

Historical Review of Growth of Tea Industries in India:

A Study of Assam Tea

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Abstract- The first discovery of the tea plant growing wild in India (upper Assam) in 1821. In 1835 the first tea garden was opened at Lakhimpur district in Assam. In 1838 the first twelve chests of tea from Assam were received in England. It was found that tea manufactured from Assam plants would be better than the Chinese variety. In this paper an attempt has been made to analyse the historical growth of tea industries in India under the brandname of Assam Tea Company which was formed in 1839. Observing great rush and interest in tea cultivation, the British government had to frame definite rules for the grant of land for tea cultivation. Since 1869 the tea industry has continued to prosper steadily. An attempt has also been made to analyse the measures taken by the British government in this regard. The study is based on secondary data and sources of material collected from different official and individual publication. Annual compound growth rates have been estimated using least square method.

The most encouraging development of the tea sector of the state is the participation of unemployed youths as small tea grower and thereby helping to increase the tea production in the state. The total number of tea gardens (large and small) in Assam at present is around 41000 covering an area of 26 million acres. The tea industry is also playing a vital role in the economic development of the state. It has become one of the most important foreign exchange earning industries in the country. However the tea industry of Assam, which is considered as main stay of the state's economy, is now facing crisis. As the tea gardens in Assam are becoming age old, the productivity of these old gardens is declining. The conditions of tea estates in the state are not as productive as in the past. A considerable number of tea gardens of the State have gone sick over the period due to lack of infrastructure, modernisation and efficient management. Another serious problem faced by the tea industry in Assam is the general fall in the price of medium and plain tea. For some time there were no buyers of such tea. In the prevailing general climate of globalisation and dismantling of tariff barriers, Assam tea has been facing open competition. The sustainability of Assam tea thus depends on different factors like improvement in quality, cost effectiveness, control of diseases and pest attacks, increase in domestic demand, identification of newer export market etc.

Keywords-component; Market, Globalisation, British.

I. INTRODUCTION

The state of Assam was brought under the British dominion in 1828. The tea industry played a vital role in the

economy of the state. Assam tea was not restricted in the state alone; it was exported to other parts of India and outside of it. Many got their livelihood through tea though initially they suffered much. Tea was discovered in Assam along with the grant of land, which was then found abundantly. Capital was invested by the European planters. With these land and capital, labour came as 'coolies' from northern, eastern and southern part of India. This made the state of Assam economically rich. The present state of Assam is comprised of three physical divisions, namely, the Brahmaputra Valley, the Barak Valley and the Hill range. The Brahmaputra Valley, which forms northern part, is the largest in size comprising 71.7 percent of total geographical area of the state. On the other hand the Barak Valley region, which forms the southern part, is comparatively smaller in size.

II. OBJECTIVES

This paper aims at analysing the pattern of discovery of tea in Assam, the first tea growing state of India. The paper also throws light on the chronological growth of tea cultivation in the state and the measures adopted by the British government in this regard. The progress made and the crisis faced by the tea industries have also been analysed in the paper.

III. ORIGIN OF TEA CULTIVATION

The first discovery of tea in Assam is generally ascribed to Mr. Robert Bruce, who commanded a division of gunboats in Upper Assam during the first Burmese war, and who appears to have brought down with him some shrubs and seeds of the indigenous plant 1826. Hunter (1990)[1] throws light on the tea varieties and the area under tea cultivation. Gangopadhyay (1990)[2] deals with the land settlement for tea cultivation in Assam.

In the year 1834 Government of India formed a tea committee consisting of 12 members of whom 10 were Europeans and 2 Indians to explore possibilities of profitable tea cultivation in Assam and in the following year an experimental government plantation was tried in Lakhimpur. However, the experiment failed and the plants were shifted to Jaipur, where a garden was established which was sold to Assam Company in 1840. In December, 1837, 12 boxes of tea were shipped to London and this was followed in the next year by another lot of 95 chests. On examination tea was found equally good with that of China.

In 1838 for cultivation and manufacture of Assam tea the Bengal Association was formed with both European and Indians in Calcutta followed by another in London with similar objectives. For the fear of rivalries the two decided an amalgamation under the title Assam Tea Company up on a capital of £500,000 in 100,000 shares of £50 each. This company which was formed in 1839 was the first and the largest tea growers in India. It was not however very prosperous during its early years and in 1846-47 the shares are said to have been almost unsalable. Its prospects began to improve about 1852, in which year it had 15 gardens in Sibsagar with a cultivation varying from 15 to 400 acres in each; the aggregate cultivated area amounted to 2500 acres. The out turn of manufactured tea from these gardens in 1852 was 267,000 lbs, of an estimated value of £23,362. In that year there were 3 other plantations in the district- two belonging to a wealthy native, and the third to European gentlemen. It may be said generally that the foundation of the present tea industry were laid between 1856 and 1859, in which latter year the Assam company was reported officially to have a cultivated area of 3967 acres with an estimated out turn of over 760,000 lbs of tea. During the next 3 years tea planting made rapid progress; but in 1863 a tide of reckless speculation and careless management set in, which in 1866 resulted in a crisis and for a time threatened the destruction of the new industry. During 1867 and 1868 the depression of tea property continued, but about 1869 matters began to mend and since then the cultivation and manufacture of tea has been steadily on the increase. The Assam Tea Report for 1869 showed that there were then 110 gardens in the District, managed by 53 European assistants, and employing 13,399 imported and 790 local labourers [3].

By the end of 1874, the total area under tea cultivation in Sibsagar District was 22,573 acres; the total out turn was 4,528,329 lbs. The total area taken up in Sibsagar under Assam Waste Land Rules for tea cultivation amounted at the end of 1874 to 108,050 acres [4].

IV. ASSAM TEA COMPANY: BRAHMAPUTA VALLEY EXPERIENCE

Under J.W. Masters Assam Company set up an establishment of their own at Nazira, on the bank of the navigable Dikhow and commenced collections of labourers and such other works necessary for operations. In March 1840, C.A. Bruce joined his new assignment and was placed in charge of the Northern Division comprising tracts Kahung, Tipam, Nowholea, Jagando and Ningro. The early operations were promising. In 1853 dividend of 3% was declared for the shareholders and extension of new rules of Waste Land tenures to Upper Assam had enabled the Assam Company to expand operations. The Company had to face acute financial crisis arising out of extravagant expenditure in connection with extension of operations relating to importation of Chinese labourers and particularly the wreckless venture to ply on the Brahmaputra. The affairs of the Company had such so low in the next two years that it had to close some of its factories. In 1846-47, there had been a rapid fall in the value of the shares of the company and the Directors were

prepared even to sell these at any price for their mismanagement [5].

The Company was rescued from the crisis by the newly elected Secretary Henry Burkinyoung and J.D. Campbell, the former from his own pocket and the latter by making a loan on part of the crop being hypothecated for him. Stephen Mornay, who occupied the post of Superintendent at Nazira in 1847, by his energetic and economic measures, turned the earlier deficit in to a surplus. The affairs of the company improved further when George Williamson (Junior) took over the management [6].

In 1857 Colonel Hannay opened a garden at Chawlkhowa, near Dibrugarh, and factories were started at Mothola and Bajalani. In the next year Warren Jenkins formed the Maijan Company and emerged the estates of Bokapara, Barbarua, Nagaghuli and Deasal in the Lakhimpur district. In 1853, George Williamson (S) and Captain J.H. Williamson joined the field. In the meantime Burkinyoung started a garden of his own at Numaligarh. In 1859 Jorehaut Tea Company was incorporated with a capital of £60,000 [7]. The amount was utilised in buying up Cinamarra, Oating, Kaliabar gardens of Williamson and Numaligarh from Burkinyoung and in the following year saw Williamson (Junior) as the Superintendent of the New Company. The Assam Company extended its cultivation to other parts in the state [8].

Tea cultivation is only industry carried on by means of imported capital in Nowgang. The cultivation of tea in the Nowgang district first commenced in 1854, but was not carried on to any great extent till 1862 when the spectacular demand for the tea property by companies and private individual led to enormous rise in prices of suitable land. The main object was to clear and plant as large an area as possible but little attention was paid to the suitability of land for tea cultivation. Up to the end of 1866, not less than £150,000 had been spent on tea property in the district. In that year about 1500 acres under tea were abandoned [9]. Since then tea cultivation has been conducted on a regular system.

The Deputy Commissioner estimated the yield of tea in 1871 amounted to about 303,000 lbs and the net profit realised after deducting the cost of production and sale to be not less than from £4000 to £5000. The best proof that tea cultivation in the district has been found to be a profitable investment lies in the fact that large extensions are being made to almost all the gardens. In 1874 the total out turn of tea from the Nowgang garden amounted to 387,085 lbs the area under cultivation being 2878 acres [10].

Tea cultivation and manufacture forms an important industry of Kamrup and is chiefly carried on by means of European capital. In 1869, 2873 acres were under tea, the out turn being 342,263 lbs., or an average yield of 121 lb per acre [11].

Tea planting is only enterprise in Lakhimpur conducted with European capital and under European supervision. In 1871 there were about ninety tea plantation in the District, divided among nine or ten companies and several private individuals. These gave employment to about fifty European managers and assistants, and upwards of five thousand

imported coolies, in addition to local labourers and native sub-ordinates [12].

V. BARAK VALLEY EXPERIENCE

In 1855 a native discovered some indigenous tea plants specimen in the jungles of the district of Cachar. The native informed G. Verner, the then superintendent of Cachar of this discovery. The fact was ultimately reported to the Government in July 1855 and in that month Williamson of Assam Company applied for forest land for the purpose of cultivating tea in Cachar. Considering Williamson's enthusiasm Government ordered that Williamson should obtain the lands free of rent for one year, longer than the period mentioned in the Assam Rules [13]. The introduction of Assam Rules for the grant of waste lands in Cachar was made in January, 1856. The first tea garden was opened in the cold weather of 1856 in the mauza Barsangan.

Mr. Williamson had commenced the cultivation of tea with great spirit and his garden was further advanced than that of any other in Cachar. His application was a very moderate one amounting to only 500 acres as surveyed and there is every probability of his being able to meet the requirement upon it.

The progress of tea industry became regular since 1869. In that year total area under cultivation was 24,151 acres and out-turn was 4,234,794 lbs. 171 grants were made in 1870 and area under cultivation was 4, 84,760 acres. Grants resumed were 71 while the total area under cultivation was 2, 04,120 acres. 4 grants were relinquished and grants commuted to fee simple rule, were 42 in 1871. In 1872, tea gardens for the failure of the grantees were 70. In 1874, the extent of land held in grants under old Assam rule was 60,520 acres, under fee simple rule 1, 14,095 acres and under cultivation leases 31,452 acres. Out of the total land (2,08,488 acres) available in Cachar for tea cultivation up to 1875-76 only 82,759 acres were found fit for the purpose.

During 1922-23 in Cachar there was an increase of 3 estates, of 131 acres in area and of Rs.341 in revenue due to settlement of new or relinquished lands. One of the 99 years leases was relinquished by the Scotrpur Tea Company limited in exchange of about the same area from the Sonai reserve forest [14].

VI. IMPACT ON ECONOMY

Many of the persons who went to Assam including Cachar to work on the tea gardens as coolies afterwards settled down there as cultivators. The coolies though they had a multilingual, heterogeneous society, formed the new emerging working class of Assam in general and Cachar in particular. Various strike and violent mass attack took place as a result of absconding and litigation both in Brahmaputra and Barak Valley between 1884 and 1893. Guha (1977) pointed out that in 1884 the manager of Bowalia Tea garden in Cachar was gheraoed in his bungalow for flogging a boy in the presence of the coolie. Oppression and exploitation of the coolies were going on from the side of the planters. Their low wages, rising prices of commodities, excessive toil, unhealthy environment and exploitation of the planters worsened their living in the gardens. This resulted in the

outbreak of Chagula exodus in 1921, which created storm in the tea gardens under the background of the Gandhian Non-cooperation movement. The tea garden labourers also attended meetings where not only the cause of Swaraj was preached but also the wage increase was discussed against the Planter's Raj. In the month of September, 1938, five tea gardens of Cachar were on strike. On 27th April, 1939 Sylhet-Cachar Cha-Bagan Mazdur Union was formed. Strike wave in the tea gardens of the Barak Valley continued during the Second World War and after both with the congress and leftist influences [15].

It has been observed that from 1856 to 1864 tea planting regarded as a speculation rather than a solid industry. Mr. Edgar, who was Deputy Commissioner at the time argued "Scarcely any one interested" He had also pointed out that "looked forward to obtaining his return from the produce of his tea cultivation; everyone looked forward to become suddenly and immensely rich by getting a piece of land, planting it out with tea and then selling it for a vastly greater sum than he had expended on it". Gardens were sold for 700 or 800 percent more than they had cost to make, and in some cases the plantations when they changed hands existed only on paper. This unhealthy state of affairs soon produced its own remedy. The crash came in 1866 when many tea companies collapsed, and the period of depression continued till 1869. It was then found that people who had worked steadily were making a substantial profit, and that many of the estates of the bubble companies were doing well under careful management. In 1882 the area under tea cultivation was 48,873 acres and the yield amounted to 12,721,000 lbs. The yield of Cachar and Sylhet in 1885 was 20,998,978 lbs. Cachar topped the list in tea production in that year. The number of tea gardens began to increase in Cachar. There were 199 gardens in 1895, 159 in 1915 and 176 in 1928. The Cachar gardens previously produced black tea generally but in 1903 one million pound of green tea was exported from Cachar to North America and other European countries [16]. This made Cachar economically rich and tea occupied prime position in the cropping pattern of the district.

VII. PRESENT STATUS

The economy of Assam is pre-dominantly agrarian in character. The growth rate of NSDP at factor cost has been slower in the post-reform period than that of all-India NDP at factor cost. Between 1994-95 and 2003-04 for which comparable data is available at 1993-94 prices, NSDP at factor cost increased by 2.95% whereas for the country as a whole NDP at factor cost grew by 6.2% during the same period. Despite the fact that agriculture is at the centre stage of the state's economy, agricultural production and productivity in Assam has grown at a slow pace.

The conditions of tea estates in the state are not as productive as in the past. Indeed, the tea estate in the state has been facing a major problem due to termite infestation and back-rot diseases. Due to severe outbreaks of pests, the tea plantation has been suffering from both qualitative and quantitative losses. The picture of the tea industry of the state of Assam as a whole is presented in Table-1. As it appears from the table that the total area under tea cultivation in

Assam accounted for more than half of the country's total area under tea. Similarly Assam contributes equal share of tea production in the country. However the yield of Assam

tea is much lower than the All India level. During 2007 the yield of tea in Assam was 1593 kg per hectare as compared to 1705 kg in All India.

TABLE I. TEA STATISTICS OF ASSAM AND INDIA

| 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 |
| 2001 | 40795 (35) | 1166 59 | 269 (53) | 510 | 453587 (53) | 853923 | 1685 | 1675 |
| 2002 | 43272 (34) | 1278 01 | 271 (53) | 516 | 433327 (52) | 838474 | 1601 | 1625 |
| 2003 | 43293 (34) | 1290 27 | 272 (52) | 520 | 434759 (50) | 878129 | 1601 | 1690 |
| 2004 | 43293 (34) | 1290 27 | 272 (52) | 521 | 435649 (49) | 892965 | 1603 | 1713 |
| 2005 | 49102 (35) | 1407 12 | 301 (54) | 556 | 487487 (52) | 945974 | 1622 | 1703 |

Source: Economic Survey Assam 2009-10, Directorate of economics and Statistics, Govt. of Assam
Figures in the parentheses indicate percentages of all India total

The annual compound growth rate of area and production of tea in Barak Valley, Assam and All India as estimated during the period 1971 to 2008 is depicted in table-2

TABLE II. ANNUAL COMPOUND GROWTH RATES DURING 1970-71 TO 2007- 08 (IN PERCENTAGE)

| | Area | Production |
|--------------|------|------------|
| Barak Valley | 0.06 | 1.05 |
| Assam | 0.38 | 0.09 |
| All India | 0.57 | 0.95 |

Source: Calculated by author

The compound growth of tea industries in Barak Valley, Assam and All India shows more or less a stagnant one. However the Barak Valley region performs well in production growth by (1.05 percent) compared to Assam and All India though its area growth is only 0.06 percent.

Over the last decade also, there has been a significant development in the tea-growing region of upper Assam in the form of emergence of small tea growers. Traditionally, tea plantation in Assam has been exclusively owned by the estates. But with the emergence of small tea growers, many households and co-operatives have started producing green leaf, which has significantly contributed in the growth of tea production in recent years. As per Tea Board of India statistics there are 52000 small tea growers in Assam at the end of March 2009 out of which 3767 were registered with the Tea Board of India. The small tea growers cover around

65000 hectares of land and they produce more than 100 million tonne of tea leaf annually. Most of the small tea gardens in the State are confined to upper Assam. Dibrugarh accounts for 30 percent of the total tea gardens followed by Tinsukia 22 percent, Jorhat 13 percent, Golaghat 12 percent, Sivasagar 11 percent and other districts contain 11 percent [17]. This is certainly a welcome change. But, since they grow in small scale, they cannot go for factory manufacturing and, hence, have to sell out only green leaves to the large estates which often subject them to exploitation. The addition to tea hectareage by around 50 thousand hectares in the latter half of 1990's was possible mainly through conversion of agricultural land with below 10 hectares being the cut off point of land for small tea growers. However, such a trend is absent in the Barak Valley region. There are, however, a number of problems of tea industry of Assam. A considerable number of tea gardens of the state have gone sick over the period due to lack of infrastructure, modernisation and efficient management. The Assam Tea Corporation, a state-level public sector enterprise, for example, is not functioning at all. The amount of good will that Assam tea had long been enjoying in the international market has now been eroded to a great extent. Though Assam tea is still earning around 50 per cent of the foreign exchange earned by India's tea industry, its demand is already in recession due to better quality-tea supplied by countries like Sri Lanka, Cuba etc. at comparatively lower prices (Choudhury, 2008)[18].

VIII. CONCLUSIONS AND SUGGESTIONS

The tea industry in India had originated in the state of Assam. In due course tea became one of the major industries in India earning foreign exchange. The British Government had given importance to the development of this sector in Assam. Special concession in the form of grant of land even without any rent encouraged the planters to invest in the tea. However, unfortunately the glorious past of tea industries of the state could not be sustained since 1990s.

The relatively lower yield of tea in the region and the recent problems of diseases and pest attack encountered by the planters in the region might work to prevent the emergence of small tea growers in Barak Valley. Nonetheless tea plantation continues to be an important economic activity providing employment to 10.4 percent of the workforce of the region. Better price realization of tea critically depends upon increasing market share through better productivity and also creating a niche in the value added segment through product innovation.

Whole-hearted efforts by the tea planters should be made for revival of traditional tea industry in the state. Another most serious ailment remains low investment on infrastructure and low managerial efficiency. The problems of high cost of production and low yield need be addressed on an urgent basis. It is heartening to note that some important steps in recent times have been taken by the government, both at the centre and state, for development and modernisation of the sector.

The tea industry should be modernised with a change in technique of plantation, improvement of encouragement to the electronic tea auction and managerial excellence. If the "Special Purpose Tea Fund" with corpus of Rs 1000 crore as proposed by the Government of India with a target of replantation in 1.7 lakh hectares over a period of 15 years is established, the industry could be expected to get back its pride in the global market. Considering the rich history of origin of tea in the state of Assam, all out effort by the state government should be initiated for regaining the past glory as this sector still continues to be the major driver of leading to economic growth in the state.

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