To study status of entrepreneurship development in terms of small tea growers of Assam

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Abstract:

**Purpose** – This paper attempts to analyze small tea growers’ current scenario, problems and prospects of this new form of entrepreneurship in Assam.

**Design/methodology/approach** – The study is carried out based on field survey and secondary data available on small tea growers of Assam.

**Findings** –

1. Small tea growing is the source of employment for the Assam’s indigenous people as it has generated new employment opportunities, proper utilization of local resources as a source of revenues.

2. Assam has 68,465 small tea gardens cultivated in 117 thousand acres of land.

3. Majority of the STGs are found in 5 Upper Assam districts (64519) which is 94% of the total no. of STG in 14 districts of Brahmaputra Valley.

4. Dibrugarh and Tinsukia have highest numbers of STGs ie, 19160 and 18595 respectively.

5. Area planted by STGs is the highest in Tinsukia district.( 34000acres).

6. 28723 numbers of STGs cultivate in their patta land. This is 8% of the total land under tea cultivation of STGs.

7. 87% holdings of STGs are less than 3 acres.

8. Only 4% holdings of STGs are above 15 acres.

9. 7.5 % holdings of STGs are 3-5 acres.

10. 67% of tea bushes are below 10 years of age.
11. Only 8% of the tea bushes are above 15 years old. This indicates that majority of small tea plantation is new which clearly states a brighter future of income of the state from the STGs.

12. The total production from STGs is 400 million kgs which is 20% of the state’s production.

13. There are 177 no of BLFs with a total capacity of 261 million kgs. Out of these, 166 numbers are found functioning in 5 Upper Assam districts. BLFs produce 101 million kgs of made tea.

14. Although small tea cultivation has enhanced the condition of labour market in Assam by providing employment to a big number of people yet employment in small tea gardens is not sustainable in terms of wage rates and working days. Workers are offered only minimum wage rates. Other benefits like gratuity, provident fund are not paid to them.

Research limitations/implications – Required data are not readily available in concrete form.

Practical implications –

As the tea industry is labour intensive major portions of cost go towards labour wages. The large companies therefore try to fragment the value chain and break the production process. STGs role is limited in the value chain process but not without risk. They are with limited resources and therefore they are the most vulnerable group in the system with multiple challenges viz, finance, land problems, labour supply, lack of training in tea culture and practices, marketing of green leaves, natural disasters like climate changes, poor infra structural facilities etc. but these problems have not deferred the growth of STGs in Assam. They have continued to grow and expand.

The STG is a new model of tea cultivation in Assam that fosters the growth of entrepreneurs and thereby reduces unemployment. A model of sustainable entrepreneurship has been worked out which redefines and reinvents the traditional theories and practices of tea cultivation.

Originality/value – Original

Keywords : Small tea growing, entrepreneurship, Assam.

Paper type: descriptive
**Introduction:**

The importance of plantation crops particularly tea is considered as an important social factor since it provides employment, both direct and indirect, to a large population in remote corners of the industry. Moreover, the plantation crops help sustain the fragile ecosystem of the region. Tea plantation is the major carbon balancer of the world.

Tea was introduced in India in 1823 and till then it has been contributing towards socio economic development of the country. Tea cultivation in India is a most organized agricultural crop in the country. Indian tea is in the second position in the world regarding to the area under cultivation India is the fourth largest exporter of tea after Kenya, China and Sri Lanka. In India tea is grown in 15 states over an area of 5,79,353 hectare which accounts for 16% of the total area under tea cultivation in the world. However, 92% of the area under cultivation and 98% of the total production is accounted for four major tea growing States viz. Assam (51%), West Bengal (23%), Tamil Nadu (17%) and Kerala (7%). The other States where tea is grown, to a small extent, are Tripura, Arunachal Pradesh, Manipur, Mizoram, Nagaland, Sikkim, Uttrakhand, Himachal Pradesh and Bihar.

The tea industry in Assam (as well as in India) has faced some structural changes due to growth of the small tea growers, development of bought leaf factories and new method of practices in management and marketing.

**Objective of this study:**

This paper attempts to analyze small tea growers current scenario, problems and prospects of this new form of entrepreneurship.
Methodology:

The study is carried out based on field survey and secondary data available on small tea growers of Assam.

Contribution of small tea growers in Indian Tea:

Tea industry in India is largely organized since 72% of the total area under tea cultivation and 74% of the total production comes from the organized sector from 1686 number of tea gardens spread throughout the country. Out of 2000 million kg produced annually in the country, 26% is produced by small tea growers with more than 1.5 lakh holdings and the average size of the holdings being less than one hectare.

Tea industry in India has faced many structural changes over the years like emergence of tea cultivation on small holding, rising competition in domestic market, introduction of bought leaf factories (BLFs) (Das 2009). Small tea growers have emerged as a major player in the tea sector. They have contributed significantly to the development of tea industry as a whole.

Distribution of area under tea in India in different ownership categories (in hectares) can be understood from the following table:

<table>
<thead>
<tr>
<th>year</th>
<th>total</th>
<th>STG</th>
<th>Estate sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>580696</td>
<td>110787</td>
<td>469909</td>
</tr>
<tr>
<td>2005</td>
<td>607504</td>
<td>142985</td>
<td>464519</td>
</tr>
<tr>
<td>2006</td>
<td>605110</td>
<td>154099</td>
<td>451011</td>
</tr>
<tr>
<td>2007</td>
<td>585714</td>
<td>162431</td>
<td>423283</td>
</tr>
<tr>
<td>2008</td>
<td>588238</td>
<td>163326</td>
<td>424912</td>
</tr>
<tr>
<td>AGR</td>
<td>0.26</td>
<td>7.76</td>
<td>-2.01</td>
</tr>
</tbody>
</table>

Entrepreneurship as Small tea growing in Assam:

The small tea growers produce green leaf, they do not own tea factory to process green leaves. The definition of small tea growers varies across countries. In most countries the definition is based on holding size. In Kenya, small tea growers are those who cultivate tea in small piece or pieces of land that does not own tea processing factory. In Sri Lanka, small tea grower means growing tea in area of land less than 50 acres (20.2) hectares.

Small tea growing, as an entrepreneurship has started in Assam in 1978 as a response to the call given by late Soneswar Borah, the then Minister of Agriculture and Co-operation, Government of Assam. Entrepreneurs from the districts of Golaghat, Jorhat, Sibsagar, Dibrugarh and Tinsukia of Upper Assam started to transform the socio-economic life of rural Assam and started planting tea in their land which were either lying vacant or was being utilized by some other crops. Small and marginal farmers, the unemployed youth and the aged started to plant tea on any land available with them; whether they belonged to them, their families or to Government. Thus opportunities for big employment came for the unemployed, underemployed and other weaker sections of the rural society of Assam. Most of the small tea gardens are found in Dibrugarh district (30% of the total tea gardens), Tinsukia (22%), Jorhat (13%), Golaghat (12%), Sivasagar (11%) and other districts (mostly of upper Assam contain 11%).

According to “Directory of Small Tea Growers of Assam, Department of Industries & Commerce, Government of Assam”,

- Assam has 68,465 small tea gardens cultivated in 117 thousand acres of land.
- Majority of the STGs are found in 5 Upper Assam districts (64519) which is 94% of the total no. of STG in 14 districts of Brahmaputra Valley.
- Dibrugarh and Tinsukia have highest numbers of STGs ie, 19160 and 18595 respectively.
- Area planted by STGs is the highest in Tinsukia district (34000 acres).
- 28723 numbers of STGs cultivate in their patta land. This is 8% of the total land under tea cultivation of STGs.
• 87% holdings of STGs are less than 3 acres.
• Only 4% holdings of STGs are above 15 acres.
• 7.5 % holdings of STGs are 3-5 acres.
• 67% of tea bushes are below 10 years of age.
• Only 8% of the tea bushes are above 15 years old. This indicates that majority of small tea plantation is new which clearly states a brighter future of income of the state from the STGs.
• The total production from STGs is 400 million kgs which is 20% of the state’s production.

It is seen from the data source of Tea Board of India, Regional Office, Guwahati, India that Assam has 78091 STGs covering an area of 88674 hectare.

With the increase in the production of green leaf in the state, bought leaf factories (BLF) have been set up to process green leaf specially of STGs. There are 177 no of BLFs with a total capacity of 261 million kgs. Out of these, 166 numbers are found functioning in 5 Upper Assam districts. BLFs produce 101 million kgs of made tea.

Employment has also been generated through another concept of middleman i.e., agent, who collect green leaves from STGs to sell it either to BLFs or Estate factories getting commission in the process. Till 2008, only 4920 STGs have direct linkage with the factories. Agents take an important role in collection and sale of green leaf. Average price paid by BLF is Rs 12/-and price received by STG is Rs 11.

In Assam, majority of workers in small tea gardens are either ex tea garden workers or their relatives. Small tea growers in Assam have limited knowledge about cultivation. Most of the workers are local surplus workers. Although small tea cultivation has enhanced the condition of labour market in Assam by providing employment to a big number of people yet employment in small tea gardens is not sustainable in terms of wage rates and working days. Workers are
offered only minimum wage rates. Other benefits like gratuity, provident fund are not paid to them

It is seen that BLF’s 49% production is sold through auction. The average price through auction (CTC) in 2008 for BLFs is Rs.88/- per kg. Whereas the average private sale is Rs 80/- per kg. Average auction price (CTC) of the Estate Garden in 2009 is Rs 90/- per kg.

**Challenges for small tea growers in Assam:**

The small tea growers of Assam cultivates tea on periodic patta land, ejmali land, annual patta land occupied or inherited, forest land occupied or allotted, ceiling surplus land, disputed grazing land, occupied deforested land and government land in the border areas of the state etc for which they get Govt notice for eviction from time to time. But to encourage the growth of entrepreneurs and to improve employment status State Govt. has to become soft on this issue.

Small tea growers, specially, the small and marginal farmers are dependent on bought leaf factories. The dependency level of small tea growers to the green leaf agents in Assam is 44.2% whereas it is 26.1% in Tamilnadu, 18.3% in West Bengal and 8.3% in Kerala. The bought leaf factories purchase green leaves of the small tea growers through green leaf agents. But the production by a single grower is insignificant for the BLF so the agents collect green leaf form numbers of growers and supply it to BLF. The small tea growers are not well organized, therefore, the BLFs deny to give higher price to the green leaf supplier stating over supply of green leaf which is a perishable commodity. There may be problems of depressed price zone and stable price zone within the same physical distance during the same time period.

Price sharing under TMCO guidelines is not implemented. District level monitoring committee’s initiation in fixation of price of green leaf is not giving any supportive result to the small tea growers.
Although the STGs have significant contribution to the tea industry of Assam, most of the small tea growers are not registered with the Tea Board. Only 1297 STGs are registered with Tea Board till 2008 which is increased to 4561 in 2010. Only 1055 STGs availed incentives from tea board till 2008. Most of the STGs do not possess the required land documents to show ownership. This no registration deprives small tea growers from various assistance schemes of the Tea Board as well as credit facilities from organized financial institutions. Only 178 numbers of STGs have got credit support from bank which is like having virtually no credit support. Only 3109 STGs are the members of different SHGs. Hence the STGs do not get support under Tea Board’s scheme meant for SHGs. Therefore the STGs need to take financial assistance from the local credit firms at a high interest rate. Input materials are made available on credit to the small growers by the agents who act as investors. Bought leaf factories also extend advance (loan) to these small tea growers on high rate of interest.

**Conclusion:**

The small tea growers in Assam are now an economic force for the state generating employment. Therefore some measures have to be made so that the small tea growers can get benefit of their endeavors in the form of subsidies and various schemes of tea board viz, for the development of plantations, purchase of vehicles, machines etc. Land ownership problem may be solved by the Govt by taking sincere effort.

References:

1. Directory of Small Tea Growers of Assam, Department of Industries & Commerce, Government of Assam, volume 1, page 552