, ideally if each village is organised under Societies, BLFs would find a comfortable situation to purchase the green leaf directly from STGs by replacing leaf agents. Hence, it looks imperative that STGs are organized under Societies, existing Societies influencing to form new Societies by motivating neighbouring areas so that the bargaining strength of the growers can be improved.

Associations, Federations and Confederations

Assam

The **All Assam Small Tea Growers Association (AASTGA)** is an apex body of all the STGs in the State. Under this there are 13 district level committees and 78 regional level committees. In very few areas

16. B.J Chakraborty, 2007, 'Collective movement, co-operative approach and efficient marketing have helped the Small Tea Growers' Societies reach new heights', *Contemporary Tea Time*, September-November'07, p.35.

there are sub-committees under regional committee depending on the number of growers and the area of cultivation. There is a five member panel known as *Karnadhar Somittee* which acts and functions as final decision making body and this committee has the authority to make the final decision on all administrative and policy makers.

Another Association of STGs is known as ***All Bodoland Small Tea Growers Association (ABSTGA)***, operating in three districts, namely, Udalguri, Baska, and Chirang.

According to ABSTGA, the problems of growers' issues are quite different since it is under tribal belt and administrative and funding pattern is different, and therefore they opted to function separately. Several discussions were held for the merger of AASTGA and ABSTGA and united action of both the Associations. The formal merger may take place with the formation of some joint committees at state level, and that would help to sort out common issues, demands and to strengthen the overall struggle of small tea growers.

The ***Assam Small Tea Growers Development Co-operative Society Ltd. (ASTCOL)*** is the apex body at the state level under AASTGA. Similarly, ABSTGA is also having an apex co-operative society. The co-operative society promotes setting up of co-operative factories by growers in the state.

West Bengal

The apex body of growers in West Bengal is the *United Forum of Small Tea Growers' Associations* (UFSTGA). It is a federation of eight associations in Uttar Dinajpur, Jalpaiguri, Darjeeling and the Kishanganj District of Bihar.

- 1) Jalpaiguri Jela Khudro Cha Chasi Samiti,
- 2) Uttar Banga Khudra Prantik Chasi Samiti,
- 3) Uttar Dinajpur Small Tea Growers' Welfare Association,

- 4) Uttar Dinajpur Small Tea Planters' Association,
- 5) Daspara Little Planters Association,
- 6) Uttar Banga Khudro Cha Chasi Welfare Samiti,
- 7) Indian Tea Planters Association (New Garden Forum), and
- 8) Bihar Small Tea Planters Association.

The *North Bengal Small Tea Planters Association* (NBSTPA) is the oldest association in West Bengal having members all across the area. The tea growers' up to 100 acres are the members of this association and it also has members with less than 10.12 hectares of tea cultivation. The fundamental difference between UFSTGA and NBSTPA is that UFSTGA is having members of less than 10.12 hectares of cultivation, whereas NBSTPA has members with less than 10.12 hectares as well as above 10.12 hectares.

Tamil Nadu

In Tamil Nadu, STGs are mostly concentrated in Nilgiris. The State Level Federation in Nilgiris is named as *Federation of Small Tea Growers Associations Nilgiris* (**FESTA N**). Six blocks in the district are grouped into the following three regional federations.

1. Federation of Gudalur-Pandhalur Small Tea Growers Associations;
2. Federation of Coonoor-Kotagiri Small Tea Growers Associations; and
3. Federation of Ooty-Kundah Small Tea Growers Associations.

Kerala

In Kerala, STGs are concentrated mainly in Wayanad and Idukki districts. All the organisations are affiliated to *All Kerala Small Tea Growers Association*. The regional distributions STGs are as follows: (Table 19).

Federation of Small Tea Growers Associations Nilgiris (FESTA N)

Federation of Gudalur-Pandharur Small Tea Growers Associations	Federation of Coonoor-Kotagiri Small Tea Growers Associations	Federation of Ooty-Kundah Small Tea Growers Associations
1) Sri Madurai STGs Association	1) Sree Lakshmi Narayana STGs Association Karakorai	1) Anikorai STGs Association
2) Cherumulli STGs Association	2) Othanathy STGs Association	2) Srihriyadaya STGs Association Sholur
3) Chalivayal & Dharmagiri STGs Association	3) Jakkannarai STGs Association	3) Kothamudi STGs Association
4) Kammathy STGs Association	4) Kariabettarayar STGs Association	4) Shiva Muruga STGs Association
5) Kalingara STGs Association	5) Bandhimai STGs Association	5) Mahalinga STGs Association
6) Karugapalli STGs Association	6) Kerada STGs Association	6) Balakola STGs Association
7) Puliamparai STGs Association		
8) Eillamalai, Paryashola, Subhash Nagar & C Forth STGs Association		
9) Gandhi Nagar STGs Association		
10) Aruttupari STGs Association		
11) Green Wealth STGs Association		
12) Yelamanna STGs Association		
13) Selakunna STGs Association		

Source: Field Survey, September to November 2007.

Table 19: Linkage of Associations and Primary Producing Societies (SHGs) in Kerala

Name of the Block/ District	Name of the Association	No of Primary Producing Societies (SHGs)	Total Number of STGs
Mananthavady, Wayanad	North Wayanad STGs Society (NWSTGS)	16	553
Sultan Bathery Wayanad	Wayanad STGS Association	34	1641
Peermadu Idukki	Travancore Small Tea Farmers Society (TSTFS)	18	570
	Total	68	2744

Source: Field Survey, September to November 2007.

Confederation of Indian Small Tea Growers Associations (CISTA)

STGs of four states of Assam, West Bengal, Tamil Nadu and Kerala joined together to form a national body of smallholders in tea plantations. Initially, the national planning meeting for the formation of a national body of STGs was organised at Centre for Education and Communication, New Delhi partnering with Traidcraft Exchange, UK on 30th and 31st October 2007. There were 12 participants representing the state federal bodies from Assam, West Bengal, Tamil Nadu and Kerala. Presently CISTA represents STGs of more than ten states and Special Invitee of Tea Board of India.

3. Concluding Observations and Issues of Research

In the context of growing importance of small holders in tea, which has been historically dominated by the large estates, the present study undertook an examination of the organisational innovations to address the various issues being confronted by the small tea growers. It is observed that the *Primary Producing Societies* (SHGs) have been performing well enough even though they are in the nascent stage. These Societies hardly could meet the formal requirements and guidelines set up by Tea Board of India and, thereby out of the ambit of formal credit and financial supports. Price realization for green leaf varies among the society members and outside the society hinterland. Some of the societies in Tamil Nadu is linked BLFs with contracts or forward agreements. Therefore, apparently it is seen that, if all the STGs can be organised into certain basic structures or units like societies, it would help in planning and policy implementation in the field thorough out all the regions. Societies can act as a platform for imparting training and knowledge dissemination centres in the villages or a cluster of villages depending on geographical factors. Group formation would also minimise the cost of production by practicing bulk purchase of fertilizers and pesticides, scientific farm management, accessing institutional credit, savings, crop insurance, social security etc. It would also improve

the bargaining power of the growers and healthy relationship with BLFs by supplying quality green leaf.

Monthly monitoring and analysis of E-Form under TMCO-2003 for green leaf price by Tea Board of India is possible and STGs receive fair deal in supply chain. Simultaneously, it will generate self-employment in small tea growing districts. It would also help studying the effectiveness of *Price Stabilization Fund Scheme*, *Price Sharing Formula* and *Primary Producing Societies* simultaneously and an elaborative narration of the policies of state and Central governments and varied nature of policy practices in different regions in India. A national level field-based study in this direction is imperative. Formation of *Primary Producing Societies (SHGs)*, National level NGOs and civil society organisations may be engaged for time-bound projects for making this kind of cluster approach for more result-oriented and action-research based on field reports of their functioning.

Only 10-15 per cent of total growers are organised into Tea Producing Societies (SHGs) in various states. On the other hand, BLFs are better organised and can manage the terms and conditions while purchasing green leaves. Since growers are not well organized within a locality there may be *depressed price zone* and *stable price zone* within a distance 15-20 kms during the same period of time. The area where *Primary Producing Societies (SHGs)* are properly functional and growers are aware of the local market price, they receive better deal and price for green leaf.

It has also been observed that leaf agents find the major share of leaf trade in depressed price zones and BLFs encourages such a situation to control the local market. A national level study on cost of production and farm gate price realization for assessing the growers conditions, failures and successes may be mapped.

Most of the small tea growing areas face labour shortages during peak seasons. A new form of labour under contract mode has become an

ultimate choice for the growers. In many cases, STGs cannot keep and maintain a regular workforce. They depend on *Thika* (contract) workers. In this kind of practice, there are serious problems of maintaining quality of green leaf. A *Thika* worker is hired on Rs.1.50-2.00/per kg of green leaf plucking and the primary task of a worker is to increase plucking. In this process, bushes of tea plants and plucking table become unstable and after few rounds of plucking, it is very difficult for a worker to pluck leaves from the same plant.

As mentioned in the beginning, STGs gardens are located in *Heterogeneous Villages* and mostly dependent on local labour. They are more prone to face labour shortages compared to Estate Gardens. Since many government policies like MGNREGS are in operation in these areas, growers find it difficult to engage workers in peak seasons. Besides this, traditional agriculture also employs large number of workforce during July to September. To avoid such a situation, synchronizing the MGNREGS in the small tea growing districts is an essential task. It should be noted that most of gardens in North India have a lean season during December-January-February. If MGNREGS is operational during these months, many of the problems of shortage of workers may be alleviated and workers can be absorbed throughout the year.

Technical know-how is low among the growers in India. Tea is a perennial crop and the leaf is plucked almost thorough out the year. It has seasonal occurrence of pest and diseases, additional water requirement, scientific ways of pruning, plucking and bush management, optimal use of manure and fertilizer, leaf procurement and proper shading etc. All these activities require extensive farming knowledge and STGs are lacking all such skills. It has a serious implication on production, quality management, and cost of production and profit margin of a grower. Therefore, further research is needed to evolve region-specific guidelines on agricultural practices and other geographical factors.

As mentioned above, most STGs are not registered with Tea Board due to land regularisation and other procedural issues. A periodic census for STGs and BLFs across all states might provide data on number, area, production, and employment trends in the sector which may be used for better planning and implementing newer policies.

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