Growth Perspectives of Small Tea Growers - A Study in Golaghat District of Assam

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Abstract — The growing prominence of small tea growers in the tea producing landscape has an overwhelming effect on the decision of its raw material or green tea leaf. The small tea growers also have an inclusive role to ignite the entrepreneurship in the people who were outside its orbit. The transition which is taking place due to growing numbers of small tea growers to the quality of life and overall day to day economic activity is immense. The role of the institutions and market scenario is also changing due to changes in overall organizational growth. However the study in intended to unveil the contribution of small tea growers in a multidimensional approach.

Keywords — Small Tea Growers; Growth, Socio Economic Impact; Institutional Role; Market Scenario.

1. Introduction

The cultivation of tea has been regarded as a profitable venture for the cultivations. Tea is grown in the region with presence of all favourable factors ranging from soil quality, adequate monsoon shower, availability of uplands and accessibility to the market with requisite demand and prevalence of a tea going culture. During the colonial period in India, Assam, West Bengal, Tamilnadu and Karnataka joined into the production of tea. Among the tea growing states Assam was the pioneer in production of tea. Till seventh plan period, the growth of tea in Assam in the large tea estate segment was significant. But it exhibited a reasonable decline after that period. Sarma, Atul (2012) et.al; has cited that the decay in the production growth of the tea is due to the fall in the yield potential which has become as common phenomenon for most of the tea growing states in India. Post 1990s or from the eighth plan period, a major shift in the production of tea took place in a new form of small holdings and the growers are most popularly known as the small tea growers or STGS which has an acreage of 10.12 hectare or below as per definition provided by the Tea Board of India. Small Tea growers do not possess processing units and they supply the raw materials which is green leaves only. The demand for Indian tea is highly tilted towards the domestic market and some percentage in the global market. The increase in the demand for tea in any of the market could not be matched by the supply of existing large estates till 1990s. Moreover the large estates has statutory and management problems to expand and due to this reason, any additional demand in tea needs to be fulfilled by the small tea growers. Due to this reason, small tea growers had a significant growth during the period (Bhowmik K. Sharit 1991).

The small tea growers in Assam are the new segment of tea growers with entrepreneurial skills, motivation and resources which joined the supply chain for green leaves. The Golaghat district of Assam falls in the South Bank agro-climatic zones and has a sizeable number of small tea grower which is almost 13761 in number as per estimate of Tea Board of India, land coverage of 13900hectares and production of 224.58 Million Kgs green leaves in the year of 2020.

2. Role of small tea growers in Tea Industry

Tea industry in India is becoming highly competitive due to the situation in world exports and in home market. India has a sizeable market in the domestic market with almost 70 percent of processed tea is consumed within the country. India is a populous country with a growing population which also adds new demand to the tea industry. In external market, Indian tea is facing shift competition from China, Kenya and Srilanka.

Small tea growers with a trade-off arrangement with the large estates are steadily contributing its product to the processing units. As the large estates have been suffering due to falling productivity caused by old aged bush, restrictions due to statutory control, prevalence of labour acts, ecological issues and other management problems, they have to rely more on small tea growers for green leaves which is the main raw material for producing made Tea. This has resulted in the growth of small tea growers which is accompanied by other motivating factors such as profitable cash crop, conducive climatic and soil condition, and cultural proximity towards its cultivation, available labour pool and requirement of low investment.

The small tea growers are multiplying rapidly in numbers in Golaghat district of Assam. It is contributing significantly to the socio-economic status, changes to the institutional role and scenario of overall market. The
growth of STGs can be viewed in terms of its production level, productivity and acreage. The small tea holding of tea in south India is being managed and cultivated by household units as compared to the large corporate houses who indulged in large scale tea. Hayami, Yujiro (2004) and Damodaran A. (2004). In Himachal Pradesh, the small tea growing business is identified as cottage industry as per study of Kumar, Ajay (1998). Hannan (2019) has cited that the small tea growing business is more of family farm and it is widely accepted in the North Bengal due to its less perishable property and permanent nature.

3. Literature Review

Small tea growers is bringing transition to the rural economy in the state of Assam. Sarma, Chandan (2017) et.al; has opined that small tea growers has generated the scope of self-employment, expansion of allied economic activities, ensuring a continuous source of income or as an additional source of income. Bora Kaberi (2015) and Das and Hazarika Kakalí (2015) has indicated that commercial tea cultivation in small tea holdings were initiated in Golaghat district in 1978 which is due to the reason of people had knowledge of this form of cultivation, Proximity to the processing factory, skilled workers from the large estates and ready market for promotion. Das, Kalyan (2014) has revealed in his studies that an advantage of plantation crops over the other crops are cultivated in seasons has encouraged to adopt small tea plantation meant for small and marginal farmers. The land owning communities in the state has also considered the small holding tea cultivation as an economic activity. However, stagnancy in production of tea estates induced the tea growers to multiply. Renko et.al (2012) has expressed that perception shapes one’s mind by percolating into it to visualize a strategy for decision making. Aan Hardinyana (2015) has identified perception to be a collective force decides on continuity with the existing organisation and whether to give effort for an achievable goal. Market for agricultural products has involvement of all direct and indirect participants making a chain from production to consumption where institutional support largely effect the market. As per Petro, Putsentielo (2020) et.al; the development and efficient functioning of agricultural sector is linked to the development of its institutions and market transformation can be brought by institutional transformation.

4. Significance of the study

Small tea growers are contributing to the tea production landscape along with its growth. The growth of STGs has provided employment to a number of individuals and households by elevating their financial position and bringing change to their quality of live. With the emergence of STGs, the cash flow situation of the cultivators is improving and they are visibly in a better financial stability.

In a state like Assam where the employment opportunity is minimal with a dismal performance of Industry. The cultivation of tea in small holdings is contributing to the development of the state and especially to the people who are highly dependent on cash crop. Small tea growing has become a necessity for the tea growing region of Assam. It is due to this reason, a careful and though research should be conducted on STGs growth and perspectives related to the growth so that it can provide insight to the real situation connected to the growth of the STGs and any problems inherited by it.

5. Objectives of the study

Small tea growers since its growth in Golaghat district of Assam have a strong impact on the development. A conscientious effort has been made to evaluate the development scenario of this region with the help of this study. The main objectives of this study are:

- To identify the changes in perception of socio economic status due to STGs in the region.
- To assess the perception on changes in institutional role.
- To evaluate the perception on market expansion due to STGs presence.

6. Methodology

A descriptive is conducted by using multistage random sampling. Primary data for this study was collected by administering a structured questionnaire for 120 sample of respondents. Respondents are chosen from the STGs of eight development blocks of Golaghat district of Assam. Secondary data are referred from reports and publications for calculation of growth rate by using CAGR or compounding average growth rate method. Various resources are accessed from e-journals, books and research reports.

For this study Likert Scale of five point scale is being utilized where 5=Strongly agreed, 4=Agreed, 3=No response, 2=Disagree and 1=Strongly disagree. Cronbach’s Alpha was calculated for checking the consistency and reliability of the dimensions of the questions. Responses are tested by using Z-Test, variance and other descriptive.

7. Small Tea Growers in Golaghat District

In Golaghat district, small tea growers are sizeable in numbers. According to estimates of Tea Board of India, the
district has 13081 number of STGs are registered which covers a total acreage of 118.5 ha. STGs in Golaghat district gained momentum due to policy of the Government of Assam in 1978, motivation among the educated youth, nearness to the tea processing units, simultaneous growth of bought leaf factories, availability of uplands with favourable soil fertility, presence of labour pool with a tea growing culture, initial boost from large estates and rising in number of nuclear family with search for additional income source. In the year of 2012, the number of STGs was 1387 which increased to 13106 in 2019. The large tea estates in Golaghat district which are struggling with productivity is also dependent on STGs for green tea leaves. The bought factories in the district is getting boost for easily available raw materials from STGs. Expansion of tea market is taking place due to additional processing capacity of bought leaf factories with 11930500 kgs of green leaves per year as per estimates of Tea Board. Small tea growers are also linked to the industries which provides agronomical inputs. It is estimated that total consumption demand for fertilizers and nutrients necessary for growth of tea plants has a high yearly demand of 16263000 Kgs which also creates opportunities of new business connected to the small tea growing industry.

8. Profile of Golaghat District

Golaghat district of Assam comes under the South Bank agroclimatic region of the state. The district has all conducive factors for cultivation of tea. It has eight developmental blocks namely Gomari, Morongi, Kakodonga, Padumoni, Bokakhat, Dergaon, Sarupathar and Kathalguri which has an almost homogeneous number of small tea growers. Golaghat district has a total geographical area of 3502 Sq. Km. The total population of Golaghat district is 10,16,888 as per census of 2011 of which 5,43,161 are males and 5,23,727 are females. The average literacy of the Golaghat district is 77.43 percent. Golaghat district has a strong composition of large tea estates with presence of sizeable number of small tea growers. The entrepreneurial capacity of the district is above the state average level with satisfactory per capita income per year. STGs contribute a reasonable amount to the districts gross domestic product and it promotes upliftment of the people.

9. Major findings and Discussions

The survey was conducted based on a structured questionnaire administered on the small tea growers of Golaghat district. The demographic profile on the respondents is being assessed on the basis of the responses.

Demographic composition of the respondents shows in case of age distribution to be more in middle aged section. The primary occupation as a farming has higher concentration with business, salaried and as an additional source of income. The family size wise 70 percent in the above 3 family size category and rest of 30 percent is in the 1-3 category with a male dominated participation in this small tea growing.

| Factors               | Classifications | No of respondents | Percentage |
|-----------------------|-----------------|-------------------|------------|
| Age                   | Age             |                   |            |
| 25-40                 | 30              | 25                |
| 40-50                 | 60              | 50                |
| 50-60                 | 30              | 25                |
| Gender                | Male            | 12                | 10         |
|                       | Female          | 108               | 90         |
| Marital status        | Single          | 30                | 25         |
|                       | Married         | 90                | 75         |
| Educational qualification | Illiterate      | 12                | 10         |
|                       | HSLC            | 12                | 10         |
|                       | HSSLC(10+2)     | 48                | 40         |
|                       | Graduate and above | 48            | 40         |
| Occupation status     | Business        | 36                | 30         |
|                       | Farming         | 60                | 50         |
|                       | Salaried        | 12                | 10         |
|                       | Addition to other source | 12 | 10 |

**Source:** Survey

| S. No. | Items          | CAGR |
|--------|----------------|------|
| 1      | Production level | 12.6 |
| 2      | Productivity    | 0.6* |
| 3      | Acreage         | 22.3 |
| 4      | No. of STGs     | 28   |

**Source:** Tea Board of India Statistical Handbook of Assam

The growth performance of the STGs in Golaghat shows that in terms of production level, productivity, acreage and number of small tea growers multiplying during the period. The compounding growth rate for production level is found to be 12.6 percent, productivity
0.6% percent 2011-2019, acreage or size of land holding by 22.3 percent and number of STGs in Golaghat district has compounded growth at 28 percent.

Table 3: Reliability of perception of respondents on growth of STGs in Golaghat district during 2011-2020(N=120)

| S. No. | Items                                      | No. of dimensions | Cronbach’s Alpha Score |
|-------|--------------------------------------------|-------------------|------------------------|
| 1     | Changes in Socio economic status           | 4                 | 0.748                  |
| 2     | Role of the institutions                    | 4                 | 0.758                  |
| 3     | Changes in market scenario                  | 4                 | 0.826                  |

Source: Survey

However, different perspectives of growth can be evaluated with the help of parameters such as changes in socio economic status, role of the institutions and changes in the market scenario which is crucial for the all round development of the region. The changes in socio economic status, role of the institutions and changes in market scenario have four dimensions. The Cronbach’s Alpha for the dimensions has score value as 0.748, 0.758 and 0.826 which shows higher consistency and reliability.

Table 4: Changes in socioeconomic status of STGs (N=120)

| S. No. | Items                                      | Mean   | Standard Deviation | Z      | Sig   |
|-------|--------------------------------------------|--------|--------------------|--------|-------|
| 1     | Level of income                            | 4.9    | .30                | 69.57  | .000  |
| 2     | Increase in saving potential               | 4.8    | .31                | 65.07  | .000  |
| 3     | Improvement in quality of life             | 4.7    | .46                | 40.48  | .000  |
| 4     | Social security status                      | 4.71   | .45                | 41.38  | .000  |

Source: Survey

The STGs are changing the socio economic status of the Golaghat district of Assam. It has attracted a number of new cultivators to adopt their new form of cultivation as it is a perennial crash crop. The result shows that higher mean value in responses for level of income, increase in savings potential, improvement in quality of life and better social security status. Low standard deviation indicates a strong agreement in favour of improvement in socio economic status with a stability. The dispersion of responses is less as more responses are in agreement with socio economic status.

Table 5: Role of Institutions (N=120)

| S. No. | Items                                      | Mean   | Standard deviation | Z      | Sig   |
|-------|--------------------------------------------|--------|--------------------|--------|-------|
| 1     | Better market access                       | 4.76   | .42                | 44.33  | .000  |
| 2     | Administrative services are available      | 4.73   | .48                | 38.55  | .000  |
| 3     | Availability of better financial support   | 4.61   | .48                | 36.74  | .000  |
| 4     | Creating more skills through training      | 4.69   | .46                | 64.05  | .000  |

Source: Survey

As the standard deviation is slightly dispersed with higher mean value which shows a higher tilt towards a strong perception on better market access for the STGs product. The availability of the administrative services has a perception to be as per expectation. Perception on financial support which are being informally provided during contingency by bought leaf factories or by leaf collection agents is positive. The skill formation through participation in training is perceived to be positive among the STGs.

Table 6: Changes in the market scenario (N=120)

| S. No. | Items                                      | Mean   | Standard deviation | Z      | Sig   |
|-------|--------------------------------------------|--------|--------------------|--------|-------|
| 1     | More demand in the market                  | 4.8    | .38                | 51.88  | .000  |
| 2     | Market is expanded                         | 4.7    | .44                | 42.32  | .000  |
| 3     | Creating more opportunity                  | 4.6    | .48                | 36.51  | .000  |
| 4     | Better price realization for the STGs product | 4.7   | .46                | 39.76  | .000  |

Source: Survey

The result shows a higher shift of responses towards in agreement with the dimensions of changes in market scenario and variation seen is low. With the entry of more number of STGs in Golaghat district and changes in production scene, more numbers of bought leaf factories are established. The opportunities in the market are increasing during the period with possibilities of setting up
number of entrepreneurial ventures related to the industries. However price realization for STGs product has a positive perception in the sense that cultivators can continue with this existing price received against their product.

10. Limitations of the Study

The limitations of the study may be due to the time constraint in relation to the geographical area. It was difficult to include respondents at the remote places due to the infrastructural deficiency. The small tea growers are mostly marginal farmers with low literacy level which creates a difficult situation to understand the intended questions.

11. Conclusion

The study has identified the different growth perspectives and its impact on life and livelihood of the small tea growers and the stakeholders in the Golaghat district of Assam. The cultivation of tea in the small tea holdings has uplifted the socio economic status of the people by streamlining a steady flow of income and ensuring social security. The market scenario is visibly changing with its expansion and opening up of different entrepreneurial ventures due to rise in demand of it. Role played by the institutions in this field is significant while a structured administrative support is present with training for skill formation. Informal financial support which is present in the market is fulfilling the need of the small tea growers.

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