Problems and Possibilities in Indian tea

Report from an information gathering and networking trip by Sabita Banerji
THIRST is The International Roundtable for Sustainable Tea. We aim to bring together civil society actors, tea workers and farmers, providing a platform for them to challenge the tea industry and governments to reform the system, and support them in doing this. Our vision is of a fair and sustainable tea industry where workers and farmers are empowered and their rights are protected, within a system that is shaped by 21st century values and systems rather than 19th century ones.
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INTRODUCTION

Tea is still the second most popular drink in the world after water. India is one of its biggest producers, and exports tea as well as having a large domestic market. The Indian tea industry is well-established, organised and supported by the government. Wages are set through tripartite negotiation and a proportion of Indian tea is certified under Fairtrade, Rainforest Alliance, Utz and the Ethical Tea Partnership. Under such circumstances, you would be justified in assuming that Indian tea workers enjoy living wages and a decent standard of living. Yet repeated studies and media exposés show that this is far from the case.

In fact, the tea industry is in crisis.

It is currently facing a multitude of internal and external challenges, including:

- competition from other tea producing countries and other beverages
- rising costs and static prices
- static or falling demand
- rising supply from other countries
- the growth of the Small Tea Grower (STG) sector
- increasing pressure from consumers, civil society and workers themselves for better worker pay and conditions
- a better educated younger generation that is increasingly turning its back on tea work
- mounting climate change impacts.

This report draws on interviews with tea workers, managers, owners, trade unions, NGOs and standards bodies conducted during a 3-week information gathering and networking trip at the inception of THIRST, The International Roundtable for Sustainable Tea. It documents a plethora of problems experienced by tea workers and their employers, as well as some promising practices that companies have started putting in place to address them, and the challenges and opportunities at play in the wider political, economic and social context.

PROBLEMS FACED BY INDIAN TEA WORKERS

The perception of many in the tea industry is that tea workers are better off than other workers in India because they have regular work and are given free housing, education etc as mandated under the Plantation Labour Act (PLA) of 1951. However, a number of common themes that challenge this view clearly emerged from my conversations with around thirty workers on four different tea estates in the North and South of India:

- Workers (and other stakeholders) said income is too low to meet every-day needs or to cover children’s education (leading to workers incurring debt)
- Education and healthcare are inadequate and only available to permanent workers
- Low pay and male under-employment is leading to economic migration away from estates or to drug and alcohol abuse and gambling
- Housing is inadequate and there is growing pressure on housing and land for extended families
- There is no safety-net for workers’ dependents, including retired workers
- Effective government support, worker representation and worker-management communication are often lacking.

These issues were apparent across both the states I visited (West Bengal and Kerala) although they were more severe in the Dooars region of West Bengal.

Managers often point to the much lower quality of housing in the poorer Indian states and to poor employment practices in other industries – such as construction – which often provides no benefits at all to workers, not even regular work. However, the fact that some are worse off than tea workers does not justify denying them their rights to the internationally agreed standards of working and living described in the ILO conventions and the UN Declaration of Human Rights.

1 The Kerala government has made legal provision for construction workers’ welfare, but this is the exception.
PROMISING PRACTICES

Some companies are seeking ways to address some of these problems, whilst remaining solvent in a challenging economic climate. Examples of such promising practices include a partial profit-sharing scheme with regular workers during high season in Darjeeling; providing land and training to enable workers to supplement their income from tea plucking during low season; and enhancing healthcare and education with the Fairtrade premium. New business models are also being tried in some parts of the tea sector, such as worker-owned companies with participatory management systems and co-operatives diversifying tea cultivation alongside other crops and income sources.

Fairtrade committees are also helping to empower workers, although there is potential for deeper impact from certification. Fairtrade premiums are helping to provide some perks, such as solar lighting and heated tea containers as well as enhancements to basic health and education provision. But some feel that the restrictions on how the premium can be used mean they are not able to address the more fundamental needs of tea workers and their families such as better pay, and substantive improvements to housing, healthcare and education.

There is also currently a limited market for Fairtrade tea.

COMPANIES

Workers are more likely to have better conditions when the industry itself is thriving, and many companies are adopting strategies to try to strengthen themselves commercially – examples include converting to organic and bio-dynamic production methods and becoming certified. This can enhance sales in export markets, but has not yet started commanding a premium in the much larger domestic market. On the other hand, some approaches to reversing the commercial decline of tea production have been detrimental to workers; a new breed of ruthless business managers – traditionally traders – has entered the market, allegedly squeezing worker benefits and cutting corners to maximise profits.

However, the historically embedded lack of transparency in the tea sector means that even NGOs and standards bodies that work closely with the industry are unable to get to the bottom of most tea production and packeting companies’ profit margins. This leads to suspicion when companies claim not to be able to afford to provide decent worker pay and benefits.

TRADE UNIONS

Collective bargaining and freedom of association are essential for workers to be empowered to attain their rights to decent pay and benefits.

Yet among my interviewees, there was widespread mistrust of tea trade unions, whom many accused of taking favours from management and of being led by their political masters, rather than their members. The women of a Kerala tea plantation rebelled in 2015 feeling that established unions had failed to protect their precious annual bonus payment. They subsequently set up their own trade union – Pempila Orumai (Women’s Unity).

This, and other women-led unions, would benefit from support from the wider trade union movement, particularly as over 70% of tea workers are women who experience low pay, extreme verbal abuse and long working hours on top of their unpaid domestic care responsibilities.

With men increasingly migrating away from tea plantations in search of better paid work, older women are being left behind with full responsibility for supporting their families. The backing of a Global Trade Union Federation or a local women’s organisation would help to strengthen and stabilize a women’s trade union in its infancy, and could facilitate effective participation of women in trade union activities and working constructively with companies to bring about sustainable and mutually beneficial solutions.

2KDHP, a Kerala-based tea company, by contrast shares its balance sheet with all shareholders.
GOVERNMENT

The Indian government’s key interactions with the tea sector are through the Plantation Labour Act, participation in tripartite wage negotiations and land registry. The PLA is intended to protect tea plantation workers, but companies and civil society say poor implementation and financial challenges create severe limitations to its effectiveness. For example, tripartite wage negotiation has not resulted in workers gaining wages that are adequate to meet their basic daily needs – even with the PLA mandated benefits.

Another example of ineffective legislation is a land registry ruling prohibiting the conversion of food production land to tea cultivation. This is regularly flouted in favour of STGs, thus failing to restrict overproduction which is contributing to the downward pressure on tea prices. There are therefore calls for the reform of the PLA, and for governments to more effectively legislate and implement legislation to protect the tea industry and all those who work within it.

State level governments do have the power to influence worker pay. For example, the Kerala government enforced the payment of a 20% bonus that workers had been expecting, and the Assam government has recommended (although not formally notified) an increase in the composite daily wage to Rs 351 (approximately GBP 3.50). State level governments can also leverage land issues; the West Bengal government is exploring the possibility of assigning land ownership to tea workers.

WHAT COULD THIRST DO?

Times of crisis are also times of opportunity for change, renewal and improvement. THIRST has been established to bring together civil society and seize this opportunity in the most effective way possible.

The following emerged from the interviews as the key ways in which THIRST could contribute:

- be a repository for information
- facilitate knowledge sharing between stakeholders in different parts of the country and with other countries
- lobby the industry, governments, consumers and certifiers in order to create a more enabling environment for workers to attain their rights
- be a bridge between different sections of the tea value chain and its stakeholders to try to help overcome the mutual distrust and misunderstanding that has built up over the industry’s 150 year history.

Trade unions and NGOs have been working for decades or more to address entrenched human rights problems in the tea sector. They are making some good progress in a number of geographical areas and on a number of specific issues. They have also accumulated a lot of learning between them. THIRST offers these organisations the opportunity to broaden, deepen and enhance their impact by working together. Pooling their unique skills, knowledge and energies they could:

1. identify the most pressing problems at every stage of the value chain
2. uncover their root causes
3. explore how they can be addressed
4. challenge and support the tea industry and its stakeholders to act accordingly.
2. Introduction

This trip is the inception activity of THIRST, The International Roundtable for Sustainable Tea, a platform for civil society actors to come together and when needed to challenge and support the tea industry in improving conditions for tea estate workers and small tea growers. But before we can do that, we need to develop a shared understanding of the state of the tea industry globally, looking in particular at its impact on workers and farmers, and what can be done – by civil society, the tea industry and governments – at different stages of the value chain to mitigate negative impacts on them and create positive ones instead.

Accordingly, over the next year or so, THIRST intends to facilitate wider primary and secondary research into how all the moving parts of this complex industry interact with each other to perpetuate endemic human rights issues and identify where effective changes can be made. Among the many challenges I heard described on this trip, I also learned of a number of examples of good or promising practice that – if replicated or developed further – could help achieve this. This orientation trip is a precursor to that research.

Impression of the Indian tea supply chain based on conversations during this trip
Tea is still the second most popular drink in the world after water. India is one of its biggest producers and exports tea as well as having a large domestic market. The industry is well-established, organised and supported by the government. Wages are set through tripartite negotiation and much of Indian tea is certified under Fairtrade, Rainforest Alliance, Utz and the Ethical Tea Partnership. Under such circumstances, one would be justified in expecting that tea workers enjoy living wages and a decent standard of living. Yet repeated studies and media exposés show that this is far from the case.

The tea industry is currently facing a plethora of internal and external challenges, including competition from other tea producing countries and from other beverages; rising costs and static prices; static or falling demand, and rising supply; increasing pressure from consumers, civil society and workers themselves for a better worker pay and conditions; a better educated younger generation that is increasingly turning its back on tea work; and mounting climate change impacts. These themes emerged strongly from the conversations I had with Indian tea stakeholders in January 2019. Many of them are likely to apply to the tea industry globally.

But Indian tea has some distinctive characteristics of its own. When the British first planted tea in India in the nineteenth century they were obliged to bring in labour from other areas as local subsistence farmers were unwilling to work on the estates. They built ‘lines’ – regimented rows of small dwellings – for them to live in and provided basic healthcare to keep the workforce functional.

In 1951 the Indian government formalized the arrangement, making it a legal requirement that owners of tea estates (also known as plantations or gardens) provide decent quality housing, education and healthcare for workers and their families. The arrangement places a significant financial burden on tea (and other plantation-based) companies that other businesses do not have to bear. When tea prices were buoyant they could carry this cost, but in recent years prices have remained static or dropped while costs continue to rise.

Meanwhile, there has been an upsurge in ‘small tea growers’ (STGs) and independent ‘bought-leaf factories’ entering the market which has disrupted the market by creating an alternative source of tea, but at the same time depressing prices. They emerged during a period of high demand for Indian tea from the then USSR, which ended with its dissolution creating a tea surplus. Other countries have also entered the tea market, adding to the surplus and capturing a large proportion of the lucrative export market.

STGs are not subject to PLA regulations and can therefore provide tea at lower cost, although this is often (though by no means always) of lower quality and provide less care for workers. This is suppressing prices further, which plantation owners claim is putting more pressure their ability to provide decent pay and conditions for their workers.

Faced with a future of increasing challenges, and trapped in a nineteenth century model of trading and employment, the time is ripe for the Indian tea industry to look within itself and to seek new ways of working. I hope that this report can contribute towards this process and to the work being done by many other dedicated and experienced trade unions and NGOs. I hope that it can start to identify where and how some of those organisations might come together to help the tea industry tackle its endemic human rights issues and become an industry fit for the 21st century.
3. Problems faced by Indian tea workers - and some promising practices to resolve them

The perception of many Indian tea company managers and owners is that tea workers are better off than other workers in India because they have regular work and are given free housing, education etc as mandated under the PLA. As one company director put it; “Other farmers in India are committing suicide, ours are not”. They point to the much lower quality of housing in the poorer Indian states and to poor employment practices in other industries – such as construction – which provides no benefits at all to workers, not even regular work.

However, others argue that the fact that some are worse off than tea workers does not justify denying them their rights to enjoy the pay and standard of living that has been deemed ‘decent’ by international agreement as expressed in the ILO conventions and the UN Declaration of Human Rights. Workers with far higher wages and better conditions than Indian tea workers are considered justified in seeking remedy when their rights are not being fully met; for example, in the same week that the 2015 Pempila Orumai tea workers’ strike was taking place in Kerala, Lufthansa airline pilots were also legitimately striking over retirement benefits.

The more relevant issue is not whether tea workers deserve better pay and conditions, but whether the industry is set up in such a way to enable this.

I met around thirty workers – including tea pluckers, supervisors, general labourers, sprayers, a nurse and a driver – on four different tea estates, two in West Bengal and two in Kerala (the latter both belonging to the same company).

A number of common themes clearly emerged from these conversations;

- income is too low to meet every-day needs or to cover children’s education (leading to workers incurring debt),
- housing, education and healthcare are inadequate and only available to permanent workers; low pay and male under-employment is leading to economic migration away from estates and to abuse of drugs, alcohol and gambling; there is growing pressure on housing and land for extended families;
- there is no safety-net for workers’ dependents or retired workers; and
- effective government support, worker representation and worker-management communication are lacking.

While a lot of these issues are not news, it was useful to have detailed and nuanced first-hand evidence that these continue to be real problems for workers. It was also useful to learn of promising practices by some tea companies and other stakeholders attempting to address some of these issues.

KDHP, a Kerala-based tea company, by contrast shares its balance sheet with all shareholders.
INCOME

Problems

All the tea workers I met, as well as a number of other commentators, reported that their income was too low to meet their everyday needs. There was particular concern about the ability to pay for their children’s secondary education, which they value highly as a way to avoid their children having to work on tea plantations like their parents. Pay was much lower in the Dooars – a tea growing area of West Bengal which caters mainly to the domestic Indian tea market and is currently facing huge economic challenges, with many plantations closing down, leading to extreme deprivation for workers – sometimes even starvation. And although pay is relatively higher in Kerala, workers still reported struggling to meet basic living costs.5

A former Assam tea estate assistant manager said: “[Tea workers] are the worst off of any agricultural workers in India in terms of pay and living conditions. No other Indian worker goes out at 7 am and comes back at 5pm in the rain and cold and gets paid only Rs 1 50 (approximately GBP 1.50) a day. You’d spend that on a cup of tea! The minimum rate for an unskilled worker in other sectors is Rs 500 (approximately GBP 5.00) a day. That’s what you’d pay the guy who cleans up after the guy who paints your house”.

A worker in Kerala echoed the point; “...it’s our work, but we only get Rs 300 (approximately GBP 3.00) a day. We can’t manage on that amount.

Carpenters get Rs 800, masons get Rs 1000, even a coffee maker gets Rs 400 - why should pluckers only get Rs 300 a day?”

This is a driver for debt, with loans often provided by trade unions. One worker said repayments and interest for trade union loans are deducted from workers’ salaries by companies. This increases worker dependence on both the trade union and the company. The proposed halving of workers’ expected annual bonus of 20% was a trigger for the 2015 Pempila Orumai women’s uprising – a strike against not just the company but also against trade unions and politicians who, they said, had failed to protect their interests. Although the 20% figure was discretionary on the part of the company, workers struggling to make ends meet borrow money all year against the anticipated bonus; if it had been less than anticipated, they would have been driven deeper into debt.

On the other hand, the day rate is only one part of a tea plucker’s income. She or he (though it is almost always ‘she’) can earn more by exceeding the target weight. In all the tea growing areas I visited, there was a system of enhanced rates for plucking extra leaf, particularly if it is good quality leaf (although plucking low quality leaf incurred financial penalties). In Kerala, there was a sliding scale system whereby increasingly higher rates per kg are paid for increasingly greater weights. This is good news for stronger workers, but for older or weaker workers or those with health problems – like the tea plucker with a bad back that I met in the Dooars – these additional rates may be unattainable.
Promising practice

There are other ways in which tea companies are helping workers to supplement their income. One Darjeeling tea company found that workers were missing work on the estate in favour of better paid jobs in the city nearby. The company explained to workers that the ‘first flush’ spring harvest is very valuable, and promised workers who commit to working every day throughout the season a 30% share of the profit, thus adding 50% to their daily income for the period. Workers agreed and absenteeism has dropped dramatically.

The same company provides workers with land on which to grow certified organic turmeric and ginger, which it buys from them at the market rate. In Kerala, workers are provided with land on which to grow vegetables which local merchants buy from them, and strawberries which can be sold to a social project, co-funded by Tatas, that employs differently-abled children of tea workers in organic jam production. In West Bengal and Kerala, two tea companies provide grazing ground for workers’ animals – and one also provides labour to help with their care.

By contrast, in the Dooars, workers had no access to land to supplement their income (or even for the children to play football on), and one worker said that she had given up trying to sell milk as she could not find enough time on top of her tea and domestic work to look after the cows.
Every worker I spoke to brought up the issue of education for their children. It is a high priority for them as they want their children to have a better life than they have had — and that means not doing manual labour on a tea estate (mechanization is on the increase in response to this trend). In theory their children receive free education provided by companies under the PLA, but this is only up to primary level and workers — particularly in the Dooars — said that the education provided is not of adequate standard, as this Dooars tea estate workers explained:

“Education is not available. Workers here can’t afford private school, and the [free] schools are not teaching the children properly. Teachers do not turn up for work. When they come they behave brutally toward the children. Parents are not educated, so they can’t follow up with the school if there are problems.”

One general tea labourer I spoke to worked a second job as a night watchman at a local hotel so that he and his wife, who works as a tea plucker, can afford to send their children to school. By working multiple jobs, taking out loans, living frugally and supplementing their income, many tea workers — especially in Kerala — are managing to pay for their children to get secondary and even tertiary education.

Tata Global Beverages funds a school in Munnar that “seeks to build a more egalitarian basis for social and personal growth devoid of divisions of class, caste or community” by being open to the children of all company employees, from tea pluckers to managers. When I was a child in Munnar in the 1960’s there were separate schools for the children of manual labourers, office staff and managers, and mixing these social groups would have been unheard-of. Scholarships for gifted children are funded by the Tata trust & tea board. A company in North India also reported providing scholarships for tea workers’ children.

This ‘egalitarian’ education is enabling some tea pluckers’ children to move into higher level jobs; 80% of staff (as opposed to manual labourers) in the Kerala tea company are children of tea pluckers, including one factory manager. However, there are not enough graduate jobs for the newly educated generation in the tea growing areas, so many MBA graduates end up driving auto-rickshaws or working in the local hotels. Others move away from the area altogether.

An NGO interviewee reported that the West Bengal government now provides education on plantations — ensuring that there is a primary school within a 3km radius of every population settlement; “…the West Bengal government has said that each teacher must have at least 25 children in their classroom. If there are less s/he must go out and find them. Education is becoming compulsory for tea workers.”
HEALTHCARE

Problems

According to a tea estate nurse in the Dooars: “Common ailments of estate workers include body pain due to heavy load (for which I prescribe painkillers); vaginitis - due to using unhygienic cloths in the absence of sanitary pads; TB due to low nutrition; rashes, eye infections, breathing problems and heart problems from spraying. After spraying workers don’t wash their clothes – they breastfeed, cook food etc. thus risk contaminating their families…”

Basic healthcare is provided to workers by the tea companies as per PLA requirements. But on both the Dooars estates I visited, workers said the estate hospital issues only simple drugs like painkillers for simple complaints such as coughs, colds and fever, and they both - independently - stated that; “The [estate] hospital is just for show”.

The estate nurse told me that in the hospital: “There are no bed-sheets or bed covers, no proper toilet, only one nurse (and one midwife/helper). I am on leave for one month, but no cover has been arranged, so women still come to my house as they are not willing to discuss issues like breast problems, discharge, etc with the male doctor”.

In Kerala, although hospital facilities are much better, a worker whose husband suffers from a heart condition, pointed out that there is only one general doctor - and no medical specialists - for a population of 30,000. She said; “If you have chest pain they say ‘go to Kottayam’, but you could die on the way.”

In both Kerala and the Dooars the lack of emergency transport to the hospital was raised.

This basic level of healthcare is only available to permanent workers, and only until they retire, leaving a large proportion of estate population - workers’ dependents, temporary workers and retired workers - without easy access to healthcare. This is particularly challenging for retired workers whose medical needs are increasing as they age. Government services which are technically available to all non-plantation workers are not always accessible from remote tea growing areas.

Promising practice

A Fairtrade certified estate in Kerala utilizes part of the Fairtrade premium to enhance the healthcare available to workers, including health education videos, allowances for disabled people, and healthcare for those not eligible for regular healthcare from the company – see Certification section for more details. However, they had also asked for an ambulance which it has not been possible to provide.

Workers on the Dooars estates said that in the past the Tea Board had provided a ‘Mothers Club’ which did awareness raising on health, hygiene etc, checked the quality of provisions being sold to workers, and closed liquor shops on estates.

*A town approximately 3 hours’ drive away*
HOUSING

Problems

Housing is provided for tea estate workers by the company as mandated by the PLA. However, as has been widely reported elsewhere, this is often of low quality and houses are not big enough to meet the needs of growing families.

Trustea – the Indian tea certification body (See Certification section below for more information) – seeks to ensure that housing on certified tea estates meets the standards set by the government under the PLA.

The housing I observed on this trip varied greatly in quality, from corrugated iron and palm matting constructions with mud floors in the Dooars to solid brick structures with asbestos roofs in Kerala. But none were larger than three small rooms for families of up to five or more. A worker whose 3-room house I visited in Kerala told me that her husband and adult son sleep on the bed, she and her daughter sleep on the floor in the same room, and her mother-in-law sleeps in the next room.

As workers retire and families grow, the pressure on this housing increases. Technically, retired (or dismissed) workers are not allowed to continue living there; a worker in Kerala told me “At age 58 workers have to retire and are forcefully locked out of their house – only when they are out will they get their retirement benefit.” But in most cases workers are descendants of migrants from other areas and have no family land to go back to on retirement. They and their families can only continue to live there if there is at least one estate worker in the house.

This puts pressure on the family to ensure that the children take over their retiring parents’ work on the estate. Managers and owners describe this as children “inheriting” their parents’ jobs and houses. Others have a less benign view of the arrangement; an NGO representative said: “Workers have to ‘give their children’ whether they want to or not – it’s known as ‘budlee’ or replacement, otherwise when you retire you have to vacate the house that your family has lived in for 100 years and lose retirement benefits.”

By contrast, he said that because Darjeeling is “politically strong… In some estates there are houses in which not a single worker is living.” This is good for the families living there, but contributes to the financial burden on the company, that still needs to provide housing for workers.

Several other interviewees, including some company managers, agreed that “housing could be better” and expressed a willingness in principle to improve or extend housing – but claimed that financial pressure prevented them from doing so. A worker said that one of the agreements after the Pempila Orumai strike was that an extra room would be built on each house – however, this has not so far been done.

Promising practice

In Darjeeling, the additional income from the first flush profit-sharing scheme has been used by workers to improve their housing. The workers I met in Kerala told me that the company had made improvements to their houses after they had highlighted issue through the participatory management committees – these included running water pipes to individual houses and replacing wooden window grills with metal ones for greater security.

Kitchen area of tea plucker’s house in the Dooars. Sticks are used as fuel in a stove made from a hole in the mud floor.
GENDER

Problems

Around 70% of workers on Indian tea estates are women. The reason often given by the industry for this is that women are better at the delicate work of plucking the tender tea leaves at the tip of the bush that produce the best quality tea. But workers on a Dooars estate suggested it is because women are “easier to boss”.

Whatever the reasons, the reality for women on Indian tea plantations is a life of relentless hard work. One tea company chairman – who described women as “the backbone of the industry” – repeated his father’s description of a woman tea worker’s life; “a woman is treated like a cow, morning milking, then preparing food etc for the family, then going out to work the whole day, then in the evening again preparing food and milking…”

In Kerala, the 2015 Pempila Orumai strike was a women’s strike – Pempila Orumai means ‘women’s unity’ – and while their demands related to the bonus payment, pay and benefits, it was framed within gender dimensions since they proclaimed that the male dominated trade unions and political parties had not protected their rights. The men from their own families were excluded from the strike.

Meanwhile, a Darjeeling NGO explained that 90% of tea estate supervisors are men – and they are known to “use extreme verbal abuse to female workers”. And when the NGO asked an estate manager what he does when grievances (eg cases of sexual abuse) are reported, he said he first asked the supervisor because “The supervisor can never be wrong”.

Workers reported that low salaries combined with high male unemployment on the estates, led to many men and young people migrating away to find work in other parts of India, for example in coffee plantations, or to the big cities. “Some send back money, some disappeared. Some married another lady.” Older women are thus left with a greater burden of domestic care and responsibility to be the breadwinner. A trade union leader mentioned that low income led to women and girls from Dooars estates being trafficked to Mumbai, Delhi and Kolkata.

Poverty and unemployment is resulting in men and young people abusing alcohol and drugs (some have even started growing opium) and gambling. However, one interviewee, himself from a tribal background claimed that men drinking hard liquor is a cultural norm in the tribal communities that many tea workers – particularly in Assam - often come from.

Promising practice

I met with two - possibly the only two - female general secretaries of tea workers’ trade unions: Durga Gurung of the West Bengal Cha Mazdoor Sabha in the Dooars and Pempila Orumai General Secretary, Rajeshwari Jolly, in Kerala. These women are leading by example and showing tea workers that they too can become activists and help stand up for their rights and those of their fellow workers.

Several women on the Dooars estate said they would be willing to become union leaders like Durga to try to address the many problems they listed. Rajeshwari said the new trade union had 240 women members and was still very much active and communicating workers’ needs to the company.

Two of the four women members of the Fairtrade Premium Committee were present at the meeting I attended, and I was told that the estate also has five women supervisors. The Assam (and Darjeeling) tea company chairman whose father had described women’s daily drudgery above, was proud to report that at a Fairtrade committee meeting in Assam it was the one woman member who was doing most of the talking, and had good knowledge of her rights.

Some companies I spoke to have tried or are trying to recruit female tea estate managers, and one company is aiming for 30% diversity across all its functions. However, the norm for management recruitment in Indian tea companies is to draw from educated classes beyond the tea growing area. An HR manager described how when a high performing woman manager he had recruited got married, he tried to keep her in the job by offering her husband a job there too – but the husband was unwilling to relocate and the wife left to be with him. Similar experiences were related to me by other tea company managers. None appeared to have considered the possibility of training up local women to become managers – they may be less likely to want to move away.
4. Challenges and opportunities in the wider context

MARKET FORCES AND ECONOMIC DRIVERS

Challenges

Despite the challenges to the Indian tea industry from domestic and foreign over-supply, stagnating prices and demand, and rising costs, tea is still a large and thriving industry in India. As one commentator put it “Costs are going up, wages are increasing – but everybody’s making money. How would they be surviving if year after year they were making losses?”

Of course, some tea companies are not surviving. Many estates – especially in the Dooars – have closed, leaving workers destitute as they have few, if any, alternative skills or employment options.

But many companies appear to be continuing to do well out of tea – particularly at the packeting and marketing end of the value chain. One producer company manager said; “It’s the packeting company who is making the money. Packeteers like Typhoo, Unilever, Twinings and Tata negotiate very hard on prices.” In other words, the value chain overall is still apparently healthy, but distribution of value has tipped more towards the packeting and marketing end and away from the production end.

Meanwhile, consumer prices are also kept low; one tea company owner challenged this by saying; “Nobody would say proudly ‘Hey, I’m wearing really cheap perfume!’ or ‘I only drink really cheap whisky’. It’s marketing that has made cheap tea something to aspire to.” A lot of Indian tea, particularly at the lower end of the quality spectrum, is sold via auction; auctions are now all conducted on-line and brokers have 60 seconds to deal with five lots of tea, which they have earlier tasted and estimated a price for. This equates to 12 seconds per lot. Brokers monitor how

7 I should stress that this view is based on my interviews with production companies – I did not meet with any packeting or marketing companies on this occasion, so do not yet have their perspective on this.
close to the reserve price the bids are coming. If the market is weak they will sell under the reserve price. A tea company director told me that “40-50% of the crop – the medium to low grade tea – is sold at less than the cost of production.” So margins are only achievable with the higher grade tea.

Another challenge is the abundance of tea supply which, despite a national edict forbidding the conversion of food growing land into tea plantations, is continuing to grow. In Assam, I was told, political insurgency has been avoided by giving land to locals on which to start small tea gardens. In West Bengal, too, farmers and traders are being allowed to convert land for tea cultivation.

One frustrated tea company owner said: “Small tea growers are not the mythical image of a small farmer in a village who has decided to set aside a few acres for tea. They are mostly traders who buy up many small plots in different people’s names. The man who sells me cow dung owns 100 acres – he is a wealthy man.” She also claimed that Tata Global Beverage and Hindustan Unilever – who she says buys 60-70% of Indian grown tea – are now buying from STGs at Rs80-130/kg so adding to the downward pressure on prices and quality.

When asked to suggest a solution to poor tea worker pay and conditions, one commentator from within the industry said: “They have to take less in the pocket and spend more on workers, a percentage should be ploughed back into the garden and a percentage on welfare.” He was, in fact referring to producers, but the point is relevant for other points in the value chain too.

In fact, it is not at all clear how well or badly producers are doing; an NGO representative said “It is extremely hard to find out how much profit production companies are making. The only public price is the auction price. Prices from private sales are not visible. If you only look at the auction price, companies are making a loss. So all the profits must be coming through private sales.”

The exception to this is KDHP which makes its books available to all employees – who are also its shareholders.

When they are challenged on workers’ rights and conditions, producers cite the pressures of the PLA requirements, falling or stagnant prices and rising costs for their inability to repair damaged houses, provide better quality healthcare or pay better wages. Campaigners say this is disingenuous and that they could afford to pay more if they were willing to. Companies insist that doing so will bankrupt the industry.

It seems that the matter can only be settled with greater transparency from production companies – the industry, government and civil society could then work together to devise solutions that would benefit workers and the industry as a whole.

One phenomenon that was repeatedly raised in interviews in both North and South India was the entry into the tea market of a new breed of business owner. They said failing estates are being bought up by ‘traders’ with a sharp – and ruthless – eye for profit. Mcleod Russel, for example, has sold 24 of its estates so far to small companies that, according to one NGO source, “will not be able to sustain them when business is bad.”

The following is typical of several interviewees’ views; “Managers used to look after workers, now it’s all ‘profit, profit, profit’, it’s all motivated by greed. The company I worked for was sold in 1992. It only took [the new owners] 28 years to run it into the ground, just being greedy, taking money from tea to put into oil, and squeezing the workers.”

Perhaps the new owners would argue that given the current legislative and economic conditions, this is the only approach that will ensure the survival of their businesses. But perhaps, as Franklin D Roosevelt said in 1933, “No business which depends for existence on paying less than living wages to its workers has any right to continue...” 

http://takingnote.blogs.nytimes.com/2014/03/07/f-d-r-makes-the-case-for-the-minimum-wage/
Opportunities

A different approach to rescuing failing tea estates that a number of companies are trying, is converting them to organic and Fairtrade (or other certifications). While this can be a slow and costly process that does not give the company many advantages in the domestic market, there is some enhanced demand from foreign buyers. (see section on Certification below).

In Darjeeling, an NGO and a tea company worked together to revive a tea estate that had closed many years before. It is now run as a workers’ cooperative that grows other crops and does dairy farming as well as tea. This not only ensures a more diverse source of income for the community, but also moves away from the monoculture that typifies large tea estates. The NGO suggested that the diversity may also account for the high quality of the tea from this particular STG – one which has won several industry quality prizes.

BUSINESS MODELS

Challenges

Historically, the business model for tea plantations meant that relationship between tea workers and management is one of absolute subservience to all-powerful managers. The colonial dynamic of a small number of foreign managers maintaining control over a large population of (internal) migrant workers and their families has persisted although the managers are no longer foreign, and workers are the descendants of those early migrants. There still a sharp social, educational and economic divide between workers and managers and workers are still excessively dependent on the company.

A North Indian tea company director corroborated this view by saying “The tea worker is a bonded labourer – he is a slave – there’s no other word for it. The manager is king”.

This power imbalance is evident from many of the interviews – a Dooars tea worker told me; “There is no communication between management and staff. We cannot raise issues with managers – if we say anything we will be sacked and will lose house, job, everything.”

When asked how things had changed since the shared ownership model had been introduced, members of the Fairtrade Premium Committee (FPC) in Kerala said: “Before when we used to see the manager we used to run.”

Added to this, the system of trading tea through on-line auctions or un-transparent private sales dominated by a small number of very large and very powerful buyers, puts producers in a relatively powerless position; one producer company director went as far as calling importers (to the UK etc) “tea mafia,” who are keeping tea leaf prices artificially low.
Opportunities

Some companies are exploring the possibility of packing and marketing their own tea and selling direct to retailers, or even consumers, to avoid the pressures of selling through established importers.

Now the same FPC members who say they used to run from managers, claim they can talk more easily to them. I witnessed this at the FPC meeting that I attended; workers discussing how to allocate the Fairtrade Premium for medical cases were making their views known to managers loudly and clearly. Neither were they inhibited in telling me in front of managers that they thought the Pempila Orumai strikers had some justification.

Other interviewees in North India also felt that participation in Fairtrade committees was empowering for workers and was beginning to help them think more independently and to know their rights. However, only a small number of Indian tea estates are Fairtrade certified and they are not able to sell all their tea as Fairtrade, so the potential for this solution is limited without an expansion of the market for Fairtrade tea.

New business models such as the KDHP worker-shareowner model are also promising; KDHP employees (workers and managers) own all but 28% of shares in the company, the rest is owned by Tatas. They have a ‘participatory management’ system in place in which each of the Divisions which subdivide estates has an Advisory Committee (DAC) which must include four members of ‘labour’ (manual workers, as opposed to ‘staff’) of which at least two must be women. Each DAC meets regularly to discuss work and welfare issues with the estate manager. There is an annual shareholder meeting at which the company accounts are discussed and the workers along with everyone else are free to (and do) question items.

The 2015 Pempila Orumai strike came after workers learned from one such shareholder meeting that bonuses were to be almost half of what they had been expecting despite what seemed to the workers as an a healthy balance sheet (though from the company’s perspective it showed a “meagre profit”). Such transparency on the company’s side is to be applauded, but it is telling that neither the DAC system nor the traditional trade unions were able to take the women’s grievances forward with management, and so avoid the strike.

There are places for two members of labour on the management Board, but these are awarded by management on the basis of the amount of tea plucked rather than elected by workers on the basis of the ability to represent them. The company’s position is that this ensures that the representation does not become politicized and helps in rewarding and acknowledging performance of employees. It also gives training and translates meetings’ proceedings. However, the risk remains that the practice could be seen as tokenistic rather than one of genuine, meaningful worker participation. Had a more representative, elected worker been on the management board, who could have acted as an interlocutor between management and workers, could the strike have been avoided? A degree of mutual distrust and misunderstandings seem to persist between management and labour and there is a danger that in due course, without better genuine worker-management dialogue, this could once again build up into industrial unrest.

The profit-sharing model described in the Income section above presents another model for companies to trial. With labour retention becoming more challenging, such initiatives may become increasingly necessary.

STGs represent opportunities as much as challenges; for example, they can adopt new business models – at least new to the tea sector – including cooperatives like the one in Darjeeling producing vegetables and dairy products as well as tea. Another NGO is working to establish a small tea farmer-run factory and tea marketing company where farmers get a share of value added over and above a higher price at the factory gate.

An NGO representative said that to resolve the problems of the plantation model; “Ideally, companies should give the land to the workers, break it up into smaller plots, diversify into different crops and allow individuals to be creative and innovative on their own land.”
TRADE UNIONS

I met three trade union leaders (one retired). Indira Saxena and Durga Gurung from North India were connected with Hind Mazdoor Sabha, one of the few Indian trade unions not to be affiliated with a political party. They spoke of the immense challenges of trying to represent tea workers in a very difficult financial climate, knowing that they need to balance the legitimate demands of the workers with the economic realities of the company. As one NGO representative put it: “Trade unions have no option – how long can workers sustain themselves by sticking to their demands? Tea is their only source of income.”

The third was Rajeshwari, the General Secretary of Pempila Orumai, a new women’s trade union formed when existing unions were deemed to have failed women workers. More interviews with established trade unions may have provided a more balanced picture.

Challenges

Meanwhile, I heard from many managers, NGOs and even workers, that trade unions are often corrupt, are in the pockets of management and/or the political parties to which they are affiliated, and that they fail to defend workers’ interests. An NGO representative said “Workers do not have faith in trade unions – [a tea workers’ union] is keen to sign off any small increase – it does not meet workers’ needs; wages, health, living conditions remain very bad. Tea workers are not getting their rights to education, health, and food.” A tea company director said “Trade unions are politically motivated – they are very different from UK trade unions. When plantations close down, trade unions pay the workers a small amount and sell the tea to bought leaf factories.” Another NGO representative said: “In Assam there is a single, corrupt union that has been bribed by the tea associations.” And Rajeshwari said of the run-up to the 2015 strike: “The trade unions were providing no solutions, so we didn’t mingle with them. The trade unions are supporting management.”

Another NGO representative also had reservations about the current trade union model; “Trade unions are a luxury of the intellectual. They are connected with political parties – so they are led by ‘those above’. Local trade union leaders work on the direction of central trade union leaders, who are from outside the tea sector and are politically active, rather than of workers. Workers do not understand trade unions or their own role in relation to them. They vote as instructed – this is the culture in the tea industry (and more widely in India).”
Opportunities

The same person felt, nevertheless, that trade unions were having some impact: he said “I disagree that trade unions are not representing workers adequately. They are standing strong, have been fighting for one year to improve wages in the North East; in Darjeeling, Dooars and Assam – an interim wage has been agreed for the first time.”

Women-led trade unions in the tea sector are rare and need to be encouraged and supported – their existence presents an opportunity to foster better representation of women workers in the tea sector; Durga Gurung described the challenge of finding funds to travel to trade union meetings in Kolkata and Delhi. She would also like more opportunities to bring her members to meetings, conferences and training.

Rajeshwari Jolly, General Secretary of Pempila Orumai, women’s trade union Kerala

Rajeshwari was frustrated by her inability to hold dialogue directly with senior managers in the company. “We can talk to our Divisional managers directly, and they often agree with our demands, but their managers don’t listen to them…”

Indira Saxena, founder of the Women’s Branch of the Hind Mazdoor Sabha, faced many gender-based challenges in her trade union career and continues to be a champion of women trade unionists in her retirement.

The backing of a Global Trade Union Federation like the IUF or a local women’s organisation like SEWA would help to strengthen and stabilize a women’s trade union in its infancy, and could facilitate effective participation of women in trade union activities and working constructively with companies to bring about sustainable and mutually beneficial solutions.
GOVERNMENT

Plantation Labour Act & benefits

Challenges

The most prominent aspect of Indian government legislation in relation to the tea sector is the Plantation Labour Act of 1951. This assigns responsibility for the provision of certain basic services to the tea (or relevant plantation) company. This in effect formalised the situation that already existed in the colonial era – but it also set certain standards. Commentators and civil society in recent years have repeatedly reported that there is insufficient monitoring of these standards and as a result, they are often not met. As one NGO interviewee pointed out “If [the PLA] was properly implemented, living conditions would be improved.” But tea company owners and managers claim that it is highly challenging for them to meet these obligations and to run a healthy business at the same time.

A company director explained “Estates typically have population of approximately 10,000 people of which only 2,000 are working for the estate, yet the company is responsible for all of them.”

He described this as an “additional strain” on company finances (other interviewees suggest that only workers and not their dependents get free healthcare). Another tea company owner agreed. “There are 500 workers on the estate, and a community of about 3,000 – which is growing all the time. They demand more and more. Legally we have to pay 20% bonus every year. Last year we had to sell tons of timber to pay it, this year we have had to take out a loan. We pay maternity benefits, creche etc. Friends say that the number of children women have will be reduced if they are looked after, but this doesn’t seem to be happening. What I see is innumerable children being produced”.

Opportunities

There are growing calls for the Government to take responsibility for these services on tea estates as it does for other parts of the country. A senior tea company manager said; “Tea estates are treated as a separate country to India – the government does not provide benefits and welfare as they do in other parts of the country.” Services may be provided by state or national government; these may include additional employment through roadbuilding schemes (“then all the workers abandon the estates and when it’s finished they are back where they started”); electricity grid lines [West Bengal] and food rations. This appears to vary from state to state – some interviewees reported that government services were available in Darjeeling but not Assam.

Managers in Kerala recalled an inter-ministerial committee being formed some years ago that suggested the social costs of tea plantation populations should be shared between the state government the national government and the tea company. But the committee was apparently dissolved before this idea could be further developed or implemented.

Food is distributed under the Food Security Bill of 2017 by which the government ensures that everyone enjoys their right to food security. This is technically only available to those living below the poverty line (implying that the Indian government agrees that tea workers are living in extreme poverty). As one NGO explained, trade unions have in the past campaigned for workers to be paid the money instead of being given rations, but the idea of being entitled to rations is so embedded with workers that they fought against it. “They see it as ‘dustoor’ (tradition) – it’s part of their culture, their belief.” I asked tea workers in the Dooars if they would prefer to be paid more and to buy their own food – they said they need both! This was possibly because they simply could not visualize being paid enough that you would not need food rations at all.

One company director said; “the Government of West Bengal has been able to provide subsidized rations to the Tea estates and in turn the estate has been able to pass on the benefits to the workers in terms of enhanced cash wage. However the Government of Assam has increased wages by over 22% in a single year alone without providing any relief on account of subsidized rations. In fact estates are required to buy at the open market at 10 -12 times the cost incurred in West Bengal. This is an additional burden which has had a major financial implication in the cost of running a tea estate in Assam.”
Wage negotiations

Challenges

As mentioned above, wages are negotiated through a tripartite process including employers, trade unions and the government. While on the surface this may seem like an ideal scenario, complying with ILO recommendations, the reality is less than ideal given the questions that have been raised concerning the extent to which trade unions genuinely represent workers. Questions have also been raised about the motivation behind state government actions on tea workers’ wages.

Several interviewees echoed this point from an NGO representative, “In Assam, 23% of voters are from the tea sector – it’s a huge vote bank.” It is therefore in the interests of candidates for political positions to make generous promises to tea workers. But there is endless complexity and uncertainty over what exactly has been promised and whether the state government has the power to deliver it.

There is even some confusion over the Assam government recommendation of a Rs 351 (approximately GBP 3.50) daily wage; one NGO interviewee claims that there is no such official recommendation and that this was just an election promise. Other sources report the figure as a “composite wage” ie one that includes PLA benefits and says that the governments of Assam and West Bengal have accepted that in-kind benefits can be counted as part of the minimum wage. In other words they have agreed an exception to India’s Minimum Wage Law which states that mandated benefits cannot be included in minimum wage calculations.

Legal activists such as Nazdeek are challenging the legitimacy of this position.

Opportunities

State level governments do have the power to influence worker pay; for example, the Kerala government enforcing the payment of a 20% bonus in 2015 (although this was under unusual circumstances), and the Labour Welfare Department of Assam recommending “a draft composite minimum wage of Rs 351.33/- per day”. However, this has to be balanced with the economic realities of the tea industry and, as one NGO representative put it, “The tea industry is super powerful. You cannot break it. There are frightening political connections.”
Land

Challenges

In an attempt to limit the tea surplus that is damaging the industry, the government has imposed a plucking ban on formal plantations between the months of December and January. One estate owner pointed out to me tea bushes overgrown with fresh leaves which they will have to allow to go to waste as they are not allowed to pluck it.

Yet at the same time, there is a bafflingly conflicting tendency for government to “actively encourage” (according to one tea company owner) the expansion of small tea growers who are steadily increasing this surplus. According to interviewees, India’s land registry says that land currently being used for other purposes, such as growing food crops, cannot be converted for tea cultivation. Yet in West Bengal and Assam the number of small tea growers continues to expand; in Assam, one source told me, the government has given land to insurgents and allowed them to grow tea in order to allay their political demands. He said this has helped to bring peace to the area, but that it has also created huge economic difficulties for the tea industry.

A West Bengal tea estate owner said that the government owns and leases the land on which tea is planted to companies creates a major challenge in realising the full financial potential of the estates. Without being able to include the land in a valuation, an estate may be valued at Rs 10 crores (GBP 1 million) instead of Rs 100-200 crores (GBP 10-20 million). This makes it hard to raise loans against the land or sell a percentage of it to raise capital to buy essentials such as irrigation equipment.

It also means that the government can forcibly commandeer tea growing land with minimal compensation – for example, to build a new highway or put up electricity towers, both of which have been imposed on this estate owner. She said “The electricity company chopped down the forest trees for access, around the tower and under the lines, damaging tea bushes. So we decided to uproot the whole area and replant. The only compensation for this was Rs150 per tea bush. That is the value of just one kg of tea – yet each tea bush could produce that many times over per year.”

Opportunities

As quoted above one proposed solution to the social problems of tea plantations is that: “...companies should give the land to the workers, break it up into smaller plots, diversify into different crops and allow individuals to be creative and innovative on their own land.” The states of West Bengal and Kerala have both at various times had Communist governments that instigated land reforms, redistributing land to those who worked it. But these reforms did not at the time extend to tea plantation workers. The West Bengal government is currently exploring the idea of granting land rights to tea workers, but this is proving complex due to the way that tea estates are organized. It is also considering allowing tea estates to use more than the current 3% permitted for using the land for other crops and purposes.

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9 I believe this is only the case in West Bengal due to the West Bengal Estate Acquisition Act, but further inquiry is needed to confirm this.
10 1 crore = 10 million (ten million)
12 www.telegraphindia.com/india/tea-land-leeway-plan/cid/1500071
CERTIFICATION

Benefits of Fairtrade

According to a Fairtrade representative; “Fairtrade is not a solution for everything, but makes sure the law of the land is implemented in full – for example, it is ‘legalising employment’ by ensuring written contracts are in place, introducing formal disciplinary procedures (discipline used to be on the whim of managers). And it is also looking at issues like decent work, gender based violence, child rights , displaying and dissemination of workers’ rights etc. It is introducing a culture where workers come together and identify and resolve problems. Traditionally, the manager is like a god who will solve all problems. Fairtrade is trying to empower workers to think for themselves, to analyse and identify solutions that in the long run will enable change. I have personally noticed a change over the 9 years I have been working with Fairtrade committees; they have more self-esteem, greater confidence, and are discussing new topics. There has never before been this kind of collective of workers. Previously the manager used to decide who was on the Fairtrade committee – now the workers choose.”

A tea company director witnessed an example of this in Assam; “When Clipper tea met the Fairtrade committee, it was a woman member who was answering most of the questions, eg about wages, savings etc. I asked her how she knew all this, she answered “Hamara haq hain” (It’s my right [to know about my money]).”

When I met the Fairtrade Premium Committee on a Kerala tea estate and asked them what benefits the Fairtrade Premium has brought, they responded with a long list, including; help with medical costs beyond what the company can provide, (eg heart bypass surgery and compensation for the loss of a limb in a workplace accident); medical funds are provided to those who are not eligible under the PLA (eg dependents of workers); monthly allowance for bed-ridden or disabled patients (one committee member receives this allowance for his severely disabled son); upgrading the hospital (eg installing a television to play health education videos in waiting areas); support with funeral costs; libraries in all divisions, solar-powered street lights in particularly dark spots identified by workers as danger points for elephant attacks; scholarships for highest scoring school children; sports equipment and summer vacation art camps for children; new computers for aided schools; creches; raincoats; colour-coded dustbins to enable sorting for recycling; a small supplement to workers’ retirement fund; and hot tea carriers with taps so that the tea was still hot when delivered to them in the field and so that leeches couldn’t get in.

A frustration that this company experiences, is that many of its estates already operate to the same standards but they cannot afford to have them all certified as it costs around £2,000 to do so. This means that workers on their non-certified estates are denied the benefits of the Fairtrade premium.

This company’s representative said he was surprised by claims that Fairtrade audits are not effective as in his experience they spend four days on the estate, talking independently to workers, going through the books, meeting with managers – it is an onerous process that feels very thorough to him.

Another North Indian tea company CEO says he uses Fairtrade premiums as just one source of additional income to supplement several other initiatives and approaches to benefit workers such as scholarships to secondary school, training for alternative income generation skills such as sewing etc.
Challenges of Fairtrade

While some credit Western influence for the emergence of Fairtrade and organic certification, and say it has helped Darjeeling tea emerge from a slump, there was also some skepticism about Fairtrade from some of those I interviewed; “It is external pressure that has brought in Fairtrade and organic to Darjeeling... Tea companies just think “The goras from the West are fascinated with this – let’s play the game and we can sell our tea.” The same interviewee felt that “Fairtrade has lost the original principles of trade relations and equity. They lost it when they drafted the hired labour standards.” This echoes concerns expressed by many activists in Assam who feel that it can never be right to certify estates on which poverty wages, bonded labour-like practices and poor living and working conditions are endemic.

While certification can help boost sales, it is difficult for tea producers to find sufficient markets for their Fairtrade tea. One tea company CEO said all his estates are now Fairtrade certified, even though only 15% of the crop is sold as Fairtrade. In Kerala too, I was told; “Only a limited amount – 40-60 thousand kg out of a total of 25 million kg – is sold as Fairtrade”.

Another tea company director said “Fairtrade buyers are buying the cheapest and lowest quality tea.” He also questioned the impact of Fairtrade certification, saying that when FLO wrote a white paper on the state of the industry covering producers, national initiatives and buyers, it failed to examine the real impact of Fairtrade on workers’ lives. “You’ll never have impact if you only distribute goodies like water-bottles...” he said. He had once proposed a profit sharing tea tourism scheme into which management (providing land and capital) and workers (using the Fairtrade premium) would invest. But Fairtrade had not permitted this except as a loan with commercial rates of interest. A former member of the FLO Board, he was disappointed that producers – who would have consulted with the industry and workers – had not been involved in drafting and proposing standards.

One potentially constructive use of the Fairtrade premium would have been to help companies meet their PLA mandated costs, but apparently the premium can’t be used for statutory benefits or corporate benefits (ie those that the company is already providing). “Fairtrade certification adds to producer costs, but can’t be used to cover other costs,” said one tea company director.

One commentator – from another certification body – felt that in Indian tea “Fairtrade is ebbing...”
Trustea

Trustea is a voluntary certification scheme set up five years ago, whose standards incorporate those of several other organisations and Indian law, covering regulatory social, environmental issues and food safety. It began when Unilever’s then CEO, Paul Polman, said in 2011 that all products must come from sustainable sources by 2020. Trustea is funded by IDH (Sustainable Trade Initiative), Unilever, Tata Global Beverages and Wag Bakri (an Indian tea packer), championed by the Indian Tea Board and advised by Rainforest Alliance. It is reviewed annually in consultation with stakeholders and provides training to help companies understand and meet the standards. They told me “Trustea code imbibes all the national laws of the land for wages and the state that the estates/ factories are operating from including, the accepted and agreed wage agreement’s signed with Unions, management and state governments”. Trustea currently covers only domestic produce and claims that half of the tea produced in India is from Trustea certified factories and estates.

When a company requests certification, the process is that an ‘implementing partner’ (currently only Ethical Tea Partnership – Trustea is seeking more) assesses the company and helps it come up to certifiable level; eg providing housing that meets government specified standards. The company is then audited by an independent third party (eg an audit firm such as DNV or SGS). Once certified, the company completes a self-assessment after one year and is re-audited after two years. If the audit recommends decertification there is an appeal process. Trustea checks 40% of audits and does unannounced checks.

Trustea claims that factories they certify are able to sell to packers at a higher rate and that consequently, packers have formed “semi-strategic alliances” with factories to gain Trustea certification as they know they’ll all benefit – even though apparently “they can’t increase the price to consumers due to intense competition in tea market…” Trustea has zero tolerance on legal non-compliance and as such could usefully fill any gap of government monitoring of PLA provisions. But tea associations are complaining about Trustea, saying it will bankrupt the industry as costs – including wages - are also increasing.

Trustea says they “don’t want 100% certification or there will be no differentiation.” Their ambition is to be a single code for tea globally including standards on food safety and environmental issues as well as social issues. Tea company directors I spoke to were skeptical of the Trustea initiative; one dismissed the idea (related to me by Trustea) that it was brought in because Rainforest Alliance certification was unpopular with “housewives in the cow-belt [central Indian states] who didn’t want to see a frog [Rainforest Alliance’s logo] first thing every morning.” He suggested that instead the motivation behind setting up Trustea was for the large packaging companies to create the impression of meeting high standards – while getting more money out of producers. He claimed that many of the Trustea standards are weaker than those of the established certifiers.

However, he also said that the tea industry would welcome more synergy between the certifiers. Like most of the tea company directors I spoke to, his estates had several certifications including Rainforest Alliance, Trustea, organic, Fairtrade, ISO, FSC and it would be much easier if they all worked together. (This was, in fact, the reason Trustea was set up.)

14 In response to this claim, Trustea responded that an ITC (an independent UN body) comparison of Rainforest Alliance (RA) vs Trustea showed that the latter is “as strong or better” on many criteria. For example, while RA is stronger in environmental areas, Trustea is strong on food safety aspects and imbibes all state and national laws and legislation as also ISO and ISO 5000 norms.”
Organic & bio-dynamic

Several Indian tea estates are now converting to organic in response to demand from the West - especially Germany despite the fact that according to a tea broker, it “is a slow and expensive process” and that “in India, people are starting to buy organic but nobody pays a premium for organic.” A tea company owner confirmed this and complained that “No support is given to convert to organic. It’s an expensive process because you lose crops to pests initially and the yield is lower in the long run. My manager says to me ‘do we have to do this?’”. Nevertheless, she continues to do so motivated by her commitment to minimizing environmental impact.

One CEO I interviewed used not only organic, but also biodynamic methods. Biodynamics is a holistic, ecological, and ethical approach to farming, gardening, food, and nutrition rooted in the work of Rudolf Steiner. It treats land, plants and animals as part of a cyclical whole. The tea company claims to extend this idea to the people who live and work on the estates as well.

He said that an unintended positive consequence of the organic approach was that workers on the estate reported to managers that they had much improved health since going organic - they said they thought deaths on neighbouring estates could have been due to their continued use of pesticides.

An environmentally friendly Darjeeling tea estate
5. What could THIRST do?

I put this question to virtually every one of my interviewees – what could an international roundtable platform for civil society organisations do to help resolve some of the challenges facing the tea industry and the impacts on workers? The following is a summary of their responses.

Knowledge and information sharing
• Create a data repository and do analysis – eg do (brand/retail) companies have different standards in different countries? Dashboard of violations and responses – “THIRST could be the Business and Human Rights Resource Centre of tea”.
• Link Indian tea growers, NGOs and trade unions with those in other countries to facilitate cross-country knowledge sharing
• Help propagate and spread the idea of a small tea growers’ cooperative style association
• Research costs and prices, including impact of entry of low price STG tea

Fundraising
• To support local civil society organisations’ efforts to improve tea workers’ conditions

Engaging with industry
• Provide options for the industry to consider – ie not just challenging corporates but offering solutions
• Help to create the enabling environment for better working conditions.
• Understand the issues first from the workers’ perspective, then frame this in terms of the corporate perspective.
• Help tea companies actually see value of sustainability – push towards profit sharing.

Bridging gap between stakeholders
• Workers and managers (eg by supporting effective trade unions and worker-management dialogue)
• Grassroots campaigners/trade unions and corporates
• Producers and packeteers/the market
• Consumers and industry
Advocacy

- Identify leverage points at global level that could help local advocacy

- Lobby brands and retailers:
  - For greater transparency in the value chain so that local organisations can hold companies to account.
  - For better pricing – prices have not changed in 15-20 years
  - Not to buy from uncertified gardens
  - At market level, for shared value and for brands and retailers to take responsibility for welfare of workers.

- Lobby producers to:
  - Improve housing, health, water, livelihoods – and wages.
  - Allow NGOs to work on plantations

- Lobby Government to:
  - Include tea gardens in scheme whereby newly qualified doctors have to work for 5 years in rural areas (they are currently excluded).
  - Invest in more infrastructure development such as roads and electricity
  - Set up higher-secondary schools in or near estates
  - Be open to policy change – especially in the Plantation Labour Act
  - Return land ownership to N Indian plantations
  - Stop licensing new STGs (W Bengal & Assam – counter to national law)

- Lobby Fairtrade to:
  - End retrospective certification; currently customers can ask for produce to be certified for previous 6 months
  - Benchmark the Fairtrade premium to advertising rather than sales
  - Involve producers in revision of the hired labour standards
  - Be more flexible on use of premium to enable companies to meet PLA requirements and explore innovative income generation ideas.
6. Conclusion

The Indian tea industry is facing challenges from multiple directions, but the value chain overall is apparently healthy, so it may be possible to rebalance it so workers can attain their rights to decent pay, work and living conditions without jeopardizing the commercial viability of the industry. The disruptive influence of STGs, certifiers, new business models and new approaches to managing plantation relationships provide promising examples of what can be done. But to create the enabling environment for them to have lasting impact, systemic issues at the root of the social problems within the tea industry need to be examined and addressed. Issues like the cradle-to-grave dependence of workers on their company, the expectation that tea companies should bear social costs for workers and non-workers that other businesses do not have to cover, and the various dynamics that keep leaf prices low (primarily over-supply and the balance of power between a few, large buyers, and many sellers).

A civil society platform such as THIRST could contribute to this by drawing together and adding to the substantial knowledge already developed by civil society and the industry about the whole value chain; it can facilitate the sharing of this ‘big picture’ knowledge and use it for joint advocacy towards governments, corporates and standards bodies. It can provide a bridge between stakeholders who are either mutually distrustful or who have had no previous contact.

The trade unions and NGOs that have been working for decades or more on these issues and who understand their root causes, could have huge additional impact by working together – through THIRST – to focus their combined skills, knowledge and energies on addressing the most pressing problems – together challenging and supporting the tea industry to bring itself into the 21st century.

7. Acknowledgements

The following is a list of those interviewees who have indicated that they are happy for their names to be listed in this report. Other interviewees, including representatives of other notable tea producer companies, tea brokers and NGOs, indicated that they preferred to remain anonymous:

Mr Binod Mohan – Director, Tea Promoters of India
Ms Durga Gurung – General Secretary, West Bengal Cha Mazdoor Sabha (Tea Workers Union – affiliated to HMS)
Ms Indira Saxena – founder of Women’s Branch, Hind Mazdoor Sabha (India Workers Union)
Mr Indroneel Goho - CEO, Darjeeling Organic Tea Estates Pvt Ltd
Mr J. John - Centre for Education and Communication (CEC)
Ms Jayshree Satpute – Nazdeek
Mr Namit Agarwal, Lead Specialist – Private Sector Engagement, Oxfam India
Ms Pooja Adhikari, Responsible Supply Chains - Private Sector Engagement, Oxfam India
Ms Rajeshwari Jolly – General Secretary, Pempilai Orumai Trade Union
Mrs Reena Bansal - Director, Darjeeling Organic Tea Estates Pvt Ltd
Mr Soby Matthew, Elixir Falls Resort, Munnar
Mr John Lukose, secretary AITUC
Ms Sonia Jabbar – Nuxalbari Tea Estate

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Methodology, limitations, disclaimer

METHODOLOGY

During the month of January 2019, I visited India in my capacity as CEO of THIRST, to get an overview of the tea industry there, including the issues faced by workers and their employers, and the challenges and opportunities facing those who are trying to improve workers’ conditions. This was intended as an orientation visit for networking and information gathering about a critical portion of the tea value chain, rather than an in-depth research trip. The outputs of the trip could, however, contribute towards deeper research in the future.

I conducted 25 interviews in Delhi, Kolkata, Darjeeling and the Dooars (in West Bengal) and Munnar (in Kerala), and met with about 30 workers in groups on three estates. Although Assam is currently more prominent in the minds of many tea consumers and activists, I did not visit Assam on this occasion for a number of reasons. There is a lot of politically sensitive civil society activity currently underway there, and the timing was not right for a new player to enter the arena. THIRST also believes that light needs to be shone on the hardships and challenges faced by tea workers outside Assam; they may not be as badly off, but their conditions can still often fail to meet international standards of decent work and living. For example, although Kerala tea wages are more than double those of Assam, they still fall far short of a living wage.15

I met with tea workers, trade union leaders, tea company managers and owners, brokers, NGOs and an MSI. These conversations helped me build on my independent study into the tea sector, knowledge of the sector gained through working with the Ethical Trading Initiative, Oxfam and the Ethical Tea Partnership, and my own family background in tea.

A draft report was shared with all interviewees for verification and their comments are accommodated in this version. The only exception is Rajeshwari Jolly, as efforts to get the notes to her for comment were unsuccessful.

LIMITATIONS

Contact with interviewees was made on an ad hoc basis through my existing network; the findings may not therefore be fully representative of the industry. I did not meet any representatives of government, packeting or marketing companies, and met only one representative of a traditional trade union, and only two of the many certification bodies active in tea. I believe these conversations and observations do, however, provide some valuable insights into the state of the Indian tea sector at a critical stage of its development and reinforces existing knowledge.

DISCLAIMER

The logistical costs of the trip were covered by Fairtrade Germany, who wish to promote the development of THIRST as an independent platform for civil society actors working on tea. The views in this report are, however, entirely my own and are based on my interpretation of what my interviewees told me and what I observed. However, many of the contacts I made were through Fairtrade connections, which is reflected in a high proportion of Fairtrade related interviews. Further studies would need to ensure that other perspectives are sought to balance this.

THIRST

www.THIRST.international
+44 (0) 7935217385