

Declining Work Force

Recent trends overwhelmingly point to labour as being the key element in the future of the tea industry. This perception stems from a worker shortage that looms large both in the corporate sector and smallholdings. Even at the time of privatisation, it was reported that 15 out of the 23 Regional Plantation Companies were in deficit of their labour requirements. Since then, the gap has widened in the low-country and Uva and a somewhat similar trend is emerging in the mid- and up-country as well.

Faced with this situation, a number of initiatives have been under way by estate management and proprietary planters to combat the emerging labour shortage. Principally, these involve judicious deployment of workers especially during the peak cropping season, intermediate mechanisation of field activities (via shear plucking and mechanical pruning), review of outdated "norms"/"tasks" and a guarantee of 300 working days a year. Efforts at reversing out-migration by improving living standards and social infrastructure to make estate work more attractive are also in evidence. In particular, this need arises because younger people tend to move into cities (notably, potential female workers into garment factories), not always for higher wages but for better social recognition that is now not associated with estate work.

Land-Labour Relationship

It is well known that about 70 per cent of the tea bushes account for only about 30 per cent of the crop. What however is not so well known is that 70 per cent of the pluckers also contribute to only 30 per cent or so of the harvest. The latter phenomenon has two implications. On the one hand, the "under-norm" pluckers have to be paid full wages and, on the other, incentive payments have to be made to those who bring in "over-kilos". In the Sri Lankan situation, the cumulative impact of both these diverse features is such as to markedly put up the cost of harvesting which could have been avoided if most pluckers had adhered to the norm. Improved incentive practices is an obvious way for promoting efficiency but equally important are improved health and welfare standards, better motivation and a reasonable scope for career advancement. Labour aspects relating to harvesting constitute the priority area to address since this operation accounts for nearly 40 per cent of the cost of production and 80 per cent of the workforce engaged in field operations.

Labour Productivity

The ILO makes the significant observation that "productivity in plantations depends to a great extent on how remuneration is linked to output." Contrary to popular belief, this view is also shared by a wide section of tea workers (not necessarily trade unions) in the island. During the course of a socio-economic survey undertaken in 1996 by the Plantation Reform Project, about 1000 workers were asked whether wages should be based on individual effort or all workers should be paid a guaranteed fixed wage irrespective of individual effort. To quote the report, "the majority (68 per cent) in the sample expressed the view that wages should be based on the efforts of the individuals. They felt that the person who works harder should be paid more." The report goes on to state that 78 per cent of the

smallholdings are more labour intensive than the estate sector.

Cost of Labour

The question is often raised as to why estate management tends to be more resistant to the demand for a wage increase than the industrial sector. Quite simply, the answer lies in the continuing labour-intensive nature of plantation operations. Unlike in the manufacturing industry where the wage bill accounts for a relatively small proportion of the cost of production, the situation in tea is that the wage-related costs as a proportion of the total estate level cost are far higher at about 56 per cent. (Table 2).

Viewed in the context of the above tabulation, even a small increase in the wage rate will result in a disproportionately high increase in the cost of production, with its attendant effect on the competitiveness of the Sri Lanka produce in the world market. This however is not to suggest a case for putting a brake on wage increases. Indeed, wages must and will go up. Yet, it is important that the extent to which they are hiked should be neutralised through corresponding gains in productivity. In the labour management of tea, this involves keeping an eye on what may be called a Break-Even-Yield (BEY) that covers at least the variable cost of production. Such an exercise, to be undertaken both by employers and worker representatives, will put the finger on the precise productivity gains that are necessary under varying degrees of wage increase. Conversely, and given the boundaries for productivity improvements, it will also help to pitch the union's demand and the employer's response within the range of reasonableness.

Wage Trends

In keeping with global trends, there has been a relative stagnation in the real wages of tea workers in Sri Lanka. This is notwithstanding the periodic improvements in the wage rate and adjustments in food prices through government intervention.

Table 3 is indicative of this generalised statement that compares the increase in money wages since 1993 with the Colombo Consumer Price Index (CCPI). It is of course true that the application of the CCPI as a wage deflator is not representative of the estate scenario, where the expenditure profiles are somewhat different from those of the average urban and rural workforce. Yet, the CCPI is widely used as a guideline for calculating inflation and to that extent, the real

Labour Situation in Tea

B. Sivaram

Consultant, Programme Support Group

respondents felt that there was room for productivity improvements while 16 per cent gave a contrary view.

In the light of the studies recently undertaken, it is possible to draw some inference on the changes in labour productivity in tea in the recent years. This has been summarised with respect to the privatised companies in Table 1 that clearly points to a markedly improved performance.

Table 1: Productivity Indices

Assessment Criterion	Year's	
	1992/93	1999/2000
Plucker Productivity*	13.5	16.6
Revenue Labour Output**	2.50	2.91
Land-Labour Ratio***	3.5	2.8

* average daily plucker intake (kg/green leaf/day)

** estate production per manday during the year (kg made tea)

*** labour per hectare

Despite the gains in plucker intake, workers in the estate sector are continuing to perform below capability. This will be evident on a comparison with their counterparts in the private holdings where it is reported to be higher by about 50 per cent. As regards the use of labour per unit of tea land, this ratio is influenced by two factors, namely, the level of field productivity and the labour intensiveness of the production process. It is accordingly seen that

wage estimation does not appear to be out of place.

The revision of the wage settlement in March 2001 has not made any material difference to the industry-wide earnings of workers. In

Table 2:
Share of Labour in Cost of
Production of Tea: 99/2000

Items	% of COP
Wage related costs	55.7
Staff salaries	5.8
Fertiliser	8.6
Chemicals	1.7
Packing	4.0
Fuel	3.9
Power	5.0
Transport	2.4
Others	12.9
Total	100

that sense, neither the trade unions who sought to rescind the agreement nor the employers who resisted the move emerged triumphant. A major casualty however was the loss of confidence at the estate level between Superintendents and workers — an area that was assiduously built up during the post-privatisation era. In the process, the progress made lately towards wage determination through collective bargaining received a setback following governmental and political intervention. Also noteworthy is that workers with a consistently high outturn (that is, low absenteeism) had nothing to gain; only the laggards benefited.

Industrial Relations

It must be said to the credit of the workers and their representatives that for a labour-intensive enterprise like tea, agitation involving loss of working days and the resultant production and loss of revenue to the management have been minimal. Industry-wide strikes have taken place only with the termination of successive wage settlements and the demand for a fresh wage hike. This is evidenced from the fact that while nearly 2,000 working days were lost within the company sector during 1998 when a wage-related strike occurred, this figure had nosedived to as low as 337 in the following year when the new settlement was in operation. In a situation that has lately surfaced, strikes have tended to take a back seat, with "prayer meetings," "satyagraha" movements and the like gaining ground. Make no mistake. They can be just as potent as the legitimate weapon of the strike itself.

Social Dimensions

Workers in remote estates do not live by wages alone. They require housing, water, sanitation, medical care and a host of welfare facilities to keep them in good working order. The Plantation Housing and Social Welfare Trust (PHSWT) has been in the forefront by facilitating these basic needs through donor support especially from the Dutch and Norwegian governments. The outcome of these efforts have been reflected in the construction of more than 13,000 new and "self-help" worker houses in the estate sector since 1993. Alongside, about 35,000 units — 23 per cent of the existing housing stock — have been upgraded or re-roofed. Statistics also point to about 68 per cent of worker households now having access to safe water supply and 46 per cent being provided with individual



latrines. Despite the overall progress, the fact remains that much more remains to be done in the realm of social infrastructure.

Following the impetus given to the human factor in estate management, there is now increasing recognition that a convergence of interests exists between the health and welfare of workers and the interests of the management. This perception is fortified by a recent study by the Institute of Policy Studies. For the first time, it quantifies the impact of five welfare inputs — housing, crèche attendance,

individual latrines, maternal care services and availability of qualified medical personnel — on lowering absenteeism and improving worker performance.

Table 3: Real Wage Indices for Tea Workers

Year	Money Wage (Rs/day)	Money Wage (1993=100)	CCPI (Points)	CCPI (1993=100)	Real Wage (1993=100)
1993	72.24	100	1498.7**	100	100
1994	72.24	100	1561.7**	104	96
1995	72.24	100	1741.6**	116	86
1996	83.00	115	2034.2**	134	85
1997	83.00	115	2252.7**	150	77
1998	101.00	140	2336.6**	156	90
1999	101.00	140	2429.7**	162	88
2000	121.00*	167	2693.0**	180	93

* for attendance over 90 per cent
** for December

Future Labour Scenario

A number of factors will influence the labour situation in tea over the medium- and long-term. First, management policy in the context of privatisation has a two-fold dimension. On the other hand, there will be an increase in the demand for labour with the new management putting up yields, adopting the recommended field practices and undertaking replanting at the targeted rate. On the other hand, this could to a considerable extent be neutralised by the insistence on improved worker productivity, revision of the outdated "norms" and "tasks" and mechanisation of some of the field practices.

The second feature is linked to population growth vis-à-vis out-migration. While an increase in resident population will add to the future employment pool, it is possible that this will be more than offset by a higher rate of outflow of potential and current workers away from estates. In fact, such a trend is already in evidence, with resident population, for instance, in the Nuwara Eliya district estimated to go up by about 30,000 over the next 10 years and migration currently at 2 per cent but likely to climb to 3 per cent in the coming years.

The third aspect centers on the growth possibilities in the Sri Lankan economy. As could only be expected, a higher growth rate will have the effect of generating more demand for the less-skilled workers, thereby forcing an outflow from the plantations.

Finally, it is difficult to de-link this issue from the ethnic conflict. Quite clearly, an early settlement of this problem will facilitate labour mobility and also have the effect of drawing away workers from the estates □