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Small growers sell tea at low rate

- Demonetisation forces cultivators to depend on brokers for payment in cash

AVIJIT SINHA

Siliguri, Nov. 23: The cap on cash withdrawal from banks following the demonetisation drive has hit small tea growers who are now forced to sell their produce at lower prices to get cash as their payments are due from bought-leaf factories and self-help groups.

There are around 40,000 small tea growers who have plantations spread over 1.10 lakh acres. The small tea sector accounts for 40 per cent of 140 million kg of tea produced in the state each year.

"Prices of tealeaves in the small tea sector have come down in the past 15 days because of shortage of cash. Small growers, who sell their produce to self-help groups and bought-leaf factories (BLFs), are not getting sales proceeds as neither the groups nor the BLFs are able to withdraw the required cash from banks," Bijoygopal Chakraborty, the president of the Confederation of Indian Small Tea Growers' Associations (Cista), said.

As a result, the small tea growers have resorted to distress sale.

"As of now, the average price of 1kg tealeaves is Rs 12-13 if the produce is sold to SHGs or BLFs. But growers, who have no idea when they will get payments, are selling their produce at Rs 9 or Rs 10 per kg to brokers, who are promising prompt payment in cash," Chakraborty said.

Biplab Roy, a tea grower based in Mainaguri block in Jalpaiguri district, who is a member of a self-help group, said: "We receive payments from the groups every weekend. In the past two weeks, I have not received a penny as those running the group could not withdraw the necessary cash from any bank. It has happened because of the restriction on withdrawals."

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In such a situation, the grower is forced to explore alternative options such as contacting a broker.

"The broker is offering me Rs 2 to Rs 3 less per kilo but he is paying in cash. So, I am selling my tealeaves to him as I need cash right now to run my family. I know I am losing money every kilo, but I don't have any other option," Roy said.

The fall tea growers' earnings is part of a pattern developing across the country since the demonetisation drive started. There have been reports of paddy growers complaining of returns moving southwards in central Bengal and poor prices for selling cotton in parts of Maharashtra.

The small tea sector that has emerged in north Bengal in the past two-and-a-half decades, is unorganised and most of the growers do not have bank accounts.

"A section of educated youths have tea plantations and bank accounts. But there are several people who are comparatively less literate and have a plantation of say, one acre or so. Most of them do not have bank accounts. Like wages are paid in tea estates, it is a common practice for BLFs and SHGs to pay small growers in cash," said Rajat Kumar Roy Karjee, the president of Joy Jalpesh Small Tea Growers' Society, a self-help group with 522 growers as members, in Mainaguri.

The group that owns a factory sells tea through auctions and needs to make an average weekly payment of Rs 20 lakh to member growers and workers.

"We are selling tea through auctions and the buyers are transferring money to our accounts. But we can't pay our members and the workers of our factory. In turn, the growers could not pay their workers," Karjee said.

The BLF owners also face similar problems. In north Bengal, there are 129 factories which bank on tealeaves supplied by the small tea sector. In total, around 10,000 workers are employed in these factories.

"We are sitting with money but cannot pay the growers. Even the wages of our workers are due," Satish Mitruka, the president of the North Bengal Tea Producers' Welfare Association, said. "Because of the impasse, supply of tealeaves has come down as many growers are not plucking tealeaves. As we could not pay workers, the labourers are shifting to other agricultural jobs where they can get cash payment."

This evening, representatives of the small growers attended a meeting convened by the district magistrate of Jalpaiguri.

"At the meeting, we have been told by senior officials in the presence of bank authorities that banks will assist us in withdrawing the cash required for our sector as per the directive of the Reserve Bank of India. This would be done in a manner similar to tea estates," the Cista president said.

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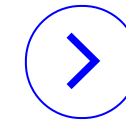
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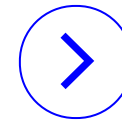
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