

## Good Governance Impact Example Series

## India: Good Practices in Public-Private Partnerships

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In the Darjeeling hills, tea is the primary cash crop with 10 million kilograms of world-famous tea grown each year. Recent efforts by Mercy Corps and our partners in India have helped show government regulators the benefits of making space for small holder famers.

**Key governance themes:** civic participation and voice, equity, inclusiveness

There are 87 certified trademark Darjeeling Tea Estates, registered with the Tea Board of India (TBI). Production is dominated by five large tea companies with often exploitative management practices,<sup>12</sup> which sets up perpetual conflict and many fields being abandoned or closed. Even though small tea growers have emerged, they cannot challenge the power of the established tea industry. At the behest of these groups and the TBI, along with various other government bodies, the trademark is used to restrict legal sale of tea grown outside the registered Darjeeling estates. This was a misinterpretation of the law and resulted in small holder farmers not being able to sell their tea legally.

In the late 1990s in Darjeeling's foothills, small holder farmers, seeking profits, started giving up traditional farming practices, growing rice and other food crops and replacing them with tea due to encouragement by corporations and middlemen. Unregulated cultivation led to over production. Many of these farmers had no buyers for their tea, the market was saturated and led to a tea crisis. Many farmers went hungry and the government to this day is providing bailout packages. As a result, the government passed an interim order banning the planting of new tea bushes after 2001. Though the problem was restricted to the foothills, the government order affected a larger area. For seven years this law forbade any small farmer from Darjeeling who could not prove that they had planted their tea before 2001, to produce and sell their tea.

### Organic Ekta

The CHAI project, a Starbucks/Tazo Tea-funded partnership with Mercy Corps, facilitated small farmers to organize themselves into the Darjeeling Organic Ekta Society, a registered farmers' organization that promotes the rights of small farmers in the Darjeeling area.

Organic Ekta lobbied the government and presented the on-the-ground options to clarify the difference between their small farmers and the large Darjeeling estates. This resulted in a visit by the Tea Board Chairman in early 2008 to Darjeeling. After seeing the situation firsthand, the Chairman issued a clarification stating that the blanket law would not cover Darjeeling. As a control mechanism, to prevent a similar situation from developing in the foothills, the government required all small farmers to become members of a small farmers association recognized by the Tea Board of India. *"It is for the first time that a Tea Board Chairman has visited small farmers in the Darjeeling hills. This definitely shows a change of the government's attitude towards the small farmers; it's been a long time waiting."* – Prashant Giri, Project Officer for Organic Ekta

A total of 214 farmers had joined the Organic Ekta Society as of April 2010. Darjeeling Organic Ekta Society's role has been to collect green leaf (unprocessed tea), negotiate prices with a processing factory, provide transportation of tea, quality control, facilitate farmers' registration with the Tea Board of India and organic certification. Working with the Department of Land reforms, along with the District Administration, Organic Ekta has helped farmers get their land classification. Without this, farmers could not harvest tea (as tea is a taxable commodity). Registration in the TBI's small farmers' scheme gives the farmers an opportunity to avail government subsidies for promoting their plantation. Small farmers can now sell their tea as Darjeeling as long as it is processed in a trademark registered tea garden factories.

<sup>1</sup> The Plantation Labor Act, first passed in 1951, was intended to protect the rights of permanent laborers by requiring tea companies to provide basic health, education and social standards. For the past 20 years, tea companies have made concerted efforts to not hire permanent laborers; on average, only nearly 70% of the workforce is casual or seasonal laborers. Since the Act only addresses permanent laborers, most workers go without legally mandated benefits.



Sushila Chhetri is plucking tea leaves from a field she has worked for 25 years. Today she is part of Ekta, a Nepali word for "unity", a group of indigenous growers registered with the government and channeling profits back to the community.  
Photo: Thatcher Cook/Mercy Corps. India, 2008!

Organic Ekta has developed into a well run organization. Members have been trained to be trainers, thus institutionalizing the agricultural extension program. To provide services to the farmers Organic Ekta receives three Indian Rupees (US\$ 0.06) for every kilogram of tea sold by farmers to the processing factory. They have negotiated a doubling of the price that member farmers receive for green leaf, developed strong administrative procedures, created linkages with government agencies, held regular monthly meetings and purchased a new truck for green leaf transportation. They have procedures in place to register new farmers with the TBI.

Organic Ekta also facilitated soil testing for 104 Mirik Small Tea Growers farmers for TBI registration. Mineral Springs, a collective of individual farmers growing on an abandoned tea plantation has registered as a society; building off the organizational structure of Organic Ekta. These three groups, Organic Ekta, Mineral Springs, and Mirik Small Tea Growers, have held a series of meetings to establish a Federation that can advocate on behalf of small tea farmers to the government and tea industry.

### **Economic Impact**

- The quality of green leaf has improved with the price per kilogram increasing from 17 INR (US\$ 0.35) to 35 INR (US\$ 0.73).
- Between 2006 and 2008 individual farmers increased their production per hectare by 24%. Overall Organic Ekta increased green leaf production from 8,000 kilograms (2006) to 21,000 (2008), and the estimate for 2009 production is 35,000.

With these successes, Organic Ekta has forced the establishment to sit up and take the small farmers movement seriously. Many government regulatory bodies including TBI and Land Reforms Department, have made policy level changes to accommodate the needs of small farmers. This project has successfully established a society of small farmers in an industry dominated

by large companies. The large companies lobbied against the small farmers to the Tea Board of India, but through persistence of the registration of individual farmers and the establishment of Organic Ekta there is now a new player in the tea industry. From being total outcast of the tea industry, the Organic Ekta small farmers have come a long way!

*This Good Governance Impact Example is one of a series included in Mercy Corps' Guide to Good Governance Programming. For more information, please contact Ruth Allen, Director for Community Mobilization, Governance and Partnerships at [rallen@bos.mercycorps.org](mailto:rallen@bos.mercycorps.org)*

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