

Economic Development in Darjeeling Hills: Quest for Alternatives

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Abstract

Chakrabarti attempts to pin down the prospects and problems of Darjeeling with its dependence on tourism and tea industry taking on the issue from a global as well as local perspective. After offering his analysis of the prevailing situation, he also proposes two alternative models for reviving the local economy as to empower the people for taking greater advantage of its tea, farming and tourism potential.

Keywords: Culture, Marginalisation, Population, Rural Grower

Introduction

Development economics is primarily concerned with the efficient allocation of existing scarce and productive resources and works to ensure their sustained growth over time. Scope of development has wider ramifications as it concerns the economic, cultural and political requirements for ensuring rapid structural and institutional transformation of the entire society in an efficient manner so that the results of economic progress trickle down to the lowest level of society and can be shared and enjoyed by majority of people. Two essential ingredients of this process are a) an active participation of the Government and b) coordinated economic decision-making directed towards transforming the economy. Development can be seen as creating an economy that is flexible, diversified and capable of sustaining shocks, creating opportunities for growth on its own, and capable of increasing welfare for its stakeholders continuously.

It has been observed that difference in economic growth, as well as, income per capita across the regions correspond to differences in changing industrial structures. A sizeable literature on development economics suggest that per capita GDP acts as a proxy for development¹. For example, the average per-capita income of high income economies increased at the compound rate of about 2.6 per cent between 1965 and 2000, while it was almost stagnant in Africa at the average rate of only 0.4 per cent per year. The average growth rate in South Asia was about the same as in high-income

1 Aturupane, H., Glewwe, P., Isenman, P., "Poverty, Human Development and Growth: An Emerging consensus?" *American Economic Review*, Vol. 84 (Pittsburg, 1994), No. 2, 244-249.

economies but a poor country like Bangladesh is only growing over 1 per cent per year (as per World Bank, 1992, UNDP, 2002 report). Thus, the wide income gap between high-income economies and the poorest ones has been widening further. In contrast, among East Asian countries for China and Korea, real per capita income is growing faster than 6 per cent per annum. A widely accepted notion of development reveals that as the economy progresses the share of agriculture and industries declines and that of services increases. These structural changes generally occur through market adjustment in inter-sectorial resource allocations and as a result, in an early stage of economic growth, demand for industrial goods increases and finally it leads to the rise in demand for services with relative saturation in consumption of industrial commodities². However, confusion prevails galore as we turn towards East Asian, African and Latin American countries. Especially the countries that achieved independence after World War II and were the colonies of Western powers had started as laggard countries in the process of industrialisation or they failed to replicate the structural changes that took place in western nations or early industrialised nations.

Under colonialism these economies mostly acted as a provider of raw materials and market for manufactured commodities from the West³ Unlike the early Industrialised nations, most of present day's developing countries started the process of industrialisation with a high degree of capital scarcity as well as by bypassing the process of investment of agricultural surplus in the industrial activities. Even though many developing countries like India and China achieved considerable success in industrial expansion they failed to reduce the dependence of a majority of the population on agriculture and allied activities for livelihoods. A cursory look at the sectorial shares of GDP in few selected countries reveals that the share of agriculture in GDP was 44 per cent, 38 per cent and 3 per cent respectively for India, China and USA in 1965, and for the same countries it reduced to 25 per cent, 17 per cent and 1 per cent by the end of 2000. But the percentage of population depending on agriculture stands at 60 per cent for all developing countries as against 2 per cent for USA (as per World Bank 1992, 2003 reports).

In the last few decades, narrowness of the concept of economic growth has frequently been challenged as development indicator and it was argued that development must encompass the parameters like increase in life expectancy, access to sanitation, clean drinking water, improvement in health services, reduction of infant mortality, and increase in literacy rate of women, adults and women empowerment etc. As it is pointed out by Drèze and Sen, "... it is perhaps a mistake to see the development of education, health care and other basic achievements only or primarily as expansions of 'human resources' – the accumulation of 'human capital'".

However, it needs to be mentioned that economic growth is primarily an offshoot of 'post-war era'. Western development economics thus remained engaged

2 Clark, C., *The Condition of Economic Progress*, London, Macmillan, 1940.

3 Hayami, Y., Godo, Y., *Development Economics: From the Poverty to the Wealth of Nations*, New Delhi, Oxford University Press, 2005.

in prescribing various mechanisms through which a country can either become an industrialized nation or can catch up with the advanced industrialized countries. To dovetail the concept of modernization with the development thinking, 'political modernization' in the form of nation building was added. As a consequence, from nineteenth century to late twentieth century, philosophy of development gradually moved from 'structuralist perspective' (that emphasized on macro structure) to 'agency oriented view'. It is the 'agency oriented view' that incorporated attributes like pro-poor growth, limit to growth, sustainable development, etc. The common synergy has been developed between global agenda for development and various attributes of local developmental policy interventions for various countries and again within the countries, in various regions and the process continues unabated. The progress of 'agency oriented view' is monitored by various multilateral international agencies. With the decline of welfare economics, the so called distinction between developing and developed societies has been blurred⁴.

Instead of remaining as 'self-contained units' countries are now dependent on actions taken by one another. The new terminology 'global issues' has been coined to justify various common problems/constraints that the inter-related world system is now facing. Therefore, achieving high economic growth rate, continuous rise in per-capita income, structural change in terms of decline in share of agriculture in national income and rise in share of industry and services, allowing market to operate freely by removing internal government restrictions and removing barriers to facilitate international trade, have become most used attributes of development. This is a truism for India since 1991. However, it cannot be undermined that 'ever since humankind domesticated plants and animals, the relations of men and women to land, water, forests and pastures have largely determined their state of well-being'⁵.

Therefore, the prospect of industrialisation as a means of economic development in any part of these countries should encompass the primary sector for achieving inclusive growth of the concerned economy. Therefore an attempt has been made in this paper to create a model for self-sustaining economy for the hill regions of the district of Darjeeling with special emphasis on rural areas.

1. Administrative Structure of Darjeeling District, Degree of Heterogeneity in History and Culture, Society, Polity, Economy and Environment

Darjeeling district, having an area of 3,149 square Km. is characterised by high degree of heterogeneity on different counts. From environmental eco-perception, the relief varies from 100 mts. above sea level to the mighty Kanchanjungha. The district is the abode of 1.6 million people of different ethnic groups (Lepcha, Bhutia, Nepali, Rajbanshi, Santhals etc.), castes and religions. Darjeeling, Kurseong and Kalimpong

4 Pieterse, Jan Nederveen, *Development Theory*, New Delhi, Sage Publication India Ltd., 2010, pp. 4-16.

5 Bagchi, Amiya, 'Agrarian Transformation and Human development', in V.K. Ramchandran and Madhura Swaminathan (eds.), *Agrarian Studies: Essays on Agrarian Relations in Less Developed Countries*, Kolkata, Tulika, 2002.

are subdivisions located in Eastern Himalayan Mountain and at the foothills Siliguri subdivision is located. It is to be mentioned that as per West Bengal Human Development Report (2004), Darjeeling district stands 4th amongst 18 districts of West Bengal in Human Development Index (HDI) ranking with values 0.73, 0.72 and 0.49 for health index, educational index and income index respectively with average value of 0.65. Among the districts of North Bengal, Darjeeling holds the first position in terms of health, education and income indices, which indeed is a commendable achievement and proves its relative well off condition in the State.

Since 1988, for the social, economic, educational and cultural advancement of the Gorkhas and other people residing in the hill areas of the district of Darjeeling, autonomous council Darjeeling Gorkha Hill Council (DGHC) was established and virtually a corroborative and partnership management/governance (DGHC & District Administration) of the district was introduced, which is unique of its kind. In terms of economic activities heterogeneity is observed. While Siliguri has emerged as a prime business centre and potential industrial hub, Matigara, Naxalbari, Khari bari and Phansidewa tea and agriculture have remained as prime economic activities. Alternatively in Darjeeling Hills, tea and tourism are the major sources of livelihood. The work of Christian missionaries had helped to create educational institutes of repute in the Hills and pushed up the literacy rate as well as educational level in the hills. However the picture might be bleak in places like Gorubathan, Naxalbari, Phansidewa and Kahribari. The impact of urbanization on environment is markedly different in Darjeeling Hills and Siliguri sub division. Siliguri is adding more air pollution where as Darjeeling Hills is experiencing depleting forest cover and thereby landslides. Increasing pressure of population and continuous construction activities in and around Darjeeling Municipal areas is making the already eco-fragile region more vulnerable and susceptible to man-made disaster. In Siliguri Sub division, the Siliguri Corporation area is crying for space while the agricultural land in the outskirts is shrinking to accommodate ever increasing population. Migration from adjacent States and countries is making the situation more complicated and putting enormous pressure on existing resource base.

2. Employment Scenario and Possible Marginalisation of Rural Workforce

India's population has crossed one billion while the net cropped area has remained constant without any corresponding reduction in the percentage of people engaged in agriculture. Consequently, there has been an excessive pressure of population on land which has accelerated the process of marginalisation of agricultural holdings. The size of holding problem is more acute in West Bengal where average size of holding has declined faster than other States. This has accentuated the problem of marginalisation of rural work force.

In spite of achieving high ranking in Human Development Index (West Bengal Human Development Report, 2004), the district of Darjeeling has been showing a similar

trend. As a matter of fact, the percentage of main workers to the total population is continuously declining. In 1961, the percentage of main workers to the total population was 42.6 per cent and in 2001, it came down to 29.73 per cent (Diagram-A). Lower work participation rate reflects difficulty of finding work and increased marginalization of workers⁶. A close scrutiny of sectoral employment pattern reveals that percentage of cultivators is declining steadily since 1961 and that of agriculture labourers and other workers are increasing. It is interesting to note that by the percentage cultivators are falling, the agricultural labourers have not increased by the same proportion (Table-1 & Diagram-B). Where are these labourers going? Are they getting absorbed in the tea gardens? The answer is no. In 1961, the number of tea gardens in Darjeeling hills was 139 and in 2001 it got reduced to 86. It has direct bearing on employment in the tea gardens. In 1961, 59,844 people were engaged in tea gardens which was around 23 per cent of total workers and in 2001, the figure is reduced 51,223 which 10.7 per cent of total worker (Table-2). The scenario in tea gardens is unlikely to change for various reasons. First, big tea garden owners are finding it difficult to maintain the previous production level (Table-3). Rise in cost of production, ageing of tea bushes, lack of investment, lack of upgradation in production techniques, management problems and rising competition in the world market of tea are a few of the reasons for closure of big tea gardens as well as subsequent fall in the employment (on regular mode) in the tea gardens in Darjeeling hills.

Paradoxically, average productivity has increased and profit level has not declined for the tea gardens of Darjeeling hills. On field observations these contradictory features have been resolved. As a matter of fact, most of the tea gardens in Darjeeling hills, over the years, did not recruit workers on regular mode, as a result expenditure on health, housing and ration has either declined or remained same and thus producers kept the fixed cost in check successfully. The excess demand for labourers was met up by recruiting casual workers in tea-gardens. These casual workers do not get any wage or any other mandatory services; they receive cash payment against the amount of tea-leaves they pluck in a day. These casual workers will get work as and when the demand for labour will be high. Thus the emerging scenario is that a large chunk of cultivators have become agricultural labourers and employment opportunity in tea-gardens has either declined or become uncertain. These labour forces will either have to move out to nearby urban centres and join in the informal sector, or else they will be forced to migrate to other parts of of country in search of livelihoods⁷.

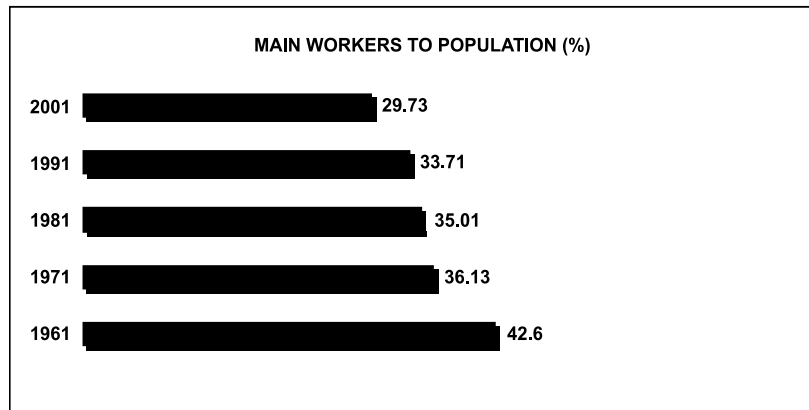
Now we can safely vouch that marginalization of rural work force has become a reality and rural poverty will certainly be on the rise. In addition, the expansion of household industries is also negligible and has failed to absorb the excess labour force created in the rural areas because of the marginalization of rural economy. Therefore,

6 Patnaik, Utsa, "Theorising Food Security and the Poverty in the Era of Economic Reforms" *Social Scientist*, Vol. 33, No. 7/8, Jul. – Aug, 2005, 50-81.

7 Harris J. & Todaro M., Migration, "Unemployment, Development: A Two Sector Analysis", *American Economic Review*, Pittsburgh, 1970, 40.

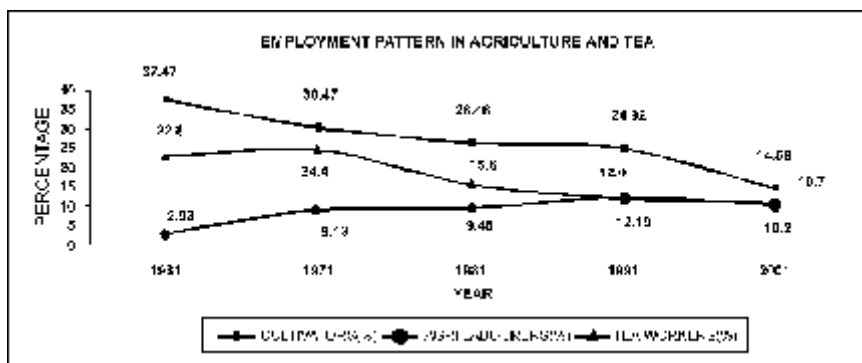
plausible policy intervention demands the creation of employment in rural areas so that rural population can stay back at their respective villages and can earn a sustained livelihood.

Diagram-A: Main Workers as Percentage of Total Population



Source: Census Reports, West Bengal, 1961 to 2001

Diagram-B: Employment Pattern in Agriculture and Tea (As a Percentage of Main Workers)



Source: Compiled from Statistical Handbook (1951-2001), Darjeeling, West Bengal and Tea Statistics, Tea Board of India

Table-1: Distribution of Main Workers (In Percentage) in Various Census Years

YEAR	CULTIVATORS	AGRI LABOURERS	HHI WORKERS	OTHER WORKERS
1961	37.47	2.93	1.69	57.91
1971	30.47	9.13	1.74	58.66
1981	26.46	9.45	1.34	62.76
1991	24.92	12.19	0.63	62.26
2001	14.59	10.2	2.59	72.62

Source: Census Reports, West Bengal, 1961-2001

Table-2: Employment Pattern in Tea Gardens of Darjeeling Hills

YEAR	NO. OF GARDENS	EMPLOYMENT (NO.)	AS A % OF MAIN WORKERS
1961	139	59844	22.8
1971	140	69000	24.4
1981	137	55765	15.6
1991	132	52659	12.0
2001	86	51223	10.7

Source: Compiled from Statistical Handbook (1951-2001), Darjeeling, West Bengal and Tea Statistics, Tea Board

Table-3: Area, Production and Productivity of Tea in Darjeeling (1994-2006)

YEAR	AREA (IN HECTARES)	PRODUCTION (IN THOUSAND KGS.)	PRODUCTIVITY (IN KG/HECT.)
1994	19180	11298	589
1995	18932	10604	560
1996	17551	10054	573
1997	17760	10253	577
1998	17830	8653	485
1999	17604	9281	527
2000	17228	9742	565
2001	17453	9841	564
2002	17463	9180	526
2003	17580	9582	545
2004	17522	10065	574
2005	17539	11312	645
2006	17542	10854	619

Source: Tea Board of India, Under Ministry of Commerce and Industry, Govt. of India

3. Alternative Models of Development for the Rural Areas in Darjeeling Hills

For significant economic change to happen in any society, concomitant transformations in attitudes, institutions and ideologies are necessary⁸. It is urgently being felt that some innovative thinking needs to be injected for the rejuvenation of sagging rural economy. For the successful implementation of models (to be proposed in this paper) some conditions need to be fulfilled.

First, mapping of village specific resources and creation of data bank (containing demographic, socio-economic, infrastructure and agro-climatic, geological features, chemical properties of soil etc.) by involving panchayat bodies, local NGOs with proper technical support from specialized agencies including different implementing agencies of government (Centre and State). This small step will enable us to draw the road map for micro level intervention keeping the macro goal in mind.

Second step in this regard is to create a proper coordination among various government departments who works for rural development, Bankers working in rural areas, members of panchayat, self-help groups and this coordination will enable to reduce the multiplicity of implementing agencies who are prone to suggest uniform policies for development without taking into consideration the variation in resource endowment and strength and weaknesses of various stakeholders at grass root levels. Once the coordination is established among various groups, they will be supplied with resource map and data bank to come out with proposal for region specific developmental intervention.

Third and an important step in this regard, is to do away with the policy of '*project based donor driven intervention*' and to adopt a policy of '*resource based intervention*'. Here two models have been envisaged along with a flow chart (Diagram-C) depicting the process of rural development in Darjeeling hills. Tourism at present and cinchona farm have however been kept out from this analysis.

3.1. Model-I: Small Tea Grower Model

In the context of Darjeeling Hills, it can safely be remarked that alternative to tea is tea only. Since the revival of large tea gardens is a gigantic task and demands multi-level intervention, an alternative can be '*small tea grower model*'. An observation made by the Tea Board of India that during the course of the Eighth and Ninth Plans a significant number of farmers in Assam and North Bengal had switched over to tea cultivation taking up the contribution from the small grower sector up to 15 per cent during the Ninth Plan. The major obstacles most of the small growers are facing are as follows:

8 Killick, Tony, "Flexibility and Economic Progress", *World Development* (Journal), Elsevier (Netherlands) 1995, 23.

Firstly, the estate factories had a measure of control over the maintenance of standard of green tea leaves for manufacturing tea. However the bought leaf factories had no such mechanism over the small tea growers. This was one of the reasons for the poor quality of tea manufactured by the bought leaf factories. These factories were also not well equipped to process the green leaf during the peak cropping months and, therefore, suffered from processing capabilities leading to smaller returns.

Secondly, in the absence of a reasonable return to growers, mostly due to the imbalance in the demand and supply, not many growers have been able to switch to quality plucking and undertake crucial operations like pruning and manuring. It was in this context that the Tea Board took the initiative by way of organising training programmes on modern facets of tea growing and manufacture, establishment of demonstration plots in the areas where concentration of small growers is high, and supply of high-yielding planting materials at subsidised rates. It was also decided that a leaf price fixation formula on 65:35 sharing basis between the growers and manufacturers would be introduced, so that the burden of sliding auction prices will be shared rationally.

With an assumption that the above measures are in place, farmers having small plot of land will first decide that they will cultivate tea along with other existing crops/vegetables they are producing. Initial financial support should come from institutional sources. At the same time self-help groups to be formed and these self-help groups will take care to repay the loan taken from the institutional sources. These self-help groups will set up a 'collection cell' for plucked tea leaves produced by the small tea growers and then they will take it to nearby factories for selling. As a result, the small growers can enjoy scale benefit in terms of production and on the other hand they can realize better price since 'collection cell' has already collected enough leaves to meet up the demand of factory owners. Prevalence of high demand in the domestic market as well as in the international market is bound to provide positive stimulus to small growers to go for scale expansion with collective effort.

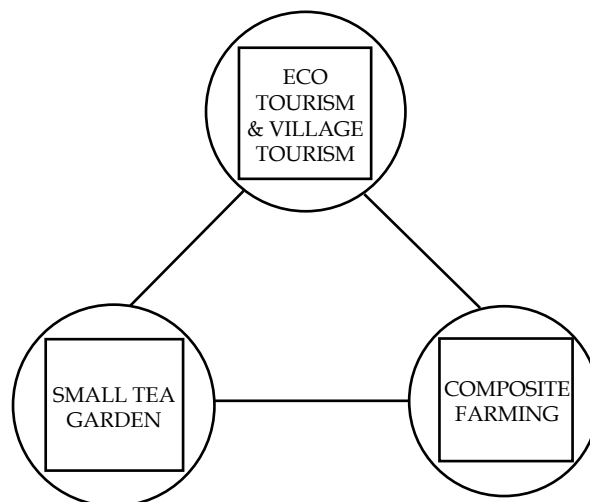
3.2. Model-II: Replacement of Land Based Agricultural Production by Need Based Composite Farming

Land use pattern reveals that around 38 per cent of total area is under forest, another 15 per cent of land is under tea cultivation and percentage of net sown area stands at around 41 per cent (District Statistical Hand Book, Darjeeling, 2005). This clearly reveals the limited scope for expanding land-based agricultural production in the Hills. It also indicates that uncertainty in tea gardens in terms of employment is bound to raise economic misery of the rural population. Therefore, a need-based composite farming technique will be a better option to stabilise the rural economy. Composite farming is a blend of simultaneous activities like livestock based farming, agriculture and horticulture including mushroom, apiary and sericulture, floriculture etc. Presently

the major crops grown in the hills are rice, wheat, maize, kalai, soybean and mustard. For rice and wheat, irrigation is must and available facility is utterly insufficient, therefore, their cultivation are more conducive at lower hills with increasing use of high yielding varieties. Farmers will be better placed if they consider soybean and potato as alternative crops for rice and wheat with higher value addition. Integrated development plan should be envisaged for promoting traditional crops like flowers, off-season vegetables like broccoli, capsicum, red cabbage, lettuce etc. (having strong export potential), fruits like mandarin orange, strawberry, banana, passion fruit, avocado, plum, kiwi etc., spices, especially, ginger and cardamom (these two require complete reorientation regarding production technique, pest control and marketing). In addition to these, mushroom is conducive in high altitude climate and since the initial cost of cultivation is quite low and has strong market demand. Farmers can garner better return provided they are supplemented with the facilities for quality control, packaging and transport facilities for marketing. Sericulture and promotion of commercial use of bamboo, dairy, poultry farming, piggery, meat processing, apiaries are considered to be potential non-farm activities to supplement and complement the farm activities in Darjeeling Hills.

In addition to the above two models, expansion of eco-tourism, tea tourism, adventure tourism and spiritual tourism in village areas will add further resilience to rural economy by creating additional employment opportunities and income. This will also reduce the seasonal impact of agriculture on rural employment.

Diagram-C: A Model for Rural Development for Darjeeling Hills



Conclusion

But these claims will become hollow until and unless we bring in changes in the present institutional support system, existing body polity as well as delivery mechanism in

existence at the grass root levels. Successful implementation of these two models will allow us to create an economy for Darjeeling Hills that will sustain even with the existence of uncertainty in big tea gardens and tourism marked by high seasonality. As concluding remarks, it is worth quoting a passage from Douglas C. North's 2003 Gunnar Myrdal Lecture (delivered at Palais des Nations), which may provide the reader a minuscule idea regarding the analytical genre the present work has attempted to pursue and positively failed to do so:

One cannot make sense out of the world with just economic reasoning. You have to know political and social theory and, as you are going to see, you must also know some cognitive science. Now, the reason why of course you need all these is that we do not live only in an economic world, a political world or a social world; we live in a world that is a blended mixture of all these. In the world that we are trying to confront with respect to solving problems, we have to develop a body of theory that integrates all of them. So we have changed the world; essentially we have conquered the physical environment. We have made possible a world of plenty. We have enormous piles of statistics to tell us that we have done so. But in conquering the physical environment we have created a human environment that is immensely complicated and over which we have very imperfect understanding. And so, on the one hand, we have made possible a world of plenty, and a world in which human beings live more than twice as long as they did before, and have the possibility of well-being on a level that would be beyond the comprehension of our ancestors. But we have also created a whole new set of problems in a human, political, economic and social structure that we are only able to use very imperfectly to solve and maintain what we are concerned with.⁹

9 Douglas C. North, Gunnar Myrdal Lecture, Palais des Nations, Paris, 2005.