

Tea plantations in Kerala – A study with special reference to abandonment, closure and rehabilitation packages

Introduction

India is one of the largest producers, consumers and exporters of black tea in the world. It occupies 23.8 percent share in the world tea production and consumes more than 80 percent of the total tea production in the country. 92 percent of the area under cultivation and 98 percent of the total production is accounted for by the four major tea growing states viz. Assam (51 per cent) West Bengal (23 per cent) Tamil Nadu (17 per cent) and Kerala (7 per cent) (**DRPCC, 2012**).

During the long crisis period between 2000 and 2007, the process of abandonment and/or closure of the tea plantations became common and it adversely affected the overall performance of the economy. Most of the closed tea gardens have been reopened with the steady improvement in tea prices from 2008 onwards. However, these plantations are working at its full capacity and many of them are unable to implement the legal labour welfare measures as per the Plantation Labour Act (PLA). The government of India has established Special Purpose Tea Fund (SPTF) as a measure for re-plantation and rejuvenation with 75% (including 25% subsidy) funding of the cost of undertaking the work during the 11th plan period. But the benefit of such scheme is not reached many tea plantations. The socio economic position of the tea labourers is very poor as they borrow money from the private money lenders to find sufficient money for their livelihood. The research work was carried out in this context with the following objectives.

Objectives of the study

1. To find out the causes of abandonment and/or closure in the tea plantations.
2. To identify the consequences of abandonment and/or closure in the tea plantations.
3. To evaluate the efficacy of special purpose tea fund as a scheme of rehabilitation measure.
4. To compare the functions of tea plantations before and after the abandonment and/or closure.
5. To compare the socio - economic position (SEP) of the tea plantation labourers before and after the abandonment and/or closure.

Methodology

The study has made use of both secondary and primary data. The population of the study comprises 128 registered tea plantations in Kerala and 35118 permanent labourers in it. These 128 plantations have run by 77 corporates and out of these 77 corporates, 20 corporates are running multiple plantations and the rest of the 57 corporates have one plantation each. As far as the sample selection is concerned, one plantation has been taken from the twenty corporates of multiple plantations along with the plantations of fifty seven corporates of one plantation. Hence the primary data is collected from the 65 managers and 380 labourers of 77 plantations and 13265 labourers. The managers are selected by applying proportionate random selection under the stratified random sampling technique. The labourers are randomized in the proportion of the plantations selected in each strata. The data were analysed by using simple percentages, means, t-tests, one way ANOVA, chi-square tests, factor analysis, canonical discriminant function analysis and Garret ranking technique. The data were analysed by using simple percentages, means, t-tests, one way ANOVA, Chi-square test, factor analysis, canonical discriminant function analysis and Garret ranking technique.

Major findings

- The most dominant **causes** of abandonment and/or closure are unrestricted import, fall in prices, increased cost of production, lack of professional management, lack of interest to run the plantations, lower productivity, poor financial performance, lack of value addition, lack of product diversification and demand for increased bonus and other allowances. It means that prevailed managerial inefficiency coupled with external factors led to the abandonment and/or closure.
- As opined by the plantations and employees the most dominant **consequences** of abandonment and/or closure are 'loss of job and regular income', 'no water, electricity and maintenance of the labour quarters', 'savings in variable expenses by the plantations', 'no medical health care facilities to the employees', 'avoided immediate payment of various dues by the plantations', 'no festival celebrations by the employees', and 'got waiver of various payments and repayments by the plantations'.
- As per the opinion of the plantations, the **reasons** for not availing the SPTF loan are 'high rate of interest', 'loss of revenue due to the long gestation period', 'ban on usage of earth excavators', 'lengthy documentation', 'eligibility conditions' and 'uncertainty about the lease tenure'. The actual physical achievement of SPTF for re-plantation is only 77.38 per cent, **rejuvenation** is 80.84 per cent and financial subsidy is 91.45 per cent of the target fixed.
- There is significant difference between the **functions** of the closed plantations in terms of working capital position, operating position, labour welfare measures and working conditions before and after the abandonment and/or closure. The working capital position and operating position is improved after the abandonment and/or closure. However the labour welfare measures of the closed plantations are bad and they are facing acute labour shortage after the abandonment and/or closure. There is no significant difference between the functions of the non-closed plantations in terms of the working capital position and labour welfare measures before and after the abandonment and/or closure. Non-closed plantations are also facing labour shortage but the degree of labour shortage is low as compared to the closed plantations.
- There is significant difference between the **socio-economic position** of the labourers before and after the abandonment and/or closure. The socio-economic position of the labourers is improved after abandonment and/or closure.

Suggestions

- Regions in the high ranges (Idukki district) are highly suitable for orthodox tea manufacture which commands premium price globally. If the government is to encourage the production of orthodox tea by giving various subsidies and incentives, it will really help to increase the tea prices. In addition, the promotion of domestic per capita consumption of tea as a health drink will result in dramatic effect on the price levels. This would be a standing solution for remunerative prices of tea.
- The study reveals that there are chances to the industry which has been in a crisis in the recent past may further become uncompetitive if it continue to bear the social costs fully as the labour cost forms major portion of the cost of manufacturing tea. There should be a partnership

between the government and the plantation's management on the sharing of the social cost. The employer should give fair wages and ensure security at the work place and at the same time the government should take care of the health and sanitation of the employees and education of their children.

- Mechanization in the field and factory will also result in a further reduction of the cost of manufacturing tea. It would have been a boon to the plantations if the government would have given some subsidy in this respect. There is a problem with the mechanization in the tea leaf plucking. Because, the traditional up and down planting is not supportive for the mechanized plucking. Hence there is a need for replanting with contour planting method.
- Lower productivity is one among the reasons for the abandonment and/or closure. Lower productivity is the result of old aged tea bushes and increased labour cost. A certain percentage of the tea bushes are to be re-planted every year to increase the productivity. It will automatically reduce the supply of the tea products and lead into an increase in tea price. The result will be sustainable growth.
- Lack of interest to run the plantation is one among the reasons for closure and lower productivity in the plantations. The plantations are not making any further investment in the plantations due to their lack of interest to run the plantations. The result is the lower productivity and profitability. This mind set of the management is to be changed. They are to invest a portion of the profit into the business so that they can sustain.
- The special purpose tea fund should be made much more effective to enhance the re-plantation activities. The subsidy of the SPTF is to be revised with regular intervals by considering the unit cost and time value of money. The problems of lengthy documentation procedure and restriction on irrigation are also to be resolved.
- The plantations are facing acute labour shortage. To tackle this shortage, the plantation work especially the field operations should be brought under the scheme of Mahatma Gandhi National Rural Employment Scheme. Equalising the wages of plantations with the wages of other works in the labourer locality will attract the new generation labourers. Mechanization in the field operations with contour planting method is also a solution to the labourer shortage.

Conclusion

In a nutshell, the study concluded that increased cost of production, fall in prices and lower productivity were the major reasons behind the abandonment and/or closure. The government's initiative to introduce SPTF as a measure to increase productivity is quite appreciable. However the scheme is not achieving the desired result due to high rate of interest and lengthy documentation procedure. The subsidy component of the scheme should be enhanced by considering the unit cost of replantation. The functions of the reopened plantations are comparatively poor as compared with the non-closed plantations. Lack of interest to run the plantation was one among the observed reasons behind this. This inclination of the management is to be changed to achieve the desired sustainable growth of this sector.