

A woman in a yellow shirt and colorful headscarf is picking tea leaves in a plantation. She has a large woven basket on her back. In the background, other workers are visible in the tea field, and there are many trees.

ASSESSING THE NEED FOR LIVING WAGE BENCHMARK STUDIES FOR THE TEA SECTOR IN ASSAM AND WEST BENGAL

JULY 2023

BY DR. KURIAKOSE MAMKOOTTAM,
ANKER RESEARCH INSTITUTE AND
VIDYA RANGAN, ISEAL

GLOBAL
LIVING WAGE
COALITION

Anker
Research
Institute

 **iseal**

ACKNOWLEDGEMENTS AND DISCLAIMER

This study was conducted by the Anker Research Institute and ISEAL at the request of the Global Living Wage Coalition and its members involved in the tea sector. The study was also supported by four partner organisations: IDH, the Ethical Tea Partnership, Trustea and THIRST – the International Roundtable for Sustainable Tea. The study was conducted with financial support from Fair Trade USA, as part of a grant they received from IDH, and the Ethical Tea Partnership. We thank all partners and sponsors for entrusting us with this work and making this study possible.

The generous and wholehearted cooperation of many individuals and institutions made the study possible. We have not mentioned their names as the list is so long, and because some would prefer to remain anonymous. However, we wish to place on record our sincere gratitude to every person who found time and took the effort to make themselves available for online and/or face-to-face interviews with the study team and for sharing valuable information and views. We owe a special thanks to the management of one of the tea plantations in Assam, who not only hosted the study team but also facilitated an extended tour of the plantation and factories and detailed discussions with members of the management, staff and workers.

Suggested citation: Kuriakose, M. and Rangan, V. (2023) Assessing the need for living wage benchmark studies for the tea sector in Assam and West Bengal, Anker Research Institute and ISEAL.

Contact details for correspondence:

Anker Research Institute:
marthaandrichard@gmail.com
(Martha and Richard Anker)

ISEAL:
vidya@isealalliance.org
(Vidya Rangan)

GLOBAL
LIVING WAGE
COALITION

Anker 
Research
Institute

 **iseal**

TABLE OF CONTENTS

Section 1: Introduction and purpose of the study	4
Section 2: Study methodology and approach	6
Section 3: Current scenario: Indian tea sector and the global tea market	8
Section 4: The current situation - tea workers, labour conditions and wages	16
Section 5: Prospects of Benchmark Studies for tea workers of Assam & West Bengal	20
Section 6: Summary and Recommendations	23
References	26

SECTION 1: INTRODUCTION AND PURPOSE OF THE STUDY

The [Global Living Wage Coalition](#) (GLWC) is a leading coalition of organisations engaged in supporting workers around the world to afford a decent living for themselves and their families. It is a unique knowledge-action partnership that works through providing high quality and consistent knowledge and information about living wage levels and supporting the implementation of wage improvement strategies by working on the ground and through supply chain action. The Anker Research Institute's landmark [Anker Living Wage Benchmark studies and reports](#) have laid the foundations for improved wage negotiations, supply chain action and upward movement in worker wages in several parts of the world.

Tea occupies an important space in India both in terms of providing a livelihood to millions of people and as a source of income generation, including export earnings. From a developmental perspective, there is considerable concern among researchers, independent experts and civil society – globally and locally – about the living conditions and low wages of workers on tea plantations, especially in Assam and West Bengal in eastern India. Conversations around 'living wages' and 'decent wages' for tea workers have been triggered in this context¹ both through [publications from civil society](#) and, importantly, a [report by the Parliamentary Standing Committee](#)² on issues affecting the tea industry, especially in Darjeeling. Simultaneously from the market side, an increasing number of global tea brands and retailers in major importing markets (of Indian tea) are making commitments to progressively realise higher wages for workers in their tea supply chains and origins.

In this context, the members of the GLWC see a need to develop a credible living wage benchmark value for the tea-growing regions of Assam and West Bengal. However, acknowledging the complexities and sensitivities around the topic, it was thought prudent to invest in a background study to obtain views from as many stakeholders as possible on the need for undertaking such a study and its acceptability for action to raise wages once developed. The GLWC commissioned the Anker Research Institute and ISEAL to jointly undertake this background and feasibility study to assess views on the topic – nationally and globally – and recommend whether to proceed with living wage benchmark studies for the regions using the Anker Methodology.

The present study was, in other words, based on the belief that it will not be worthwhile to invest valuable resources in an Anker Methodology living wage study unless there is real willingness among all stakeholders to accept and act on the estimates and recommendations that emerge from such benchmark studies. More specifically, the study wanted to assess the views of important stakeholders including (i) tea garden owners, producers, and various associations of tea producers; (ii) tea buyers, retailers and leading brands; (iii) government bodies and policymakers such as members of the Tea Board and other government representatives; (iv) workers and worker representatives (trade unions); and (v) NGOs and independent experts. This report draws together the findings from these stakeholder consultations and the recommendations of the study team for further action.

¹ Although the term 'living wage' is familiar to stakeholders, our study reveals that there is poor understanding of the core concept of living wage and its components, based on the GLWC definition of the term. We discuss the implications of this later in the report.

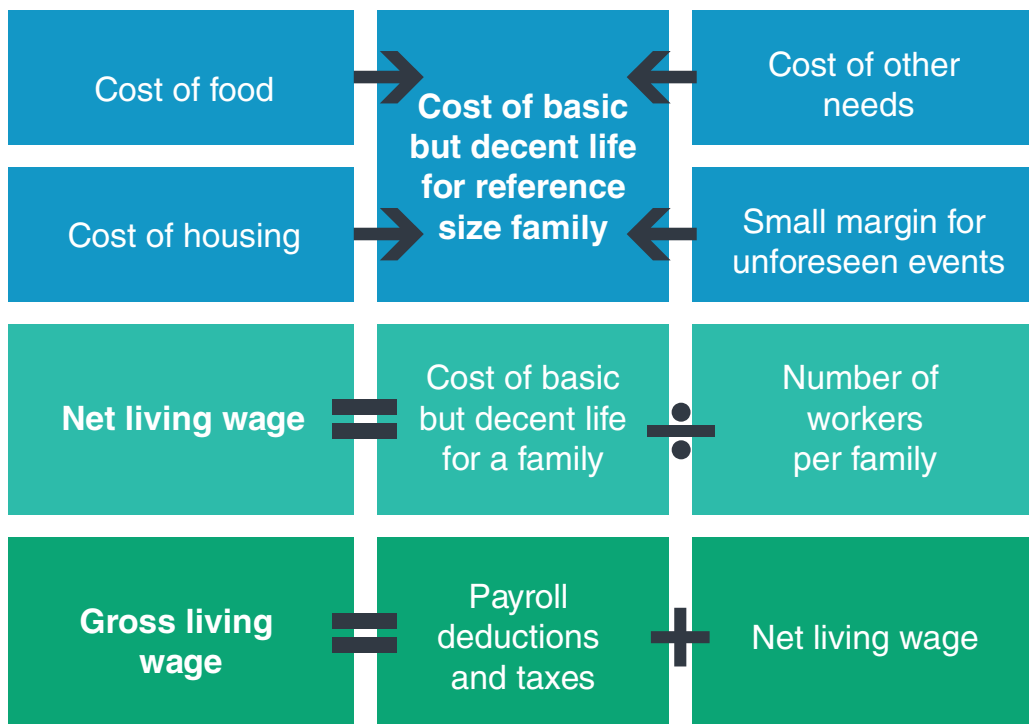
² Parliament of India (2022) Issues affecting the Indian tea industry, especially in Darjeeling region.

WHAT IS A 'LIVING WAGE' AND HOW IS IT CALCULATED BASED ON THE ANKER METHODOLOGY?

Arising from the core concept of 'decent work', living wages are based on normative standards and are concerned with workers' needs. The GLWC defines a living wage as "the remuneration received by a worker in a particular place at a specific time which is sufficient to afford a decent standard of living for the worker and her or his family" (Global Living Wage Coalition, 2016). The elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing, and other essential needs including provision for unexpected events. [Anker and Anker \(2017\)](#) have developed a methodology outlining detailed processes to ascertain the

living income and living wage for a family of typical size in local conditions, which can be applied to developed as well as developing countries. The living wages are estimated using normative standards such as a nutritious and palatable diet, safe housing, adequate healthcare, education for children, costs of transportation, other needs, and unexpected events. Carrying out an Anker Methodology benchmark study for a specific area or region allows for an accurate assessment of a realistic living wage by estimating the actual cost of decent living, as illustrated in the following chart.

Figure 1: Estimation of a living wage



Source: Anker and Anker, 2017

SECTION 2: STUDY METHODOLOGY AND APPROACH

Given limited time and resources, the study adopted a methodology combining the best techniques and tools available to us. The major aims of the study were (a) to build a basic understanding of the current scenario of the tea sector in Assam and West Bengal; and (b) to gather the views and perspectives of the major stakeholders, their willingness or otherwise to accept and implement recommendations of Anker Methodology living wage benchmark studies if carried out, and the reasons for this. The study started with an examination of existing literature and background material on the tea industry in India, and in Assam and West Bengal in particular. This process also provided us with an appreciation of policy issues and legislative frameworks relating to labour and employment conditions in the tea industry of the Assam and West Bengal (more specifically Darjeeling) regions.

The second stage of the study focused on collecting primary information using online and face-to-face interviews to gather the views and perspectives of a small cross-section of stakeholders.

As it was not realistically possible to include a quantitatively reliable sample of respondents belonging to different stakeholder categories, a selective list of respondents from different categories was approached through known contacts. Requests to participate in the study were sent to a large number of potential respondents representing different categories, such as estate/plantation owners/employers, senior management, office holders of various tea plantation associations, members of the Tea Board, government officials, retailers sourcing from the region, branding organisations, certification bodies, trade

Table 1: List of respondents interviewed

Category		No. of respondents
1	Tea producers/ managers/ growers	14
2	Retailers and Brands (international)	5
3	Brands and packers (domestic)	2
4	Workers/ supervisors/T.U. reps	12
5	NGOs/ Researchers	8
6	Government Reps/ Tea Board	2
7	Tea Associations	3

union/worker representatives, and local NGOs. Table 1 lists the number of positive responses in each category.

The study team met many of the respondents online and had long but structured discussions, and met some in person for face-to-face discussion in Kolkata and in Assam. During the third step, the study team visited one of the large tea gardens located in Dibrugarh region of Assam. Due to constraints of time and logistics, we could not visit tea gardens in West Bengal. However, the stakeholders who participated in interviews with us represented both Assam and West Bengal (Darjeeling) regions. The visit to the tea estate and its tea factory provided the study team with an opportunity to observe the entire process of tea manufacturing, starting from the planting of the seeds or saplings through to the packing and dispatching of the tea. Detailed discussions with workers, staff, supervisors, managers and local trade union representatives helped the study team to gain a better understanding of the conditions and concerns that exist on ground.

The garden visited belongs to one of the older and larger groups which has estates both in Assam and in Darjeeling. A good part of the garden is also dedicated to organic cultivation of tea with a major focus on exports. The products and the processes of the plantation and factories undergo certification regularly. The plantation and the factories within it together employ more than 1,000 permanent workers with a 40:60 ratio of men to women. In addition, casual workers are drawn from homes of existing permanent workers. Casual workers are given benefits similar to those given to permanent employees, such as leave with pay, rations, and provident fund³. In addition, more than 60 people are employed as assistant managers, supervisory staff and other types of staff. The plantation operates

from 7.30 am till 3.30 pm while the factories operate in two shifts: 7.00 am till 4.00 pm and 1.00 pm to 9.00 pm.

Assam accounts for more than half and West Bengal more than a quarter of the total tea produced in India. Tea gardens are concentrated in the upper districts of Assam and Northern Brahmaputra belt, such as Jorhat, Sivasagar, Dibrugarh, Tinsukhia, Lakhimpur, Kokrajhar, Udaiguri, Sonitpur, Biswanath, Nagaon and Golaghat. Similarly, the three areas of Darjeeling, Dooars and Terai in West Bengal are well known for tea. The two states are next to each other, and the tea grown and produced in the Dooars and Terai regions of Bengal are similar to those in Assam. However, Darjeeling tea – which accounts for only around 1% of tea produced in India – is different in terms of its aroma, colour and taste, largely due to the topography, climatic conditions and type of tea grown. Assam lies in the lowlands, whereas Darjeeling lies in the highlands in the foothills of the Himalayas. A good amount of rainfall throughout the year, rich clayish soil and hot temperatures make Assam and parts of Bengal highly suitable for tea cultivation. Darjeeling, on the other hand, has different terrain with slopes and a harsher (colder) climate with much less rainfall. Darjeeling has a shorter period of harvesting limited from March-April to November-December, but with four seasons. On the other hand, Assam has slightly longer harvest seasons, beginning in March. Given its larger area and longer harvesting period, Assam produces a much larger quantity of tea, which is also cheaper than Darjeeling, with its smaller area and colder climate. Darjeeling also has higher production costs due to lower productivity, primarily because of difficult terrain, climatic conditions and the smaller size and weight of the tea leaf. Exporting of tea is important both for Assam and Darjeeling. As much as 45-50%

³ Provident Fund (or PF) is a compulsory government-managed retirement savings scheme in India (<https://www.investopedia.com/terms/p/provident-fund.asp>)

of tea produced in Darjeeling is exported while Assam accounts for more than 50% of tea exported from India.

Wages and other in-kind benefits given to workers are similar in Assam and West Bengal (Darjeeling), except that tea gardens in Assam continue to procure staple food grains @Rs 39/ per kilo and distribute them @Rs 0.54 to workers, while gardens in West Bengal have apparently stopped the practice and instead add Rs.9/- per day to the workers' wages. While there is ongoing migration of workers from most parts of India, including tea gardens, better literacy rates and higher levels of general awareness among the workers of Darjeeling tea gardens could have accelerated (temporary or permanent) outmigration. Many families have one or more member, including women, who have gone to work in places such as the Middle East and Israel. This additional income could be improving, at least marginally, the economic and living conditions of these families.

This report is based on the analysis and interpretation of data gathered through the process described above, to give a better understanding of the current conditions in the tea industry in Assam and Darjeeling. The study focuses specifically on (i) problems faced by the tea sector of Assam and Darjeeling (West Bengal), especially the producers and tea plantation owners and their associations; (ii) wages and living conditions of tea workers; (iii) views of retailers, buyers and branding companies; (iv) views of government bodies and policymakers; (v) possible strategies to deal with the current scenario and thoughts on future courses of action; and most importantly (vi) whether stakeholders would accept recommendations of Anker Living Wage Benchmark studies if they are carried out.

SECTION 3: CURRENT SCENARIO: INDIAN TEA SECTOR AND THE GLOBAL TEA MARKET

Tea is the most widely consumed beverage across the world, including in India. It is expected that the global tea market will reach a value of US\$21.33 billion by 2024, growing at a compound annual growth rate of 5%. The Asia-Pacific, North America and Europe regions will contribute the most to this growth. India is the second-largest tea producing country in the world, after China. India accounts for a little over 21% of the world's tea production (Table 2) but only 12.39% of exports in 2022 (Table 3). In contrast, Kenya accounts

for only 5% of global production but 29% of exports. Price does not seem to be the reason for the decline in India's tea exports, at least when compared to Sri Lanka and Kenya, its main competitors (Table 4). As we will discuss later, lack of certification and unsatisfactory quality could be important reasons. The study team's interviews with stakeholders corroborate that Indian tea has lost its competitive edge in the global market – one of the many trends that have led to the current economic distress that the sector is facing.

Table 2: Global Tea Production (2018-2022) in million kgs

	2018	2019	2020	2021	2022
China	2610.39	2799.38	2986.02	3063.15	3090.00
India	1338.63	1390.08	1257.53	1343.06	1365.23
Kenya	493.00	458.85	569.54	537.83	530.00
Turkey	280.00	267.80	280.00	282.03	280.00
Sri Lanka	304.01	300.13	278.49	299.34	251.50
Viet Nam	185.00	190.00	186.00	180.00	174.00
Indonesia	131.00	128.80	126.00	127.00	125.10
Others	624.16	626.11	595.92	622.78	606.83

Source: ITC Statistics Bulletin, 2022

Table 3: Global Tea Exports (2018-2022) in million kgs

Country	2018	2019	2020	2021	2022
Kenya	474.86	496.76	518.92	558.93	456.00
China	364.71	366.55	348.82	369.36	375.23
Sri Lanka	271.78	289.59	262.73	282.84	247.15
India	256.06	252.15	209.72	196.54	226.98
Vietnam	130.00	134.91	130.00	145.00	140.00
Argentina	72.62	75.32	65.98	64.2	71.00
Others	297.34	294.06	295.04	307.23	314.61

Source: ITC Statistics Bulletin, 2022

Table 4: World Tea Auction Prices (2017-2022) in USD/kg

Country	2017	2018	2019	2020	2021	2022
India	2.04	2.03	2.00	2.49	2.35	2.28
Sri Lanka	4.06	3.58	3.05	3.4	3.11	3.86
Kenya	2.81	2.43	2.04	1.93	1.97	2.33
Malawi	1.84	1.84	1.46	1.44	1.38	2.09
Bangladesh	2.45	3.11	2.31	2.05	2.32	1.42

Source: ITC Statistics Bulletin, 2022

According to the IMARC Group's [latest report](#), India Tea Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027, the Indian tea market is expected to exhibit a compound annual growth rate of 4.7% during

2022-2027. Indian tea [increased its share](#) in a number of countries, such as Turkey and Saudi Arabia, which were buyers of Sri Lankan tea. Given the ongoing economic crisis in Sri Lanka, the Indian tea industry's export

prospects are expected to improve, as a whole and to G20 nations in particular, amid the uncertainties arising out of the non-placement of fresh contracts from Iran, and doubts over the quality and quantity of the crisis-hit Sri Lankan crop. India exported 134.14 million kg of tea in April-October 2022, with a major chunk of the shipments going to traditional buyers among the G20 bloc. If international factors such as geopolitical tension arising out of the Russia-Ukraine war, the inadequacy of containers and high freight charges improve, tea exports will pick up further, according to the above report.

Within India, as mentioned above, tea-growing regions in Assam, West Bengal and Tripura account for 80% of national production. Darjeeling accounts for only around 1% of Indian tea production but is an important commodity in the global market. Figure 2 shows the major tea-producing areas in India and Table 5 below shows the production levels in each region.

Production or manufacturing of tea involves delicate processes starting from planting tea saplings grown from seed or grafting which are nurtured in the nursery for one year, and ending with packaging and despatching. The freshly planted tea saplings are nurtured for 3-5 years in Assam and 5-7 years in Darjeeling before they start yielding. Activities such as weeding and pruning have to be carried out at regular intervals to ensure yield of tender leaves of good quality. Tea leaves are plucked at regular intervals, depending on the weather, for 8-10 months of the year and taken to the factory to be processed within 24 hours. Tea is dependent on climate, requiring suitable rainfall, temperature and soil conditions. The Tea Board of India has prohibited plucking and processing of tea during the period from mid-December to mid-February in Assam, and from mid-November to mid-March in Darjeeling,

because of poor growth due to colder weather. Pruning and weeding are carried out during these months and the working hours are usually shorter than in peak season. Many gardens have started using machines for pruning and weeding, mainly to improve quality and productivity and partly to deal with labour shortages. The peak season is from May to October; lean season is from mid-December to mid-February in Assam and from mid-November to mid-March in Darjeeling. In contrast, tea production takes place all year round in southern India, a factor that affects the economics and profitability of both regions differently.

These statistics highlight another significant trend in domestic tea production – the growth of the small tea growers (STGs) sector. The phenomenon of small tea gardens started in the early 1980s⁴. Furthermore, when the auction prices became volatile several tea gardens closed down operations in 2004-2005 as producers found it difficult to recover costs. During the past few decades, owners of many tea estates sold their plantations; some shifted the focus of their business to value-added services like marketing and branding, while continuing with factory operations. This sector is a clear focus of the government's tea development activities and trends point to its continued growth in the coming years.

Small growers sell the daily produce (freshly plucked tea leaves) to the factories, which are part of larger estates. This has given rise to the phenomenon of 'bought leaf' tea, which is of lower quality and sold primarily for domestic consumption. The STG groups, in fact, are entirely dependent on such factories as the life of plucked leaves is less than 24 hours. The factories that buy the tea leaves from small growers for processing have come to be known as 'bought leaf' factories. Small growers have proliferated in recent years. As Table 5 shows,

4 Lalit Sonowal (2019). History of Small Tea Growers in Assam. JETIR 6(6).

the STG sector has now surpassed tea production from large plantations/estates.

We heard divergent views on the role of STGs and the emergence of ‘bought leaf’ tea. Many large estate owners think that the bought leaf system has affected the quality of tea, or at least made quality inconsistent. The STG sector is dispersed, and many growers are not in a position to follow regulatory norms and could be using unregulated chemicals and pesticides. Some are even said to adopt ‘mixed cultivation’ (tea cultivated along with other crops or vegetables) which is traditionally considered unsuitable for tea. [Reports from the Tea Board of India](#) indicate that the government is focusing heavily on this sector with large investments in training STG groups on good agricultural practices, quality enhancement and improving compliance with basic regulations. Some independent researchers think that small growers inadequate knowledge of the market may have further brought down the price of low-quality tea, which is primarily consumed domestically. Others may argue that price is dependent on the supply-demand mechanism. The average domestic consumer is likely to be more sensitive to price than quality. Either way, it appears that STGs have directly contributed to keeping the price lower than it otherwise would have been.

From a livelihood and economic sustainability standpoint, the rise of small tea growers is an important developmental shift in the sector. According to a senior representative of CISTA (the Confederation of Indian Small Tea Growers Associations), in the initial years, small tea growers were not accepted by the industry, but blamed by big tea estate owners for spoiling the quality and reputation of the Indian tea industry. According to him, although such an attitude continues, the formidable growth in tea production by STGs has meant that they cannot be ignored in the sector and

in his words, “in the absence of STGs, the people of India would be buying tea at the rate of Rs. 800 to Rs.1000/kg. STGs, in other words have become a blessing.”

More than 80% of the tea produced in India is consumed domestically, although per capita consumption in India is lower than in many Asian and European countries.⁵ This makes the domestic market a major player in the economics of the sector and significant factor in any discussion around strategies to advance living wages for tea workers in the country. The major demand in the Indian market is for low quality black tea, which is boiled with milk and sugar. However, increasing consumer awareness about the health and medicinal benefits of tea and shifting consumer preferences for organic tea and green tea variants, although limited to a small segment, are positively influencing the market in India. In addition, the rising focus of the leading players on introducing new flavours with healthy ingredients, such as ginger, lemon, hibiscus, turmeric and peppermint, is creating a positive outlook for the market in the country. Furthermore, the expansion of organised retail channels, including hypermarkets, supermarkets, convenience stores and department stores, along with the growing online retailing platforms, is anticipated to drive the market.

Although most tea produced is consumed domestically, tea from both Assam and Darjeeling is in demand in major tea-consuming markets of Europe and North America. Our interviews with major tea brands, especially in the UK, indicate a strong preference for tea flavours from both origins.

“...We’re the number one UK brand for everyday black tea and Assam is a really important part of that. The main blend has the largest component of Assam Tea in it compared to our UK competitors, so Assam is a really

5 Tea Board of India, Government of India, updated November 2022

Figure 2: Map of major tea-growing regions in India

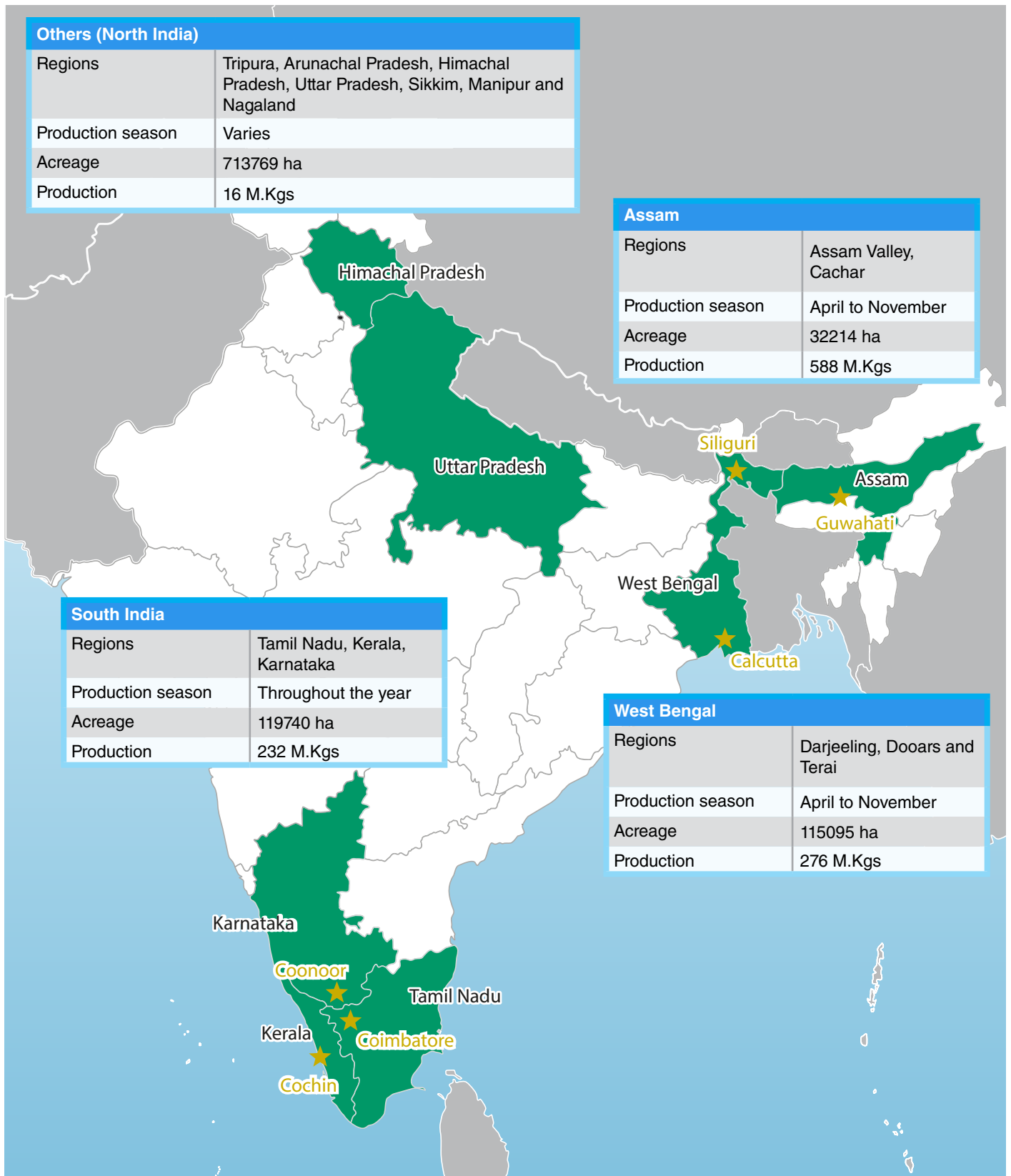


Table 5: Tea production in 2022-2023 by region and category (kg)

	2022			2023		
	Large plantation	Small Tea Growers	Total	Large plantation	Small Tea Growers	Total
Assam	19.08	18.84	37.92	21.96	22.1	44.06
Assam Valley	16.59	18.68	35.27	18.99	22.01	41.00
Cachar	2.49	0.16	2.65	2.97	0.09	3.06
West Bengal	9.33	14.45	23.78	10.61	15.52	26.13
Dooars	6.87	6.98	13.85	7.37	7.16	14.53
Terai	1.46	7.43	8.89	2.05	8.34	10.39
Darjeeling	1.00	0.04	1.04	1.19	0.02	1.21
Tamil Nadu	5.70	7.18	12.88	5.74	8.66	14.40
Kerala	4.68	1.25	5.93	4.69	1.16	5.85
Karnataka	0.24	0.01	0.25	0.53	0.02	0.55
Other states	0.75	1.26	2.01	0.79	1.47	2.26
INDIA TOTAL	39.78	42.99	82.77	44.32	48.93	93.25

Source: ITC Statistics Bulletin, 2022

important foundation of our blend, so those volumes are very likely to remain or in fact grow. We look to Assam for the thickness and the strength in our blend and we used to have a number of different components that Assam would offer.” – UK tea brand

“Our principal volume is from Kenya, Malawi and India – and Assam being the lion's share of that. The Assamese tea will make up our luxury gold brand and we have specialty ranges and so on that are in our top tier of tea. So, Assam is very important to our blends and product ranges and we take a lot from there.” – UK retailer

Table 6 lists the major countries that import tea from India. The orthodox variety from Assam is preferred in the Middle East, Iran and Russia for its body and taste with little competition from elsewhere in the world, while Darjeeling occupies a unique position in the international tea market. Although the quantity of tea sourced by most foreign retailers from India may not be more than

5-10% of the total volume, many of the international brands and well-known retailers that the study team spoke to had high praise for the special quality of tea available only in Assam and Darjeeling. They have developed strong strategic partnerships over a period of several decades for purchasing tea directly from some of the large tea estates and factories in Assam and Darjeeling. These are mostly direct trading partnerships, where tea is produced directly from select estates, and therefore does not go via the auction process. Certification with major global sustainability standards such as Rainforest Alliance and Fairtrade is another key factor, with high demand for certified tea in major European markets; most (if not all) large tea plantations in India are now certified to one or both of the major schemes. It was not possible within the ambit of the present study to assess the nature, extent and patterns of certification. However, international buyers were clear during our conversations that they prefer to purchase tea from gardens with certifications.

Table 6: Major export destinations of Indian tea (April 2021 – October 2022)

Country	Volume (million kg)	Value (million US\$)	Share (in %) in total exports
Russian Federation	26.04	53.27	19.41
UAE	22.79	93.95	16.99
Iran	12.00	44.19	8.95
USA	7.76	43.27	5.79
UK	6.99	27.71	5.21
Germany	5.13	25.34	3.82
Others	53.43		

Source: ITC Statistics Bulletin, 2022

All the foreign tea companies, brands and retailers we spoke to said that sourcing tea from Assam and West Bengal is of strategic importance to their business, although the absolute quantity sourced may not be large. However, they cite difficulties on account of tea quality and human rights issues, so most buy from gardens and factories which have been trusted and long-standing partners and which are certified by major international sustainability standards.

The Indian tea industry has been facing various problems in recent years, some of which are [threatening the survival of the large plantation sector](#). Our interviews with a range of stakeholders corroborate this and some went to great lengths to describe the dire state of the industry, especially from a large producer standpoint. Concerns raised include sluggish prices, falling tea quality, stagnant and declining exports, ad hoc increases in wage levels (in their words) and a drop in sales and closure of many plantations.

In recent years, major tea companies have divested from tea production to focus on better value-generating activities such as packaging and retail. Large estates have closed down and in the process, many permanent workers have been laid off. Like in any other declining business scenario, owners/employers and

employees/workers in the tea sector are adversely affected. While low productivity and decreasing profits are causing discomfort for the owners/employers, the plantation workers are struggling to live with low wages and benefits. [Sale and closure of plantations directly affect the lives and livelihood of many families](#). It was recently reported⁶ that nearly half of Darjeeling's tea estates (around 35-40) are being sold, primarily due to increasing cost of production making it difficult for planters to run their operations. Reduced demand from international buyers, especially in Europe and Japan, who used to buy large volumes of Indian tea has accelerated the problems. According to many producers, a liquidity crisis, created by ad hoc wage increases, an increasing wage bill and falling tea prices, is impacting the profitability of large Indian tea planters.

In fact, there is a school of thought which believes that the real issue of productivity lies not so much with labour productivity as with the age of the tea bushes. Most varieties of tea bushes have a limited life of around 50 years. As the tea bush advances beyond a certain age, its output, especially quality, is likely to deteriorate. During the period of transition from the British and later during change of ownership among Indian owners, timely replanting of tea bushes is said to have

6 Economic Times, 15 September 2022; The Mint, 19 September 2022

been neglected, which led to the crisis in the tea sector in the first two decades of the current millennium. After the plantation reaches a certain age, at least 2-5% of the bushes need to be replanted every year to make the continuous rejuvenation of the garden easier and economically more viable. It is recommended to leave the soil idle for 1-2 years after the old plants are uprooted and before replanting; the young new plants have a gestation period of five years before they start to yield. The crisis faced by the tea sector in the early part of the 21st century could also have resulted from the fact that profit from the gardens of states in the north east may not have been adequately reinvested there.

“If you ask me as producers in India we have survived purely because of a huge domestic market. ... We have not invested in product development, we've not added value. So, while we look at the good side, we also have to look at the bad side, which has been an issue for the industry. They've not evolved or grown like many other producing countries like Sri Lanka. Sri Lanka doesn't have any domestic market. So, they've continuously added value because their bread and butter is based on exports. In the ones who would sustain are the ones who are going to make quality; I think whoever's focusing on quality tea production, will survive because domestic market itself is now going more towards quality. And one needs to find one's own niche, and create one's own brand.” – Tea producer from Assam

“The working systems in these tea gardens are absolutely unionized and rigid. They are

so antiquated for example, numerous people are employed in a tea garden who are called chowkidars to man the periphery of these large areas which earlier had a purpose to prevent encroachment. These days, with drones and cameras, you don't need chowkidars, don't need as many supervisors, don't need as many people sitting in your offices doing manual work. But because of extremely highly unionized work environments, most tea gardens are unable to reallocate these group of men, not women, who are not workers who are put under the category of sub-staff and staff who are highly paid. In one of our tea gardens, we have 150 female pluckers and we have 70 men who are supervisory staff, sub-staff who do not want to take up any other productive role in the system. The pluckers are going down because they're poorly paid. I can't pay them more because I need more pluckers and I'm actually not finding more pluckers because of the low wages and all the money is going to these staffs and sub-staff. So, if I'm spending say Rs 50,000 a month on wages and salaries, 25,000 goes to the 150 pluckers, and 25,000, goes to these 70 men. I need only 10 of them. This toxic environment has resulted in very poor living conditions, especially in Assam. Backwardness in general, amounts not being even close to what they should be for unskilled labour when you compare it to a construction site anywhere in India. And that's what's creating this whole dichotomy where you need labour, you don't have labour, and you can't also afford the labour.” – Tea producer from Darjeeling

SECTION 4: THE CURRENT SITUATION - TEA WORKERS, LABOUR CONDITIONS AND WAGES

The Indian tea industry directly employs more than 1.1 million workers, mostly belonging to socially and economically weaker groups (scheduled castes, scheduled tribes or ethnic minorities); more than 50% of tea workers are women. In addition, [several million depend on the tea industry for their livelihood](#). Research over decades has highlighted [concerns about tea worker wages and living conditions in the region – including low wages, poor working conditions, structural poverty and growing health ailments](#). The gendered dimension to this situation is stark – in an industry which runs primarily on the labour of women pluckers.

Tea plantations were established in India during the British colonial period. The product, namely processed tea was primarily meant for international consumption. The Plantation Labour Act (PLA) 1951 of the independent India was intended to provide minimal social and economic protection to the large number of unskilled manual workers who were transported from faraway places to work in these plantations. After several decades, the tea workers continue to be largely descendants of the indentured labour force originally belonging to regions outside the tea garden areas, primarily originating from the Chhota Nagpur plateau, consisting of parts of Madhya Pradesh, Chhattisgarh, Jharkhand and Orissa. Even today, the workers of individual tea gardens continue to live in separate areas based on their ancestors' place of origin.

“The workers in West Bengal and Assam are not from the Bengali or Assamese diaspora. They are from Chhota Nagpur plateau and they were made to migrate to these places as tea workers about 200 years back during the first 30-40 years of the tea industry in India.

There are also a lot of legislations which prevented them from going back. It was family migration and forced migration; they were made to stay at the plantation. So, the workers came from outside and even today they live as outsiders.” – Independent expert

The production and manufacturing of tea have until now been governed by the PLA. The Act is applicable to the whole of India. It applies to any area of land of 5 hectares or more which is used or intended to be used for growing tea, coffee or rubber and on which 15 or more people are employed on any day of the proceeding 12 months. The PLA also includes important clauses of the Minimum Wages Act 1948.

According to the Minimum Wages Act, minimum wages should be sufficient for the worker and his/her family of four to meet the basic cost of living expenses. It should be equal to the allowances and the cash value of supplies of essential commodities at concessional rates, as calculated by the competent authority at appropriate intervals as specified by the state or central government. Subsequently, at the 15th Indian Labour Conference, held in 1957, it was laid down that minimum wages should be needs-based and adequate to cover all the basic needs of a standard working-class family consisting of the worker and three dependents. This should meet the cost of minimum food requirements, as prescribed by the UN Food and Agriculture Organization (FAO); clothing for a family of four; housing with a minimum area as prescribed under the Government's Industrial Housing Scheme; and fuel, lighting and the miscellaneous items of expenditure constituting 20% of the total minimum wage.

Further, the PLA requires that in every plantation, effective arrangements shall be made by the employer to provide and maintain at convenient places in the plantation a sufficient supply of drinking water, sufficient number of latrines, and facilities for housing, healthcare, education, canteens, crèches and recreation. In the 1950s, such recommendations were seen as impractical and beyond the scope of a low-income economy. Unfortunately, in the post-liberalised India, upward revision of minimum wages or enhanced employee benefits are often seen as hindering investment and an obstacle to employment generation.

According to [Kingshuk Sarkar \(2019\)](#) tea plantations are 'enclave' economies functioning in a pre-capitalist feudal economic environment, which keeps wages low in the long run. He argues that the tea industry, to a large extent, survives on the relative backwardness of the regions in which it is located; there is little economic dynamism or potential for inclusive growth without strong intervention from the state or other institutions.

Inherent within the PLA was the fact that the responsibility for ensuring workers' basic rights was left to the employers. In fact, the so-called 'social cost' associated with the implementation of such social welfare measures has become a source of debate in recent years. Many argue that these responsibilities have increased the cost of production and reduced the competitiveness of the tea sector, while others see the PLA as an enabling legislation empowering the tea workers. However, the PLA is likely to be repealed and subsumed under the new labour codes announced as part of labour reforms in 2019 by the government of India.

Among the important components of the PLA, of utmost relevance to our present study are the method of fixing wages and the division of

wages into cash payment and in-kind benefits. In Assam and West Bengal, wages of tea plantation workers are determined through collective bargaining, which is tripartite in nature. The daily wage for the entire industry in each state is decided for a specific period of time through a series of negotiations among the producer associations (representing planters), workers' unions⁷ and government representatives.

When the expiry of existing wage agreements approaches, trade unions submit a charter of demands seeking wage hikes and other related issues like incentives, overtime benefits etc. Bipartite negotiations then take place between trade unions and employers' associations. More often than not, these talks fail to reach any conclusion and the matter is referred to the state government. After receiving communications from the trade unions and the employer associations to intervene, the state government initiates tripartite talks, which are often a lengthy process. The difference between the unions' demands and the employers' offer is narrowed down through a series of tripartite talks. Employer representatives often emphasise in these negotiations the financial vulnerability of the tea sector and its limited ability to pay higher wages, and the unions usually climb down on their demands to arrive at a settlement. The top leadership of tea workers' unions, much like many others in India, is controlled by political leaders, whose primary considerations could be politically driven rather than based on ground realities and problems faced by the tea workers. Apart from wages as cash payment, it has been the responsibility of the employer to provide housing, staple foods, medical care, schooling of children, firewood etc. as part of in-kind benefits to the tea workers, which make up the compensation package. Employers often consider this component of workers' compensation as a social responsibility which

⁷ Workers' unions typically represent the demands of employees who are defined by law as workers, and not those of supervisory or administrative staff.

places an unfair financial and administrative burden on the company. Typical payslips⁸ for a two-week period in April 2023 and July-August 2022, presented in Table 7 below, give an idea of average wages paid to a tea worker.

However, labour reforms in 2019 proposed bringing the multitude of Indian labour laws, including the PLA 1951, [under four labour codes](#) on wages, industrial relations, social security, and occupational safety, health and working conditions. Through these labour codes the intent is to ensure that the entire labour force, both organised and the unorganised, will [enjoy the benefits of labour laws related to minimum wages and social security](#). Since labour that falls under the [Concurrent list of the Indian Constitution](#), both the central and state governments have to frame the rules to enact these codes into law. Although the central government notified the codes in September 2020, no state has yet notified the requisite rules, although some have published draft rules. The new labour codes will be implemented only after all the states publish and notify them. Meanwhile, affected parties such as trade unions have raised concerns and protested against the implementation of the new labour codes in some of the tea-growing states.

According to the proposed labour codes, the PLA will be repealed and subsumed under the Occupational Safety, Health and Working Conditions Code. The elaborate details of the PLA are summarised into a small chapter. Experts⁹ believe that the process of merging several different legislations will not only dilute the provisions given under the PLA but will also radically change its distinctive character. The specific rules applicable to tea workers will be formulated by respective state governments, and there is no mention in the proposed code that the employer will be relieved of the social responsibility for housing,

medical care etc. However, labour experts suspect that in the process of future negotiations on wages and related issues, employers are likely to argue to bring these social obligations under various general (governmental) schemes which are available for housing, public health, education etc.

While there is no clarity or certainty as to when and how the new labour codes will be implemented, many stakeholders shared the belief that the labour codes will benefit tea workers only if they are implemented properly, without diluting the original intent. Many respondents belonging to the producer/ employer group expressed the hope that, if the state governments take charge of the social responsibility of housing, medical care, schooling of children and providing rations, they will be relieved of a huge financial burden. Similarly, the international buyers feel that such a move will help the producers to think more progressively towards the possibility of living wages for tea workers. The few workers that the study team interviewed were also hopeful that their conditions will improve if the government plays a more active role in taking care of their basic needs of decent living.

Wages are a state subject, as per the Indian Constitution, meaning that setting and notification of minimum wages are the responsibility of respective state governments. As with other industries, wage-setting in tea is also subject to tripartite negotiations. But producers/employers feel that this tripartite process is breaking down; instead of going through the negotiation process for wage-setting, state governments have started resorting to 'interim' wage increases unilaterally in an ad hoc manner. For example, [in August 2022](#), the interim minimum wage for tea garden workers in Assam was increased to INR 232/ day (from INR 205) in the Brahmaputra Valley and to INR 210/ day (from INR 183) in the

⁸ A typical tea plantation/factory is headed by a manager or general manager, supported by deputy manager(s) and assistant managers, including welfare officer(s), below which there are supervisors and office staff, and the sub-staff who directly supervise 20-30 workers in the field.

⁹ K.R. Shyam Sundar (2023). Critical Essays on Labor Codes, Labour Institutions and Labour Market Governance.

Table 7: Wages of worker X for the period 14-30 April 2023 (row 1) and 25 July – 7 August 2022 (row 2)

Days worked	Attend allowance	Wage rate	ELP/	Total Earning	Food concession	Provident Fund contribution	Ration deduction	Total Deduct	Net Earning
12	12	232	0	2796	170.4	356	6.10	362.10	2433.90
11	11	205	1221.5	3487.50	156.2	437	7.99	444.99	3042.51

Note: ELP/DLP rates:

Up to 24 Kgs : Only daily wage; 25- 30 Kgs : Rs.2 extra per kg; 31 kgs & above: Rs.3 per kg

Note: ELP = Extra Leaf Pay (quantity produced beyond the norm); DLP = Deducted Leaf Pay (penalty for quantity below the norm); Ration deduction refers to the amount (deducted from the worker's salary) against part of the amount which the employer paid to procure ration (food grains etc.) from the government; Food concession refers to the amount calculated for 12 days of every fortnight and added to PF of every worker.

The in-kind benefits given to the workers include (a) residential accommodation for which an amount is deducted as monthly rent from every worker; (b) rations of atta and rice are given @ Rs 0.52 per kg; (c) some amount of (250 grams) tea leaves; (d) free medical support at the local dispensary; and (e) free education for children from class 1 to 5 in the primary school located in the company premises and managed by the company.

Barak Valley. Similar interim increases have taken place in West Bengal for Darjeeling and other tea-growing regions, with [the latest government interim order under dispute](#) on account of legal action by the tea association.

For plantation owners and industry associations, such ad hoc wage increases are purely political moves made by the state governments and timed to coincide with political opportunities, and they feel that such moves by the state may not be in the best interest of the tea sector. Although as part of our study we were not able to directly interact with trade union representatives at the regional or state level, interviews with local experts and local union representatives confirm that the unions have no role to play in the ad hoc wage-setting.

The other significant dynamic at play is the out-migration of labour from tea-growing regions, which has created huge labour shortages for the tea gardens of Darjeeling and Assam. Tea

is labour intensive; 60% of the cost of production in Assam and 70% in Darjeeling is attributed to labour or the 'wage bill'. Combined with labour shortages, what producers see as 'rising wages' and lack of correlation between productivity and wages is difficult to sustain. Whether the out-migration is due to unsatisfactory wages and poor living conditions on the tea gardens could be subject to debate.

Given the above context, with the industry in crisis, the new code on wages in limbo, the breakdown of tripartite wage negotiations and profitability under threat, the environment to talk about living wages is not ideal. Nonetheless, as discussed in the next section, there is a desire among many stakeholders that there is a need for conversation on the possibility of implementing living wages but more action should be taken on this.

SECTION 5: PROSPECTS OF BENCHMARK STUDIES FOR TEA WORKERS OF ASSAM & WEST BENGAL

As discussed above, the current state of affairs in the Assam and West Bengal tea sectors is complex – economically, legally and politically. While attempting to understand the above context, the **single most important question that the study team raised with every interviewee was to understand the need for a credible living wage benchmark study on the one hand and industry’s readiness to implement living wages on the other.** The phrase ‘living wage’ sounded familiar to many producers and senior members of the management, but the actual meaning and implications of the concept did not appear clear to most of them. It is fair to say that there is a great deal of apprehension amongst the producers and owners about the possibility of implementing living wages in Assam and West Bengal. Several reasons came up during the face-to-face conversations and online discussions that the study team had with the owners/producer groups for their lack of enthusiasm and pessimism towards thinking about living wages.

Insufficient profit margin, rising cost of production due to inflation and increasing wages, unfavourable market prices (domestic and international), the auction system and middlemen, absence of an appropriate mechanism (government support) to protect minimum prices are some of the important reasons cited by owners/producers that will make the implementation of living wages difficult in Assam and West Bengal. Most of them expressed uncertainty and apprehension about moving to living wages under the prevailing circumstances. Many think that the PLA and the long traditions embedded in the north-eastern tea industry make wage-related issues very complicated. As one producer put it: “Every employer would love to pay living

wages, but it will not be possible to do so unless all the stakeholders including suppliers, retailers, and consumers come together; producers alone cannot do it; and the government too has to play its part.” More importantly, the active role played by the producer associations in the current system of tripartite bargaining and wage settlement, which has been followed in the tea industry in this region for a long time, should not be undermined. Any change in this process will be possible only if it is collectively decided by the producer associations. Collective bargaining and wage negotiation used to take place once every three years until recently when the state governments of West Bengal and Assam started announcing interim wage increases unilaterally.

Many companies see the current practice of paying in-kind benefits as a significant financial burden and would consider it difficult, if not impossible, to meet living wages along with the current level of provision of such benefits. As mentioned above, some of the producer respondents hoped that if the new labour codes are implemented properly, the state governments would take on the financial burden of social responsibility incurred by the employer for housing, rations, healthcare, education etc., reducing labour costs. Some suggested that such a future scenario could enable payment of living wages. A big question that was often raised was “will the market, both domestic as well the international, be willing to accept prices to meet inflation, leave alone the additional financial implications of living wages?”

Almost everyone from the international group that we talked to was not only aware of the concept of living wages but eager to see it

implemented. There was a sense of urgency and enthusiasm among the international retailers and buyers to implement living wages for tea workers of Assam and West Bengal. One respondent went as far to say that “not paying LW is a violation of human rights.” Another shared the view that they “encounter specific challenges in Assam and West Bengal region in terms of low worker wages, poor housing, difficult living conditions and chronic poverty”. Everyone from the international group that we spoke to was keen to be part of the process, and willing to do their part to introduce living wages in Assam and West Bengal. One international group has made a strong commitment to get living wages implemented in a step-by-step process in its supply chains, including for workers in tea gardens in Assam and West Bengal from which it sources.

However, while this enthusiasm and commitment from international buyers and retailers is encouraging, the big concern is the relatively small volumes of tea that these international partners source from the region. All brands and retailers we spoke to clarified that they were willing to do their bit to fill the living wage gap – commensurate with the volumes they source. As noted earlier and indicated by the data, international brands probably source only 10-15% of their tea requirement from Assam and West Bengal, and their contribution to closing the gap in the region would be equivalent to the percentage of the region’s tea that they buy. For the tea producers and employers, however, paying higher wages to meet living wage estimates is a commitment to pay the entire labour force, irrespective of where that tea is sold.

Several international respondents had supported a process to implement [living wages for banana workers](#) and wondered if this example could be replicated for tea. However, they are conscious of the relatively small gap of 10-15% between existing wages and living wages for banana workers. The gap between actual wages and living wages is likely to be much larger in the context of tea

workers in Assam and Darjeeling, raising anxieties about whether such gaps can be bridged at all and if so, what role international brands can play within the volumes that they source.

During the field visit to one of the large tea gardens of Assam the study team had the opportunity to tour the entire tea plantation and visit the two factories attached to it. The visit enabled the team to understand closely the detailed operations of the tea gardens and factories. The study team also had a glimpse of the medical centre and the primary school operated by the company. The study team had extensive discussions individually and collectively with members of the management team, a few workers, trade union representatives, members of the staff and sub-staff, and sat in on meetings held between the general manager and his team. The relations between the management and the lower staff, sub-staff and workers appeared in general to be cordial and the workers seemed reasonably satisfied with the working conditions and the facilities available to them. Most had good things to say about the owner of the plantation and his ‘progressive’ views and outlook.

The team had detailed conversations with leading representatives of the [Indian Tea Association \(ITA\)](#), Tea Association of India (TAI) and the Federation of All India Tea Traders Association (FAITTA). ITA, which is considered the oldest and most prominent tea association in the country, categorically stated its opposition to efforts to calculate an independent living wage benchmark for Assam and West Bengal. ITA gave three primary reasons for its concerns: i) the current state of limbo around the wage code and its implications for the regions’ tea sector; ii) a firm belief that the government-led minimum wage setting was adopting a living wage methodology, making redundant the need to calculate any other benchmark; and iii) that setting an independent benchmark would be seen as interference – by the producers (estates), unions and political parties. The other main message from the ITA was that it was

impossible and hypocritical to talk about living wages alone while not considering the (economic) sustainability of the industry itself and the implications of a deepening of the crisis for workers. For its part, the TAI was willing to engage in understanding the idea of an Anker Methodology living wage estimate and continue dialogues around the topic of worker wages. FAITTA, which represents the tea packers and exporters, was clear that wage-setting is determined by market forces and efforts to determine wage estimates will therefore be an interference in the current process.

Barring the above concerns expressed by the tea association representatives, almost everyone we spoke to – workers, supervisors and managers of the tea estate and factories, large international tea brands and national buyers, and even a government representative – unhesitatingly acknowledged the inadequacy of worker wages to enable a decent living under the current economic conditions. Many of them were familiar with but did not have a proper understanding of the concept of a living wage. But once explained, most stakeholders acknowledged the need and urgency to move towards living wages, calculated credibly based on the Anker Methodology. For the large part, producers expressed concern that although the company may not be able to pay much higher wages immediately, such studies could show a way forward for gradually improving wages that could enhance workers' quality of life. Interestingly, many were confident that if a few companies began to pay living wages, others would certainly follow.

There is also a near consensus among all the respondents, especially at the national level, that the current market prices of tea, both in the domestic and international market, cannot support improvement of worker wages in the supply chain. Tea is a cheap commodity, globally. Apart from water, tea is the most consumed beverage; and there is hesitance to raise the price of everyday tea consumed in

most countries – both in India and certainly in key export markets like the UK where tea is a staple in the food basket. Nationally, although some categories are competitive, by and large packers and brand owners will not raise prices beyond a certain point in a price-sensitive market such as India. Internationally, although there are several high-value and luxury lines of tea, for most retailers tea is a loss-leader and again, significant price increases are out of the question. In our discussions around possibilities to pay more for tea bought from Assam and Darjeeling, especially through direct trading arrangements between estates and their export clients, quality was brought up repeatedly. One major international tea company said that "...compliance issues, such as quality, pesticide-free produce, and decent wages, will be more important than price." But equally, the producers we spoke to are of the view that the market (domestic and international) is not rewarding quality tea or sustainable tea and there is a constant downward pressure on prices. In the view of one of the oldest large producers, organic tea is not economically sustainable as the market refuses to pay a higher price, forcing the producer to return to the conventional process. Another well-known producer group recently closed down organic gardens as they could not sustain them economically.

It seems imperative that the entire supply chain involved in the production, marketing, branding, distribution and sale of tea needs to come together to address the issue of pricing, which appears crucial to realising living wages for Indian tea workers. This in turn also needs the support of the government. Many of the international brands and purchasing companies were forthright in supporting the idea of increasing the price of tea, provided this led to a raise in wages for workers. Some suggested that "If the producers pledge to pay higher wages it will be easier for other partners to join the campaign especially in the international market."

SECTION 6: SUMMARY AND RECOMMENDATIONS

After China, India, is the largest producer of tea in the world. Tea from India, especially the Assam and West Bengal regions, is globally recognised for its unique flavour profile and quality. In the previous sections of this report, an attempt has been made to assess if the tea sector of this region would be ready and willing to accept recommendations of living wage benchmark studies using the Anker Methodology. This final section summarises the main insights and recommendations of the study team.

There is clear recognition among all stakeholders that the current minimum wage levels for tea workers – in both Assam and West Bengal – are not adequate to support a decent life for workers and their families. There is also acknowledgement that if credible living wage estimation is done, substantial gaps will emerge between prevailing wages and living wage estimates (with the gap possibly higher in Assam than in West Bengal). However, a similar consensus of views does not exist regarding the need to undertake Anker Methodology living wage benchmark studies; nor, more significantly, on whether the tea industry is ready and willing to accept and implement recommendations to raise wages based on such benchmark studies.

The producers and growers we spoke to, while not outrightly rejecting the need for living wage benchmark studies, insist that the tea industry is not in a position to bear any more financial burden, given that it is already under stress. The only way for them to think of advancing on living wages would be if all other stakeholders – retailers, suppliers, buyers and the government – come together to share the responsibility and articulate a common commitment along the entire value chain to close the wage gap.

The other significant dimension that could encourage tea producers to increase wages would be a fall in their costs of production, especially around the provision of in-kind benefits to the workforce. Producer respondents and international buyers and retailers hoped that the proposed labour reforms, under which the archaic PLA will be replaced by the new labour codes, could be good for the industry, if implemented properly. They hope that the social responsibility of providing in-kind benefits of housing, rations, medical care, education of children etc. will be taken over by the state governments, relieving the employers of a large financial burden. As noted earlier, there is no certainty as to whether the policy changes proposed by the central government in 2019 will be implemented at all, and if they are, how and to what extent they will be in the interests of workers is not clear.

There is resistance to the idea of carrying out living wage benchmark studies among the major tea associations. Our sense is that this opposition was greater than the concern we heard raised from individual producers themselves. Although not voicing their opposition to such a study, it is clear they were not supportive of the idea and would consider it an interference in the current state of affairs and dynamics that the industry is experiencing. The relationship between individual producers and the producer associations appears to be complex. The producer associations, among other things, play an important and a direct role in the periodical process of wage negotiation and collective bargaining, which might start as a bilateral process but usually ends only with the intervention of the government. No individual producer/employer appears to be in a position or want to go beyond the norms set for worker wages agreed in these tripartite negotiations. At the same time, if there is

sufficient pressure or willingness on the part of individual producers, the association, at least theoretically, would find it difficult to negate it. It could be a vicious cycle of ‘chicken and egg’ theory as to who will make the first move. As one of the worker representatives said, “it is possible that if one or more producers start paying living wages, others will follow suit.”

The international buyers strongly feel the need to introduce living wages for tea workers of north-eastern India. At the same time, they acknowledge that it cannot be achieved by the producers alone but will need the entire supply chain to come together. The need to recognise and factor in the cost of production at every level or stage of the value chain is acknowledged. In other words, living wages would necessitate price increases in both domestic and international markets. Increasing the price of tea could be very hard to start with, and many, especially the retailers, may not want to consider it. While respondents representing brands and international buyers did not commit to contribute financially to raising wages and investing in tea bushes, many expressed willingness to join the campaign and play their part. Some of them suggested that price increases might become easier if producers could give an assurance that such increases will be used to pay workers better wages and to improve their skills and living conditions. The study team was less convinced of the willingness of large domestic buyers and packers to pay producers more for their tea to fund higher wages for plantation workers.

Tea has traditionally been sold as a cheap consumer product worldwide. Customers will have to be made aware of living wages and their implications on price, which would require serious campaigning at domestic and international levels. Undoubtedly, there is a strong desire and hope among the tea workers to receive higher wages to afford a decent standard of living. Payment of living wages (in line with credible estimates) or at least progressively higher wages is already

becoming a criterion for certification schemes in the tea sector, along with other social and environmental standards, and multi-stakeholder schemes offer the opportunity to strengthen this approach. Such standards could help to protect workers’ rights and ensure that there is an upward pressure on product prices that would benefit farmers and workers. After all, in the words of one of the respondents, “If the pluckers and pickers (tea workers) are not taken care of, sooner or later they or the next generation will leave for better prospects and the tea industry will fall apart.”

Although there was no overwhelming agreement that the recommendations of living wage benchmark studies would be accepted, an implicit optimism is reflected in a statement made by one respondent: “A LW benchmark study will, if not anything else, bring out the actual gap that exists between the current wages and actual LW, which could be a significant achievement.” Similarly, the increasing awareness and discussion about living wages are promising signs.

The ideal situation would be for producers, buyers, retailers, government representatives, trade unions and consumer groups across the entire value chain to come together on a single platform and commit to explore possibilities to reduce the gap between prevalent wages and living wages, in a phased manner if not immediately. A collaborative and collective approach would certainly be the best way to close the wage gap and make the tea sector a safe and thriving industry for everyone in the supply chain.

Despite the concerns we heard from a few quarters, the study team and the organisations they represent believe that gathering ground-level data via living wage benchmark studies in Assam and West Bengal would be worthwhile to support such a positive change. The recommendations of the Anker Methodology living wage benchmark studies could also become a vehicle for transparency and initiate constructive dialogue and action to address the reality of low worker wages –

something over which there is consensus. We therefore would recommend that partners proceed with the estimation of Anker Methodology living wage benchmarks for both regions, to support transparency and provide the basis for an evidence-based dialogue on wages in the sector. We acknowledge, however, that publication of the estimates might be met with some resistance from the industry and lead associations. In our view, the living wage benchmark studies should be undertaken to bring together the value chain, not as a tool for international buyers or NGOs to put pressure on domestic producers.

In addition, the study team makes the following recommendations to the Global Living Wage Coalition as well as commissioning and supporting partners:

- Use their contacts and leverage in the Assam and West Bengal tea sectors conduct deep and meaningful capacity-building programmes around the concept of living wages and Anker Methodology benchmark living wage estimates, with examples of how they have benefited and supported different sectors.
- Closely track the implementation of the current labour law changes, especially with regard to the provision of in-kind benefits and the possible shift of responsibility from employers to the state government.
- Undertake suitable studies to assess the financial value of the in-kind benefits given

to tea workers by their employers.

- Deepen engagement with the trade union movement and worker representatives to support and strengthen collective bargaining and wage negotiation in these regions.
- Deepen corporate engagement with large domestic tea sector players and support the producers' efforts towards sustainability commitments and their willingness to play their part in closing the wage gap.
- Improve transparency around prevailing wage levels received by workers, including a credible valuation of in-kind benefits, in both Assam and West Bengal to develop a true picture of the current levels of worker remuneration.
- Conduct deeper analysis into the gender dimension of the challenges faced by tea sector workers in the region; work with producers and worker unions and representatives to advocate for better working conditions and opportunities for women workers, who constitute the bulk of the workforce.

REFERENCES:

1. Anker, R. and Anker, M. (2017). *Living wages around the world: Manual for measurement*. Edward Elgar Publishing. UK and USA
2. Barge, S., Anker, R., Khan, M.E. and Anker, M. (2018). *Living Wage Report for Rural Nilgiris Tamil Nadu, India*
3. Economic Times (2022). *Kenya giving tough competition to India's black tea export in global market*. 15 September 2022
4. Economic Times (2023). *India's tea export prospect to G20 nations*. 01 January 2023.
5. EMR (2022). *Market Report and Forecast 2022-2027: Indian Tea Market Industry Size, Share, Price Trends, Report 2022-2027* (<https://www.expertmarketresearch.com>)
6. EPW (2020). New Labour Codes and Their Loopholes. Editorial, October 3, 2020 Economic & Political Weekly. vol LV no. 40
7. Ethical Tea Partnership (2016). *Malawi Tea 2020*. (<https://www.malawitea2020.com/uploaded/2016/12/Living-Wage-Report-Malawi.pdf>)
8. Fairtrade International (2021) *Fairtrade's strategy to achieve living wages for banana plantation workers* (https://files.fairtrade.net/publications/2021-05/Banana_LivingWage-Strategy-fact-sheet.pdf)
9. Government of India. The Plantation Labor Act, 1951. Ministry of Labor and Employment, Government of India
10. IMARC (2022). *Business, Economy, Finances, Banking & Insurance, 25-05-2022*. <https://www.imarcgroup.com/india-tea-market/requestsamplerequestsample>
11. Sarkar, K. (2015). *Wages, Mobility and Labour Market Institutions in Tea Plantations: The case of West Bengal and Assam*. Discussion Paper 46. Centre for Development Studies, Trivandrum
12. Sarkar, K. (2019). *Low Wages and Gender Discrimination: The Case of Plantation Worker in West Bengal*. NLI Research Studies Series No. 136/201, V.V. Giri National Labour Institute, New Delhi
13. Shyam Sundar, K.R (2020). Critiquing the Industrial Relations Code Bill, 2019. *Economic & Political Weekly* 55(32 & 33).
14. Shyam Sundar, K.R (2023). *Critical Essays on Labour Codes, Labour Institutions and Labour Market Governance in Post-Covid-19 times in India*. Bookwell Publications, New Delhi
15. Sonowal, L. (2019). History of Small Tea Growers in Assam. *JETIR* 6(6).
16. Tea Board of India, Government of India (2022). *Annual Report 2021-2022*.
17. The Mint (2022). *How India's tea industry can rise and shine*, 19 September 2022.
18. Wenner, M. (2020). Towards an Alternative Indian Tea Economy. *Economic and Political Weekly* 55(45).