

Tea Plantations of Assam- A SWOT Analysis

(A Study on Panitola Tea Estate, Assam)

Sharmistha Bhattacharyya

PhD Research Scholar

Tezpur University, Assam, India

Abstract- Tea industry is the fame of Assam. Originated basically since the colonial rule, this industry has grown over the years. The contribution of Assam's tea is significant in India and abroad. However, in recent years there has been a declining trend in the profit margins of this industry. The present study is made in an attempt to identify effectively the problems of tea gardens that has resulted in such losses. The study is made on Panitola Tea Estate which is in the Tinsukia district of Assam. Along with the problems, the prospect of the industry is also highlighted. The study is completely qualitative in nature. The in-depth interviews with 20 tea workers have shown that a number of factors are responsible for the continuous loss of tea gardens. Towards the end, a brief and thorough SWOT analysis on the tea garden is also presented. Limitations of the study and scope for future research are also presented at the end.

Keywords: *Tea garden, losses, problems, prospects, Swot analysis*

I. INTRODUCTION:

India acquires a very significant place in the global tea scenario and is ranked the second largest producer of tea in the world. When it comes to tea production, the state of Assam holds the pride. According to reports, India produces 23% of world tea, while 50% of the country's tea is produced by Assam alone (Chang, 2015). Almost 11.5% of Assam's tea constitutes global production (Das, 2019). India basically produces two types of tea: 'CTC' (Cut, Tear and Curl) and Orthodox types of tea. While CTC type is greatly favoured by the Indian consumers, the demand of Orthodox tea type is greater in the foreign countries.

Holding a very significant position in the economy, culture and polity of the state, Assam's tea plantation covers 53.97% of total area (Magar & Kar, 2016). The establishment of tea plantations in Assam dates back to as early as 1840 by the British. Ever since the colonial rule to date, tea plantations have proved to be the highest employer of wage labour in India (Behal, 2006). As such, tea constitutes one of the earliest commercial enterprises established in the Assam valley by the private British capital (Behal, 2006). Through a number of legislative and institutional hold up, the British East India Company and later the colonial government led to the expansion of tea plantations in Assam (Siddique, 1995). Over the years, there has been significant growth in tea plantations. A steep rise in tea production is also the result of increase in the number of small tea growers in many states of India, including Assam, Tamil Nadu, Himachal Pradesh and Kerela (Mishra et al., 2015). Tea production had seen a great rise with the extensive growth of total area under tea plantations, enhancement of tea productivity and with the increasing use of more scientific technologies of tea production (Mishra et al., 2015).

Tea not only holds an important position in the economy of the state of Assam with more than half of the production of country being made by it, but it is equally an important component in the lives of the people of the state. Tea constitutes the most frequent drink consumed by the people of Assam. Used widely for refreshments during the entire day long, tea is a very popular drink served at almost all social and formal gatherings (Magar & Kar, 2016).

The tea industry of Assam brings great pride to the state. Spread across an area of 2, 16,200 hectares, there are almost 100 tea estates in Assam (Banerjee, 2019). The state and the country as a whole accrue a good deal of profits from the industry. The present study is directed towards the problems faced by the tea estates of Assam. The study is important considering the importance of tea industry in Assam and India. Over the years, the profits are said to have found a declining trend owing to a number of factors. The present study is made with the aim of driving a focus on the key problems of tea estates.

Panitola Tea Estate (T.E.)

The districts of Dibrugarh, Tinsukia and Sivasagar situated in Upper Assam are best known as the tea producing districts of Assam. The present study is based on Panitola T.E. as the garden is the head quarter of the erstwhile 'Jokai Group of Gardens.' This garden is located in the Tinsukia district of Assam and covers an aggregate planted area of 660 hectares. The garden was established in the year 1902 by Jokai India and is currently owned by the MK Shah Exports Limited. Presently, Panitola T.E. is with MK Jokai Plantation Private Limited. The estate is a privately owned organisation with its ownership based at Gujrat. The brisk and unique flavours of the typical Orthodox tea produced in the estate have succeeded in attracting the leading importers of Europe. The tea estate is managed by a host of employees at different levels consisting of Director, Administrative Officer, General Manager, Accounts Manager, Manager and many others.

The paper is organised accordingly: Section II deals with the literature review, the objectives are presented in Section III, methodology is presented in Section IV, findings are shown in Section V, suggestions are presented in Section VI and conclusions are drawn in Section VII.

II. LITERATURE REVIEW:

Origin of tea plantation in Assam

One of the oldest industries of India is the tea industry. The following data on the origins of tea plantation in Assam is collected from the eBook, 'The History of Indian tea industry' (Griffiths, 1967).

A host of historical events has contributed immensely in the development of the present day tea plantations in Assam. Maniram Dewan, the last Ahom king is conferred as the person behind this significant development of tea plantations in Assam. This happened on the meeting of a British officer, Robert Bruce who discovered the existence of tea plants in Assam. However, the death of Bruce affected the process and he could not further contribute in the identification of more tea samples. With a lot of further institutional and legal support by the British, tea was grown in tea plantations of Assam with samples of Chinese origin. However, these Chinese tea samplings eventually died owing to a host of factors. Later, CA Bruce, who was appointed under lieutenant Charlton, took initiative and found tea plants growing in wild forests of Assam. By motivating the local communities of the state and teaching them different methods of tea cultivation and production, almost 80 tea tracks were located in different areas. As such, Bruce is considered as the pioneer of tea industry in India. These discoveries of tea plants in Assam had attracted trade from the East-India company. The Assam Company was thus formed with a capital of Rs. 5 lakhs in the year 1839. Headquartered at Nazira, The Assam Company is the oldest tea company of Assam. Subsequently, more tea companies were formed. In the year 1841, the first tea auction was held at London.

The only problem faced by Bruce with the tea plantations was finding labour as the local Assamese people were found very lazy and uninterested in work with many not allowing females to take part in works of plantation (Bordoloi, 1929). The industry, however, grew very steadily. Eventually, a lot of developments across the state took place and tea plantation was spread rapidly. Today, it constitutes as one of the prime source of revenue for the state.

Present scenario of tea plantations of Assam

Tea gardens are the pride of Assam. The total tea plantation area is around 3.22 lakh hectares and the industry provides employment to more than 6 lakh workers (Lashkar & Thappa, 2015). In addition to providing employment avenues to many, this industry has constituted as the prime revenue generating industry of the state. Despite all the advantages the industry holds, the trends of profit margins across wide tea gardens of the state is depleting fast. The continuous losses have resulted in bad conditions of many tea gardens. A host of factors have contributed immensely to these losses. Asopa (2007) pointed out that the extremist issue in the state is one reason that is affecting the growth of the industry. High price and stiff competition from other countries is another factor that has resulted in the depletion of profits by the industry (Das, 2008). Jain (2011) pointed out a host of factors responsible for degradation of profits by the tea industry including hike in the price of inputs, lack of infrastructure and unskilled and skilled labour force, ineffective tea board, old age tea bushes being used repetitively and the incapability of Assam's tea plantations to compete with international standards of tea quality. Selling tea on auction is another reason that is contributing immensely in the degradation of tea produce (Hazarika, 2012).

From literature review, it is evident that a number of research has been done till now on tea plantations. Researchers in the past have studied on the problems and prospects of tea gardens, the origins of tea gardens, work-force and labour unrest in the industry, export-import context. However, no prior studies were detected to

be made on the Panitola T.E. specifically, taking into consideration the importance of the estate in Upper Assam. Also, a detailed SWOT analysis on the tea plantations was not found to be made in the past. Qualitative studies dealing with problems and prospects of tea gardens are very rare, which as a matter of fact requires greater insights.

III. OBJECTIVES OF THE STUDY:

The broad objectives of the study are as follow:

- i. To bring into light the problems and prospects of T.E of Assam, India
- ii. To put forward suggestions to eradicate the issues.

IV. METHODOLOGY:

i. Research Design: The research is descriptive and qualitative in nature. The chosen research design is kept qualitative to fruitfully bring into light the problems and prospects of T. E.

ii. Data Source: The primary data for the study is collected from in-depth interview with the employees of the T.E. Secondary source of information is collected from different journals and websites.

iii. Sample Size: According to the guidelines of interview by Creswell (1998), 'a sample size of 20-30 interviews is adequate. Keeping in view the requirements of the present study, a sample of 20 is selected for in-depth interview.

iv. Field Work: The study is conducted on one of the most reputed T.E.'s of Assam in the upper most district, namely, Panitola T.E.

The interview is semi-structured with the involvement of a set of questions. During the period of interview, the data collected was recorded and noted as well. To encourage good responses from the respondents, a token of appreciation in the form of a hand-made card was also gifted. Each interview lasted for around 30-40 minutes. The total in-depth interviews were completed in a period of one month.

V. RESULTS AND DISCUSSION:

The in-depth interview with the employees of the two T.E.'s was done to effectively bring into light the problems and prospects of T.E.'s. Out of the 20 interviews done, 1 was done with the Director on telephone as he was not available in-person during the visit to the garden, 1 interview was done each with the Administrative Officer, General Manager, Manager, Accounts Manager, Deputy Manager, Labour Welfare Manager, Medical Officer, five Assistant Managers, five skilled staff workers and three unskilled plantation workers.

The respondents were first enquired on the type of tea that they produce and their selling pattern. It is found that the T.E. mostly focuses on the 'Orthodox' type of tea category as that brings the highest profit to them. Out of their annual production, almost 25% is sold within the state of Assam, 13% is sold in other states of India, while as much as 45% of the 'Orthodox tea' is being exported to countries like Germany, UK, USA, Iran and Russia. As a mandate, tea is issued to the workers as a ration commodity with a monthly tune of 1450 kilograms per family. The staff members get 17 kilograms of tea per month for free. All these constitute nearly 17% of the total produce. The respondents were further asked if they feel that exporting to foreign countries bring greater benefits. Almost all of the respondents responded positively to this. Exporting brings greater benefits to firms as that gives better price to the sellers than selling in the local markets. Also, the demand for Orthodox tea is greater abroad.

Marketing tools

The respondents were again asked on the different marketing tools used by the estate for promoting their sale. Though the employees in lower grade could not respond effectively to the question, the General Manager and Manager could say that the estate use different marketing tools to enhance sale of tea. The marketing tools used include advertisements in television commercials, print media advertisements, sponsoring of tea festivals, bill board hoardings, holding of tea conferences and online advertisements. Tea festivals involve a huge amount of cost. In such festivals, people from different regions are invited for tasting the varieties of tea produced for free mostly. Very similar to such festivals but within the formal context include tea conferences, where people from different regions are mostly invited and the benefits of the tea type is explained in detail. Online advertisements have been in rapid advancement in present times with the two estates having their own up-to-date websites. From the interview, it is found that tea conferences and online advertisements have proved to be the best marketing tool so far. Advertisements in TV commercials and print media also generate good

results. However, sponsoring of tea festivals is not very effective due to the involvement of huge cost to make them attractive. When asked if the use of such marketing tools has increased sale, the responses were largely varied. The Manager of the estate feels that to a great extent such tools are effective. However, the General Manager feels that too much use of marketing tool is nothing more than increasing the cost of production.

Problems of the Tea Estate

i. Compliance to MRL level: Every country has its own Minimum Residue Level (MRL) for chemicals and Germany has the most stringent levels. For a tropical country like India, the pest infestation in tea is more resulting in higher concentration of pesticides. The European MRL is very low in comparison to the India MRL. It is found from the interview that for maintaining the European MRL, the estate is bound to use lesser chemicals resulting in greater pest infections and the resultant crop loss.

ii. Increase in wages: It is found from the interview that over the years the wages of unskilled plantation workers have increased due to various enactments of the Government. The workers receive per day wage of Rs. 167 for 6 days in a week. They are also entitled to 32 kilograms of rice and wheat every month at a subsidized rate of Rs 54 paise per kilogram. With the number of workers more than 1000, with many unproductive workers, this has become a huge outflow of fund for the estate, considering the fact that production has been at a constant.

iii. Hike in the price of inputs: The price of different inputs has also increased to great extents. It is found from the interview that with the increase of the price of inputs like lubricants, petrol, pesticides, etc., there has been a significant fall in the margin of profits in tea sale.

iv. Climatic conditions: Assam no longer has the same good weather for tea cultivation. Cultivation of tea has come down to a merging level on account of adverse weather conditions. It is found from the interview that the production of tea has reduced from 16 to 12 lakhs in Panitola T.E.

v. No 100% e-auction: It is found from the interview that there are instances of biased pricing in the open auction sales. Prices are highly manipulated amongst a few buyers which at the end, results in the sale of tea at a loss. The interview with employees of Panitola T.E. brought into the light that the greatest disadvantage of these estates is that the auction does not take place in Assam despite the fact that the State holds Guwahati Tea Auction centre. The tea auction of the estate takes place at Kolkata which makes it inconvenient for many to exactly quote prices.

vi. Removal of subsidised ration by Government: From the year 2017, the Government has stopped granting subsidized ration to the plantation workers. But the estate needs to provide 32 kilograms of rice and wheat every month to the plantation workers at a subsidized rate of 54 paise per kilogram. Thus, buying at market rates and giving at a mere subsidized rate to almost 1000 workers is bringing heavy losses for the T.E.

vii. Hike in statutory benefits: Statutory benefits like medical facilities, housing are provided to the plantation workers along with their daily wages. It is found that these benefits have enhanced in the recent past with the rules of Government. Inclusion of newer benefits like increase in maternity leave of female workers from the earlier 12 weeks to the present 6 months has also contributed to the decrease in profit margin.

Profit/Loss of the Tea Estate

The respondents, with special focus to the employees of higher levels, were further asked on the profits or loss margins of the estate. Though none of them disclosed the exact figures due to company norms, it was seen that almost all the respondents have complained on profit reduction in the present times. The manager says that till a decade back, the profit margin of tea of the T.E. was quite reasonable. The profit margins in recent years have reduced drastically owing to a lot of factors. From the interview, the flowing conclusion is arrived at on the reasons that contribute immensely to the continuous loss on sale:

- i. Increase in wages of plantation workers as per Government norms.
- ii. Hike in the price of inputs.
- iii. Removal of subsidized ration by Government.
- iv. Hike in statutory benefits.
- v. Change in climatic conditions.
- vi. The tea producers have no say on the selling price of tea.

- vii. The age of planting materials is another consideration. The tea plants have grown quite old.
- viii. There is no new land to further extend the production of tea.
- ix. There is no 100% e-auction.
- x. The selling price of tea has not increased proportionately to the cost.

SWOT Analysis

Keeping in view the importance of tea gardens in Assam, the high reputation and good quality of tea being produced in the T.E. and the declining profit margin over the years, the researcher finds it necessary to undergo a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis with the help of the data collected from in-depth interview with 20 employees of the estate.

Table 1: Table of SWOT Analysis

Sl.No.	SWOT Analysis	Explanation
1	Strengths	<ul style="list-style-type: none"> i. The tea produced is of good quality with the Orthodox tea category being highly popular in foreign countries. ii. The T.E. employs scientific research in its production. iii. The estate covers a large land area under it with its location to the main town of Tinsukia district.
2	Weaknesses	<ul style="list-style-type: none"> i. The producers have no say in the selling price of tea. ii. The age of the planting material is yet another weakness. iii. There is no land for further extension of tea cultivation. iv. There is no 100% e-auction. v. The selling price of the tea has not increased proportionately to the cost.
3	Opportunities	<ul style="list-style-type: none"> i. The T.E. has better opportunities for exports keeping in view the large demand of Orthodox tea in foreign countries. ii. The T.E. produces black pepper in the trees that are grown between the tea plants. This can be thought of as an opportunity of product diversification.
4	Threats	<ul style="list-style-type: none"> i. There is an increase in the wages of the plantation workers as per the Government law without any corresponding increase in the price of tea. ii. There is tremendous hike in the price of different inputs. iii. Removal of subsidized ration by Government is another threat to the estate. iv. There has been a hike in the statutory benefits of the plantation workers. Also, there is an enhancement of newer benefits for them. v. The climatic change in the state of Assam is yet another threat.

Source: Field Interview (compiled by the author)

VI. SUGGESTIONS:

After the interview done with the employees of the T.E., the following suggestions are put forward for the benefit of all the tea estates in general:

- i. There is a requirement of adoption of more scientific techniques in tea production. There should be standard methods of tea plucking and strict grading systems for increased quality of products.
- ii. The management needs to work on the strengths and opportunities. The cropping of black pepper can be increased to good amounts to increase the benefits of product diversification. A careful planning in this regard is highly appreciated.
- iii. With the increase of per day wages of the tea plantation workers, there arises a dire need to terminate the surplus workers delivering unproductive services to the estates.
- iv. There should be extensive awareness and training programmes for the plantation workers as well as for the staffs concerned. Such programmes will ensure the creation of more effective and efficient techniques of tea producing.
- v. Tea is the prime source of income for the state of Assam. Different bodies of the estates should approach the Government for their engagement in the additional services provided to the plantation workers.

VII. CONCLUSION:

From the study, it is found that tea estates have been facing a great deal of problems which has resulted in the loss of the industry. Tea is the fame of the state. With a significant amount of contribution being made to the income of the state and also the country, it is very important right now that the problems addressed in the context of the present study be solved at the earliest. The pride of the state and of the country cannot be let down. The present times of Covid-19 has further intensified the loss situation in the tea production. The suggestions put forward in the context of the present study can be taken into consideration by the managing bodies of the estates and also by the Government.

Limitations and scope for future research

The study is made qualitative. Further studies can be done with a triangulation research design by collecting data from different sources on the estates. This will ensure a better research result. Also, the study is focused on only one tea estate. Further studies are encouraged to be taken with more numbers of estates to bring out good conclusions and derivations. Also, the study specifically addresses the problems of the estate with only a little highlight on the prospects. The brighter side of these estates can be further addressed in subsequent research.

REFERENCES

- [1] Asopa V.N., (2007) 'Report of the Tea Industry of India: The Cup that Cheers has Tears', *Indian Institute of Management*, Ahmedabad; India, 2007.
- [2] Banerjee. P, "15 Best Tea Estates of Assam That are a Must Visit," *TripPlanner*, Blog, (2019).
- [3] Behal. R, "Power Structure, Discipline, and Labour in Assam Tea Plantations under Colonial Rule," *International Review of Society*, doi: 10.1017/S0020859006002641, (2006).
- [4] Bordoloi. N.C, "Conditions of the labourers in the gardens of Assam," Calcutta, (1929)
- [5] Chang. K, "World Tea Production and Trade Current and Future Development," Food and Agriculture Organization of the United Nations, 2015.
- [6] Creswell. J.W, "Qualitative Inquiry and Research Design: Choosing Among Five Traditions," London: Sage Publication, (1998)
- [7] Das. H. N, " Assam Tea: Problems and Prospects; in Origin and Development of tea"; EBH Publisher, Guwahati, (2008).
- [8] Das. K, "The Small Tea Growers of Assam: A Study of their Monopolistic Exploitation and Production," Thesis submitted to Indian Institute of Technology, (2019).
- [9] Griffiths. P, "The History of Indian Tea Industry," Weidenfeld & Nicolson: London (1967) (eBook)
- [10] Hazarika. M, "Tea in India: An overview," available at: www.tocklai.net/wp-content/.../TwoBud582011/Tea%20in%20India.pdf, (2011).

- [11] Jain. S, "Indian Tea Industry -An Analysis Using Concept of Forward | Engineering" *International Journal of Food Sciences and Nutrition*, June 14(2); Pp-17-38, (2011).
- [12] Laskar.N, Thappa, S, "A Study on the Present Scenario of Tea Industry in Assam-Challenges Ahead," *Indian Journal of Applied Research*, 5(11), pp. 533-537 (2015)
- [13] Magar. C, Kar. B, "Tea Plantations and Socio-Cultural Transformation: The Case of Assam, India," *Space and Culture*, 4(1), 25-39, 2016.
- [14] Mishra. D, Upadhayay.V, Sarma. A, "Crisis in the Tea Sector: A Study of Assam Tea Gardens," *The Indian Economic Journal*, 56(3), pp. 39-56, 2015
- [15] Siddique. M.A.B, "The Labour Market and the Growth of the Tea Industry in India: 1840-1900", *South Asia* 18(1): 83-113, (1995).