

*Written comments by Finnwatch and Cividep India, submitted to Rainforest Alliance following the Stakeholder validation event Living Wage study Nilgiris region India, held in 15th April 2020.*

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Global Living Wage Coalition  
LIVING WAGE REPORT  
Rural Nilgiris, July 2018

Comments by Finnwatch and Cividep India, 20th April 2020

The stakeholder consultation process around setting of the benchmark appears opaque. Our organisations were invited to the validation workshop at the last minute and with a very short notice. According to the invite, the purpose of the workshop is *“to present to all stakeholders—tea estates, private companies, government, unions and NGOs- the outcome of the Living Wage report for the Nilgiris region (Tamil Nadu, India) written by Sandhya Barge, Richard Anker, M.E. Khan and Martha Anker and give them the opportunity to learn about the research, provide feedback, ask their questions, and share their recommendations for future collaboration.”* Here, we would like to note that merely having seen the presentation and being able to comment on it does not constitute validation, or endorsement. It is unclear how the comments made at the workshop will be taken into account in the process of setting the benchmark, especially given that the version of the benchmark that has been presented to us is being described as “final”.

Also, it is unclear and lacking in transparency, who has been invited to take part in this, or other similar workshop(s), and whether, to what extent and how the tea workers themselves, or their representative organisations, have been consulted during the process that has been ongoing now for two years. As explained on the GLWC’s website, *“the process of estimating a living wage for a particular location involves consultation with and the participation of local stakeholders, including trade unions and employer organisations when present. The goal of the estimation process is to obtain a credible living wage estimate that stakeholders are likely to view as legitimate and reasonable regardless of whether or not local employers feel they can pay this living wage”*. As discussed further below, the proposed living wage benchmark is low in comparison to what central trade unions in India are advocating for and also significantly less than what tea workers in the Nilgiris region whom were interviewed by our organisations in 2018 for the report [Tea but no sympathy](#) thought would be a sufficient wage for them to afford an adequate standard of living.

It is also unclear, whether the plantations from where the data for the benchmark has been collected are all certified and whether the possible impacts of certification have been taken into account when assessing e.g. in-kind benefits, out-of-pocket spending on health care and prevailing wage levels. According to local unions, conditions at certified plantations are better than at non-certified plantations. Whereas the benchmark has been produced by a coalition of certification schemes, it is likely to have impact beyond certified tea value chains.

Here are some of our comments and observations regarding the benchmark study itself:

## Prevailing wages

- The benchmark study when assessing prevailing wage levels has used 287 paid working days per year, only excluding Sundays, 9 paid public holidays, 7 paid sick leave days, and 10 earned leave days from the total number of working days. As has been noted in previous studies, absenteeism rates are high on tea plantations. These studies have also identified various reasons for these high absenteeism rates, including the arduous nature of the work itself, workers' poor health and low wages which require workers to engage in other work in order to make a living. One tea plantation manager in the Nilgiris region told us that at their plantation, absenteeism rates are as high as 25 percent (the manager attributed this primarily to workers' alcoholism). When tea workers are paid a daily wage, the number of actual days worked has a significant impact on their earnings. We acknowledge that the issue is complex, but think that this issue should have been taken into account when assessing tea workers' prevailing wages and in the benchmark more broadly whereas currently it is not.
- Although in the benchmark it is stated that a tea workers' working week is 48 hours long (8 hrs per day, 6 days per week), it is unclear whether the actual hours workers put in has been checked and taken into account when prevailing wage rates have been assessed. For example, workers who were interviewed for our report said that during the peak season, they often work 12 hours per day and at times, 7 days per week. A living wage must be earned within regular working hours, so in order to avoid comparing pears and apples, the prevailing wages should also be based on 48 hours working week only.
- Overall, the current model that is used in plantations to calculate tea workers pay does not provide for a stable monthly income which poses various challenges for the implementation of a living wage. These challenges have however not been discussed in the benchmark study which appears a shortcoming in terms of actually closing the gap between prevailing wages and a living wage.

## In-kind benefits

- According to international standards, in-kind benefits can be included in wage calculations. India's new minimum wages rules (the Labour Code on Wages) also allow for in-kind benefits in value of up to 15 percent of total to be included as wages to a worker. Previous studies have, however, found that in the tea plantation sector, in-kind benefits in part maintain power imbalances between workers and their employer as well as workers' dependency on the employer. Whereas this is perhaps an issue that cannot be solved by a living wage alone as it would require significant changes to India's Plantation Labour Act (which are forthcoming, see below), it is surprising that this question is not discussed at all in the study, especially considering that a living wage can be considered foremost an enabling human right.

India is currently in the process of passing a new Labour Code on Occupational Health and Safety. This Labour Code, if passed by the parliament in its current form, will subsume and repeal the Plantation Labour Act and take away all responsibility of the employer to provide housing and health care to tea workers and their family

members. For the benchmark to remain relevant, it should also consider the impacts of these foreseeable changes to workers' wage levels and their ability to afford an adequate standard of living.

#### Spending on food items

- The benchmark study in part uses public distribution system (PDS) rates for food items. However, migrant workers whom we have spoken to in the tea plantations in the Nilgiris do not have ration cards. The usual practice amongst migrant workers is that they buy ration, at a small premium, from either a ration card holder or the ration shop trader. Although this still turns out to be cheaper for them than buying from a retail store, it is not free of charge. Here it should be noted that the amount of migrant workers in the plantations in the Nilgiris also appears to be in the increase as the local younger generation does not find work in tea plantations attractive anymore, partly due to low wages and poor living conditions.

#### Spending on health care

- According to the benchmark study, tea workers' medical spending is an estimated Rs. 238 per month for a family of 4. Further, the benchmark also states that health care costs are reimbursed to the worker by the employer. As such, it has been concluded that no post check adjustment for health care is needed. This appears in stark contrast with our research findings. Several tea workers suffer from chronic illnesses such as tuberculosis and owing to the weather and arduous nature of work, routinely deal with cough, cold, fever, joint aches. Stomach ulcers and anemia are also quite common. Quality of healthcare provided by garden hospitals is mostly very basic and the workers we spoke to routinely travelled outside the estate to seek medical treatment at their own expense. Government hospitals also only provided limited medicines for free and workers had to spend from their own pockets for tests and other medicines. Contrary to benchmark calculations, workers never mentioned being reimbursed for these expenses.

In our research sample the situation was different only at one plantation, United Nilgiri Tea Plantations. There, workers reported higher levels of satisfaction with the services at the Chamraj-hospital and significantly less spending on medical care from their own pocket.

#### Other comments on post-check

- The benchmark assumes that workers who are earning a living wage would not need to take out loans. As such interest and debt payments have been ignored in the calculations. Many of the tea workers in the Nilgiris region, however, have pre-existing loans. Indeed, in our research sample, the majority of workers had borrowed money from relatives or neighbours, or from a bank. Whereas the payment of a living wage might help these workers to pay back their loans more quickly, and over time reduce the need for taking out a loan in the first place, it is a further indication of the inadequacy of the tea workers' prevailing wage levels to cover their needs.

The most common reasons why workers had taken out loans included medical emergencies and children's higher/vocational education. Whereas the methodology used in the benchmark only takes into account education up to secondary level, in the current circumstances higher/vocational education is necessary for tea workers' children to overcome generational poverty.

- Unlike at least many other GLWC living wage benchmarks, the benchmark for the Nilgiris region does not provide a comparison of the proposed living wage and other applicable living wage estimates. The only comparison provided is to other wages that are all lower than the proposed living wage. Central trade unions in India have come together to rally behind setting Rs. 18,000 as minimum wage across the country and sectors. This figure is arrived at by the formula recommended by the 15th Indian Labour Conference, which is the apex tripartite committee advising the Government of India and also adopted by the Supreme Court. Central trade unions unanimously believe that this is the bare minimum that should be paid to every worker. The benchmark should acknowledge this figure in the report.
- Tea workers in the Nilgiris who we spoke to for our report on average, estimated that monthly earnings of approximately Rs. 16,000 would be sufficient for them to provide nutritious food to their family and to pay for their children's education and marriage, and to put aside some savings for old age.

Closing the gap between prevailing wage and a living wage

- Certification schemes that certify Indian tea should incorporate payment of a living wage into their certification standards as a mandatory criterion.
- The additional costs that would incur from the payment of a living wage should be shared between the value chain actors. Some kind of a living wage differential could be one way to do this. Any living wage differential should be managed openly and transparently, and clearly communicated to both consumers and tea workers alike.

A minor question of clarification:

- In the benchmark, calorie intake of 2 400 per day has been used to assess food costs. to confirm, is this intake an average amount for adults and children? If so, what was the daily calorie intake per adult and per child used to reach this average?