

## The Role of Tea Small Holdings Development Societies in Development of the Tea Small Holding Sector: Farmers' Perspectives

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### Abstract:

The Tea Small Holdings Development Societies (TSHDS) were initiated in the year of 1989 and registered under the Act No. 36 of 1991. These tea societies get legal status under the Act No. 21 of 1997. At present, in all tea growing areas TSHDSs have been established under the guidance of Tea Small Holdings Development Authority (THSDA) in Sri Lanka. However, with all the reforms in the tea small holding sector and the institutional intervention, it is not clear whether the objectives of the establishment of Tea Societies have been achieved. Matara district was purposively selected for the study as it contributes more than 13 % of the total tea production of the country. Randomly selected 180 small holders from eight Divisional Secretariat divisions were interviewed using a structured questionnaire, in addition to focus group discussions, direct observations and discussions with relevant stakeholders. Descriptive Statistical tools, the Chi-square test, the 't' test and the Wilcoxon Sign Rank Test were used to analyze and to present data. The study revealed that the average yield of the members of the TSHDS was higher (396 kg/ac) than the average of non-members of TSHDS although the difference is not significant due to large variation within the groups implying that the TSHDS has an impact on improving the productivity of tea small holding sector. Out of the total number of small holders in the sample only 15% were highly satisfied about the TSHDS and another 12% were partially satisfied. The analysis of the Wilcoxon Sign Rank Test results proved that there was no significant improvement of the tea small holdings sector due to implementation of Tea Societies. The study recommends reviewing the functions of the TSHDS and the structure in order to revitalize the TSHDS to face the problems of low productivity, degradation of the quality and other emerging issues in the future.

**Key words:** Tea Small Holdings, Development, Societies

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### Introduction

By the independence of Sri Lanka in 1948, tea along with rubber and coconut contributed more than 92 % of total export earnings of the country (Athukorala and Huynh, 1987). The tea sector still continues to occupy an important place in the economy, even though the relative contribution has declined in recent years. Tea cultivation was begun as large plantations but with the gradual changes of the economy, tea planting in small land blocks has become increasingly popular leading to the development of small holder sector in the country. Land redistribution programs implemented by the government after land reform has also caused to increase the number of tea small holders in the country. At present, large plantations and small private estates mainly exist in up and mid country area while small holders are dominant in low country (Palihakkara et.al, 2015).

The contribution to the total production from different elevation groups has changed over the time with the changes of tea land area in the respective regions. The contribution to the total production from up country has slightly improved while mid country contribution has

come down in last two decades. Low grown production has almost doubled during the time considered. The share of estate sector has gradually came down over the time showing the importance of the small holder sector.

At present there are 221,969 ha of tea land in Sri Lanka and tea small holdings sector contribute 132329 ha of tea which is 59.6 % of the total tea extent having 370842 tea small holders owing 397223 tea holdings. The balance 89640 ha [40.4%] belongs to the state and management company estates (Palihakkara et.al 2015-2., Department of Census and Statistics, 2005).

However, with all the reforms in the tea small holding sector and the institutional intervention, it is not clear whether the objectives of the establishment of Tea Societies were achieved. This study aims to find the views of the society members and non-members about tea small holdings development societies and to make suggestions and recommendations to improve the status of the tea societies to enable them to do better service for their members with the specific objectives of (1) to find the factors influencing the active membership of the tea

societies (2) to find the farmers' views of the societies and the activities (3) to find the benefits and achievements of the tea small holding sector with the operations of tea societies and (4) to give suggestions and recommendations to develop the tea small holding sector through the present institutional setup.

### Methodology

Matara district was purposively selected for the study as it contributes 43 million kg of made tea annually for the total tea production that is more than 13 % of the total tea production of the island. The district itself have more than 17% of the total tea small holdings and tea small holders and it has about 19 % of the total tea extent in the tea small holdings sector in Sri Lanka.

Out of the 13 DS divisions, in the district Pitabeddara, Kotapola, Akuressa, Athuraliya, Mulatiyana and Pasgoda are the main tea growing areas which contribute more than 90% of the total production and the extent. In other DS divisions, tea holdings and the extent are comparatively low.

Personal interviews were conducted by visiting the farmers' fields/homes using the structured questionnaire. In addition to the sample survey, direct observations at the fields, and focus group discussions to verify some of the information were conducted. Secondary information was collected from the compiled sources of THSDA and publications of Ministry of Agriculture, Department of Census and Statistics and the Central bank of Sri Lanka 2014.

Descriptive statistical tools were used to present the data while Chi-square test was used to find the associations between demographic variables and the interest of replanting. The 't' statistics was used to test the differences of selected attributes between members and non-members of the tea small holding societies. The Wilcoxon Sign Rank Test was employed to find the changes of different aspects of the tea small holding sector due to the activities.

### Results and Discussions

The study revealed that only about 50% of the small holders had active membership in tea development societies and, although, there are 70% of the small holders are well aware about the tea development societies and the Tea Shakthi Foundation implying the concept implemented in 1997 is not adopted as an essential organization in the sector. Majority of

the non-members (72%) are still not interested to have the membership while some of them (14%) stated that membership is not useful for their activities.

Average yield of the tea small holders in the sample was 322 kg/ac of green leaf per month and ranged between 150-700 kg/ac showing a considerable variation. The average yield of the members of the TSHDS was higher (396 kg/ac) than the average of non-members of TSHDS although the difference was not significant due to large variation. It implies that the TSHDS has an impact on improving the productivity of tea small holding sector although the improvement is not statistically proved.

The Chi/Square analysis proved that there are no significant associations between the active membership of TSHDS and the demographic factors; age, education level or the gender of the small holder. Also no statistically significant association was found between the active membership and the holding size, although seemingly it shows that smaller size holders are having more tendency to be active members.

The main objectives of getting membership of TSHDS were questioned in the survey and Table 1 summarizes different reasons for involving with the activities of TSHDS.

**Table 1:** Reasons for continuing as an active member of TSHDS

Reason	Percentage of small holders reported (events are mutually non-exclusive)
Guarantee to sell the green leaves	8
Guarantee to obtain fertilizer in time and reliability	17
For advisory services	88
For tea cultivation subsidy and other benefits through the government	63
To obtain easy loans	6
For social welfare facilities provided by TSDS	15
For reliable inputs such as agro-chemicals	13
For sharing equipment such as sprayers and land preparation tools	20
For obtaining reliable tea plants from the nurseries	2

Table 1 show that TSHDS has not addressed the requirements of the small holders apart from conventional activities such as providing advisory services and the government. Out of the total number of small holders in the sample, only 15% was highly satisfied about the TSHDS and another 12% were partially satisfied. However, there were 27% of the small holders who were not satisfied about the activities of the TSHDS. Wilcoxon Sign Rank Test proved that there was no significant improvement of the tea small holding sector due to implementation of TSHDS.

Out of the non-members of TSHDS, 22% were interested to have the membership while 26% was not interested. Insufficient time is the barrier for about 50% of the non-members to participate actively in the activities of TSHDS and about 30% believed the assistance of TSHDS was not important for improvement of the productivity and other aspects of their tea plantations.

#### Conclusions

The study concludes that the TSHDS has not become an attractive organization to link the small holders in order to develop the sector through collective efforts as only about the half of the small holders were non-members of TSHDS. Also, the members of the TSHDS did not show a substantial improvement in productivity compared to non-members to attract non-members to the organization. There was no relationship between the active membership of TSHDS and demographic characteristics of the small holders such as age, education level, income, gender and holding size. In addition to advisory service and the implementation of subsidy schemes which are the conventional roles played by the THSDA and other government authorities, other emerging issues such as selling of the product, fertilizer and

other inputs and welfare facilities of the tea small holders had not been sufficiently addressed by the TSHDS to attract the non-members. The study recommends to review the functions and the structure of the TSHDS in order to revitalize the TSHDS which may be crucial to face the problems of low productivity, degradation of the quality and other emerging issues.

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