

# **Sri Lanka: Plantation owners and union bosses don't care about tea pickers**

A wage increase for tea pickers would boost the rural economy, and reduce poverty and vulnerability

Monday 4 November 2019, by [MOHAN Sulochana Ramiah](#) (Date first published: 3 November 2019).

**The time has come again to reveal the pathetic state of affairs looming around the plantation sector; unpredictable weather and work conditions, poor housing and education, low wages and poverty, while politicians are frantically crossing and switching sides to support the Presidential candidate of their liking.**

However, the burning issue is will anyone get the overly due 1,000 rupee per day wage hike demanded by plantation workers when Regional Plantation Companies (RPC), for the umpteenth time, said it is not feasible with low attendance, climate conditions and poor management and a host of other problems.

Last October, when major protests were held demanding wage hikes, the RPC said the Rs. 1,000 demand was unreasonable and that 35 per cent of RPC tea is unsold.

It's important to look at the earnings of the politicians in the upcountry in this backdrop. The workers pay Rs. 150 as membership fees to several plantation workers' unions hoping that their welfare will be taken care of. The Rs. 150 membership fee collected by the Ceylon Workers' Congress adds up to Rs. 77 million or more each year.

The Right to Information request filed by the Labour Department highlighted by Ceylon Today revealed that Rs. 77 million was the total amount collected from the workers between April 2016 and 30 March 2017.

The second-largest trade union, the Ceylon Estate Workers Union (LJEWU) led by Suresh Vadivel had cashed in Rs. 22,437,558 during the same period while the National Union for Workers (NUW) and Upcountry People's Front (UPF) had collected Rs. 3,424,328 during that period.

It is alleged that CWC's Arumugam Thondaman earns around eight million rupees a month and receives an 80 per cent cut leasing the CWC Head Office (Saumiya Bhavan) out to the Ministry of Power & Energy in addition to renting rooftop space to various telecommunication companies.

Today, one visiting a tea estate will find 150-year-old line rooms with no drainage or basic facilities. Even electric power lines hang dangerously with live wires dripping water in the rain as witnessed by the writer. The roads are slippery and there is no proper garbage disposal. The lack of teachers and classrooms are a common sight.

Some workers, in TV interviews during the last Local Government elections threatened to drive away any Tamil politician with slippers should they come to them for votes. Some said they will pour hot water on said politicians while others said chilli powder is ready to be thrown should the said politicians are seen near their line rooms.

## **Pittance**

Their salary is a pittance. The basic consolidated wage for a worker per day is now Rs. 700; the Price Share Supplement (PSS) Rs. 50.00 has been removed.

Senior Thondaman once said, "300 days annually, if you work enough and the pay would remain the same." But now it is open.

The attendance incentive is removed too. If a worker does not work 75 per cent, there are reductions.

The description quoted Labour Department hand book is as follows: "The Employee's Provident Fund (EPF) is the Social Security System established to provide a protective cover for the retired life of employees of the Private Sector and Corporations who work for the economic upliftment of the country.

The Employee's Provident Fund was set up in 1958 for the future benefit of workers who ceased employment after retirement and lost employment due to illnesses." This being the legitimised law of the country; CWC leader Thondaman's proposed EPF/ETF components of Rs. 105.00 became part of daily wage!

The workers are vigilant. They are aware of petty politics and corruptions of the politicians. They are no more in the dark. This is mainly because their children are now working outside the plantation; in Colombo and the Middle East.

They have smartphones and have been raised in a different environment with cable TV, etc. and this is what is frightening the Tamil politicians and the Government; the fact that you cannot go on duping them!

The young don't want to be part of the plantation; climb mountains to be bitten by snakes and stung by bees. They don't want to work for the RPC due to corruption at some estates where even tea weighing scales are rigged to show less. Furthermore, some companies threaten their workers not to speak to the Media, which needs to be seriously looked into.

Additionally, many tea bushes are more than 100 years old and are unattended. There is hardly replanting of tea trees carried out.

Some tea estates experience natural death turning into jungles. The workers have approached plantation companies asking if they could lease out half an acre, so that they could grow tea and earn a living for which managers had said that they have no right to ask for land in this country. This was informed to the writer in an estate between Yatiyantota and Hatton.

## **Presidential race**

Leading candidates in the Presidential election, Gotabaya Rajapaksa of Sri Lanka Podujana Peramuna (SLPP), Sajith Premadasa of New Democratic Front (NDF) and Anura Kumara Disanayaka of National People's Power (NPP) have all promised wage hikes and many other amnesties.

Rajapaksa at a Press conference stated that we should look at the tea estate Labour from a humanistic view and consider mechanization. He said the SLPP has a "people-centred economic plan" and pledged to increase the daily wage to Rs. 1,000. Similarly Disanayake said that the minimum daily wage would be Rs. 1,000 with other living allowances paid and each family entitled

to a house.

Premadasa in his manifesto noted that they will be moving towards a Rs. 1,500 wage per day for plantation workers and offer free fertilizer for all cultivators including paddy, vegetables, fruits, chena, small crops, coconut and tea.

The NDF said they will build a globally competitive modern and profitable plantation sector and introduce research grants in partnership with renowned universities to introduce new development in scientific study, and prepare the ground for the use of modern methodology in Sri Lanka's plantations.

Premadasa pledged to give incentives to companies willing to adopt technologies for the mechanization of plantations; simplifying production and processing of the product. He said that the upcountry still lags in facilities, access and opportunities.

In his manifesto Premadasa also mentioned that he will take specific steps to ensure dignity, development, equality and economic security and will resolve landlessness by providing shelter to plantation workers.

Slain President Ranasinghe Premadasa is a household name in the upcountry following Dudley Senanayake. Nowadays, estate youth are doing live videos on social media saying how the late Premadasa walked among them and offered uniforms and shoes visiting their schools and how he had offered citizenship. There seems to be more expectations of Sajith Premadasa due to his father's legacy.

Promises are promises till they are implemented and it is not easy to upgrade the plantation sector unless you pay more attention to the issues starting from the grassroots level.

Much could be said about Senior Thondaman's workers union, the CWC, which the politicians dubbed "the kingmaker" when it came to electing Governments during the Union's hay days.

He had a bigger voice for the plantation workers, but after his death the movement became a sellout and finally we have workers coming to Colombo protesting for wage hikes, proper housing and dignified living standards.

Ceylon Today had on numerous occasions flashed stories of poor health, poverty and how regional companies flouting plantation workers with an improper illegal wage system; giving them some pittance at the end of the day compared to many in the tea trade would earn globally.

The regional companies have managed to butter successive Governments and trade unions to stick to the wage they can offer; not budging even when the cost of living is skyrocketing. Unions and Tamil politicians have tried to get the Rs. 1,000 wage on numerous occasions but failed due to internal politics and the want for power.

### **The Rs 1,000 question**

Is it possible to pay the Rs. 1,000 wage? It is not that easy when the industry is suffering from many maladies. Poor management of the RPCs is the first, secondly, its poor maintenance of tea mountains.

Thirdly, workers are neglected and are suffering from malnutrition, poor health; lack of facilities such as creches and schools, the list is endless and enormous. Exploitation is the worst at work and in hospitals with step-motherly treatment.

At the 29<sup>th</sup> Annual General Meeting of The Sri Lanka Tea Factory Owners' Association, their outgoing president, Harith Ranasinghe touched on many issues of the tea industry.

He quoted the Tea Brokers' Association data and highlighted that there were 707 factories in operation in 2018, out of which, approximately 62 factories have ceased to operate as at to date.

He says that the main factor is lower auction prices; from 2018 up to now, the national average dropped by Rs. 146 within 16 months, "The lower elevation average dropped by Rs.130 over the same period of nearly 20 per cent drop.

Trading losses further intensified the negative impact. The second factor is the low crop.

Tea production levels are nearly static for the last three years and well below the record crop of 338 Million achieved in 2014. Thirdly, industry malpractices and indiscipline amongst most stakeholders, including some factory owners must have contributed to this huge downturn.

We have to reluctantly accept that the quality is not as good as what a decade ago was."

### **Additional cost**

Ranasinghe notes that during the past five years the Economic Service Charge (ESC) payments have become an additional cost to manufacture, which became unserviceable, "Some manufacturers paid that tax on borrowed funds, fearing unbearable penalties. This payment cannot be set off against income tax, as we do not make such profits on tea manufacture.

On our request, the Minister of Tea Industry Navin Dissanayake intervened to get relief on ESC taxation.

The treasury has approved our request, the ESC to be made only on the 32 per cent share of the factory and not the share paid to the greenleaf suppliers. The companies want to ensure that this is implemented without delay."

He goes on to say that they have invested heavily in their factories to develop the infrastructure and facilities, "To upgrade our factories to international food manufacturing standards, mainly by obtaining loans. A few years back the loan interest rates were less than 10 per cent and some low-interest loan schemes were also available.

As of now, the interest rates have gone up by more than double. As such, most of the loans have become unserviceable. Short-term funds are costly which includes high service charges as well."

He also recalls that the bank rates are not at all favourable to sustain and support the development of the Industry, "The Ministry should explore the possibility of obtaining a foreign line of credit at low-interest rates for the long-term development of the tea industry.

The broker advances helped the manufacturers, as a short time relief, but eventually led to many difficulties. The brokers must concentrate on selling tea than giving out advances to manufacturers.

The easily accessible advances came very handily into the hands of the manufacturers which led to many malpractices by some of the manufacturers, such as paying unrealistic prices for green leaf and creating unhealthy competitions. Some factory owners have got used to this uncontrolled borrowing practice. It is like an addiction very difficult to escape."

He also urged brokers to bring some control to their financing activities, "Otherwise, we will all run

a very high risk and requested the Government to reduce taxation and form a low-cost funding scheme for factory development.”

Regarding the sustainability of the industry he said, “We should develop tea smallholders by stressing on good agricultural practices; Arrest rapidly decreasing yields by supporting Infilling/Replanting/New Planting undertaken with focus on quality; State should get involved and get others involved in making good quality VP plants and prevent availability of low-quality plants; Ensure availability of fertilizer at an affordable price; Show no mercy to those involved in adulteration;

Support factory process automation and quality improvement and mechanization of agricultural practices and for all of them, to go back to basics in financial management/cash flow management. So, the teamwork is larger than what we think when it comes to the tea industry.”

Ceylon Tea is a renowned world brand but is being ruined. One way to take the lead is to closely monitor and apply new methods, but keeping away politicians who rout workers and the industry is bottom line. Let us learn from countries like China where tea pluckers are highly respected and considered Government workers

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