

A STUDY ON THE CONTRIBUTION OF TEA INDUSTRY TOWARDS THE ECONOMIC DEVELOPMENT OF ASSAM

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Abstract: *Natural resources abound in Assam, the north-eastern state with the highest level of economic prosperity. Numerous enterprises focused on agriculture, mining, and forestry is present there. Assam's tea business is the largest agricultural sector, accounting for a significant portion of the state's GDP and having a significant impact on both the local and national economies. Assam's tea business has existed for more than 185 years at this point. Tea farming on small plots of land is a relatively new development. By providing up to 35% of the state's total tea production, this small tea cultivation is a vital part of the state's large-scale tea business. More than half of India's total tea production comes from Assam, one of the top tea-growing regions in the world. In terms of global tea output, India comes in second place to China. Being a labor-intensive business, it employs nearly 15% of the land's workers. The Assam tea has an international reputation and high demand in the global tea market due to its distinctive flavour, which contributes to building up the foreign exchange reserve. The Assam tea business has experienced numerous issues with its existence and growth, despite being such a significant industry for providing jobs, income, and boosting foreign exchange to the state economy. In this paper, an effort has been made to emphasise on the role of tea industry in boosting economy of Assam.*

Keywords: Industry, production, economy, employment.

1. INTRODUCTION

The state and the nation's economies depend largely on Assam's tea industry. The tea industry in Assam has a strong reputation in the international market. The British discovered the presence of tea plants in the Assamese hills with the arrival of the East India Company, particularly prior to the Yandaboo Treaty in 1826. The development of the Assamese tea industry altered both the political landscape and the state's current demographics. More over half of the entire tea-growing area in the nation is currently under cultivation. Assam's first tea gardens were established at a time when the tea industry needed to employ a lot of labour. Due to its agro-based nature, the tea industry is labor-intensive. It needs labour at every stage of its work, including clearing the jungle, preparing the land for plantations, working for the nursery by providing manure in both the nursery

and the plantation area, spraying pesticides, cutting drains, constructing paths, removing trees, manufacturing, and then ultimately shipping it to various locations. Therefore, manpower is the lifeblood of a tea plantation. Due to its unique flavor, the Assam tea has its international reputation and demand in the World Tea market, which helps in enhancing the foreign exchange reservoir. Despite being such a significant industry for generating livelihoods, revenue and increasing foreign exchange towards state economy, the tea industry of Assam has been suffering from various problems in terms of its existence and growth.

The tea industry has played a significant role in the economic development of Assam, a northeastern state in India. Assam is one of the largest tea-producing regions in the world and has a rich history and heritage associated with tea cultivation. The tea industry has had a multifaceted impact on the economic development of the state, influencing various aspects such as employment, revenue generation, foreign exchange earnings, infrastructure development, and social welfare. Here's an overview of the role of the tea industry in the economical development of Assam:

Employment Generation: The tea industry is a major source of employment in Assam, providing jobs to a large portion of the population. It creates employment opportunities for a diverse range of people, including plantation workers, pluckers, tea estate managers, administrative staff, and skilled laborers.

Revenue Generation: The tea industry contributes significantly to the state's revenue through taxes, export earnings, and other levies. The revenue generated from the tea sector contributes to the overall development of the state's infrastructure, education, healthcare, and other public services.

Foreign Exchange Earnings: Assam's tea is in demand both domestically and internationally. The export of tea contributes to foreign exchange earnings for the country, thereby helping to stabilize the balance of payments and strengthen the country's economic position.

Infrastructure Development: The presence of the tea industry has led to the development of necessary infrastructure in tea-growing regions. Roads, transportation networks, communication systems, and housing facilities have been developed to support the industry's operations and the livelihoods of workers.

Social Welfare: Over the years, various tea estates have established schools, hospitals, and other social welfare facilities for their workers and their families. These initiatives have had a positive impact on the living conditions and well-being of the local population.

Tourism and Heritage: The tea industry's heritage, including colonial-era tea gardens and bungalows, has also contributed to the growth of cultural and heritage tourism in the region. This, in turn, generates additional revenue and economic opportunities for local communities.

Entrepreneurship and Value Addition: The tea industry has encouraged entrepreneurship in Assam. Apart from traditional tea cultivation, there has been an increasing focus on value addition, including processing, packaging, and branding of tea products, which can lead to higher revenue generation.

Regional Development: The tea industry has led to the development of rural and semi-rural areas where tea estates are located. This has contributed to a more balanced development of the state, reducing urban-rural disparities.

Despite these positive impacts, it's important to note that the tea industry in Assam has also faced challenges such as fluctuating global market prices, labor issues, environmental concerns, and changing consumer preferences. Sustainable practices and addressing social and environmental issues are crucial for ensuring the continued positive impact of the tea industry on Assam's economic development.

1.1 Agro Profile of Assam

Assam is a state in northeastern India that is bordered by seven other states: West Bengal, Arunachal Pradesh, Nagaland, Manipur, Meghalaya, and Mizoram. Additionally, Bangladesh and Bhutan share its two borders with this nation. The state's overall geographic area is 78,438 square kilometres, or around 2.4 percent of the country as a whole. Assam has a population of 3, 11, 69,272 people, 1, 59, 54,927 of whom are men and 1, 52, 14,345 of whom are women, according to the 2011 Census. More than half of the rural population of Assam receives their job from the agricultural sector, which still accounts for the majority of the state's economy. 25 percent of the State Domestic Product (2010–11) comes from this industry. Even though Assam has a few agro and mineral-based industries and is rich in natural resources, the state is still far behind other Indian states in terms of industrial development in many ways. The productivity of the state determines its economic development. The government had been working tirelessly to boost the state's other economic sectors as well as the state's existing agrarian economy. Tea is regarded as one of the state's primary agricultural products and is well-known for its fragrant qualities on a global scale. Other agricultural products grown in the state include jute, sugarcane, rice, potatoes, and legumes. The state also produces a variety of other fruits, including guavas, pineapples, mangoes, jackfruits, and bananas. Petroleum and natural gas, coal, tourism, the production of limestone, granite, and tea are the main businesses in the states. Fertilizers, sugar, paper, rice mills, food processing, and sericulture are some more industries. Brass and metal areas of Assam have several traditional industries. The tea industry employs about 17% of the people in Assam. Assam plantations mostly produce black tea, although they also make a limited amount of green and white teas. In Assam, there are thousands of acres of land covered by more than 850 tea estates and more than 2500 tea gardens. Assam's tea business has existed for roughly 180 years. This sector of the economy is crucial to both the state and the federal economies. In 1838, Assam delivered the first batch of Indian tea intended for public consumption to the United Kingdom. Between the 1950s and 1960s, tea cultivation was then expanded to other regions of the nation. Assam tea still maintains its worldwide standard and holds a sizable market share today. More than six lakh people are engaged by the tea business on a daily basis in Assam, which accounts for around half of all the workers employed by the tea industry on a daily basis nationwide.

1.2 Tea cultivation in Assam

The state of Assam produces more than 52% of the tea consumed in India. Tea is cultivated in the Brahmaputra basin as well as the Barak plains. Even though there are more than 35 nations in the globe where tea is grown, Assam alone produces roughly 1/6 of all tea in the world. Assam tea is sold to a large number of nations in Europe and the Middle East, as well as Pakistan, Egypt, Japan, and Israel. Tinsukia, Dibrugarh, Shibsagar, Jorhat, Golaghat, Nagaon, and Sonitpur are significant tea-producing districts. More than half of Assam's rural residents are employed in the agricultural industry, which also makes for almost 25% of the state's GDP. In addition to rice, wheat, potatoes, and other significant agricultural products of the state, tea production supports the livelihoods of many more people, either directly or indirectly.

1.3 Employment generation by the tea industry

The tea industry is a highly labour intensive one. Approximately 17% of workers in Assam are engaged in tea plantations³ providing average daily employment to more than six lakh persons in the state. This is nearly half the employment provided in the tea industry all over the country. Assam's tea industry is a vital source of employment providing job opportunities to all sections of people including skilled and unskilled workers, industrial and non-industrial personnel. People from different communities and gender are able to find work in this industry. The Assamese tea industry provides direct employment to more than 50 thousand workers of which half are women workers. The tea industry of Assam alone accounts for 66.6% of total labour employed in North India and around 54% in All India.⁴ Since the picking and sorting of tea leaves are generally done by women workers, tea industry plays an important role in their economic emancipation.

1.4 Current Scenario of Assam Tea Industry

Tea Production: Assam is one of the largest tea-producing regions in the world. It contributes significantly to India's total tea production. As of my last update, Assam produced around 680-700 million kilograms of tea annually.

Tea Estates and Gardens: Assam is home to numerous tea estates and gardens, both large and small. There were over 800 tea estates in the region, covering thousands of hectares of land.

Employment: The Assam tea industry is a major source of employment. It provides jobs for a significant portion of the local population, directly and indirectly. Thousands of people are employed in tea cultivation, plucking, processing, packaging, and distribution.

Export: Assam tea is highly sought after in both domestic and international markets. A substantial portion of the tea produced is exported to countries like the United States, the United Kingdom, Iran, and the UAE. In 2020, Assam contributed to a significant portion of India's total tea exports.

Revenue: The tea industry is a significant contributor to Assam's economy. The revenue generated from tea production, both from domestic consumption and exports, plays an important role in the state's finances.

Quality and Grades: Assam tea is known for its strong, bold flavor and bright color. It is often used in blends and is a staple in many breakfast teas. The tea is graded based on factors like leaf size, aroma, color, and taste.

Challenges: The Assam tea industry faces various challenges, including labor issues, fluctuating weather patterns, changing consumer preferences, and competition from other tea-producing regions.

2. LITERATURE REVIEW

Asopa V.N. (2007) pointed out that the extremist in Assam is one of the major concerns for the declination of the growth of the tea industry.

Das H N, (2008) conclude that as a result of increasing prices, tea growers are up against fierce competition from Sri Lanka, Kenya, Vietnam, Cuba, and other countries, and as a result, orders for exports are rapidly declining. The demand for Assam tea in particular and Indian tea in general is declining due to non-scientific price variance.

Das Ashim Kr (2009) discovered in his research that the tea sector is suffering from a lack of precise projections for the creation of long-term industry-wise action plans.

Jain Shweta (2011) conclude that High input costs, the age of the bushes, unskilled labour, a lack of infrastructure, poor price realization, legal issues, outdated equipment, high fixed and labour costs, an ineffective Tea Board, and an inability to compete with other tea-producing countries in terms of price, quality, packaging, among other things, have all been identified as major factors contributing to India's poor performance in the tea industry.

Goowalla H (2012) studied on Labour Relations Practices in Tea Industry of Assam. He pointed that the tea industry in Assam have long been neglecting the human aspect of the organization. He emphasized deal on human aspect in order to produce extra ordinary result in the competitive scenario.

Majumder Basu et. al (2011) highlighted that techniques must be used to overcome difficulties in the global demand for India's tea sector. For an increase in consumption, they advised advertising tea as a beverage with health benefits in non-traditional tea-producing regions of the world. To balance the supply-demand chain for the end customer, various varieties of tea products must be developed.

Hazarika K, (2012) pointed out that tea is sold through an auction system, and that only registered sellers, buyers, brokers, and warehouses are permitted to participate in any given auction.

Producers do not participate in the selling process in the auction system. The auction system is a one-sided transaction in which the broker has primary control over price determination.

Saikia Biswajeet (2008) in his study regarding the problems facing by the tea garden worker for their identity and rights. He pointed that tea community in Assam has never received any attention for boosting their development. In this twenty first century these workers are still to get their identify in Assamese society. He found that a section of the youth among the tea garden population those who acquire higher education and leave behind the centuries-old practice of indentured labour, has, to some extent, managed to create an identity for the tea garden community.

3. OBJECTIVE OF THE STUDY

- To study the role of tea industry in the economic development of Assam.
- To suggest the possible ways of development of the tea industries in Assam.

4. METHODOLOGY:

The study is primarily based on the secondary data gathered from related literature published in the journals, newspaper, books, statements, reports. The nature of study is primarily descriptive and analytical in nature. Data are presented through tables, graphs and diagrams.

5. FINDINGS AND DATA ANALYSIS:

Table 1: Growth of Area, Production and Yield of tea in Assam

| Period | Area | Production | Yield |
|-----------|------|------------|-------|
| 1970-1978 | 1.10 | 3.76 | 2.62 |
| 1979-1987 | 1.52 | 2.08 | 0.64 |
| 1988-1996 | 0.06 | 1.26 | 1.22 |
| 1997-2005 | 3.02 | 1.57 | -1.42 |
| 2006-2015 | 0.34 | 2.66 | 2.31 |

Source: <http://tea.assam.gov.in>

Table 2: Tea Production of Assam Since 2010

| Year | Production in (Million Kg) | % of share of production Assam w.r.t India |
|------|----------------------------|--|
| 2010 | 480.28 | 49.70% |
| 2011 | 499.74 | 51.29 |

| | | |
|------|--------|-------|
| 2012 | 558.56 | 51.98 |
| 2013 | 608.87 | 52.87 |
| 2014 | 630.76 | 52.90 |
| 2015 | 609.67 | 50.65 |
| 2016 | 652.76 | 53.67 |

Table 3: Development Profile of Tea Industry in India and Assam

| Year | No of Tea Gardens | | Area under Tea (in '000 hectare) | | Total Tea Production (in 000 kg.) | | Average Yield (kg / hectare) | |
|------|-------------------|--------|-------------------------------------|-------|--------------------------------------|---------|---------------------------------|-------|
| | Assam | India | Assam | India | Assam | India | Assam | India |
| 1990 | 848 | 13860 | 231 | 416 | 388,181 | 720,338 | 1680 | 1731 |
| 1991 | 848 | 13873 | 233 | 420 | 400,554 | 754,192 | 1719 | 1795 |
| 1995 | 1196 | 37319 | 227 | 427 | 399,133 | 753,922 | 1758 | 1765 |
| 1999 | 30942 | 98867 | 258 | 490 | 437324 | 825,935 | 1695 | 1685 |
| 2000 | 39139 | 111996 | 267 | 504 | 451,236 | 846,483 | 1690 | 1679 |
| 2001 | 40795 | 116659 | 269 | 510 | 453,587 | 853,923 | 1686 | 1675 |
| 2002 | 43272 | 127801 | 271 | 516 | 433,327 | 838,474 | 1598 | 1625 |
| 2003 | 43293 | 129027 | 272 | 520 | 434,759 | 878,129 | 1598 | 1688 |
| 2004 | 43293 | 129027 | 272 | 521 | 435,649 | 892,965 | 1601 | 1713 |
| 2005 | 49102 | 140712 | 301 | 556 | 487,487 | 945,974 | 1619 | 1703 |
| 2006 | NA | NA | 312 | 567 | 502,041 | 981,805 | 1610 | 1731 |
| 2007 | NA | NA | 321 | 578 | 511,885 | 986,427 | 1593 | 1706 |

6. RECOMMENDATIONS

Following recommendations are extended based on the study to enhance the tea production of Assam:

a) Increase in Production: To increase the state economy of Assam, the production of tea is to be increases. All old tea plant area should be re -planted with new tea plants with modern plantation technology to increase in growth of production per hectare.

b) Use of Modern Technology: Most of the tea estates in Assam are suffering from the shortage of worker, which directly impact on the total production of tea in Assam. Use of automated machines can minimize such problems crated due to shortage of worker. Government should grant more research fund for inventing such modern machineries considering the hilly geographical location of Assam.

c) Role of Small Tea Growers (STG): Small Tea Growers are contributing a major share of the tea production of Assam. Most these growers are producing green tea leaf and selling to the big

growers with lesser prices. The Government of Assam as well as government of Assam should give attention to enhance the production of small tea growers. Necessary steps to be taken to extend financial support, government subsidy, consultancy, regular training, marketing etc.

d) Lowering input Cost: For survival of tea industry and for optimum surplus, unit cost of production is to be lowered. Due to inflation and domestic price rise, wages of employees in tea industry is to be hiked. Hence alternate measure to be taken to reduce other input cost and with optimum utilization of gardens resource.

e) Proper Marketing: It has been observed that tea growers are interested to just sell tea to the bulk purchaser who is readily available even by compromising price. No one want to go for regarding promotion of own manufactured tea by proper marketing.

f) Appropriate Pricing: It is seen that the fall prices of Assam tea is only for bulk selling while retail price of tea in the market is quite satisfactory. It implies that the tea producers are not getting the proper price benefit though demand of the same tea in market is high.

G) Prevention from Adulteration: Mixing up of green leaf during tea plucked from different tea gardens are to be prevented. As the quality of tea varies from garden to garden and hence upon mixing up green tea good quality tea become adulterated.

H) Proper Monitoring of Auction Process: Auction of tea should be monitored properly. Some tea gardens can join in auction system and some are directly selling tea in the market. This leads to the confusion regarding actual price of bulk sell. E-Auction in GTAC is to be strengthened and to be ensured for participation of more buyers and sellers.

7. CONCLUSION

For India, creating jobs is still a top priority. It is clear that the state cannot adequately support everyone's needs for a living on its alone. In this situation, it is crucial for educated, unemployed millennial to start their own businesses. It makes sense to enter this industry with new expertise because many people still have roots in agricultural and rural areas. In terms of entrepreneurship and the creation of jobs over the past few decades, Assam has been setting an example for the rest of the nation. The Assamese tea industry has been able to give its residents a good standard of living in addition to employment. The government's actions will provide the tea industry a new growth trajectory and assist it transition into the tea tourist sector. The complete atmosphere of green and tea gardens can be equipped with good transportation and infrastructure development to turn the tea gardens into tourism sites and draw both local and foreign tourists.

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