

Labour in the Tea plantation Sector: A Special Reference to Privatized Large Scale Tea Estates in Sri Lanka

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Abstract

The tea plantation is a labour highly intensive sector in Sri Lanka. The British owned tea plantation industry was nationalised in 1970s and then undergone several administrative changes and now it is managed by the private companies. The changes were attributed a significant impact on social life of the estate workers. The registered labour in the privatized large-scale tea estate has declined to 44 percent during last decades. The factors which contributed for the declining of the registered labour in the large scale tea estate is the main focus of this study. A study was carried in the selected large-scale tea estates. The study found majority of the workers have left from the estate jobs and engaging in various non-estate jobs in the country. Low level of income from the estate jobs, poor housing conditions are the major attribution for the migration of the workers. A few workers are continued to engage in tea estate job under the contract farming system which was introduced by the privatized tea estate management recently.

Key words: Tea plantation, Estate, In-filling vacancies and Contract farming

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Introduction

Tea plantation is the most labour intensive industry in Sri Lanka. On a rough and ready basis the tea plantation sector would employ at the rate of 2.5 persons per hectare and the industry need supply of labour throughout the year (Perera 1974, Sinnathamby and Wickramasekara 1984). The nature of work needs the involvement of both the male and female labour force. Plucking of tea leaves is an important activity and is a specialized job done by the female workforce in the country. The employment levels continue much further than the tea field-offices of management as is at Regional Office, and other management bodies inclusive of Tea Board, which has absorbed Tea Commissioner, Tea Export Branch, Tea Promotion Units and the Tea Research Institute. Apart from these one has also to take into the reckoning the offices of Tea Buyers, and Blenders together with shipping firms, transport contractors and packing of tea. This makes a long enough list. It could be estimated that around one million persons are directly dependent on tea industry for their livelihood. The tea industry has indeed the mainstay of the economy of Sri Lanka

The tea industry has undergone several changes namely nationalization of the British owned tea estates from 1970 to 1975 and then managed by the government agencies from 1978 to 1992 and privatized hand over to the Regional Plantation Companies from 1995. One major impact of the changes is the impact of size of labour in the industry. The registered labour in the large scale tea estate just before privatization of the tea estate was 497,995 in 1988 and it has rapidly declined from 405,304 in 1990 to 149,000 in 2017, which is around 44.30 percent decline within the two decades of privatisation of the tea estates. The factors which contributed for the declining of the registered labour in the large scale tea estate is the main focus of this study. In addition to that the study also draws an outline of the strategy adopted by the large scale estates to mitigate overcome issues of labour for their task in the country.

The tea plantation industry still played an important role in the economy of Sri Lanka even though relative contribution has declined in recent years. Tea extended to larger area of wet zone arable land available for the agriculture. Sri Lanka produced 328 kg millions of black tea in 1998, about 18 percent of total world black tea production. Sri Lanka exports more than 90 percent of its production annually. Foreign export earnings amount US \$ 1.5 billion or about 13 percent of total export earnings that comprised 75 percent of agricultural export (Central Bank of Sri Lanka, 2018). With the changes of the Sri Lanka economy since 1980's, value of industrial export has increased dramatically. Contribution of the tea sector to the GDP was 1.5 percent in 2018.

The labour involved in tea plantations are basically Tamils of Indian Origin (Indian Tamils). Around 80 percent of the Indian Tamils are concentrated in the tea plantation sector. Most of the workers in the tea estates reside within the estate area. They are housed in rows of rooms which are generally called *labour lines*, poorly constructed houses in Sri Lanka. The clusters of the labour lines are strategically located in different parts of the tea estate to enable quick labour deployment and to protect the boundary of the tea plantations.

The tea plantation workers are comes under the category of wage earning labourers. The daily wage includes the basic wages and other allowances which have been continuously altered but the amount has been always remains lower when compare to rural urban workers

in the country. At present the consolidated daily wage for the estate worker is Rs.700/= in 2019. According to the information available in the Household Income & Expenditure survey of Sri Lanka – 2016, the estate workers are identified as the low income groups and their household income is SLRS:29,131 (National Rate is SLRS: 43,511) and 6.8 percent of them are under poverty (National rate of poverty is 3.1 percent).

Review of Literature

There are many studies have focused on the potentiality of employment in the tea sector from the inception of independence of Sri Lanka. Accordingly, this section reviews Tea Master Plan (TMP) of 1978, The Tea master Plan in 1978 (The TMP) also suggested that there is a potential for increasing employment on tea estates through enhancing the productivity. Accordingly, the yield level of 900 kilograms per hectare had been able to provide employment to only 1.98 workers, whereas that of increased yield by 1,680 kilograms can absorb 4.06 workers.

The Ten Year Plan in 1959 saw a sustainability (including rubber and coconut as well) to generate employment through higher output in the plantation sector. It estimated that a total number of 552,000 additional jobs could be created on existing land subject to the entire area being replanted and rehabilitated. The 1972-75 Land Reform Programmes were implemented with this major objective of expansion of employment in the sector. The potential of the sector was explicitly recognized in the Land Reforms. The Tea master Plan in 1978 (The TMP) also suggested that there is potential for increasing employment on tea estates through enhancing the productivity of tea rather than through diversification of inter-cropping or by increasing the ancillary activities. Accordingly, the yield level of 900 kilograms per hectare had been able to provide only 1.98 labours, whereas that of increased by 1,680 kilogram's 4.06 labour can be absorbed. The TMP also emphasised the need of infilling vacancies because it was identified that around 25 percent of the tea lands were underutilised and proportionally less capable of provision of employment. To reach this level, the study also suggested the adoption of appropriate cultural practices of fertilization, weeding and adherence to the correct pruning cycle. The Medium Term Investment Programmes (MTIP) 1983-87 has also given high priority to the resuscitation of the tea sector through comprehensive "estate to estate investment programme" meant to generate employment and increase exports.

Nimal Sandaratne (1984) suggested that the tea sector in a position to increase the employment opportunities through implication of diversification of agricultural Diversification and other income generating activities. A recent analysis by Sinnathamby, appeared in the ILO/ARTEP working papers in 1993 and subsequently a study on poverty of the estate workers published in 2006, shows that the absence of an expansion in area under tea cultivation has not helped to increase the employment opportunities for the growing population in the plantations. It is also true to some extent that the land which were under tea cultivation have been neglected and closed down for being uneconomic. The author also reiterated the inefficiency of state sector management which was the major cause leading to the vulnerable situation of the tea sector as a whole.

David Dunham (1998) and others also have analysed the future labour supply and possible management responses on tea estates in Sri Lanka. The study also states that the young workers may in future have very good reasons to look for jobs elsewhere, if the strategies of tea estate management do not change to meet the changing aspirations of the youth. The above discussion clearly shows that initially the Plantation sector had been identified as the potential sector for employment opportunities even to the rural community and suggested the necessity of planting High Yielding Varieties, inter cropping, crop diversification, in-filling vacancies etc. to increase the capacity to absorb more workers.

The Labour Force Survey is also revealing the tendency of unemployment rate in the plantation sector. Accordingly the unemployment rate in the district of Nuwara Eliya was 6.7 percent in 1985 and increased to 22.2 percent in 1995. Similar tendency also can be observed in the district of Badulla. It has increased from 8.7 percent to 19.1 percent between 1985 and 1995.

A study conducted by CARE international in 1998 reveals the level of education and unemployment in the district of Nuwara Eliya. Of the unemployed 12 percent studied up to GCE O/L classes and this figure for Badulla was 16 percent. The report also evidently demonstrates the unwillingness of manual jobs in the estate by the educated youth who went up to GCE O/L classes.

The ILO study on Employment and Unemployment Situation in Selected Plantation Districts and Creation of Employment Opportunities (1999) reveals that there is a mismatch between available jobs in the estate and the aspiration of unemployment. The study also found the trend of unwillingness of parental jobs among the educated (those who went up to GCE O/L classes) in the estates. Moreover, the study also shows that a considerable number of educated youth prepares to accept the employment opportunities in the factory but it is limited within the estates and not readily available in the vicinity of the estates.

Objectives of the Study

- a) To study the factors contributed for employment opportunity in the tea plantation in Sri Lanka.
- b) To examine reasons for declined of labour force and the availabilities of prospect jobs for them in the vicinity of the estates.

Methodology

The study is based on both the secondary and the primary data. The primary data were collected from household survey conducted in the randomly selected three large scale tea estates i.e. BGO, MSK and CRN in the district of Nuwara Eliya. There is a lot restriction for collection of data on socio economic condition of the tea workers who are working in the large scale tea estate in Sri Lanka. Therefore, the study is not revealing the actual name of the estate that I visited to collect relevant for the analyses. It was decided to select 40 households from each estate and finally the survey was incorporated 105 households for the analysis. The systematic random technique was used to select the houses from the estates and the survey was carried out in the month of June and July in 2018. A structured questionnaire was designed to extract relevant data from the households. Relevant information also collected

from the administrative officers of the respective estates in the sample. The secondary data were collected from the published documents and the information published in the various issues of the Statistical Information on Plantation Crops which is an annual publication of the Ministry of Plantation Industry in Sri Lanka and various issues of the annual reports of the central bank of Sri Lanka.

Findings

Utilization of land for tea cultivation is considered as one of the factors which has a positive impact on employment opportunities for the labour in the tea estates. The basic data collected from the administrative officers of the selected large-scale tea estate during the field survey is tabulated in Table 1.

Table 1
Extent of Tea land and labour in the Selected Tea Estates – 2018

Estate	Extent of Tea		Labour force			
	OLD*	HYV**	Total	Permanen t	Others ***	Total
BGO	170.22	240.3	410.52	229	768	997
MSK	349.14	80	429.14	202	921	1123
CRN	158.01	15.2	173.21	163	157	320
Total	677.37	335.5	1012.87	594	1846	2440
	66.89%	33.11%	100	24.35	75.65	100

Source: Compiled from field data

*Old Tea Bushes

**High Yielding Variety

***Temporary, Casual and the workers not engaged in estate work

The table 1 illustrates the extent of tea bushes and the labour force in the selected tea estates under study. Accordingly, it is only 33 percent of the total extent of tea land with high yielding variety (HYV) which give more productivity than the old tea buses in the estates. The tea estate of BGO privileged with roughly 58 percent of HYV which give more productivity than the old tea buses in the tea estates. As mentioned above the programme for planting with the HYV of tea bushes was one of the proposal of Tea Master Plan. The plan also insisted that the higher productivity also can achieve through in-filling vacancies of tea bushes which will enhance the employment opportunity as well. Among the sample tea estates the BGO estate has adequately extended with HYV tea bushes, whereas the two estate are mainly depend on old tea buses. The distribution pattern of the tea bushes in the sample estates of MSK and CRN are common phenomenon of privatized large-scale tea estates in the country.

Table 1 also shows the distribution of labour force in the sample estates. Accordingly, the permanent labour force (registered workers) in the sample estate are only 24.35 percent and that of in the rest are reported as either temporary and casual or the category of other labour force in the estate. Comprising different category of labour force in the tea estate is a recent phenomenon particularly in the privatized large-scale tea estate. Traditionally, the estate workers are fully involved in the estate work. The workers are provided with daily wage, rent free house, health care etc. are provided through the implementation of Estate Labour (Indian) Ordinance by the estate management from 1935. Several other conditions also executed by the estate management to retain the large number of labour for both the male, female even the children of the estate workers to be engaged in various jobs in estate employment (Goonaratne and Wesumperuma 1984, Nadesan 1993, Hollup 1994, Shanmugaratnam 1997, and Little 2003). However, the employment pattern has gradually changed in par with the administrative changes taken place in the large-scale tea estate in the country.

As mentioned above the strength of the registered labour has dropped during the post-privatisation. The total registered labour in the tea estates at the time of privatisation in 1992 was 327,123 and it had dropped to 280,788 in 1995. Subsequently, at present the numerical strength of registered workers in the tea estates is 180,168 which is a cumulative drop of (152,191) 44.30 percent from 1992. The retrenchment scheme put in to operation by the management of the privatized tea estates has led to drop numerical strength of registered labour and the decision on the demand of the tea workers to increase the daily wage also directed to demotivate the registered workers to continue their engagement in the estate work.

The study found four categories of labour force in the sample tea estate they are:

- a) The workers fully involved in estate jobs is 33 percent
- b) The workers partly involved in estate job is 35 percent
- c) The workers fully engaged in non-estate jobs is 15 percent and
- d) The workers involved in Contact Farming System is 19 percent

Accordingly, the workers fully involved in estate jobs are mainly female workers and associating with plucking of tea leaves and it comprise 33 percent of the total labour force in the sample estates. Many of the female workers are registered workers and they have the entitlement of receive the benefits of provision spelled out in the Estate labour (Indian) ordinance in the estate. At the outset, a few male workers also regularly attend estate jobs and they basically retired from the estate work under the pre-retirement scheme encourage by the privatized estate management and joining as the temporary workers in the same estate. The temporary workers are receiving only the basic wage for their work and do not get any benefits from the labour ordinance which they had used prior to the retirement of the estate jobs. The range of take home pay by the workers who are fully involved in the estate job is varies from SLRS: 6,000 to SLRS: 8,000 in the month of May 2018

Apart from the 33 percent of the labour who are fully involvement of the estate jobs, the rest are not fully involved in the estate jobs the sample population. Various reasons are attributed for workers to move from estate jobs. They are school education, unchanged housing conditions, poor income from the estate jobs, lack of job opportunities for male

workers in the estates etc. are the major reasons for out migration of the workers. Indeed, male workers heavily dominate non-estate jobs. The non-estate workers who study up to secondary level of education do not live in the estates. They are engaged in trade and business in the major cities in Sri Lanka. It is also observed that persons who study up to primary level have the tendency to join jobs other than plantation work. Higher illiteracy rate leads to a greater labour turnout in the estates. Literacy provides extra avenues for alternative jobs mobility from tea estate work to non-estate jobs in the vicinity.

In the 1960s and the 1970s the estate children were not burden to their parents and the estate was in a position to provide employment to the younger generation. There was a shortage of labour in the estates due to the repatriation under the Indo Sri Lanka agreement of the 1970s. Apart from this, the system of lack of facilities for education, housing, health, poor / low wage incomes, poor social security and communication were also responsible to encourage them (workers) to continue to remain in estate jobs. However, the situation has now changed primarily due to incompatibility of wage incomes, unchanged and stagnated management style, persistence of unchanged housing conditions, attitudes of the trade unions in the plantation sector etc. Coincidentally the successfulness of school education (primary) etc. significantly transformed the socio economic conditions of the estate workers. The person who are involved in none estate jobs are able to generate SLRS: 1000 to 1500 per day. Most of the male workers are able to engaged in none estate jobs for 10 to 15 days per month and the income generated from the outside jobs is additional income which help them to fulfil the minimum requirement of basic consumption for the family.

The fixed daily wage and the allowances are the major income components of the plantation workers. Wages for the plantation workers were governed by the minimum wage regulation and controlled by the decision of the tripartite institutions called the Wage Boards until recent years. Presently the wages for the plantation workers are governed by collective agreement. The key partners of the collective agreement are the representatives of major trade unions and the Employer's Federation of the plantation sector. It should be noted that the determination of daily wage and other allowances are not routinely considered by the estate management. Almost all wage revisions to the plantation workers were made after considerable pressure applied by the trade unions in the country by way of strike etc. However, the wage demand were not satisfactorily settled under the collective agreements in the privatized tea estates and the estate workers are considered as low income community in the country. Currently, the estate workers were demand for Rs.1000/= per day (around US \$ 6 per day) to cover the minimum consumption of food tem per day at the beginning of year 2019, but after several round of negotiation the management agreed to pay only Rs.700 per day (4 US \$ per day).

It should be noted that there were several programmes initiated in order to eradicate the line room system of residence for workers after the nationalisation of the estate sector and a considerable number of projects also have been implemented in this regard. Despite all these efforts the estate workers who are living in the old type of double barrack or single line rooms still constitute 63.4 percent of the total number of households in the estates.

The tendency towards unwillingness to join the parental jobs by the youths in the estates also observed among the sample households in the estates. A considerable number of

youth with some education leave to urban areas especially to Colombo for jobs and after some times if they fail to settle down, they revert back to estates and remain as unemployed persons even though estate labour jobs are found in the estates. Though some children of the estate workers have qualified with secondary level education, they have only a limited chance to join in the staff grade jobs available in the estates. The total unemployed persons in our sample were 9.31 per cent of the total labour force in the sample. The unemployed persons in the estates were generally educated youths. When asked about their opinion about joining estate work they showed unwillingness to pursue parental jobs. They also felt that it was not necessary to go for the parental job since they had enough income from several working members in their families. Further, they did not like the working conditions and style of management.

The category of workers under the contract farming system in the sample has been a recent phenomenon in the estates. This one aspect of transformation of the large scale tea estates into a profitable venture in this country. Accordingly the estate management transfer certain responsibility to the workers which will give additional income through maintaining the tea bushes in the estate. In order achieve the task the estate management has come out with a scheme of extending the Contract Farming System (CFS) in the large scale tea sector and found 19 percent of the workers in the sample were involved in the new system of engagement in the estate.

The CFS system also uses the terminology as Revenue Sharing Wage Model. The system to assure creation of entrepreneur among the estate workers The proposed CFS model will guarantee 10 days' work at the current wage model for the estate worker. The rest of the days the workers will be paid on productivities base payment scheme where for each kilo they pluck they will be paid a specific rate as it is done in the Tea Smallholding Sector. This allows the people to make their own choice with free movement mechanism. All agricultural work, agronomic practice and the harvesting be done by the grower himself. The harvest – the green leaf will be compulsorily supplied to the designated estate factories. Predetermined percentage of 35 percent of the Net Sale Average (NSA) is to be paid as green leaf cost as done in the Tea Smallholding Sector. Essentially the government will continue to own the land. The estate will own the stock of the tea bushes while the grower will own the crop (tea leaves) generated from the bush. The cost of fertilizer, chemical and other inputs are recovered by the estate on a monthly instalment cost recovery basis. The estate management will ensure the supervision and the execution of all the standard harvesting and field maintenance practice related to plantation agriculture, while maintaining records of input supplies, purchase of green leaf and adherence of to the 'terms and Conditions' of the agreement. Those who are involved in CFS system are able to earn an additional income of SLRS: 6000 to SLRS 7,500 per month. The wage income from the estate jobs and the opportunity to receive the income generating from CFS in the same estate is a new way of life of the estate workers. Indeed, the system is pave the way for the tea workers to continue occupy in the estate jobs.

Conclusion

The tea workers are not merely confined to the estate works. The persons who study up to primary level have the tendency to join jobs other than plantation work. Continuity of poor housing, low wages are not motivated factors to attract the young workers to be involved in the privatized large scale tea estates. The privatized tea estate is engaging in recruitment of temporary workers mainly from other than the tea sector rather than traditional workers. The estate workers are still considered as the low income group in the country and poverty and indebtedness are dominant features amongst the estate workers. However, the expansion of CFS in the tea plantation will pave the way for retain the estate workers to be occupy in the estate jobs.

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