Tea Plantation by Small Tea Growers at Jahuri Talma in Jalpaiguri District

Report No. 4 of the Value Chains Market Series for Promoting Socially Inclusive and Sustainable Agricultural Intensification in West Bengal

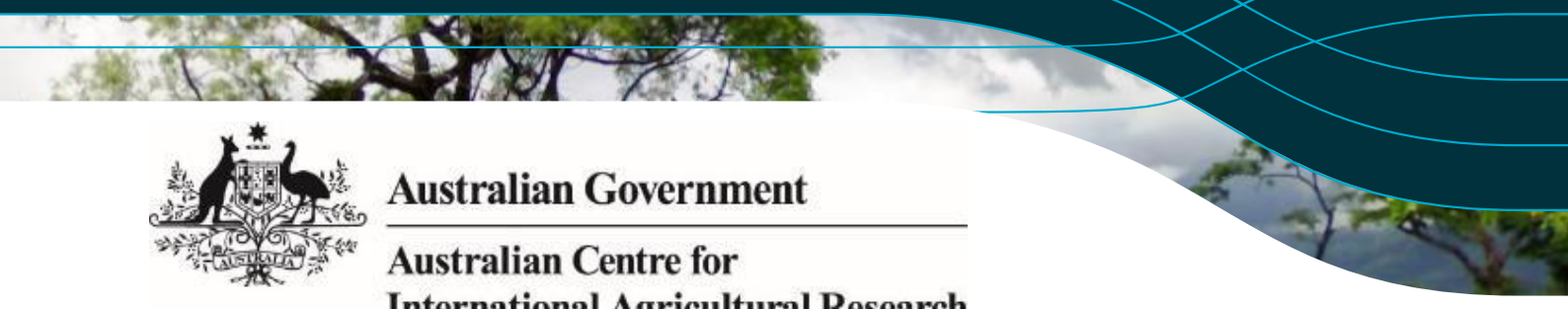
Compiled by:

Pulak Mishra & Bhagirath Behera (IIT),

Subrata Majumdar (CDHI)

Niladri Sekhar Bagchi (IIT)

18 March 2018



Australian Government

Australian Centre for International Agricultural Research

This report is a part of the study “Promoting Socially Inclusive & Sustainable Agricultural Intensification in West Bengal & Bangladesh” sponsored by the Australian Centre for International Agricultural Research (ACIAR). The authors are thankful to Dr Christian Roth, Dr Lilly Lim Camacho and Dr Rajeshwar Mishra for their useful comments and suggestions on earlier draft of the report. Usual disclaimers apply.

Front cover image: A tea estate in Dooars (West Bengal) at the foothills of the Himalayas. Hila Tea Estate, Jalpaiguri district, West Bengal, India. Photo credits: Rajibnandi. Source: Wikimedia Commons

Author Affiliations:

1. Dr Pulak Mishra, Professor of Economics, Department of Humanities and Social Sciences, Indian Institute of Technology Kharagpur, Kharagpur – 721302 (India)
2. Dr Bhagirath Behera, Professor of Economics Department of Humanities and Social Sciences, Indian Institute of Technology Kharagpur, Kharagpur – 721 302 (India)
3. Subrata Majumdar, Managing Director, Centre for the Development of Human Initiatives, Jalpaiguri – 735121 (India)
4. Niladri Sekhar Bagchi, Doctoral Research Scholar, Department of Humanities and Social Sciences, Indian Institute of Technology Kharagpur, Kharagpur – 721 302 (India)

Contents

1 Introduction

This study is based on a tea plantation by the self-help group (SHG) group called Lokenath Khudra Cha Chasi Swanirvar Gosthi at Jahuri Talma of Jalpaiguri district. This SHG was established in 2012 and now has 71 members. The farmers of this area started tea plantations with individual initiatives in 2004. Tea leaves were first plucked in 2007, with commercial harvesting commencing the following year. The farmers then sold tea leaves to brokers at very low prices and thus received very low profits. This motivated them to form the SHGs for selling tea leaves directly to bought-leaf factories (leaf processing factories who purchase from tea gardens). There are as many as 69 SHGs in tea plantations and three bought-leaf factories in Jalpaiguri district.

However, many of these groups failed subsequently due to lack of transparency in operations and poor management. For example, although these SHGs are registered under the Societies Act, they did not deposit annual returns so far due to lack of any such information. The small tea growers contribute around 36 percent of India's total tea production. Further, there are about 15000 tea growers with 522 big farmers and 42 tiny growers in Jalpaiguri district.

Image 1 Meeting with the President of the SHG

2 The Jahuri Talma Tea Growers Group

Livelihood Generation and Social Inclusion

This group has a total land of 133 acres with the office being situated at the house of the president. It is found that the members of the group keep records of all the financial transactions very systematically. The president has 3.33 acre of land in tea plantation, whereas most of the other members have more than one acre of land with some of them having six to seven acres of land each in tea plantation. There are only 10 to 12 small farmers in the group who have less than one acre in tea plantation.

Normally, around 80 to 90 workers are hired per day throughout the year. Some of the workers are hired on contract basis and others on daily wage basis. The wage paid to a worker is 140 Rupees (Rs.) per day with free lodging and Rs. 200 per day without lodging. There is no difference in wages between male and female workers. For plucking tea leaves, Rs. 3 per kg is paid to the workers, whereas Rs. 10-15 per tank is given for spraying pesticides. There is lack of sufficient workers available at the local level as many of the local workforce migrate to other states for higher earnings. This forces a large number of farmers to engage themselves in tea plantations. Most of the workers engaged in tea plantation are migrated from the neighbouring state of Bihar.

The land of this area is not as fertile as that in Haldibari area. Further, this highland area is largely suitable for tea plantation. Due to low income from agriculture (e.g. yield of paddy is as low as 4-5 quintal per acre), migration of workforce in large numbers takes place to the states like Kerala, Rajasthan, Haryana and other places. Most of these workers are engaged in agriculture here for six months and they work in other places mainly for construction related activities (i.e., in construction of roads, building, bridges etc.) for the rest of the year. Importantly, even introduction of tree plantations in the area has not been able to stop the migration of local workforce.

Farming Practices

Shallow pumps are used to extract groundwater for irrigation. Water from the river Talma is also used for irrigating the tea plants. However, in summer, there is hardly any water in river Talma and shallow pumps are the only source of water for irrigation during this period. Since the small farmers do not have their own shallow pumps, their harvests of leaves from the plants remain as low as 1.5 kg per plant mainly due to insufficient irrigation. On the other hand, with sufficient irrigation, the yield can be more than 2 kg leaves per plant. In addition, low irrigation also leads to bad quality of leaves for which the bought-leaf factories offer lower prices.

Image 2 Irrigation from Talma River (yellow circle showing sprinklers)

Management Practices of the SHG

The group holds an annual general meeting (AGM) in each year where they publish the annual report on the performance of the group and their future plans. In the AGM, the officials from Tea Board India also share their valuable experiences and opinions with the group members. Office bearers of the group are selected from the members on the basis of consensus and no voting takes place for this purpose. Consensus is reached through discussion among members. The SHG is mostly made up of male members and only six or seven female members. The executive committee does not have any female members. The executive committee holds meetings every three to four months. In the event of exigencies, a special meeting is convened.

Contract Farming vs. Own Farming

Some of the owners, who are engaged in other professions in urban areas, engage in contract farming. However, under contract farming, the quality of leaves is not as good as it is under own farming. Normally, under own farming 1 kg of processed tea is made from about 4.2 kg of green leaves, whereas 1 kg of processed tea requires nearly 4.7 kg of green leaves under contract farming.

Production and Market Dynamics

For initial plantation of tea in one acre, nearly 6000 seeds are required. This costs around Rs. 15000. In the first year the overall costs of plantation (including labour costs) are around Rs. 100000 per acre. In some cases, plucking is done in the second year itself to the extent of 3 to 4.5 quintal (300-450 kg) per acre. This helps in meeting recurring expenses of the next year.

The bought-leaf factory, where the group sells the leaves, is located about 10 km away. The group has its own vehicle for collecting and transporting tea leaves from the gardens to the factory. They bought this car with 40 percent subsidy from the Tea Board India. The tea leaves collected from each garden are weighed before sending to the factory.

The production varies from a maximum of 6000 kg per acre for bad quality green leaves to a maximum of 10,000 kg per acre for good quality green leaves. In 2016, the total production of tea leaves by the group was 620000 kg.

Image 3 Women working in the tea garden

Table 1: Performance of the SHG in 2016

Total Production (kg)	620000
Costs of Production per kg	Rs. 10
Selling Price per kg *	Rs. 13 to Rs. 30
Average Profit per kg	Rs. 1.50

Note: *Depends on quality of leaves; Source: Focus Group Discussion

However, the selling price varies throughout the year. Generally, the first pluck in February-March fetches a price of Rs. 20 to 22 per kg. Subsequently, it gradually falls and becomes as low as Rs. 5 to Rs. 7 per kg in January next year. In most of the cases, the group is not sure if the bought-leaf factories offer better price as compared to the prevailing market price due to lack of necessary information. The profit is about Rs. 36000 per acre if the quality of leaves is average and it is about Rs. 45000 per acre if the leaves are of good quality. Quality of leaves makes difference in price of tea.

The members need to deposit Rs. 1 per kg of leaves to the group account throughout the year and the amount is refunded at the end of the year. This amount is collected to meet any urgency that may crop up (such as giving loans to group members). The members are also required to pay Rs. 0.50 per kg to the group towards meeting the transport and other operating expenses.

The study also interacted with the Secretary of the Small Tea Growers' Association (STGA) in Jalpaiguri town. He is also a member of the Tea Board India, FAO-IGG (Food and Agricultural Organization- Inter-Governmental Group) and CIST (Confederation of International Small Tea Growers). He started tea plantation in 1994-95 when conversion of agricultural land to tea plantation was not illegal. The government banned such conversion in 2001. Currently, he has a tea garden of 22 acres, engaging eight workers including six women. For most of the work, he uses machinery and other tools. According to him, the big tea estates cannot go for high mechanization due to the existing labour laws (that are applicable for such estates). These big tea estates employ mostly women workers (nearly 80% of total workforce).

3 Benefits of Group Cultivation

The group gets technical advice from Tea Board India as and when it is required. Training programmes are arranged by Tea Board India from time to time to enhance necessary knowledge and skills of the farmers. The agents of various pest companies also come give necessary advice on pest control.

Image 4 The study team inspecting the tea garden

The advisor to this group is a retired school teacher who has acres of land allocated for tea plantation. Initially, he was a member of another group which failed due to lack of operational transparency and managerial problems. Then he tried to form this group and made it possible with cooperation from other members. According to the advisor, other SHGs of the area are not so successful.

The group provides loan to the members with zero interest in urgency. Financial records of members are also considered while giving loans. However, currently, it does not provide any loan to the new members with small landholding. Hence, any new small tea grower, interested to join this group, needs to arrange own capital to start the plantation Since these farmers have very small amount of land (less than 1 acre), they work in other gardens as workers after working in their own gardens to meet the costs of their own plantation. Some of these small growers also get gardens on contract from the owners staying in urban areas. These contracts are mostly of one to two years duration.

Major Concerns

1. Once an agricultural land is converted to tea garden, it is almost irreversible to agricultural land. The soil under tea plantations becomes more acidic over the years and becomes largely unsuitable for agriculture. That is why the government has made use of agricultural land for tea plantation illegal. This makes almost all the existing tea plantations by the small growers in this area as illegal as they started after 2001 when the ban on conversion of agricultural land was introduced. However, so far, the government has not taken any action against them considering the livelihoods potential of such plantation, especially for the women workforce.
2. Unlike the brokers, the SHGs do not get better price from the bought-leaf factories. The brokers command better bargaining power than the SHGs.

Future Possibilities

1. The group is aiming to increase the number of members to enhance its bargaining power and thus to get better prices for the produces. Also with the increase in scale, the average cost of production is expected to reduce.
2. The group is also exploring the possibility of setting up a tea processing unit and selling processed tea directly through the auction. However, increasing the size of the groups appears to be a precondition for such vertical integration.
3. Due to labour related problems, many of the established brands are now avoiding tea leaves production and focusing mainly on manufacturing processed tea. Companies like Unilever and Birla have sold some of their gardens and focused on tea processing and marketing. They generally source tea leaves from the small growers giving new opportunities.

Image 5 SIAGI team meeting with the Secretary, STGA

The processed tea from these factories goes to the warehouses wherefrom it goes to the auction market. All types of buyers including wholesalers, private market chains, picketers, dealers and exporters buy processed tea from the auction market and supply the same to the retailers. The tea value chain can be well understood using the following flowchart in the next page.

4 Implications for Social Inclusion and Sustainability

As mentioned above, most of the workers in the tea gardens are women and marginal farmers. Thus, tea plantation in the area has immense potential to contribute in respect of social inclusion. However, in many a cases, the owners use machinery and other tools to reduce labour costs and other related problems. This is largely so because unlike the big tea estates, the small tea growers and the SHGs do not come under the purview of the labour laws. Hence, it becomes very easy for owners of the tea gardens to reduce labour and use more machinery limiting the scope of social inclusion.

On the other hand, so far, there has been no major concern in respect of sustainability of tea plantation as yield has dropped ever since inception. Further, the current practices also allow the use of organic fertilizer to a large extent. However, the members of the group are not sure if yield will remain steady in future.

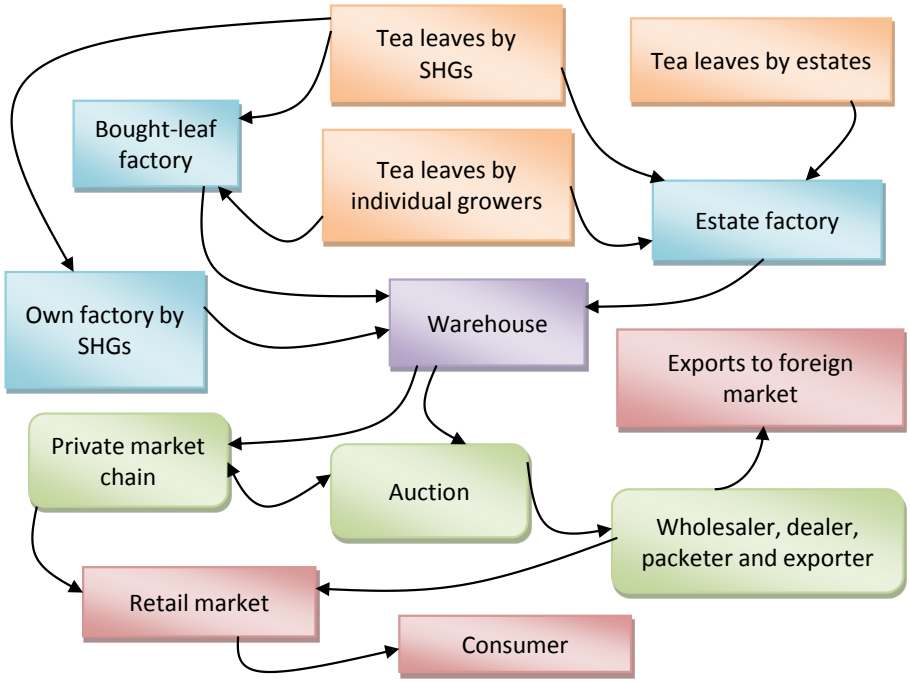


Figure 1 Tea Value Chain in Jalpaiguri