



**ASIA  
FAIR  
TRADE  
2016**



**Living Wages -  
Tea Sector in  
East and North  
East India**

*Indranil Ghosh*

A lush green tea plantation with rows of tea bushes stretching into the distance. The leaves are vibrant green and some buds are visible.

# **Living Wages Tea Sector Scenario in East & North - East India**

**Presented by:  
Indranil Ghosh, Chairman  
Association of Indian Fair Trade Producers**

# The Chamong Group of Gardens

- Largest Organic CTC, Orthodox & Green Tea Producer in World.
- Group Production approx 30,00,000 kg / year
- Gardens in both East & North - East of India
  - Darjeeling : 13 Tea Estates
  - Assam: 5 Tea Estates
- All Tea Estates certified to Organic, Fairtrade, SAN/RA and ISO 22000
- Practising Fairtrade since 2001
- First to introduce Fairtrade in Tea in Darjeeling

# Concept of Living Wage

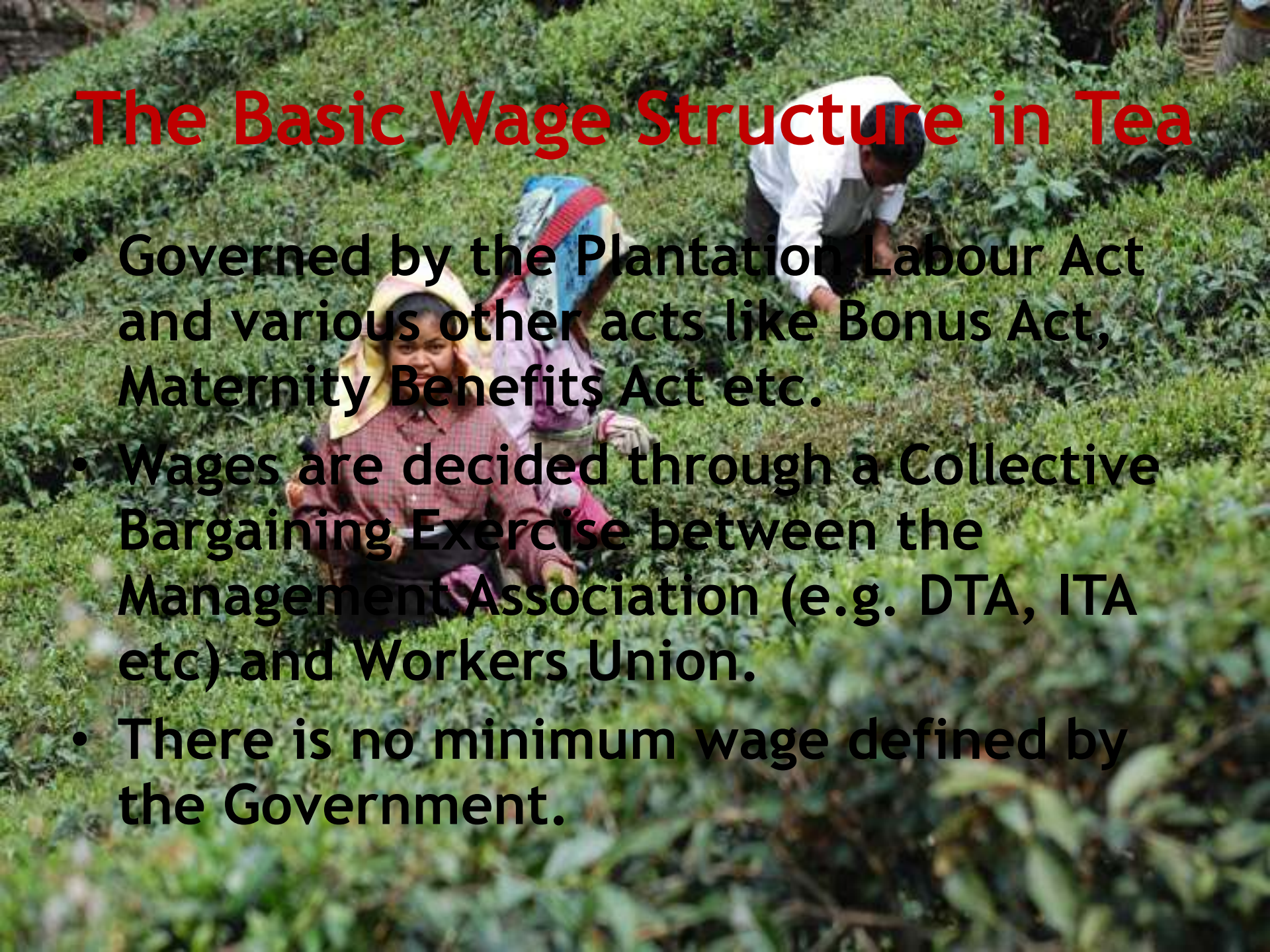
*A formal definition: “A Living Wage is the remuneration received for standard working hours (without overtime), which is sufficient to meet the basic needs of the individual and his or her dependents, and allow for some savings and/or discretionary expenditure. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for discretionary expenditure.”*

# Living Wage Components

A photograph of a tea plantation. In the foreground, a woman in a light green shirt is picking tea leaves, holding a green umbrella. To her left, another woman in a blue shirt is also picking tea. In the background, two other workers are visible: one in a green shirt and one in a white shirt. The tea bushes are lush and green, and there are trees in the distance.

- **Wage to cover**
  - Cost of food for self and family (to maintain the required calories in a day)
  - Cost of Non-Food Expenses
    - Housing
    - Medical Expenses for Self and Family
    - Education expenses for Children
    - Transport
    - Clothing
  - Savings for Future

# The Basic Wage Structure in Tea

A photograph of a tea plantation. In the foreground, a woman wearing a yellow headscarf and a purple shirt is looking towards the camera. Behind her, another woman in a blue and red headscarf is working. In the background, a man in a white shirt is bent over, working in the tea bushes. The tea plants are lush green and cover the entire scene.

- Governed by the Plantation Labour Act and various other acts like Bonus Act, Maternity Benefits Act etc.
- Wages are decided through a Collective Bargaining Exercise between the Management Association (e.g. DTA, ITA etc) and Workers Union.
- There is no minimum wage defined by the Government.

# The Basic Wage Structure in Tea

- 2 type of sectors
  - Organized, Licensed, managed by Large Corporate
  - Small Holders, often unlicensed, un-monitored
- Organized Sector
  - Defined Wage, agreed through CBA and reviewed yearly
  - Add-ons to Wage Component
- Un-organised Sector
  - No defined wage calculation. Mostly verbal negotiations. Often exploited.



# The Wage Calculation in Tea Sector

- Basic Salary (given on a per day basis).
- Subsidised Ration (presently only Rs. 0.47 / kg)
- Free Housing for Self and Family (including maintenance of same)
  - Housing to include land area for cultivation of basic vegetables required for nutrition.
- Free Medical Treatment for self and family (unlimited).
- Free Potable Drinking Water
- Free Education (in collaboration with local government)
- Etc



Living Wage Component	Tea Sector Compliance
<b>Cost of Food</b>	<ul style="list-style-type: none"> <li>✓ <i>Subsidised Ration for self and dependant (currently Rs. 0.47 /kg)</i></li> <li>✓ <i>Free area in housing to grow vegetables (Kitchen Garden concept)</i></li> </ul>
<b>Cost of Non - Food Expenses</b>	<ul style="list-style-type: none"> <li>✓ <i>Free Medical (unlimited) for self and dependant.</i></li> <li>✓ <i>Maternity Benefits</i></li> <li>✓ <i>Sick Wages</i></li> <li>✓ <i>Free Housing for family (including maintenance)</i></li> <li>✓ <i>Free Potable Drinking Water</i></li> <li>✓ <i>Free Education for dependant children (in collaboration with local government)</i></li> <li>✓ <i>Free Transport Support for children going to school outside the tea estates (in Assam, School Bus)</i></li> <li>✓ <i>Free Working Tools, Protective Clothing etc</i></li> </ul>
<b>Savings for Future</b>	<ul style="list-style-type: none"> <li>✓ <i>Contributory Provident Fund with Government (24% of salary)</i></li> <li>✓ <i>Gratuity as per Gratuity Act post completion of 5 yrs of Service</i></li> <li>✓ <i>Bonus (agreed with CBA) for Festivals</i></li> <li>✓ <i>Annual Leave with Wages</i></li> </ul>

# The Tea Sector Advantage

- Multiple workers from the same family
- More earnings
- Better savings
- Explore external opportunities for earning in local towns for the family members yet retaining a rent free accommodation, medical facilities etc.



# The Fairtrade Certification Advantage

- Fairtrade Premium on Sale of Tea
- Premium comes directly to Workers
- Workers decided themselves as per their requirement and spends the money on projects
- Community Development Project
- Great Boon for Social Up-liftment



# FT Premium Projects

- **LPG Distribution to all workers**
  - Clean Fuel
  - Saves Time
  - Improves Women's Health
- **Bridges and Roads in and around the Tea Estate for better communication**
- **Steel Tiffin Boxes - keep food warm and hygienic**
- **Warm Blankets**
- **Solar Lights in remote areas, etc.**



# External Cooperation

- Buyers are interested in CSR approach.
- Collaboration with tea buyers, blenders and retailers to uplift living conditions
  - Sanitation Facilities
  - Drinking Water Facilities
  - Solar Lights / Renewable Energy
  - Health Camps / Eye Camps (Vision Spring Project)
  - Skill Up-gradation Trainings



# Challenges

- Un-organised Sector needs attention
- Organised Sector hand-holding the un-organised sector to ensure better compliance
- Wages slowly contributing to 45% of the total cost of production which is alarming.
- Prevailing rates of Wage in the same or similar occupations in the same or other countries.
- Productivity of labour slowly decreasing.
- Average age group of workers increasing and new generations averse in joining tea.
- Level of national income & its distribution.
- The place of the industry in the economy of the country.

# Road Ahead

- Collaboration with stakeholders
  - Buyers
  - Regulators
  - Worker Unions
- Innovation
  - Tea Grades
  - Packaging
- Modernization
  - Cultivation Practices
  - Manufacturing Practices
- Creating greater market access
- Sensitization and Awareness to Workers

*Together we hold a better future*



**Thank You**

**[igindranil@gmail.com](mailto:igindranil@gmail.com)**