

Tea Crisis in the Nilgiris

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Since the last more than a decade the entire district of Nilgiris in Tamil Nadu has been reeling under a severe economic crisis which is nowhere near any solution or even mitigation. The crisis is such that widespread violence broke out in the Nilgiris for the first time in its history in the year 2000. This was unprecedented and the inhabitants themselves were aghast after the violence which included burning of public property, attacks on government offices and police brutality on men, women and children. In the mass rallies in 2000 it was entire families that were participating not simply cadres and sympathizers of any organization(s). Now one can say that the collective psyche of the people of Nilgiris after 1999 has become one of bitterness and the feeling of being betrayed. By and large the people of these verdant hills are peaceful but the simmering anger is palpable.

The role of tea in these hills is supreme. Of the total area in this district only 40% is available for cultivation and the rest is wild hosting a great variety of plant and animal species. Nilgiris is a great storehouse of biodiversity and there is a watchful environmental movement to safeguard this biodiversity. It is not that there are no encroachments on nature but they are *minimal*. Tourism is a heavy load on this fragile environment and if it goes on unchecked the 'queen of hill stations' is bound to pay a price in the not so long run. Of the 40% cultivable land 10% is urban and vegetable cultivated land and 90% of this 40% is under tea. Out of all the tea areas in the world Nilgiris is unique because tea here is mostly a small grower affair. There are more than 70,000 small grower households in this district with an average land size of 2 acres each. The acreage of the small growers ranges from 0.5 acres to 10 acres.

This area which is the confluence of Eastern and Western Ghats is located at an average altitude of 5000 ft above sea level and this altitude and soil character is eminently suited for growing high quality tea. It is also eminently suited for growing high quality vegetables and cereals. When the raw leaf prices were high before the crash came in 1999 the governments, at the central and State levels, offered any number of sops to encourage tea cultivation and as a result the equation between food production and tea turned upside down in favor of the latter. Not only the entire Nilgiris became a small tea growers land but every tea growing household also became indebted to cooperative and other banks. It was at the height of this euphoria that the raw tea leaf prices plummeted much below the cost of production leaving the growers in perpetual misery and indebtedness. The prices received by the growers declined from the pre-1999 peak of Rs 18 per kg to as low as Rs 2.5 in the post-1999 period. The estimated cost of production of one kg of raw tea leaves is Rs 8 according to the Tea Board. Subsequently the price rose to Rs 6-7 but it still remains below the cost of production.

During an earlier period, during the Great Depression of the 1930s, the price of tea had crashed on similar lines. It was during that time that the growers took the initiative to start small scale tea factories which would purchase raw leaves at remunerative prices. This was how hundreds of small tea factories known as Bought leaf tea factories (BLTFs) came into being in different parts of the

Nilgiris. This was a successful initiative which brought relief to the tea growers. Over a period of time what is known as Indco tea factories which are government owned also came into being with the objective of bringing stability in the tea market. Apart from these two types of tea factories there are also the pre-existing big tea factories in the big tea estates. Thus the tea sector is composed of small growers, BLTFs, government owned tea factories, big estates and their big factories. In the Nilgiris itself there is a tea auction centre located at Coonoor which conducts weekly auctions of tea. And it is this tea auction centre at Coonoor that is now at the centre of the tea crisis and the resultant controversies.

The representatives of the small tea growers and BLTFs allege that the tea auction centre is in the vicious grip of a small number of brokers or middlemen who act in tandem with the big corporate tea sector. In other words, though the auction centre was established for the sake of bringing about transparency and freedom in the tea market it has actually resulted in the opposite. Cartelization of the middlemen is pointed out as the culprit. It is on this basis that the growers are demanding total reorganization of the tea auction centre and expulsion of the brokers who are one and all practicing grossly unfair trade practices. Since 1999 the problem has only compounded and assumed structural characteristics.

An extremely unsavory fallout of the tea crisis is the baseless accusation propagated by the tea brokers that the Nilgiris tea is of low quality and hence the prices are low. It is ironic that this accusation is a post-1999 phenomenon though the tea industry is at least 150 years old. Up to 1999 the Nilgiris tea was universally considered to be of high quality and suddenly and miraculously its quality fell! Let us not forget that on all counts the soil of Nilgiris is eminently suitable for growing high quality tea and it continues to grow high quality tea. This accusation is nothing but an anti-national and anti-social slur on one of the finest products of India. A world class commodity is being slandered for the sake of immediate super profits for the brokers who are trying to wriggle out of the chaos that they themselves have created out of sheer greed. This is how the tea growers and majority of the tea factories see the issue. The brokers advance working capital to the BLTFs who are in turn victimized ruthlessly. And the tea auction is manipulated through the cartelization of a handful of brokers which crashes the prices of raw leaves supplied by more than 70,000 small growers.

Yet another reason advanced by vested interests in the tea market is that there is a lot of adulteration happening in the tea industry of Nilgiris. A few tea factories located in non-tea growing areas like Erode and Coimbatore had been raided by the officials of the Tea Board and ordered closed. Adulteration is very much a possibility but who is doing adulteration is the important question. Adulteration is of two kinds. The main form of adulteration is done by the big traders who are generally located in the nearest port cities like Kochi and Chennai. What they do is very simple. They import inferior tea from countries like Nepal, Vietnam and Thailand and mix it with Nilgiris tea and then market it as a quality branded product. Why the small growers and BLTFs should be made to pay the price for this criminal activity of the big traders remains to be answered. The second method of making adulterated tea is through establishing fake tea factories where other leaves or tree barks are powdered and mixed with a small quantity of waste tea purchased from factories in Nilgiris, colors added to

fake strength and market it to gullible customers. This 'tea' is nothing but a highly toxic product and highly harmful to those who drink it. For both these varieties of adulteration neither the tea growers nor the tea factories of Nilgiris are even remotely responsible. But they are being severely penalized for the crimes of others and the brokers and the corporates meanwhile are making merry.

And another unsubstantiated reason advanced as justification for falling prices of green tea leaves and bankruptcy of BLTFs is the slowdown of exports. Tea exports come to roughly 10% of the total production of the country and the rest is consumed internally which makes this argument a lame one. India is not only the biggest tea producer of the world but also the biggest tea consumer. If sluggish exports are dragging down tea prices it remains a mystery why the government is allowing huge imports of inferior tea which is mixed with the Indian tea and exported by big traders. This argument was advanced much before the present recessionary conditions set in globally. It is quite possible that the recessionary conditions will slow down exports but it can have only a marginal impact because the export dependency is not very significant. Tea is not like the garment industry of Tirupur. More-over, the prices of finished branded tea never showed any symptoms of downward revision though the prices of the raw material drastically came down. On the other hand, it has always been increasing. This means that the corporate sector never passed on even a fraction of the reduced price of raw material and the reduced auction amounts to the consumer which in turn means that the tea brokers and corporate sector are hand in glove in looting every one else concerned.

Sri Lanka, an important tea producer, has put in place a protective system whereby the tea growers get remunerative prices in the ratio 60:40, the growers getting 60% of the value of the value added product. In the Nilgiris the tea growers are getting less than 10% of the value of the finished product. Almost 90% of the final value is eaten up by the caucus of brokers and the corporates. The tea sector is thus marked by crippling inequalities which has the potential of destroying the industry itself at its roots if the present situation is allowed to go on unchecked. The accelerated migration of the working age youth from the tea area to cities like Coimbatore is an indicator of this unhealthy trend. Shortage of working hands has already become visible in the tea growing sector. Indebted small tea factories being auctioned off/dismantled/closed down is regular news. The banks, instead of trying to salvage the industry, are sticking to their credit and debt regulations ever more assiduously.

The potential for diversification of products in the tea sector is enormous and companies like Tata Tea are eagerly snatching at this opportunity. For them the profitability from this diversification of tea products is certainly far greater than managing huge plantations with old tea plants and marketing conventional tea products. This diversification ranges from producing ready to use tea essence to tea wine. Keeping the price of raw tea leaves depressed on a permanent basis obviously serves their purpose and the tea sector of Nilgiris has become a classic illustration of how the primary producers can be sucked dry to facilitate the super profits of the corporates. The brokers are the direct medium through which they can do it efficiently. Let it not be forgotten that these brokers or commission agents have nothing to do with tea growing or tea production but are outsiders

intervening in the tea sector with the sole objective of multiplying their speculative capital through outright cheating of the growers and small tea factories who together constitute the overwhelming bulk of the tea production of the Nilgiris.□□□