# Small Tea Growers of Assam: Theories, Practices and Challenges of an Indigenous Entrepreneurship

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## Abstract

Assam is the largest tea growing state of India. The state has a majority of large tea plantations. The average size of the tea estates is around 243 hectares. Tea plantation has a history of over 170 years in the state since its initiation. Towards the latter part of the 1970s, the state witnessed the emergence of tea cultivators who cultivated tea on a small scale on less than 10.12 hectares of land. Despite the prevailing skepticism regarding the sustainability of these growers vis-à-vis the competition from the large tea estates, in the subsequent decades, this indigenous group of local entrepreneurs have battled all odds to establish that small tea cultivation as an enterprise is economically viable, sustainable and cost effective. The present paper posits that existing theories and practices of tea cultivation were defied by this group of home-grown entrepreneurs, who evolved new & thrifty strategies of tea cultivation, administrative practices and marketing strategies to grapple with challenges and utilize to the full their limited resources. The paper also proposes to examine the indigenous model of small tea cultivation evolved by these entrepreneurs, which varies from other models of the large tea estates of the world and also from small tea growers’ models viz. Indonesian or Kenyan models, to carve a niche or a unique identity. The paper hypothesizes the economic viability of tea cultivation on a small scale, which has proved a case in point.

## 1 Introduction

Tea is cultivated in around 35 countries of the world,[1] the major exporters being China, Sri Lanka, India, Kenya, Vietnam, Indonesia, etc. It is a labour-intensive industry. The gardens are mostly located in the rural areas. It not only creates jobs for the indigenous and local population but also provides large-scale livelihood to women who are preferred in the plucking operations. World-wide, tea is a crop which is cultivated on land of various sizes. Broadly it can be divided into very small, small and large or can be termed as a two tier industry—Small Tea Growers and Tea Estates. Amongst the two sections there are other sub-sections as well. Thus the size of the tea gardens varies from very small to large.

Within the tea producing countries, the small tea growers play an important role world-wide. In countries like Sri Lanka, there are over 400 000 small-holders, which accounts for 64 percent of total area under tea and 76 percent of the total production in the country. In Kenya, with an estimated 560
000 small-holders, about 62 percent of the total production is derived from the small tea growers. The industry in China, is essentially dominated by small tea growers as in the case of Vietnam. Small-holders account for 43 percent of the area under tea and 23 percent of production in Indonesia. In India, the world’s second largest producer of tea, an estimated 160,000 small-holders account for over 26 percent of its production of 966 million kilograms (2010). Moreover, there has been has been an enormous growth of small growers as compared to the large-scale organized sector in the past decade. The area under small-holders between 2001 and 2010 has increased from 1,140,700 hectares to 1,970,200. [2]

The small holders are producers of green leaf, they do not possess a tea factory to process green leaves. The leaves are to be sent in a tea factory to convert to “made tea”. The definition of smallholder or small grower varies across countries. In most countries, the definition is based on holding size. In Kenya, it means a grower cultivating tea in a small piece or pieces of land who does not possess his own tea processing factory. In Sri Lanka, “small-holding” means area of land less than 50 acres (20.2 hectares). In India, a small-grower is one who cultivates 10.12 hectares or less and not possessing his own tea processing factory. In Indonesia, smallholders/small growers are those who grow tea on land size between 0.8 to 2 hectares and sell tea without processing. However, the average holding sizes in most countries, irrespective of the upper limit, tend to be on the lower side, for example, less than 0.4 hectares in Indonesia and between 0.7 to 4 hectares in different growing regions in India, with an average holding size of 1.6 hectares. More than 80 percent of small-holders in Sri Lanka hold less than 0.2 hectares. [3]

The concept of growing tea on small holdings was an old practice in India. States of Tamil Nadu, Kerala, Himachal Pradesh etc. grow tea on small holdings. In Assam the tea estates introduced by the British were larger in size with an average of around 243 hectares. In 1888 Sir Griffith observed that tea was purchased from village growers by merchants for sale in other parts of the country. The village growers subsequently made way for the large tea gardens in Assam. [4] Towards the later decades of 1970 Assam witnessed the growth of tea gardens which were smaller in size compared to the gardens generally found in Assam. These gardens were developed by indigenous local people, with local knowledge and experience. They started growing tea on land that they had in their vicinity – self-owned, inherited or government land. It has been observed that since 1978 the small tea growers have been seen cultivating tea on around eleven types of land. The number of growers increased phenomenally from 4028 in 1993 to 24930 in 1999. [5] Although it is difficult to ascertain the exact number of growers in the state because many tea growers have avoided registration with the tea board or have gone unnoticed/unrecorded, it has been estimated that by 2011 the industry saw further growth to approximately 68465 growers [6].

2 Cost effectiveness, economic viability and sustainability of small tea growers of Assam

Tea cultivation is a highly scientific and technical enterprise. It calls for understanding of the science, technology and cultural practices involved in tea cultivation. The small tea cultivators are proprietors, managers and advisors rolled in one. One therefore has to render administrative, management and technical services. These are the basic skills, acumen and awareness required to run a tea plantation. Besides, the production of green leaf depends on multifarious/multiple factors. It depends upon factor inputs, cultural practices, efficient management, skill of its work force, bush population, bush age, quality of planting material etc. along with the added compound of volatile market. The sustainability of tea faces unprecedented and unpredictable challenges. Researchers admit that the sustainability of tea calls for how the industry will cope with these challenges in the present and future. The problem is
further compounded by the inability to predict or arrive at assumptions regarding how the different factors initially responsible for the growth of the small tea gardens would facilitate or retard their future growth. The role of the small growers is marginal in the entire value chain process of the tea industry. Their role is only limited to the production of green leaves and arranging the transport of the same to the tea factories. Their limited role in the value chain process is not without risk. Small Tea Growers (STG) as small and marginal farmers with limited resources are the most vulnerable group in the system. Given the circumstance, it is understandable that the STGs are ill equipped to address the social, economic and environmental responsibilities at this stage.

The industry is at a stage where big companies have shown signs of reluctance to operate in the traditional system of production. The industry is labour intensive. The bulk of the costs go towards labour wages. The efforts by the companies is to fragment the value chain and break the production process into many steps in order to avoid risk and generate profit. Thus the importance and sustainability of the STGs in the future growth of the industry has more relevance. The STGs are an important and integral part of the tea industry of Assam. But the STGs have been confronted with multiple existential challenges viz. finance, land problems, labour supply, lack of training in tea culture and practices, marketing of green leaves, natural disasters like flood, erosion and climate change, poor infrastructural facilities etc. These problems have not however deterred the growth of the STGs in Assam. Despite all odds, they have continued to grow and expand, thus establishing unmistakably the sustainability of this small scale enterprise.

The paper attempts to analyse this stupendous phenomenon of the escalating expansion of small tea growers in Assam with a view to underscoring the importance of a self-sprung and essentially grass roots variety of native entrepreneurship. The model had naturally stemmed from the roots of necessity, triggered by the will of the people and nurtured by their participation and unfazed enthusiasm as well as innovative efforts. The people have “revealed preference” for tea cultivation rather than engaging themselves in other agricultural pursuits. The cultivators were chiefly motivated by the buoyant market prices for their product. The market forces guided the people in developing the model, rarely seen in developing countries especially in agricultural sectors. It is argued by experts that the market forces have failed to deliver growth in the developing economies, thus depriving the masses of the basic requirements of food, clothing and shelter, not to speak of health and education. But the scenario is diametrically opposite in case of the growth of small tea growers of Assam. The STGs in their growth-march have provided direct and indirect employment for many, thus being instrumental in providing basic requirements to the people working for the industry.

The small tea growers of Assam have developed a model which has answered/found a way of resolving some of the problems and issues that the tea industry of Assam has been witnessing since the last few decades. While fulfilling the surplus demand of tea for both domestic and international markets this model of tea cultivation has developed into a cost effective and farmer friendly method of tea cultivation in comparison to small tea growers of other states of India.

3 Methodology

The paper is based on the observations and experience of living in the valley of tea plantation in Assam. The district of Dibrugarh is covered with tea gardens, both large and small. Moreover the field experience gathered over two decades in collecting primary data in the course of a research project has led to the writing of this paper. The paper incorporates relevant secondary information collected from various websites and existing literature available on the subject.
4 A new model of tea cultivation “The Small Tea Growers of Assam” (STG)

The growth of small Tea growers (STG) in Assam brought into use new method of practices in management, marketing and tea culture. The concept brought structural changes in tea cultivation, fostering growth in the rural economy of the state. The concept introduced not only a new model for tea cultivation but delivered a better livelihood for the rural people of the state. The growth of small growers started with a call from government of Assam in 1978 that tea can be grown by villagers in small holdings. The effort was made to tide over the existing unemployment problem. People’s response was tremendous. The STGs of Assam cultivated tea on land which was under their occupation. The land they cultivated tea upon was also government land of various types. Studies confirmed that STGs cultivated tea on eleven different kinds of land viz. Periodic patta land purchased, Periodic patta land inherited, Ejmali land inherited or purchased, Annual patta land occupied or inherited, occupied and allotted forest land, inherited government land, occupied requisition grant land, occupied ceiling surplus land, occupied disputed grazing land, occupied deforested land and government land in the border areas of the state. Government served eviction notices from time to time without any effect [7]. In the subsequent years that followed, the state government had to soften its stand on the issue of land. This approach of the government towards small tea growers of Assam can also be viewed as adjusting to the demand of the market forces i.e. supply of tea according to the demand to increase and at the same time encourage the growth of entrepreneurs and reduce unemployment. The government of Assam thus indirectly generated impetus for further development and growth of the Industry.

Tea cultivation requires finance from the beginning of land development to purchasing of planting materials, chemicals etc. It requires both fixed and working capital. Since most growers do not have land documents in their name they are not eligible for facilities usually made available by Tea Board and other financial institutions. To tide over the financial difficulties, the STGs had evolved a new way of increasing the plantation area. They distributed their expansion plan over a number of years instead of planting tea on the available plot of land in the same year. The non-availability of finance also forced them to compromise with the planting materials and other inputs. They defied the generally accepted procedure or norms for tea plantation and facilitated the growth with a compromising solution. The STGs also facilitated the growth of the system of private credit in terms of the demand generated by the growers. Inputs material was made available to them on credit by new sprung shopkeepers and sometimes by the ‘Agents’ who acted as investors. The ‘Agents’ and Bought Leaf Factories that emerged to cater to the rising demand for tea processing extended advance (loan) to the small tea growers. In other words, a cycle of Agro-business was initiated and sustained by the STGs. The Tea Board did not have any scheme for the STGs until 1989. Subsidy schemes, special area development schemes and schemes from financial institutions that were introduced subsequently could not benefit the STGs.

In India tea cultivation requires prior permission from the Tea Board. It is obligatory on the part of each grower to have his tea plantation registered with tea board. But the STGs, due to lack of proper land documents were not registered with Tea Board. Registration under tea board requires submission of land documents in support of his or her ownership over the land proposed to be planted with tea, survey maps of the area applied for, soil analysis report from a certified agency etc. Registration with the Tea Board gives them various financial benefits. The small tea growers were not attracted by these incentives and they rather preferred to develop their gardens without help from Tea Board. The small tea growers saw the buoyant market price of tea leaves as a strong force to carry them forward and did...
not bother about relief measures which might be required during bad days. This positive approach and strong will power and determination paved the way for the STG’s better future and phenomenal growth. Once the STGs had established themselves, the Tea Board and the Government began to streamline policies to help the growers. It has been reported that in order to help the STGs, government encouraged the opening of Self Help Groups. Being a member of the group they could avail loan to tide over their working capital requirements. Like Kenya, Sri Lanka or Indonesia there was no institutional backing for the STGs of Assam in its inception. The help and encouragement from the government were of recent origin.

The STGs were handicapped by the absence of access to recent tea culture and practices. There were no institutions to guide or advise them at the initial stage. The STGs developed themselves by applying traditional knowledge, support from some large tea estates and experienced skilled workers available in the vicinity of the large tea estates. STAP (Small Tea Advisory Programme) run by Assam Agriculture University and sponsored by Tea Board provided some training and guidance to STG’s. The STG’s combined their training skill with their indigenous knowledge and developed a form of culture and practices which is their very own. The methods are simple and can be practiced, followed and applied by rural masses. Initially there was no dearth of surplus workers in the vicinity of large tea gardens. These surplus or temporary workers of large gardens were recruited permanently. The STG’s also introduced Labour-sharing method to tide over any shortage of labourers. The growth of STGs generated employment for surplus or temporary workers and unemployed rural youth. The model thus developed may not be giving the best yield in the industry but it was successful in providing employment to the rural masses. Moreover it successfully uplifted the standard of living of many.

5 Marketing of green leaves

The demand of the growers for a stress-free selling of tea leaves have resulted in the development of intermediaries called ‘Agents’ and Bought Leaf Factories. It has also brought about the full utilization of the tea factories owned by the large tea gardens. The demand for the service introduced a new entrant in the tea business called the ‘agent’. The ‘agents’ collect leaves from the doorsteps of the growers thus relieving them from the onus of transporting leaves from the garden to the factories. The grower is also assured of a ready market for his produce. The agents are powerful players in this value chain. The agent is thus a “risk absorber”, while the grower is a “risk averter”, in terms of any loss due to delay in transportation or the withering of the leaves, which minimizes the impact on the grower. The crop is thus insured indirectly. The grower can take an advance from the agent. Thus he can tide over his financial requirements. The agent is also a trusted member of their own locality, sometimes an STG himself. The Agent-Grower business relationship thrives on goodwill and mutual trust and has sustained as a feasible model since the inception of the STGs. The price of green leaf is generally fixed at the outset of the season through the interaction of the stakeholders—growers, agents and bought leaf factory owners. However, the green leaf market is a “buyers market” where the growers generally have to accept dictated prices. The tea factories in turn act as sellers/distributers of made tea to the auction houses and to the retailers or consumers directly.

6 Environmental Issues

A strident criticism of the practice of small tea cultivation emerged in the decades following its inception in terms of environmental issues. STGs were brought under the scanner as they utilized land
earlier used for cultivation of food crops and traditional crops for tea cultivation. Moreover, due to the detrimental effect of bamboo tree pests and insects on tea leaves, they cut down bamboo groves, resulting in a depletion of this local plant which has a unique socio-cultural significance in Assam, besides being an important raw material for the furniture industry. STGs were also criticized for usurping and utilizing government land or common village property which earlier served as grazing land. The depletion of orchards was also seen as a consequence of conversion of such land into tea plantations, which was a more lucrative proposition. The STGs gradually restructured their planting methods by bordering tea bushes with green pepper vines, fruit trees and soft wood trees. They also planted shade trees of different varieties alternating at intervals with the tea bushes. At present, with the rising consciousness among STGs regarding safe environmental practices, much of the criticism has subsided.

7 Labour Issues
Small Tea Gardens do not come under the purview of the Plantation Labour Act on grounds of size. On account of limitations of fund, they are unable to provide living quarters and all the facilities provided by the large tea estates to the employed labourers. However, interestingly, small tea growers have been able to generate a unique rapport with their labourers, whom they treat and consider as members of the household. Labour issues that have chronically plagued and led to the dismantling of many large tea estates of Assam, have not been raised in small tea gardens. This is one of the major positive aspects/strength for STGs as a sense of solidarity has bonded the proprietors and employees in a rare instance of shared responsibility and a sense of belonging that they have been able to generate by virtue of being grassroots workers themselves.

8 Quality Issues
Despite the fact that STGs cannot claim to have produced tea of exclusive and exceptional quality, they have made the best possible use of their limited resources to sustain a plantation, which was once reputed for its complexities and vagaries. A unique, home-grown approach and use of traditional methods of plantation drawn from grass roots experience and local know-how, they reinvented techniques that were simple and uncomplicated as well as planter-friendly. Consequently, persons of medium literacy, supported by their family and a small group of labourers could tackle the enterprise with panache. At present, with more than two decades of success and affluence under their belts, third generation STGs have started to adopt innovative practices of organic tea cultivation for an exclusive coterie of clientele and export, as they can now afford to invest more. This novel dimension in this humbly begun enterprise could go a long way in helping them to carve a niche for them in the competitive markets of the tea industry.

9 Conclusion
The small tea growers of Assam have developed their tea gardens on their own. They have developed a model quite naturally responding to the demand of the time. This model, although it defies norms or theories of development of tea gardens, has on the other hand, a strong force of sustainability against odds in the future. The tea plantation industry is under tremendous pressure regarding settlement of wages and other benefits for the workers. The constant tussle between workers union and established companies may force them to rethink about their willingness to continue in the tea estates. They may try to avoid the risks involved in maintaining and running plantations and continue in the business of selling made tea. According to Tea Board of India, the land under tea cultivation of the STGs increased by almost 49 per cent from 2003 to 2007, whereas that under estate cultivation increased by
only 1 per cent. The production of the STGs increased from 180.66 million kg in 2003 to 257.46 million kg in 2008 (increase of almost 42.5 per cent) whereas the production of the large tea estates increased from 697.47 million kg in 2003 to 723.36 million kg in 2008 (increase of only 3.7 per cent). Gradually small grower production has become more visible, contrary to the theory of economies of scale [8]. This reinforces the hypothesis of viability and sustainability of the STGs in the future. The STGs model of Assam stands tall as it is time tested and a naturally developed model. A review and analysis of the small tea growers’ indigenous theory and practice of tea cultivation on small holdings have enabled them to grapple with contemporary challenges of unemployment and dependence of the tea industry on market forces. A model of sustainable entrepreneurship has been worked out, which redefines and reinvents the traditional theories and practices of tea cultivation. Despite initial skepticism, thirty years since their inception, Small Tea Growers of Assam have proved without doubt the hypothesis that innovative indigenous small-scale enterprises can indeed survive as well as thrive.

References