

Farm Size and Agrarian Relations of Small Tea Growers (STGs) in North Bengal

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The present research is an outcome of a farm level survey conducted during the year 2005-06. It deals with the seasonal production dynamics of the small holder tea farms in North Bengal and the green leaf price variation across different seasons of the year. It also highlights the involvement of Farias (middlemen) in the transactions of green leaf from Small Tea Growers to the market and the possible reasons behind such kind of practices in the region. Lastly, the paper also investigates the institutional gaps and commitments to regulate the green leaf market by implementing the Price-Sharing Formula. It reveals that the farm gate price of STGs remains almost static while farm input prices of fertilizers, agro-medicines and labour cost is increasing over the years. There is no minimum support price for the STGs of their intermediate product i.e. green leaf.

Keywords: Farm Size, Small Tea Growers, Price-Sharing Formula, Middlemen, Agrarian Relations

Introduction

It is a well established fact that Small Tea Growers¹ (hereafter mentioned as STGs) play a major role in Indian tea industry and if one is to take the present trends as an indication of a foreseeable future then it can be safely stated that this industry will be known by its small tea-growing sector in the years to come. Though in Tamil Nadu, Kerala and Karnataka the STGs made their presence as early as 1920s, but in Assam, Tripura and West Bengal they emerged in early 1990s. This small-scale sector contributed roughly 257 million kg, which is around 26 percent of the total production of tea of 985 million kg in the year 2007 in India (Table-1). There are various reasons for this, however, it is widely accepted that since the old tea bushes mostly cover traditional tea estates, productivity in these have certainly decreased which has consequently hampered proper and smooth running of the industry. On the other hand, STGs with their personal supervision of farms has gained a momentum in the

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backward pockets in the country with higher productivity. This sector has emerged beyond the traditional tea growing areas in India and to mention a few new states like Bihar, Uttaranchal, Arunachal Pradesh, Sikkim, Manipur, Mizoram, Meghalaya and Nagaland, etc are known as non-traditional areas. The STGs sell their farm produce i.e. green leaf to the Bought-Leaf-Factories (hereafter mentioned as BLFs) and Co-operative Factories (hereafter mentioned as CPFs) as they do not own the processing factories. In the year 2007, there were 511 BLFs and CPFs in India. These growers do not directly participate in the market for fixing the price of their product i.e. green leaf, hence their bargaining power is very low and the factory owners have the monopoly in purchasing the green leaves from their hinterlands. The plight of the STGs is further aggravated by conspicuous absence of proper institutional support and mechanism to protect the interest of the STGs. This is contrary to what has been the experienced of the STGs in some of the leading small tea-growing nations like Kenya and Sri Lanka. These countries have initiated some innovative policies to protect the interests of their farmers. In Kenya, STGs and the BLFs are integrated under the umbrella organization *Kenya Tea Development Agency Ltd. (KTDA Ltd.)*. This is solely responsible for the overall development of this small tea-growing sector from provision of inputs to green leaf collection to co-operatives to run KTDA factories. STGs in Sri Lanka are organized as Societies and provide transport facilities for green leaf from the farm gate to the BLFs and strengthen their bargaining power in obtaining better prices for the green leaf. The *Tea Small Holdings Development Authority (TSHDA)* is the nodal agency to implement and monitor the small holder programmes including enhanced assistance for replanting, infilling, fertiliser applications, supply of planting material and advisory services². To check the market monopoly of the factory owners, the Price-Sharing-Formula between STGs and BLFs is implemented in Sri Lanka based on 'Reasonable Price Formula' (RPF). The RPF insists on compulsory payment of 68 per cent to the STGs of the factory's Net Sale Average (NSA) at the auction and 32 per cent to the BLFs³. In Kenya, STGs are paid based on the auction prices and it is shared between STGs and BLFs in the proportion of 75 per cent and 25 per cent respectively. The Price-Sharing-Formula was introduced in India with effect from 1st April 2004. It is still premature to expect any significant results. However, the choices made by the STGs in different parts of the country continue to face to many odds in their endeavor.

Prior to the 1980s pineapple growers dominated the densely populated backward pockets of North Bengal. During the last two decades of last century the pineapple growers started switching over to tea cultivation. The recent origins of STGs in North Bengal bears a different role in their emergence and their spread covers beyond the traditional belt and are spread over the terrain of districts of *Darjeeling, Jalpaiguri, Cooch Behar* and *Uttar Dinajpur*. This is basically a farmer-based tea cultivation occupying small tracts of land. Here land holdings are small and even at times it becomes uneconomic. Owing to the paucity of available market for the pineapple the farmers shifted to tea cultivation. Since pineapple is perishable, it could neither be kept for long, nor could it be transported over a long distance. In the absence of proper market and processing technology the pineapple growers had to face a lot of difficulties

India: National Level/Years	2000	2003	2005	2007
<i>A. Small Tea Growers (STGs)/Smallholders (Unorganised Sector)</i>				
a. Number of STGs	110396	127366	139041	157504
b. Area under Tea in Ha(% of total area)	NA	109198(21.02)	42985(25.73)	162431(28.08)
c. Production in M. Kg (% of total tea)	NA	180.66(20.57)	231.29(24.45)	257.46 (26.10)
d. Average Farm Size (Ha)	NA	0.86	1.03	1.03
e. Productivity (Kg/Per Ha)	NA	1654	1617	1585
f. Number of BLFs ⁴ and CPFs ³	337	450	498	
<i>B. Big Growers/Estates (Organised Sector)</i>				
a. Number of Big Growers/Estates	1614	1661	1672	1686
b. Area under Tea in Ha(% of total area)	NA	410400(78.98)	412626(74.27)	416027(71.92)
c. Production in M Kg (% of total tea)	NA	697.47 (79.43)	714.68(75.55)	728.97 (73.90)
d. Average Farm Size (Ha)	NA	247.08	246.81	246.75
e. Productivity (Kg/Per Ha)	NA	1699	1732	1752

Source: Computed from Tea Statistics of 1999-2000, 2000-2001, 2003-2004, 2005-2006 and Tea Digest 2008-2009, Tea Board of India, Kolkata.

for selling their products. Since most of the products were sent outside the region particularly distant cities like *Delhi, Kanpur, Agra, Nagpur, and Kolkata* etc. involving an army of middlemen each taking a share of the produce. This placed an unnecessary burden on the producer along with there were too many uncertainties to receive better returns. There was no readily available local market for pineapple besides household-level consumption in the region. Consequently, the vast pineapple growing area had to give way to alternative occupations. Thus the resultant outcome was the emergence and spread of STGs. In 2016, the STGs produced around 154 million kg made tea accounting to 52 percent share of total tea produced in West Bengal (refer table-2).

Table-2: Journey of Small Tea Growers (STGs) in North Bengal

Years	No of STGs	No of BLFs	Production (Million kg)	% Share of Production	Avg. Green Leaf Price (Rs/kg)
1996	2000	10	05	03	16
2004	15000	77	46	28	15
2016	40000	176	154	52	15

Source: Computed from the President, Confederation of Small Tea Growers Associations (CISTA) in 'Statistics of STGs in North Bengal', *Uttar Banga Sambad*, 23 August 2017, p. 11.

The STGs of North Bengal, it is a history repeating itself. They are once again affront with same kind of market insecurity, which they experienced with the pineapple cultivation. In the financial, labour and commodity market they are at the receiving end. Institutional credit is scantily available to them. Consequently they look for credit from informal sources at an exorbitant rate. It has led to a situation where they are always in debt. There is wide gap between the institutional incentive and available financial support received by the STGs in tea industry. At the labour market they are treated at par with the large tea estates. It is ironical that despite the step-motherly

treatment met by the STGs, these continue to perform better than what was expected. It is particularly remarkable as far as employment generation is concerned¹. In the year 2016, there are 176 BLFs in operation in this region, which were fully dependent of purchasing of green leaf from STGs which has changed industrial map of rural pockets in North Bengal.

Keeping in view of the sizable production of tea coming from STGs popularly known as unorganized sector, the current research would address and explore the following research questions:

- A) Whether all the STGs are uniform in their farm size or not? What types of work organization and agrarian relations exist in their farms?
- B) Are there variations of productions across farm size and different seasons in an agrarian year?
- C) How the green leaf market is organized and whether all the STGs receives equal access of market or it varies across farm size and under different season in the agricultural year?
- D) What are the impacts of Price-Sharing Formula (PSF) introduced by Tea Board of India in protecting minimum support price to the STGs in the region?

Data Base and Methodology

The present study is based on the data collected during the fieldwork of fifteen (15) STGs farms of different sizes in Uttar Dinajpur district of North Bengal. The farms are selected on the basis of stratified random sampling from the list provided by the District Land and Land Reforms Officer, Uttar Dinajpur District, West Bengal. The farms below 25 acres are considered for study as Tea Board of India defines them as *Small Grower*. The small tea farms are grouped into three categories, viz. 0-5 acres named as *Family Farms*, 5-15 acres as *Owner-Supervisory Farms*, and 15-25 acres as *Staff-Supervisory Farms*¹ (please refer figure-1). Five farms in each group are selected randomly for field survey (Table-3). Schedules are prepared for the survey and farm-owners are respondents for the same to produce the clarity of their plantations of the present study. The first comprehensive farm survey was done during the months of January-February 2005 while in the second phase, the repeat visit and final survey was completed during January-February 2006. The field data is analysed with statistical techniques and corroborated with secondary data collected from various secondary sources.

Besides field survey, data have also been collected from the Tea Board Regional Office at Siliguri, District Land and Land Reforms Office (DL&LRO), Raiganj, Uttar Dinajpur district of West Bengal, United Forum of Small Tea Growers' Associations (UFSTGA), North Bengal, Government reports, Bipartite Memorandum of Settlement between Trade Unions and representing Associations etc. The final analysis is done with the application of appropriate statistical tools and techniques.

The Role of Government of West Bengal and Price-Sharing Formula

Initially the STGs operating in North Bengal used to sell their green leaf to the estate garden factories, but later number of BLFs have come up to cater the needs of the

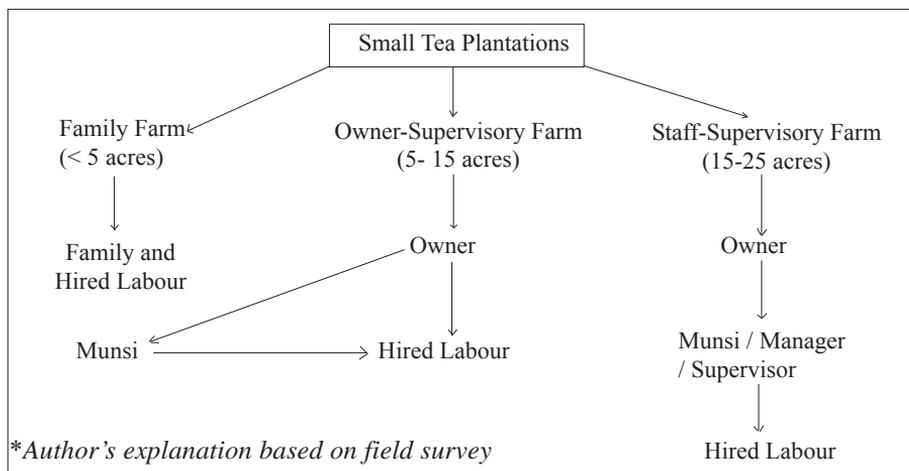
Table-3: Types of STGs Farms in District Uttar Dinajpur, West Bengal

Category	Size (in acres)	Number of Farms	Area (in acres)	% of Farms	% of Area
Family Farm	0-5	60	198.71	16.75	1.71
Owner-Supervisory Farm	5-15	169	1503.18	47.20	12.97
Staff-Supervisory Farm	15-25	80	1699.58	22.34	14.66
Large Farm	25 & above	49	8184.93	13.68	70.64
Total		358	11586.4	100.0	100.0

[Note: Farms below 25 acres are taken into consideration, i.e. *Family Farms*, *Owner-Supervisory Farms*, and *Staff-Supervisory Farms* are included under study while Large Farms with 25 acres and above are excluded]

Source: Computed based on Unpublished data collected from District Land & Land Reforms Office, Uttar Dinajpur

Figure-1: A Simplified Model Showing Work Organisation in Small Tea Growers Gardens in North Bengal



STGs. As mentioned earlier, there are at present 176 BLFs are in operation in North Bengal. Besides this, some estate garden factories are also purchasing green leaf from STGs. In North Bengal, the purchase of green leaf is dominated by *Farias* (leaf agents). During the period of 2001 to 2003, the STGs were adversely affected by the poor price realization despite considerable improvement in the plucking standard⁸. In the month of March (2003), the green leaf price was reduced to Rs. 3 per kg. But due to the agitations, road blockades, indefinite strikes by the STGs of North Bengal, the Divisional Commissioner, Jalpaiguri Division on behalf of Government of West Bengal, has fixed a minimum rate of Rs. 6 per kg. Despite that BLFs were failed to maintain their commitment in the successive months. The then the Government of West Bengal has submitted a report⁹ to the Tea Board of India. It was suggested in Para 5.1 (b) as follows:

(i) The Tea Board should lay down a Price-Sharing-Formula in terms of which

which the sale proceeds of made tea produced by the BLFs is shared in fixed proportions between the STGs and BLFs. The TMC0 2003 has a provision to this effect, and this practice is already being implemented in Sri Lanka. This will ensure that STGs get a reasonable price for the green leaf, which they sell to the BLFs. At present, this market is a buyers-market in which the BLFs are able to fix the price at which they will buy green leaf from the STGs and other new non-estate plantations.

(ii) In order to ensure further transparency and fairness in the trade in green leaf, there should be a one-to-one linkage between each BLFs and STGs. The Tea Board can chalk out the tagging of selected STGs with each BLFs, keeping in view the capacity of each BLFs and the geographical location of the BLFs and the Small Tea Plantations. This one-to-one tagging means that a particular BLFs can buy green leaf only from the Small Tea Plantations tagged to it, and it cannot buy green leaf from any other source. Similarly, the STGs can sell green leaf only to the BLFs to which they are tagged, and they cannot sell to any other agency. This will ensure further stability in the price of green leaf, and can be introduced along with 100 per cent auction. There is such a system prevailing in Tamil Nadu, though there it has developed on its own over time.

Eventually considering the interests of the STGs, Tea Board of India introduced the Price-Sharing-Formula between the green leaf suppliers and manufacturers as is evident in the letter of Chairman, Tea Board *vide circular No. 12 (23)/2003/XII/3317 dated 19/20.01.2004 and 12 (23)/LC/2003/XII/ dated 26.03.2004* issued an order to implement Price-Sharing-Formula with effect from 1st April 2004. The gist of the content is;

The Price-Sharing-Sharing-Formula envisages sharing of sale proceeds between green leaf supplier and manufacturer in the ratio of 60:40 in all tea growing states except Himachal Pradesh and Uttaranchal, where the sharing is in the ratio of 52:48, so long as the prices realized by the manufacturers remain either at par with or lower than the state average. When the price realization exceeds the state average price, the differential is required to be shared in the ratio of 50:50. While calculating the actual price for the green leaf, the out turn percentage is also taken into consideration. The out turn percentage applicable to Tamil Nadu is 23 per cent, Himachal Pradesh and Uttaranchal it is 26.40 per cent and for rest of India it is 21.50 per cent.

These changes had serious and significant repercussions on the functioning of the STGs farms. Some of the important ones can be seen in terms of production, pricing and seasonal price fluctuations of green leaves, involvement of middleman in selling green leaves, impact of Price-Sharing-Formula and green leaf price realization, year-wise relationship between wage rate increase and green leaf price mentioned below.

Farm Production

The average yield varies according to farm-size. The highest yield per acre is found in the *Owner-Supervisory Farms* (5-15 acres) with 7240 kg. followed by *Family*

Farms (0-5 acres) with 6231 kg. and *Staff-Supervisory Farms* (15-25 acres) with 5499 kg. (Table-4) The total production of farms is divided into four quarters, viz. January-March (First Quarter), April-June (Second Quarter), July-September (Third Quarter) and October-December (Fourth Quarter). The highest amount of production comes during the third quarter and the reason is related with the onset of monsoon. The average production of the farms in the third quarter in the year 2004 is approximately half of the total production and the second quarter is one-fourth of the farms. This means that approximately three-fourth of the production of the farms comes during the months between April to September while the rest one-fourth of the production during October to March. This unequal production is mainly due to pruning activities and the presence of lean season from December to March. It was mentioned earlier that the productivity per acre is highest in *Owner-Supervisor Farms* and lowest in the *Staff-Supervisory Farms*. It should also be mentioned here that the *Staff-Supervisory Farms* produces 500 kg green leaf per acre less than the average farm production in the study area.

Table-4: Seasonal Production (%) and Yield of Green Leaf (2004)

Farm Size	Jan-mar'04	Apr-jun'04	Jul-sep'04	Oct-dec'04	Avg. Yield (per acre in kg)
0-5 acres	10.30	27.65	48.61	13.44	6231
5-15 acres	12.85	23.41	47.01	16.74	7340
15-25 acres	10.39	24.68	47.85	17.08	5499
Total	11.18	25.25	47.82	15.75	6055

Source: Field Survey, 2005-06

Pricing of Green Leaf

The average price of green leaf varies across farm-size. The price realized by the *Staff-Supervisory Farms* was high with Rs. 8.26 per kg. green leaf during the year 2004 followed by *Owner-Supervisory Farms* with Rs. 7.71 and *Family Farms* with Rs. 7.51 (Table-5). Green leaf price realization is directly related with the involvement of *Farias* (Table-7). *Family Farms* sell their leaf only through *Farias* and due to this reason price realization in these farms are the lowest. The average price of green leaf of all the three categories of farms in total during different quarters of the year again varies significantly and it is in descending order starting from first quarter to the fourth quarter during the year 2004 as Rs. 8.46, Rs. 7.80, Rs. 7.75 and Rs. 7.30 respectively. The relation between the farm production and pricing of green leaf identifies that approximately 65 per cent of farm production come from the period during July-September and October-December quarters and it is during these two quarters pricing of green leaf is the low (Table-4 & 5). Green leaf price is inversely related with farm production. This is one of the major typicality in respect to the accessibility of market by the STGs.

Table-6 shows that there is a downward trend of average price realization in the farms. The all time high price of green leaf reached in the year 1998 with Rs. 12.58 and then onwards decline starts regularly in all the farms irrespective of their farm

size. In the year 2004 the average price realization is higher than the rest of the years in all categories of farms. This is due to the introduction of Price-Sharing-Formula by the Tea Board of India with effect from 1st April 2004. But again the price of green leaf in the year 2005 (till the month of September) is depressing. This is due to the lack of effective implementation and monitoring mechanism of Price-Sharing-Formula by the Tea Board of India.

Table-5: Seasonal variation of Green Leaf Price (Per kg. in Rs.) 2004

Farm Size	Jan-mar'04	Apr-jun'04	Jul-sep'04	Oct-dec'04	Avg. Price/Per Kg
0-5 acres	7.90	7.45	7.70	7.00	7.51
5-15 acres	8.40	7.75	7.40	7.30	7.71
15-25 acres	9.10	8.20	8.15	7.60	8.26
Total	8.46	7.80	7.75	7.30	7.83

Source: Field Survey, 2005-06

Table-6: Farm Size and Green Leaf Price (Rs./Per Kg.)

Years/Farm Size	0-5 acres	5-15 acres	15-25 acres	Total
1998	12.00	13.00	12.75	12.58
1999	7.80	8.00	7.50	7.76
2000	6.90	5.60	5.70	6.06
2001	5.70	4.95	4.60	5.08
2002	4.25	4.45	4.15	4.28
2003	3.60	4.00	4.00	3.86
2004	7.51	7.71	8.26	7.82
2005	5.25	5.50	6.50	5.75

Source: Field Survey, 2005-06

Farm Size and presence of *Farias* (Leaf Agents/Middlemen):

There is an inverse relationship with farm-size and engagement of *Farias*. In the study three kinds of responses are found from the field: farms owners selling their green leaf absolutely to the middleman, farm owners selling directly to the factory and farm owners selling their produce both to the factory as well as *Farias*. During the course of the field study it came to notice that all the *Family Farms* sell their green leaf through *Farias*. In *Owner-Supervisory Farms* only 20 per cent sell through *Farias*, 60 per cent farms sell directly to the factory, and rest 20 per cent sell both to the factory as well as *Farias* (Table-7). The trend is different in case of *Staff-Supervisory Farms* as 60 per cent of owners sell their produce directly to the factory, and the rest of the owners sell through both direct factory and *Farias* but there is a conspicuous absence of farms selling green leaf to the *Farias* in this category. The average result across all farms is 40 per cent to the *Farias*, 40 per cent to the direct factory, and the rest 20 per cent of the farm owners sell their produce to both the factory as well as *Farias*.

Table-7: Relation of Farm Size and Leaf Agents

Farm Size	Number of Farms Selling Green Leaf through <i>Faria</i> (Middleman)			Total
	<i>Yes</i>	<i>No</i>	<i>Both</i>	
0-5 acres	5	0	0	5
5-15 acres	1	3	1	5
15-25 acres	0	3	2	5
Total	6 (40 %)	6 (40 %)	3 (20 %)	15 (100 %)

Source: Field Survey, 2005-06

The reasons of selling green leaf through *Farias* are many and it is a difficult task to identify the reasons according to the responses of the farm owners. Sometimes it is situational and assemblage of many factors as mentioned by the respondents. It is also highlighted by the STGs that “we follow the movement and direction of the wind”. Above all there is a trend, which emerges out of field survey and this is shown in Table-8. In the *Family Farms* the most repeated response is carrying problem of green leaf due to non-availability of vehicle. They also cited that due to the smallness of holding there is a little amount of leaf produced per round. The gaps between plucking rounds is also lengthy. Therefore, the factory owners are reluctant to buy from this category, as there is no regular production in the farm. The easy access of advance money taken from *Farias*, cash payment, and no objection of long leaves are other reasons of involving middleman to sell the farm produce. But most striking picture is that in *Owner-Supervisory Farms* and *Staff-Supervisory Farms* no response is forwarded in favour of small holding, lengthy plucking round and little amount of green leaf. In these farms cash payment, no objection for long leaves, advance money is major reasons of selling green leaf to the *Farias*. In this context farm size has been viewed as a natural constraint of regular production in the small farms and thereby availing the factory vehicle. Higher the size of the farm, regular is the production in the farm by rotating plucking in different fields on daily basis and better the incentive of factories to collect green leaf. This gap is filled by the *Farias* by providing the vehicle and collecting green leaves. Therefore, this new intervening community of middleman emerges for providing the service to the farms along with the advance money, cash payment system etc.

Table-8: Reason of Selling Green Leaf through *Farias* (Middlemen)

Farm Size	Reason of Selling Green Leaf through <i>Faria</i> (Middleman)					No of Farms
	A	B	C	D	E	
0-5 acres	1	5	1	1	3	5
5-15 acres	0	0	1	2	0	5
15-25 acres	1	1	1	1	0	5
Total	2	6	3	4	3	15

[Reason: A-Advance money taken from *Faria*; B-Carrying problem due to non-availability of vehicle; C-*Farias* do not object of long leaves; D-Payment is given by cash; E-Others-Small & tiny holding, long gap of plucking rounds, little amount of green leaf etc.] Source: Field Survey, 2005-06

Implementation of Price-Sharing-Formula in North Bengal

The Tea Board of India has implemented the Price-Sharing-Formula at all India level for the protection of STGs, it has remained in paper as it evident from the field. Table-9 shows that there are 74 total BLFs in North Bengal, out of that only 24 factories submitted returns in the month of April 2004 and then onwards it keeps on reducing. This present data have been collected from the Tea Board Regional Office, Siliguri on 27.01.2005. At the fourth column of the Table-9, percentage of BLFs submitted returns to the Tea Board are calculated on a monthly basis is represented by 32.43 per cent of number of factories in the month of April 2004 and it is 2.70 per cent in September 2005. The months of October, November, and December 2004 not a single factory has submitted returns to the Tea Board. This shows the market monopoly of the BLFs in the region and a kind disregard to the regulatory institutions like Tea Board of India, which is the sole authority for research and development and policy implementation body of tea industry at the regional as well as national level.

Table-9: BLFs Submitted Returns to Tea Board as per Price-Sharing-Formula in North Bengal (As on 27.01.2005)

Months	Number of BLFs	Number of Factories Followed Price-Sharing-Formula	% Share of BLFs Submitted Returns to the Tea Board
April-04	74	24	32.43
May-04	74	23	31.08
June-04	74	21	28.37
July-04	74	19	25.67
August-04	74	10	13.51
September-04	74	2	2.70
October-04	74	Nil	Nil
November-04	74	Nil	Nil
December-04	74	Nil	Nil

Source: Computed from Unpublished data collected from Tea Board Regional Office, Siliguri, 2005

The table-10 indicates that the prices of green leaf are more or less stable throughout the year except the month of December fetching lowest price. The year 2004 is the first year for the implementation of Price-Sharing-Formula and thereby some improvement took place in the realization of green leaf price. But there is a need of continuous monitoring agency by the Tea Board, which shall protect the STGs from the malpractices in the market.

Table-10: Month-wise Green Leaf Price Realisation in North Bengal (2004)

Months	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Average Green Leaf Price (in Rs.)	7.31	6.37	7.50	7.98	7.20	7.17	8.10	7.56	6.88	5.32	7.14

Computed from Unpublished data collected from Tea Board Regional Office, Siliguri, 2005

The table-11 depicts that the Realised Price of Green Leaf in North Bengal is disappointing in all the months in the year 2004. Expected prices of green leaf are calculated with the Price-Sharing-Formula. Expected Prices of green leaf are always higher in all the months. The highest difference between Expected Prices and Realised Prices of green leaf is represented with Rs. 2.12 per kg. in the month of April 2004, while the lowest is found in the month of September 2004 with Rs. 0.84 per kg. This kind of picture again requires continuous monitoring of the made tea price as well as price realization of green leaf at the farm gate if the STGs of India are to be saved from market impurities. Institutional support and continuous research is the need of the day.

Table-11: Impact of Price-Sharing-Formula in North Bengal (2004)

Months	State Average Price (Per Kg.)	Expected Price of Green Leaf Per Kg. (1)	Realised Price of Green Leaf Per Kg. (2)	Difference (1)-(2)
March	N.A.	N.A.	7.31	N.A.
April	65.86	8.49	6.37	2.12
May	69.19	8.92	7.50	1.42
June	70.05	9.03	7.98	1.05
July	66.55	8.58	7.20	1.38
August	69.42	8.95	7.17	1.78
September	69.35	8.94	8.10	0.84
October	67.99	8.77	7.56	1.21
November	65.44	8.44	6.88	1.56
December	N.A.	N.A.	5.32	N.A.

Source: Computed from Unpublished data collected from Tea Board Regional Office, Siliguri, 2005

Relation between Wage Rate and Green Leaf Price

There is an inverse relationship between wage rate increase and the green leaf price realization in the STGs farm. The wage rate increased from Rs. 29.30 to 48.50 during the period 1998 to 2005 and corresponding the same period the price of green leaf decreased from Rs. 12.58 to Rs. 4.53 (Table-12). Today the economic viability of the STGs is questioned. Gradually Growers are put at the market margins while at the labour market they are treated at par the *Organised Sector* of Tea Industry at least in terms of wages. Besides wages, Growers are also required to pay 9 paid holidays, yearly bonus, provident fund (farms employing more than 20 workers), protective clothing etc. to the workers. It is to be stated that wage rate in STGs gardens was Rs. 132.50 plus ration of Rs. 1.80 in 2016-17 which increased of Rs. 150.00 plus ration of 1.80. On contrary to that, the green leaf price realized by STGs during peak season (July-September) in 2017 was Rs. 4-5 / per kg (Uttar Banga Sambad, October 12, 2017) and Rs. 9-10 / per kg in 2018 (Uttar Banga Sambad, May 09, 2018).

Table-12: Trends of Wages and Green Leaf Price in North Bengal (1998-2006)

Wages in STGs Farms		Green Leaf Price	
Period (Financial Year)	Adult Wage (Rs.)	Year	Green Leaf Price in Rs. Per Kg
01.04.98 to 31.03.99	26.30 + 3.00 = 29.30	1998	12.58
01.04.99 to 31.03.00	29.30 + 3.00 = 32.30	1999	7.76
01.04.00 to 31.03.01	32.30 + 2.50 = 34.80	2000	6.06
01.04.01 to 31.03.02	34.80 + 3.00 = 37.80	2001	5.08
01.04.02 to 31.03.03	37.80 + 4.00 = 41.80	2002	4.28
01.04.03 to 31.03.04	41.80 + 4.10 = 45.90	2003	3.86
01.04.04 to 31.03.05	41.80 + 4.10 = 45.90	2004	7.82
01.04.05 to 31.03.06	45.90 + 2.50 = 48.50	2005	5.75

Source: Computed from Memorandums of Settlements¹⁰ for Wages and Green Leaf Price from Field Survey conducted during 2005-06

Observation, Findings and Conclusions

The STGs in India are lagging behind as compared to rest of the small tea-growing countries like Sri Lanka and Kenya in the world. As per the Price-Sharing-Formula the share of STGs is 75 per cent and 68 per cent of the factory's Net Sale Average in Kenya and Sri Lanka respectively. In India, the same share has been reduced to 60 per cent to the Small Tea Growers. In Kenya, *Kenya Tea Development Agency Ltd.* (KTDA Ltd.) and in Sri Lanka, the *Tea Small Holdings Development Authority* (TSHDA) are centralized regulatory institutions monitors the market and also look after the overall development and welfare measures of the Smallholders (STGs). In 2013, the Tea Board of India has established a separate *Small Tea Growers Development Directorate* (SGDD), but the desirable results are yet to be visible. This SGDD should publish *Small Grower Tea Statistics* annually to set a new dimension of research and development in the small tea-growing regions in the country. This can bring justice to the STGs by ensuring them a reasonable price and protecting minimum agricultural wages to their workers throughout the country. The *Minimum Floor Price* for made tea and *Minimum Support Price* for green leaf should be implemented to safeguard and sustenance of the *Unorganised Sector of Tea Industry*.

Approximately fifty per cent of the production of the STGs farms (green leaf) come during the months between *July to September* (third quarter), while it is in this period STGs receive minimum price for their product. The farm gate price realization of green leaf also fluctuate over seasons and the size of the farms The introduction of proper irrigational measures and implementing catchment planning in the small tea-growing areas can enhance the production level of farms during February to June. This invites institutional support and incentive schemes for such a planning. It has been observed that per unit production is more in the small farms as compared to large ones. This is quite similar to the findings of the farm-size productivity debate but here the reasons are slightly different. Higher productivity in the small farm is on account of the relatively young plantations (most of the STGs farms are between the 20 to 30 years) as compared to the over 100 years in case of the big farms or estate

gardens.

The *Farias* dominate the green leaf market in the small tea growing areas. This intermediary is locally called *Farias* (Leaf Agents), not only deprive the STGs to receive fair prices, they also supply inferior quality of leaf by frequently mixing water and other malpractices like broad leaf (means more than two leaf and bud) etc. There should be some regulation to these *Farias* by making them compulsory registration with Tea Board of India and imposition of certain norms to maintain the green leaf quality. Similarly, direct transfer of payment to the STGs from BLFs should also enhance the transparency of farm gate prices.

Trade Unions of workers are better organized to fulfill the demands of the workers, while STGs have weak base of organization to meet their needs as it is reflected from the implementation of Price-Sharing-Formula initiated by the Tea Board. Though Tea Board has introduced the Price-Sharing-Formula but its effective implementation is questioned. It can be stated that the quota system of fixing 60 per cent of the net sale average to the STGs under Price-Sharing Formula in India looks arbitrary from want of authentic data and information. It is well known fact that objective assessment of the STGs is not done properly in India as is the case with the other countries. Hence this too smacks like any other bureaucratic decision. The only way out is the participation of the STGs' representative in decision making, particularly in fixing the prices and subsidies if any.

The STGs and the workers engaged in the STGs farms should be brought under blanket social security benefits so that they can improve their levels of living and secure livelihoods as STGs themselves are vulnerable by the conditions of market. The Tea Board of India should take proactive role towards this direction and ensure Social Security to the STGs and their workers. The workers in STGs farms may be brought under the proposed bill for the *Social Security for Unorganised Workers*¹¹ as STGs are not in a position to carry additional cost besides wages. Conversely, it looks that there may be rising conflicts of *Minimum Support Price vs Minimum Wage* between STGs and their Workers and the *Organised* sector (corporate) has comfortably passed their responsibility to the *Unorganised* sector within tea economy (Hannan, 2013). It may be considered as neoliberal design of the state to overcome the responsibility of both the STGs (farming community) and their workers.

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Notes

¹ *Small Tea Growers (STGs)* are defined by a holding of tea plantation area of less

than 10.12 hectares or 25 acres of land.

² A.F.Ferguson & Co., 2002, Chapter-9, p. 3

³ Ibid., 2002, Appendix X, p. 2

⁴ BLFs means Bought-Leaf-Factories, which do not have the plantation of their own and depends on the green leaf supplied by the STGs for final product i.e. made tea and managed by private ownership.

⁵ CPFs means Co-operative Factories, it is joint ownership of STGs in one hand and the respective State Governments on the other.

⁶ A. Hannan (2006), Unpublished *Ph.D Thesis*, p. 30-31.

⁷ Family Farms are defined as those farms which are managed collectively by all the family members of the farm and have the presence of family labour as well as hired labour; Owner-Supervisory Farms are managed by the farm owner individually including technical advice and work schedule and have the presence of hired labour; Staff-Supervisory Farms are fully managed by staffs either technical advice or work schedule or even payments and have the presence of hired labour.

⁸ Bijoy Gopal Chakraborty, 2003, *Contemporary Tea Time*, p. 61.

⁹ Report of the Committee on the Tea Industry in West Bengal, 2004, p. 10.

¹⁰ Memorandum of Settlement dated on 01.11.1998, Memorandum of Settlement dated on 07.03.2002, Memorandum of Settlement dated on 06.09.2005.

¹¹ Mahendra Dev, 2005, p. 10

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