



# BREWING MISERY

**Condition of Working Families in Tea Plantations in  
West Bengal and Kerala**

**Centre for Workers' Management**



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## **Acknowledgement**

This study has been collaborative in more ways than one.

This study would not have been possible but for the constant inspiration, persistence, guidance and openness of the two trade unions in the tea plantations – the Paschim Banga Cha Bagan Shramik Karmachari Union (PBCBSKU) (West Bengal) and the Plantation Working Class Union (PWCU) (Kerala). We are extremely grateful to the membership and the leadership of both these unions for opening their doors to us. We are in particular grateful to Vaskar Nandy (PBCBSKU) and P. T. John (PWCU).

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We also would like to thank Florian Langwieser and Brian Campbell for the photographs that we have used in this report. Florian spent days in the tea plantations of North Bengal and diligently documented the life of the tea workers through his lens and very generously shared those with us. Brian's understanding of the issues and his keen observation gave us this set of visuals that go way beyond photography.

As I sign this off, this study has certainly been able to put out some of the key issues in the union discussions and have made those central in the ongoing round of tripartite negotiations. We hope that this study will also open the way for discussions of how to address workers' issues in this highly globalised industry along the industry's value chain.

Dithi Bhattacharya

15 January 2015



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# Preface

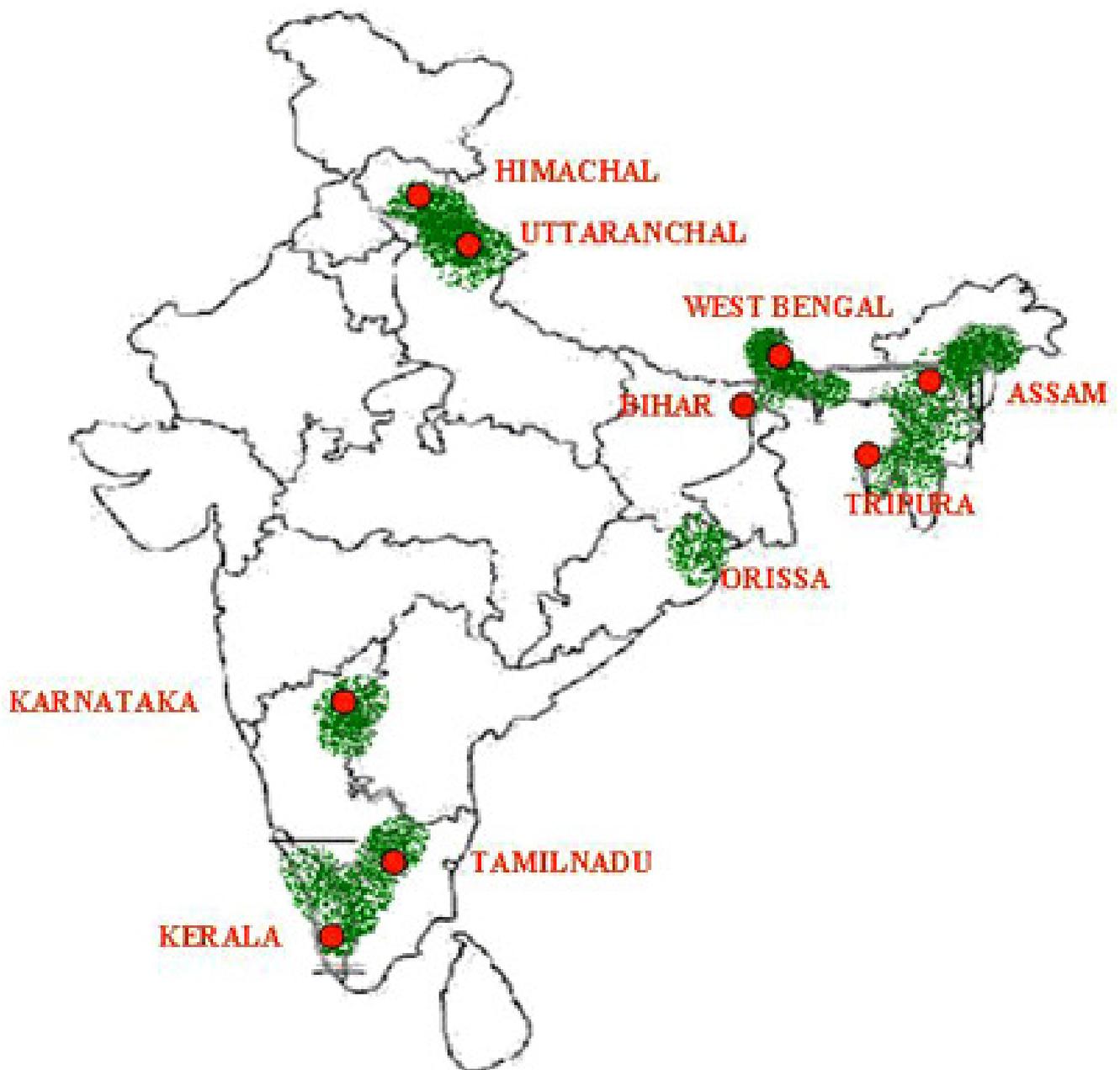
Child labour in many forms and guises is again back among the tea garden workers. It was inevitable, given the low wages in tea (lowest in any organised industry, lower than even the agricultural minimum wage) and the thin line that most workers have to walk on between starvation and survival. Of course there is a view that poverty is not the cause of child labour but that the reverse is true. Child labour deprives generations of children of the education that can make them and their families climb out of poverty and the need for labouring at an early age. The present study shows the hard to climb language barrier in the tea garden educational system and the abject poverty that provides the etiology of child labour in the tea gardens.

The basic truth about child labour in the tea gardens came home to me starkly when I visited a line of Scheduled Caste workers' in Kathalguri tea estate in Dooars region during its prolonged abandonment. Some dozen or so children from the line had been trafficked and taken for worse than slave labour by a well constructed recruitment chain. My discussions with the emaciated parents and neighbours, revealed that the children had not been abducted but were sent along by the parents themselves. They were allowed to go with the recruiters because "whatever happened to them, it could not be worse than starving to death as hundreds of their neighbours and their children were doing." One major illness or a social obligation such as a funeral can reduce most tea workers to the penurious condition of those Kathalguri workers. Obviously, that empowers tea managements to violate all laws of the land with impunity.

The present report seems to be a serious totalising effort to understand and change the predicament of the tea worker. This totalisation may be superseded, but will definitely remain a landmark. Young trade union activists, workers and intellectuals, worked on this report with diligence, sobriety and commitment. That is a sign of hope for the proletarian movement in India. I would like to recommend it to be used as a handbook by activists and all who are interested in the tea industry.

Vaskar Nandy

President, Paschim Banga Cha Bagan Shramik Karmachari Union



Tea Map of India

Source: Tea Board of India

# Background

India is the largest producer of black tea globally, India also is the largest consumer of black tea. Global black tea production is highly concentrated, with India, Sri Lanka and Kenya together accounting for 60-62 per cent of the total black tea supply. Sri Lanka and Kenya export 90-95 per cent of their black tea output as the domestic market is miniscule. India, on the other hand, typically exports only 17-20 per cent of its produce.<sup>1</sup> India produces many types of tea such as CTC, Orthodox, Green tea, Organic Tea, Instant tea and other specialty teas to suit the tastes and preferences of domestic and international consumers. However, nearly 90% of the tea produced in the country is of Crush, Tear, Curl (CTC) type because of its preference in the domestic market.<sup>2</sup>

The tea sector, the oldest organised industry in the country has 72% of the total area under tea cultivation and 74% of the total production in the organized sector with a total number of 1686 tea estates spread throughout the country. The remaining 28% of the area and 26% of the production is accounted for by the unorganized sector popularly known as small tea growers sector with more than 1.5 lakh holdings and the average size of the holdings being less than one hectare.<sup>3</sup> According to the last industry report of the Tea Board in 2007<sup>4</sup>, there were 159,190 tea plantations in India, comprised of small and large growers. At that time, India's tea industry employed 1.26 million workers, about 635,000 of them women. In West Bengal, tea plantations employ 262,039 workers<sup>5</sup>. Apart from this, nearly a million workers are employed as casual workers in gardens across the country.

With the industry facing deep decline in prices primarily due to expanded supply and sluggish demand in the 1990s, there has been a structural transformation of the industry both within the country and globally. In India, while many estates faced closure and abandonment across the country, the industry saw an increasing trend of emerging small growers, outside the legal domain of the Plantation Labour Act and other such legislation that protect the rights of the workers, along with the establishment of Bought leaf Factories (BLFs); and, globally, many new countries expanded and emerged as large tea producers, but the structure of the global supply chain increasingly got captured on the top by a few global corporations most notably, Unilever and Tata Tea. In the first decade of this century, consumer taste has led to a shift in production of tea around the globe. In 2006, China emerged as the leading producer of tea in the world surpassing the record held by India over 111 years. Kenya became the leading exporting country, while Sri Lanka was relegated to third position in the ranking of exporting countries. In India, we saw an expansion of small growers who became a force to be reckoned with, increasing its share from 11% to 26

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<sup>1</sup> <http://www.thehindu.com/business/Industry/a-tea-cup-of-woes-for-consumers/article3949102.ece>

<sup>2</sup> Parliamentary Standing Committee on Commerce Report on Performance of Plantation Sector - Tea and Coffee Industry, presented to the Parliament in August, 2012

<sup>3</sup> *ibid*

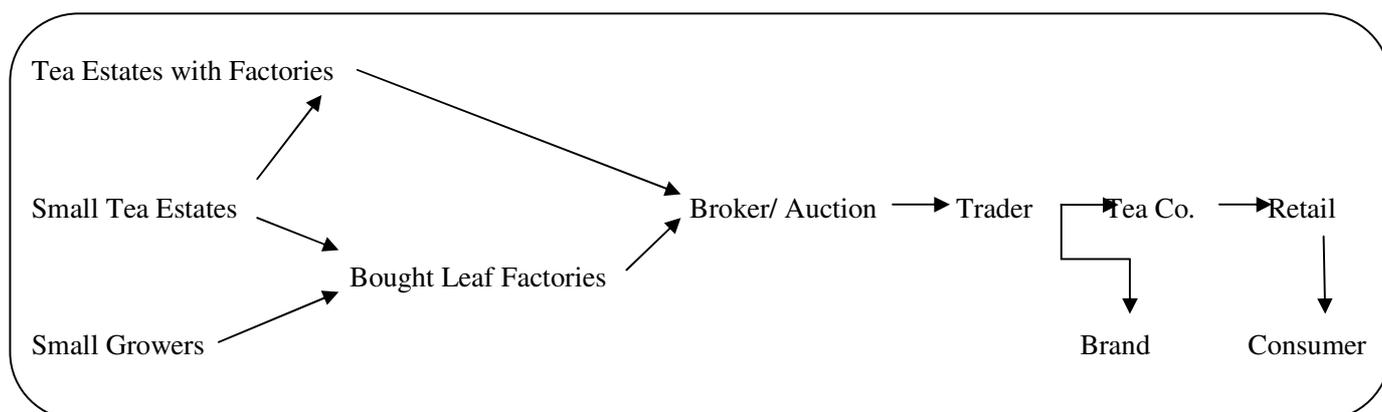
<sup>4</sup> <http://www.teaboard.gov.in/pdf/stat/Labour.pdf>

<sup>5</sup> *ibid*

% between 2001 and 2010.

At the same time, we saw a shift in the production locations, we also saw a shift in the varieties of tea under production. Green tea expanded from 23% to 39% of global market share, and black tea declined from 77% to 61% of total market share with orthodox black tea remaining stagnant 34% of total production while CTC tea declined to only 27%.<sup>6</sup>

While the tea plantations were undergoing significant changes and struggling to recover from the crisis of the 1990s, the buying and retailing end of the tea market became dominated by a few very powerful global corporations. The tea supply chain is complex, with many stakeholders – beginning with the producers, collectors, traders/brokers, packers and brands. (See Chart) With the consolidation of the industry at the top of the value chain, global tea companies have been able to use its monopsonistic market structure to manipulate world prices to their benefit; allowing them to skim off most of the value of the tea supply chain and concentrate profits upstream in the supply chain. In one stark example, as workers were facing starvation and children were being handed to traffickers by their parents as their only means of survival, Tata Tea was able to increase its profit after tax by 45 percent in 2005-06. By 2009-10, Tata Global Beverages had further increased five-fold to Rs.5783 crores.

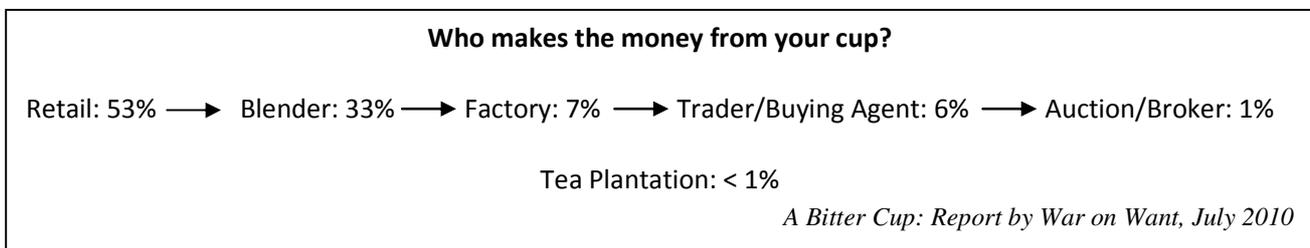


One primary reason for consolidation of profits at the top of the supply chain is the growing divergence between the retail market price for tea and the price that tea fetches at the plantation. According to Tea Board statistics, for the period 1999 the average auction price for tea was Rs.76 per kg, while retail price was Rs.110 per kg. In the year 2002, the auction price declined to Rs.50 per kg, while the retail price increased to Rs.125 per kg. While the tea price at the plantation level was around two-third of the retail price in 1999, by 2002 it had declined to around a third. According to an independent report commissioned by the Indian Government, and conducted by A.F. Ferguson & Co., the decline in tea price

<sup>6</sup> CTC stands for "Crush, Tear and Curl" (CTC) method of processing tea. Leaves processed using the CTC method is placed through cylindrical rollers with small teeth. The rollers crush, tear and curl the tea leaves, hence the name of the method. In India, over 80% of tea production is of the CTC type.

for plantations is a direct result of the emergence of a strong cartel of large tea traders who have come to control purchasing from the plantations and the sale of tea through the auction system.<sup>7</sup> The report also found that (1) the dominance of big corporations in the tea trade; (2) the tea export and import policy of government; (3) mismanagement of the estates, and (4) siphoning-off of money for other business ventures at the cost of the tea plantations have all contributed to the crisis.

The plantation price for tea has continued to be low despite rising retail price of tea. As per the Tea Board of India e-Auction Project statistics, the average auction price for tea sold through all auction centres in 2011 was Rs.91.38 per kg. The auction price today, even after the reform of the system, is just around half the retail price – still much lower than the ratio for 1999. The sale price of tea for Tata Tea (as per Annual Report 2009) averaged Rs.162 per kg for the year 2008-09. The average auction price for tea across the country for Jan-Feb 2009 was Rs.82.74 per kg ([www.teaboard.gov.in](http://www.teaboard.gov.in)).



As a result, by the time global tea prices started to stabilize in 2008<sup>8</sup>, it was the global tea conglomerates, and not tea producers or workers, who emerged as the main beneficiaries, and tea producers in India began to see cuts in their overall profit margins with less money making it back to the plantations and the workers. Facing declining profit margins, local producers increasingly shifted the financial burden to tea workers by implementing large cuts in real wages and benefits for their full-time employees as plantation owners began withholding payments to workers social security (Provident Fund) At the same time, plantation owners began hiring more irregular workers to replace full-time workers, which have allowed them take advantage of lax Government enforcement of the law by refusing to pay workers the legally required wages and benefits due to full-time tea workers. Additionally, tea production has shifted toward small tea growers across the country as a way to avoid legal safeguards intended to established to protect workers. Legal safeguards to tea workers as industrial workers is guaranteed through the Plantation Labour Act, which applies necessarily to workers employed in plantations defined as “... any land used or intended to be used for growing tea, coffee, rubber, cinchona or cardamom which admeasures 5 hectares or more and in which fifteen or more persons are employed or were employed on any day of the preceding twelve months”. Small tea producers most necessarily have land holdings that are less than this stipulated area, ie. 5 hectares, and even if they employ more than 15 workers, complete absence of inspection and regulation of agricultural holdings, allows these holdings to escape being brought under

<sup>7</sup>[http://articles.economictimes.indiatimes.com/2002-09-29/news/27337305\\_1\\_packet-tea-tea-auction-system-auction-prices](http://articles.economictimes.indiatimes.com/2002-09-29/news/27337305_1_packet-tea-tea-auction-system-auction-prices)

<sup>8</sup> 57<sup>th</sup> Annual Report of Tea Board of India, 2010-2011

the PLA.

Since 2008, the global tea multi-national corporations have enjoyed several consecutive years of increased consumer demand, stable prices, as well as rising profits. However, tea workers have not benefited from the recent success of the global MNEs. For example, while the Tea Board claims that “buoyancy in the tea prices” is the reason that 31 out of 34 plantations that had been abandoned during the tea crisis had been reopened by 2011, most of the estates reopened in this period owe it to the financial grants to plantation owners under the Special Purpose Tea Fund (SPTF) as well as direct contributions from the tea workers themselves, who were compelled to enter into lopsided agreements to forego wages and benefits that were owed to them by law.

### **Crisis in the Tea Industry**

In 2003, more than 240 workers died of starvation between March 2002 and February 2003 as many plantations in Assam, West Bengal and Kerala were abandoned by the plantation companies, many of whom refused to pay the workers the wages and benefits they were owed under the law. According to the Inter-Ministerial Committee on the Plantation Sector, which was established by the Ministry of Labour after outcry from the tea unions of the rampant legal violations underway, found that as of November 2002, an estimated 1367 out of a total of 4819 plantation companies had defaulted on their legal obligations to the tea workers.<sup>9</sup>

In 2005, the International Labour Organization (ILO) reiterated the Committee’s findings in a report on plantation labour in the West Bengal Tea Industry, which found that “*Several estates that shut down...had accumulated huge dues on account of unpaid bonus and wages and had also not deposited with the appropriate authority the provident fund contributions deducted from workers dues*”. In many tea estates the workers’ rations had not been distributed and electricity bills not paid. It was estimated that “*100,000 permanent workers were affected by estate closures across the entire country.*” The report also indicated that “*little organized effort was made to investigate and report... it was almost taken as a given that plantation workers were bound to suffer.*” The ILO noted that the central government had adequate powers under the Tea Act, 1953 to grant relief to the workers, but according to the ILO, the Tea Board “*ignored the....wage and provident fund defaults by the estate managements,*” and “*...continued to look at the plantation crisis purely on the marketing end and failed to fulfill its regulatory role as enshrined in the Tea Act.*”<sup>10</sup>

The Government of India , through the Tea Board, responded by introducing a Tea Quality Up-gradation and Product Diversification Scheme worth Rs. 1500 crores (Rs. 15 billion) for the tea gardens starting in April 2007 and lasting until March 2012. However, Government’s program was specifically designed in a way that the scheme did not apply to the sick / closed/ abandoned gardens and hence excluded the most needy workers with little to no opportunity to leave. Also, in a major setback to tea workers, the

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<sup>9</sup> Report of the Inter-ministerial Committee on Plantation Sector, Government of India, 2003

<sup>10</sup> Need Citation to ILO Report

Government programme did not require the payment of unpaid workers' dues. Instead, the Government of India pumped cash into the hands of the plantation companies, many of which had already defaulted on their legal obligations to pay their workers' wages and benefits. The underlying assumption is that the reason for failure of plantations is low productivity and tea quality of plantations. Investment has also been diverting towards promotion of tourism in the estates, further depriving the workers of their sole means of livelihood.

Throughout this time, in January 2004, a report on the continuing distress in the plantations was filed in the Supreme Court as part of PUCL vs Union of India Writ Petition 196/2001 on the Right to Food and Work. Finally, on 6 August 2010, the Supreme Court of India directed the Union of India to carry out its statutory duty under Tea Act 1953 in terms of Section 16B, 16C, 16D and 16E within the a period of six month from the date of this order. Neither the state governments nor the central government has till date invoked the Tea Act to takeover any of the sick, closed or abandoned tea estates in violation of the Supreme Court order and the Supreme Court too has not undertaken suo moto contempt of court proceedings against the government.

As the report goes to print, the government of West Bengal has also decided to privatise five tea plantations owned by the West Bengal Tea Development Corporation Ltd. The five sick plantations had defaulted on Rs.30 lakh in gratuity payments as also on wages in kind for the workers. There are about 4211 workers in these five plantations, two of which are in the Darjeeling hills and the remaining in the Doars.

## **Objectives of the Study**

The present study on Conditions of Work and Employment Practices in Tea Plantations of West Bengal and Kerala – Incidence of Child Labour is an attempt to

- a) Understand the Conditions of work and employment practices in tea plantations in West Bengal in comparison with that in Kerala.
- b) Explore trends in wages, social provisions and household expenditure; and
- c) Trace incidence of child labour.

In light of this, the study will focus on violations of laws applicable to plantations and analyse the impact of changing conditions in the plantations in terms of new employment, and on working and living conditions for plantation workers and their families.

Finally, the study will analyse the supply chain of tea from the point of plucking the leaves to the point of the consumer in order to create a basis for linkages between the plantation workers and other workers in the supply chain, upto the retail workers who sell the end product at different points.

## **Geographical Scope of the Study**

The study was carried out in the tea gardens of West Bengal and Kerala. The tea industry in West Bengal is located in North Bengal and divided into three geographic regions of Darjeeling hills, Terai and Dooars. These regions fall within the Darjeeling, Jalpaiguri and the upper region of Cooch Behar districts of West Bengal. Dooars fall in Jalpaiguri district and is the largest among the three regions. Terai constitutes the plains of Darjeeling district and Darjeeling hills is the hilly tract of the Darjeeling district.

In case of Kerala, the plantations covered were Harrison Malayalam Plantations Ltd - Achoor Division and Parrysons Plantations –Talapaya Division in Wayanad in the north; and Bonaccard Tea Estate of Mahavir Plantations in Periamedu in the Trivandrum district in the south.

## **Methodology**

The study in West Bengal was conducted in a total of five tea gardens spread over districts of Jalpaiguri and Darjeeling (Table 1). Presence and participation of workers in unions was an important factor in selection of the gardens for the study. Purposive Sampling was done to select the gardens, with the help of Paschim Banga Cha Bagan Sramik Karmachari Union (PBCBSKU) a union which has been organizing tea workers since the 1980s.

Keeping in mind the objectives of the study it was decided to select houses that have children within the age group of six and seventeen years. A list of the houses per garden was prepared and further segregated into the different workers' residential areas within the garden. Further, random sampling of the households from within the selected category was done to meet the sampling criteria. A questionnaire was designed (Annexure 1), for every household in all the gardens to study the work conditions and employment practices.

Series of meetings were held with the activists of the Paschim Banga Cha Bagan Sramik Karmachari Union (PBCBSKU) to understand the situation of the gardens- the work conditions and employment practices. Thereafter, a survey schedule (Annexure) was prepared and finalized after being field tested at the Kalchini Tea Estate.

Data collection was done by the researchers along with the activists from PBCBSKU who were trained in the process of data gathering by the researchers. Completed data sheets were analysed using SPSS to write up the report.

In the case of Kerala, focus group discussions were undertaken in each of the plantations selected as the primary purpose of the study was to generate a comparison between conditions of employment in Kerala and North Bengal tea plantations. The FGDs were conducted in the period November 2011 to March 2012

by activists of the Plantation Working Class Union (PWCU). The Harrison Malayalam Plantation is one of the largest and profitable plantation companies in Kerala, with interests in tea, coffee and rubber. The Achoor division located near Kalpatta is one of its flagship estates. Parrysons Plantations is a medium size company, with the Talapaya division located near Mananthwadi in Wayanad. The Mahaveer Plantations is a sick company. The Bonnacard Estates is a closed tea plantation of the company, now being run on lease by a private entrepreneur.

**Table 1:** Selected Estates

<b>Estate</b>	<b>Number of Families Interviewed</b>	<b>Geographical Location</b>	<b>Past Operational Status</b>	<b>Present Operational Status</b>
1. Kamala	10	Terai		Fair Trade
2. Pahargoomiah	20	Terai	Closed from Dec 2005 to Feb 2006 (2 months)	Open
3. Baintguri	15	Middle Dooars		Open
4. Bharnobari	25	Dooars	Closed from 30 Dec 2005 till July 2008 (31 months)	Open
5. Kalchini	17	Dooars	Closed between Oct 2003 to March 2004 and between Feb 2006 and August 2010	Open
6. Bhatpara	24	Dooars		Open
7. Harrison Malayalam Plantations Ltd - Achoor Division	FGD	Kalpatta		Open
8. Parrysons Plantations – Talapaya Division	FGD	Wayanad		Open
9. Bonnacard Estates	FGD	Thiruvananthapuram		Closed

## **“Modern” Tea Production in India and Forced Labor**

Starting in the 1830s, after the annexation of Assam in 1826, the British East India Company found tea to be a plant native to Assam. In 1834, the then governor general Lord William Bentinck, submitted a memorandum to the British East India Company’s Council of Directors on the potential for initiating a tea industry in India. In June that year Lord Bentinck appointed a Tea Committee to study the feasibility of commercial cultivation in India. Exploration and experiments finally decided against the local plant variety and it was decided to plant the Chinese variety suited to the soil in Assam. In 1837, the first sample shipment of tea from Assam was marketed in London. In February 1839, the government allowed Small, Colquhoun & Co, Daniel Tullock & Co and Cockerell & Co to start tea cultivation in Assam. Large scale production of tea in Assam was seen as a boon by the East India Company, both as a very profitable proposition in itself and also to break the monopoly of Chinese tea in a thriving and growing international market. It would also go a long way towards solving its balance of trade problems with China. The Company started to make large land grants to all would be British planters without charging any land revenue. British investors, both from among the local functionaries of the company and from the UK, relied on a new corporate entity, the managing agency – which became integral to British control of the Indian economy. The managing agency system created a tenuous infrastructure in the tea industry and by its very nature engaged in large scale repatriation.

The expansion of the tea industry in Assam in the 19<sup>th</sup> century created a new problem – scarcity of workers. Since 1853, the Assam Company, with the development of rail transport in Assam, started bringing in adivasi workers from the densely populated area of Bihar (now states of Bihar and Jharkhand), Orissa and Bengal to work in the increasingly proliferating number of estates in the Terai, Dooars and Assam. In 1891 the total number of immigrants was estimated approximately at 4,23,199 which went up to 6, 45,100, and a million by the 1930s. The workers who migrated were extremely poor and, enticed by recruiting agents to move onto the plantations with fraudulent promises to the workers of a better life.. In most cases, the workers did not have the economic means to migrate on their own, so as a result, often found themselves trapped in debt bondage or indentured servitude; geographically isolated and tied to indefinite informal contracts from which they could not escape.

The large immigration of indentured adivasi workers and reports of large scale exploitation forced the Government of Bengal to constitute a Committee of Enquiry in 1861 which culminated in the passage of the first regulatory legislation in the tea plantation industry – the Act III (Bengal Government Judicial) of 1863 – that necessitated licenses for all contractors and guaranteed clothing, ration and medicines for all workers being brought into Assam for the journey. Following this were the Act VI of 1865 that prescribed minimum wages, limited working days to 6 days a week, and contract tenure not exceeding 4 years. In 1868, the Government of Bengal constituted a Commission of Enquiry to assess the prospect of expansion of tea cultivation but the report led to the passage of the Act of 1870. This act recognized the ‘sardari system’ of recruitment and abolished the minimum wages as prescribed by the Act of 1865. The

plantation owners were granted wide ranging powers over indentured workers including power to arrest and punish them. This act however was repealed and replaced by the Act of 1873 and then the passing of Bengal Act I of 1882. The Act of 1882 once again provided for minimum wage subject to completion of minimum task and for payment of subsistence allowance in case of illness and also gave some powers to inspectors. The Bengal Act of 1889 ensured accommodation, food, water supply, medical attendance en route. In 1895, once again a Commission was constituted which led to the passage of the Assam Labour and Emigration Act 1901 which provided for recruitment of workers only through licensed contractors, and the minimum wage was raised and the Government was empowered to authorise sardars to hire free labour. The Assam Labour and Emigration (Amendment) Act, 1915 abolished the contractor system and made plantation 'sardars' the only recruitment agents in recruiting districts.<sup>11</sup> The indentured system was created to grant widespread penal sanctions to the planters where the breach of contract by the worker resulted in criminal prosecution thereby creating condition of bondage for the workers. The legal provisions for such methods were aided by acts such as the Workman's Breach of Contract Act XII of 1859 and its amended act of 1865, where workers could be punished for striking work. The indentured system of recruitment was carried out under two systems – the first phase was called the *Arkatti* system, characterised by unlicensed recruiting from central India; and the second phase was the *Sardari* system characterised by recruitment of new workers by those already employed in the tea estates.<sup>12</sup>

During the period 1921-1929, anti-colonial, nationalist fervor was rising, and the Indian working class took to the streets in large numbers to protest the mistreatment of Indian workers at the hands for the British and their local allies. The All India Trade Union Congress (AITUC) was founded in October 1920 in Bombay, and by 1921 the Non-cooperation Movement was fully underway. Over the next 10 years, the Indian working class engaged in more than 1,700 industrial disputes throughout India involving approximately 3.25 million people. The impact on the British and Indian businesses amounted to more than 84 million working days or over 250,000 working years.<sup>13</sup> By 1922, faced with an increasingly empowered and bold working class, the British Raj began imprisoning thousands of workers and peasants in an effort to suppress their calls for an end to abuses by the British and their supporters.

Prior to 1865 a deserter from the tea gardens, if caught, was punished under section 492 of the Indian Penal Code which provided for one month's imprisonment. Act VI of 1865 then further empowered the employers to arrest runaways without warrant. A more positive manifestation of workers' resistance in the tea gardens was their spontaneous and at times violent outbursts against their harsh physical conditions. Between 1900 and 1930 about 272 cases of 'unlawful assembly', and 'rioting' were reported along with 79 cases of 'assault', 'intimidation' and 'violence'. In the years 1920-22, for the first time the numbers involved in struggles surpassed all previous figures. The intensity and seriousness of the protests was sufficiently alarming for the government to appoint an Enquiry Committee to investigate the events of

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<sup>11</sup> Socio-Economic and Political Problems of Tea Garden Workers: A Study of Assam, Singh, Narain, Kumar, 2006

<sup>12</sup> Struggles in the Tea Plantations of Assam: Then and Now, Sanjay Barbora, Revolutionary Democracy, Vol. V, No. 1, April 1999

<sup>13</sup> The Growth of the Indian Strike Movement, 1921-1929, Glading, Percy, *Labour Monthly*, Vol. 12, July 1929, No. 7

1920-22.<sup>14</sup>

Tea workers were at the forefront of the working class struggle in Assam, and in one instance, in 1921, thousands of tea workers at Chandpur in Surma valley defied both the tea plantation management and government security forces in Assam, called a strike, and walked out of their plantations to trek hundreds of miles to the steamboat jetty in Madarihah in Bengal, famously called the Chargola exodus.<sup>15</sup> Their hope was to board boats travelling towards western Bengal to return to their villages of origin. In response calls of the plantation owners, the colonial armed forces surrounded the worker and opened fire, killing a few hundred workers. The survivors, men, women and children, were forcibly marched back to their plantations and back into servitude prompting outcry from the nationalist press in Bengal who documented the plight of the tea workers in horror-stricken cadences.

The growing strength of the demonstrations by the militant working class across the country, including tea workers, prompted the Indian government to constitute the Assam Labour Enquiry Committee in 1921 to look at the abuses inherent in the of the system of recruitment use by tea plantations that trapped adivasi tea workers to in forced labour. The outcome, though, was a report that, while extremely critical of recruitment methods for tea labour, was focused not on ending the repression of tea workers but rather on reducing the reputational risk for tea companies brought about by the abusive labor system that complicated recruitment of more adivasi indentured servants and making it difficult to ensure enough labour for the plantations.<sup>16</sup>

The International Labour Organisation (ILO) was created in 1919, as part of the Treaty of Versailles that ended World War I (1914-18), to reflect the belief that universal and lasting peace can be accomplished only if it is based on social justice. The first International Labour Conference was held in Washington in October 1919 which adopted 6 International Labour Conventions, which dealt with hours of work in industry, unemployment, maternity protection, night work for women, minimum age and night work for young persons in industry. The ILO urged the member nations to assess existing conditions of labour and create legislative framework for implementation of the conventions. The Russian revolution on the other hand, infused an enormous impetus to working class struggles across the world and Indian trade union movement soon gathered national momentum. These together forced the colonial government to establish the Royal Commission on Labour in 1931 to inquire existing conditions of labour in industrial undertakings, plantations, etc. At the conclusion of its inquiry, the Royal Commission issued two main recommendations with respect to plantations, neither of which would address the forced labor system of recruitment. First, the Commission called for continued recruitment of adivasi labor to Assam. Second, it called for the recruitment of entire families rather than just an individual worker. On the basis of the recommendation of the Royal Commission, the Tea Districts Emigration Labour Act was enacted in 1932,

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<sup>14</sup> Forms of Labour Protest in Assam Valley Tea Plantations, 1900-1930, Rana Pratap Behal, EPW, Vol. 20, No. 4 (Jan. 26, 1985)

<sup>15</sup> Coolie Exodus from Assam's Chargola Valley, 1921-An Analytical Study, Kalyan K Sircar, EPW, Vol – 22, No. 5, Jan 31, 1987

<sup>16</sup> Assam Labour Committee Report, 1921-22, Government of Assam, 1922

which also provided for the first time a statutory right for immigrant labour to be repatriated after 3 years.<sup>17</sup> Unfortunately, while the Act sought to limit the length of indentured servitude for adivasis pulled into the tea plantations, the government did not try to eliminate indentured servitude and forced labour of Adivasis continued.

## **Post-independence Government Effort**

Though a slew of regulatory labour legislation had been enacted before and right after independence, none of the laws addressed the deplorable condition of life and employment of tea plantation workers nor did they attempt to eliminate the forced labour recruitment system.<sup>18</sup> So, post independence, the Union government was confronted with a dire situation on the tea plantations, and in an effort to address these violations, the Government of India passed in succession two significant laws to regulate the tea plantations across India. In 1951, the Plantation Labour Act (PLA) was passed in order to regulate living and working conditions in plantations. Passage of the PLA was followed quickly in 1953 by the enactment of the Tea Act, which brought tea plantations fully under the regulatory control of the Union government.<sup>19</sup>

The Plantation Labour Act, 1951 (henceforth, the PLA) was enacted to regulate the conditions of work in plantations and provide for welfare of plantation workers, including workers employed in the offices, hospitals, dispensaries, schools and crèches in the plantations, but it does not apply to those factory premises to which the provisions of the Factories Act, 1948 apply. The Act is administered by the Ministry of Labour through its Industrial Relations Division. The Act has been amended several times. Its amendment in 1981 provided for compulsory registration of plantations and in 1986 defined a child to be a person who has not completed his fourteenth year and in 2010 provided for safety provisions in handling hazardous chemicals, etc. The PLA applies to tea, coffee, rubber, cinchona and cardamom plantations but a State Government, subject to the approval of the Central Government, by notification can extend it to any other plantation in the state. It covers all plantations that measures 5 hectares or more and in which 15 or more workers are employed. The main provisions of the PLA pertain to:

### **i. Health and Welfare**

- a. **Medical:** every plantation is required to provide and maintain such medical facilities for workers and their families.
- b. **Housing:** The PLA makes it obligatory for the employers to provide and maintain necessary housing accommodation for every worker and his or her family residing in the plantation. The Act also requires every employer to provide and maintain necessary housing accommodation for those desiring workers, who have put in six months of continuous service, but are residing

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<sup>17</sup> Socio-Economic and Political Problems of Tea Garden Workers: A Study of Assam, Singh, Narain, Kumar, 2006

<sup>18</sup> In addition to the Tea Districts Emigration Labour Act of 1932, the Workmen Compensation Act was passed in 1923; the Indian Trade Unions Act in 1926; the Payment of Wages Act in 1936; the Industrial Employment Standing Order Act in 1946, the Industrial Disputes Act in 1947, and the Minimum Wages Act in 1948.

<sup>19</sup> Ibid

outside the plantation.

- c. **Recreation:** The PLA lays down that the State Governments should frame rules for providing recreational facilities for the workers and children employed in the plantations.
- d. **Education:** The State Governments are also required to make rules ensuring every employer provides educational facilities of a prescribed standard where the number of workers' children in the age group of 6-12 years exceeds 25.
- e. **Canteens:** In plantations employing 150 or more workers, the employers are required to provide and maintain one or more canteens for the workers.
- f. **Crèches:** In every plantation wherein 50 or more women workers are employed or were employed on any day of the preceding twelve months or where the number of children (below the age of 6 years) is 20 or more, crèche facility for the use of children of such women workers is required to be provided and maintained by the employer.
- g. **Maternity Benefit:** As per the Maternity Benefit Act
- h. **Other basic amenities:** Adequate supply of drinking water; maintenance of sufficient number of latrines and urinals in clean and sanitary conditions separately for men and women; supply of prescribed number and type of umbrellas, blankets, raincoats or similar amenities for the protection of workers from rain or cold, and appointment of welfare officers in the plantations wherein 300 or more workers are ordinarily employed, are some of the other facilities required to be made available under the Act, for plantation workers by the employer.

## ii. Hours of work and Limitation of employment

**Weekly hours:** The PLA provides that no adult worker is required or allowed to work in any plantation in excess of 48 hours a week and no adolescent or child for more than 27 hours a week. Nonetheless, when an adult worker works on any day in excess of the number of hours constituting a normal working day or for more than 48 hours in any week, he shall, in respect of such overtime work, be entitled to twice the rates of ordinary wages, provided that no such worker shall be allowed to work for more than nine hours on any day and more than 54 hours in a week.

It is obligatory under the PLA that for any work done on any closed holiday in the plantation or on any day of rest, a worker shall be entitled to overtime rates.

It lays down that the period of work of an adult worker shall be so arranged that it does not exceed beyond 12 hours a day, including rest intervals and the time spent in waiting for work. The Act also provides that no woman or child worker be employed in any plantation except between 6 a.m. and 7 p.m. without the permission of the State Government. The period of work of an adult worker in a plantation shall be so arranged that inclusive, of his interval for rest it shall not spread over more than twelve hours including the time spent in waiting for work on any day.

As per the PLA, workers are required to be given a rest interval of at least half an hour each day after 5 hours of work. The hours of work for a normal working day for the purpose of wages and

overtime are to be fixed under the rules framed by the State Governments. The State Governments under the Rules, have to provide for (a) weekly day of rest and (b) payment for work done on the weekly day of rest at a rate not less than the overtime rate prevailing in a particular area. Where there is no such rate, the State Governments may fix such rate as they may consider proper. The workers are not allowed to work more than 10 days at a stretch without a day's rest.

iii. **Employment of Children and Adolescents**

The employment of children and adolescents is prohibited under the Plantations Labour Act, 1951 unless they are certified as fit for work by a duly appointed Certifying Surgeon in which case, the worker should carry a token to this effect while at work.

iv. **Annual Leave with Wages**

As per the Plantations Labour Act, 1951, every worker is allowed annual leave with wages, calculated at the rate of one day for every 20 days of work for adult worker and in case of child and adolescent, one day for every 15 days of work. Every worker is entitled to accumulate leave upto a maximum of 30 days. The wages of an employee, if employed wholly on a time-rate basis, will be paid at a rate equal to the daily wages payable to him immediately before the commencement of the leave, and in all other cases, at the average daily wage rate calculated over the preceding twelve calendar months.

### **The Tea Act, 1953**

Tea was one of the industries, which, after independence, was brought under the control of the Union Government, by an Act of Parliament – the Tea Act, 1953. The Act provided for the control of the tea industry, including the control of the cultivation of tea in, and of the export of tea from, India and for that purpose to establish a Tea Board and levy a duty of excise on tea produced in India. The Act was enacted by Parliament precisely to meet a situation where the owners of the tea estates absconded or mismanaged the estate to the detriment of the workers. Section 16 B empowers the Central Government to investigate loss making tea undertakings or units that “have habitually made default in the payment of wages, or provident fund dues of workers.” Under Section 16 D the Central Government may assume management or control of the tea undertakings/units in the situation as mentioned in section 16 B. Under Section 16 E the Central Government may take over a tea undertaking even without an investigation if it is found that the undertaking has made “reckless investments” or has done a “diversion of funds” as a result of which closure is imminent or has been affected. Thus the Tea Act is a very powerful tool to take over the management / control of the tea undertakings / units and take steps thereafter to ensure that the dues of the workers are paid.

The genesis of the Tea Board of India however dates back to 1903 when the Indian Tea Cess Bill was passed. The Bill provided for levying a cess on tea exports - the proceeds of which were to be used for the promotion of Indian tea both within and outside India. The importance of Indian tea in the international payment settlement in the period upto the World War I not only helped the British planters to secure land

and labour at the most favourable terms under the patronage of the colonial government, the government itself participated in the promotion of the industry. With the massive expansion of tea production in the Indian subcontinent, the Indian Tea Association Committee (London) and the Indian Tea Association (Calcutta), an industry group of British Companies, both tried to promote exports to the United States, which 150 years earlier had used the opposition to rising tea taxes as a rallying cry for independence, which did not yield much result. Hence in 1901 the ITA submitted a memorandum to impose a cess on tea exports from India – the proceeds of which would be used for promotion of tea. In 1903, Lord Curzon introduced the Tea Cess Act to tax the Indian trade, create a fund and promote tea both within and outside India – the ultimate trade benefits of which would accrue to British sterling companies. There was low domestic demand for tea even in the 1920s - One reason for this being the vociferous opposition to tea within India especially against labour practices at tea plantations from the nationalist movement from as early as 1906. The Indian Tea Cess Act was the initial body of regulation of tea trade. The Government of India while enacting the Tea Act in 1953 was also not viewing the tea industry in a manner very different from the colonial British empire – the tea industry continued to be viewed as a key component in external trade and hence kept under the Ministry of Commerce and Industry with the components of government ‘takeover’ of plantations as a mechanism for ensuring extraction of the profits from external trade.

The present Tea Board set up under section 4 of the Tea Act, 1953 was constituted in 1954. It has succeeded the Central Tea Board and the Indian Tea Licensing Committee which functioned respectively under the Central Tea Board Act, 1949 and the Indian Tea Control Act, 1938 which were both repealed.

# Wages in Tea Plantation in West Bengal and Kerala

Wage fixation for tea plantation workers in the state of West Bengal and Kerala are determined through two different wage setting mechanism. In the state of West Bengal and Assam, wage for tea plantation workers is determined through collective bargaining within a tripartite mechanism, whereas in the states of Kerala and Tamil Nadu, employment in tea plantations is a scheduled employment under the Minimum Wages Act and hence is determined in the minimum wage fixation committees. Though determined by a tripartite collective bargaining mechanism, wages in the states of Assam and West Bengal are substantially less than the wages in the states of Tamil Nadu and Kerala – according to the latest agreements, the daily money wage of a tea plantation worker in Assam is Rs. 84 between 1 January 2012 and 31 December 2012, and in West Bengal is Rs 90 for 2012-13, whereas the minimum wage for tea workers in Tamil Nadu is Rs 128.25 with effect from 1 April 2012 and in Kerala is Rs. 185 with retrospective effect from 15 November 2011.<sup>20</sup> The argument for the wide disparity in wages in the same industry in two regions of the country is that the wage in the Northern region, that is, Assam and West Bengal, is only a part payment of the total wage which comprises of the cash component and the non-cash component of wage that is paid by the employers as per the requirements of the tripartite agreements.

## Is this Wage or Dole?

The non-cash component of wage as defined in successive collective bargaining agreements comprises of the following:

- **Subsidised ration:** In case of a male worker the subsidized ration provided caters to his non-worker wife, dependent children less than 18 years of age and 21 years, if continuing education in School/College in Darjeeling areas (as per the 1984 CBA) and aged parents if unemployed (as per the PLA). In case of a female worker, only children are regarded as dependents of her but not her non-worker spouse or her parents. However, even temporary resident workers are entitled to this subsidised ration as agreed in the 1969 CBA.<sup>21</sup>
- **Firewood entitlement:** The 1972 CBA ensured 2.5 piles of firewood to each permanent worker per year. In the 1997 CBA, firewood entitlement was replaced on paper by entitlement for coal briquettes (1 pile of firewood = 286 kg of coal briquettes). For Dooars, the entitlement was fixed

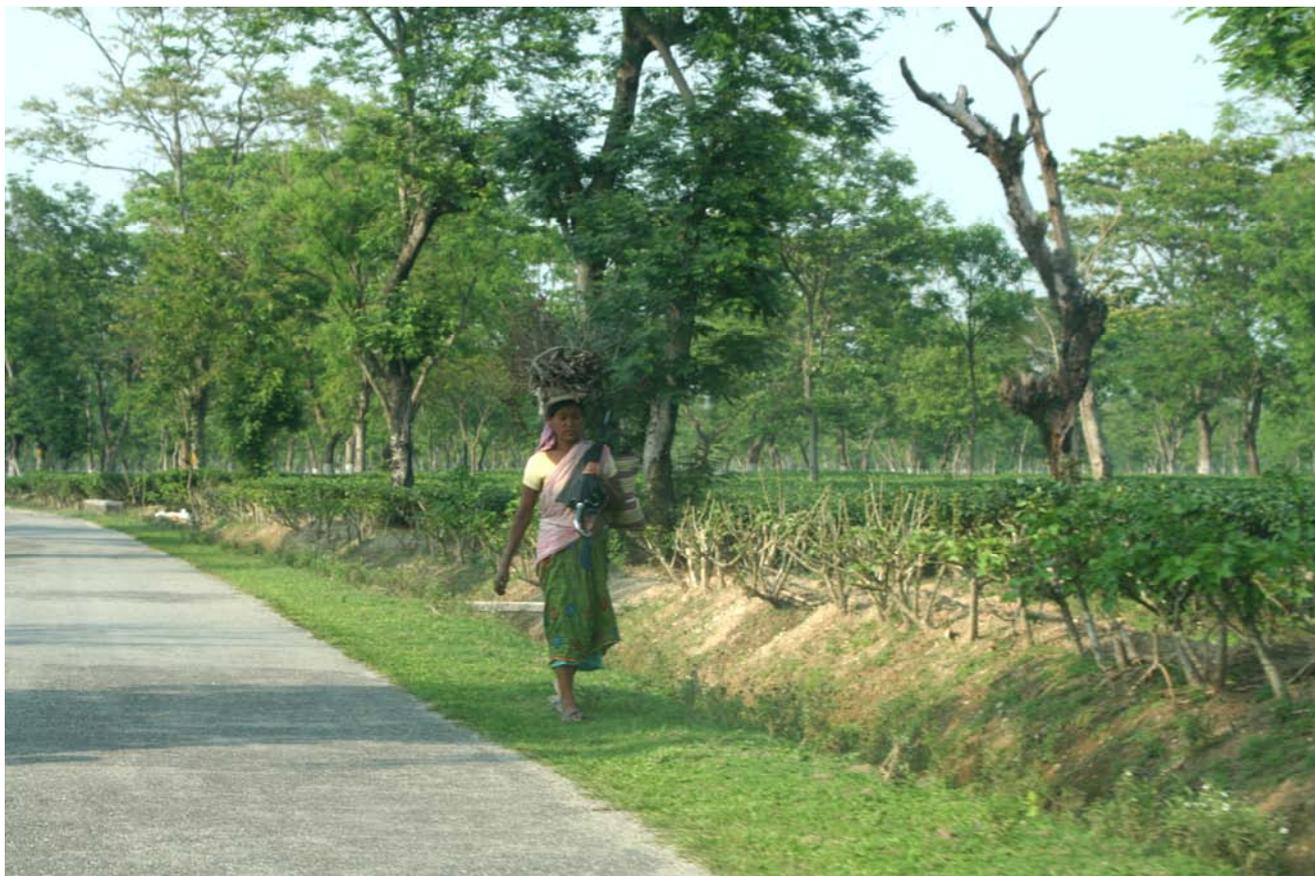
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<sup>20</sup> <http://www.thehindu.com/todays-paper/tp-national/tp-kerala/article3447970.ece>

<sup>21</sup> An infamous circular was issued and then after protests repealed by the Dooars Branch of Indian Tea Association (DBITA) that imposed a two child norm on tea worker families for entitlement of subsidized food ration. Though repealed, and not to be found, most plantations in the Dooars region impose this.

at 715 kg. For Terai, the entitlement was staggered over 3 years from 530kg in 1997 to finally 715 kg in 2000. Employers also agreed to provide one oven free of cost to every worker.

- **Dry Tea entitlement:** the entitlement for dry tea was first ensured in the 1972 CBA and then the quantity was increased to 400 gm per head per month in the 1989 CBA.



*Firewood being collected by a tea worker in the Pahargoomiah TE as fuel*

This study in the plantations of North Bengal revealed that this non-cash component of wage comprising of subsidized foodgrains and fuel is, in many of the estates, being provided through the government Public Distribution System and hence in these cases no longer being subsidized by the employers but by the state as a capital subsidy thereby rendering the argument of the employers weak. The argument of the employers association was aptly provided by the Tea Association of India which stated that though the daily cash wage of the tea workers of the Terai and Doars regions in 2005 was Rs.47.40, if benefits like subsidised foodgrain and fuel, and facilities such as housing, health care, education, provident fund, bonus and gratuity are taken into account, the total daily wage cost in the Doars and the Terai come to Rs. 93.40 and Rs. 93.28.<sup>22</sup>

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<sup>22</sup> Storm in Tea gardens, Suhrid Sankar Chattopadhyay, Frontline, Volume 22 - Issue 16, Jul 30- Aug 12, 2005

In this context, it is interesting to note that the employers have consistently since the 2003 negotiation tried to include the welfare benefits under the PLA in the non-cash component of wage thereby in principle violating even the PLA and hence the components of subsidized foodgrains and fuel (which comprise the non-cash component of wage) has been clubbed with housing, healthcare, education along with statutory payments of provident fund, gratuity and bonus. But even if we are to cost the non-cash component of wage, the calculation comes nowhere close to the claim of the employers' associations.

Given this argument of the employers' associations and the attitude of the government to relent to the same, a hypothetical analysis is attempted here to calculate the non-cash component of wage for a worker. Here we assume a 'standard' tea worker family to constitute 6 members - a man and his wife, with two dependent children, and two dependent aged parents of the man (since the PLA does not cover dependent parents of women workers, even if they stay with her). This figure is not too far from the average family size (= 5.9) as revealed by the data from the 6 tea estates of North Bengal. Here we take the standard family and analyse the non-cash wage payout to the family (since it is a family entitlement) in three different cases.

**Case I:** Family of 6 with both the man and his wife as workers

Wage in Kind entitlement for Male worker = self + 2 aged parent + 2 children

Wage in Kind entitlement for Female worker = self

Effective family size = worker (man)+ worker (woman) + 2 Children + 2 old parents  
 $= 1+1+ (2 \times 0.5) + 2 = 5$

**Case II:** Family of 6 with only husband as worker

Wage in Kind entitlement for Male worker = self + wife + 2 aged parent + 2 children

Effective family size = worker (man) + wife + 2 Children + 2 old parents  
 $= 1+1+ (2 \times 0.5) + 2 = 5$

**Case III:** Family of 6 with only wife as worker

Wage in Kind entitlement for Female worker = self+2 children<sup>23</sup>

Effective family size = worker (woman) + 2 Children =  $1+ (2 \times 0.5) = 2$

In the table below we have used recently revised PDS prices and the quantities of foodgrains used here as base are as reported by workers in the survey in the estates of Bharnobarie, Bhatpara, Pahargoumiah (In the estates of Baintgurie and Kalchini, the non-cash component is not paid by the estate but through the public distribution system).

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<sup>23</sup> The spouse of a woman worker is not considered her dependent, in violation of the PLA, which has not been challenged in the successive CBAs

**Table 1: Hypothetical Calculation of Non-cash component of Wage**

Weekly Allocation per adult	Price <sup>24</sup> In Rs per kg	Total Non-cash Wage for a Family of 6		
		Case I	Case II	Case II
Rice (1kg)	9.00	=5x1x 9.00 = 45.00	=5x1x9.00 = 45.00	=2x1x9.00 = 18.00
Wheat (3.6 kg)	6.75	=5x3.6x6.75 =121.50	=5x3.6x6.75 =121.50	=2x3.6x6.75 =48.6
Coal	0.00			
<b>Total weekly non-cash wage payout to the family</b>		166.50	166.50	66.60
<b>Total daily non-cash wage payout per worker</b>		<b>13.87</b>	<b>27.75</b>	<b>11.10</b>
<b>Total Daily Wage payout (Cash wage Rs 90)</b>		<b>103.87</b>	<b>117.75</b>	<b>101.10</b>

\* The price is as per the PDS rate of rice and wheat for Tea plantation workers and dependents<sup>25</sup>

As the above table clearly reveals, neither the prices nor the quantity of the foodgrains are determinants for this skewed calculation. The skew is inherent in the definition of family in the PLA<sup>26</sup> and the West Bengal Plantation Labour Rules, 1956 which the successive CBAs have not been able to reverse. The difference in wage in Assam and West Bengal with that in Kerala and Tamil Nadu is due the difference in the premise of determination of the wage and not because the wage is divided into cash and non-cash components.

The governments of West Bengal and Assam, though, refused to include the tea industry in the minimum wages schedule of the states, even though Indian law required that every state include tea workers. Both these state governments have used the tripartite mechanism for wage bargain in industries as the ploy to keep wages below minimum wages. Minimum wages are supposed to be determined as per the recommendations of the 15<sup>th</sup> Indian Labour Conference (ILC), 1957 that takes into account the minimum basic needs of a family with two adults and two children (= one adult). Hence, the assumption for determination of minimum wage across the nation for all scheduled employments is that a single earning member in a family should at least earn a wage that can provide for the worker, his/her spouse and two children.<sup>27</sup> The wage of tea plantation workers in the states of Kerala and Tamil Nadu is determined on this premise as employment in plantations is a scheduled employment in these states under the Minimum

<sup>24</sup> <http://www.business-standard.com/india/news/govt-for-raising-pds-grain-prices-again/470423/>

<sup>25</sup> [http://www.wbfood.gov.in/pds\\_scale\\_price.php](http://www.wbfood.gov.in/pds_scale_price.php)

<sup>26</sup> Plantation Labour Act, 1951: Article 2 (ee): 'family' when used in relation to a worker, means: (i) his or her spouse, and (ii) the legitimate or adopted children of the worker dependent upon him, or who have not completed their eighteenth year, and includes, where the worker is a male, his parents who are dependent on him;

<sup>27</sup> Manual on Rights of Tea Plantation Workers, Vol. I, Sharit K Bhowmik and Virginius Xaxa for FES, 1994

wages Act. However, in the case of tea plantations in Assam and West Bengal, the employers' associations argued that since employment in tea plantations in Assam and West Bengal was family based, the ratio of 1:3 dependents was too high. They argued that in the case of tea plantations, both the husband and the wife are employed in the plantation and hence their combined wage should together provide for their two children. The Central Wage Board in 1966 found this argument of employers unjustified and commented:

*"...the family system of employment cannot be considered as unique to the tea plantation industry.....it is a matter of consideration whether it was justified for employers to claim benefit of it by way of low wages for male wage earners."*<sup>28</sup>

What the present system of wage determination reflects is an underlying assumption that the payment to the workers whether in cash or non-cash payout is a dole and not a payment for the 8 hours of labour that is primary and integral to the production process and hence the argument of family labour. If the payout is a 'wage' for labour that has participated in the production process, then the payout can be only measured in terms of the hours of work done and not in terms of the family size. Social security measures can be determined on the basis of family size and number of dependents but definitely not the wage. Wage for the same number of hours and the same productivity norms must be equal as required by the Equal Remuneration Act. The difference in wage of a male and a female worker in the tea plantation, even in the non-cash component, is a gross violation of the Act<sup>29</sup>.

Despite repeated demands from trade unions, the Government of India refused to establish a Wage Board for the tea industry after 1960. In 2002, the Second National Commission on Labour, constituted by the right-wing Bharatiya Janata Party (BJP) led National Democratic Alliance<sup>30</sup> (NDA) government, among several other regressive recommendations on labour law reform, with no proper consultation with trade unions, recommended, for the tea industry, that there should be no statutory or non-statutory Wage Board as interest of workers can be sufficiently protected by negotiations and collective bargaining and that the Central Wage Board for Tea Plantation Workers being a non-statutory Committee would have no binding force of law and therefore, would find it difficult to get its recommendations implemented.<sup>31</sup> Even a decade after the recommendation of the Second National Commission on Labour that was rejected by all sections of the progressive trade union movement, no step has been taken to re-constitute a Wage Board for tea plantation workers.

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<sup>28</sup> Sharit Bhowmik, Industrial Relations in Tea Plantation in Eastern India" in Anil Verma (ed.), Challenge of Change, 1997.

<sup>29</sup> Equal Remuneration Act, 1976, Chapter II, Article 4. **Duty of employer to pay equal remuneration to men and women workers for same work or work of a similar nature** -- (1) No employer shall pay to any worker, employed by him in an establishment or employment, remuneration, whether payable in cash or in kind, at rates less favourable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment or employment for performing the same work or work of a similar nature.

<sup>30</sup> NDA, a centre right coalition government, was in power in the period 1998-2004, with Atal Bihari Vajpayee as the prime minister.

<sup>31</sup> PIB Release: National Tea Wage Board for Tea Labourers, Ministry of Labour and Employment, GoI, 17 Aug 2011

In July 2010, the government of West Bengal made a proposal to the Union government to form an independent Wage Board for tea workers in an attempt to bring parity in wages of tea workers across the country. As per the proposal, wages of tea workers throughout the country can be fixed using as base a worker with three dependent members of the family. The recommendations of an independent wage board at the national level on wage fixation would be mandatory for the employees in the sector. There is not just the wide disparity in wages in the Northern and Southern India but also a disparity in the method of calculation of wage: in the South, two members of a same family employed as workers in the estate would be considered for two separate employment benefits as opposed to a single family entitlement.<sup>32</sup>



*Tea leaves being measured at Pahargoomiah TE for calculation of wage*

### **Productivity-linked Wage enhancing Gender Discrimination**

The discrimination in wage against women workers is not just restricted to the definitional sphere as demonstrated in the earlier section. The discrimination has been enhanced manifold with the introduction of the new productivity linked wage system introduced in the Collective Bargaining Agreement (CBA) of 2005.

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<sup>32</sup> <http://www.dnaindia.com/money/1412518/report-wage-board-likely-for-tea-workers>

The mode of payment of wages in tea plantations was (i) time-rated (*hazri* or daily rated) and (ii) piece rated (popularly called *doubly* till 2003 (as determined by the 2001 CBA), wherein only the productivity bonus was paid at a piece rate (workers were expected to pluck a daily average quota of 25 kg, quantities above 25 kg was awarded a productivity bonus).

When the CBA of 2001 expired in March 2003, the unions of workers represented by the Coordination Committee of Tea Plantation Workers (CCTPW) and Defence Committee for Plantation Workers' Right (DCPWR) demanded a basic daily minimum wage of Rs. 88 (from the prevailing Rs 47.40) to be fixed for a period of two years. In 2003, the agricultural minimum wage, which is the lowest minimum wage in the minimum wage scheduled employments, in the state of West Bengal was Rs. 68 and the National Floor level minimum Wage was Rs 66. The demand was unacceptable to the Coordination Committee of Planters' Association (CCPA), which initially offered a wage hike of just Re.1 and following a series of negotiations offered a hike of Rs. 6 over a period of 3 years (Rs.2 annually), which was refused by the unions. In July 2005, the CCTPW and the DCPWR jointly called for an indefinite strike across the Terai, Dooars and Darjeeling hill that continued for 10 days. Loss of wages for over 10 days due to strike action at the brink of starvation became difficult to sustain for the unions as workers, despite their commitment to the struggle, began to rejoin work. The CCPA successfully not just broke the strike but also forced the unions to relent and accept a productivity linked wage for the first time and a dismal wage hike of Rs 8 over 3 years (Rs. 50 in 2005, Rs. 52.50 in 2006 and Rs. 55.50 in 2007) effective from 2005 and not 2003.

Despite this inherent skew and underpayment of wages, the employers succeeded in redefining the determinant of wages in the tea plantations in West Bengal in the 2005 CBA to further lower the wage payout and skew it against the women workers. It fixed a complex productivity linked method of determination of wages. For Dooars and Terai region, the task rate was redefined as:

**Table 2: New Task Rate for Calculation of Wage in West Bengal**

Period	Task	Rate (Existing garden level task = x)
Peak (mid-May to October)	Coarse plucking	Base task = x
	Medium plucking	Base task = x – 15%
	Fine plucking of 5 days round	Base task = x – 40%
	Fine plucking of 6 days round	Base task = x – 30%
Early (January to Mid May)	Non-Peak	Base Task = 70% of the average output of the squad working at a scheduled site

<b>Late (November and December)</b>	Non-Peak	Base Task = 70% of the average output of the squad working at a scheduled site
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For non-fulfillment of the tasks, a monetary penalty was imposed, with exceptions for certain categories of workers, namely, sick, old and infirm, pregnant and lactating women. The system of both penalty and incentive is applicable only for non-peak periods when reaching the quota is difficult. In the Dooars and Terai region the base task remained at 25 kg.

There would be no penalty if a worker fulfills the base rate (=70% of the daily fixed quota) and if the total weekly output is equal to the sum total of the weekly output based on fixed daily task.

But if a worker, fulfills the base task on some days of a week and fulfills more than the quota of some days of the same week and yet falls short of the weekly output quota, then the worker would be penalized for such shortage at the rate of Re 1 per kg for shortfall upto 6 kg and Rs 1.50 per kg for shortfall exceeding 6 kg.

On the other hand, if a worker fulfills the base task and fulfills more than the weekly quota, an incentive of Re 1 per kg for production upto 6 kg and an incentive of Rs 1.50 exceeding 6 kg would be provided to the worker.

Given the present task rate and the prevailing wage at Rs 67.5, in the non-peak seasons, the system of penalties and incentives work out in the following manner.

**Table 3: Effective Wage using Productivity Norm**

Average Daily Production (in Kg)	Weekly Production (in Kg)	Penalty (in Rs)	Incentive (in Rs)	Effective Weekly Wage (in Rs) in 2007	Effective Daily Wage (in Rs) in 2007
15	90	19.5		385.5	64.25
17.5	105	0	0	405	67.50
17.5	100	5		400	66.60
19	114		10.5	415.5	69.25
20	120	0	19.5	424.5	70.75

The entire new system of wage determination linked to productivity negates the fact that productivity in the case of a plantation is not just linked to the intensity of work but also to the availability of leaves to be plucked in the plantations. Hence while it is not difficult to meet the requisite quota in the peak or the flush season when the tea bushes are thick, it is next to impossible to meet the quota in the non-peak or lean season when the bushes are thin. Thus even with increased intensity of work, interviews and discussion with workers beyond the survey revealed that the difficulty to meet the productivity quota is not just due to the intensification of work but primarily because of the non-availability of leaves in the

lean season given the lack of investment in bushes by the owners. The tea bushes in the 4 estates in the Dooars region had all crossed a certain age that reduced their leaf density. In the Pahargoumiah estate in the Terai region, however, the discussions with worker groups revealed that with the takeover of the estate by the new management, the estate has strived to improve the quality of its tea. This has meant that the number of leaves that could be earlier plucked from a bush has now been cut to less than half the original – that is, coarse leaves that could be plucked earlier now cannot be plucked and hence meeting the productivity target has become extremely difficult.

On the other hand the effort to earn beyond the quota and the attached incentive to it are disproportionate. Hence, the interviews revealed that workers, who manage to meet the quota, do not work beyond it, to earn the meager incentive. It is more lucrative to supplement one’s income through other sources, eg. working part-time for a local shop, or running a part-time small enterprise locally like a snack outlet in the evening. Unless the incentive is at the least double the task rate as in the case of overtime calculation, there is no reason to work beyond the required quota.

At the time of the survey, the daily money wage was Rs. 67.50. The Table below gives the average monthly wage received by workers in each of the surveyed gardens in October 2011. What this table indicates is a garden-wise variation in average wages dependent on the implementation of the productivity norm.

**Table 4: Average Wage in Sample Plantations**

	<b>Estate</b>	<b>Monthly Wage (in Rs)</b>	<b>Daily Wage (in Rs)</b>
1	Pahargoumiah	1620	62.30
2	Kamala	2050	78.85
3	Baintguri	2210	85
4	Bhatpara	1608	61.85
5	Bharnobarie	1768	68
6	Kalchini	1602	61.60

So as narrated earlier, in the Pahargoumiah estate, the introduction of the new improved quality norms along with the productivity norms, implied work was intensified to meet the quality norm and working hours lengthened to meet the productivity norm. The combination of these two has basically resulted in most workers failing to meet the quota and hence the average wage falling to below the CBA wage of Rs 67.50 to Rs. 62.30. The sample size in both Kamala and Baintgurie estates was not large enough or robust to explain the high average wage in these two estates. In the three Dooars estates of Kalchini, Bhatpara and Bharnobarie, the average wage of workers was either below the CBA wage or hovered around it.

This introduction of productivity norm however had far more serious implications than just intensification of work for the workers. With the wage structure intrinsically skewed against the women workers and aged workers (since all workers are paid the same bargained wage with no higher grades of pay for years

of experience), this further intensification of work has forced both women and aged workers to bring in children to assist them in plucking leaves to meet the productivity quota. Hence, two decades of neo-liberalism has re-introduced child labour in one of the most globally integrated industries.

### **Development Programmes as Capital Subsidies to Plantations**

The survey conducted in the months of June 2011 and January 2012 further revealed a stark feature. In the Right to Food Case (Writ 196/2001) in the Supreme Court, the West Bengal Government filed an affidavit on 29 January 2004, promising to (i) declare all workers in closed and abandoned tea gardens as being Below Poverty Line (BPL); (ii) provide Antyodaya Anna Yojana (AAY) Ration to all workers wheat at Rs. 2 per kg and rice at Rs. 3 per kg; (iii) provide work under Sampoorna Grameen Rozgar Yojana (SGRY) for 15 days a month at a daily wage rate of Rs.62; (iv) provide cooked mid day meals under the Mid-day meal scheme to all primary schools in the plantations; (v) provide supplementary nutrition to all children under 6 years and pregnant and lactating mother through the Integrated Child Development Scheme (ICDS); (vi) provide assistance under the Financial Assistance for Workers in Locked out Industrial Units (FAWLOI) to every worker; and (vii) arrange drinking water and mobile medical teams.<sup>33</sup>

(a) **AAY Ration to workers:** The subsidized ration to be provided by employers is now being provided by the government through its public distribution system in the estates of Kalchini and Baintgurie in the Dooars region. As per the Government of West Bengal declaration to the Supreme Court in the Right to Food Case, the responsibility for providing subsidized ration was taken over by the government and the employers continue to enjoy this benefit. Hence, in effect, the substantial component of the non-cash component of the wage cost has been shifted by the employers to the government. Though not a direct payment of subsidy to employers, the government in effect is subsidizing all plantation owners in the state of West Bengal by providing a substantial component of the non-cash component of the wage payout of the employers.

(b) **NREGA work to tea workers:** Provision of work, under first the SGRY and then under the NREGA, within plantations in all tasks except in the factories and of leaf plucking has cut down maintenance costs of plantations as today much of the work under NREGA, if implemented, in plantations is performed in plantation maintenance and provision of amenities in the plantations. Both in the estates of Kalchini and Bharnobarie, much of the road laying work within the plantation has been done under NREGA by the plantation workers and what was interestingly revealed is that the wage paid for NREGA work was equal to the plantation wage, which is far lower than the NREGA wage. Complaints of corruption were filed against the plantation management by the union, PBCBSKU with the Ministry of Rural Development, GoI. Despite orders for payment of balance wages from the district administration, no payment has yet been made to the workers.

(c) **IAY housing in Plantations:** Employers in the estates surveyed have not provided decent housing for workers as per the PLA requirement for several years. However, workers have received housing benefit under the Indira Awas Yojana scheme. This too has allowed plantation owners to evade provision of housing as per law. The cost of provision of housing has been more or less shifted to government

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<sup>33</sup> Report of the West Bengal Advisor to the Supreme Court Commissioners on Implementation of Food and Employment Schemes in closed estates in West Bengal, 2007

agencies. Further, since housing under the IAY is not a guaranteed benefit but is based on resource availability, workers are either living in housing quarters that are far from being 'decent' or spending their own wages to repair and construct the existing quarters.



*Plantation Quarter on the left and the IAY housing being constructed in the right in Kalchini T.E.*

60% of the household expense of the surveyed households is spent on housing, where the average total monthly expenditure of a tea worker household was at Rs. 3901 and the average expense on housing was Rs. 2357. This includes expenditure on repairs and payment for electricity.

### **Kerala Experience – Gender division in Work accentuate Discrimination**

The focus group discussions with workers and their families in the 3 plantations in Kerala were conducted to compare the conditions of employment in the tea plantations in Kerala and West Bengal. The daily minimum wage in the tea plantations at the time of the survey (January - March 2012) was Rs.145.44 for men and women. Discussions with the workers in all 3 estates revealed that the plantations paid at least the minimum wages.

The discussions in the estates of Parrysons and Harrison Malayalam revealed that there was a gender division in the work done by men and women in the plantations in Kerala. While women were employed primarily for plucking tea leaves, men were employed in non-plucking activities such as pruning, application of fertilizers and pesticides, planting, tree lopping, etc. For plucking, workers are paid the minimum wage (Rs 145) subject to completion of the productivity quota, while for other activities such as pruning etc, the daily task, as was revealed in the focus group discussions in both the plantations, could be completed in 4-5 hours. Since all the non-plucking activities were performed by men, men were effectively paid Rs.145 for 4-5 hours of work each day while women were paid the same wage for an 8 hour workday. Further, if the men worked for 8 hours, the extra work done was compensated at overtime rates (double the hourly minimum wage). Thus, the effective wage for men in both the estates of Parrysons and Harrison Malayalam for 8-hours of work = Rs. {145 for 5 hours + (18.125 x 2 x 3 hours)} = Rs. 253.



*Women workers carrying tea leaves and a male worker spraying pesticides in a tea plantation in Kerala*

This was reported as common practice in all running plantations for employing men. Even at this high wage rate, plantations in Kerala were finding it difficult to get male workers as permanent employees. The average daily wage of unskilled worker in Kerala is Rs 400 for men and Rs 350 for women<sup>34</sup>. Hence, plantations had to pay substantially more than minimum wages to get male workers for all tasks other than plucking. The recent amendments to the PLA prevents women from being employed in these tasks that are termed as ‘hazardous activities’ in plantations. Workers from Harrison Malayalam reported that the plantation has been hiring contract male workers to perform these tasks.

The productivity norm for plucking in Kerala was a quota of 21 kg during peak season and 18 kg during lean season. Though compared to the West Bengal quota of 25 Kg in peak season and 17.5 in lean season, this production quota is lower, yet women workers in the plantations in Kerala revealed that they needed 8 hours to complete this quota. Failure to meet this quota resulted in wage cuts, which were not rare. On the other hand, the plucking incentive was only Rs.1.25 per kg above the norm, which as in the case of the plantations in West Bengal, was grossly inadequate and hence most workers did not work extra to earn the incentive.

<sup>34</sup> <http://www.business-standard.com/india/news/high-wages-yet-labour-shortage-in-kerala-/460612/>

In the case of the Bonnaccard estate, the estate was taken by the present management on a one year lease. Given this very short term lease, the lessee was only interested in the harvest of tea leaves and not on the maintenance of the plantation. Hence, the minimal but necessary non-plucking tasks were performed through contract employment, while all the permanent workers (men and women) were engaged in plucking and paid just the minimum wage. No plucking incentive was paid in this estate. Workers therefore only worked to fulfill the daily production quota. Absenteeism was common, whenever other non-plantation work was available as minimum wages in other employments was much higher than work in plantations.

The important question that emerges from this is: why workers continue to work in tea plantations in Kerala? Even though every discussion in the plantations in Kerala revealed a shortage of workers, hence men workers in plantations earn higher wages than women, yet large numbers of both men and women workers continue to work in the plantations despite the low wages as compared to other employments.

The answer to this is linked to the provisions under the PLA. At least one member of every family of plantation workers continue to work in the plantation as it ensures free housing within the plantation as per the PLA. Cost of living being much higher than in West Bengal, plantation worker families in Kerala prefer to have one member of the family (usually women) employed in the plantation at low wages with housing while the other members of the family working outside the plantation to meet the household expenses.

# Income, Expenditure, Indebtedness and Child Labour in West Bengal

The previous chapter discussed the issue of wage and its inadequacy to provide for a decent living. This chapter will focus on the issue of existing income and expenditure patterns of tea workers and their families as revealed by our survey. The issues that emerged from both the study and subsequent group discussions with workers and trade union activists can be summarized as below:

In the 6 estates in West Bengal,

- **Family size:** In the 5 estates in West Bengal, of the families interviewed, the average family size was around 5.5 members, with only Baintgurie T.E. having an average as high as 8 members. The average number of working adults in these families was only 2 (Baintgurie = 2.7). Hence the average number of dependents per family is 3.5, which is higher than the standard number of dependents (2 aged dependent parents + 2 children = 3 dependents).
- **Family Income:** The average family income in the 5 estates was about Rs. 3900 (exclusive of Baintgurie) and about Rs. 4700 (inclusive of Baintgurie). But the average earning of the adults in the family was about Rs. 3475 (exclusive of Baintgurie) and about Rs. 4485 (inclusive of Baintgurie). Baintgurie with an average family size as high as 8 members and the number of earning adults in a family being about 3, the total family income is higher than in the other estates.

Hence average income per adult earning member is about Rs. 1737 and inclusive of Baintgurie is about Rs. 1661, thereby revealing the real story of Baintgurie.

- **Family Expenditure:** The average family expenditure in the 5 estates was about Rs. 3596 (exclusive of Baintgurie) and about Rs. 3975 (inclusive of Baintgurie).
- **Indebtedness:** Added to this was the data on indebtedness. Close to 60% of the families interviewed in the 5 estates had loans. The data on indebtedness in Baintgurie is missing. The average loan amount in the 5 estates being about Rs.7688. Both Bhatpara and Kalchini have high loan amounts while in the case of Bharnobarie, 24 out of the 25 families interviewed have loans – though the amount hovers around Rs 2500.

The group discussions revealed that most tea workers take loans on a regular basis to meet expenses primarily due to: (i) delayed or missed payments of wages as well as the non-cash component of wages; (ii) unforeseen medical expenses – with the estate medical facilities inadequate, workers are forced to seek medical care in local and out-station private medical

clinics; (iii) Social and community events such as marriages, funerals, religious functions, etc; and (iv) house repairs. Workers usually resort to loans after drawing down advances on their wages and Provident Funds, whichever is available. All workers are eligible, but access to advances are arbitrary and entirely at the discretion of the staff, usually the pay clerk. Even the terms of repayment of the advance (mode and time) are decided arbitrarily and the amount is deducted from wages. There exists a nexus between the management and the local moneylenders (often estate staff, usually the pay clerks) which forces workers to take private loans at high and arbitrary interest rates from the latter. Even in the case of these private loans, the mode of repayment is through deductions from wage, which is entirely illegal. Lastly, worker families also take loans from members of the local Panchayat. Repayment of this loan most often occurs through garnishments from entitlements of the workers of monetary benefits under various government schemes, such as the Indira Awas Yojana, etc, including from wages under the NREGA.

- **Income Expenditure Differential:** If we take the available data and analyse for income expenditure differential, the differential is positive in all cases except Baintguri though the difference is insignificant as shown in the table below as G1 in Column VI. The table below gives the monthly averages for income and expenditure for each of the estates studied along with the number of families and average family size as well as the average number of adult earning members in each family for the 6 estates. The table also gives the average income of adults in the sample families. If we calculate the differential between adult income and expenditure, the result is stark. The positive differential as shown in Column VI changes to a negative differential in Column IX, except in the case of Kamala Estate. G2 reflects the contribution of non-adult members of the family to the income.

**Table 5: Income Expenditure Gap**

	Families	Av Family size	Av no. of adults per family	Av Family Income	Av Family Exp	G1= Income Exp gap	Av Income of an adult	Av Income of Adults in a family	G2 = (Adult income – Exp)
	I	II	III	IV	V	VI	VII	VIII	IX
<b>Pahargou-miah</b>	20	5.3	1.95	3929	3736.50	193	1616	3152	-584
<b>Kamala</b>	10	5.8	2.1	4335	3495	840	1969	4135	640
<b>Baintguri</b>	15	8	3.5	5575.33	5863.33	-288	1555.28	5495.33	-368
<b>Bhatpara</b>	24	4.9	2.17	4151.42	4124.5	27	1831.12	3967.42	-157
<b>Bharno-barie</b>	25	5.5	1.8	3488.08	3123	365	1736.89	3126.40	3
<b>Kalchini</b>	15	6.3	2.07	3519.73	3504.33	15	1451.42	2999.60	-505

The worker interviews along with group discussions also revealed that the loans taken by workers are usually to meet exigencies and not regular monthly expense gaps. Hence, the gap between G1 and G2 is actually the contribution of non-adult members of the household income.

- **Contribution of Child Labour to Household Income:** Though the income of non-adult members of the family as revealed in the table above is not substantial in monetary terms, it is not insignificant in proportion to the total family income, as shown in the table below. While in Pahargoumiah the contribution of Child Labour to the income of the family was as high as almost 20% of the total family income, in Kalchini the proportion was 14.7%, in Bharnobarie – 10.4%, in Bhatpara , Kamala and Baintgurie the proportion was less than 5%.

**Table 6: Child Labour Income**

	Av Family Income	Av income of each adult	Av income of Adults in a family	CL income = Family Income - Adult Income	CL income as percentage of Household income
<b>Pahargoumiah</b>	3929	1616	3152	777	19.78
<b>Kamala</b>	4335	1969	4135	200	4.61
<b>Baintguri</b>	5575.33	1555.28	5495.33	80	1.43
<b>Bhatpara</b>	4151.42	1831.12	3967.42	184	4.43
<b>Bharnobarie</b>	3488.08	1736.89	3126.40	362	10.37
<b>Kalchini</b>	3519.73	1451.42	2999.60	520	14.78

- **Incidence of Child Labour:** While the above table gives an estimate of the contribution of child labour in a tea worker household in monetary terms, the study also revealed that much of the labour done by the children in tea worker households do not earn them a wage. The questionnaire used to gather the data had differentiated between two kinds of work done by children: 1. Inside the plantation – (a) in plantation work; (b) in other work; and 2. Outside the plantation for wage.

**Table 7: Child Labour Incidence**

Age Category in years	Child Labour						CL inside Plantation			Child Wage labour	
	Total	M	F	M	F	Total	M	F	Total	M	F
<b>6-10</b>	82	44	38	7	5	12	0	0	0	7	5
<b>11-14</b>	102	32	70	18	32	50	5	11	16	13	21
<b>15-17</b>	82	44	38	32	37	69	14	16	30	18	21
<b>Total</b>	<b>266</b>	<b>120</b>	<b>146</b>	<b>57</b>	<b>74</b>	<b>131</b>	<b>19</b>	<b>27</b>	<b>46</b>	<b>38</b>	<b>47</b>

Table 7 gives the categories of Child labour classified according to age. A ‘Child’ is defined under

the PLA as “... a person who has not completed his fourteenth year”. The PLA also defines an Adolescent as “... a person who has completed his fourteenth year but has not completed his eighteenth year”. The Child Labour (Prohibition and Regulation) Act, 1986 enacted to prohibit the engagement of children in certain employments and to regulate the conditions of work of children in certain other employments, also defines a child as a person who has not completed 14 years of age. Thus both under the PLA and under the Child Labour Act, a person completed 14 years of age can legally be employed as a worker in a plantation.

The binding UN Convention on the Rights of the Child (UNCRC), to which India is a signatory, defines a child as ‘... human being less than 18 years of age unless under the law applicable to the child, majority is attained earlier’. Article 32 of the UNCRC articulates child labour as “any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, spiritual, moral or social development”. Using this definition of Child labour, the present study also looks at adolescent workers in the age category of 15-17 years who under Indian law are legally employable, but if we view their employment in conjunction with their access to education, we find a gross violation of Article 32 of the UNCRC.



*Child hawker in Pahargoomiah TE*

Despite the recent amendment to the PLA (The Plantation Labour (Amendment) Act 2010) that prohibits child labour in plantations (Section 24), the incidence of child labour in the tea

plantations of north Bengal was extremely high.

(1) **Child Labour inside Plantation:** Much of the child labour inside plantation is in two categories of work - (i) in assisting parent (usually mother) in fulfilling the productivity quota during the lean season to avoid the wage deductions; and (ii) in assisting parents with household chores and childcare – primarily performed by girl children. The first leads to seasonal drop out from schools in the worst case but the latter leads to more pronounced drop-outs. In the survey, the highest incidence of child labour working inside the plantation was found in the Bhatpara tea estate.

Table 7 also reveals that the Child Labour inside the plantation is largely in the age groups of 11-14 years and 15-17 years indicating the fact that the labour involved is substantially hard physical labour which children below the age of 10 years find difficult to perform.

(2) **Child Wage Labour:** The work done inside the plantations is not reflected monetarily. But as Table 6 had indicated a substantial portion of the household income in many families come from the contribution of child labour. Of the children who work outside the plantations, the work done is more often than not gendered in nature. The young girls are employed as domestic workers either locally or are trafficked to large cities, while the young boys are employed as helpers in shops or work at construction sites or at factories.

In Pahargoumiah, Aroti Naigesia, (F, 14 years) works as a domestic worker in Sikkim where she works for 14 hours a day taking care of a child, and earns Rs. 500 per month. She contributes Rs. 3000 to the household annually.

In Kamala, Janki Beng (F, 14 years), dropped out of school after Class IV, is the eldest of three siblings. She works as a domestic worker earning Rs.1000 a month for working 12 hours in a day.

### **Employment of Young Girls**

The young girls (including the ones aged between 5-10 years) employed as domestic workers work in nearby towns or in many cases taken by labour contractors to the cities of Delhi, Kolkata, Gangtok and Siliguri. The group discussions in the Bharnobari and Pahargoumiah estates (that both show significant child labour incidence) revealed that the girls recruited as domestic workers by labour contractors who visit these estates annually. The families of the girls are paid a one-time advance which ranges between Rs 500 to 1000 for recruitment. Usually the girls return to their homes on an annual leave of 15-20 days, sometimes extending to a month. The annual wages are paid to the parents at this point ranging between

Rs 4000-5000 depending on the age of the girl. However, what was revealed in these discussions is that the contractors only recruit girls below the age of 17 years as the 'demand' for adult live-in domestic workers is practically insignificant. The group discussions also revealed that parents of girl children who are recruited as domestic workers agree to this deeply exploitative practice as these families survive on the brink of starvation with the girl child more vulnerable than the rest. Even an assurance of free provision of food and clothing for the child is enough to send the child to work.

**Anjana Gurung, F**, is 12 years old, studies in class VI. Also assists her mother during the lean season in both plucking leaves and taking care of younger sibling. She attends school irregularly. With her mother as a single tea worker with a family of 4, even the non-cash component of the wage is very low.

**Pushpa and Premika Kshetri** are sisters, **14 and 16 years** old respectively, studying in Classes VI and IX, and work for 6 hours each helping their parents meet the productivity quota. Their family comprises of 7 members.

**Shiva Raut, M**, 14, studies in Class VIII. Assists his mother, during lean season for 8 hours. Shiva drops out of school during this season to ensure his mother meets the productivity target.

Both Prakash and Kokila Chhetri are tea workers - Prakash is a permanent and Kokila is a casual worker. They have 3 children, **Alka, F, 12; Priyanka, F, 14 and Bibek, M, 16**, all enrolled in secondary school. But during the lean season, all three children work for 8 hours every day assisting their parents with plucking of leaves to meet the production target.

Hence the proposition that the men workers easily make the quota is also not entirely true.

### **Employment of Young Boys**

In the case of young boys, much of the work done is of low skill manual work in construction industry or in local shops. A large section of the young boys employed in the Pahargoumiah estate are actually employed in the bought leaf factories<sup>35</sup> outside the plantation. Though these bought leaf factories fall

<sup>35</sup> Bought leaf factories are licensed by the Tea Board of India, and are manufacturers of tea from green leaf.

within the purview of the Factories Act, 1948, inspections are rare leading to both long working hours and low wages for adolescent workers. These young boys are employed in these factories but with no appointment letters, wage slips or any identity cards to prove themselves as bona-fide workers. They are not covered under PF or ESI and hence have no social security.

In Pahargoomiah, **Jaisin**, M, 17, works at a bought leaf factory for 12 hours in a day and earns a monthly wage of Rs. 2800, far below the minimum wage.

**Govind**, M, 16, also works a 12 hour night shift in the Dalmia Bought Leaf factory and earns a monthly wage of Rs. 2800.

In Kalchini, **Ramesh Oraon**, 15 works for 8 hours for one week in a month in the plantation tea factory where he loads clean tea leaves and earns a weekly wage of Rs. 402.

**Sebastian**, M, 15 and **Ashwin Kujur**, M, 17, work for 12 hours daily in a bought leaf factory earning a monthly wage of Rs. 2800 each. They dropped out of school in Class IV and VI respectively. Their mother is a worker at Pahargoomiah earning an average monthly wage of Rs. 1710, and their father works as manual stone crusher and hence has no fixed income.

Besides these employments, many of the children are employed in local shops where they earn a wage far below the minimum wage but even that meager income helps supplement the family income.

In Kalchini, **Dipali**, F, 11, **Sovti**, F, 13, **Bunu**, F, 15, help their elder sister Sunita in a momo shop, where they all work for about 8 hours. Their monthly income from the shop is Rs. 3000. Their eldest sibling **Aarti**, 17 helps their mother in plucking leaves in the plantation for about 5 hours daily to meet the production target.

In Bharnobari, **Sachin Oraon**, 10, works as a helper in the estate canteen for 8 hours every day.



*Momo shop by young daughters of tea workers, Kalchini TE*

The FGDs in plantations in Kerala indicated a very different situation. The average family size in Harrison Malayalam and Parrysons plantations was of five members, while it was only of three members in the Bonnacard estate. The lower family size in Bonnacard was because the workers were older, and in many families children had reached adulthood and left their natal homes. The average family wage among the workers in Harrison Malayalam was Rs. 9340; it was Rs. 7520 in Parrysons; and Rs.11070 in Bonnacard. This included contribution of wages from offsprings who had left home, but were still contributing to the family income. It is interesting that the non-plantation component of the family wage, contributed from occupations outside the gardens was significantly higher than the wage from the plantation for Harrison Malayalam and Bonnacard. The non-plantation average wage was about Rs.5200 in Harrison Malayalam; Rs.3200 in Parrysons; and Rs.8200 in Bonnacard. The family expense and per person expenditure were respectively Rs.6450 and Rs.1290 in Harrison Malayalam; Rs.6100 and Rs.1220 in Parrysons; and Rs.4810 and Rs.960 in Bonnacard. As is evident, the average family wage was significantly higher than the normal average family expenditure in the three plantations.

In the context, it was also of interest that there was a high incidence of indebtedness among the plantation workers. Twenty of a total of twenty eight workers met through the FGDs had loans ranging from Rs.10,000 to Rs.4 lakhs. The average loans per family was about Rs.1.2 lakhs in Harrison Malayalam; Rs.26000 in Parrysons; and Rs.1.56 lakhs in Bonnacard. Twelve respondents said that they took loans for the purpose of education of children. Seven respondents took loans for health care purposes.

# Access to Education and Child Labour

The life in a tea plantation is characterized by its enclave economy and society. The workers who were historically brought in from remote areas were at one point of time kept forcibly apart from the local population through draconian colonial laws but even today the workers and their families remain locked in these enclaves. The enclave economy and society today is perpetuated by lack of access to education and skill development. Hence a child born to a tea worker can aspire only to become a tea worker. The world outside the enclave is a society dominated by the Bengali '*bhadralok*'<sup>36</sup> class that not just determines access to education and employment opportunities but also is chauvinistically hostile to the *adivasis*.<sup>37</sup>

The PLA requires employers to provide educational facilities if the number of children between the age of 6 and 12 years exceeds 25. Hence, implicit in this provision is that the employers are only responsible for provision of primary education. The West Bengal Plantation Labour Rules (*Rule 41*) provides for free primary school within plantation area with qualified teachers if there are 25 or more children in the age group of 6-12 years in the plantation. The schools in the plantations are hence usually government-aided schools with teachers appointed through the state service commission. The problem in this case is not of provision but of the quality of provision. Teachers appointed through this selection procedure almost necessarily come from the Bengali speaking or hindi speaking middle class, using 'bengali' or 'hindi' as the medium of communication.

The workers in the plantations in the Terai and Dooars regions primarily can be divided into two ethnic communities – the 'sadri' speaking Jharkhandi workers and the 'nepali' speaking nepali workers. With the introduction of the mid-day meal scheme, the attendance in school of the children of workers from both these communities has risen but not their ability to learn. The medium of instruction fails to reach these children - they attend school - but they learn nothing. There has been for over two decades social movements for introduction of mother tongue such as Kamtapuri, Sadri, Nepali, as medium of instruction in primary schools.

The Paschim Banga Cha Bagan Shramik Karmachari Union has been for the last decade been agitating for introduction of the mother tongue as the medium of instruction in primary schools in the tea plantations. The Kothari Commission on Education (1964-66) condemning the unequal school system had commented: "...education itself is tending to increase social segregation and to perpetuate and widen class distinctions. At the primary stage, the free schools to which masses send their children are maintained by government and local authorities and are generally of poor quality. Some of the private schools are, on the whole, definitely better, but since many of them charge high fees they are availed of

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<sup>36</sup> Literally, 'respectable people', but essentially a privileged chauvinistic Hindu upper caste middle class section, created by the British for running the colonial state.

<sup>37</sup> Bengali Chauvinism and the Ethnic Tangle in North Bengal, Vaskar Nandy, *Frontier*, Vol. 45, No. 27, 13-19 Jan 2013

only by the middle and higher classes. At the secondary stage, a large proportion of the good schools are private but many of them also charge high fees which are normally beyond the means of any but the top ten percent of people, though some of the middle class parents make great sacrifices to send their children to them. There is this segregation in education itself — the minority of private fee-charging, better schools meeting the need of the upper classes and the vast bulk of free, publicly maintained, but poor schools being utilised by the rest. What is worse, this segregation is increasing and tending to widen the gulf between the classes and the masses." The Commission recommended provision of free instruction for all in the mother tongue at the primary level, particularly for linguistic minorities; active encouragement of teaching in regional languages at the secondary level and discontinuance of state aid to schools imparting education other than in the medium of mother tongue/ regional language. 50 years since this recommendation of the Kothari Commission (endorsed by the National Education Policies of 1986 and 1992), little has changed.



*Primary School in Bharnobari TE*

In response to the writ petition in the Supreme Court on the Right to Food case, on 28 November 2001 the Supreme Court directed states to introduce cooked midday meals, i.e. a warm school lunch, for all children in every government and government-assisted schools. The MDM scheme was launched in West Bengal in 1,100 primary schools in the four southern districts of Murshidabad, Birbhum, Bankura, Paschim Midnapore and Jalpaiguri in North Bengal in January 2003. With the introduction of the mid-day meal scheme the school enrollment definitely increased<sup>38</sup> but our findings reveal that by middle

<sup>38</sup> The Impact of School Lunches on Primary School Enrollment: Evidence From India's Midday Meal Scheme; Jayaraman, Simroth, De Vericourt, 2011

school and high school most children drop out. Of the total 266 children (120 boys and 146 girls) in the studied sample from the 6 plantations, 180 of them were in school (the dropout rate of children in the age group of 15-17 years rising sharply to almost 40%).

**Table 8: School Enrollment and Dropout**

Age in years	Total	M	F	Never been to school	In school	Dropout			Child Labour		
						I-IV	V-X	Total	M	F	Total
6-10	82	44	38	4	68 (83)	3	-	3 (4)	7 (16)	5 (13)	12 (14.6)
11-14	102	32	70	10	75 (73.5)	14	3	17 (17)	18 (18)	32 (46)	50 (49)
15-17	82	44	38	13	37 (45)	23	8	31 (38)	32 (40)	37 (97)	69 (84)
<b>Total</b>	<b>266</b>	<b>120</b>	<b>146</b>	<b>27</b>	<b>180</b>	<b>40</b>	<b>11</b>		<b>57</b>	<b>74</b>	<b>131</b>

\*Figures in parentheses are in percentage

If we superimpose the child labour data on the data on education, it is evident that the school enrollment figure is not sufficient to conclude that the children are attending school. Further, even figures for attendance in school are not sufficient to suggest that the children are ‘learning to learn’. The high incidence of child labour in each age group indicates that schools have not kept them away from work. The children either work during school hours, in case of work inside the plantation, or work after hours given the dismal economic condition of parents to supplement the family income.

The rate of drop out rises after primary school as (1) the mid day meal programme is restricted to children till class VIII and (2) the secondary school more often than not is not within the plantation and the plantation provides no transport facility to the children to reach their school. The children have to walk long distances to get to school. With no incentive to attend school, and the added effort and often expense to send your child to school, this is the time when most children drop-out. The children either creep into work inside the plantation to either, supplement their parent’s productivity and for girls, assist their mother in domestic work or, directly seek employment outside the plantation.

Of the 6 surveyed plantations in Dooars and Terai region, only 3 - Kamala, Bhatpara and Bharnobarie - have schools inside the garden but only 6 out of 19 children in Kamala and 13 out of 37 children in Bhatpara attended the school inside the garden – the rest went to private (often Christian missionary run) schools. What is interesting to note here is that while on the one hand MDM has acted as an incentive to children in the plantations to attend school, those in slightly better off plantations like Kamala, choose private paid missionary schools for education without meals than the free schools with MDM within the plantation. This too reaffirms the lack of connect of the children and their parents with the government school teachers. The missionary schools on the other hand have a large number of adivasi teachers who not just speak *sadri* but also provide an aspirational instance in sharp contrast to the disdain from the Bengali or Hindi speaking middle class government primary school teacher. Hence provided a choice the

children and their parents prefer to send their children to paid private missionary schools than to government aided free primary schools with free meals.

The Annual Status of Education Report (ASER) study (done by the NGO Pratham) for 2012 confirms the same: (1) Overall, enrollment numbers remain very high. Over 96% of all children in the age group 6 to 14 years are enrolled in school. This is the fourth consecutive year that enrollment levels have been 96% or more; (2) At the All India level private school enrollment has been rising steadily since 2006. The percentage of 6 to 14 year olds enrolled in private schools rose from 18.7% in 2006 to 25.6% in 2011. In 2012, this number has further increased to 28.3%. The increase is almost equal in primary (Std. I-V) and upper primary (Std. VI-VIII) classes. Private inputs into children's education, such as private schooling and private tutoring, are widespread. Whether enrolled in government schools or private schools, across rural India in the elementary grades (Std. I-VIII) about a quarter of all children also go to paid private tutors; (3) Basic reading and arithmetic skills are on the decline. The key recommendations of the study were: (i) urgent textbook revision; (ii) mother tongue instruction and (iii) teacher education plans to invest in human resource development.

The Tea Board provides an **Educational stipend for wards of Tea Plantation workers**. This scheme, revised in April 2007, provides stipends for elementary, middle, and secondary education, General and Technical Degrees including Post Graduate courses and Technical and Vocational Education. Tuition fees and hostel charges are paid on the basis of actual subject to a maximum ceiling of Rs. 40,000 per annum per student. Children of persons employed in tea estate and governed by the PLA, whose total household income is not more than Rs. 10,000 per month are eligible for this stipend but it is restricted to the two children norm. In the 6 plantations surveyed, not one instance of stipend was recorded.

### **Kerala Experience**

The respondents in Kerala discussed the course that their children took in their lives. Out of a total of 66 children, 32 were still carrying on with their education. Nine of them had already completed schooling up to the 10th standard, and were continuing further. Two of them were studying for a graduate course (Bachelor of Commerce), two were completing a teachers training course (TTC), while one was doing a technical diploma (ITI) course. Of the remaining 34 who had quit studying, only two had quit studies before class 8, both women who quit studies and got married. Twenty five had studied up to high school (class 9-10). Seven had studied beyond class ten. As indicated in the earlier section, the principle reason for taking loans among the plantation workers in Kerala was for education of children. The responses indicate the importance given by the families to education of children. This is linked to the aspiration that children can find a better future outside the plantations with education. Sixteen respondents applied for loans from nationalised and cooperative banks. The ready availability of institutional facilities also enabled the workers to access loans at reasonable interest rates.

# Social Protection

Social protection is central to development and it becomes especially evident during periods of crisis, when large numbers of people get affected. For our purpose, social protection will be viewed as the set of provisions under the PLA and other labour legislation that are aimed at providing certain non-wage benefits to plantation workers in order to ensure a decent living.

The PLA provides for: (a) Health and Medical facilities, including maternity benefit; (b) Workplace protection equipments; (c) Primary Education and (d) Housing. The other provisions considered in this study were that of payment of Provident fund dues, Gratuity and Bonus.

The Tea Board in 2009 asked the industry to work out modalities to reduce its social cost estimated at Rs 7 for every kg of tea produced. A Business Line Report (19 October 2009) reports that the Union Government is also prepared to examine the industry's suggestions in this regard and share a part of the cost. According to the Indian Tea Association (ITA) that is working on the modalities, the four heads identified for rationalisation of the social cost are medical, education, water supply (including sanitation) and housing. "In each of these heads, there are Union government schemes in force and we're making an impact assessment of the schemes to examine if these can be adopted in tea gardens, with suitable modifications, to benefit the workers," said a spokesman for the ITA to Business Line.<sup>39</sup>

Though there is no stated policy of the central government yet on this, but our study reveals that over the last few years Indira Awas Yojana has been extended for housing even though IAY requires that the beneficiary must have clear title deed of the land as the house will belong to the beneficiary. Technically, extending it to tea estates is not possible since the housing in the plantations is owned by the plantation owners and not the workers who reside in them. Similarly, the scope of other schemes such as the National Rural Health Mission (for medical), Swajal Dhara (for water supply) and Sarva Sikhsha Abhiyan (for education) has been modified to suit the requirements of the tea garden workers.

## **a) Health and Medical Facilities**

The PLA states that health facilities to the workers not only means medical facilities but also means provision of drinking water and sanitation. The employers are supposed to provide sufficient potable water near housing quarters of workers. The West Bengal Plantation Labour Rules, 1956 (WBPLR) provides for drinking water from reliable source as approved by the plantation inspector. However, our discussions in the surveyed plantations revealed that the original water sources in the plantations collapsed with ill-maintenance. Much of the present sources of drinking water in the plantations is part of the Swajal Dhara scheme of the Government of India.

The West Bengal Plantation Labour Rules, 1956 also provides for two types of hospitals in the tea growing areas of Darjeeling and Jalpaiguri - (i) garden hospitals and (ii) Group Hospitals for serious

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<sup>39</sup> Social cost of tea industry estimated at Rs 7/kg, Hindu Business Line, 19 October 2009  
<http://www.thehindubusinessline.com/todays-paper/tp-agri-biz-and-commodity/article1067105.ece>

illnesses (Rule 21). A plantation employing 1000 or more should provide a hospital with at least 15 beds while a plantation with less than 1000 workers may share a hospital with another in the region. Free medical facility to be provided to all workers and their families, irrespective of the number of workers (Rule 22). There are no Group Hospitals in the Dooars and Terai region and none of the surveyed gardens have a hospital with beds.

In terms of medical treatment, most of the workers in response to the survey stated that doctors were present in the plantations and treatment was available and so were medicines. But, in the focus group discussions it was revealed that the quality of healthcare was abysmal and with nothing else available in the locality and given their impoverishment, they had no other choice but to avail the rudimentary healthcare provided by the estates. It was also revealed that the Janani Suraksha Yojana was being implemented in the plantations in which the Accredited Social Health Activists (ASHAs) are provided incentive by the government under the National Rural Health Mission (NRHM) to educate pregnant women and facilitate institutional deliveries for them. Benefit of paid maternity leave under the Maternity Benefit Act, 1961 was legally available to permanent workers at the plantations and not extended to the casual and temporary workers. However, of the families interviewed in the survey, none of the women workers, permanent or casual, had accessed the benefits. Further, over the years, the number of women workers in the permanent workforce has dwindled and one of the primary reasons for this has been the legal entitlement under the Maternity Benefit Act. Supplementary to this, though not a social security benefit, but a workers' right under the PLA, is the provision of crèches for women workers. The only functional crèches in the plantations today are the Anganwadi centres (crèches) under the Integrated Child Development Scheme (ICDS) programme of the Government of India.

Under the PLA, every plantation should also have an ambulance for transfer of patients but most respondents in the surveyed estates informed that the ambulances in the estates were either not in running condition or the workers were required to pay for its services, which too is a violation of the PLA. Workers in Baintgoorie, Kalchini and Bharnobarie estates stated that ambulance service was a paid service while in Pahargoomiah and Kamala, it was free.

### **Occupational and Safety Health**

Under Section 17 of the PLA, "... *The State Government may make Rules requiring that in every plantation the employer shall provide the workers with such number and type of umbrellas, blankets, rain coats or other like amenities for the protection of workers from rain or cold as may be prescribed.*" This is provided under Rule 72 of WBPLR which states "... *Pullovers against cold and Raincoats/ umbrellas against rain must be provided free of cost to all workers at regular intervals usually once in two years.*" The recent amendment to the PLA (The Plantation Labour (Amendment) Act 2010) also adds clauses on Safety (Section 18 A). Section 18 A ensures that in every plantation, effective arrangements shall be made by the employer to provide for the safety of workers in connection with the use, handling, storage and transport of insecticides, chemicals and toxic substances; prohibit or restrict employment of adolescents and women in handling hazardous materials; every worker who is exposed to insecticides, chemicals and toxic substances shall be medically examined periodically; every employer provide (a) washing, bathing and clock room facilities; and (b) protective clothing and equipment, to every worker engaged in handling insecticides, chemicals or toxic substances.

None of the workers interviewed in the survey were employed in tasks involving hazardous materials. But as pluckers they were all entitled to umbrellas or raincoats, shoes, and aprons. Workers in the Bhatpara



*A worker in Pahargoomiah TE with a nylon bag as the plantation has not provided her with one.*

and Bharnobarie estates were not provided with raincoat/ umbrella or shoes by the estate. In the other estates, workers were provided these by the estate once in two years. The quality again was so dismal that workers had to replace these much before the estates replaced these.

### **b) Provident Fund**

Plantation workers are covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. 103 out of 109 families interviewed stated that PF deductions were made from their wage by their employer but only 50 (46%) of them knew their PF number and only 13 (12%) of them had their PF slips. The respondents in Bhatpara, Kalchini and Kamala estates knew their PF numbers, the others did not. Kamala is the only estate among those surveyed that provided PF slip to the workers.

The period of crisis marked by abandonment of the estates by the plantation owners and management was also a period that marked PF defaults. Despite such high defaults in this region, no efforts are made either by the government or the EPFO to ensure close inspection and scrutiny to protect the meager savings of the workers.

### **c) Bonus**

The period of crisis also gave employers the excuse to deny bonus to the workers. The workers in all estates except Kalchini had however received bonus in the present year. This bonus too was paid in instalments. The rate of payment of bonus in the last 3 years in each of the estates were as follows:

**Table 9: Bonus Rates**

<b>Estate</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Pahargoomiah	20	18	17
Kamala	18	18	15
Baintguri	18	-	-
Bhatpara	18	14	16

Bharnobarie	12	NA	NA
Kalchini	NA	NA	NA

#### **d) Mahatma Gandhi National Rural Employment Guarantee Scheme**

The Supreme Court in an order dated 30 April 2009 asked the State Governments to provide tea plantation workers 100 days work under the MGNREGS to bring them out of acute poverty situations.

#### **Kerala Experience**

Workers in Harrison Malayalam got annual bonus of 15% for the year 2010-11, and 16.5% for 2011-12. Workers with Parrysons were paid annual bonus of 15% and 13% for the years 2010-11 and 2011-12. The workers also had their PF dues deposited regularly, and were aware of their individual PF numbers and approximate PF balance in their accounts. The Bonnacard workers last received bonus in the year 1989. The PF contributions were also due from the previous employer. Presently under the lease arrangement the workers reported that workers' contribution of PF was deducted but was not being deposited. Workers at the Talapaya estate of Parrysons said that all welfare measures for children had been discontinued. Crèche facilities had been completely stopped. The estate school was no longer functioning. Hospital facilities had also been substantially reduced. Earlier food grains were distributed to the family of a patient, and 100 gms meat given to patients in the hospital every week on Sundays. Now even medicines were not available. At the Achoor division of Harrison Malayalam the garden hospital and dispensary was opened thrice a week. However, as one worker explained, the dispensary had not been swept for the past one month. The sweeper had retired, and had not been replaced. No potable drinking water was supplied to the estate workers, and workers had to drink unpurified river water.

## **Case study of Wage violations in Kalchini Tea Estate, Jalpaiguri**

**In June 2011**, gross violations of NREGA were reported from Kalchini Tea Garden located in Kalchini GP (Kalchini Block) in Jalpaiguri District of West Bengal. The Kalchini Tea Garden has suffered a decade of closure and, consequently, the workers have been rendered destitute longing for any and all kinds of work for pay. Under the scheme for revival of closed tea garden NREGA was extended to all workers in the closed gardens. It was specified that the work under NREGA would specifically be works permissible under the act, of community benefit and not directly accruable to the garden management.

From 13 December 2010 to 31 March 2011, all 2003 permanent workers of the Kalchini Tea Garden were put to work under the MGNREGS within the confines of the garden, to construct drainage systems. The BDO, Kalchini, visited the garden to oversee the progress of the work while it was on, along with the Pradhan of the Kalchini Gram Panchayat indicating that it was a Panchayat project. But as the work got over, the following violations were observed:

**i. Non-payment of NREGA wage:** Workers at the various sites were paid daily wages ranging between Rs. 30 and 50 on an average. The rationale for payment of this provided by the gram panchayat was that the base wage was being taken as Rs. 65, the then current wage of tea garden workers, as the work was being done within a tea garden. Further, given that the workers engaged at the site were tea garden workers, the gram panchayat was also making deductions for PF, electricity payments, etc. This is in clear violation of Section 6(2) of the NREGA.

**ii. Job Cards and Post Office Pass Books seized:** The Pradhan and his office seized all the Job Cards and Post Office Pass Books at the commencement of work. The Job Cards and the Pass Books have not been returned yet to any worker, in spite of repeated requests by the workers.

**iii. No Muster Roll at Site**

**iv. Violence at Worksite:** Goons from two ethnic parties in the region threatened workers with dire consequences who filed complaints.

# Economics of Tea Plantation Operations along the Value Chain

Tea as a commodity goes through a number of stages in the value chain before reaching the consumer. Tea leaves command a price of around Rs.10-15 per kg at the plantation (around Rs.50-60 per kg in equivalent made or black tea terms). From an estimated production in the year 2013-14 of 1208 million kg tea (black tea equivalent) around 911 million kg went to domestic consumption. Around 44 percent of the tea produced (531 million kg tea during 2013-14) was traded along the value chain through the auction route. The auction price for 2013-14 averaged Rs.137.61 for North India, Rs. 95.82 for South India, and Rs. 126.12 for the country as a whole.<sup>40</sup> Thus for the country as a whole, tea prices roughly doubled while moving from the plantation to auction. There is a significant difference in the price movements between the North and the South. While in the North the plantation price is around a third of the auction price, in the South it is closer to two thirds the auction price.

Around 40 percent of the domestic consumption of tea is sold as packaged and branded product. This is where substantial value addition takes place. The branded tea market is controlled in India by two large business groups, Hindustan Unilever Limited and Tata Global Beverages Limited. The two together have an estimated more than half the market share for branded tea in the country. The average price realisation from tea for the two companies indicates roughly a doubling of value from auction to branded tea. Details of this are given later in this section. The report “Trouble Brewing” by Greenpeace gives estimates of market shares of the other major branded tea manufacturers, and they are all in the low single digits, the largest after the big two being Wagh Bakhri Ltd. (of the Futures Group) with a 5.6 percent share of the market.<sup>41</sup> This would give an indication of the extent of domination of the big two players in the market.

The market price of tea (MRP) is substantially higher than the average price realisation that the manufacturer of the branded product gets. For instance, a popular branded CTC tea like Brooke Bond Red Label of Hindustan Unilever Limited has an MRP of Rs.368 per kg. This is 50 percent higher than the average realisation of Rs.245.50 per kg of tea for the company. The premium brands like Lipton Darjeeling (Rs.1220 per kg) and Tata Tea Gold Darjeeling (Rs.1040 per kg) have substantially higher MRP. The large mark-up would indicate that trade channels are allowed to retain a substantial trade margin. The Annual Reports of the two companies show a network of subsidiaries. It is not possible to

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<sup>40</sup> [www.teaboard.gov.in](http://www.teaboard.gov.in)

<sup>41</sup> The Greenpeace Report “Trouble Brewing” ([www.greenpeace.org](http://www.greenpeace.org)) quoted from Euromonitor International’s report “Tea in India” of July 2013.

learn from the Reports whether these subsidiaries have any interest in direct retailing.

Finally Indian tea also finds its way to the export market. During 2013-14, around 225 million kg tea (20 percent of production) was exported. The average export price was around Rs.200 per kg. However, there were significant price differences based on the country of destination. Exports to Russia, traditionally and still the largest export destination of tea from India was Rs.165 per kg. The average price for the UK, another prime destination was Rs.192 per kg. Another large importer was the UAE at Rs. 203 per kg. There were other market destinations that however commanded much higher prices, including the USA at Rs.231 per kg and Germany at Rs. 334 per kg.<sup>42</sup>

The following is an attempt to analyse from the financial statements of major tea manufacturers some aspects of the value chain.

As per the Annual Report of Goodricke Group Limited for the period January – December 2013, the company had a sales turnover of Rs.5783 million, on a sale of 22.29 million kg tea. The average sales price for the company was therefore Rs.259.44 per kg. This compares very favourably with the average auction price for tea in North India in the same period, of Rs.141.43 per kg.

The Annual Report of the company gave a break-up of its sales realisation from different regions, for the company, and for other premium tea estates, and comparing them with the average auction price for tea from these regions. We see the company consistently outperformed the average auction price by around 25 percent.

**Table 10: Tea price comparisons Goodricke and Auction prices**

	Price Realisation		
	(Rs/kg)		
Region	Goodricke	Other Premium	Auction
Darjeeling	462	379	326
Dooars	159	152	131
Assam	214	162	154

*Source: Goodricke Group Limited Annual Report 2013*

The data from North Bengal suggests a pattern where profits are consistently higher as we move up the supply chain. The tea factory is substantially more profitable than the plantation, as the price the plantation gets for a kg of tea is only a third of the auction price. Large plantations like Goodricke, who have their own tea factories, and are able to enter the retail market directly, along with selling premium product in auction, are able to get a substantially higher price. The company also sold around 19% of its production in the export market, at an average price realisation of nearly Rs.290 per kg thus making its

<sup>42</sup> [www.teaboard.gov.in](http://www.teaboard.gov.in)

overall price realisation even better.

Goodricke also has a direct presence in the branded tea market, with the Greenpeace report “Trouble Brewing” giving the Group an estimated market share of 1.4 percent. This brand of tea ‘Goodricke Chai’ sourced from the Dooars is sold at an MRP of Rs.260 per kg, or 63 percent more than the average price realisation for the company from its tea operations in the Dooars. Another brand ‘Khaas Exclusive Assam’ sold at an MRP of Rs.376 per kg., or 75 percent higher than its average realisation from its Assam operations. Goodricke’s ‘Roasted Darjeeling Tea’ sold at Rs.880 per kg, or a premium of 90 percent over its average realisation from tea for its Darjeeling operations. We see that higher in the value chain, branded tea commands increasing margins over the average price realisation. Goodricke has its premium brand of ‘Castleton Vintage’ Darjeeling tea that sells at Rs.3500 per kg.

We see a similar trend for another large company in the region, Mcleod Russel. The Group is a global player in tea, with 66 tea estates spread across Assam (48) and West Bengal (5) in India, Vietnam (6), Uganda (6), and Rwanda (1). The Mcleod Russel Annual Report for the financial year 2013-14 reported the company had a saleable production of 112.23 million kg, for a value of sale of Rs.17542.27 million, giving the company a sales realisation of Rs.156.30 per kg. We see therefore that as we move along the supply chain, the large and modern tea plantations, with their own tea processing facility and ability to tap the retail market had much better sales realisation. The Annual Report further reported its state of the art tea blending facility at Nilpur, Assam catering to a growing demand from overseas and domestic customers for bespoke blends of the company’s own teas from India. It had foreign exchange earnings of Rs.4724.24 million, or 27% of its annual sales. The company also pre-sold nearly 70% of its export volumes and 40% of its domestic sales, thus being able to hedge itself from cyclical price fluctuations in the industry.

The two largest players in the retail tea market in India are Tata Global Beverages Ltd and Hindustan Unilever Ltd. Together they have more than half the market share for packaged and branded tea in the country.<sup>43</sup>

Reliable estimates for the branded tea market size are difficult to come by. The FAO-IGG meet on tea at New Delhi in May 2010 estimated the branded tea market as 380 million kg tea out of a total tea consumption of 817 million kg tea for the year 2009. This works out to 46.5% share of the market for branded tea. Other estimates have put the share much lower at around 26.5%.<sup>44</sup> For the purpose of this analysis we take the packaged and branded tea market size as 40% of total domestic consumption, and Hindustan Unilever Limited (HUL) and Tata Global Beverages Limited (Tata Global) having respective market shares of 29% and 25% of the branded tea market.

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<sup>43</sup> The Greenpeace Report “Trouble Brewing” estimated that for the year 2012, the market share of Hindustan Unilever Limited was 29%, and for Tata Global Beverages was 25% of the Indian branded tea market.

<sup>44</sup> [www.fao.org/docrep/meeting/019/AL289E.pdf](http://www.fao.org/docrep/meeting/019/AL289E.pdf). The presentation quoted Nielson retail audits, IMRB and Tata Tea internal estimates to come up with its own estimate, which gave 46.5% of tea consumed in India being branded tea. Other estimates (for instance Eurometer Report April 2009 quoted in [www.slideshow.net/peshwacharya/indian-tea-market](http://www.slideshow.net/peshwacharya/indian-tea-market)) placed the size of packaged tea volume as 213 million kg for the year 2008, out of a total domestic consumption of 802 million kg, or 26.5%.

The data from the Tea Board estimated the total domestic tea consumption in the country for 2013-14 at 911 million kg.<sup>45</sup> Assuming the same ratio of 40% for branded tea consumption, this would indicate the size of the branded tea sector as around 364 million kg. The market size for HUL and Tata Global would accordingly work out to 105 million kg and 95 million kg respectively.<sup>46</sup> The HUL Annual Report for 2013-14 gave its tea sales as Rs.25779.80 million, giving it an average realisation from tea of Rs.245.50 per kg. The Tata Global Annual Report for 2013-14 gave its tea sales turnover as Rs.26022.69 million. The average realisation from tea for the company was therefore Rs.286 per kg.

We should take note here that both HUL and Tata Global source tea from across the country, as compared to Goodricke which is North Bengal based, and Mcleod Russel which has its estates primarily in Assam and North Bengal. HUL and Tata Global therefore also source tea from much lower priced South Indian markets, whereas Goodricke and Mcleod Russel operate only in the premium tea growing areas of North India. In the context, the fact that the HUL and Tata Global price realisation was substantially higher than for Mcleod Russel, and Tata Global had nearly the same price realisation as for Goodricke indicates the extent of increase in price realisation with branding and moving up the supply chain.

The following analysis on value additions is undertaken for Tata Global. A corresponding analysis for HUL was not possible given the aggregation of data presented in their Annual Reports.

**Table 11: Value added – Tata Global Beverages Limited (India Operations)**

	2012-13	2013-14
	(Rs. Mill.)	
<b>Sale of tea</b>	22732.59	26022.69
<b>Change in inventory</b>	-385.38	-51.02
<b>Cost of tea</b>		
- Raw material	14161.46	15820.34
- Packaging material	1230.85	1415.02
- Others	60.53	65.84
<b>Total cost of tea</b>	15452.84	17301.2
<b>Value added (VA)</b>	6894.37	8670.47
<b>Ratio of VA to cost of tea</b>	45%	50%

Source: Tata Global Beverages Limited Annual Reports 2012-13 and 2013-14

The Annual Report of Tata Global for the year 2013-14 gave details of its operations within the country.

<sup>45</sup> [www.teaboard.gov.in](http://www.teaboard.gov.in)

<sup>46</sup> If we take average all India auction price for 2013 of Rs.128.46 ([www.teaboard.gov.in](http://www.teaboard.gov.in)) and the cost of tea purchases of Rs.14161 million for the year 2012-13 from the Annual Report of Tata Global, the production volume worked out to 110 million kg. The estimate of market share for the company is therefore quite reasonable. Given the company markets premium brands, it would also be reasonable to assume that its average procurement price would work out to be higher than the all India auction average, in which case the calculated production volume by this method would be even closure to our estimate.

We see from the figures in Table 11 that value added as a percentage of cost of tea (cost of the leaf plus packing material and other direct inputs) increased from 45 percent in 2012-13 to 50 percent in 2013-14. This is a very significant value addition, given that the operations within the company leading to the value addition are primarily post harvest, and after factory operations for preparing black tea. The primary manufacturing operations within the company are therefore only limited to sourcing good tea, blending, standardising and packaging. Not surprisingly the employee cost to the company for 2013-14 was only 4 percent of the turnover. A large proportion of this cost would be remuneration to the various managerial personnel. It is interesting to note that the company still purchases a significant proportion (20 percent) of its total tea used in the Indian operations from the two erstwhile company owned plantations, Kannan Devan and Amalgamated Plantations. The company during 2013-14 purchased tea worth Rs.1854.8 million from Kannan Devan in Kerala and Rs.1048.2 million from Amalgamated Plantations in North Bengal and Assam.

In the case of HUL, detailed analysis of value addition was not possible given the aggregated nature of its accounts. We do find from the Annual Report for 2013-14 that the company during the year consumed tea as raw material worth Rs. 13365 million, and converted it to saleable product in tea worth Rs. 25779 million (ignoring changes in inventory which were not significant). The cost of tea leaf as proportion of the value realised by HUL for its branded and packaged tea was therefore 52 percent. This compared very favourable to the corresponding figure of 61 percent for Tata Global for the same year. This significant difference in the cost of tea as a proportion of the price realisation for the two companies would be interesting to understand. What should be reasonable to infer from the foregoing is that HUL would have a better value added for its domestic tea operations than Tata Global.

**Table 12: Value added – Tata Global Beverages Limited (Consolidated Global Operations)**

	2012-13	2013-14
	(Rs. Mill.)	
<b>Sale of products</b>	72652.7	76170.25
<b>Raw material consumed</b>		
- Tea	21225.7	23655.27
- Coffee	7783.23	6604.98
- Other products	113.95	173.7
<b>Packing material</b>	4484.78	4846.9
<b>Purchase of stock in trade</b>		
- Tea	1478.9	1702.19
- Coffee	409.22	318.24
- Other products	549.59	615.21
<b>Total raw material cost</b>	36045.37	37916.49
<b>Value added (VA)</b>	36607.33	38253.76
<b>Ratio of VA to raw material</b>	102%	101%

Source: Tata Global Beverages Limited Annual Reports 2012-13 and 2013-14

Table 12 gives figures for the consolidated global operations of the Tata Global Beverages Group. These operation details are not only for tea, but also include coffee and other products (primarily bottled water). However, given that tea forms 77 percent of the value of raw material consumed (excluding packing material costs), it would be valid to assume that analysis pertaining to the consolidated operations would also give a good picture of the operational details for the global tea business of the company. We see here that the value added increases significantly with global operations. These operations would, however, also include the business of coffee plantations owned by the company in India and overseas tea and coffee plantations. The value added is therefore over a more integrated manufacturing process, from commodity production to sale of branded product. Even so, the doubling of value addition for the global operations suggests the increase in profitability moving up the value chain.

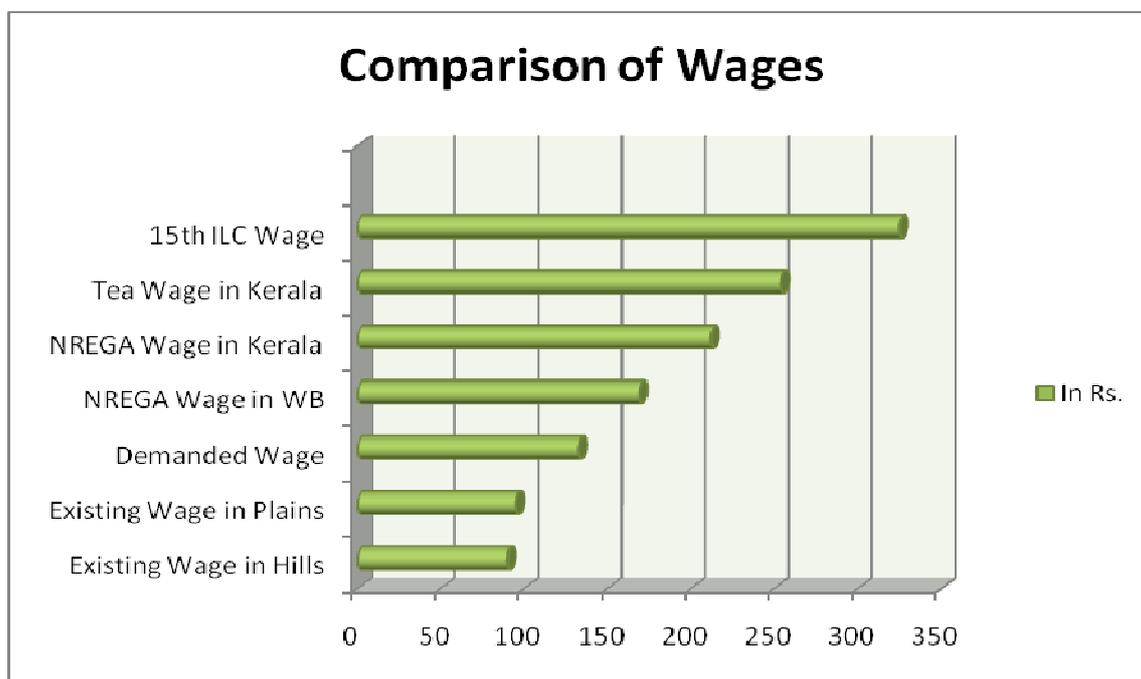
It is interesting to note that the purchase of tea as stock in trade in Table 12 corresponds very closely in value terms to the figures for sale of goods and services to subsidiaries, associates and joint ventures by Tata Global in its Indian operations. These in turn are also the figures for export from the company for its Indian operations. The company showed sale of goods and services of Rs.1499 million for the financial year 2012-13; and Rs.1724 million for 2013-14, the goods being sold to Tata Global Beverages Group, TGB Australia Pvt. Ltd, TGB Polska Sp, and Tata Tea Extractions Inc. Its export figures for the years were Rs.1520 million and Rs.1720 million. We can reasonably assume therefore from the closeness of these figures that the exports from Tata Global represented transfer of tea to its global operations. Two issues of interest arise from this. First, the company does not appear to operate in the bulk export market. Its global sales are only for branded products, and through its own export marketing channels. The highly integrated network of subsidiaries, associates and joint ventures give the company the global reach to maximise revenue and value added. This might explain the significant increase in value added for the Group, moving up from Indian to global operations. Second, the network of companies involved makes it extremely difficult to clearly identify where and in which operations profits are made. Clearly many of the inter-company operations would be at transfer prices that need not necessarily reflect market costs and prices. The company can, therefore, at will decide where it should have its profits accrue. This would give the company huge jurisdictional advantages.

While a similar analysis was not possible for HUL, given the more complex product mix and the aggregate organisation of its accounts, there were pointers in its Annual Report that indicated a similar structure for its global business transactions. The company has a wholly owned subsidiary, Unilever India Exports Limited to carry on its export of FMCG (fast moving consumer goods) products, including its portfolio of branded tea. The subsidiary is expressly meant to develop overseas markets for its branded products, and provide cross-border sourcing of FMCG products. This is similar to the marketing strategy for Tata Global, of dealing only in branded products, and having a well developed network of subsidiary companies to have a global market reach and maximise value added. It is interesting that for the company of this size, its export earnings from sale of products was only Rs.912 million for the year 2013-14, representing just 0.3% of its turnover. The bulk of its sales were evidently through the subsidiary. Here again, the issue of transfer pricing and transparency in showing profits from export operations would be a matter for consideration.

Two aspects of the tea industry appear evident from the foregoing. First, profitability in the sector, at least for India, seems to increase with the integration of the organisation to the marketing end of the value chain. Branding and packaging adds considerable value to the product. In contrast, the value addition possibilities at the primary end of plantations appear more limited. Even among plantations, the successful ones are those that are able to leverage size and quality with brand development and market presence. Second, the big two companies in the sector, HUL and Tata Global have moved away completely from primary plantation activities in India. This would considerably weaken leverage at the plantation end to bargain for better returns. This is particularly true for labour in plantations. In the circumstance, the importance of legislative protection, as opposed to bargained rights becomes a matter for serious consideration.

# Conclusion

The three year wage agreement for the tea plantation industry in West Bengal expired in April 2014. The unions have had several rounds of negotiations with the representatives of the tea plantation owners, the Consultative Committee of Plantation Associations (CCPA) and the state government and are yet to reach an agreement. Despite efforts to divide the workers and the trade unions in the industry along identity and political lines, the employers for the first time are faced with a united trade union platform of 23 unions from both the Darjeeling hills and the Dooars and Terai regions in West Bengal. The unions are demanding an immediate notification of a statutory minimum wage for the industry and a one year wage agreement. The unions initially demanded a wage of Rs 285 for all workers and over the different rounds of negotiation have agreed to lower the demand to a daily wage increase of Rs. 37.50 in Dooars and Terai regions and of Rs. 42.50 in the Darjeeling hills from the existing wages of Rs 95 in the Dooars and Terai regions and Rs 90 in the hills to Rs. 132.50 for all workers. The earlier agreement had promised payment



of VDA over and above the increase to protect the erosion of real wages due to inflation. The CCPA has not paid the VDA yet and is continuing to refuse to pay it or even negotiate on it. The CCPA is offering to increase the wages annually by Rs 10 over 3 years to Rs. 125 after 3 years. The state government of West

Bengal is urging the unions to accept a tricky proposal of a wage increase of Rs. 25, 15 and 10 over the next three years. The joint platform of the 23 unions has held a successful strike across the region for their demand for an immediate minimum wage notification and an interim one year wage increase to Rs. 132.50. The existing NREGA wage in the state is Rs. 169. The fact that the minimum wage legislation also requires payment of dearness allowance is also why the 23 union-alliance is moving towards a minimum wage demand as against the existing bargained wage structure.

The findings of this study on inherent wage discrimination in wage setting in the industry, on productivity linked wage leading to a resurfacing of child labour in tea worker households and comparison with the conditions of tea workers in Kerala that produces tea of lower price and then linking the plantation economy to the value chain is critical in the understanding of the industry as a whole. The fact that the wages in West Bengal are much lower than that in Kerala while the price of the tea produced in West Bengal is much higher than that produced in Kerala defies the logic that employers adopt that high product price correlates with high wages, or the reverse low price correlates with low wages. The low wages in West Bengal are thus not linked to the price that the tea fetches. They are intrinsically linked to the pre-capitalist form of exploitation that allows tea manufacturers and global brands to make super profits. The analysis in this study throws some light on the social deprivation and isolation due to marginalised ethnic identity leading to an enclave economy and thereby allowing this extraordinary value extraction. In the case of Kerala, though workers have better access to both education and alternative employment, lack of asset ownership for tea workers, e.g., lack of own housing or land, forces women in tea worker families to continue to serve in the plantations that provide housing, in accordance to the Plantation Labour Act (PLA), at lower wages and not seek alternate employment while other members of the family work elsewhere.

The government perpetuates this exploitative arrangement by allowing the plantation owners to violate with impunity the provisions of the PLA, especially the provisions on social protection, including the non-cash component of the wage in West Bengal in the form of food ration, housing, electricity, water, health services, school for children. The government is increasingly subsidising the employers by providing these through its budgetary provision. In effect what this means, when employers no longer pay towards the 'non-cash' component of the wage, is that a wage subsidy has been built in through government provision, the entire financial benefit of which is received by employers. Conversely, with the public provision for working people being taken to replace a part of the wage component, the additional benefit or cushion of the public provision to supplement low wages is no longer available to the tea workers. Following the Right to Food Case (Writ 196/2001) in the Supreme Court, the West Bengal Government's promise as filed in their affidavit in 2004 ensured that the responsibility to provide the benefits under the PLA such as schools, medical benefits, subsidised food ration, and drinking water (even work to some extent under the SGRY) was effectively transferred to the government from the plantation owners. The government, both at the centre and the state levels, instead of invoking its powers to investigate and takeover plantations under the Tea Act in the event of abandonment or malfeasance etc by owners,

effectively extended further subsidy capital. Even employment under NREGA was extended to closed plantations for the workers.

Further, the system of productivity linked wage negates the fact that productivity in the case of a plantation is not just linked to the intensity of work but also to the availability of leaves to be plucked in the plantations. The difficulty to meet the productivity quota cannot be attributed only to work intensity but is also due to the non-availability of leaves in the lean season given the lack of investment in bushes by the owners. Improvement in quality of tea in a plantation also means reduced availability of leaves and hence difficulty in meeting the productivity target. As a result the average wage in many plantations has fallen even below the Collective Bargaining Agreement wage. In addition, the effort to earn beyond the quota and the attached incentive to it, is totally disproportionate. Hence, the interviews revealed that workers, who manage to meet the quota, do not work beyond it, to earn the meager incentive. As a result workers look for work elsewhere to supplement their incomes. Unless the incentive is at the least double the task rate as in the case of overtime calculation, there is no reason to work beyond the required quota.

This introduction of productivity norm however had far more serious implications than just intensification of work for the workers. With the wage structure intrinsically skewed against the women workers and aged workers (since all workers are paid the same bargained wage with no higher grades of pay for years of experience), this further intensification of work has forced both women and aged workers to bring in children to assist them in plucking leaves to meet the productivity quota.

The wide gap in incomes and expenditure leads to severe indebtedness. The circuit of high income-expenditure gap - resultant indebtedness - high arbitrary interest payment creates the conditions for forced labour. This circuit is further intensified by the caste-kinship-language relationship that creates oppressive conditions of bondage and forced labour. Several hundred instances of starvation deaths in these plantations is proof of this. Despite acute hunger and immiserisation workers remain in the plantations and are unable to flee. In the case of Kerala, indebtedness was high and was mostly for education loans, while in West Bengal, indebtedness was quantitatively low but more widespread and is mostly due to any exigency, typically illnesses, death in a family, marriage, child birth and religious events, building repair, etc., which essentially constitute consumption loans. In Kerala, a significantly large number of respondents had access to institutional banking facilities, and small minority also availed loans through their own self-help groups and were typically an investment for a better future, and possibly a way out of the plantation.

This income-expenditure gap and indebtedness has led to the re-emergence of child labour in tea plantations, both inside and outside the plantations. Relating child labour data to school enrolment data, the study revealed that the dropout, despite the free mid-day meals provided at schools, was highest in the age category between 11-17 years, which is when children are considered 'employable' as domestic workers, as construction workers and in unregulated factories and shops.

School enrolment figures as revealed by the data were not indicative of ability to read, write and do simple arithmetic. In families that could afford private education, there was a shift from government schools to private, often Christian Missionary, schools. The language barrier for the adivasi children in the government schools proved to be a disincentive to remain in school for the adivasi children. Here again there is a carefully constructed institutional barrier to the integration of the workers and their children with the society outside a plantation. It is a barrier for young children speaking Sadri at home and with their kin to begin learning in a language in school (medium of instruction being either Bengali or at best Hindi) that is not their mother tongue. This is yet another condition that has prevented inter-generational mobility. The lack of mobility has perpetuated and reinforced the enclave nature of the tea plantations condition of forced labour.

### Comparing the Economics of the Two Regions

The large disparity in wages and living conditions is contra-intuitive if we consider the price of tea from the two regions. Tea in the northern plantations is of a superior quality, and enjoys a premium in the market. As per Tea Board statistics the average auction price for tea in North India for 2011 was Rs.117.19 per kg, as compared to Rs.70.17 per kg in South India ([www.teaboard.gov.in](http://www.teaboard.gov.in)). That is, auction price of tea in the south is around 40 percent lower than price in the north. This is striking in the situation that the Minimum Wage in the plantations is actually higher in the south, by a margin of 70 percent.

- **Higher Profits in West Bengal**

The following figures are based on working data from tea plantations; discussions with factory experts in Kerala; and senior trade unionists in West Bengal and Kerala. The auction prices are taken from the statistics of the Tea Board of India. Costs other than wages are taken as same for inputs in plantations, and for tea factories in both Kerala and West Bengal. These costs are based on actual plantation estimates for well run plantations in Kerala in the year 2011. Any small error in cost assumptions will not substantially affect final results, as leaf cost and wages are the major input costs for tea. The purpose is to see if some understanding can be derived from the comparisons useful for bargaining in the industry.

**Table 13: Comparing the Economic of Tea in Kerala and West Bengal**

Particulars	West Bengal	Kerala
Auction price (Rs/kg made tea)	125	75
Price at plantation (Rs/kg leaf)	8-10	13
Equivalent price (Rs/kg - made tea basis)	40	52
Plantation price as ratio of auction price	<b>33% (1/3)</b>	<b>66% (2/3)</b>
Plantation economics		
Plantation wages (Rs/day)	85	145
Leaf price	10	13
Wages per kg leaf (Rs/kg at 25 kg daily plucking)	3.4	5.8

Other costs (Rs/kg leaf)	3	3
Margin	3.6	4.2
Margin as ratio of leaf sales price	<b>36%</b>	<b>32%</b>
Tea factory economics		
Auction price (Rs/kg made tea)	125	75
Price of leaf purchased (Rs/kg made tea)	40	52
Processing cost (Rs/kg)	18	18
Profit margin (Rs/kg made tea)	67	5
Margin as ratio of auction price	<b>54%</b>	<b>7%</b>

Two factors stand out in this comparison. First, plantation economics in both West Bengal and Kerala are comparable, despite much higher wages in Kerala. We are not including here the other costs to the plantation, of finances, plantation maintenance and replanting. The operational margin at the plantation level for tea sales is 36 percent in West Bengal, as compared to 32 percent in Kerala. This is because the small plantation owner in West Bengal gets a lower price for green leaf, as compared to the Kerala plantation, even though the tea is of a better quality, commanding a better auction price.

Second, there is a very substantial difference in the economics at the tea factory level. Profit margins as ratio of auction price in West Bengal are around 8 times margins in Kerala. We see that while for the supply chain as a whole, from plantation to auction stage, West Bengal has much better economics, most of the profits in West Bengal are appropriated at the factory or tea processing stage. This means that the small growers and the medium size plantations, who sell leaf to bought-leaf factories are at a disadvantage in West Bengal, as compared to the tea factory owner. This does not affect the large, vertically integrated plantations, having their own tea processing factories.

- **Inverse Relationship between Wages and Auction Prices**

There seems to exist an inverse relation between wages and auction prices: while the wage for a tea worker in West Bengal is Rs 95, the auction price is Rs 125 and for Kerala it is Rs 145 and Rs 75 respectively. If we calculate wages as a proportion of auction price, wages in West Bengal are only 11% of auction price while that in Kerala it is 31%.

**Table 14: Wages and Auction Price**

Particulars	West Bengal	Kerala
Auction price (Rs/kg made tea)	125	75
Plantation wages (Rs/day)	<b>95</b>	<b>145</b>
Wages per kg leaf (Rs/kg at 25 kg daily plucking)	3.8	5.8
Wages per kg made tea (Rs/kg )	13.6	23.2

<b>Wages as ratio of auction price</b>	<b>10.88%</b>	<b>31%</b>
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*Tea auction prices from Tea Board statistics (www.teaboard.gov.in).*

The impact of this is seen in the substantially lower wages in West Bengal, as compared to Kerala, even though tea prices are substantially higher for West Bengal tea. The West Bengal tea wages in 2011 were substantially lower than even the prevailing NREGA wage of Rs.130 per day in the state.

Clearly the economics of tea are skewed against the plantations, and therefore the plantation worker. The plantation worker in Kerala is still able to command a reasonable wage only because of the labour market push from relatively high rural wages. The better wages translate into much better living conditions, and better expectations for the future. This further results in a situation in Kerala plantations of children being better educated, and the absence of child labour. The Kerala situation and the economics along the supply chain show that the supply chain can absorb substantially higher wages.

In West Bengal however, the plantation worker is not able to take advantage of much higher price of tea. The ability to bargain for a fair wage, even when the supply chain can clearly afford to pay much higher wages is apparent. The examples of Goodricke and Mcleod Russel clearly shows how the large plantations take advantage of this situation, and profit from their overall tea business, even when the economics at the plantation level are extremely adverse.

# Glossary

- AAY** **Antyodaya Anna Yojana** (Literally translated: Serving Grain to the Last person in the queue) is a central government sponsored targeted public distribution scheme that provides 35 kg of rice and wheat to the ‘poorest of poor’ who survive at the starvation threshold at Rs 2 per kg. The definition of ‘poorest of poor’ has been revised several times since the launch of AAY. This scheme, introduced by the Bharatiya Janata Party (BJP) led National Democratic Alliance (NDA) government aimed at shrinking the public distribution system further by targeting even within the section of the population that is below the poverty line (BPL).
- SGRY** **Sampoorna Grameen Rozgar Yojana** (Literally translated: Complete Rural Employment Programme) was a scheme launched on 25 September 2001 by the Government of India to provide employment for the rural workers living below the poverty line by merging the provisions of the Employment Assurance Scheme (EAS) and Jawahar Samridhi Yojana (JGSY). The programme was implemented through the Panchayati Raj (Local Self Government) institutions. The Sampoorna Grameen Rozgar Yojana was. The programme was discontinued in 2005 with the passage of the National Rural Employment Guarantee Act (NREGA, later renamed Mahatma Gandhi National Rural Employment Guarantee Act, MGNREGA) that guaranteed 100 days of work at minimum wages to all adults residing in rural areas willing to do manual work.
- MDM** **Mid-Day Meal Scheme** is a centrally assisted school meal scheme of state governments which involves provision of free hot cooked meals at school to all children in all government and government assisted primary schools (till Class VIII).
- ICDS** **Integrated Child Development Scheme** is a centrally assisted programme for early childhood development that aims to provide a package of services including supplementary nutrition, immunization, health check-up, referral services, pre-school non-formal education and nutrition & health education through Anganwadi workers in Anganwadi centres.
- FAWLOI** The West Bengal Government through a resolution (No. 506-IR dated 14.05.98, revised by Notification No. 1272-IR dated 12.10.98) introduced a Scheme for **Financial Assistance for Workers in Locked out Industrial Units** with a view to providing a monthly financial assistance of a sum of Rs. 500 to industrial workers affected by Lock-out, Suspension of Work, Closure in industrial units in the state which were under Lock-out, Suspension of Work, or Closure for more than one

year. The financial assistance was enhanced to Rs.750 in 2007 and to Rs. 1000 in 2009.

- IAY**                    **Indira Awas Yojana** (Indira Housing Scheme) is an allocation based centrally sponsored scheme that provides cash assistance to BPL households and other marginal households to construct houses on their own on a cost sharing basis of 75%-25% ratio between the central and the state government.
- Swajal Dhara**                    A national water supply and sanitation programme was introduced in 1954 by which the Government of India provided assistance to the states to accelerate the pace of coverage through the Accelerated Rural Water Supply Programme (ARWSP). The entire programme was given a mission approach when the technology mission on Drinking Water and Related Water Management also called National Drinking Water Mission (NDWM) was introduced in 1986. This NDWM was renamed as Rajiv Gandhi Drinking Water Mission in 1991. The third generation programme started in 1999-2000 when Sector Reform Projects evolved to involve community in planning, implementation and management of drinking water related schemes, later scaled up as Swajaldhara in 2002. Swajal Dhara scheme is a deep tube-well project which involves 90% grant from the Govt. of India and 10% contribution from the community. In case of tea plantations in West Bengal, the Centre is funding 90% of the project with the plantations providing the 10% contribution.
- JSY**                    Janani Suraksha Yojana under the National Rural Health Mission (NRHM) integrates direct cash assistance with antenatal care during the pregnancy period, institutional care during delivery and immediate post-partum period in a health centre by establishing a system of coordinated care by field level health worker – the Accredited Social Health Activist (ASHA). The JSY is a 100% centrally sponsored scheme.

# Appendix

## Brief description of Legislation applying to Plantation Workers

1. **The Trade Unions Act, 1926:** is applicable to unions of workers as well as associations of employers. The Act deals with the registration of trade unions, their rights, their liabilities and responsibilities as well as ensures that their funds are utilised properly. It gives legal and corporate status to the registered trade unions. It also seeks to protect them from civil or criminal prosecution so that they could carry on their legitimate activities for the benefit of the working class.
2. **The Payment of Wages Act, 1936:** regulates the payment of wages and determine the date of payment and deduction from wages whether as fine or otherwise. Covers all workers drawing an average monthly wage up to Rs 6500 as amended with effect from 2005.
3. **The Workmen's Compensation Act, 1936:** provides compensation for workmen in cases of industrial accidental / occupational diseases in the course of employment resulting in disablement or death. Covers persons employed in Factories, Mines, Plantations, the Railways and others mentioned in Schedule II of the Act. The Act provides for a compensation from Rs. 20000 upto Rs. 114000 for death; from Rs. 24,000 upto Rs. 70,000 for permanent disablement; and 50% of wages for a maximum period of 5 years for temporary disablement.
4. **The Industrial Employment (Standing Orders) Act, 1946:** requires employers in industrial establishment to define with sufficient precision the conditions of employment under them and to make the said conditions known to workers employed by them. It applies to every industrial establishment (as defined under the Payment of Wages Act, 1936 which includes plantations) wherein one hundred or more workers are employed. The Standing orders should cover issues relating to classification of workers (permanent, temporary, casual, contract, badlis/ replacement, apprentice, probationers, etc); manner of intimating workers periods and hours of work, shift time, holidays, pay days; wage rates; attendance; conditions for suspension and termination of employment; grievance redressal mechanism of workers, etc.
5. **The Industrial Disputes Act, 1947:** to make provision for the investigation and settlement of industrial disputes through bargaining. Chapter V-B of the ID Act, introduced by an amendment in 1976, requires firms employing 300 or more workers to obtain government permission for layoffs, retrenchments and closures. A further amendment in 1982 (which took effect in 1984) expanded its ambit by reducing the threshold to 100 workers. The Act also lays down the provision for payment of compensation to workers on account of closure or lay off or retrenchment and unfair labour practices on part of an employer or a trade union or workers.
6. **The Minimum Wages Act, 1948:** provides for fixation and enforcement of minimum wages in

respect of scheduled employments. Tea plantation is a scheduled employment in the states of Kerala and Tamil Nadu but not in Assam and West Bengal, where the wage is determined through collective bargaining agreements. The MW Act is statutory but legally non-binding. Payment of wages below the minimum wage rate amounts to forced labour according to several Supreme Court directives.

7. **The Factories Act 1948:** is the umbrella legislation enacted to regulate the working conditions in factories. The Act provides for regulation of working hours, secures safety and occupational health of workers, ensures annual leave with wages and provides protection from hazardous processes. The Act also provides for appointment of Welfare officers for establishments with 500 or more workers. The Act specifically provides for crèches in establishments with more than 30 women workers and prevents night employment and employment in hazardous processes of women employees. Applied to all premises where ten or more workers are working, or were working on any day of the preceding year, and in any part of which a manufacturing process is being carried on with the aid of power, or (ii) where twenty or more workers are working, and in any part of which a manufacturing process is being carried on without the aid of power. In India the first Factories Act was passed in 1881 applicable to all factories employing 100 or more workers; in 1891, it was amended to apply to factories employing 50 or more workers.
8. **Employees Provident Fund and Miscellaneous Provisions Act, 1952:** to provide social security benefits to workers. The PF Act and the Schemes framed thereunder provides for three types of benefits - Contributory Provident Fund, Pension to employees/ family members and insurance cover. With effect from 1960, all establishments employing 20 or more persons were brought under the Act. The P.F. Scheme is not applicable to tea factories in the State of Assam. The rate of contribution under the E.P.F. Act is 12% - the employer has to deposit 12% of the basic wages, dearness allowance and retaining allowance (if any), on his part and an equivalent amount on behalf of the employee, which is to be recovered from the employee' salary.
9. **The Payment of Bonus Act 1965:** provides for the payment of bonus to persons employed in certain establishments on the basis of profits or productivity. The Act applies to (i) every factory as defined under the Factories Act, 1948 and to (ii) every other establishment in which twenty or more persons are employed on any day during an accounting year. The act ensures that an employer pays at least a minimum bonus at the rate of 8.33% of the salary or wages earned by an employee every year. This is not dependent on employers' allocable surplus in the accounting year. However, if the allocable surplus exceeds the amount of minimum bonus payable to the employees, the employer shall in lieu of such minimum bonus, be bound to pay bonus (maximum bonus) equivalent to the amount which shall not exceed 20% of the salary or wages earned by employees.
10. **The Payment of Gratuity Act, 1972:** provides for the payment of gratuity to workers employed in every establishment employing 10 or more persons. All the employees irrespective of status or salary are entitled to the payment of gratuity on completion of 5 years of service. In case of death or disablement there is no minimum eligibility period. The amount of gratuity payable shall be at the rate of 15 days wages based on the rate of wages last drawn, for every completed year of service. The maximum amount of gratuity payable is Rs. 1 000 000 (as amended in 2010). The formula for calculation of gratuity is  $\text{Gratuity} = (\text{Last drawn monthly wage}/26) \times 15 \text{ days} \times$

Number of years of service.

11. **The Equal Remuneration Act, 1976:** was enacted to prevent discrimination between workers on grounds of gender. The act provides for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment. Nothing in this Act shall apply to (i) cases affecting the terms and conditions of a woman's employment in complying with the requirements of any law giving special treatment to women; or (ii) any special treatment accorded to women in connection with the birth or expected birth of a child, or the terms and conditions relating to retirement, marriage or death or to any provision made in connection with the retirement, marriage or death.
12. **The Maternity Benefit Act, 1961:** regulates employment of women in certain establishments for a certain period before and after childbirth and provides for maternity and other benefits. The Act is applicable to mines, factories, plantations, shops and establishments employing ten or more persons, except employees covered under the Employees' State Insurance Act, 1948. Under the MB Act women employees are entitled to maternity benefit at the rate of average daily wage for the period of their actual absence up to 12 weeks due to the delivery. In cases of illness arising due to pregnancy, etc., they are entitled to additional leave with wages for a period of one month. They are also entitled to six weeks maternity benefit in case of miscarriage. The 2008 amendment increased the medical bonus entitlement to Rs. 1000, if no pre-natal confinement and post-natal care is provided for by the employer free of charge. The Act prohibits dismissal, discharge, reduction in rank or any other punishment of an insured women employee during the period she is in receipt of maternity benefit. Further, when an employee is enjoying maternity benefit within the meaning of the Maternity Benefit Act, the employer cannot call upon her to come and work on holidays (*Tata Tea Ltd. vs. Inspector of Plantations. (1992) ILLJ 603 ker*). Also, in the matter of a plantation worker claiming maternity benefit, it was held by the Supreme Court that payment for 12 weeks did not mean 72 days (i.e. paid working days), but it should be paid for a total of 84 days (*Tata Tea Limited, Velonie Estate vs. The State of Tamil Nadu and Ors. (2010) IILLJ 762 Mad.*).
13. **The Child Labour (Prohibition and Regulation) Act, 1986:** prohibit the engagement of children in certain employment's and to regulate the conditions of work or children in certain other employments. The Act defines a child as a person who has not completed his fourteen years of age. The PLA was amended to prohibit employment of children under 14 years of age (The PLA earlier defined a child as a person under 15 years of age).
14. **The Mahatma Gandhi National Rural Employment Guarantee Act, 2005:** provides for 100 days of guaranteed work to all adults residing in rural areas at statutory minimum wage. The Act is a demand driven employment guarantee programme administered by gram panchayats (village level local self government) that is legally binding. It also specifies working conditions for works undertaken under this programme. This act initially did not cover plantations as plantations do not come under the administration of gram panchayats. The NREGA was extended to tea plantations in Assam and West Bengal in 2009 as a part of the revival plan for closed and abandoned plantations.

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