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ECONOMICS OF TEA INDUSTRY IN INDIA



R. C. AWASTHI

Tea is an important well organized industry in India, and is the second biggest foreign exchange earner, employing about a million workers. The book presents a detailed account of the history, growth and development of tea plantation and manufacture. Other vital topics like organization and management, labour, finance, transport, marketing, price trends and export promotion have been adequately discussed. All economic aspects have been described and analyzed with the help of tables. Problems and suggestions have been given in the last chapter.

The book will not only meet the needs of students and those engaged in research, but will be equally useful to all those who have anything to do with the tea industry and trade all over the world.

●

"I have gone through 'Economics of Tea Industry in India' written by Dr. R. C. Awasthi with interest. The work is based on Dr. Awasthi's doctoral thesis and he attempts a comprehensive study of various aspects of the tea industry in India with particular reference to Assam. The canvas on which the industry has been sought to be projected is large and considerable information on various aspects of the industry has been collected from various sources. I have no doubt that these will serve as useful reference material for those who wish to undertake further research on different aspects of the tea industry and trade".

PREM KUMAR, I. A. S.
Former Deputy Chairman, Tea Board, India

ILLUSTRATED, Rs. 80.00

About the author

Dr. R. C. Awasthi was formerly Reader in the Post-Graduate Department of Commerce, Gauhati University, and is an authority on tea economics. As a researcher and guide Dr. Awasthi needs no introduction to the tea plantation world. His thought provoking articles on the tea industry have been published in various magazines and newspapers and have attracted wide attention. Dr. Awasthi is presently Agricultural Economist, Tea Research Association, Tocklai Experimental Station, Jorhat.

ECONOMICS OF TEA INDUSTRY IN INDIA

WITH SPECIAL REFERENCE TO ASSAM

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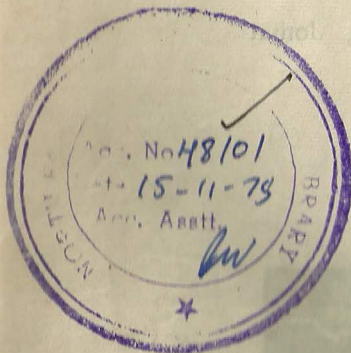
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DEDICATED TO
THE LOVING MEMORY OF MY
GRANDMOTHER

FOREWORD

The Assam Tea Industry is the premier industry of the State, it provides employment to 4 lakh labourers, produces GNP worth Rs. 175 crores, adds Rs. 120 crores to the foreign exchange exchequer, and contributes more than Rs. 40 crores to the Government coffers by way of various taxes. This and many other interesting facts about this multifaceted industry have been well brought out in this book. It presents the prospects and problems of the tea industry in Assam and relates them to the national perspective.

'Economics of Tea Industry in India' is an in depth study of a whole gamut of problems in the tea industry. The statements are authenticated by the author's own observations. It is a fine account of the vicissitudes the industry has gone through in matters relating to labour, finance, supplies, transport, marketing etc. It describes the state of affairs with facts and figures, though some data on production have since undergone a change.

This book has a wealth of information on all aspects of the tea industry whether agricultural, processing, socio-political or export promotion. I consider it worth reading for anybody connected with the tea industry and trade.

I do hope that the next edition will be free of some unfortunate printing errors.

N. K. Jain

Director

Tocklai Experimental Station,

Tea Research Association

Jorhat (Assam)

Tocklai :

1st May, 1975.

PREFACE

The present volume has been prepared for use as a reference book for students and research scholars engaged in the study of economics of the Indian Tea Industry. It will also provide interesting and useful information for persons engaged in tea production and trade.

The scientific and technological aspects of the tea industry have been discussed in many books, mostly written by foreigners but only piece meal attempts have been made as far as the study of the economic aspects of the tea industry are concerned. Perhaps, this book will present for the first time, in detail, a coordinated analysis of different economic aspects of tea industry in India, with special reference to Assam. The study covers all channels of production and distribution. It would be quite correct to say that the present study in the Indian context has assumed greater importance in view of the rapid growth of tea production and the increasing competition from other producing countries of the world, especially Sri Lanka and East African countries.

The present study is mainly based on field surveys and the economic and statistical information contained in official reports, records and journals. The financial analysis is based upon the records (including Profit and Loss Accounts and Balance Sheets) of 115 companies owning tea estates in Assam.

I express my gratefulness to my teacher, Dr. K. P. Bhatnagar, M. A., LL. B., D. Litt., former Vice Chancellor of Agra University, who took keen interest and inspired me to take up this work. I also express my thanks to Prof. B. D. Singh, Department of English, Gauhati University. What more help was needed was rendered ungrudgingly by my wife, Sivani Awasthi, for which no formal thanks are obviously needed.

R. C. Awasthi

Tocklai, Jorhat.
14th April, 1975.

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The economic and statistical information contained in official reports and journals. The financial analysis is based upon the records (including Profit and Loss Accounts and Balance Sheets) of 112 companies covering tea estates.

I express my gratitude to my teacher, Dr. K. P. Bhanu Prasad, M.A., LL.B., LL.M., former Vice-Chancellor of Andhra University, who took keen interest and inspired me to take up this work. I also express my thanks to Prof. B. D. Chattopadhyay, Department of English, Gauhati University. What more help was needed was rendered ungrudgingly by my wife, Smt. Anantabati, for which no formal thanks are obvious.

K. C. Awasthi

Lockhart, Mysore,
1975

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INTRODUCTION

✓ Plantations producing tea, coffee and rubber are some of the important classes of organised industries in India. Work in plantations is essentially agricultural although the plantation system has many features in common with organised industry. As remarked by the Whitley Commission, "The plantation represents the development of agricultural resources of tropical countries in accordance with the methods of Western industrialism, it is a large scale enterprise in agriculture." ✓ Plantation involves the existence of a regular force under the control of a more or less elaborate management and frequently a considerable capital outlay, although plantation crops, except tea, are also grown in small holdings.

✓ Tea is the most important plantation industry in India producing more than 402 million kg. in 351 thousand hectares of land.¹ The States of Assam and West Bengal produce practically all the tea in North India, and in South India the States of Tamil Nadu and Kerala. Small areas of tea are also found in Punjab, U.P., Bihar, Tripura and Himachal Pradesh in the North and Mysore in the South. The North Indian region accounts for approximately 75 percent of India's tea area and production, while the remaining 25 percent is in the southern region. The following table gives an idea of the development of tea industry in India since 1890.

TABLE I

Area and Production under tea in India
since 1890.

Year	Area (in acres)	Production (in thousand kg.)
1890	374,980	56,641
1900	523,234	91,321
1925	727,663	164,886
1930	803,532	177,303
1940	832,832	210,415
1950	779,998	278,216
1955	791,322	307,704
1956	792,185	308,719
1957	798,850	310,802
1958	803,969	325,225
1959	806,786	325,955
1960	817,227	321,077
1961	881,486	354,397
1962	821,685	346,735
1963	825,422	346,713
1964	834,887	372,485
1965	844,152	366,374
1966	852,783	375,983
1967	858,703	384,759
1968	867,130	401,537

Sources: Report of Tea Finance Committee and
Tea Board Records, Calcutta.

The table given below shows the area and production of tea by the various States in 1963 and 1968 grouped in two regions-North and South India.

TABLE II

State-wise Area and Production during
1963 and 1968

States	Area in hectares (in thousand)		Production in thou- sand kg.	
	1963	1968	1963	1968
Assam	164,000	176,812	170,085	201,306
West Bengal	83,000	87,475	82,914	97,923
Others (includes Tripura, Bihar, U.P., Punjab, & Himachal Pradesh).	12,000	12,083	4,324	4,752
Total North India	259,000	276,370	257,323	303,981
Tamilnadu	33,000	33,964	44,289	54,442
Mysore	2,000	1,861	2,177	2,308
Kerala	40,000	38,860	42,107	40,806
Total South India	75,000	74,685	88,573	97,556
Total All India	334,000	351,055	345,896	401,537

Source—Tea Board Records, Calcutta.

In West Bengal the tea producing areas are Darjeeling, Dooars and Terai and in Assam, the Brahmaputra and Surma Valleys. The detailed discussion about Assam will follow later on. Tripura has also been producing tea in small quantity. The other smaller tea areas are around Ranchi in Bihar, Dehra Dun in U.P. and in the Kangra and Mandi Valleys of Punjab and Himachal Pradesh.

In South India the main tea producing areas are the Annamalais, Central and South Travancore, Coorg, the Kanan Devans, Malabar, Mysore, the Nellampathies, the Nilgiris and the Wynaad.

A climate diversely temperate and tropical and soil varying almost from district to district - sometimes with combinations in almost every conceivable proportion--have had profound influence on production of tea. These factors have determined the extent and type of tea.

Assam as a Tea centre

Tea plantation and manufacturing is the major industry of Assam. It has the largest acreage under tea, producing the highest quantity and also employing the highest number of labourers. It accounts for the employment to two-thirds of industrial labour and forms nearly 43 per cent of the net income of the industrial sector. The table given earlier shows the importance of Assam as a tea producing centre in comparison with other Indian states. Not only does Assam lead all other Indian states in tea plantation, but she also stands the second largest producing area in the whole world, contributing about one-fifth of the world's entire production of tea. Ceylon produces about 21.5 per cent of the world's tea and next comes Assam in India which produces about 20 per cent of total world production and more than 50 per cent of India's total production.

Tea is grown all over Assam, and the state is divided into two valleys called the Assam or the Brahmaputra valley and the Surma valley. In the upper districts of the Assam valley, namely, Sibsagar and Lakhimpur, one comes across miles and miles of planted tea without any break. The sight is very pretty and the whole area looks as if covered with a green velvet carpet. The other important tea producing districts are Darrang and Cachar. Nowgong, Goalpara and Kamrup districts also produce tea in small quantity. The relative importance of the districts in Assam from the tea plantation point of view is shown in the following table.

TABLE III

Number of Tea Estates along with area, production and labour employed in Assam during 1962 and 1967

District	No. of Estates		Area in hectares		Production in thousand kg.		Labour employed	
	1962	1967	1962	1967	1962	1967	1962	1967
Darrang	100	98	26,583	29,148	29,429	34,276	75,161	71,643
Goalpara	9	10	1,658	2,020	1,569	1,850	3,650	5,250
Kamrup	15	14	2,116	2,497	1,483	2,043	4,183	6,589
Lakhimpur	213	236	50,520	54,524	71,921	75,094	1,63,402	1,46,901
Nowgong	23	23	5,578	6,101	5,496	7,227	13,356	12,666
Sibsagar	234	261	46,807	49,821	47,255	48,096	1,26,423	1,13,530
Cachar	128	114	30,019	30,019	16,747	22,032	52,910	49,330
Total :	722	756	1,63,281	1,74,130	1,73,900	1,90,618	4,39,085	4,05,909

Source—Tea Board Records, Calcutta.

About 75 per cent of the total tea acreage is concentrated in the upper valley (Sibsagar, Lakhimpur and Darrang districts), 20 per cent in Cachar valley and 5 per cent in the lower valley (Kamrup, Goalpara and Nowgong districts).

The average yield in the State of Assam is the highest in Northeast India. It is second to Tamilnadu in India as a whole. The average yield in Tamilnadu is slightly higher than that of Assam. The average yield fluctuates due to several climatic factors. Figures given below present the average yield per hectare in different states of India.

TABLE IV
Average yield per hectare in India during
1968 to 1970

Name of the state	1968	1969	1970	(per hectare in kg.) Average for the three years.
Assam	1,146	1,141	1,195	1,161
West Bengal	1,124	1,012	1,126	1,087
Tripura	491	514	686	564
Bihar	129	89	135	118
U.P.	304	232	368	301
Himachal Pradesh	226	220	233	226
Tamil-nadu	1,594	1,515	1,618	1,576
Mysore	1,234	1,375	1,523	1,377
Kerala	1,050	1,087	1,152	1,096

Source—Tea Board Records, Calcutta.

The average yield of Assam is reduced to a great extent due to a very low rate of production in Cachar area (Surma Valley) of Assam where most of the tea gardens have become uneconomic. Even the gardens which are bigger in size also

produce less of tea on average, compared to other parts of Assam. Lakhimpur district of Assam produces maximum tea per acre in Assam and also enjoys the reputation of being the area producing quality tea for export purposes. The average tea production in Assam together with average of other States of India as a whole is given below under table—V.

TABLE V

Average yield per hectare in Assam and other States of India for 1968 to 1970

Districts	1968	1969	1970	Average for the last three years.
Darrang	1,239	1,196	1,282	1,239
Goalpara	943	934	1,011	963
Kamrup	823	843	868	845
Lakhimpur	1,477	1,513	1,495	1,495
Nowgong	1,190	1,043	1,302	1,178
Sibsagar	994	999	1,077	1,023
Cachar	735	700	773	736
Total Assam	1,146	1,141	1,195	1,161
West Bengal	1,124	1,012	1,126	1,087
Total North India	1,104	1,066	1,141	1,104
Tamil nadu	1,594	1,515	1,618	1,576
Mysore	1,234	1,375	1,523	1,377
Kerala	1,050	1,087	1,152	1,096
Total South India	1,302	1,292	1,379	1,328
Total All India	1,146	1,114	1,191	1,150

Source—Tea Board Records, Calcutta.

Importance of tea industry and its place in National Economy

The importance of the tea industry in the nation's economy and its role in our planned economic development have been

widely recognised. Except the public utility services like the Railways, (it is the largest organised industry which comprises more than a million workers employed both in plantation and manufacturing industry. Till recently tea had been the largest foreign exchange earner for India but for the last few years jute has taken the first place and tea remains as the second largest foreign exchange earner.

Contribution to National Income

The tea plantation and manufacturing industry contribute more than Rs. 170 crores per year to the national income of India. The contribution from tea plantation is 75 per cent and 25 per cent is from tea manufacturing. The industry's contribution to the national income has been steadily increasing for the last few years. The comparative figures for three years are given below in Table—VI.

TABLE VI

Tea Industry (Plantation and Manufacturing) contribution to the National Income 1961 to 1963.

Particulars	1961	1962	1963
Gross value of input total.	123,35,03,165	131,66,71,224	139,22,61,231
Gross value of output total	157,74,41,282	170,46,21,306	169,73,35,250
Value added by manufacture	34,39,38,117	38,79,50,082	30,50,74,019
Percentage of value added by manufacture	21·8%	22·8%	18·0%

Source—Central Statistical Organisation.

Tea industry as a source of Employment

The tea industry is a labour intensive industry providing gainful employment to a large number of people. It has its specific importance in India where unemployment is one of the serious economic problems. The tea plantation and manufacturing industry provides direct employment to about one million workers in India. A large number of ancillary industries have been started to fulfil the requirements of the tea industry where thousands of persons have been employed in different jobs. The business and trade, associated with tea industry have also provided enough opportunities for employment to a large number of persons. According to latest figures available, 775 thousand people were employed in the industry in 1967. The Table - VII given below presents a fair picture about the employment position in tea industry for fifteen years (1953 to 1967).

TABLE VII
Labour employed in tea industry in India
1953 to 1967.

Year	Labour employed
1953	9,69,610
1954	9,93,594
1955	9,89,656
1956	10,04,683
1957	10,04,257
1958	9,80,238
1959	9,19,405
1960	8,45,166
1961	8,22,834
1962	8,16,262
1963	8,47,372
1964	8,18,783
1965	8,06,152
1966	8,04,135
1967	7,75,183

Source—Tea Statistics, 1970-71, P.96.

Export Earnings

The tea industry accounts for 12·66 per cent of India's total exchange earnings. In 1968 out of total export earnings of Rs.-1315·30 crores, tea alone accounted for Rs. 166·48 crores, inspite of ever increasing demand for local consumption. These exports of tea were made both to hard and soft currency areas. The Table—VIII given below gives an idea about the share of tea in total export earnings during 1955 to 1968.

TABLE VIII

Share of tea in total export earnings for India
during 1955 to 1968 (Rs. in crores)

Year	Total export earnings (all commodities)	Earnings from tea exports	Share of tea (in percentage)
1955	602·27	113·61	18·86
1956	586·39	142·82	24·36
1957	642·85	123·39	19·19
1958	585·05	136·54	23·34
1959	620·73	126·01	20·30
1960	651·13	119·99	18·43
1961	680·22	124·25	18·27
1962	683·94	124·92	18·26
1963	799·21	132·37	16·99
1964	826·55	124·90	15·07
1965	803·47	114·97	14·31
1966	994·31	137·52	13·83
1967	1203·16	189·04	15·62
1968	1315·30	166·48	12·66

Source—D. C. C. I & S.

A disappointing feature is whereas there was a substantial increase of about 20 per cent in Indian tea exports during the second plan period over the first plan period, an adverse trend had been marked during the third plan period when the total export of tea, decreased by about 4 per cent. The average

tea exports declined by 16.2 per cent during the plan holiday period i.e. 1966-69. The Table given below presents a clear picture about the trend of tea exports during the three plan periods.

TABLE IX

Tea Export position during the three plan periods.

(Rs. In crores)

Year	Value of tea exported from India.	Trend during the plan periods (in percentage).
1951-52	93.94	
1952-53	80.88	
1953-54	102.06	
1954-55	148.25	
1955-56	109.64	
Total of First Plan period.	534.77	
1956-57	145.13	
1957-58	113.64	
1958-59	129.70	
1959-60	129.50	
1960-61	123.59	
Total of Second Plan period.	641.56	An increase of about 19.9 percent.
1961-62	122.17	
1962-63	129.60	
1963-64	123.19	
1964-65	128.19	
1965-66	113.04	
Total of Third Plan period	616.19	A decrease of about 4.0 per cent.
1966-67	156.20 (99.30)	
1967-68	184.00 (116.83)	
1968-69	156.50 (99.35)	
Plan Holiday Total	496.70 (315.48)	A decrease of about 16.2 per cent.

(Figures in brackets indicate pre-devaluation rupee figures).

Source—Tea Board Records, Calcutta.

Internal consumption

It is estimated that more than 45 per cent of total production of tea in India is locally consumed. This internal consumption is rapidly increasing. The percentage of increase of local consumption out of total tea production has been from 26·9 per cent in 1954-55 to 46·7 per cent in 1967-68. This shows that the increase in internal consumption has gone up by more than 70 per cent in the last ten years, while except for slight variations, there has not been any significant increase in the external demand of Indian tea in the world markets. The main reason for the increasing internal consumption is its popularity amongst the masses, specially among the middle and poor sections. For this reason, the Tea Board has now stopped all its internal propoganda in the local markets during the last few years. The estimated figures of internal consumption of tea are given in Table—X

TABLE X
Estimates of Internal Consumption of tea in India.

(Figures are in thousand Kg.)

Year	Production during the year	Estimated Consumption	3-years moving average	Percentage of consumption over total production
1954-55	295,519	79,219	---	26·9
1955-56	307,704	100,220	88,954	32·6
1956-57	308,719	87,444	100,047	28·3
1957-58	310,802	112,497	102,939	36·2
1958-59	325,225	108,875	112,433	33·5
1959-60	328,011	115,926	117,202	35·3
1960-61	322,429	126,806	127,458	39·3
1961-62	355,493	139,642	134,054	39·3
1962-63	344,551	135,714	138,674	40·0
1963-64	344,705	140,667	141,796	40·8
1964-65	372,984	149,006	151,896	39·8
1965-66	375,885	166,016	166,420	44·2
1966-67	368,907	184,237	176,963	49·9
1967-68	386,652	180,636	---	46·7

Source—Tea Statistics, 1970-71, P. 83.

Contribution to the National Revenue

Tea being a commodity which is subject to direct taxation by way of excise duty, tea cess and also export duty, makes substantial contributions to the Central revenue. The Central Government received more than Rs. 259 millions from the tea industry alone in the form of excise duty and tea cess during the year 1967-68. The revenue earned through central excise duty, export duty and collection of tea cess since 1954-55 have been shown in Tables - XI & XII.

TABLE XI

Revenue through Export duty and Excise duty
during 1954-55 to 1967-68.

(In lakhs of Rupees)

Year	Export duty*	Central Excise duty.
1954-55	19,74	3,19
1955-56	17,83	3,17
1956-57	20,47	3,19
1957-58	19,09	3,86
1958-59	16,27	4,71
1959-60	12,27	7,71
1960-61	11,17	7,69
1961-62	9,83	10,57
1962-63	6,60	10,59
1963-64	Nil	13,47
1964-65	Nil	17,06
1965-66	Nil	17,21
1966-67	31,51	14,45
1967-68	28,28	25,91

Note - The Export duty on tea was abolished on 1st March 1963 and reimposed on 6th June 1966.

*Represents the export duty and cess upto 1962-63.

Source—Tea Statistics, 1970-71, P. 95.

TABLE XII

Collection of Tea Cess on Exports during
1954-55 to 1967-68.

(In lakhs of Rupees)

Year	Amount collected
1954-55	1,29
1955-56	1,59
1956-57	2,02
1957-58	1,68
1958-59	1,07
1959-60	93
1960-61	85
1961-62	88
1962-63	96
1963-64	89
1964-65	90
1965-66	87
1966-67	84
1967-68	1,40

Source—Tea Statistics, 1970-71, P. 95.

Besides the tea industry's contribution to central revenue in the form of commodity taxes which are shown on the tables given above, it is also subject to Income-tax and Super tax (Corporation tax) collected by limited companies, partnership and proprietorship concerns and also from those who are employed in the industry, earning the amount liable for taxation. The tea plantation and manufacturing industry contributed more than 60 million rupees to the Central exchequer in the form of these taxes during 1962-63 (the latest figures available so far.) The Table-XIII given below shows the amount paid by the tea planters in India in the form of Income-tax and Super tax during 1962-63.

TABLE XIII

Amount of Income-tax and Super-tax paid by tea planters in India.

(In lakhs of Rupees)

Year	No. of assesseees	Income assessed	Tax levied
1953-54	543	1,025.13	5,36.00
1958-59	594	1,217.76	8,56.78
1959-60	446	8,69.01	6,52.59
1960-61	505	8,28.60	5,90.62
1961-62	648	10,53.76	7,56.95
1962-63	605	11,15.03	6,00.64

Source—Central Board of Direct Taxes.

Tea Industry : its place in the economy of Assam

This industry occupies a ~~very~~ prominent place in the economy of Assam. The most important feature in the growing prosperity and commercial importance of the State of Assam has been the remarkable expansion of the tea industry since the early part of the 20th century. It still contributes more than 10 per cent to the total state income of Assam. The state income has generally been fluctuating with the rise and fall in the income from the tea industry. It is, in a way, the economic barometer of Assam. Table - XIV indicates the trend of tea industry's contribution to the total state income.

TABLE XIV

Tea Industry's contribution to the state income of Assam by industrial origin at current prices.

(In crores of Rupees)

Year	Total Income	Income from tea industry	Percentage of tea industry to total state income.
1950-51	254.4	46.6	18.4
1955-56	274.0	51.0	18.9
1960-61	363.5	56.1	15.4
1961-62	393.3	58.8	15.0
1962-63	399.0	62.9	15.8
1963-64	453.4	58.1	12.8
1964-65	513.8	64.8	12.7
1965-66	560.9	64.5	11.5
1966-67	698.7	72.2	10.3

Source—Department of Economics and Statistics, Assam, Shillong.

Note - The figures given for tea industry do not include income from tea plantations which is taken as income from Agriculture.

Assam's Share in foreign exchange earnings

Assam is not only the biggest producer of tea in India but also contributes substantially to the foreign exchange earnings. Though no reliable data are available at present from any source in India, an attempt is made here to assess the amount of foreign exchange earned from tea produced in Assam. The State contributed about 70 per cent of the total foreign exchange earnings during 1968. The total exported tea from Assam during 1968 was more than Rs. 120 crores while in 1963 it was only Rs. 76 crores, thus it had an overall increase of Rs. 44 crores. Table - XV given below gives us an idea about the foreign exchange earnings from the tea produced in Assam since 1957.

TABLE XV

Export value of Tea from Assam. (Figures are in thousand)

Year	Export from India in Quantity Kg.	Export from India in value Rs.	Production of tea in Assam Kg.	Export from Assam in Quantity Kg.	Price Rs.	Export from Assam in value Rs.	Percentage share of Assam to India
1957	200,786	123,53,77	161,360	121,020	5.85	707,967.00	57.39
1958	229,503	136,53,77	171,161	128,370	5.95	763,791.50	55.95
1959	213,680	121,01,35	171,046	128,284	5.89	755,592.76	59.96
1960	193,063	119,98,83	157,500	118,125	6.21	733,566.25	61.14
1961	206,292	124,25,13	182,311	136,733	6.03	824,199.99	66.33
1962	214,000	124,92,00	173,900	130,425	5.84	761,682.00	60.97
1963	223,542	132,37,10	169,663	127,247	5.98	760,937.06	57.49
1964	210,526	124,90,12	195,532	146,649	5.95	872,561.55	69.86
1965	199,365	114,97,47	181,888	136,416	5.79	789,848.64	68.69
1966	179,205	137,51,84	189,221	141,915	7.12	1010,434.80	73.49
1967	213,676	189,03,84	190,888	143,166	8.83	1264,155.78	66.34
1968	208,440	166,48,25	201,306	150,979	7.99	1206,311.21	72.46

Note - Assuming 75 percent of total production of tea as exported. See Appendix I.

Source—Tea Board, Records.

Revenue to the State Government in the form of duties and taxes

✓ The State collects a substantial amount in the form of taxes and duties. The State Government levies Agricultural Income-tax on 60 percent of the total income while on the remaining 40 percent the Central Government levies Income-tax and Super-tax. The Assam Government collected more than rupees four crores during 1963-64 but it was about Rs. 3.89 crores during 1964-65. Besides Agricultural Income-tax, tea had been contributing (till 1961) sufficient amount in the form of Carriage tax but some tea companies of Assam have filed cases against this tax and final decision is pending with the Supreme Court even now.

✓ The other taxes and duties which the State receives from the industry are land duty, professional tax, factory licence fee on tea production and manufacture, and sales tax on the tea sold in the local markets. It is approximately estimated that the Government collects more than rupees one crore on these taxes and duties. The Table-XVI given below shows the amount the State Government has collected from its tea planters in the form of Agricultural Income-tax and carriage-tax since 1954-55.

TABLE XVI

Agricultural Income-tax and Carriage tax collected
by the Assam Government since 1954-55.

(In thousands of Rupees)

Year	Agriculture Income-tax Rs.	Carriage-tax. Rs.
1954-55	86,16.06	55,61.44
1955-56	176,27.12	184,47.25
1956-57	229,81.67	248,10.33
1957-58	224,12.36	210,36.66
1958-59	324,12.35	268,08.61
1959-60	259,61.21	250,80.22
1960-61	273,59.74	40,71.81
1961-62	288,41.03	205,15.70
1962-63	350,19.65	23,37.48
1963-64	412,07.43	54.82
1964-65	389,15.52	162.68

Source—Commissioner of Taxes, Govt. of Assam. The case for imposition of Carriage-tax by the Government of Assam is pending before the Supreme Court since 1961-62.

Tea Industry as a source of employment in Assam

The tea industry is the largest organised industry in Assam. Most of the workers who have been employed in the tea estates of Assam are those who have migrated in the early part of this century from other States of India particularly from Orissa, Madhya Pradesh and Andhra Pradesh. Some of them have also come from Chotanagpur area of Bihar and eastern U.P. According to latest figures, the State of Assam alone has employed about 44 million workers in tea industry both in the field and

factory. The special feature of the industry is that it not only employs the male members of the family but also women members and children above the age of 12 years. Women and children are considered better tea pluckers. The labourers employed during the ten years (1954-63) in Assam have been given in Table- XVII. The district-wise figures of labourers employed in fields and factories during 1963 and 1964 are shown in the next Table - XVIII.

TABLE XVII

Labour employed in Tea Industry in Assam
1954 to 1963.

Years	Labour employed
1954	509,157
1955	517,202
1956	529,528
1957	535,503
1958	522,738
1959	501,267
1960	453,761
1961	439,120
1962	439,085
1963	455,007

Source—Tea Statistics, P. 96, 1970-71.

TABLE XVIII

Labour employed in different districts of Assam (Field and factory employment) during 1963 and 1964.

Districts	Field		Factory		Total	
	1963	1964	1963	1964	1963	1964
1. Darrang	66,850	66,971	8,053	8,755	74,903	75,726
2. Goalpara	2,565	2,739	430	619	2,975	3,358
3. Kamrup	3,863	4,680	634	527	4,497	5,207
4. Lakhimpur	1,57,732	1,35,108	25,364	21,211	1,83,096	1,56,319
5. Nowgong	11,341	11,571	1,448	1,409	12,789	12,980
6. Sibsagar	1,07,812	1,13,144	12,579	12,601	1,20,391	1,25,745
7. Cachar	46,371	47,567	7,815	6,503	54,186	54,050
8. United Mikir and North Cachar	1,929	2,028	241	280	2,170	2,308
Total	3,98,443	3,83,788	56,564	51,905	4,55,007	4,35,693

Source—Tea Board Records, Calcutta.

In the beginning, the tea gardens provided an unfailing source of employment to labourers and also educated class who were anxious to get employment. The above discussions relate to the importance of tea industry in India as well as in Assam, as a substantial contributor to the national and State incomes, as an earner of foreign exchange, its contribution to the Central and State exchequers and also as an employer of a large labour force. But its importance does not end here. In the nature of things a large industry like tea is itself a substantial consumer of supplies manufactured and also services rendered by other industries.

Tea as a supporter of Plywood Industry

The plywood industry in India owes its origin to the development of the tea industry, and the difficulties created by the two great world wars on the imports of tea chests required by the tea industry. In 1918, the first plywood factory "The Assam Saw Mill and Timber Company" was floated in India. Since then more factories were started in Assam and West Bengal particularly on the outskirts of Calcutta. It has been observed that, after independence, the plywood industry in India has moved from strength to strength. Actually the industry which started its operations purely as tea-chests manufacturing industry has now grown into a full-fledged plywood industry. It is now recognised as a well organised industry in India as regards its quality and diversity of its products. The total value of plywood products produced in India was estimated at more than Rs. 8 crores during 1964 and its contribution to the total excise revenue during 1963-64 was nearly a crore of rupees.

During 1963, the factories produced 10.4 million Sq. meter tea chest plywood out of about 20.5 million Sq. meter of total plywood. The different varieties of plywood products in India are given in the Table XIX.

TABLE XIX

Types of Plywood made in India

1. Tea chest plywood
2. Plywood for packaging
3. Plywood drums
4. Shuttering plywood
5. Large length scraf-jointed marine plywood for special use
6. Water resistant and water proof plywood for the furniture, building, defence and transport industries
7. Commercial and decorative black boards of all types
8. Aircraft plywood
9. Moulded plywood
10. Moulded chair seats for Railways
11. Other different classes of plywoods.

Tea and the Fertiliser Industry

Fertiliser is another item which figures largely in the requirements of the tea industry. Nitrogenous manures are generally used for promoting the growth and development of the plant. Sulphate of ammonia has been found by the experts to be most effective in promoting the proper growth and development of the tea plant. The other suitable fertilisers for the tea plant are Urea, Ammonium Sulphate nitrate and Calcium ammonium nitrate. The use of chemical manures is now widespread in the industry. In 1962-63 the industry was allotted approximately 128 million kg. of ammonia sulphate worth Rs. 5.1 crores. The State of Assam was allotted only 50 percent of its total requirement. The total requirement of the tea industry for all types of fertilisers was about 95,000 tons during 1965-66 and the Tea Board claimed that the total requirement was fully met. The planters, however, pointed out that there was delay in supply and at times only their partial requirement was met.

About 70 percent of the fertilisers supplied to the tea gardens is of Indian manufacture and the rest is imported from foreign countries. Most of the tea gardens in Assam are big in size

and they can afford to consume chemical fertilisers. The big tea estates managed by Sterling Companies and Rupee Companies always prefer the use of chemical fertilisers in sufficient quantity to maintain the quantum of yield and the quality of produce. Transport has been the main difficulty in maintaining the regular supply of fertilisers in time to Assam gardens, particularly in the rainy season when train communication is disconnected for weeks together and road communications are completely cut off for long periods.

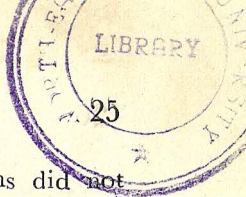
The Government of Assam has started one fertiliser factory at Namrup but it is doubtful, whether this factory alone can meet the total requirement of fertilisers to both tea and agriculture. Therefore, it is necessary that a fertiliser plant may be installed with a capacity of 100 tons of fertiliser per day at Gauhati which is the most suitable spot, where transport facilities are best for assembling the necessary raw materials.² The plant should be set up in the public sector, either by the Central Govt. or by the Govt of Assam. Fertiliser, being the most important item for increasing the fertility of the soil and thereby increasing the yield of tea per hectare in Assam, must attract special attention of the respective Governments. This will also reduce the per kg. cost of tea produced in Assam, more so in Sibsagar district where the cost per kg. is highest.³

Contribution of Tea Industry to the development of forest region

[The tea industry has also played a valuable role in opening up and developing inaccessible jungles and forests. The areas retrieved and developed into flourishing tea gardens were not areas where food grain could have been easily

2. Techno-economic survey of Assam, P. 102.

3. Report on Financial and Cost Survey of Tea Plantation & Industry, Chapter IV, Para 24.



grown. Therefore, the development of tea gardens did not hamper the growth of paddy or other foodgrains cultivation. There was no question of a cash crop (an important cash crop) competing for land required for more essential food crops.

[There is an additional advantage in tea cultivation.] Tea being a perennial crop grown under the shade trees, does not diminish the very characteristics of the forest region. [The replacement of forests and jungles by tea does not to any extent lead to soil erosion or other evils, which are often found as a result of extensive denudation of forests for the purpose of cultivation.]

In the early part of this century, the state government had given encouragement to the tea planters to open new gardens or to extend their areas by clearing the thick and inaccessible jungles.

Tea Estates Contribution of the Foodgrain Requirements

The tea gardens in Assam have acquired land for cultivation at almost free of cost (free grant) in the later part of 19th century and early part of this century. Though the actual tea cultivation in 1962 was under 1,63,281 hectares of land but the tea gardens had taken possession of more than 5 lakh hectares of land. On the basis of analysis for 115 companies in Assam, 93 in Assam Valley and 22 in Cachar (60 Sterling companies and 55 Joint Stock Rupee Companies), we find that the companies had actually acquired 2,88,808 hectares of land but the tea cultivation was carried on under 84,192 hectares of land during 1962. The Table XX given below presents the picture during 1962.

TABLE--XX

Total area and area under Cultivation by 115 Companies in Assam during 1962.

(In hectares)

Particulars	Total No. of Companies	Total Area	Area under Tea
Sterling Companies :-			
Assam Valley	49	1,74,380	55,739
Cachar	11	31,218	7,648
Rupee Public Ltd. Companies :-			
Assam Valley	44	59,600	16,795
Cachar	11	23,610	4,010
Total	115	2,88,808	84,192

Sources :-1. Manual of Tea Producing Companies, London, 1963.

2. Investor's India, 1964.

Till recently the permanent demand for rice to feed the labourers had considerably augmented the price of rice in the state like Assam. It enabled the cultivators to dispose of their produce at a greater profit than would have been possible had they been obliged to export to other States. A greater impetus had also been given to trade and new markets had been opened in all parts of the State.

The portion of the excess land with the tea gardens has been kept for extension purpose and also for the fuel to be provided free to the labourers as a fringe benefit given to them. Most of the tea gardens keep a small portion of land also for seed farm or clonal farm. But the major portion of the land is cultivated to produce paddy either on behalf of employers or by the labourers themselves whom the planters have given on

“patta basis” for a number of years. On the basis of rough estimates it is presumed that about 1 lakh hectares of land is under paddy cultivation in Assam tea gardens which produce more than 5 lakh mds. of paddy annually. This being the greatest advantage to the gardens to fulfil their food requirements to a limited extent, even then we find that the tea gardens are always facing the problem of food shortage. The excess land can still be utilised for cultivation purposes to solve the food shortage. There is further scope for diversification outside agriculture also.

Contribution of tea industry to the development of means of communication and Transport

✓ The tea industry has been the potent factor in the improvement of means of communication of certain regions. The first railways in Assam “Jorhat Provincial and Dibru-Sadia” were started simply to take stores and tea between the estates and river steamer ghats. Later on, most of the tea producing areas have either been linked through main line or through branch lines to the rest of the country.

Most of the roads have been constructed by the tea gardens, joining the main link roads of Assam. The most important road linking lower and upper Assam is Assam Trunk Road (A.T. Road). Most of the gardens situated on the Southern bank of river Brahmaputra are either found on the main road itself or linked with it. The tea gardens have not only contributed much to the construction of link roads but also made responsible by the local boards for the maintenance of such roads.

The beginning of steamer service between Bengal and Assam (Calcutta to Dibrugarh) has been mainly due to strong demand of the tea gardens of Assam for sending the essential supplies like coal, fertilizer, machinery, building materials and other articles from Calcutta to Assam and the regular supply of tea from the Assam gardens to the Calcutta market or port.

Assam has been supplied with articles either by rail, road or river from other parts of India. After unloading the articles

in Assam, the empty wagons, trucks and steamers are nothing to load but tea or jute which are the only items to be supplied from Assam to Calcutta or to rest of the country.

Before 1950 there were only private air services to Assam mainly to facilitate tea garden people and those engaged in oil industry. The construction of aerodrome at Mohanbari (Dibrugarh) has been due to great efforts of tea gardens of upper Assam. Thus, we can say that the development of Air service at the initial stage has been due to the growth and development of tea industry in Assam.

[The industry contributes about Rs. 6 crores annually to the transport earnings.] Out of this supply of tea contributes about Rs. 5 crores while the remaining Rs. 1 crore is paid to the transport agencies for sending supplies of essential commodities like fertilizers, cement and other miscellaneous items to the tea gardens for production and manufacturing purposes.

During 1964-65 tea industry of Assam alone contributed about Rs. 3 crores to the rail, road and waterways agencies for carrying tea from Assam gardens to Calcutta. About Rs. 55 lakhs were paid by the tea gardens of Assam to the Railways and Steamer Companies for transporting fertilizers, cement and other miscellaneous items required by the tea estates. Assam alone sent 24,74,814 chests of tea during 1964-65 containing about 1,09,222 thousand kg. of tea to Calcutta. During the same period the gardens of Assam received supplies of fertilizers, cement and other miscellaneous items through Tea Board, Calcutta. Thus, the tea industry's contribution is substantial to the transport earnings in this region. It also contributes much to the earning of railways in the form of earning from means of communication because a large number of people engaged in tea industry have to travel throughout the year.

[Besides the contributions of tea industry in Assam discussed above, the development of trade and commerce in this region is mainly due to the prosperity of this industry. Most of the big gardens in different parts of Assam have now developed into well developed localities providing all necessary amenities

to the residents of those areas. A large number of shops have been opened by the people and some of them are even flourishing industrial localities of Assam like Doomdooma, Moran and Dekiajhuli. The well developed towns of Dibrugarh, Jorhat, Tinsukia, and Tezpur have been so important due to their situation in the nearby tea gardens. One can, therefore, fairly say that growth, development and prosperity of tea industry will continue to effect very much the economic development and prosperity of the State of Assam.]