

9.1. SMALLHOLDER TEA CULTIVATION FOR POVERTY ALLEVIATION

Monjur Hossain¹

ABSTRACT

Tetulia Tea Company Limited (TTCL) introduced the concept of "Tea for Poverty Alleviation" in the year 2000 in Panchagarh, Bangladesh where the only means of income from land was to sell stones excavated from the ecologically fragile area but the acidic loamy soil was found suitable for growing tea. The aim of the smallholder tea growers' project was to directly address the multiple problems of the poor farmers. The stated objectives of the Project were to create fail-safe employment opportunity, encourage micro-entrepreneurs, create a sound financial base for marginal/ poor farmers in the rural areas, optimise commercial utilization of fallow land in an ecologically sustainable manner, increase the tea production to cope with the fast increasing domestic consumption and finally to help the national/government programme for poverty alleviation.

In the TTCL model of "My Land my Garden" the farmers are not labourers. In fact they are small entrepreneurs: as such they have a sense of belonging - resulting higher productivity. This short note reports on the birth and growth of this landmark project and examines the economics of growing tea versus food crop paddy in typical case studies of smallholder tea growers.

Introduction

Panchagarh district in Bangladesh is one of the most deprived regions in the country; with high incidence of poverty, particularly within the Tetulia sub district. According to the Food Atlas of World Food Programme (WFP), food insecurity is very high in Tetulia, which is part of the ill-famed 'Monga' or the seasonal famine region, within which the status of malnutrition, poor health and hygiene prevails in alarming proportions. A greater part of the soil in these gently sloping terrain at the foothills of the Himalayan mountain range, is acidic and of a sandy loam texture, supporting only marginal productivity of rice and other seasonal crops. The main source of income in these

environmentally sensitive areas is from the sale of excavated stones in the region, which activity is also outsourced to third parties. Such environmentally destructive livelihood is unsustainable.

As recently as the year 2000, a pioneering initiative was undertaken by the management of Tetulia Tea Company Limited (TTCL), owned and managed by an enterprising group of former tea planters, who carried out an extensive study in the region to assess and confirm the suitability of the land area for tea cultivation. This pioneering group devoted a great deal of time and effort to create an awareness for better land management and motivated these marginal farmers to grow tea for their sustenance. The company initiated the programme of tea planting in April 2000, using appropriate selections of high yielding tea cultivars (HYV). Simultaneously a commercial

¹Monjur Hossain, Managing Director, PMTC (Bangladesh) Ltd. House 77, Road 7, Block H, Banani, Dhaka, Bangladesh.
E-mail: mhossain@pmtc.org

Tea Cultivation for Poverty Alleviation

nursery was also established by the company to mass produce HYV of rooted tea saplings for distribution amongst the emerging small growers of Tetulia. The company identified genuinely interested landowners and began distributing tea saplings on credit from October, 2001. At the same time, the company also constructed a state of the art tea processing factory to process the leaf produced by these growers, to be purchased at viable and sustainable price levels.

Since this initiative, flourishing tea smallholdings have become a reality in the Panchagarh district, with several small tea growers earning a self-sustainable income from the sale proceeds of tea leaf harvested from their own plots of tea holdings. The visibly evident improvements in the living standards of these pioneering tea growers has encouraged many other farmers to invest in small scale tea farming. Following the initial success achieved by Tetulia Tea Company, around twenty other bigger players have entered the race to expand tea cultivation by large scale purchase of land belonging to poor farmers. As a result, almost 70 per cent of the land presently under tea cultivation belongs to these bigger players, whilst the balance 30 percent is directly owned by the (small) farming families who sell their harvest of green leaf to nearby processing factories. Despite these expansions, till the date only a fraction of the available 16,000 ha of most suitable land, is presently under tea cultivation in Panchagarh. An immense opportunity still lies ahead to turn towards taking up small holder tea cultivation to help change the livelihood of marginal farmers towards a better quality of life.

After an extensive research followed by field visits, both at home and abroad, TTCL management had floated the concept of “Tea for Poverty Alleviation” in Tetulia with the following objectives:

- n Creating sustainable employment

opportunity in the rural areas for marginal land owners and for landless masses in the poorest districts of the country, to work in the newly emerging tea small holdings.

- n Creating micro-entrepreneurs in the rural areas by utilizing local resources in tea plantation business.
- n Creating a sound financial base for marginal and poor farming families to meet their basic needs of food, clothing, housing and education of children.
- n Optimizing the commercial utilization of fallow land in a land hungry country like Bangladesh.
- n Increasing tea production to cope with the fast increasing domestic consumption by utilizing the technical know-how of the experienced tea planters of the country.
- n Help national/government programmes for poverty alleviation through smallholding tea cultivation.

The TTCL model of “My Land my Garden” is an improvised field practice of the NGO's micro-credit programme. Generally micro-credit facilities are given for a short period and the credit recipient becomes sustainable temporarily whilst in the tea project, a farmer becomes self sustaining for the rest of his life as also does his next generation. In this model of “Tea for Poverty Alleviation”, the farmers are not mere labourers, they are infact entrepreneurs at grass root level, with a strong sense of ownership of the land, creating the environment for unstinted hard work towards increased production and the consequent increased income generation.

Chittagong Hill Tract (CHT) districts also have 46,000 ha of land that are highly suitable for tea cultivation. The massive scale of deforestation that has been going on unabated in these CHT, has led to environmental destabilization. The implementation of the

Panchagarh model of “Tea for Poverty Alleviation” in the CHT districts can substantially improve the livelihood of the poor hill tribe peasants and at the same time, save the environment from further destruction.

Unlike the price realization from raw agri-produce such as jute, sugarcane, rice and vegetables, in the TTCL tea model, there is no scope for exploitation by middlemen to extort money from the growers and as such the farmers who establish direct links with the processing factories get the full benefit of the price paid for their green leaf from the processing factories.

Case study - 1 :

The 39 year old Abdur Rahman of Tetulia, the head of a family unit of eight members, was the owner of 2.00 hectare of sandy loam/acidic soil. In the past this family cultivated paddy and pineapple with very low / uneconomic yields, and the low income generated could barely sustain the family for six months in the year. Rahman worked as a van driver to supplement the meager income to eek out an existence for the rest of the year. In early 2002 he embarked into cultivating tea in a 1.00 ha plot, by establishing rooted tea saplings obtained on credit from the commercial nursery belonging to the Tetulia project. Both he and his family members worked full time in their newly established tea plot. Harvesting commenced from the third year from planting and during May to December 2005, Rahman supplied 13,840 kg of green leaf to the Tetulia Tea Processing Factory, earning an income of TK 116,280, at the average price of TK 8.40(US\$ 0.13) per kg. The income generated from tea ensured food security to the entire household during the year. In 2006, the remaining 1.0 ha was also planted to tea and by the year 2008, his earnings doubled to TK 255,000,(US\$ 3285) which earned income elevated him above the poverty level. This income will continue to steadily increase up to the stage of full maturity of the

tea plants by the 10th year even after repaying loan instalments and would help sustain the improved quality of life for the next 50 to 60 years, including the next generation as well.

Case study - 2 :

The 46 year old Abdul Haq of Tetulia, the head of a family unit of five members owns 0.3 ha of sandy loam acidic soil. Whilst half of the land area remained fallow, the other half was cultivated with paddy during the rainy season, with a low yield of only 350 kg of rice which was sufficient to sustain the family for hardly three months. Abdul worked as a casual labourer to supplement the meager income to sustain the poverty afflicted family.

Since the year 2000, Abdul was employed as a nursery worker in the TTCL's “Tea for Poverty Alleviation” project. By the year 2002, he too was motivated to become a tea small grower under this project and obtained rooted tea plants on credit to establish a tea plot in half of the fallow land owned by him. By the third year from planting during May to December 2005, he was able to harvest 3,700 kg of green leaf which he supplied to Tetulia tea processing factory, earning an income of TK 39,576.(US\$ 578) With this income he was able to purchase 1,200 kg of rice, which was more than three times the quantity he was able to produce himself in the other half of land. By the year 2008, the green leaf production from his tea plot increased further, generating an income of TK 102,000.(US\$ 1489) He is assured of further increase in income when the plot attains full maturity by the 10th year, by which time the earned income would enable him to to pay back the loan taken for initial investment and become reasonably affluent as per Bangladesh standards

A criticism

One of the criticisms faced by Tetulia Tea Company during the initial period of the operation of this project was that being the

Tea Cultivation for Poverty Alleviation

owners of the only tea processing factory, they were engaging in monopolistic business practice. . But now another tea factory has been established in the region so the smallholders have the option to sell the leaf to the factory of their choice. However Tetulia Tea Company is continuing to serve the new small growers by supplying tea saplings from their commercial nursery to the farmers on credit. So far, the nursery has supplied TK. 2.5 million(US\$ 36260) worth of saplings to the farmers on credit.

Economics of Tea for Poverty Alleviation:

If the farmers of the lands proposed to be brought under tea cultivation are in possession of legal documents for proof of ownership, these lands can be registered with Bangladesh Tea Board's Small Holder's Scheme, which enables them to obtain loans of TK 150,000.00 per hectare from Rajshahi Krishi Unnayan Bank (RKUB) for tea cultivation. Loan repayment to the bank is to be made from the proceeds of green leaf sales, with 50% of the proceeds set off against the loan. The farmers have suggested that the Bank should grant a 5 year moratorium before commencing repayment from proceeds of green leaf sales. Repayment of the cost of tea saplings supplied on credit from TTCL's commercial nursery would commence on the basis of an easy repayment scheme, only from the time the farmer begins to earn an income from the sale of green leaf. If this investment is disregarded from the current economic profile of the small holder growers, the income-expenditure cash flow works out as follows:

1. By growing paddy in half hectare of fallow land within the project area, the farmer

can produce 283 Kg of rice (456 Kgs of paddy). A family of 5 members can ensure 3 meals a day only for 114 days a year.

2. For the balance 251 days, the whole family has to sell physical labour to buy food which is a very difficult task since employment opportunities are very limited in the project area.
3. From the same half hectare land the farmer can produce 5,000 Kgs of tea leaf and can earn TK. 60,000 per(US\$875) year without any risk from the sale proceeds of green leaf. There are no out-of-farm purchase inputs in the organic system of cultivation adopted by most smallholder growers.
4. From the sale of tea leaf the farmer can purchase 1,875 Kgs of rice as against a meager 283 Kgs of rice produced from cultivation of paddy. The farmer is thus able to earn more than 6.5 times from tea cultivation as compared to paddy/rice cultivation.
5. The family of 5 members need 900 1000 Kgs of rice for the whole year to ensure three meals a day which is the basic requirement.
6. By embarking into tea cultivation, the farmer would have the surplus equivalent of 875 kgs of rice in the year.
7. The farmer therefore, can meet other basic necessities of family from the sale proceeds of the surplus 875 kgs of rice.