

EARNINGS OF SMALL TEA GROWERS AND DIFFERENT
VARIETIES OF TEA MANUFACTURING FACTORIES: A
CASE OF MAYNAGURI BLOCK IN WEST BENGAL OF
INDIA

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Abstract

The economy of the rural North Bengal is now shining as the common crops cultivation land has been replaced by small tea plantations. Small Tea Growers (STGs) don't possess factories of their own and have to depend exclusively on different varieties of tea manufacturing factories. As green leaves are highly perishable, they are bound to sell as soon as possible after plucking the leaves. The monopoly market players associations in this block take this advantage and compel the STGs to sale leaves in a very low price. Tussle between the STGs and different varieties of tea manufacturing factories over the price of green leaf have always remained a common issue throughout the country. Different varieties of tea manufacturing factories include 'Set Gardens Factory', 'Bought Leaf Factories' and a single factory run by 'Self-Help Group'.

In most of the time the small tea growers have to be dependent on the mercy of the bought leaf factories as the Set Gardens factories not always buy the leaves from outside and there is only one SHGs of small tea growers' factory in India.

Apart from these, the Tea Board of India has also failed in implementing their policies regarding the fixation of price of tea leaves in this case. The fate of the 1.61 lakhs STGs in India is now very uncertain.

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In the present study, a deliberate attempt has been made to explore the impact of different varieties of tea manufacturing factories on the earnings of small tea growers as well as the future prospects of STGs in this block. For the purpose of the study, 150 respondents (STGs) have been selected through stratified random sampling method and the pertinent information have been analyzed with the help of SPSS. Finally, conclusions and recommendations are made to avoid the uncertain future of the STGs and to escape them from the exploitative hands of the monopolist.

Keywords: Small Tea Growers (STGs), Bought Leaf Factories (BLFs), Set Gardens Factories, Tussle, Price of Leaf, Future of STGs, Uncertainty.

Introduction

“If you are cold, tea will warm you;
If you are heated, it will cool you;
If you are depressed, it will cheer you;
If you are excited, it will clam you.”

----- Gladstone

Tea is called as the ‘Queen of Beverage’ and tea is consumed after water. India is the largest producer and consumer of tea in the world and the tea industry provides employment for more than 2.5 million farmers and workers. In India, tea industry is one of the oldest agro-based well organized industries. Traditionally one of the important and profitable industries contributes big amount to the national income (D. Mitra, 2010).

In India, tea industry is one of the mature and oldest agro-based well organized industries. Till date, it is bearing its heritage. Tea industry comprises of two components – 1. Set tea estates; 2. Small tea growers; Set tea estates or Estate Gardens are those tea gardens having an area of plantation beyond 10.12 hectares or 25 acres of land also having factory of their own within the premises of plantation (Tea Board of India). On other hand Small tea growers means those having an area of plantation within 10.12 hectares or 25 acres of land, STGs don’t possess its own factory for processing tea from the leaves and they have to depend on the bought leaf

factories and others (Abdul Hannan, 2006). But it is the first time in India that the small tea growers society build their own factory at Panbari in Jalpaiguri, West Bengal, and other two is about to build.

In the recent years, the tea plantations can be said to consist of the large estate sector and the small grower sector. Previously, estates (large growers) were synonymous with the tea sector, but in recent years the increasing advent of small tea growers has made both estates and small growers important components of this sector. The traditional estates was established during the colonial period and was characterized by large holdings, corporate ownership, high capital base, monoculture, a hierarchical labor management system and a large workforce employed as hired wage labour (Herath and Weersink, 2009). This system of production gradually gave way to small grower sector. The small grower sector comprises of farms growing plantation crops together with other crops and is mainly reliant on family labor (Hayami and Damodaran, 2004)

Since 1990 the tendency of small tea cultivation has increased drastically. Small tea growers in North Bengal are largely concentered in the North Dinajpur, Jalpaiguri, Cooach Behar and the foothills of Darjeeling hills and the newly formed Alipurduar district. Over two lakh tiny and small tea growers' accounts for about 30% of the total annul tea production in India (Confederation of Indian Small Tea Growers Association, 2014). There are around 30,000 such small tea growers in North Bengal and total production is around 91million kg, which almost 32.5% of North Bengal's tea production of 280 million kg. Near two lakh small tea growers of the country have so far remained entirely dependent on around 600 bought leaf factories to consume and process around 1500 million kg green leaf output of the STGs. (*The Economics Times of India*, Kolkata, 8 Oct,2014)

As the small tea growers don't possess factories of their own and have to depend mainly on the Bought Leaf Factories, Estate Gardens Factories. So to protect the interest of the STGs the Tea Board has supported them to build factories and this kind of factory formed by the way of Self-Help Group of the STGs. In India from October 2012 onwards the first Self Help Groups factory of STGs has started to producetea at Panbari, Maynaguri block of West Bengal. The 343

members of the adjoining areas are only enjoying with supply of their green leaves and sharing the profits.

As the price of the green leaves fluctuates over the years and the growers are suffers a lot specially the non-members of any growers association because of the middlemen. The exploitation of the middlemen is one of the serious concerns as they are sharing a part of profit while such non-member growers don't have any information about the actual price determined by the Tea Board of India. As a result whatever price is offering by the middlemen such growers have to satisfy with this. On the other hand the cost of production is increasing day by day. The production cost per kilogram of the green leaf is thus- the pickers have to paid Rs.3 per kilogram, the collectors Rs.1.50 to Rs.2, for manure and pesticides Rs.2 to Rs.2.50 per kilogram and other associated cost is Rs.2, including all the cost varied Rs.9 to Rs.11 per kilogram of green leaf.

Statement of the Problem

India is the largest producer and exporter of tea in the world market. In Indian Tea industry the contribution by the small tea growers is significance and they accounts for around 35% out of the total production. But the small tea growers passes through a period of crises due to a set of factors and the most important one as per the present scenario is that they are deprived from getting the fair prices of the green leaves. The problems lie because the small tea growers do not possess factory of their own and they have to depend mainly on the Bought leaf factories and Set gardens factory. The opportunistic bought leaf factories playing the monopoly role by offering too less prices and in case of Set Garden Factories the presence of middlemen. So to prevent themselves the STGs formed self-help group and with the support of the Tea Board of India build one factory. In this background an attempt has been made to compare the earnings of the STGs while they are supplying the leaves to the different varieties of the factories.

Review of Existing Literature

Several studies have been made on the various aspects of tea industry. These are mainly on industrial relation, financial and geographical aspects of the industry. A limited effort has been made on small tea growers. Here are some review of those studies is mentioned here:

Percival Griffiths (1967) on “The History of Indian Tea Industry” described a limited to the historical growth of Indian Tea industry and its different aspects like production, labor recruitment, ownership, etc. In his study there was no separate discussion about the Industrial Relation and Productivity.

Dr. Sharit Bhowmick (1981) in his study on “Class Formation in The Plantation System” tried to investigate into different aspects of class formation among tribal workers engaged in Dooars Teagardens. In his study emphasized on how the social relations of tribal workers changed with the change in Organisation of production.

Prasannaeswari (1984) on “Industrial Relation in Tea Plantation: the Dooars Scene” Describe the condition of labor relation in the tea gardens of North Bengal with special reference to the gardens of Dooars region. It covers various aspects of industrial relations in tea gardens like attitudes of the management towards the workers, the role of the Trade Unions, etc.

B. Sivaram (2000) studied on” Productivity Improvement and labor Relations in the Tea Industry In South Asia highlighted on the importance of tea production in India, Bangladesh, and Sri Lanka in terms of employment and foreign exchange earnings and various aspects on productivity in Tea Industry.

Navinder K Sing (2001) studied on “Role of Women Workers in the Tea Industry of North East India” explained various social, cultural and functional issues of female workers.

Huque (2007) Tea Industries in the developing countries of Asia are facing huge competition due to inefficiency in the value chain management especially related to land management, Plucking efficiency and manufacturing cost

Dr. Mitra (2010) “Globalization and Industrial Relation in Tea Plantations” portrayed in details the nature in industrial relations from pre globalization phase to post globalization phase, factors

impact on industrial relation, impact of globalization on Industrial Relation, Causes of Sickness and Closer in Dooars and Terai region in West Bengal. A little part of the study has enlightened on emergence of small tea growers along with its impact on established tea estates.

Dr. Horen Goowalla (2012) examines empirically the vital issues affecting the relationship between labor and management in selected tea estates of Jorhat Districts of Assam and suggests measures to make them more effective contributions for the productivity and prosperity of tea estates of Assam.

Dr. Biswas and N C Roy (2013) "Problems and Prospects of small tea growers in India" states that the STGs is facing multidimensional problems including Financial, Marketing, Transportation, Argo-technical, etc. also suggested that the Tea board should look into the matters relating to the problems of STGs.

Objectives of the study

The important objectives of this study are:

1. To observe the variation of earnings depending on the different types factories;
2. To ascertain the future of the small tea growers by giving valuable suggestions.

Methodology

For the purpose of the present study both the primary and secondary data is used.

Data Collection:

Primary Data: The primary data collection is done in several steps:

1. For collecting the primary data first of all a sample of respondents was chosen;
2. Stratified random sampling techniques has been used (The entire block has divided into three according to the features of the STGs keeping in mind

that where they are supplying the leaves, they are: (1) Bought Leave Factories (BLFs), (2) Set Gardens' Factories and (3) Self Help Groups (SHG) factory of the STGs. Further proportional allocation method used to draw the samples from the different strata).

3. A suitable questionnaire was prepared.
4. While collecting the primary data methods of personal interview technique was used.

Secondary Data: Secondary data was collected from various sources viz. various Tea Journals, Articles, Tea Board of India, various publications of Tea Board of India, Planters Associations, CISTA, Newspapers, Magazines, etc.

Locale: Maynaguri Block of North Bengal (This particular region was chosen because of the STGs of this particular region only supply their leaves to the three different types of factory and possibility to draw appropriate sample STGs)

Sample size: 150. Out of the 150 of sample 45 are selling their leaves to BLFs, 51 are selling to Set Gardens Factories, and 54 of them supplying to their own (SHGs) factory.

Analytical tools and techniques: As per the nature of the data gathered Chi-Square test is appropriate to analyze further SPSS 14.00 is used to calculate them.

Analysis of the Data

To know whether profitability of the STGs is independent on the factories where they are selling their leaves, the factories has been categorized into three: 1=BLF, 2= Set Gardens Factory, 3= SHGs Factory of STGs. On the other hand the income put in one of the two categories: 1=High Income, 2=Low Income.

Ho: There is no significance difference between the levels of profits of the STGs while selling the leaves to the different varieties of tea manufacturing factories.

H1: There is significance difference between the levels of profits of the STGs while selling the leaves to the different varieties of tea manufacturing factories.

Table-1: Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Levels of profit * Type of Factory	150	100.0%	0	.0%	150	100.0%

Table-2: Levels of profit * Type of Factory Cross tabulation

			Type of Factory			Total
			BLF	Set Gardens Factory	SHGs Factory	
Levels of profit	High Income	Count	13	37	45	95
		Expected Count	28.5	32.3	34.2	95.0
	Low Income	Count	32	14	9	55
		Expected Count	16.5	18.7	19.8	55.0
Total		Count	45	51	54	150
		Expected Count	45.0	51.0	54.0	150.0

Table-3: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.157(a)	2	.000
Likelihood Ratio	34.438	2	.000
Linear-by-Linear Association	30.050	1	.000
N of Valid Cases	150		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 16.50.

In this case the obtained *P* value is less than the commonly accepted levels of 0.05. So we can reject the null hypothesis. In other words there is a significant relation between the levels of profits of the STGs while selling the leaves to the different varieties factories.

***N.B. The standard amount of profit has considered Rs. 75000/Acre/year as per Biswas Debasish and Roy Nirmal Chandra (2013).

Conclusions

North Bengal is such a part of the India where the economy is based on the 4- T's (T-tourism, T-tree, T-tobacco, T-tea), Tea industry of the North Bengal play an important role in the national economy and we also know that the Small tea growers in North Bengal contribute 35% of its total production. Now it's a big question regarding the existence of the small growers in India due to the variations of price as well as the profits and the rising cost of their products. The monopoly attitude of the BLFs and the presence of middlemen are the reason for the tensions. Now it is important that the appropriate government should act as the arbitrator in between the two parties i.e. the STGs and tea manufacturing factories. Finally the paramount emphasis should be given on formation of SHGs that they can build factories of their own and may enjoy with the high level of profits.

Recommendations

1. The tea board should intervene in these burning issues by setting the fixed price.
2. The quality standard should also be determined by the Tea board.
3. The STGs should aware to form association or group that they can raise their voice collectively.
4. The STGs should also aware to avoid the middle men and sell their product through the association or group.
5. The tea board should engage the supervisor to supervise and control over the activities of the BLFs.

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