

## Assam gardens in cost fix

<b>WAGES UP, PRICES FALL</b>		
<b>Price in January-June</b>		
<i>in \$ per kg</i>	<b>2017</b>	<b>2018</b>
North India orthodox	3.05	2.87
Assam CTC	2.02	1.99

*Source: J Thomas*

A photograph showing several women working in a tea plantation. They are wearing traditional headscarves and are focused on picking tea leaves from the bushes. The scene is outdoors with green foliage in the background.

**Calcutta:** Tea gardens in Assam have started paying higher wages to their workers, spiking the cost of production by as much as Rs 20 per kilogram even as prices in the market show no signs of recovery.

The long pending hike followed the notification by the state government that asked the gardens to pay a daily wage of Rs 167, an increase of Rs 30. Owners say operations will become unviable for most gardens unless the government steps in by adjusting the ration component, which may reduce the burden by Rs 9 per person.

"We are pleading with the government to adjust the ration contribution under the National Food Security Act (NFSA) scheme, which can bring down the burden by Rs 9 per person. The state has promised to look into it. But time is running out," Azam Monem, president of the Indian Tea Association, said.

According to Monem, the cost to planters will go up by Rs 10 if statutory benefits such as provident fund and gratuity (though deferred) are added.

Planters are citing the example of the Trinamul Congress-government in Bengal which agreed to bring garden workers under the NFSA scheme while ordering an interim wage hike from January.

Gardens in Dooars and Terai are paying Rs 150 per day as wage - Darjeeling gardens were kept out of it -while Rs 9 for ration comes from the state government.

In Bengal, the garden buys ration at Rs 2 per kg from the government and distributes it to the workers at Rs 0.50 per kg.

Planters are demanding the same in Assam. "We are requesting workers' union leaders to accept increased wage on a split basis," said Monem, who is the wholetime director of McLeod Russel, the world's largest bulk tea producer with substantial exposure in Assam.

In Assam, workers get ration under the NFSA scheme from the government as well as from the planters.

In contrast, in Bengal, the ration received under NFSA is deducted from the garden's weekly ration obligation.

### **Wage-price relation**

Usually gardens did not find it hard to pass on the cost escalation to the market. However, the scenario started changing from the beginning of this decade in tandem with the rise of small tea growers.

"We tried to test the market with higher price but there has been no response," Atul Asthana, managing director of Goodricke Group Ltd, said after implementing the wage hike in some gardens. Data for the first six months procured from auctioneer J Thomas showed a marginal decline for both CTC and orthodox tea.

Small tea growers, who contribute 46 per cent to the north Indian production, do not have to pay government mandated wage and social costs (ration, accommodation and medical) as they are not covered by the Plantation Labour Act. Hence, they can offer tea at much lower prices than their organised counterparts, such as Goodricke and McLeod.

### **Iran cloud**

At a time planters are facing cost pressures, Iran, one of the most significant market for premium orthodox tea, is in turmoil. The US sanction has made exporters jittery, Asthana said, as they are unwilling to keep stocks. India sold 31.19 million kg last year to Iran, a 28.67 per cent growth. In January-May this year, 10.36 million kg was exported to Iran.

The US had asked all constituents with trade relation with Iran to wind down dealings with the west Asian country by November 4, 2018.

An Indian Tea Association delegation to Iraq, a significant buyer of Indian tea in the past and touted as an alternative market to Iran, was cancelled because of the geopolitical violence.

**Source:** <https://www.telegraphindia.com/business/assam-gardens-in-cost-fix-250247>