



SMALL TEA GROWERS AND WORKERS IN INDIAN TEA INDUSTRY

Summary

Small Tea Growers (STG) and their workers are the most vulnerable in the tea industry and receive the lowest rewards for their labor. They grow and harvest a perishable product that cannot be stored or transported over a long distance. Ideally tea leaves need to be processed within two hours of harvest which limits market opportunities to a small geographic area. As a result STGs are completely dependent on local processing factories, making it virtually impossible for them to negotiate with buyers on price. STGs are also not recognized by the wider tea industry and have little capacity to negotiate. The fact that they have no representation means they suffer from low prices, exploitation by factories and lack of access to resources that could improve the quality and yield of tea. These factors are responsible for their poverty and vulnerability.

Tags: Small tea growers. Tea. Black tea. Green tea. Government of India. Assam. Self Help Group

After water, tea is the most widely consumed beverage in the world. Tea is an agro-based commodity and is subjected to vagaries of nature. Robert Bruce in 1823, discovered tea plants growing wild in upper Brahmaputra valley.

In May 1838, the first Indian tea from Assam was sent to England for public sale. The tea industry sustains the livelihoods of millions of people; over 2.5 million people in India are dependent on the tea industry for their livelihood. The Tea Board of India defines a Small Tea Grower (STG), “A person who has a tea plantation of up to 10.12 hectares”

Major Tea gardens and location specific logo of tea in India

In India, there are three distinctly different tea growing regions. The three regions are: Darjeeling (North-Eastern India), Assam (far North-East India) and Nilgiris (South India).



Darjeeling grows exclusive tea at altitudes ranging from 600 to 2,000 meters. The combination of natural factors that gives Darjeeling tea its unique distinction is not found anywhere else in the world.



Assam - rich in nature's bounty and rainfall ranging from 100 to 150 inches per year - a bounty that ensures a very special place for the teas. For those who favour a bright, strong cup of tea, Assam tea is "your cup of tea." Assam is the single largest contiguous tea growing area in the world.



Nilgiri tea is generally described as being a dark, intensely aromatic, fragrant and flavored tea grown in the southern portion of the Western Ghats Mountains of Southern India. It is grown in the hills of the Nilgiris district of Tamil Nadu.



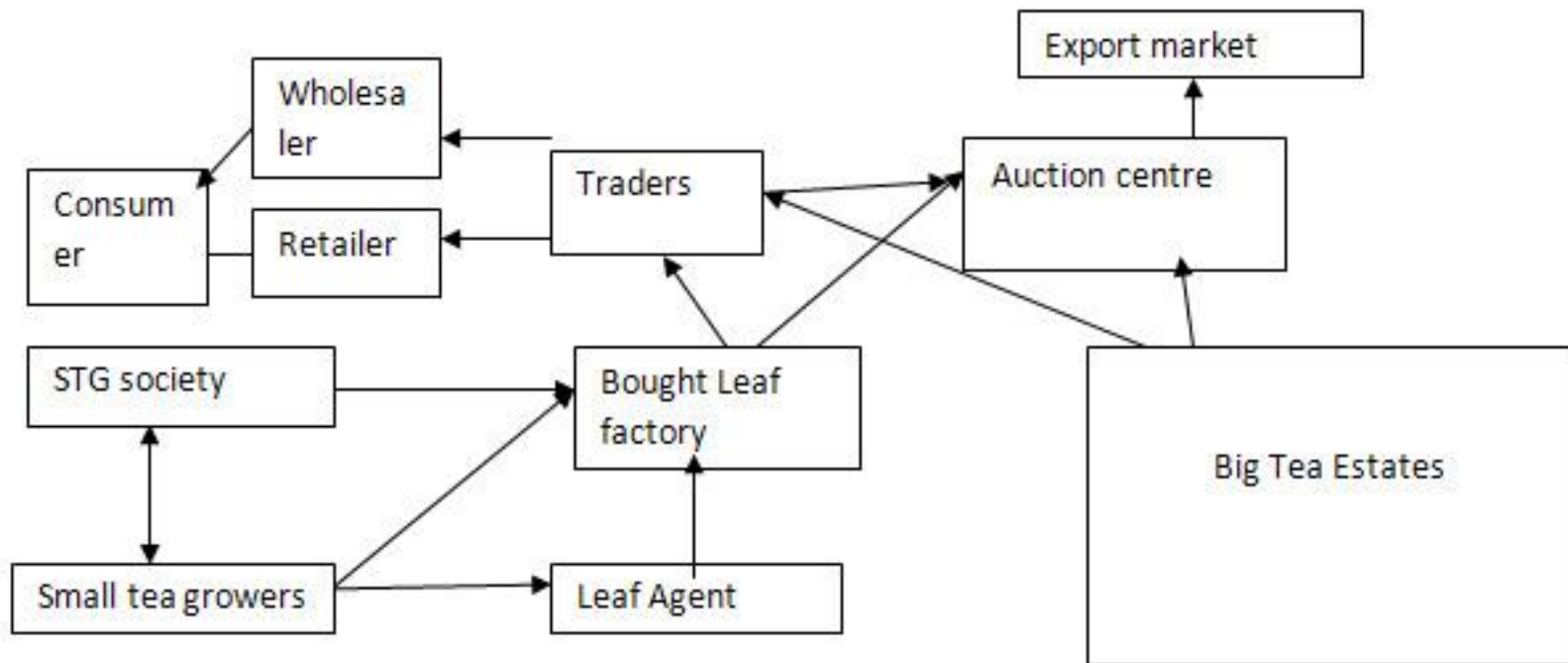
Apart from the above three distinct tea growing regions tea is also grown in Kerala, Himachal Pradesh, Bihar, Arunachal Pradesh, Tripura, Manipur, Nagaland, Mizoram & Meghalaya and in the adjacent plain areas of Dooars and Terai of West Bengal.

Types of Tea

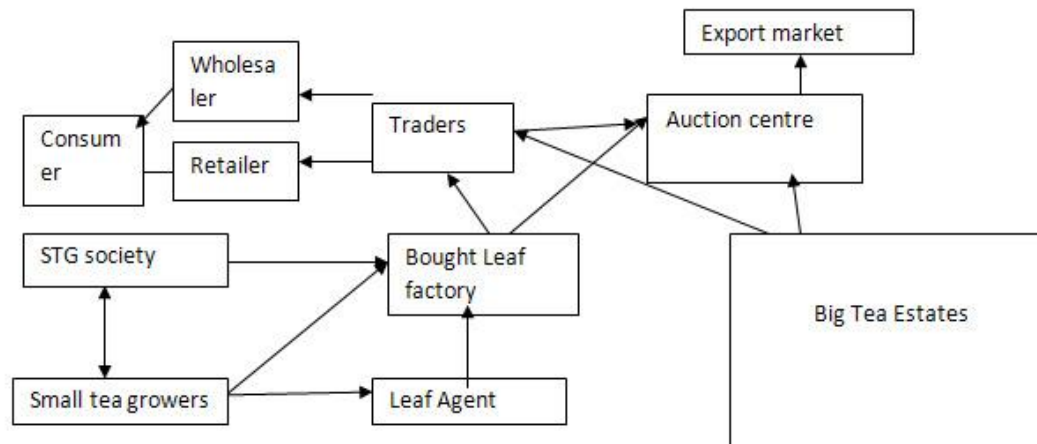
Tea manufactured from green tea leaves is generally classified into two types viz. Black Tea and Green Tea. Green tea is different from black tea since fermentation of green leaves is arrested in manufacturing green tea. Again black tea is of two types viz. Orthodox tea and CTC tea (Crushing, Tearing & Curling).

Orthodox teas are manufactured with the help of orthodox roller in the process of rolling while CTC machine/rotervan is used in rolling process in manufacturing CTC teas. While, most of the tea produced in Sri Lanka is of 'orthodox' variety, Kenya produces mainly CTC tea.

Through this instrument of contractual obligation, many players in the industry are able to align their own production technologies to the situation at the farmers' level and get the production of the desired commodity in scale. (Carlos A. da Silva, July 2005).



Tea supply chain in India



STGs produce tea leaves and supply to either Bought Leaf Factories or to estate factories. They do not have any role in pricing. The tea produced in BLF or estate factories are sold through auction or direct sale. Auction sale is carried out manually and also by e-auction. Major source of income comes through tea export.

Tea production by small and big tea growers in India

In India, the STG sector contributes 25% of total tea production and this is steadily increasing.

(Figures in Million kg)

Year	Small holders (less than 10,12 hac) production	Big growers (more than 10,12 hac) production	Total Production
2003	180.66	697.47	878.13
2004	201.96	691.01	892.97
2005	231.29	714.68	945.97
2006	249.71	732.09	981.80
2007	257.46	728.97	986.43
2008	257.46	723.36	980.82

Small gardens are maintained by small farmers who have shifted their crop from earlier fruit or vegetables or have grown in forest land etc. without having fixed processing facility. They either sale to Bought Leaf Factories (factories having their small garden and procure leaf from others) directly or through leaf agents.

Distribution of Small tea growers in India (as on 2005)

In India, the STG sector contributes 25% of total tea production and this is steadily increasing.

(Figures in Million kg)

States	Number	Area (in Ha)	Registered with Tea Board	%of Regd.
Assam	42,492	41,249	1852	4.35
West Bengal	8398	9500	479	5.70
Tamil Nadu	61,985	43,157	59,111	95.36
Kerala	5999	4810	2648	44.14
Other States	7382	8032	7586	102.76
Total	126,256	106,748	71,676	56.77

The remaining percentage of the total tea production comes from big tea estates. These are being owned by big farmers and companies like TATA, HML etc. where they have both tea garden as well as tea processing unit.

Why STGs are vulnerable

Being at the bottom of the supply chain, small tea growers are not able to get good remunerative price and so unable to provide minimum wage to the workers associated with them. There is an increasing need of the importance of the STG sector in tea-related policymaking.

Unlike big tea estate, the small tea growers' gardens are of smaller size, younger in age and scattered in nature of the STG sector. Quality of leaf is quite uneven since the small growers follow varied plucking cycle, pruning period and package of practices. Good quality leaf means two tender leaves and a bud, but leaves coming from STGs are having more than 3 leaves, they pluck at the interval of 15-20 days even one month where as the optimum period should be one week to 10 days.

Pruning needs to be followed every three years but maximum STG gardens are not pruned for more than 5 years. This is due to the lack of their knowledge on improved package of practices.

Majority of STGs do not have land ownership documents since either they grow in forest land, waste land or joint property etc. This is one of the reasons why banks are not willing to support to the STGs SHGs. So they depend on exploitative trade channels like private money lenders or tea factories to get working capital for garden maintenance.

Tea leaf is a perishable item, it has to reach the processing unit within 2-4 hours after plucking, and the small growers are bound to sell the leaf to the nearest possible source without having much option for price bargain. During peak season due to oversupply of leaf, tea factories are not willing to procure leaf from the STGs.

Tea price is being controlled by export market. During 1998 to 2005 the tea price has fallen miserably due to low export price. The STGs could not even get their cost of production.

As they are not able to get remunerative price, they are not able to provide minimum wage to their workers.

There are differential wage rates for male and female workers in STG gardens and child labor is also practiced. The workers suffer from various health issues like back pain, skin diseases, snake bite, TB etc. Standards prescribed by various certifying agencies are not possible to maintain by small tea growers.

Due to inconsistency in the market, there are very few small tea growers who go for organic tea, except in Darjeeling and Himachal Pradesh. There is no census done so far on small tea growers by the Government, which also affects the planning process.

Government of India support in eleventh plan scheme

For each Self Help Group(SHG) having a minimum membership of 50 growers and their aggregate area under tea being not less than 50 acres(20 ha), Government of India in its 11th plan scheme announced to provide financial assistance for the below noted “Common Facilities ” with a ceiling limit of Rs. 5 lakhs (five lakhs) per SHG .

Sl. No	Component	Unit cost	Rate of subsidy	Subsidy Ceiling Limit
1	Transport Vehicles- Trucks, tractors, trailers for haulage of green leaf from field to factory, and carrying inputs to fields.	Actual cost as notified by the vehicle manufacturers	50%	LCV shall be allowed @ one vehicle for every 2000 kg. green leaf handled per day
2	One year input cost per ha. as revolving corpus	Rs.10,000/-	100%	One time grant
3	Input storage godown	Rs.50,000/-	100%	One storage go down per SHG
4 (i)	Leaf collection sheds	Rs.30,000/-	100%	One leaf collection shed for every 5000 kg leaf harvested in a day.
(ii)	ii. Leaf weighing scales	Rs.3,000/-	100%	Two weighing scales /SHG.
(iii)	iii. Plastic crates/nylon leaf carry bags	Rs.210/crate Rs.30/nylon bag	100%	One plastic crate for every 20 kg green leaf handled in a day or one nylon bag/year for every 15 kg green leaf handled in a day.
(iv)	iv. Pruning machine	Rs.35,000/-	100%	One pruning machine for every 10 ha. of tea area owned by the members of SHG.

Institutions available to support small tea growers and workers on technical aspects of tea garden management.

1. Krishi Vigyan Kendra (KVK) and United Planters Association for South India (UPASI), Coonoor, TamilNadu.
2. Tea Research Association, Bengdubri, West Bengal and Jorhat, Assam

Farmers' collectives in India

With the encouragement of Tea Board of India and initiatives taken by national, international agencies, approximately 300 small tea growers' producers' societies (SHGs) have been formed mostly in Assam, West Bengal, TamilNadu and Kerala. These SHGs have 20-150 members. The members supply green tea leaf to the SHG and later tie up with the nearest factory to supply leaf. It has been seen that the STGs after joining in SHGs have improved the quality of the tea leaf, get at least one rupee more per kg of leaf, received Government subsidies from Tea Board of India. State level Associations of small tea growers also exist in these states. A National Federation consisting of state level small tea growers' associations has been formed in December, 2007 as Confederation of Indian Small Tea Growers' Associations (CISTA).

Case study

Sri Lakshmi Narayan Small Tea Growers SHG Karakkorai, Nilgiris, Tamil Nadu

The crisis in the tea industry had affected the small tea growers of Karakkorai village badly. Many families had gone under huge debts. Children who were studying in private schools that provided better educational facilities were withdrawn and admitted to free government schools.

With the price of green leaf touching a low of Rs.2 per kilogram, there was little hope in the village, more than half of whose population was dependent entirely on tea for their livelihoods

The formation of STG bought a huge change in the lives of the individual. The Sri Lakshmi Narayan Small Tea Growers SHG was started in November 2006 with 37 members. In 2008 the membership increased to 113.

They negotiated with the Akshaya Tea Factory who agreed to purchase the leaf collected by the Society. In the early days, leaf collection would average about 400 kilograms a day. It gradually increased to 1500 kilograms. Members started feeling a definite improvement in returns.

In December 2006, they obtained a price of Rs.6.50 per kilogram of green leaf. This started going up gradually, and so did the membership of the Society.

Future of small tea growers' in India

Sustainable livelihood development of STGs depends on their collective approach for tea garden management, procurement and proper business linkage. Small tea growers' need to be organized into more producer groups/SHGs to procure inputs for better production , procure leaf from member and have business linkage with pre selected factories and proper bargain of price. They need to improve the quality of leaf (2 leaves and a bud) by maintaining the plucking period, pruning cycle and using scientific way of garden management. Government of India requires to have provisions for a census for STGs in India and to operate a separate Directorate for STGs. Setting up of small processing units by STGs SHGs, promotion of specialty tea and organic tea need to be promoted by Government. The process of obtaining Government subsidies by STGs need to be more simplified. Banks need to support STGs on the basis of the business undertaken by SHGs. Mechanism for establishing minimum support price need to be developed.

Small Tea Growers Unite