



India's Plantation Labour Act, 1951 - Need a Revisit

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Introduction

Based on the recommendation of Labour Investigation Committee, the Indian parliament enacted the Plantation Labour Act (PLA) in October 1951 and the act came into force in the year 1954 with a view to protecting the interests and welfare of plantation labour. The Act makes it mandatory on the part of the employer to provide a bunch of statutory (both health and welfare) facilities to its employees. In fact, it is quite interesting to note that, plantation industry is the only industry where free housing and medical aid, according to the prescribed norms, are provided at the cost of employers without any contribution being made by the worker or the government. By way of providing these facilities, a certain expenditure is borne by the industry known as 'social welfare cost', which, of late, has come to be criticised on the ground of eroding the competitiveness of the sector on the one hand and, on the other, the sector is also attacked for not implementing many of the provisions of the PLA in its true spirit. In addition to this, the existing literature is critical of many of the PLA clauses on the ground that they have led to a systematic institutional exclusion, thereby defeating the purpose of bringing parity to the plantation labourers through PLA. It is in this context, that this policy brief revisits critically the PLA 1951 (and its amendments) and thereby highlight numerous structural anomalies inherent in its making and suggests corrective measures that can be taken.

Findings

• The domain of plantation sector: An enduring conflict

The fundamental difference of opinion between the planters and government agencies relates to the plantation definition—

i.e., considering commercial, agricultural crops as part of both agriculture and industry. As a result, rules and regulations formulated by both the ministries/departments are applicable to this sector, thereby exposing the sector to a double edged sword. Plantation, as an occupation, is considered synonymous with the cultivation of commercial agricultural crops. Accordingly, production, agricultural practices and exports are brought under the ambit of agricultural exports. Thereby, it falls directly under the jurisdiction of both the Ministry of Agriculture and Ministry of Commerce and Industry. However, with regard to the labour related provisions, it is classified as an industrial sector and accordingly it is mandatory on the part of the employer to protect the welfare interests of labourers and also their social security which, otherwise, are not applicable to any other commercial agricultural crops. As growers of commercial crops, on the one hand, they are expected to pay various agricultural taxes and, on the other, being considered as part of industry, they are bound to provide for various welfare measures as part of protecting the various labour interests both as planters and industrial units which, otherwise, are not applicable to any other industrial unit in the country.

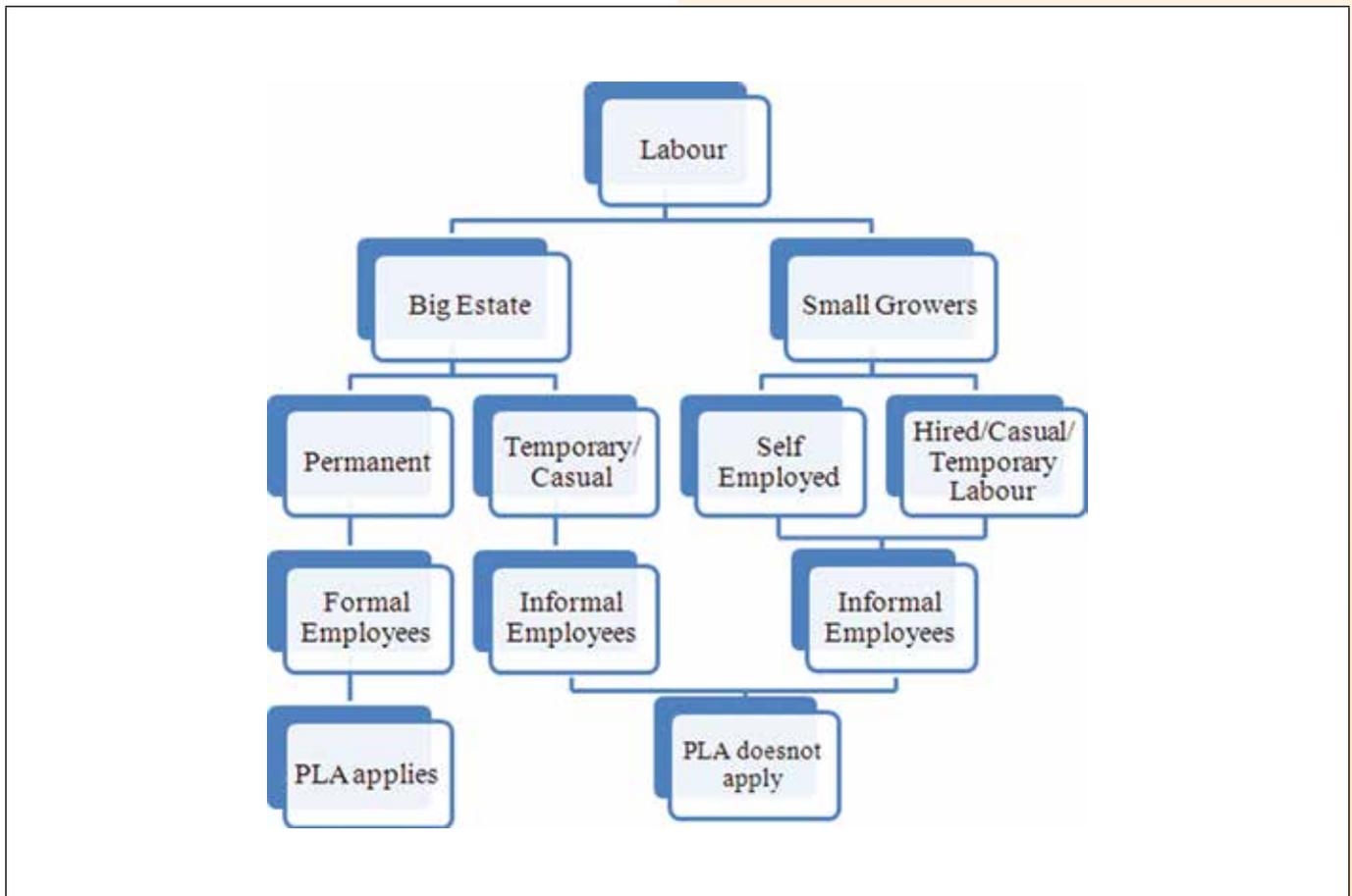
• Institutional inclusion and exclusion

The very structure of PLA provides for an ample scope for many inclusions and exclusions. For instance, small growers, casual/temporary labour are not included in its lists (See chart 1), who indeed form a large chunk of the plantation labour force. For the latest available year (2010-11), small and medium land holdings are predominant

both in terms of a number of land holdings and area under total plantation in India. In the case of a number of units across major plantation crops too, small growers account for 97.46, 36.70 and 99.77 per cent respectively for coffee, tea and rubber. Further, as argued by Joseph (2014), the exclusive nature of PLA is eventually linked to the implementation design, the policies of plantation boards, the spheres of knowledge, production, promotion, marketing, labour market, innovations and organization.



Chart 1: Plantation Labour structure



Source: Author's Compilation

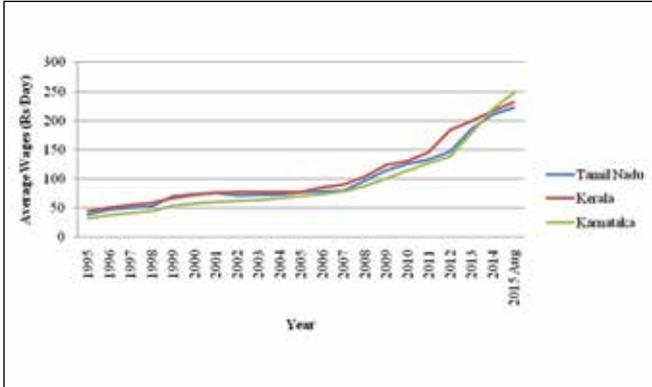
- Social welfare components of wage and sustainability of the sector**

It is quite interesting to note that it is only in respect of the plantation sector that such welfare provisions have been made mandatory by law, and not to any other industries which receive numerous fiscal incentives including subsidies by the government. In view of these statutory provisions provided to workers, the sector bears an enormous social cost which, in turn, along with statutory minimum wages, erodes the sector's competitiveness. This is specifically true in the case of tea plantation sector in India, which is generally known as a big grower phenomenon, whereas, other plantation crops

are largely a small grower phenomenon. For instance, over the last twenty years (1995-2014), the average wage rates in all south Indian Tea plantation states have increased by more than five times, whereas, tea prices have not even doubled (See figures 1, 2 and 4). In fact, at 1995 prices, average wages have increased by more than 500 times, whereas, average tea prices have increased marginally i.e., by 186 times (Figures 2 and 3). Further, if one were to look at the price sharing formula of tea, it becomes clear that retailers and blenders together account for a high share (88 per cent of the value added per cup of tea), as compared to 7 per cent by factories and a very minimal share by tea auction

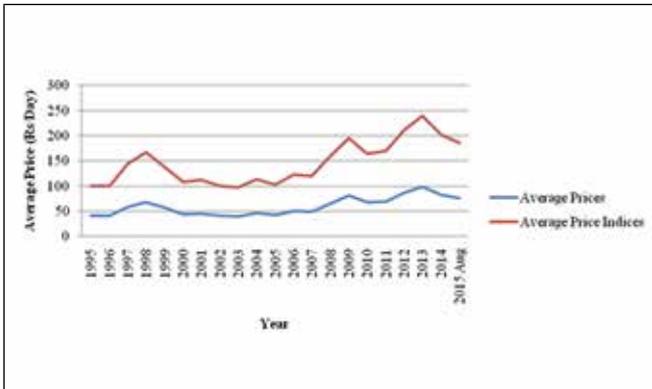
brokers and tea pluckers in most of the developing countries (See figure 5). This could be one of the reasons why, over the years, the export competitiveness of Indian tea planters has eroded besides becoming unsustainable.

Figure 1: Trends In the Average Wage Rate Of Tea Plantation Labour (Major South Indian States)



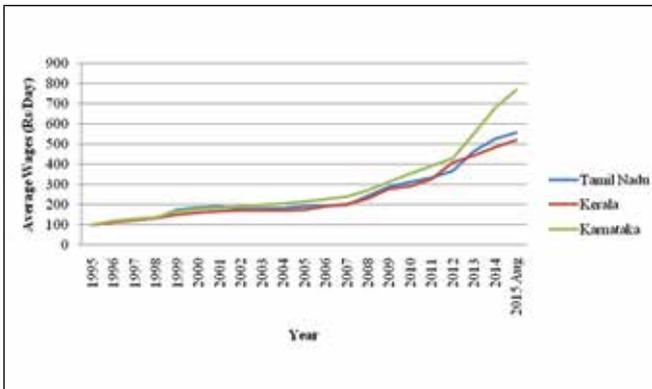
Source: UPASI

Figure 2: Trends in the Average Price and average price indices of Tea in South India



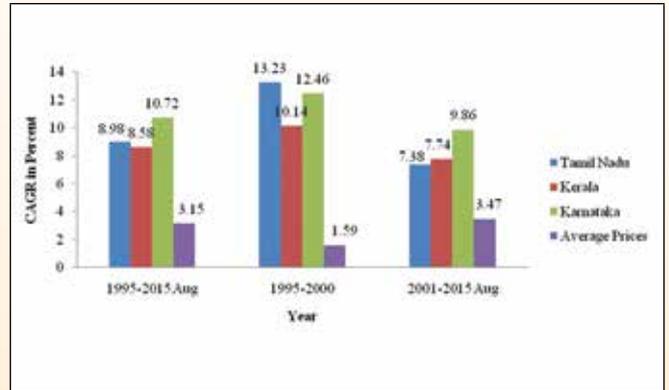
Source: UPASI

Figure 3: Trends In the Average Wage Indices of Tea Plantation Labour (Major South Indian States)



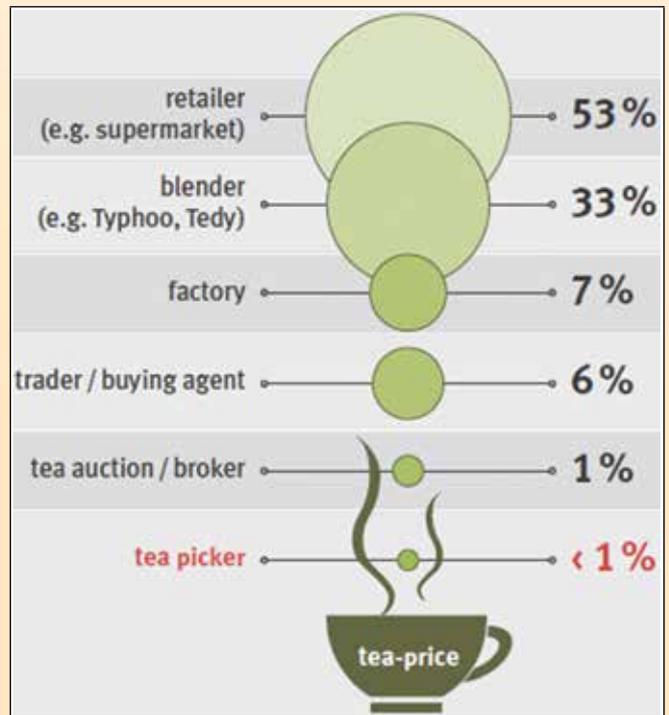
Source: UPASI

Figure 4: Compound annual growth rates of Wages in Tea Plantation v/s Tea Prices in South India



Source: UPASI

Figure 5: Shares of price margins along the tea chain



(Adopted from War on Want and Ana 2010)

Further, in the context of south Indian tea plantations, the percentage share of statutory benefits in the total wages amounts to 76 %, 65% and 70 % respectively for the states of Karnataka, Kerala, and Tamil Nadu (Table 1). On an average, the social cost per ha (2008-09) borne by the industry as a whole amounts to approximately Rs. 22000 for the Nilgiris region. These circumstances are pushing plantation owners in finding alternative options such as opting for more of temporary/casual labour vis-a-vis permanent labour and substituting capital for labour, specifically female employment on the field like plucking and collecting of green leaf.

Table 1: Approximate Per day Income of Tea Plantation Workers-South India Oct/Dec 2015 Quarter

Particulars	Karnataka**	Kerala	Tamil Nadu
Wages (Oct/Dec 2015)	Rs. Per day	Rs. Per day	Rs. Per day
Basic (Consolidated Daily Wage in T.N)	175.00	301.00	96.65
Variable Dearness Allowance	72.97	-	133.38
Sub Total	247.97	301.00	230.03
Statutory Benefits	188.67	196.01	161.83
Non-Statutory Benefits	13.02	15.81	12.09
Total per day per workers	449.64	512.79	403.94
Percentage of Statutory Benefits value on total Wage	76	65	70

Note: **In Karnataka, 240 days are taken as average working days in a year for calculation of wages and for Kerala & TN it is 280 days South India Average-percentage of Statutory Benefits value being 72.67 % of wages.

Sources: UPASI

Policy Suggestions

Undoubtedly, the very making of PLA has created a very clear case for institutional exclusion and inclusion, thereby providing scope for informal employment. Beside this, many practical issues are affecting the competitiveness of the sector. If these issues are not attended to on a priority basis, then in the next few decades, two major challenges are expected to emerge: one, the nature of employment may be more of temporary labour than permanent/residential labour and also of the mechanization of plantation activity; two, in the next a few decades, the plantation region may lose its rich biodiversity besides being converted into a concrete jungle. As a way out, we argue for revisiting the PLA 1951, on the following lines:

- The government can consider sharing part of the social cost component of wage and/or club together various welfare schemes, wherever possible, under PLA. For instance, in the recent past, the state governments initiated a number of welfare schemes as part of bringing minority sections into the mainstream and such development funds lying with the local administrative bodies remain largely unutilized. Hence, there is a need for devising an institutional mechanism to extend its coverage to the plantation sector so that its social cost is minimized, wherever it is possible and also increase the effectiveness of such scheme. While doing so, a very careful approach needs to be followed in terms of undertaking the necessary course-correction measures towards easing of the PLA provisions. For instance, the components that add substantially towards social cost borne by planters in north-eastern states could be entirely different from those in south Indian states. Again, these components specifically differ in terms of tea, coffee, rubber and spices. As per the S N Menon committee – a high powered committee constituted to examine the issue of social cost in respect of the Indian

tea industry - the schemes which have the potential to be devoted to the plantation sector are: Indira AwasYojana (IAY) for providing housing facilities; Swajaldhara for the provision of safe drinking water; National Rural Health Mission (NRHM) for the provision of medical facilities; Sarva Siksha Abhiyan (SSA) for providing educational facilities. These schemes come under the administrative control of the Ministry of Rural Development, Ministry of Health and Family Welfare and the Ministry of Human Resource Development, Government of India.

- It is equally necessary to devise appropriate policy interventions to cover the basic social security of temporary/casual labour working in big estates and small growers as well. In this regard, the respective commodity boards should play an active role.
- It is not enough to enact a law and make timely amendments – there is also a need for undertaking timely studies to ensure whether or not provisions are implemented in their true spirit at the grassroots level. As seen in the current study, a snapshot of various benefits provided by the plantation sector, as per PLA, is much below the demand for the same

For the complete report see, Tantri Malini L., 2017. Trade, Gender and Food Security: With a Special reference to Tea Plantation in the Nilagiris, CESP, ISEC, Bengaluru

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- War on Want and Ana Morser. (2010). "A Bitter Cup: The Exploitation of Tea Workers in India and Kenya Supplying British Supermarkets". War on Want

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