

Sri Lanka: Plantation workers being taken for a ride once again

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Plantation workers are once again being taken for a ride. When Ranil Wickremesinghe announced on May Day a 1,700-rupee daily wage for plantation workers, one thought that these very productive workers are at last about to receive a somewhat reasonable wage. The companies through the Planters' Association (PA) made the routine noises of the industry's imminent collapse as they could not pay such a wage and as usual, went to courts. This is what they did three years ago as well when the government raised the daily wage to Rs. 1000. They paid it after a delay of six months but we then saw an arbitrary increase of about 10-15% at estate level of the norm to be collected and also the insidious practice of paying half day wage if the norm was not achieved - an illegal procedure not seen in any other industry. This time, too, the employers went to court, which stayed implementation of the wage increase decision - Rs 1350 basic wage plus a special allowance of Rs 350. The government which was keen on gathering estate votes at the Presidential Elections was able to get a Wages Board decision with the same basic wage but the Rs 350 allowance had now become a productivity allowance, which being unspecified could be manipulated by the Employer. However, the government acted too late, so that estate workers will not get the benefit of the new wage before the election. What happens thereafter nobody knows, but the PA going to Court cannot be ruled out.

Not only do the Regional Plantation Companies (RPC) pay workers starvation wages, they are actively trying to convert them into informal employees. They keep claiming that workers need to increase their productivity, not recognising the massive increase in productivity shown by a workforce decreased from 4 lakhs in 1992 to 1 ¼ lakhs today producing the same amount of tea annually. The Outgrower system which they boast of as being a Win-Win situation for the worker involves handing over a plot of land on a temporary basis which the worker is supposed to work on some days of the week. The RPC supplies inputs such as fertiliser and buys the leaves collected paying her for the bought leaf, less cost of inputs provided. Another practice RPCs resort to is exchanging workers between two estates they own with transport provided where workers are employed as contract labour on higher pay but without statutory benefits. Both these methods mean workers lose their EPF and ETF for the days worked and a reduction of benefits such as gratuity and maternity leave if the RPCs succeed in their attempts at introducing a minimum number of days of work to qualify for these benefits. Workers often get their children to work on outgrower plots to increase their incomes so that the RPCs are indirectly encouraging child labour.

RPCs have no excuse for not increasing the wages of the people whose sweat and tears directly contribute to their profits since their earnings from tea have increased by between 65 - 100%, thanks to the devaluation of the rupee consequent to the economic crisis. The RPCs only interest is in their profits and not in their workers as is shown by the malnutrition and stunting of children data detailed in a World Bank report of 2017. Stagnant wages and the massive food inflation caused by the economic crisis have further increased malnutrition and stunting in the estates.

Estate workers have throughout been mistreated by private management. The norm which was previously fixed in consultation with the workers was on average 18 pounds or 9 kg until we went metric in the late '70s was converted to 18 kg and is today on average 24 kg. Plantation workers enjoyed a Cost-of-Living (C-o-L) allowance of 4 cents increase for every unit rise in the C-o-L index at the time of private management taking over. This was replaced by a collective agreement with biennial wage negotiations, contributing to a continuous fall in real wages and living standards for estate workers. The only management techniques the PA knows is to pay poverty level wages to estate workers and convert them from permanent staff into informal workers to boost profits. RPCs make a minimal contribution to the Plantation Human Development Trust (PHDT), which is supposed to improve welfare in the plantations.

Estate schools were taken over by government but they suffer from a lack of investment and difficulties in retaining teachers. Health services are in a deplorable state. Maternity wards and dispensaries are mostly non-functional, the Assistant Medical Practitioner rarely appears as he now looks after 3-4 estates and no ambulance is available. More than two-thirds of families still live in line rooms as they were excluded from Premadasa's 'one million' house project and housing schemes begun later are slow. The President's promise of grouping them into villages with their own 7 perch plot is impracticable as these villages cannot be improved as rates cannot be collected unless RPCs are made to contribute a fixed percentage of their turnover for the village's upkeep. A better idea would be to expand the nearest Pradeshiya Sabha to include estate houses. This would also contribute to better relationship between the communities.

The problem with RPCs is that they are run by accountants who put pressure on managers to increase profits every year. RPCs use every trick in the trade to hide profits at estate level and show them at holding company level such as payment of management fees to holding company, purchasing from sister firms at higher than market prices and using estate income to provide a highly paid management with numerous perks. RPCs should be subject to Government Audit for 2 years on a rotational basis or the Government could introduce the Indian method of requiring a change in the Auditor every three years. While workers are denied wage increases, those of managers and higher management are regularly increased. These bloated payments increase the cost of production which is then used to justify their inability to raise wages. In India, Annual Reports must give details of earnings of the highest paid 10 employees and of any employee earning Rs (Sri Lankan) 3 million a month (recently increased from Rs 1.8 m) and of any part-time employee earning over Rs (Sri Lankan) 3 million a year. It is necessary to introduce similar regulations here.

When workers were agitating for a Rs 1000 daily wage in 2015 RPCs claimed that they were making losses and if granted, the companies would not be able to run the estate and would hand them back to government. However, a year later the PA fought tooth and nail against and sabotaged Ravi Karunanayake's 2017 Budget Proposal to limit the estates managed by a single company to 5,000 acres. Furthermore, although around 10 estates each were allocated to 22 RPCs in 1992, two companies, Hayleys and Richard Pieris between them manage almost half the estates today.

The handing over of estates to private management took place in 1992 not because the nationalised estates were mismanaged but because there was a backlog in tea sales as two of our major export markets, Iran and Iraq were at war with each other while the other major market, Russia and the Eastern European countries were in crisis with the fall of communism. JR who was trying to privatise the estates took the opportunity to hand it over to private management. We were told that they would use their management expertise to transform the plantations into efficient prosperous entities. We now know that their management expertise is restricted to keeping worker wages low and removing social protection and welfare from them.

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