

Indian Tea Industry at Crossroads of Sustainability: A Case of Tea Plantation Labourers

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Abstract

The Indian tea industry, the second-largest employment provider in the formal sector, is facing a severe crisis characterized by stagnant production growth and a steady rise in domestic consumption. The liberalization policies of 1991 and subsequent international trade agreements, including the ASEAN Free Trade Agreement (2009), have intensified competition from low-cost imported teas. These challenges are exacerbated by rising production costs, restricted market access, and non-tariff trade barriers, resulting in the closure of numerous plantations. This has disproportionately affected plantation workers, leading to job losses, starvation, and malnutrition. This study aims to analyze the causes and consequences of the ongoing crisis and propose strategies for sustainable growth, focusing on Assam and West Bengal. The research leverages secondary data from the Tea Board of India and Tea Statistics, spanning 1991 to 2014 for the analysis of Employment trends, and 1992 to 2014 for exploring socioeconomic impacts interlinked with the increasing import of tea into the economy. Its findings aim to inform policies that build resilience and foster sustainability in the Indian tea industry amidst a challenging global and domestic landscape.

Keyword: Tea Industry, Globalization, Closure, Crisis

1. Introduction

Tea the ‘queen of beverages’, according to legend was accidentally discovered by the legendary Chinese Emperor and herbalist Sheh Nung in 2737 BC (Mitra, 2010). Globally Tea is grown in more than 35 countries. However only the top seven countries including India Contributed 90 percent of total world tea production (Bolton, 2016). In India the history of tea industry is traced back to 1823 with the discovery of an Indigenous tea plant in Assam by Robert Bush (Wagh, 2014). Tea Industry is one of the oldest Agro-based well-organized industries in India. It provides more than 1 million direct employment and trices the number indirectly which is engaged in the tea industry. The tea board of India was established in 1953. Tea board was set up as a statutory body on 1st April 1954 as per provision under section (4) of the tea act 1953, under the department of commerce Government of India. It is the largest Employment provider in the organized sector in India. In the Beginning of 1990s almost 94% of tea was produced in the organized which recently declined to 66%. The decades of Nineties have been depressing for the Indian tea industry this is because due to the disintegration of the USSR which lifted more Indian tea. In the year 2004, India lost its eminent position of the largest tea producing countries to China due to the appreciation of 7% of the Indian rupee. (Asopa, 2007). The five major players in the tea production in China, India, Kenya, Sri Lanka, Vietnam. Most of the Tea producing countries is less consumption of tea as compared to China

and India. As per the report published by the tea board of India, India is the Second producer and produced around 23 percent of world tea production in, which is after China. India also occupies the position of Fourth largest exporter of tea in the world. In India, the Tea industry is divided based on the geographical location such as North India Tea industry and South India tea industry. Comparatively North India Tea industry is producing more than south India. The north Indian tea industry is composed of Assam valley, Cachar, Darjeeling, Dooars and Terai as tea producing region. Assam Valley and Cachar come under Assam whereas Darjeeling, Dooars and Terai come under West Bengal. The Assam share in total production is 51% and when we calculate the total share of north region it is about 75% of the total production.

2. The rationale of the study

The tea industry at the crossroads of sustainability due to the unrest in the tea industry. This unrest is due to supply and demand factor, Here demand factor represents Demand of labour by the Tea Estate in which form temporary or permanent and Supply factor represent the service provides such as wages, Plantation labour act provision, Maternity leaves, etc which is for the laborers provides by the Tea Estates. Both demand and supply are prominent causes of the Unsustainability. The Provider of the Supply factor is also in Crisis, Due to the adopting the liberalization policy in the 1991 and Free Trade Agreement with the ASEAN, due to this Tea Industry enter in the globalized world as a Commodity. The cost of production is more as compared to the other tea producing countries in the world. The Indian tea industry is in its downward trend due to not much attention towards the development of this sector.

3. Objective

1. To analyze the causes and effects of the crisis in the Tea industry through employment trend.
2. To assess the ways to attain sustainable growth in the Tea industry.

4. Data Source

The study leverages secondary data sourced from the Tea Board of India to conduct an in-depth analysis of the tea industry's workforce. The primary focus is on examining the average number of workers employed in tea plantations at an aggregate level, with a specific comparison to plantations in North India.

5. Methodology and Tools Used

1. Data Analysis Techniques:

Percent Change: Used to measure the growth or decline in employment numbers over time, providing a clear picture of trends in workforce dynamics.

Ratios: Applied to compare key metrics, such as worker productivity, employment levels, or plantation sizes, between North India and other regions.

2. Visualization Methods:

Scatter Diagrams: Utilized to identify patterns or correlations between variables, such as plantation size and employment levels.

Line Charts: Used to track trends over time, offering a visual representation of changes in employment or other key metrics.

3. Software:

Microsoft Excel: The study relies on Excel for calculations, data visualization, and presentation of findings, ensuring an accessible and straightforward analysis process.

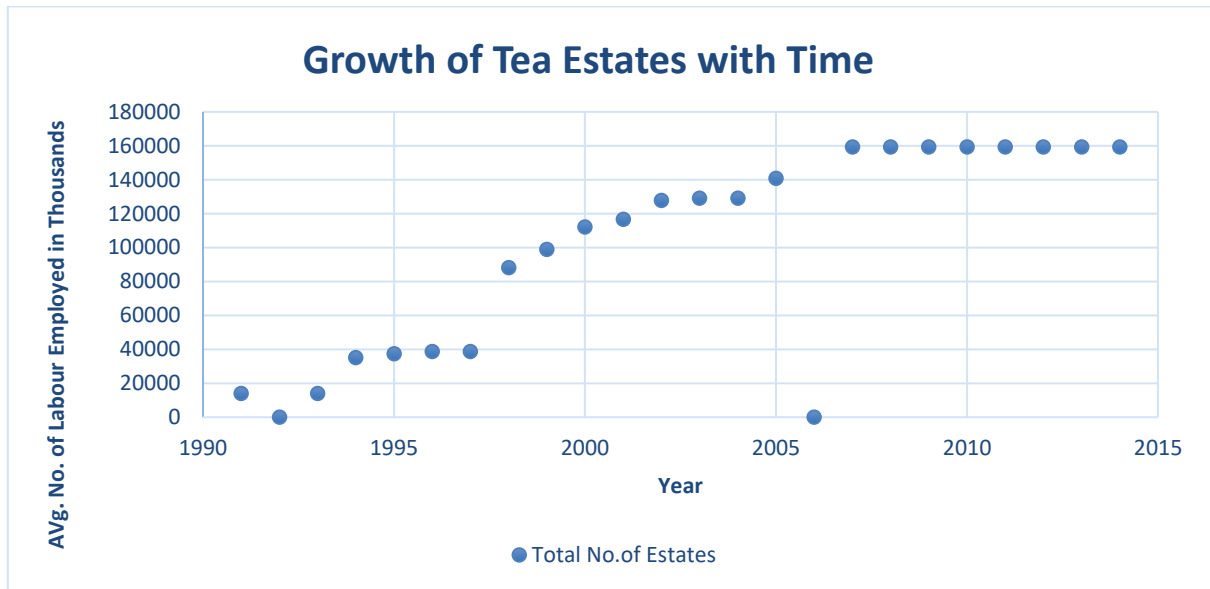


Figure-1

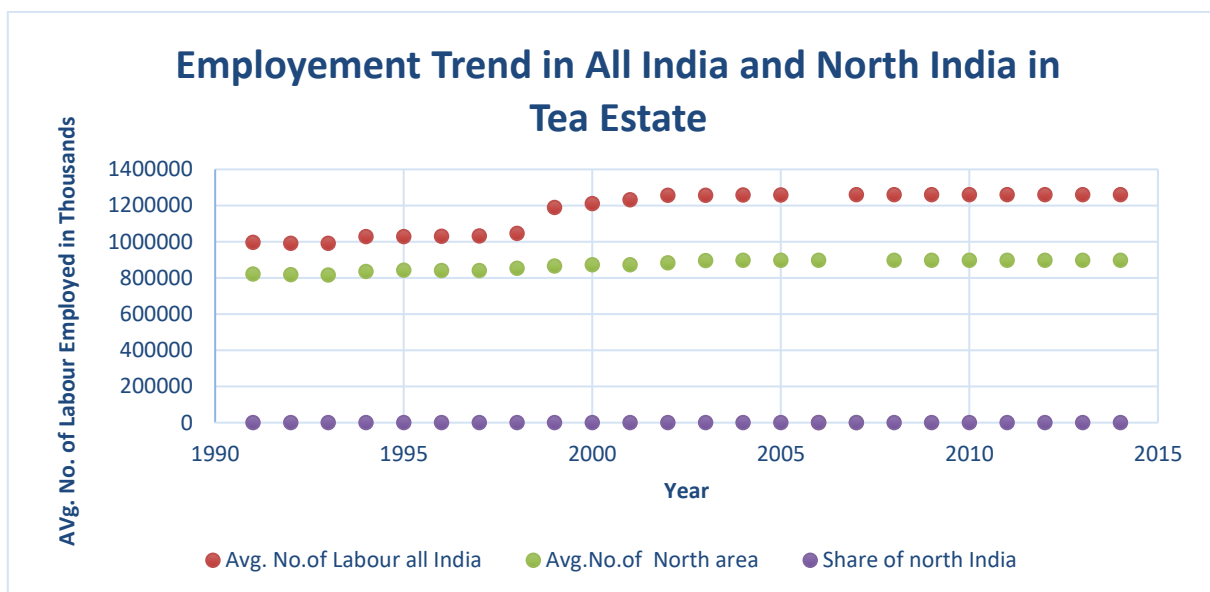


Figure -2

There has been a phenomenal growth of tea gardens in India, particularly since the 1990s, mainly due to the inclusion of small growers in the total Tea estate figure due to this there is an increase in the number of small tea growers in various states such as Assam, Himachal Pradesh, Tamil Nadu, and Kerala. Employment is key Indicator in the economy but employment elasticity has come down in 1990s as compared to the 1980s. From the above Figure 1 and Figure 2, When calculated the growth rate of Average workers employed in the plantations at India level as compared to the growth of Tea estate in year 1997 taking as base year, the result shows that estates grow at 23 % as 2 % growth in Average labour employed.

Analysis state that the inclusion of small grower in the total number not much effect on the laborer's absorption in the industry. In the next analysis the total share of northeast in average daily employment is decreasing from 82% to 71%. This is due to the fact the the cost of production of the tea is more as compared to other countries, and due to this the laborers are out from the plantations and their livelihood is in dark. primary studies carried out by the Researchers for the tea plantations worker for their living status after out from the work the observation is so pathetic.

6. North Region Major Tea Producing States

a) Assam Tea Scenario

The Tea industry in Assam produced more than Fifty percent of the National Tea Output, Due to downward trend at National level Assam is also experiencing slow growth in productivity as well as employment has a significant implication for labour household dependent on tea sector and due to this they are very hard to find engage in the tea sector their traditional source of livelihood. (Mishra 2008). Observed that production and yield have suffered a serious set back since 1998, Even there is increase in the area of tea plantations due to increasing the number of small growers. One important aspect of the declining productivity growth in tea plantation is the inadequate replanting of bushes. The desired annual rate of replanting is 2 percent (Bhomik, 2002). However, in north India, the present annual rate of replanting is less than 0.3 percent. Again the growth of area under replantation has been negative during 1991-2000 at the all India level as well as in north and south India separately. When we consider the area under replantation as a percentage of total area under tea plantation, the dismal performance becomes all the more glaring In terms of area under extension there has been a robust growth during 1991-2000 in north India, probably due to the growth of small tea plantations in Assam. This implies that lack of investment in the plantations industry. It is observed that the share of small groves in Assam is increasing at a disaggregated level in some district of Assam such as Dibrugarh and sibsagar, this itself has shown that there is casualization of labour force although area under plantations is increasing but there is no expansion of the permanent worker puts labour at a disadvantages position. Average labour per hectare employed in Assam is declined.

b) West Bengal

There is a large number of starvation deaths since the early 2000s among plantation workers in the globally famed tea plantations of Darjeeling and the Dooars in West Bengal. Between 2000 and 2015, it is reported that more than 1400 people have died due to starvation in the region (Chaudhuri 2015). The tea industry in West Bengal is also facing the problem of profitability. Tea estate of the Doorar region of the West Bengal suffering from the crisis and due to this a sizable number of estate has been closed, The worker who were dependent on the garden for Food, Health, Housing so have been badly suffered. Evidence shows that 16 tea estates of the Duncan Group alone had been virtually closed in 2015 in the Dooars region, as a result of this Nearly 20000 workers become jobless and subsequently several workers of tea estate die of starvation and malnutrition. From 2000 to 2015, 1400 people died in 17 closed tea estates in the West Bengal.

c) Causes of crisis in North India

We point out that the crisis is an outcome of past acts of negligence and Disinvestment of capital in the plantation sector as well as rooted in failures of public governance. The Plantations labour act 1951 which is an amendment in 1981. The provision of the Plantations labour act is not followed by the estate due to this there is a labour distress in the tea plantations. The problem of profitability of the estate causes to shut

down the tea plantations and due to this crisis in the tea plantations The movement of Large estate to the small estate is also the cause of the crisis and there is the ration behind this movement because if the estate having less than 10 hectares is get rid of the provision of Plantations labour act 1951. Indian Tea is degrading on the quality parameter in the global market due to the mechanism of plucking adopted by the estates mainly small growers. The emergence of small growers itself the cause of the crisis, this is because it does not compete with the quality parameter. The free trade agreement with the ASEAN nations also deepens the crisis due to the low-cost production and export price advantage. It is likely to make India's Employment and Livelihood more challenging.

7. Objective:- 2 Sustainability of the Tea Sector and Its Interconnection with Tea Imports



Figure – 3

The Import of tea in India is increasing from 1.37% to 18.61% from year 1992 to 2014. This is due to the Liberal polices of the government and export advantages by the low consumption countries. This is the major cause of the unrest in the Tea industry. The sustainability of the Indian tea sector is closely influenced by the dynamics of tea imports. While imports can help meet domestic demand, unchecked growth poses significant challenges to the local tea industry, affecting growers, producers, and laborers. This interplay must be carefully balanced to ensure the long-term viability of the sector. For Longer-term sustainability Indian tea industry has immense potential to explore to the tea market but to achieve this, The Auctions System to be transparent, Tea waste limit should be increased, Focus on the orthodox tea which is highly demanded by the global market. Government Rectifies the Bilateral trade policy such as ASEAN-INDIA FTA which has negative impact on the tea Industry due to the low-cost production of the estate. Subsidy for the Machinery of Tea plantations or for Manufacturer, The Inclusion of Small Growers into the Government Policies through the certification which happened in Kenya, Inception the Estate regularly and last focus on the inclusiveness in the Implementations of the Government policies which is for the welfare of plantations Labourers. The scenario of Labourers and their families will never change until the mentality, morality, and rationality of the politicians, Government officials, and management. By managing tea imports through thoughtful policies, fostering innovation, and supporting domestic stakeholders, India can ensure a sustainable future for its tea industry. Striking this balance is crucial to protect the livelihoods of millions while maintaining the quality and heritage of Indian tea.

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