

Growth and Economy of Plantation Sector: Distressed Days, Hopeful Ways (An Analysis of Crisis in the Plantation Sector and the Policy Approach of the Government)

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Abstract

All plantation crops have historically contributed to add value and be appropriated in the home market, promoting the expansion and growth of the country's regional economies. The market integration policies implemented in the context of globalisation have caused a serious crisis in the plantation sector, which will have long-term effects on the production and trade of commodities as well as the livelihoods of millions of small and marginal producers and workers who depend on these sectors. Since Kerala has a predominate presence of these plantation crops, notwithstanding variances in their relative significance at the national level, it appears that Kerala is more severely affected by the crisis hitting the plantation industries than other states. Some Indicators of the crisis include, (a) high volatility and persistence of low commodity prices; (b) decline in production, productivity, and net gains from plantation business income; (c) rising costs of production and management of plantations along with a growing labour shortage; (d) declining investments for crop renewal or rejuvenation; (e) removal of trade barriers and/or tariff (quota) restrictions; and (f) unfavourable climatic effects. The combined effect of all these causes has almost brought the state's plantation industry to a stop, destabilising the economy and the way of life of the communities that depend on it . It was discovered that no significant research had been conducted previously to evaluate the effects of this crisis on the living circumstances of plantation workers. A study on the effects of the current tea industry crisis on Kerala's plantation workers is an important investigation that must be done in this situation.

Keywords: crisis, plantation industry, reforms, livelihood

Introduction

The development of the Kerala tea industry was a result of the colonial economy. A costly managerial team, hefty dividends, commission to the managing agents, and low reserves all contributed to the high cost structure. The state provided assistance in maintaining this arrangement in a number of ways, including by granting vast amounts of surplus land to supplement tea sales and by collecting a negligible amount of land tax. Low pay contributed to this, in part. But after independence, non-tea reserve areas have either been purchased by state governments or had their use restricted. Additionally, the high cost structure and the repatriation of earnings have compelled labour to demand a piece of the pie. Investments in Indian tea plantations have yielded profits that have either been repatriated to Britain or used to fund

investments in other nations and sectors. More particular, the industry's required development potential has been significantly decreased. The biggest paradox facing the Kerala tea industry and the Indian tea sector as a whole is that, despite certain changes, the industry's base in terms of foreign involvement has remained largely unchanged. Despite efforts to transfer ownership to the workers, the closed and abandoned tea farms were left in their current status. In Kerala, tea production had been observed dropping from 2011–12 onwards, remaining in the same place.

Objectives

- A. Examine the historical expansion and development of Kerala's plantation industry,
- B. Pinpoint the socio-economic challenges, faced by the plantation labourers in Kerala
- C. To examine various crisis in the plantation industry in Kerala
- D. To investigate the efficacy of the actions taken by the government to address the crisis in the tea sector.

Methodology

Any study's success is based on the data that is gathered, how it is gathered, how it relates to the research question, and what instruments are employed. All secondary data sources were used in this investigation. Secondary data is an extremely valuable resource for fully comprehending the idea of plantation employment. The secondary data gathered from government survey reports, labour committee and commission reports, legal documents, survey reports, government orders referring to minimum wage, ILO reports, published Ph.D. thesis papers, articles, books, and journals pertaining to plantation labour. (According to reports from the Economic Political Weekly, Economist, Sociological Bulletin, Yojana, and UPASI study).

History Of Plantations In Kerala

To grasp the systemic dimensions of the plantation system, a brief history of its evolution is required. Plantation agriculture arose as a result of European countries' colonisation of tropical areas. A noteworthy example is the Asian tea business, which arose in the early nineteenth century; the establishment of tea plantations in Asia's tropical regions resulted in the integration of these places into the periphery of the western economic system. "Capital's insatiable appetite for raw materials and markets drove this development, not the adventurer's desire to unravel the mysteries of the east," as it has been said elsewhere. The English East India Company, which had a near monopoly on British foreign trade with China and India and conducted a lucrative trade in Chinese tea, was compelled by a number of factors to establish an alternative tea-growing region in Assam and North Bengal in the 1830s. Later on, the focus shifted to Southern India.

During the 10 years from 1979 to 1888, there appears to have been a decline in coffee prices. This was yet another factor that hindered coffee cultivation and caused it to be stopped in several areas of Kerala and Sri Lanka. It is noted that the primary cause of the decline in coffee prices was the introduction of relatively less expensive Brazilian coffee to the global market and Brazil's dominance of the industry. By 1895, there was a vast number of estates in Travancore, with Tea as the sole or primary crop. Furthermore, by roughly 1895, tea had marginal superiority in value and definite superiority in quantity over coffee as a Travancore export item. Due to historical factors, Kerala's land tenure systems had diverse histories in each of its constituent regions, which greatly influenced the state's various agricultural growth patterns. On the whole, land unrest in Travancore and Gochin, the two princely realms, developed in such a way that it enabled

land relations to be ready for a vibrant agricultural growth. Malabar, a region of the previous Madras presidency that was directly administered by the British, dropped behind.

Total area under cash crops expressed as a percentage of total cropped area in the three regions of Kerala

Year	Total cropped area(000 acre)	Travancore		Cochin		Malabar	
		%share of cash crops	Total cropped area	%share of cash crops	Total cropped area	%share of cash crops	Total cropped area
1910-11	1527	39	478	18	1387	32	
1920-21	1952	46	522	20	1678	34	
1930-31	2108	45	557	26	1759	34	
1940-41	2374	42	559	26	1816	37	
1945-46	2346	46	601	25	1817	40	

Source: Indian Agricultural statistics, Government of India

The most notable feature of tea plantation workers in Kerala is that the majority of it was immigrant. The pioneers, who had to import artisans as well as unskilled employees from remote villages, had to deal with workforce recruiting issues. When Kerala's tea plantations first opened, the agricultural population was divided into two main groups: scheduled caste agrarian slaves who made up the lower strata of agrarian society, on the one hand, and land owners and tenants with varying degrees of land rights, on the other. The agrarian slavery system that developed in Kerala's three regions complemented rice farming's conventional labour-intensive technology very well. The slave castes lost their social, professional, and geographic mobility as a result of their institutionalisation in the foundation of contemporary society. Although the socio-economic changes of the Nineteenth century led to the downfall of aggressive slavery as an organised institution, in Kerala, it simply underwent a form shift rather than a content change as it transformed into attached labour systems. The growth of commercial cultivation, the gradual shift from traditional to capital-intensive agriculture, and the various tenancy reforms in the various regions of Kerala were all factors in the development of the casual labour system within agriculture.

Crisis in the Tea Industry

The over ageing of Indian tea plantations is another issue. There are several plants in the region that are older than 50 years. This needs to be weighed against the reality that after 30 years of age, tea plant productivity significantly decreases. Therefore, replanting is necessary for boosting productivity. However, it necessitates significant capital expenditures, and the sector is ill-equipped to handle them. The cost of producing tea rises year after year, while the price of tea falls. Companies are unable to offer their products with a decent margin because they must pay high taxes. Labour accounts for 65 per cent of total production costs, according to company estimates. Because tea plantations employ a huge number of people, the enterprises face several labours-related issues, which are primarily the result of union efforts.

When workers face issues such as low pay or delays in the services supplied, they often turn to unions for assistance. Cheaper tea is imported at very low import duties from other nations like Sri Lanka. As a result, there is unhealthy rivalry, which frequently drives prices below the cost of production. The government's free import policy has hurt domestic plantations' ability to survive.

The plight of Kerala Plantation Sector

25 estates, including 6 factories, were abandoned or closed in the Idukki district; three estates, including two factories, were abandoned or closed in the Thiruvananthapuram district; and four estates were abandoned or closed in the Wayanad district. Many tea garden owners do not declare their tea gardens closed, but instead 'conveniently' depart them (Bose, 2007). To close a garden, the company must ask for closure. These corporations owe large sums not just to their employees in the form of Provident Fund and Gratuity payments, but also to the respective state governments and banks. Contrary to the general mood of calamity, two plantations run by Harrison Malayalam Limited (H.M.L.) and A.V. Thomas and Company (A.V.T.) have been paying their employees on time, and this has been possible because the company also has a packet tea division (not dependent on the auction) and their tea goes into the internal markets in South India, whereas those who look at auction aimed at export have suffered from the huge price variation (Nair, 2013). While plucking was taking place in some of the remaining estates, no wage was provided, but Rs. 200 was distributed as weekly store cash in these plantations. Workers in other non-operational plantations plucked and sold the leaves in collusion with trade unions.

Tea plantations are one of the most significant plantation crops in Kerala in terms of employment and revenue for the inhabitants of the mountainous area . The entire area planted with tea in the years 1989–1990 was 34.60 thousand hectares, or 1.14 percent of the state's total cultivated land. Kerala hardly makes up 0.37 lakh acre of the 5.8 lakh hectares of land that is planted with tea nationwide. Kerala's contribution to global output in 2010–11 was 6.8%. The amount of tea produced in 1979–80 was 54 million kg, and tea's percentage share was 9.49 in that year. Kerala produced 68.9 million kg of tea in 2011; by 2012, that number had dropped to 63.1 million kg. In Kerala, 67.7 million kg of tea were produced in the year 2015.

Kerala tea production area and output

Year	Area (Ha)	Yield (Kg/Ha)
2000	36940	1866
2001	36940	1764
2002	36967	1563
2003	36967	1569
2004	37107	1675
2005	36772	1591
2006	36236	1641
2007	37137	1507
2008	37139	1893
2009	37139	1857
2010	37139	1798
2011-12	37028	1564
2012-13	30205	2085

2013-14	30205	2084
2014-15	30205	2158

Source :Tea Statistic

In Kerala, there were variations in the tea production. In 2014, it was projected that tea made up 5.40 percent of Kerala's total plantation cropland. It illustrates Kerala's falling trend in tea output. Indeed, Kerala produces the majority of its tea from gardens in the districts of Idukki, Wayanad, and Kottayam due to the favourable climatic conditions these districts enjoy for the cultivation of high-quality tea.

Life in Layams

Despite the fact that employees are given residences, the amenities within are relatively basic. In the given dwelling, they have just one room—a varandha—and a kitchen. Some of the estates don't have an electricity connection. Many of the staff have issues with the lack of firewood. The workers will have to go a great distance to get firewood after work hours. Other than that, some businesses forbid their staff from gathering firewood from the estate's grounds. Due to the lack of convenient educational facilities in some corporate estates, some employees find it impossible to educate their children. Transport is one of the biggest issues they confront since the plantations are so large and spread out in isolated locations. Despite the fact that all estates have adequate roads, there are extremely few bus, auto, and taxi amenities. Another issue that the staff members have is a lack of effective communication tools. Workers on plantations, particularly women with low earnings, have exceedingly terrible living and working circumstances. Tamil-speaking dalit migrants make up the majority of the workforce in Munnar plantations. The employees in North East India are migrants from underprivileged tribal households. The majority of employees are female. Many of them reside in one-room shacks without even the most basic amenities, such running water. Many families are undernourished, making them susceptible to communicable illnesses. Medical facilities are not available. There are concerns about how the chemicals used in plantation plantations may have an impact on their health. Their children have little opportunities to receive a high-quality education, and frequently, kids are hired as workers. The strike of women workers in Kerala's tea plantations puts to light the deplorable living circumstances of workers in this industry across the country. With almost a million permanent workers, the tea plantation business is the largest in the country's official private sector.

Pembulai Orumai

The Munnar Plantation strike lasted nine days, and it was organised by the female employees of Munnar Kannan Devan Hills Plantations Limited (KDHPL). An important turning point in Kerala's political history, it was known for being an all-women's revolt that resulted in the creation of an all-women union called Pengal Orumai (women's unity). The Plantation Labour Committee in the state determines the wages of plantation workers. PLC is made up of government, union, and plantation management representatives. Only if the labour minister takes the lead are PLC meetings and discussions conceivable. The strike started on September 6 with about 5000 workers, the majority of whom were women, protesting in front of the KDHPL office after the management reduced the bonus to 10% from 20% the previous year, citing declines in profit and falling tea prices. This was the case despite the fact that the daily wage was only Rs 234 for 12 hours of work and that the daily output per worker had increased to 31 kilogrammes from 21 kg.

Government interventions in the plantation industry

After careful consideration and consultation with the relevant Ministries, including the Finance Ministry, the Empowered Finance Committee approved the special rehabilitation plan for the nation's abandoned tea estates. The nodal office for carrying out the package is the Tea Board. The package comprises interest subsidies on bank loans for the following seven years, the formation of an SPTF, the waiving of Tea Board dues, the waiving of provident fund fines, and the restructuring of loans to banks. West Bengal has 14 closed plantations with 5500 hectares, Assam has two with 660 hectares, while Kerala has closed 32 tea farms with 4330 hectares. From these estates, 184 crore rupees are owed to the banks, 49 crore rupees to the provident fund, and 5 crore rupees to the tea board (UPASI, 2007).

A one-man commission headed by Justice Krishnan Nair was established by the Kerala government in 2015 to investigate the problems related to the industry's dilemma in light of the growing crisis in the state's plantation sector. The Commission was also tasked to offer workable solutions to the issue in the plantation industry, particularly for the industries of tea, rubber, cardamom, and coffee. In 2016, the Commission issued the Report, which included several workable ideas. Kerala announced a series of measures, including the abolition of plantation tax, a suspension on agricultural income tax, and legislation to take over closed tea estates.

The Special Purpose Fund Board (SPTF) was created by the Indian government in 2007. In order to revive the sector and boost our tea's competitiveness on the world market, fresh credit will be added to the subsidies programme for the 11th Five Year Plan

Conclusion

To summarise, it is important to remember that the Kerala tea business was created as a component of a colonial economy. The state governments have been acquiring non-tea reserve areas since independence or restricting their use. Additionally, the high cost structure and profit repatriation have compelled workers to seek a piece of the pie. More particular, the industry's development potential needs have been seen as having decreased. The Kerala tea business and the Indian tea industry as a whole suffer from the biggest paradox, which is that although certain things have changed, the sector's base in the sense of future interest has remained largely unchanged. Government and Tea Board action and a serious comprehensive strategy are required. Effective factor utilisation is only observed in short-term periods for the Kerala tea plantation business. The use of out-dated technology, the lack of product variety, and the absence of professional management all point to inefficient long-term factor utilisation.

Plantation productivity must be increased through replanting of new varieties, scientific harvesting, and mechanised trimming. Manufacturing productivity can be boosted through improving quality, diversifying products, and advancing technology. Companies must have a professional management system in order to make their units competitive. The marketing of tea must be given top priority in the global trade liberalisation framework.

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