PROLOGUE

1. The labour charges have been worked out as Rs. 100/day/man (woman) because in case of small growers it is presumed that they will mainly employ their own family labour, and this is as a matter of fact an opportunity cost provided for them. Moreover, you have not to pay any fringe benefits as in case of the organised labour in the tea plantations.
2. I have already made a note that the labour requirements may vary from place to place, and this is only based on average conditions.
3. The Asst. Director Tea Development, Siliguri, has informed me that at present the subsidy for plains is around Rs. 74,000 and for hills it is Rs. 95,000 to be paid in equal two installment in the 1st year and 2nd year. That is what has been taken into account in the financial statement.
4. The average green leaf price indicated by him was Rs. 12 per kg, which I have taken into account. Better quality will definitely give better returns.
5. No doubt in the 1st year and 2nd year, there will not be any leaf production. These are only tippings, that is why we have taken into consideration their earnings and left to the grower himself.
6. While working out the repayment schedule, I have made sure that the he should be able to maintain his plantation during the subsequent year.
7. The repayment is worked on in telescopic installments and not the equated ones. After the payment of loan installment plus interest enough surplus has been left with grower.
8. One thing will have to be borne in mind that the cost of cultivation of the small planter is comparatively lesser than the large planters who have overheads like managerial/supervisory costs, taxation, office support, *etc.*

BOOK REVIEW

"Financing of Small Tea Growers in India"

Author: Dr. Prafulla Goradia
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Reviewer's Comment

Of late number of small growers in Tea cultivation is steadily increasing, in tea-growing areas of the country. This is prompted by the fact that traditional crops are not giving returns commensurate with the input costs, which are increasing day by day, and poor marketing facilities. This has resulted in the bought leaf factories apart from the established tea gardens to buy the leaf from these small growers to increase their own production and better utilization of their factory capacities.

What Can Be Financed?

The commercial banks as well as cooperative banks including Land Development Banks will finance these growers. In turn, they can avail of the refinance from National Bank for Agriculture and Rural Development.

Finances will be available for all the operations involved in the production of tea *viz.* labour component, cost of plant materials, cost of fertilizers, cost of insecticides pesticides, creation of shade, mulching, weeding, plucking, *etc.* Further the input cost will be provided till the plantation becomes self-generating. There has to be the grower's contribution at least to the tune of 10–15% of the cost computed.

Items of Main Expenditure

The main items of expenditure/ inputs will be as summarized below:

Labour requirement for small tea planters (per ha.)

	Man days required in the year					
Operations to be done	**1st Yr**	**2nd Yr**	**3rd Yr**	**4th Yr**	**5th Yr**	**6th Yr**
Land preparation	50	5	–	–	–	–
Drains, layout, etc.	30	10	5	5	5	5
Pits digging	60	5	–	–	–	–
Filling back of the pits	25	2	–	–	–	–
Planting and staking	10	1	–	–	–	–
Application of manures and fertilizers	8	8	8	10	8	8
Application of PP chemicals	6	6	6	8	8	8
Inter-culture operations	30	30	20	20	15	15
Pruning and training	5	5	5	8	8	10
Creation of shade	5	3	2	–	–	–
Irrigation	5	3	2	4	4	4
Plucking	1	2	2	5	8	12
Miscellaneous	50	30	20	20	20	20
Total	270	110	70	80	76	82
Labour cost (Rs.) @ Rs. 100/labour/day	27,000	11,000	7,000	8,000	7,600	8,200

Cost of materials required (Rs.)

Items of Expenditure	**1st Yr**	**2nd Yr**	**3rd Yr**	**4th Yr**	**5th Yr**	**6th Yr**
Planting material and transportation	72,000	7,200	nil	nil	nil	nil
Manures and fertilizers	2,000	2,000	3,000	3,000	4,000	4,000
P.P. chemicals	1,000	1,000	2,500	2,500	3,500	3,500
Miscellaneous	1,000	1,000	1,500	1,500	500	500
Total	76,000	16,200	7,000	7,000	8,500	8,500

Financial requirements (labour + material) (Rs.)

1st year	27,000 + 76,000 = 1,03,000
2nd year	11,000 + 16,200 = 27,200
3rd year	7,000 + 7,000 = 14,000
4th year	8,000 + 7,000 = 15,000
5th year	7,500 + 8,600 = 16,100
6th year	8,200 + 8,500 = 16,700
Onwards	20,000 per year

Yield

In the 1st year, hardly any yield will be coming. In 2nd year also, a very low level of yields will be available due to pinching. One should remember that initial 2–3 years are for frame formation, and from 4th year onwards, some computable yield will be available. From 7th year onwards, the yields are likely to stabilize depending upon the management of the garden. The year-wise expected yields of green leaf per ha. are projected in the table as follows:

Yield in the year	Green leaf (kg)
1st	250
2nd	750
3rd	1,000
4th	1,500
5th	1,800
6th	3,000
7th	4,000
8th	5,000
9th	6,000
10th	8,000
11th	8,000
12th	10,000
13th	10,000
14th	10,000
15th	10,000

The income can be computed at the rate of Rs. 12 per kg of green leaf, depending upon the quality of leaf. Based on this, the year-wise projected income (Rs.) will be as follows:

1st Year	3,000	9th Year	72,000
2nd Year	9,000	10th Year	96,000
3rd Year	12,000	11th Year	96,000
4th Year	19,200	12th Year	1,20,000
5th Year	24,000	13th Year	1,20,000
6th Year	36,000	14th Year	1,20,000
7th Year	48,000	15th Year	1,20,000
8th Year	60,000	16th Year	1,20,000

Payment schedule (amount in Rs.)

Year	Loan required	Loan taken (10%)	Total outstanding	Interest @ 10%	Income	Repayment	+/–
1st	1,03,000	92,700	92,700	9,270	3,000*	nil	– 1,00,970
2nd	27,200	24,480	1,26,450	12,645	46,000**	43,000	– 83,450
3rd	14,000	12,600	1,08,695	10,869	49,000**	45,000	– 63,695
4th	15,000	13,500	88,064	8,806	19,200	8,808	– 80,000
5th	16,100	14,390	94,390	9,439	24,000	20,000	– 74,390
6th	16,700	15,030	89,420	8,942	36,000	30,000	– 68,362
7th	20,000	18,000	86,362	8,636	48,000	40,000	– 54,998
8th	20,000	18,000	72,998	7,299	60,000	30,000@	– 42,998
9th	nil	nil	42,998	4,299	72,000	30,000@	– 17,927
10th	nil	nil	17,927	1,792	96,000	19,719	– 76,281

Note: * = Left to the grower as incentive; ** = Includes Rs. 37,000 as plantation subsidy form Tea Board; @ = Out of the total incomes, Rs. 20,000 left for subsequent year's maintenance.

The Tea Board subsidy for plantation is available at the end of 1st year amounting to Rs. 37,000 and second installment of Rs. 37,000 at the end of 2nd year after verification of the plantation. In the above exercise, the subsidies have been taken into account in 2nd and 3rd year towards the repayment of loan outstanding. The interest which has accrued at the end of the year has been taken into account in the next year's outstanding amount. The costs computed are indicative and may vary from place to place depending upon the topography and other conditions.

The prices computed are also indicative and subject to the quality of the leaf, *i.e.* its fineness. Also, this is subject to market fluctuations.

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