Business, Industry and Labour:

A Sociological Study of Tea Industry in North Bengal

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Submitted by:

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CERTIFICATE

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This is to certify that this dissertation entitled **"Business, Industry and Labour: A Sociological study of Tea Industry in North Bengal"** submitted by **KAPIL TAMANG** bearing registration number **17SSPH05** in fulfilment of the requirements for the award of the Degree of '**Doctor of Philosophy** in **Sociology**' is a record of bonafide work carried out by him under my supervision.

This dissertation has not been submitted either in part or in full to any other University or Institution of learning for the award of any other degree.

Further, the student has the following publication(s) before submission of the thesis for adjudication and has produced evidence for the same in the relevant area of research:

1. Tamang, K. (2023). Proletariat to Precariat: The Changing Nature of the Tea Workers of North Bengal. Antrocom Journal of Anthropology, 19(1), 297-305.

2. Tamang, K. (2022). Colonial to Globalised Tea Plantation: Women tea workers and their negotiations. Urdhva Mula peer-reviewed journal, 15, 54-71. ISSN: 2277-7954

3. Tamang, K; Rai, A. (2019). Perpetual Crisis: Closed and Abandoned tea estates and its socio-economic conditions. In D. Ganguli, & D. Ganguli (Ed.), Understanding Social Issues: Some Reflections (Vol. 1, pp. 128-134). Kolkata: Pailock. ISBN 978-93-88207-44-7.

He has participated in workshops and presented papers at the following conferences:

1. Participated in "Workshop on Research Methods on Gender issues in Labour", organized by V.V Giri National Labour Institute, Noida, held from 18th Feb to 1st March, 2019 in Noida.

2. Participated and Presented Paper in "Indian Social Science and Humanities Congress 2019" organised by Paschimhanga Anchalik Itihas O Loksanskriti Charcha Kendra with Paper entitled "Perpetual Crisis: Closed and Abandoned tea estates and its socio-economic conditions" Held from 7th -8th September 2019, Kolkata.

3. Participated and Presented paper in "Research Scholars' Workshop on Eastern Himalayas" organised by Centre for Himalayan Studies University of North Bengal with Paper entitled "Uncertain Future: Failing tea industry and its consequences" Held on 11th December 2019 at Darjeeling.

4. Participated and Presented paper in "47th All India Sociological Conference" organised by Indian Sociological Society with Paper entitled "Brewing Anguish: The deplorable health of tea workers of North Bengal" Held on 20th -22nd December 2022 at University of Science and Technology, Meghalaya.

5. Participated and Presented paper in "6th Annual South Asia Conference, South Asia in Transformative Times" with Paper entitled "Ritto Gaon (An empty village): a cinematic narrative of migration in the tea gardens of North Bengal" Held from April 19th-21st 2023, at Dublin City University, Ireland.

Further, the student has passed the following courses towards fulfilment of course work requirement for PhD.

Sl. No	Course Code	Name of the Course	Credits	Pass/Fail
1	SL801	Advanced Sociological Theory	4.00	Pass
2	SL802	Advanced Research Methods	4.00	Pass
3	SL823	Advanced Sociology of Industrial Relations	4.00	Pass

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Declaration

I, **Kapil Tamang,** hereby declare that this dissertation titled **"Business, Industry and Labour: A Sociological study of Tea Industry in North Bengal"** is submitted by me under the guidance and supervision of **Dr. V. Janardhan**. I also declare that this work has not been submitted previously in part or in full to this University or any other University or Institution for the award of any degree or diploma. I hereby agree that my dissertation can be deposited in SHODHGANGA/ INFLIBNET.

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Abstract

The tea plantation sector in India is shaped by both colonial and global forces, inheriting a production system based on coercion and power from the colonial past and a marketing structure involving global actors in advertising, branding, and finance. This hybrid form of capitalism reinforces the reproduction of class power. A notable feature of the contemporary global economy is the increasing influence of multinational businesses, consumer advocacy organisations, and international NGOs in the upstream sectors of the value chain, which leads to the reregulation of trade and affects the economy of producer countries like India (Neilson & Pritchard, 2009). The industrial relations of the tea industry have transcended national boundaries due to trade liberalisation and globalisation. Hence, a critical perspective is needed to link the restructuring of the tea industry, the role of transnational corporations, and the changes in state policies following globalisation with the value chain system of tea from production to retail marketing and the impact these changes have had on the social dynamics of tea workers. The Value Chain approach can help us examine the embedded reality within the North Bengal tea sector, which is undergoing various changes that affect regional economic actors differently. It can offer important insights into the dynamics of industrial restructuring within the global value chains of tea and their implications for the future of regional production areas like North Bengal. This research examines the nature and extent of these changes and their implications for the tea industry and its stakeholders in North Bengal.

This study investigates the macro-micro dynamics of capital and labour relations, focusing on how neo-liberal policies and corporate involvement have transformed the power dynamics and the structure of the tea sector, especially in North Bengal. Using a value chain analysis, the study maps global and domestic tea production and marketing networks and analysed how they affected the profitability and sustainability of the tea estates and their workers. The study explains that the tea plantations in North Bengal are facing a crisis of governance and distribution. Its workers bear low wages, poor working conditions, exploitation by the big corporations and lack of support from the state. It further explores the case of a specific corporation that exemplified how the value chain restructuring created cut-throat competition among the upstream suppliers, who tried to reduce their costs by either lowering the workers' *amenities or outsourcing products from the small growers. The suppliers who have adapted to these changes have diversified their investments, while those who could not adapt to these changes have either closed or abandoned their tea estates. These arrangements have resulted in many complications and problems in the tea sector. The study argues that these arrangements threaten the viability of the tea sector and suggest ways to address them.*

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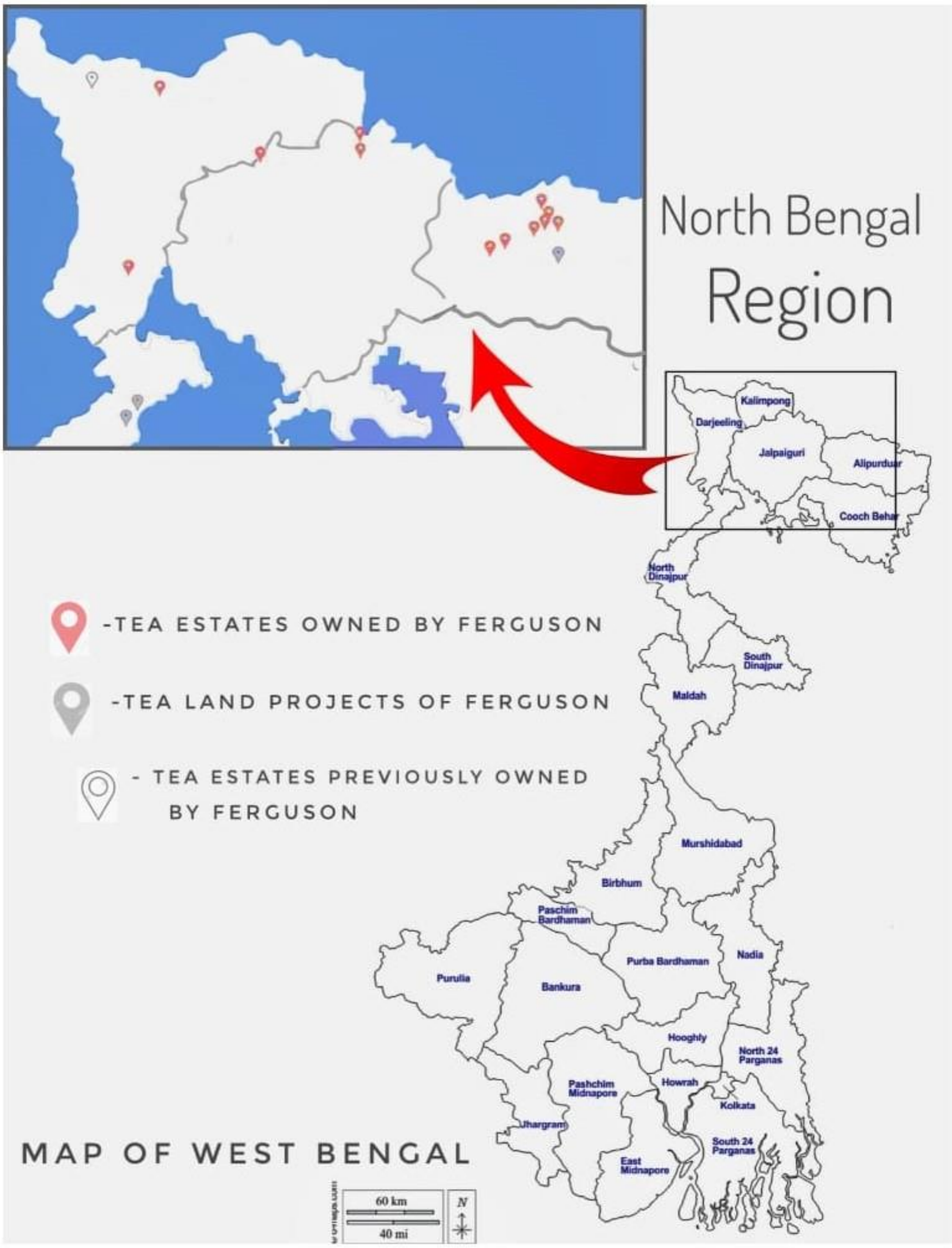
Abbreviations

ABF	Associated British Foods company
ACMS	Assam Cha Mazdoor Sangha
AITUC	All India Trade Union Congress.
AIUTUC	All India United Trade Union Centre
ANT	Actor-Network Theory
APTUC	Assam Provincial Trade Union Congress
ASG	Apeenjay Sureendra Group
BARRWU	Bengal Assam Rail Road Workers Union
BIFR	Board for Industrial & Financial Restructuring
BLF	Bought Leaf Factory
BMS	Bharatiya Mazdoor Sangha
CBMU	Coordination Committee of Tea Plantation Workers
CCPA	Consultative Committee of Plantation Associations
CCTPW	Coordination Committee of Tea Plantation Workers
CEC	Centre for Education and Communication
CITU	Centre of Indian Trade Union.
CoC	Committee of Creditors
CPI	Consumer Price Index
DBITA	Dooars Branch of Indian Tea Association
DCBMS	Dooars Cha Bagan Majdoor Sangha
DCKMS	Darjeeling Cha Kaman Majdoor Sangha
DDCKMU	Darjeeling District Chiya Kaman Majdoor Union
EIC	East India Company
ETP	Ethical Tea Partnership
FAL	Ferguson Agro Ltd
FAO	Food and Agriculture Organisation of the United Nations
FAWLOI	Financial Assistance for the Workers of Lockout Industry
FBL	Ferguson Brothers Limited
FERA	Foreign Exchange Regulation Act
FIL	Fergusons Industries Limited
FLO	Fairtrade Labelling Organisation
GCC	Global Commodity Chain

GPN	Global Production Network
GVC	Global Value Chain
HMS	Hind Mazdoor Sabha.
HMKP	Hind Mazdoor Kisan Panchayat
IDA	Industrial Disputes Act of 1947
IFTU	Indian Federation of Trade Unions
ILO	International Labour Organisation
INTUC	Indian National Trade Union Congress
ITA	Indian Tea Association
ITUC	International Trade Union Confederation
KMPP	Krishak Majdoor Praja Parishad
LPG	Liberalization Privatization Globalization
LPF	Labour Progressive Federation
MLP	Madarihat Land Project
MRL	Maximum Residue Limit
NCLT	National Company Law Tribunal
NFITU-DHN	National Front of Indian Trade Unions- Dhanbad
NGO	Non-Government Organisation
NLCC	National Labour Coordination Committee
NOC	No-objection Certificate
NUPW	National United of Plantation Workers
OECD	Organisation for Economic Cooperation and Development
PAT	Profits after tax
PBCBSKU	Paschim Banga Cha Bagan Sramik Karmachari Union
PBDITA	Profits before depreciation, interest, taxes, and amortisation
PBKMS	Paschim Banga Khet Majoor Samity
PBT	Profits before tax
PDS	Public Distribution System
PF	Provident Fund
PLA	Plantation Labour Act
R&D	Research and Development
RP	Resolution Professional
SEWA	Self Employed Women's Association

SHG	Self-Help Group
SPTF	Special Purpose Tea Fund
STGs	Small tea growers
TBI	Tea Board of India
TIPA	Terai Indian Planters Association
TLP	Terai Land Project
TU	Trade Union
TUCC	Trade Unions Coordination Centre
UK	United Kingdom
UTUC	United Trade Union Congress
VRS	Voluntary Retirement Scheme
WBCSC	West Bengal Cha Shramik Congress
WBTDC	West Bengal Tea Development Corporation
WFTU	World Federation of Trade Unions
WHO	World Health Organization
WTO	World Trade Organisation
ZCBMU	Zilla Cha Bagan Majdoor Union

MAP: GEOGRAPHICAL LOCATION OF TEA GARDENS OWNED BY FIL



Source: Map of WB and Author's own

Chapter 1

Introduction

The tea industry in India is one of the most significant and essential plantation crops in the agricultural sector. After China, India is the world's top tea producer, accounting for about 25 per cent of the global tea supply. Moreover, over 85 per cent of India's total tea production is consumed domestically, making it one of the world's largest markets for tea (Tea Board, 2022). With different variants such as Oolong tea, Black tea, White tea and Green tea obtained from the tea plant Camellia sinensis, Indian tea have two distinct flavours to offer: the Camellia sinensis var assamica plant with larger leaves and an intense flavour, and Camellia sinensis var sinensis with smaller leaves and more aromatic flavours. The beginning of the tea plantation industry in India can be traced back almost 180 years, when the British East India Company started it as a commercial plantation. Now, the tea industry contributes significantly to India's socio-economic development by employing over 1.1 million (12 lakh) people across the country and by generating large amounts of revenue and foreign exchange from its trade. Besides, Darjeeling tea produced in West Bengal and Assam orthodox tea, owing to its distinct aroma and flavour, were the first Indian products to have received Geographical Indication (GI) Certification in 2003 and 2007, respectively.

West Bengal, Assam, Kerala, and Tamil Nadu are the primary tea-growing regions in India. Besides that, 11 other states produce tea on a small scale. These traditional and non-traditional tea-producing states influence the diversity and quality of Indian tea. The tea industry in India faces various challenges and opportunities in terms of production, consumption, export, quality, sustainability, innovation, and competition. The Indian tea industry is constantly evolving and adapting to meet the changing demands and preferences of domestic and international consumers. The tea industry in India is not only a source of livelihood for millions of people but also a symbol of culture, heritage, and identity for the nation.

An Overview of the Tea Sector

Colonialism gave rise to the plantation sector in various parts of the world, where colonial powers exploited crops such as tea, cotton, coffee, and sugarcane. The tea plantation industry in India was established by the British East India Company (EIC) after the loss of its trade privileges with China in 1833 and sought an alternative source of tea supply (Chakravorty, 1997). By the end of the 1830s, large-scale tea production began in Assam and West Bengal, developing enormous economic potential for the British. They further expanded tea production in southern regions of India, mainly in Tamil Nadu and Kerela. Indian tea, a more potent brew than Chinese tea, became popular in Britain by the beginning of the 19th century (Tinker,1974).

The organisational structure of tea plantations in India resembled that of sugar and cotton plantations, but it underwent administrative changes over time. The plantations were run by managing agencies that provided various services, such as budgeting, crop planning, manufacturing guidance, personnel recruitment, and currency control. The tea estates were owned by British enterprises that received capital from British banks and brokerage firms. These enterprises controlled the international tea trade through vertical integration, which involved coordination and control over every step of the tea supply chain, from production to distribution, establishing the corporate sector of the tea industry in India.

After independence, the Indian government implemented specific measures to limit financial outflows from the tea business. Financial outflows hamper economic growth and development as money is siphoned out of the country (Krugman & Obstfeld, 2009, p. 312). The British corporations depleted the internal resources of the tea estates by paying dividends to their home country. They relied on external financing, which created an undesirable financial condition for the tea plantations and adverse industrial relations in the tea industry as the interest burden increased to an unsustainable level. The British enterprises that dominated the tea industry faced higher taxes and failed to adapt to the new situation.

Consequently, most exited the tea sector, while some formed partnerships with Indian investors. The new Indian owners were primarily merchants and moneylenders whose management practices and systems were dubious. They invested heavily in the management system but neglected the tea estates. The tea sector witnessed frequent turnover of managers after 1970, while the owners exercised remote control (Sarkar, 2008). The pattern of financial outflows from the tea industry persisted under the

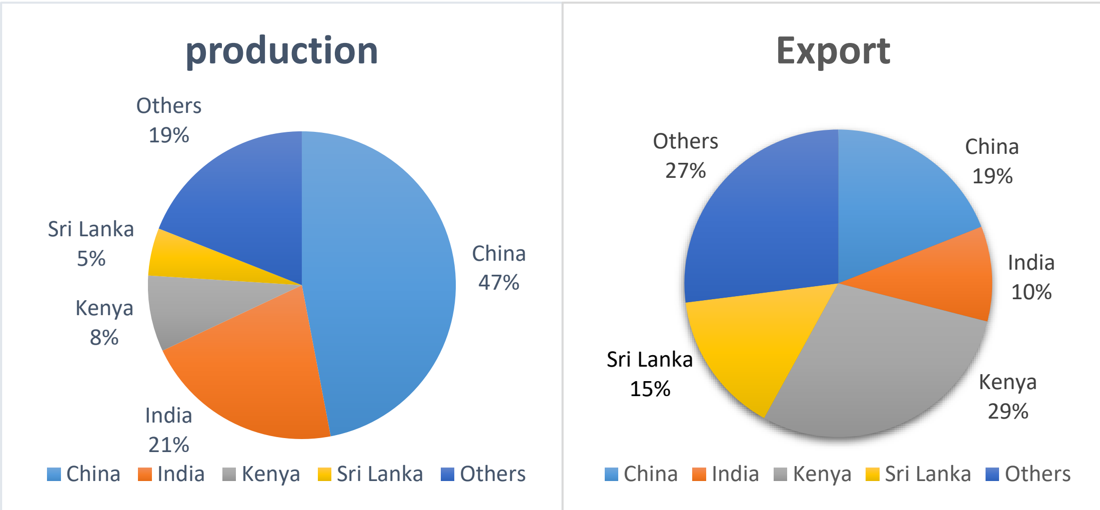
Indian owners. Many business houses, such as the Tata Tea Company, entered the tea sector at some point, which became prominent by 1976 (ET, 2022).

This trend intensified after the liberalisation of the Indian economy in 1991. The Indian government adopted a reformed economic policy in 1991 in response to a severe crisis of payments balance and a structural adjustment programme imposed by the International Monetary Fund (IMF) (Agarwal & Whalley, 2013). However, most of the earnings are used for dividend payments through mergers and acquisitions and investments in other sectors rather than for production activities in the tea estates, reducing the availability of capital for the tea gardens, leading to poor working conditions and strained industrial relations for the tea workers (Das Gupta, 2018). The local management lacks adequate authority, and the owners divert the profits to other businesses, resulting in a gradual decline in the profitability of the tea plantations.

However, the tea industry did not experience the immediate impact of this policy. The period from 1991 to 1998 was prosperous for the tea industry, as the auction price rose steadily and peaked in 1998 (Sarkar, 2013). During the same period, tea production witnessed an unprecedented growth of small tea gardens, as many small landowners converted their land into tea cultivation. These small tea growers lacked adequate processing facilities, leading to the emergence of multiple Bought Leaf Factories. The Tea Board of India started promoting small tea growers in 1989, as the domestic demand for tea exceeded the supply during the seventh plan (1985-90) (Bhowmik, 1991). The global tea market became more competitive and volatile after trade liberalisation and globalisation, with countries like Vietnam, Kenya, and Sri Lanka increasing their production and exports. The cartelisation of tea companies in the international markets and the auction centres also affected the Indian tea industry, resulting in a production shift from large tea estates to small tea growers. This sector restructuring had adverse consequences for many tea estates, especially in West Bengal and Kerala, where many closed or abandoned tea estates have existed since the early 2000s (CEC, 2007). The crisis impacted the owners, workers, and their families, who faced greater insecurity and hardship.

Tea cultivation has become a global activity that spans 64 countries on five continents (Feng, 2021). In 2021, 6455.19 million kgs of tea were produced globally, an increase of 186.24 M.kg compared to 2020 and 6173 million kgs of tea were consumed. The total export of tea around the globe added to 1928.89 million kgs. Kenya, China, Sri Lanka, and India were the major tea-producing and exporting countries, accounting for about 81 per cent of the global production and 73 per cent of exports (Tea Board, 2022).

Fig 1.1: Contribution of Major Tea-Producing Countries in Production and Export



For Data: See Appendix A Table 1

In 2019-20, India had the highest tea production of all time with 1360.81 m.kg, an increase of 10.77 m.kg from 2018-19. West Bengal, Assam, Kerala, and Tamil Nadu contributed 97.48 per cent of the total production. Within tea production in India, crush, tear, and curl (CTC) contribute 89 per cent, while Green and Orthodox tea contribute 11 per cent. There are 1569 tea estates; the organised sector contributed 50.76 per cent of the production in 2019-20, while the small tea growers' contribution has been increasing yearly, with a production share of 49.24 per cent in 2019-20. The domestic retention of tea for 2019–20 was around 1154 m.kg or about 84 per cent of the total production. India accounts for 19 per cent of global consumption, with an average per-capita tea consumption of about 840 grams, which is lower than in many countries. However, its large population increases overall consumption (Tea Board, 2020).

Tea exported was 241.34 m.kg with a value realisation of ₹5457.19 Crs., which was lower than in 2018-19, but there was an improvement in the price realisation by ₹ 9.73 per kg. In 2021–22, 200.79 m.kg of tea was exported with a realisation of ₹5415.78 Crs. The volume was lower by three m.kg and ₹104.25 Cr. in value because of the

COVID pandemic, but the unit price realisation was ₹269.72 per kg, an improvement of ₹9.08/kg compared to 2020–21 (Tea Board, 2022).

Table 1.1: Exports of Tea from India

Year	Quantity (m. kgs)	Value (₹. Cr.)	Unit Price (₹/kg)	Bulk Tea		Value-added Tea	
				Qty (m. kgs)	Value (₹. Cr.)	Qty (m. kgs)	Value (₹. Cr.)
2018-19	254.50	5506.84	216.38	225.29	4321.61	29.21	1185.23
2019-20	241.34	5457.10	226.11	212.30	4226.97	29.04	1230.13
2020-21	203.79	5311.53	260.64	171.67	3800.35	32.12	1511.18
2021-22	200.79	5415.78	269.72	168.64	3780.22	32.15	1635.56

Source: Annual report, Tea Board 2019-20 and 2021-22.

The tea sold through the auction system was around 44.35 per cent within the country. The average selling price of ₹137.65 per kg was lower than in 2018-19 by ₹2.61 per kg (1.86%). (Tea Board of India, 2020). However, there was an increase in the auction price in 2020–21 because of less production, but it was normalised in 2021–22; 45 per cent of the total tea produced was sold in public auctions. The average selling price was ₹171.21/kg in 2021-22, lower by ₹25.76/kg from 2020-21 (Tea Board, 2022).

Table 1.2: Average auction price of Tea in India

Year	All India	
	Qty (m. kgs)	Avg. Price (₹/Kg)
2018-19	596.15	140.26
2019-20	603.54	137.65
2020-21	547.04	196.97
2021-22	610.39	171.21

Source: Annual report, Tea Board 2019-20, 2021-22.

Many people conflate selling and marketing, but they are not synonymous. Selling is only one component of the marketing process, which involves various activities to create and sustain customer demand for a product. In the tea industry, marketing is dominated by large corporations such as Tata Tea, Hindustan Lever Ltd., Brook Bond, and others. These corporations do not produce most of the tea they sell; instead, they buy it from auctions and add value through blending, packaging, advertising, wholesale, and retailing. Tea is a ready-to-drink product that undergoes a significant transformation from its raw form to its final consumption. Therefore, the processing and retailing stages of the supply chain capture the highest profit margins (Das, 2009). The global tea market is highly concentrated, with a few multinational companies (MNCs) controlling about 85 per cent of the sales volume (Baruah, 2008; Hazarika, 2011).

International trade in India was subject to strict bilateral and multilateral agreements until the 1990s when the country embarked on a process of trade liberalisation. Liberalisation removed government regulations and restrictions on trade and investment (Masharu & Nasir, 2018). This resulted in a wave of mergers and acquisitions in the beverage industry, forming large new corporations with an increased global presence. The tea sector also transformed from a vertically integrated supply chain to a value-added supply chain as firms sought to enhance their competitiveness by outsourcing lower value-added activities. However, this did not benefit the developing countries that produce tropical commodities, as their prices have been declining for the last two decades, while most of the economic gains have accrued to the interests of developed countries. Moreover, the rise of financial markets has amplified the value and security of intangible assets, and brand-based competition has become a vital feature of the business models of major corporations. The global tea market is characterised by a high degree of concentration; only three companies control more than 20 per cent of the market share: Unilever holds 16 per cent, Tata Global Beverages 4 per cent, and Twinings 2 per cent (Statista, 2022).

The diminished profitability of Indian tea growers has limited their influence in the export market. Consequently, the Indian tea industry has shifted its focus from exports to domestic consumption, which entails tremendous pressure on the local market rather than the global one. The leading tea company has adapted to this situation by outsourcing its production and distribution activities, while the smallholders and suppliers have become "independent" and bear the increasing costs. The Indian tea sector exhibits low entry barriers and intensifying competitive pressures (ETP, 2018). The top tea companies have transitioned from vertical integration to a fragmented value chain driven by outsourcing and contract work, highlighting significant changes in business and manufacturing practices in the 21st century. Value chains involve a network of several activities and actors, from manufacturing to distributing goods and services from the initial inputs to the final consumers (Kaplinsky & Morris, 2001, p. 4). Developing value chains in emerging economies is crucial for studying the dynamics of globalisation and industrialisation (Gereffi & Lee, 2016, p. 17).

India's tea sector comprises several major corporations, such as:

- **Tata Consumer Products**, the largest tea company in India, has a market capitalisation of Rs. 82,000 crore (US$ 11 billion) as of December 2021. It operates various tea brands, such as Tata Tea, Tetley, Teapigs and Himalayan.
- **Hindustan Unilever Limited,** the second-largest tea company in India, has a market capitalisation of Rs. 62,000 crore (US$ 8.4 billion) as of December 2021. It operates various tea brands, such as Brooke Bond, Lipton and PG Tips.
- **Duncans Industries Limited** is one of India's oldest and most famous tea companies, with tea gardens spread over the Dooars, Terai and Darjeeling regions of North Bengal. It operates various tea brands like Double Diamond, Sargam and Runglee Rungliot.
- **Wagh Bakri Tea Group** is one of India's leading tea companies, with a presence in over 40 countries. It operates various tea brands, such as Wagh Bakri, Good Morning and Mili.
- **Pataka Group of Companies** produces various teas, such as CTC, orthodox and green tea. It also offers spices, snacks and beverages.

The tea plantation industry in India before independence had exploitative and oppressive production relations between employers and employees. The British planters, who owned most of the plantations, established a system of indentured migrant labour. They recruited workers from various regions under contracts bound to work for a fixed period for low wages and harsh conditions (Bhowmik, 1980). The workers had no voice or representation in their labour matters, as they were denied the right to form or join trade unions. The planters exercised absolute authority and force over the workers, who had to endure the brutalities of their masters. Thus, the tea plantation industry lacked any semblance of industrial relations and instead resembled a semi-feudal relationship between the planters and the workers (ibid).

In India, industrial relations in tea plantations underwent a significant change after the independence, as the state intervened to regulate the labour market and protect the workers' rights and welfare (ETP, 2018). The exploitative and oppressive relationship between the planters and the workers was replaced by a more formal and legalistic relationship between the employers and the employees. The workers gained some legal protection through various legislations passed by the newly constituted government, such as the Industrial Employment (Standing Orders) Act of 1946, the Industrial Disputes Act of 1947, the Factories Act of 1948 and the Plantation Labour Act (PLA) of 1951. The PLA of 1951, in particular, included several welfare provisions for tea workers, such as housing, sanitation, primary educational facilities, drinking water, creches, etc. Moreover, the workers were able to form and join trade unions, which enabled them to mobilise and organise themselves for collective bargaining and action. The trade union movement gradually gained momentum and spread across the tea plantations, challenging the dominance and authority of the planters (Rege, 1946).

Despite the enactment of several pro-labour laws and regulations after independence, such as the Plantations Labour Act of 1951, the Tea Act of 1953, and the Tea Development Corporation Act of 1965, the tea sector in India continues to suffer from labour rights and welfare issues, as the state has failed to monitor or enforce these legislations (Bhowmik, 2015). The tea workers have been deprived of the essential services and amenities they are legally entitled to, such as childcare facilities, drinking water, primary schools, and health facilities. These facilities have gradually vanished from most tea gardens without any accountability or penalty for the owners (Gothoskar, 2012). The situation of the tea workers deteriorated further when many tea estates in North Bengal, especially in the Dooars region, were closed or abandoned by the owners in the early 2000s, leaving the workers in a dire and hopeless situation. The workers faced severe problems such as trafficking, hunger, starvation, and death. (Bhowmik, 2015). The number of closed and abandoned tea estates has increased, affecting thousands of workers and their families. Even the tea gardens that are still operational are plagued by low wages, poor working conditions, and lack of social security, which keep the workers in a state of poverty (Gothoskar, 2012).

The state has not addressed the tea industry's crisis with any long-term solution. Instead, the state has resorted to temporary and superficial measures, which have proved ineffective and inadequate. The trade unions have also failed to negotiate for better management and improvement of the tea workers' conditions. The triennial "agreement" between the unions and the employers has been more of a ritual than a serious discussion. The agreement or settlement has ignored the demand for minimum wages and other benefits and has thus acted as an obstacle to raising the workers' living standards (Bhowmik, 2015). The state has also refrained from intervening in the wage fixation process despite having the power to do so. The tea workers receive the lowest wages in the supposedly organised industry (Gothoskar, 2012). In West Bengal, a movement to implement the Minimum Wage Act started in 2014, but it is still ongoing today with no clear outcome in sight.

Prevailing Literature Concerning Tea

The tea plantation industry is an essential source of employment and income involving numerous social, economic, and political facets with a complex history involving colonialism, migration, business, and trade. It has attracted the attention of scholars from different disciplines and perspectives, who have explored its various aspects, such as its history, social transformation, trade union movements, women workers, and economy. This literature review aims to provide a comprehensive and critical overview of the existing research.

Most of the early literature on tea plantation were technical, dealing with plantation techniques without any critical analysis. In that respect, Eden (1965) gives detailed accounts of tea cultivation and production stages and Harler (1966) talks about the phases of the tea cultivation process. Some studies have traced the historical development of the tea plantation industry in different regions, highlighting the political, economic, and social factors that shaped its growth and decline. Griffiths (1967) offers a comprehensive account of the historical development of the tea industry in India, covering various aspects such as ownership changes, recruitment trends, and industrial processes. He also examines the history of plantation workers and the oppression they faced during the colonial period. However, he pays little attention to the working conditions on the plantations and the trade union activities of the workers. Most of these works do not adequately theorise the complexities of capital-labour relations in the tea plantation industry. They mainly provide descriptive accounts based on government reports and other primary sources. Tushar Kanti Ghosh

(1987) investigates the land management practices of the tea industry in North Bengal. Based on the data in Government records, he evaluates the long-term trajectory of the tea sector in India concerning various Government programmes. He goes to great length about how land is used, its rules and regulations, how revenues are distributed, and how the State Government's land recovery programme operates and attempts to draw a connection between the issue of sick and abandoned tea gardens and carelessness with the administration of land policies and regulations.

Some studies have examined the socio-economic formation of the tea industry, like how the tea workers, mainly recruited from different regions and ethnic groups, adapted to the new environment and formed a distinct identity and culture. For example, Bhowmik (1981) investigated the formation of class and the emergence of class consciousness among the tea garden workers in North Bengal. He traced the historical migration of the workers from central India to the northeastern plantation areas, linking their origins to tribal groups. He focused on the sociological analysis of the workers and how their social interactions changed with the transformation of production relations. Behal (1985) examines the exploitation of workers in the context of the plantation system in Assam Valley tea plantations. He explores the causes and consequences of labour unrest and rebellions and the obstacles preventing plantation workers from developing class consciousness. Das Gupta (1986) provides a comprehensive analysis of the colonial plantation workers in India. He argues that plantations represented a transition from subsistence to capitalist agricultural production, which implied a change in capital-labour relations from feudal to free-wage labour. However, Das Gupta argues that plantations in colonial India were characterised by an unfree labour force and a highly authoritarian labour management system resulting from pre-industrial stratification modes. He also explains that the geographical isolation of plantations from the mainland and their location in remote or inaccessible hills and forest areas enabled the complete control and discipline of the workers there. Similarly, Besky (2013) explored the social and cultural changes of the Nepali tea workers in Darjeeling, India, who were influenced by the global market forces, local politics, and environmental challenges.

Many studies have focused on socio-political aspects, such as trade union movements among tea workers, highlighting their political role and influence on the struggles for better wages and working conditions. For instance, Bhowmik, Kalam, and Xaxa

(1996) conducted a joint comparative study on the circumstances of tea plantations in several states. The study highlights several themes, including trade unionism and its presence on the plantations, and it focuses on the differences across these plantations. Xaxa's research focuses on Assam, Kalam's research focuses on Tamil Nadu, and Bhowmik's study focuses on West Bengal's tea plantations. The study also examines the effectiveness of the Plantation Labour Act, Industrial Disputes Act, and other relevant legislation. According to Bhowmik, the plantation system created particular social interactions tied to colonialism. The tea plantation economy is deeply intertwined with forced labour, low wages, and migrant labour. After independence, a new set of production relations emerged, which led to the recognition of trade unions and the introduction of government legislation to protect workers from exploitation. Xaxa discusses in the early 20th century, Assam witnessed a strong trade union movement led by communists. However, pro-planter organisations like INTUC gained power later, suppressing workers' movement. In contrast to North Bengal or Assam, Kalam highlights that tea workers in Tamil Nadu receive higher income and more benefits. However, plantations in Tamil Nadu employ an incentive system that rewards extra effort. Consequently, this system assigns tasks to unskilled male workers and increases their workload by more than eight hours.

The role and status of women workers in the tea plantation industry are peculiar; hence, many studies have focused on women workers in tea plantations, highlighting their contributions, challenges, and aspirations. Manorama Savur (1973) talked about the contribution of the female workforce in generating a surplus in the tea industry. She highlighted the unfair methods of production to improve labour productivity and the low wage payment in the tea plantation. Shobitha Jain's (1988) study on Assam tea estates highlights the presence of horizontal equality among workers, which she defined as egalitarian gender relations. This contrasts the social structure of tea estates, which is characterised by a vertical hierarchy of classes. Jain argues that the increasing involvement of women in various tasks also reflects a decline in masculine authority within the household. However, Jain's analysis fails to acknowledge several aspects demonstrating how patriarchy continues dominating women in plantation contexts. These aspects include the underrepresentation of female workers in unions, incidents of sexual assault in the workplace, wage discrimination, job stagnation, and other gender-related issues deeply rooted in caste and class systems. Piya Chatterjee's

(2011) post-colonial feminist critique of the labour practice in Indian tea plantations focuses mainly on the women workers. Her work deals with the role of gender, race and class in tea production, distribution and consumption. However, her work does not deal with the industrial relations of the tea industry but instead focuses on the feminist ethnographic view of the everyday living of tea workers. Rinju Rasaily (2014) has contributed significantly to studying women tea workers. She has examined numerous facets of women's labour in the tea industry in her work, shining light on the difficulties they encounter and the shifting trends in this industry. Her research examines all aspects of plantation workers' means of subsistence, including the environmental, financial, social, political, and welfare. Her work also focuses on the migration of women for work and draws attention to the still appalling working conditions for women on tea plantations. Her work sheds light on the intricate relationships between patriarchy, caste systems, wage discrimination and other gender-related issues that still exist in plantation contexts.

The tea economy is one of the major concerns of many scholars who have analysed the economic aspects of the tea plantation industry, such as its production, consumption, trade, and regulation. Hone and Rao (1974) provide a macro perspective of the tea industry. They emphasised the failure of 1960s–1970s policy implementation and recommended corrective actions to increase the market share of tea in both home and foreign markets. RC Awasthi (1975) discusses financing, supply, marketing, transportation, and labour relations. The study is mainly focused on Assam tea estates, with little attention paid to industrial relations issues like labour disputes, trade union activity, or the role of the government. However, it draws attention to the tremendous expansion of tea production on a global scale as well as the escalating rivalry among tea-producing nations like Sri Lanka, Kenya, and others. Mitra (1991) examines contemporary developments in the Indian tea sector, focusing on the national and global tea market growth and tea production, consumption, and export. She analyses the challenges the tea sector is facing and provides suitable policy recommendations. These include increasing land for tea cultivation, replacing old tea bushes with new ones, and assisting small tea growers. Dwibedi (1999) extensively investigated regional variations in tea production conditions across multiple tea-growing regions in India. The study elucidates the economic and technical factors responsible for such variations. Furthermore, it provides a systematic and objective analysis of how the age of tea plants affects tea output. Neilson and Pritchard (2009) focus on the value chains of South Indian tea and coffee plantations. While their work is a groundwork for this thesis, it primarily centres around South Indian coffee and tea plantations. Their study presents the value chain from a developmental perspective but does not adequately address the problems of tea plantation value chains. Debabrata Mitra (2010) attempted to investigate the evolving nature of labour relations in the West Bengal tea industry and the effects of globalisation. Besky (2013) also talks about how tea has recently become increasingly popular in the US and the contribution of Fair-Trade labelling. She draws attention to the creative marketing techniques used by the tea business to identify the regional and organic origins of tea. The book explores the aspects of labour and justice components of fair-trade tea, illuminating the nuanced interactions between the concepts of justice promoted by fair trade and the realities experienced by plantation workers. Tamash R. Majumdar (2016) covers the North Bengali tea plantation crisis by focusing on the situation at Duncan Tea Gardens. However, Majumdar's work does not adequately address the problem of reorganizing the tea market or the role of multinational corporations.

Gaps in the literature

Despite the plethora of research conducted in the tea industry and its industrial relations, some limitations must be studied more deeply. Industrial relations have transcended national boundaries with trade liberalisation and globalisation in the tea sector. The transformation of capital and labour relations cannot be fully understood by only looking at the production process and its governance, nor can it be understood by only focusing on the business aspect of the tea industry. The restructuring of the tea industry, the role of multinational and transnational companies, and the changes in policies by the state post-globalisation have to be linked with the value chain system of tea from production to retail marketing and the impact these changes have had on the social dynamics of tea workers from a critical perspective.

Research Objectives

The tea industry of North Bengal has undergone significant changes in the past few decades due to the forces of globalisation, liberalisation, and market competition. These changes have affected the structure, governance, and performance of the tea value chain, as well as the working conditions and livelihoods of the tea workers. This research examines the nature and extent of these changes and their implications for the tea industry and its stakeholders in North Bengal. The specific objectives of the study are:

- To explore the historical evolution and current configuration of the tea value chain in North Bengal and identify the key actors, institutions, and relationships involved in tea production and marketing

- To examine how the policies, regulations, and incentives of the state and the market have shaped the political economy of the tea industry

- To assess the socio-economic impacts of the changes in the tea industry and explore the living conditions of the tea workers in North Bengal.

Research Questions

The present study will look into the following questions:

1. How did the Indian tea industry transition from a vertically integrated form of production to a fragmented value chain model due to shifting domestic and global competition dynamics?

2. How has the political economy of tea production changed domestically and globally?

3. How do these changes affect the tea plantation estates and their workers in the context of North Bengal?

Methodological aspect of the thesis

This study investigates the macro-micro dynamics of the tea plantation industry in North Bengal, India, focusing on the tea gardens owned by Ferguson-Rawal, a fictitious name for the company under scrutiny. The study employs pseudonyms for tea estates or any organisation or person involved in the research to ensure anonymity. However, it uses correct names for general references beyond the case study. The data and information presented are accurate and verified with proper citations. The study adopts an emancipatory action research approach (Hensman, 2011), which aims to be collaborative and critical by looking into the concerns that require more profound and extensive inquiry. The study relies on both primary and secondary data sources and semi-structured interviews. The preliminary data was collected through participant observation, group discussions, and semi-structured interviews with various stakeholders of the tea plantations, such as tea workers, managers, trade union leaders, government officials, business associates, NGOs, solidarity groups, and others. The secondary data was obtained from trade data and reports from companies, governments, and organisations related to the tea sector. A snowball sampling method was used to select the interviewees. The study also collaborated with the workers' solidarity groups and trade unions who were available in the field of concern, facilitating access to the workers' representatives. Moreover, the study observed the confrontations and bargaining negotiations between the workers and the management.

Table 1.3: Interviews taken in the Field

Type of Interviewee	No. of Respondents
Management	5
Government official	5
Business Association	4
Journalist	4
Scholars	5
NGOs	4
Trade Unions	13
Workers Solidarity Forum	10

The data for this study was collected through in-depth, semi-structured interviews with about 50 participants involved in various sectors of the Indian tea industry, such as production, regulation, governance, export and domestic markets. The interviews were conducted between 2018 and 2022 when the pandemic lockdown prevented face-to-face interactions, so phone call interviews were taken. Additionally, whenever possible, the researcher observed and participated in some bargaining negotiations and official meetings related to the tea sector.

The study conducted interviews with various stakeholders in North Bengal and Kolkata to investigate the changing structures of tea production. The tea industry of North Bengal was chosen as the site of the study due to its considerable changes over the past 30 years, which have ramifications on market demands and effects on the political economy of tea production. While many scholars have widely studied the dynamics of export-oriented output in the Indian tea industry (e.g., Besky, 2008; Neilson & Pritchard, 2009), there has been a lack of studies into the domestic-oriented tea value chain despite its predominance in India's tea consumption.

Field and Field experience

The researcher started his field visits in 2018 and continued them until 2019, with intervals ranging from one to four months. However, the COVID-19 pandemic interrupted his research, as he could not visit the field anymore and had to depend on phone calls with the respondents. He resumed his field visits in mid-2021 and stayed in the area several times until 2022. He began by selecting three Ferguson-Rawal-owned tea gardens (names changed) for the study. Dhuri (name changed) tea garden is in the Eastern Dooars Alipurdwar district, Biru (name changed) is in the Western Dooars Jalpaiguri district, and Git (name changed) is in the Tarai region Darjeeling district, based on their geographical locations. These tea gardens were dismal, with no proper functioning or management. He needed help finding reliable sources of information about the then-current situation, as the trade unions were inactive, and the workers were left in the dark and helpless. To identify any actors involved or present in the tea gardens, he contacted the Tea Workers Solidarity Forum (TWSF; name changed), a workers' rights group. They referred him to the Joint Forum, a coalition of 25 unions of tea plantation workers, except the one aligned with the ruling party (INTTUC). He also contacted Red Rhododendron (name changed), a group of cultural activists who published a bimonthly magazine and campaigned for tea workers' rights. These groups and organisations provided valuable insights, information, connections, and contacts that facilitated his fieldwork.

2014 marked a significant turning point for the tea plantations in North Bengal. The wage negotiation due that year was postponed because of the minimum wage movement. The tea plantation workers demanded the implementation of the Minimum Wage Act of 1947 and wage determination accordingly, starting in April 2014, when the negotiation process was expected to begin. This triggered a massive workers' movement, where they organised themselves and held frequent gate meetings, rallies, and street protests for fair and dignified wages. The trade unions, inactive or present only during the negotiation process, were forced to take action. The movement grew so intense that it required proper leadership to guide it. Initially, there was a diverse conglomeration of unions under the Coordination Committee of the Tea Workers' Union. This body had been functioning for decades and consisted of unions of various political affiliations such as INTUC, CITU, UTUC, AITUC, NTUI, and several others, as well as the unions of the Darjeeling Hills, two unions linked with Adivasi Vikas Parishad in the plain regions, the Defense Committee for Plantation Workers' Rights, and unions belonging to UTUC-Lenin Sarani and AICCTU. After long debates and discussions, 25 trade unions joined under a single umbrella forum, the Joint Forum, to lead the minimum wage movement. The union affiliated with the ruling government was excluded from the movement, as it was perceived to undermine the movement. The campaign continued until 2015. After seven unsuccessful attempts, the memorandum of settlement was signed at the eighth meeting in February 2015 by the employers' associations, trade unions, and the state government. The state government agreed to bring the tea workers under a wage pattern to be fixed as per the Minimum Wage Act. For this purpose, a special committee was formed, comprising the representatives of planters, workers, and the government, who would finalise the modalities of implementing the minimum wage within two years. Until the committee established a new system, a new interim wage was fixed until 31 March 2017. The new settlement increased the wage from ₹95 to ₹132.50, with increments of ₹17.5, ₹10, and ₹10 for the respective years from 2014 to 2017.

In 2014, Ferguson-Rawal Tea Gardens began to delay wage payments and experienced a sharp decline in tea production. By 2015, most of their tea gardens had ceased operations and were abandoned by the management. The Joint Forum and the Minimum Wage movement advocated for the Ferguson-Rawal tea workers and their unpaid dues. TWSF and Red Rhododendron also participated in the field activities. TWSF and Red Rhododendron were solidarity groups that actively participated during the movement phase. They also addressed the issues of closed and sick tea gardens, especially those owned by Ferguson.

When the researcher visited the field in 2018, the minimum wage movement and the news of Ferguson Gardens had faded away. The workers, who were once enraged, had to work in the gardens with the given interim wage, as the Minimum Wage Committee failed to produce any significant report, and the government showed no interest in implementing the Minimum Wage Act. The situation was even worse for the Ferguson Gardens. After the High Court verdict, the tea gardens were under Ferguson-Rawal's control but needed proper management. The tea bushes were overgrown and almost turned into a jungle. The workers had no alternative jobs and no water, as the electric pump and water supply machine were locked inside the factory, which they could not access. Theft and smuggling of tea leaves, trees, and factory materials were widespread. There was no access to health care and no regular supply of rations. The management, media, and government somehow ignored the whole crisis after 2014.

However, what was interesting was that the workers were not as agitated or angry as expected. They expressed frustration when asked about the situation but were not enraged enough to destroy the tea plants and factories. They had internalised their anger; their condition was only slightly worse than when the garden was operational. Poverty was pervasive then and now. They lacked good leadership; they were institutionalised within this system. Many of these tea gardens started Operational Management Committees to sell green leaves and earn a living. Most of these OMCs had some informal permission from the government authorities. They sold the green leaves to other working tea gardens. Self-help groups ran some of these OMCs, some by trade union leaders and some by politically influential persons. Many workers also worked as casual workers in other tea gardens.

The minimum wage movement that started in 2014 ignited hope among tea workers, and over four lakhs of tea workers employed in the 278 tea estates and lakhs of casual and seasonal workers in the tea plantations awaited the government's decision. However, after delaying for one year, the government proposed ₹172 as the daily wage in August 2018, which was rejected. The trade unions called for strikes, but eventually, the workers accepted the interim wage.

Relevance of the study

This study is relevant because it investigates the political economy of the Indian tea sector, which has experienced substantial changes due to globalisation and value chain restructuring. It analyses the dynamics of the tea sector using a pluralist approach to value chain analysis and its critique through the disarticulation approach. It maps the global and domestic tea production and marketing networks and examines how they affect the profitability and sustainability of tea plantations and their workers. The study divulges the mechanisms and outcomes of value chain restructuring in the tea industry, such as the shift from export-oriented to domestic-oriented production, the rise of small tea growers and bought-leaf factories, multinational corporation consolidation and forward integration, the tea estate crisis and abandonment, and how value chain restructuring has created fierce competition among upstream suppliers, who have tried to minimise costs by cutting worker comforts or outsourcing products from small producers. The study reveals the governance and distribution problems in the tea estates in North Bengal, where low pay, terrible working conditions, and exploitation prevail. The study demonstrates how these arrangements have resulted in several challenges and problems that jeopardise the tea industry's long-term viability. It emphasises the challenges and opportunities for the tea industry in terms of production, quality, sustainability, and social justice.

It also makes recommendations for possible actions that can improve tea workers' working conditions and livelihoods, such as strengthening collective bargaining, enforcing labour regulations, fostering social dialogue, enhancing skill development, diversifying income sources, and empowering small tea growers. Finally, it provides a more nuanced perspective on the value chain restructuring of the tea sector and helps to understand the dire situation of tea production. Sociologically, the study challenges conventional views on global value chains and uneven development, and it presents a persuasive case for unequal power and profit distribution and its implications for upstream producers.

Layout of the Chapters

Chapter 1

This chapter introduces the thesis by providing an overview of the business, industry and labour aspects of tea plantations in India. It then reviews the existing literature on the topic and identifies the gaps that motivate the research objective and questions of the thesis. Finally, the chapter discusses the methodology of the thesis, field experiences and relevance of the research.

Chapter 2

This chapter presents the theoretical framework of the thesis, which guides the analysis of the industrial relations in tea plantations in India. The chapter begins by tracing the evolution of industrial relations theories and their critiques, highlighting the main perspectives and debates in the field. It then proceeds to explain the theoretical formulation of the thesis, which draws on a combination of relevant concepts and approaches.

Chapter 3

This chapter provides a comprehensive overview of the tea plantation industry in India, with a focus on North Bengal. It covers the historical development of tea plantations in India, the characteristics and conditions of tea labourers, the role and function of trade unions and legislations, and the wage system in the industry. It also describes the process of tea production, from cultivation to auction to blending and branding. This chapter sets the stage for a critical analysis of value chains in tea plantations by examining how the industry operates and where it is located. It also argues that territoriality and input-output structures are not predetermined factors that shape institutions and governance but rather dynamic outcomes co-produced by these other elements over time.

Chapter 4

This chapter examines the shifting political economy of the Indian tea sector in the context of globalisation. It describes the institutional transformation of the tea industry historically and how globalisation has affected these transformations, from a vertically integrated model to a value chain model, with a shift to buyer-centric governance and changing consumption patterns. It also explores the increasing focus on the domestic market, domestic value chain and new governing institutions. Finally, it discusses the case study of a tea company and its financial troubles concerning the changing structure of the tea industry.

Chapter 5

This chapter investigates the production segment of the value chain in the tea supply chain. It examines the relationship between employers and unions and how it has been affected by the crisis in the tea industry since 2000. It also explores the role of small tea growers in tea production and how plantation estates and smallholders subcontract them to develop the domestic supply chain. Furthermore, it analyses the state's response to the crisis in the tea plantations of North Bengal through a case study of a specific firm and its tea gardens. It shows how poor management and negligence have led to low productivity and profitability, resulting in the closure of several tea estates.

Chapter 6

This chapter examines the plight of the tea workers, especially those in closed and abandoned tea estates. It identifies the critical issues affecting their living and working conditions, such as low wages and unpaid liabilities, inadequate health and medical facilities, lack of drinking water, and deaths and starvation. It also explores the alternative livelihoods these tea workers have pursued and how they have been discontinued after a new firm acquired the tea gardens.

Chapter 7

Chapter Seven is the conclusion of the thesis. It summarises the chapters, discusses the thesis findings relating them to the theoretical framework, and discusses the limitations and further scope of research.

Chapter 2

Theoretical Discussion

Introduction

Industrial relations are social relationships that people enter voluntarily or involuntarily to generate tangible goods and services required by society (Janardhan, 2016). In industrial relations (IR), "industry" represents a broader field like primary production units, heavy industries, manufacturing, building and construction, wholesale and retail commerce, and service sectors. It applies to varied forms of employment like manual, clerical, and technical. Developing sustainable and excellent industrial relations is one of modern society's most critical socio-political tasks. How individuals interact at work, what barriers they encounter, how their relationships, including salaries and working conditions, are controlled, and what institutions or organisations the stakeholders develop to preserve varied interests are some of the key issues in industrial relations. An industrial worker spends approximately 8–12 hours per day in the factory, shop, or workplace for nearly three hundred days each year and forty or even fifty years, which comprises a significant portion of their life and is the period during which they are the most active and vigorous. So, working conditions must be healthy, convenient, and appealing; the work itself must be as enjoyable as possible; and relations between workers and management should be cordial and cooperative because the consequences of working conditions are not only restricted to the workers. They have an impact on the lives of their dependents. The wages received affect their living standard; if working conditions compromise their health, the family suffers too; irritation and dissatisfaction during working hours frequently cause strain and stress in the home. Therefore, the vast majority of the population benefits from improvements in industrial conditions and relations for these reasons alone. Institutions such as "collective bargaining" in modern industrial society represent and manage class disputes and the struggle for equality in unequal power allocation between capital and labour. The bargaining strength, which is subjected to periodic fluctuations, is subjected to change in the larger political economy.

However, globalisation has significantly shifted the power distribution in production and consumption and restructured the political economy, which has increasingly been led by retailers and brand marketers. Industrial relations have transcended organisational and institutional boundaries beyond firms and across sectors (Neilson & Pritchard, 2009). Hence, a broader theoretical framework is needed to understand the business, industry, and labour scenario.

Various Theoretical Approaches to IR

The study of industrial relations is interdisciplinary. Analysing many individual disciplines, including sociology, labour economics, political science, social psychology, and business studies, can provide various analytical tools that may obstruct the development of a robust theoretical framework. Due to the broad subject area, several other theories focus on certain actors or institutions, such as industrial democracy, unions, labour conflicts, or collective bargaining. As a result of the disciplinary traditions at each level of analysis being too dissimilar, it is impossible to develop a single theoretical framework that addresses all of them. Therefore, there must be a theoretical diversity to support the goals and study of various areas of industrial relations.

The oldest theoretical works on labour relations date from John Commons' work in the United States, Sidney and Beatrice Webb in England, and Lujo Brentano in Germany. They concentrated on labour unions and their interactions. They researched the influence of the market on the commodification of labour and trade union operations. Webb looked at individual and collective agreements, whereas Brentano and Commons concentrated on capital-labour conflicts and their particularities in employment contracts. Beatrice Webb coined the term collective bargaining. (Webb, 1920).

System Approach

Dunlop and Flanders

In his *1958* book *Industrial Relations System*, John Dunlop attempted to create the first thorough theoretical framework for industrial relations. The social systems theory of Parsons had an impact on Dunlop's research. For him, the industrial relations system (IRS) is a *"body of rules created to govern the actors at the workplace and work* *community"* (Dunlop, 1958, p. 7). His approach was driven mainly by labour relations laws and regulations. He regards the IRS's core structure as a *"web of regulations"*. The three primary stakeholders in industrial relations are management, labour, and government. These stakeholders work together to create regulations that govern the relationship between employers and employees, bound together by a shared ideology that can be affected by three external factors: technology, market, and social power structures. Flanders expanded on Dunlop's theoretical concept. He viewed the IRS as a subject that studied the institutions of job regulations. Only the instruments of regulation, such as collective bargaining, trade union organisation and activity, management judgments, agreements, and arbitration, might be described by the rules.

Kochan, Katz and McKersie

Kochan, Katz and McKersie (1986) proposed a different approach, emphasising the external environment and the actors' strategic decisions to comprehend the process and consequence of employment relations. They distinguish between roles played at the strategic and workplace levels. In contrast to the workplace level, where policies are executed, and union and management representatives interact, business investments and strategies are decided at the strategic level. System theory is central to the external environment and its impacts on the industrial relations of a firm. It aids us in comprehending the interdependence of several actors. The emphasis on system stability in system theory weakens the system's conflict and changes. As a result, it is insufficient to explain certain features of IR.

Marxian Approach

Two ideas underpin the Marxian approach to industrial conflicts. First, the bourgeoisie and proletariat are antagonistic, and their animosity is irreconcilable with the capitalist system. Second, such antagonisms will finally materialise as class conflict, as Marx defined it (Janardhan, 2016). The present theoretical spectrum of Marxist Industrial Relations can be divided into three schools of thought:

Political Economy of IR

In his books Industrial Relations: *"A Marxist Introduction" (1975)* and *"Political Economy of Industrial Relations" (1976)*, Richard Hyman pioneered a systematic approach to IR (1989). In his critique of the System approach to IR, he states that regulation and order are one aspect of IR, and the other aspect, i.e., disorder, is also a system outcome. Hence, IR is more than just *"the study of employment regulation"*; it is also *"the study of the process of control over work relations"*. (Hyman, 1975, p. 12). These relationships must be explained by considering political, social, and ideological power dynamics, mainly capitalist accumulation and crisis.

John Kelly's book Rethinking Industrial Relations inspired another Marxist political economy method (1998). By focusing on *"injustice,"* he merged socio-psychological mobilisation theory with economic long-wave theory. His approach attempted to explain the long-term tendencies of unequal capital-labour interaction by emphasising power, exploitation, conflict, and collective mobilisation, even though he had little to say on the nature and operation of the institution and procedures of IR (Kaufman, 2004).

Labour process debate

In his book, *"Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century" (1974)*, Harry Braverman explores capitalist management that regulates the labour process to maximise surplus. The labour process is entirely dominated by scientific management (Taylorism) and superior industrial and technological machinery. The overarching trend of monopoly capital is the strong separation of workers and management, together with automation and mechanisation, which will accelerate the decline of work in factories and services.

The labour process argument sparked and compelled academics to investigate managerial tactics and practices. Old and new notions, such as order negotiation and micropolitics, have become increasingly intricate and detailed. However, most methods must have gone through confrontation, bargaining, or compromise between two or more parties. Braverman did not deal with industrial strife, trade unions, or other industrial democracy structures.

Regulation theory

According to Marx, production, distribution, and accumulation processes aim to reproduce themselves to generate capitalist relations. The regulation hypothesis, developed by Aglietta, Boyer, and Lipietz, emphasises that controlling social activities and governing socio-political and economic institutions restore capital relations. Unlike traditional Marxists, they divide capitalism into accumulation regimes and regulatory regimes (Aglietta, 1998). The surplus value-producing conditions, including reproduction of the working class, transformation of labour power, and factors affecting payment, are known as accumulation regimes. On the other hand, regulation regimes are the historical patterns of social behaviours that perpetuate accumulation regimes, such as Fordism, Toyotism, and Neo-Taylorism (Aglietta, 2000).

Hyman rejects the possibility of a detailed, valid theoretical analysis within the confines of Industrial Relations. Kelly's approach does not attempt to explain the institutions or any country's variations in the industrial relations system. It explores the industrial relations actors' relationships, the concept of justice, and the resurrection of the labour movement. The labour process focuses on micro-level analysis, whereas the regulatory school focuses on macro-economic and macro-sociological studies (Kaufman, 2004, p. 12).

Institutional approach

Institutions define the scope of activity and govern how acts are performed or intended to be performed. Institutions are not rigid but rather corridors via which possible actions might be determined. The techniques that follow are focused explicitly on institutions.

Evolutionary institutional approach

Karl Korsch defined the historical development of industrial democracy as inspired by Hegel and Marx's understanding of history. Capitalists had total and tyrannical power over wage workers during the feudal paternalistic period. Legal rights and limitations were established only after the struggle of the workers' movement, creating the employment relationship within the larger political economy. He recognised three types of worker rights: rights as a citizen, rights as a seller of labour, and rights as a member of work organisations (Korsch, 1968, p. 35). These three rights led to three democratic industrial organisations. The first is the state's intervention in the economic domain; second, the process of collective bargaining and trade unionism; and third, the workers' movement for works councils (Kaufman, 2004, p. 13)

Similarly, T.H. Marshall, in his work *"Citizenship and Social Class" (1950)*, discusses the historical development of citizenship with three rights: civil, political, and social rights. Civil rights eventually introduced new ownership, which became the bedrock of the market economy and contractual system. According to Marshall, trade unionism and collective bargaining are economic extensions of civil rights. (Marshall, 1950, p. 97).

1. Sociological institutional approach

Meyer and Rowan (1977) argued that decision rationality is a farce, challenging the economic theory of institutionalism by pitching their idea of decoupling theory. They suggested that the efficiency and method of management actions can be determined by optimising input and output as well as the rules and models of the institutional environment. They called it the Decoupling Theory, which reintroduces the rational actor and asserts that while enterprises display a front of rationality on the *"front stage"*, they covertly pursue different practices on the *"backstage"* to fulfil the job's technical requirements (Meyer & Rowan, 1977, p. 356).

2. Governance approach

Hall and Soskice (2001) addressed the institutional structure of national economies. They argued that businesses in a given national context may carry out various activities in the political economy that enable them to generate particular types of goods more efficiently than others due to the institutional support they receive for those activities. The authors proposed a new understanding of the institutional differences characterising the *"varieties of capitalism"* among developed economies. They distinguish two major types of political economies as ideal types: coordinated market economies and liberal market economies. Each generates a different national-level orientation, providing a competitive edge in various circumstances.

Network-based approach

The frameworks mentioned above do not consider the changing nature of global production or the predominance of cross-border inter-firm connections that are taken into account by the network-based system. Within the network-based approach, there are two broad frameworks.

1. Global Value Chain (GVC)

GVC theory can be traced back to Hopkins and Wallerstein's (1977, 1986) world-system analysis, which sociologist Gary Gereffi carried forward. A commodity chain is *"a network of labour and production processes whose end result is a finished commodity"* (Hopkins & Wallerstein, 1986, p. 159). Later, Kaplinsky (1998) and

Gereffi et al. (2001) referred to it as a *"value chain"* for the broader participation of network operations and goods. Based on their methods of governance, Gereffi divides value chain layouts into five groups: market, relational, modular, hierarchical, and captive, according to their governance technique. The three primary factors that affect these governance techniques are the required task complexity, the codifiability of the demands, and the suppliers' capabilities (Gereffi et al., 2005). The lead firm is more likely to choose prominent coordination and asymmetry of power. Hence, the more complicated the task requirements, the less codifiable they are, and the less skilled suppliers are required. GVC theory recognises the underlying difference in coordination, interaction, and interdependence between lead and supplier enterprises.

2. Global Production networks (GNP)

Henderson, Dicken, and associates (2002) developed the GNP framework to understand the dynamics and structure of contemporary global production. The GNP framework comprises three conceptual components—the first component estimates where and how value is captured in the network using value. The second component is power and how it is used to capture value. The third component is embeddedness, which refers to the level of institutional, social, and territorial integration in the network. GNP thus examines how various players such as unions, nations, and institutions influence multinational firms.

Theoretical Conceptualisation of the Thesis

Since Dunlop introduced system theory in the 1950s, social scientists have created several conceptual frameworks and approaches to industrial relations. Because the subject is comprehensive, the ideas produced and the courses taken differ significantly. The type of research questions and the research objectives determine the diverse explanations. The broad and varied subject matter of industrial relations cannot be examined using the same conceptual tools. Depending on the research goals and aims, each study must design a pluralist strategy that combines several theories.

The thesis focuses on the changing nature of business, industry and labour of the tea industry (India in general and North Bengal in particular) and the restructuring of the tea sector as a result of trade liberalisation. If the theoretical framework does not consider the changing nature of capital-labour relations, the changing structure of institutions and the restructuring of the industrial governance and market network, then it would be inadequate to explain the overall scenario of the tea sector in India, which is becoming increasingly important. The value chain framework encourages a complex examination of global economic and spatial disparities regarding varying access to market and capital. This framework asks questions about current development issues that the previous approaches could not address adequately. Previous theoretical frameworks (such as Dependency theory) failed to link Global capital operations to the global economic structure sufficiently, or conversely, they (such as World-System theory) were unable to integrate Global capital into the peculiarities and dynamism of local economies (Gereffi et al., 1994, p. 2). Value chain framework, however, creates macro-micro links between processes that are typically hidden within the analysis of global, local or national units. The Value chain framework investigates the upper and lower nation-state levels better to understand the global economy's structure and development.

The following section will cover the historical development of the value chain framework, followed by a discussion and critique of how it helped to create the theoretical framework for the thesis.

Understanding the commodity chain and its origin

Hopkins and Wallerstein's (1977, 1986) world-system research focuses on the connections between global circuits of capital accumulation and political regimes. They established the idea of commodity chains to define the trade structures that facilitated the trade of essential commodities such as gold, sugar, wheat, coal, cotton, and more and suggested how new regions were incorporated in a rising global division of labour by monitoring the supply chains of specific commodities. They and other researchers compared numerous chains to determine where these operations were conducted and how the uneven returns established a stratified world system (Gibbon & Ponte, 2005; Bair, 2005). In Hopkins and Wallerstein's words, commodity chains are the *"warp and woof of the commodity system"*.

> *"Chains expand and become more vertically integrated during expansionary periods of economic progress [...] while the opposite is true during contractionary periods"* (Raikes et al., 2000, p. 392).

Gary Gereffi (1994) further developed the Commodity Chain framework, swiftly acquiring widespread acceptance in the social sciences. The more encompassing terminology of global value chains progressively replaced the early global commodity chains' nomenclature. The term *"global value chains"* denotes a more extensive research area with a broader spectrum of scope and topics. It matches the important terminology in Michael Porter's (1990) work on competitive advantage, making it more approachable to a broader scholar in business and economics studies. GVC is the trail of a product from idea and design to manufacturing, retailing, and final consumption (Leslie & Reimer, 1999, p. 404). GVC looks into the entire system of products and commodities. Its primary analytical attention is on the economic value distribution among the actors and the coordination of product or commodity systems.

GVCs must be viewed as emerging phenomena, with distinctive structures and power dynamics limiting and enhancing collective labour processes. The embedded system of social production relations must be understood to fully comprehend the role of labour agencies in GVCs. Gereffi outlined three analytical dimensions (Gereffi, 1944, p. 97).

(i) **an input-output setup:** arrangements of buying or selling by different actors in the chain;
(ii) **territoriality**: territorial domain of the chain;
(iii) **governance structure:** chain coordination

Gereffi (1995, p. 113) introduced an institutional framework that considers the impact of global, national, and local conditions and policies on the globalisation process at every point of the chain. When the governance feature of GVC analysis was linked to Gereffi's second flagship notion, upgrading (discussed later), it gained even more policy clout. This concept encapsulated the issue of how producers' positioning within supply networks either boosted or limited their ability to better their lives.

"Governance" in the GVC

According to Gereffi, governance is an *"authority and power relationships that determine how financial, material and human resources are allocated and flow within a chain"* (Gereffi, 1994, p. 97). Participants must follow the prerequisite conditions and rules in the chain (Humphrey, 2005). Firms do not just sell goods and services in today's global economy. They are formed by interdependent units linked to the downstream and upstream actors of the supply chain.

Gereffi's definition of governance made a ground-breaking assertion that from producers to purchasers, a change in power dynamics inside supply chains has happened due to globalisation. Governance can be broadly categorised into Buyer-driven and Producer-driven supply chains, and its trend appears to be shifting from produce-driven to buyer-driven (Gereffi et al., 1994, p. 5).

Producer-driven chains are typically observed in capital and technology-intensive sectors like electrical machinery, computers, aircraft, and automobiles. These businesses require big-scale production services that take advantage of scale frugality, which has traditionally been a critical component of their operations. The high sunk capital cost creates a significant entry barrier, providing these firms significant inside-chain leverage. On the other hand, buyer-driven chains refer to businesses where trading firms, brand-name merchants, and large retailers play a crucial role. Clothing and footwear businesses, for example, offer easy access for manufacturing enterprises, fostering unpredictable and stiff competition. As a result, large buyers can more easily subordinate producer firms (ibid).

In the global value chain, downstream buyers acquired the upper hand over their upstream suppliers by developing procurement techniques and their implementation worldwide, along with the emergence of information technologies. As the value chain research grew, the binary division of producer-driven and buyer-driven chains became more of an ideal type. These value chain arrangements reflect a very inflexible and rigid picture of global economic dynamics (Raikes et al., 2000, p. 397). Timothy Sturgeon's (2001, 2002, 2003) work articulates the intermediate notion of *modularity*: structures in which power is shared with highly competent middle agents orchestrating massive collections of semi-processed inputs for further processing.

Humphrey and Schmitz (2000, 2002) offered a four-part classification scheme that included market relations, hierarchy, quasi-hierarchy, and networks. It served as the foundation for Gereffi, Humphrey, and Sturgeon (2005) to outline a five-tiered classification of governance in GVC:

Markets- instant business dealings where switching partners incur minimal costs for both sides;

Modular- based on client demands, suppliers create items;

Relational - suppliers and customers have complex relationships and reciprocal dependencies;

Captive – reliance on small providers to large purchasers for transactions keeps them captive. Suppliers incur high costs if they switch to new customers due to market or technological limitations, thus situated in a subordinate position;

Hierarchy- is a vertical chain integration.

Gereffi, Humphrey, and Sturgeon propose three critical factors under which each of these governance arrangements may emerge:

a) the complexity of tasks
b) the codifiability of transactions
c) the capability of suppliers.

Humphrey and Schmitz (2002) made an essential addition by emphasising that in GVC, the most crucial part is the relationships that connect producers to downstream chain participants. This viewpoint criticised the optimism of the regional development in GVC and the cynicism of global forces rendering local development obsolete (Schmitz, 2004, p. 2).

Placing Institutions in the Value Chain

"Institutions" has emerged as a prominent phrase in the globalisation discussion. Its most significant role has been focusing on the social, political, economic, and environmental conditions in which changes and initiatives are carried out. Modern applications of the study of "institutions" are possible because it has a lengthy history in several social sciences. No matter the language used, the emphasis placed on it, or the author's personal preferences, the main goal of this kind of literature has always been to demonstrate the importance of geography, historical context, institutions, and organisations in determining economic outcomes.

Karl Polanyi (1944) refuted that an automated market provided a social history of the economy. Veblen mainly wanted to examine the significance and utility of institutions through his work on "Habits of thought". Institutions are *"settled habits of thought common to the generality of men [sic]."* (Veblen, 1919, p. 239). Institutions are perceived as the development and reinforcement of mental routines many people adopt in a specific culture or society (Hodgson, 1993, p. 125).

North defines institutions as constraints that construct human interaction. Constraints can be of two types: formal constraints (e.g., regulations, rules, and constitutions) and informal constraints (e.g., contracts, customs, and codes of conduct) and their implementation. Together, they establish how societies and, more significantly, economies are motivated. (North, 1998, p. 248)

North's theory distinguishes between institutions and organisations. However, these two categories have a definite connection. The institutional environment influences what organisations exist, how they form, and vice versa (North, 1990, p. 5). He inspired the subject of institutional economics and distinguishes between institutional environment and institutional arrangements. An institutional environment is a collection of social, political, and legal rules that provide the foundation for production, exchange, and distribution. On the other hand, an institutional arrangement is a contract between economic units which determines how these units can cooperate or compete (Davis & North, 1971, pp. 6–7). Considering these ideas, institutions are an important underlying driver of long-run economic performance, and the crucial to understanding economic change is Institutional path dependency.

According to North, change in a society is path-dependent, endogenous and gradual, where informal institutions play a crucial role in forming the institutional structure and conditions for the psychological developments of people and organisations, making incremental changes.

To make headway on how and why specific institutional structures come together in different places, we must analyse Polanyi's concept of embeddedness reworked by Granovetter. Polanyi says economic activities like trade markets are rooted in cultural and social structures. The human economy is an institutionalised process represented by stability and unity, function and form, policy and history. Hence, economic and non-economic institutions are integrated with the human economy. (Polanyi, 1957, pp. 249-50).

If the GVC approach includes institutions, then there is more room for analysing the institutional environment and a more contextual and refined analysis of governance structures that explicitly considers how they create and contribute to shaping the institutional environment.

In many cases, the GVC approach, including institutions, becomes a better approach for studying topics or sectors, while the GPN approach may suited to others. For instance, in research into industries like coffee and tea, where economic activities are heavily structured around the trade and innovation of a single product, the GVC approach is more suitable. Whereas research on advanced manufacturers such as automobiles or telecommunications requires extensive and complicated collections of parts from suppliers or assemblers, the GNP approach is appropriate, using an open-ended network analogy.

Upgrading in Value chains

The idea of upgrading improves the overall usefulness of the GVC framework. It offers a context for outlining how actors might reposition themselves within chains. GCC/GVC research has focused on subjects concerning upgrading from the beginning. Gary Gereffi's earlier work on dependent development in Mexico (1983) and comparative industrialisation courses in Latin America and East Asia (1990) served as the foundation for the idea of industrial upgrading (Bair & Mahutga, 2016, p. 8). The commodity chains connecting buyers and sellers in Europe and the United States with regional producers in Asia constituted *"potentially dynamic learning curves"* that exporters from emerging nations can exploit to upgrade (Gereffi, 1999, p. 39).

Gereffi and his collaborators defined upgrading by asking two critical questions;

i. how firms enter global production, design, and marketing networks and
ii. how economic actors learn the essential capabilities, skills, and subsidiary services for participation.

The export-oriented expansion known as the *"East Asian miracle"* became a concern among scholars in the 1990s, raising discussions and the challenge of explaining it. As the entry barriers increase with firms advancing up the value chain, the competitors lessen and higher returns. This plan implicitly presupposed that for producers to advance through these ever more difficult export roles, they would need to develop their competencies and obtain new financial, material, or creative resources.

Gereffi's emphasis on the function of vertical inter-firm linkages within value chains was controversial among economic geographers in the 1990s. It contradicted the widely held belief that the key to economic growth and industrial learning was industrial clusters' horizontal inter-firm dynamics. Humphrey and Schmitz (2002) argued that participating in a GVC is insufficient, but producers' connections with actors in the downstream chain are essential. They made a noteworthy contribution in bringing together the seemingly incompatible claims of *"horizontal"* upgrading through cluster development and *"vertical"* upgrading through global value chains. This viewpoint disapproved of the optimism of the regional development [clustering] literature and the pessimism of the critics of globalisation who think that global forces make regional strategies irrelevant (Schmitz, 2004, p. 2). The viewpoint addressed that for many producers, participating and benefiting from the global economy does not always happen together, especially for medium and small-size producers (Schmitz, 2004, p. 1).

This understanding was further developed by the efforts to operationalise the concept of upgrading, which identified four distinct forms of upgrading that may occur in commodity chains (Humphrey and Schmitz 2002):

1) process upgrading: boosting productivity through improved technology or production process reorganisation;

2) product upgrading: switching to more complex or sophisticated products;

3) functional upgrading: gaining new skills or broadening the range of tasks carried out;

4) Inter-sectoral or inter-chain upgrading: switching to a higher-level chain from one that requires more capital or less skill.

The last category pertains to transitioning from one chain to another, whereas the previous three types reflect repositioning within or moving up a particular chain. While the last of these is more likely to happen at the level of a region or cluster rather than a single company, it still translates the traditional idea of *"ladder industrialisation"*—where economies shift from labour-intensive light manufacturing to more capital- or skill-intensive industries (Bair & Mahutga 2016, p. 10)

GVC academics have long been particularly interested in why and how certain subordinated upstream producers choose to take upgrading options. Whether certain forms of chain governance are connected to specific forms of upgrading, and more specifically, whether the emergence of captive forms of chain governance encourages or restricts upgrading, has emerged as a central theme in research, as shown by Schmitz (2004). Humphrey and Schmitz advance the hypothesis that when downstream lead firms exert influence over upstream participants, the producers of developing countries experience fast process and product upgrading but make less advancement in functional upgrading. (Humphrey & Schmitz, 2004, p. 354). The reason for this is, unlike downstream lead firms, which diligently guard essential elements of value-addition within chains like the strategic know-how, ownership of patents, brands, and regional producers, after participating in chains, tend to learn practical things, like the improvement of productivity or making a superior product.

Since the GVC analysis started in the mid-1990s, this focus on governance and upgrading challenges has been crucial. As the GVC approach has entered a new phase in recent years, core concepts and categories have been significantly improved and developed. Even so, the GVC method has recently faced harsh criticism from economic geographers; despite the recent significant contributions of scholars like Sturgeon (concerning governance) and Schmitz (concerning upgrading), they also raised some doubts regarding the possibility of the developmental potential of commodity chains and upgrading within them (Bair & Mahutga, 2016).

Criticism of Upgrading and Chain Analysis

The developmental shift in commodity chain research does not always require a significant departure from world-systems analysis because the world-systems perspective acknowledges that mobility within the global economy is conceivable. After all, actors move up or down the chain. It did, however, change the focus of the investigation from the structural patterns and overall effects of commodity chains to the distinctive characteristics of a specific chain, such as its *"governance structure"* and the potential for development like the *"upgrading"* of actors within it (Gereffi, 1994).

While there are significant conceptual similarities between these constructs in terms of how researchers take on their empirical study (Nielson & Pritchard, 2009; Levy, 2008), researchers like Bair (2005), Coe, Dicken, and Hess (2008) have contended that there are significant conceptual distinctions between these constructs that need assessment. The commodity chain analysis uses the chain construct to shed light on a capitalist global economy's intricate and specific characteristics, which sets it apart from the world-systems approach. Commodity chains make the social system of contemporary capitalism tractable to examine more than the other concepts in world-systems analysis.

Since the 1990s, a strong stream of research on commodity chains has grown into a vast, interdisciplinary literature on global value chains (GVCs) identified as potential development vectors that are increasingly focused on policies. A large portion of this literature deals with the methods by which participants in a commodity chain leverage or try to influence their involvement in global value chains to produce fruitful results, like increased firm profitability and stability, value-added development, backward and forward links, and enhanced wages and working conditions for workers. The findings of this body of research, however, are contradictory. Three key axes of criticism have emerged in particular.

The first emphasises the labour issue-specific narrowness of industrial upgrading. Nothing in the upgrading paradigm implies whether these advantages will likely be allocated inside the firm—either between capital and labour or among employees even assuming upgrading permits higher value capture at the firm level. Along with requests for a broader perspective beyond the limited focus on industrial upgrading, calls have been made to pay more significant consideration to the conditions of individuals living at the *"bottom of the chain"* (Palpacuer, 2008).

GVC scholars have broadened the upgrading idea to incorporate a social and economic dimension to cater to these concerns (Barrientos et al., 2011). On the one hand, Process improvement, which can lead to faster output times, more efficient weekday utilisation, and more precise production schedule estimation, assisted in lowering pay and hour misconduct related to unnecessary overtime. On the other hand, some employees were negatively impacted by the functional upgrading at the firm level. Although these enterprises were evolving into the "full-package" providers with high levels of flexibility that customers were looking for, their capacity to functionally upgrade coincided with the emergence of a supplementary workforce with fluctuating and precarious employment. For one group of workers, at least, economic upgradation was associated with social down-gradation (Barrientos et al., 2011, p. 231; Anner et al., 2013). Similar results from other studies have highlighted the extent to which upgrading could not be seen as an evenly distributed process but rather one that deepens or produces new forms of exclusion, especially across lines of social distinction like ethnicity, race, and gender (Werner, 2012; Dolan, 2002; Barrientos, 2001).

> According to Peter Gibbon, there is *"clearly a trade-off between upgrading and exclusion, whose identification is one of the key elements of GVC analysis. This unevenness is one of the fundamental characteristics of upgrading."* (Gibbon, 2001, p. 350).

The second criticism highlights the confusion between upgrading as a process and an outcome and the necessity to conceptually and experimentally deconstruct the distinction between the two. Upgrading does not always result in advantages for suppliers in the form of higher profitability or stability, nor can it eliminate the power disparity between buyers and suppliers. Participation in the commodity chain is *"a double-edged sword".* The inclusion and quick improvement of products and manufacturing capabilities are made possible. However, it may result in suppliers being entangled in agreements that offer functional upgrading but render them reliant on a handful of dominant buyers (Schmitz, 2006, p. 566). Researchers began speculating what factors account for this variation after the findings within the same nation or industry, highlighting the uneven upgrading outcomes (Palpacuer et al., 2005). Secondly, while most upgrading occurs under conditions established by lead enterprises, it cannot be relied upon to achieve value capture. Lead companies are unlikely to encourage and may even stop suppliers from acquiring skills that could endanger their ability to manage the chain.

The third criticism is that it is impossible to determine the circumstances in which upgrading occurs because it successfully lowers the entry barriers that protect particular links in the chain, decreasing the advantages developed by the holders of those links. Since quickly replicable development approaches have the potential to undermine the monopolistic foundations of sectors that are beneficial to development, they are likely to be devalued or *"downgraded"* by the very act of diffusion, so the general concept of industrial upgrading contradicts itself (also see Tokatli, 2013; Tewari, 2006).

Brewer believed that the upgrading was a foolish deviation from the principles of the World-System theory. Brewer characterises the upgrading paradox as a flaw in the study aimed at revealing the secrets for effective commodity chain upgrading, which is an extension of a conceptual framework that contemplates *"national development"* as an *"illusion"* (Brewer, 2011, p. 312).

Disarticulation approach of Value chain framework

Commodity chain analysis relies on uneven development. It is an essential intellectual forerunner of the GVC model rooted in the global political economy on a macro-scale. The goal of researchers studying commodity chains is to know how changing dominance and competition patterns in the global trade and manufacturing chains lead to an uneven distribution of remuneration within the various activities that make up *"the single overarching division of labour defining and constraining the world economy"* (Arrighi & Drangel, 1986, p. 16).

Disarticulation is a concept that has been proposed as a way to revitalise and rethink the study of unequal development through continuous engagement with the constant restructuring of global value chains (Bair & Werner, 2011a). Contrary to the standard GVC literature, the disarticulation perspective sees global value chains as both a cause and consequence of uneven development. To put it another way, the disarticulations perspective overturns the impetus behind GVC research. It investigates the relationship between persistent and emerging forms of social exclusion and territorial inequality in the global economy and the prerequisites for including individuals, organisations, and geographic areas in certain value chains.

GVCs and GNPs have broadened to encompass subordination and exclusion processes through downgrading and decoupling. Downgrading and decoupling are characterised as bad results stemming from particular market conditions or institutional environments instead of fundamental uneven development, resulting in the construction and reproduction of global value chains (Bair & Werner, 2019).

According to Werner (2016), uneven development can be realised through the connection between ways of participation in global chains of production and existing and new records of spatial and socioeconomic disparities in the global economy. This connection can be explored through three interconnected approaches based on Marxist political economy and feminist perspective. The three types of disarticulation approaches are deferred devaluation processes, regional disinvestment, and constitutive exclusion.

Deferred devaluation processes

For Harvey, devaluation is the process by which *"the socially necessary labour time embodied in material form is lost without, necessarily, any destruction in the material form itself."* (Harvey, 1999 [1982], p. 84). Firm-level techniques used by capital and labour to negotiate participation in a particular production network referred to as *"upgrading"* and *"downgrading"* in the GVC literature, could be seen as attempts to delay devaluation. We should rethink the GVC literature from a devaluation approach. In that case, these studies can help us think about how firm-level strategies connect to the reproduction of value and difference among employees, which shapes unequal development.

Regional disinvestment

The concept of the *"spatial fix"* given by Harvey (1999 [1982]) and the influential articulation of geographical divisions of labour by Doreen Massey (1984 [1995]) might help us understand regional disinvestment as the spatial form of devaluation. Cases of regional disinvestment sharpen our understanding of socio-spatial fragmentation patterns when seen as a process of unequal development. This viewpoint offers a pivotal remedial to *"strategic coupling"* in the studies of global value chains.

The first two processes of defer devaluation and regional disinvestment provide analytical support for value chain construction and restructuring. It also involves regions and labour exclusion.

Constitutive exclusion

The process of constitutive exclusion scrutinises global value chains from the perspective of spaces and individuals who are left out with the expansion and restructuring of value chains. The mainstream literature on GVC, which primarily concentrates on units that are *"transactionally linked"* to global value chains, does not parallel this process in contrast to the other two approaches above (Kelly, 2013). The constitutive exclusion draws inspiration from the reformulations of Marx's idea of primitive accumulation (Bair & Werner, 2011a).

These exclusions are conceptualised from a critical viewpoint on uneven development as an intrinsic part of global value chains rather than detrimental results of its construction. In other words, the continual accumulation brought about by these arrangements and the reshaping of uneven growth excludes specific individuals and spaces outside these value chains. When viewed through the lenses of these three processes defer devaluation, regional disinvestment, and constitutive exclusion—the global value chain can be a potent empirical instrument to understand the intricacies of a more integrated, complex and structured global economy (Werner, 2016, p. 5).

Chapter 3

From tea bush to a cup: History, Profile and Making of Tea

Introduction

Tea is often marketed to consumers with a romantic air, with images of lush hillsides covered in smiling tea workers serving as the backdrop for global tea advertising campaigns. The elaborate, artisanal skills of tasters and blenders, who are said to devote their lives to the lofty and exotic art of "crafting a fine cup of tea," are often deliberate. However, these characteristics barely serve as distinguishing features of the value chains in socio-economic terms. This industry represents global commodity systems at its core, betraying the romance imposed on gullible consumers by gourmet travel writers and advertisements.

Tea is grown, processed, and traded according to product-specific norms, standards, and requirements understood and defined through various business and technical ideas. A crucial first step in completing the challenging analytical tasks of describing how institutions and governance interact is to understand these processes. The tea plantation and its business can be comprehended by examining the history of its establishment, class and union formation, and the wage structure of the workforce. Additionally, the transformation of the value chain can be understood by analysing the specific economic, technical, agronomic, and territorial boundaries that characterise these value chains. The GVC definitions of *"input-output"* and *"territoriality"*, which define the initial mapping of the value chain, capture this issue. Input-output can be defined by how actors in a chain configure their purchases and sales. Territoriality refers to the geographic reach of a chain. These two GVC prongs, as defined by Gereffi and other GVC scholars, are primarily descriptive. Their analysis is intended to serve as a starting point for developing analytical perceptions of chain control and coordination issues. Here, to define the settings of the tea industry's performance in North Bengal, we analyse its value chains' input-output and territoriality aspects.

Before proceeding, it is necessary to understand the history of tea plantations in India in general and North Bengal in particular. Establishing the tea plantation, its labour profile, wage composition, and trade union formation will elaborate the overall political economy of the tea plantation. Through this lens, we can understand the changing dynamics and transformation of the value chain.

History of Tea and tea production

Tea is a widely consumed beverage made from the leaves and buds of the Camellia Sinensis tea plant. Many ancient documents attribute to the Chinese Emperor Shennong for introducing tea as a beverage in around 2700 BC, which is also the origin of the tea shrub. The term *"tea"* originated as a Chinese ideogram with the sound *"tay"*, evolving to its current form in English in the 18th century. The Cantonese dialect of Guangzhou and Hong Kong, which migrated from China to Japan, Georgian subtropics, Russian, the Middle East, Iran, and India, uses the pronunciation *"Cha"* for Tea (Sinha, 2010, p. 13).

Between the sixth and eighth centuries, tea became popular in China. Tea cultivation spread in the ninth century from China to Japan, where tea drinking greatly influenced Japanese life and culture. By the end of the sixteenth century, the Dutch imported tea from China into Europe, and by the seventeenth century, it had become a popular drink in Portugal. By the middle of the eighteenth century, tea had become the primary beverage for all classes of people around the world (Phukan, 1979, pp. 3-4). In the eighteenth century, the British exported Tea from Europe to America, where it rose to fame as one of the most consumed beverages in American colonies. The British imposed tax and monopolised the tea trade in America through the Tea Act 1773. In retaliation, Americans organised the Boston Tea Party and threw boxes full of tea brought by the British into the sea. The Anglo-American conflict over the tea trade became historically significant. This action sparked the American War of Independence, eventually leading to America's freedom. In this way, tea cultivation has shaped human civilisation's history for more than 3,000 years since its origins in China and has expanded worldwide. The British recognised tea's potential for trade and business and introduced it in India and Sri Lanka in the 19th century, while the Dutch introduced it in Indonesia. Early in the 20th century, commercial production began in former African British colonies, including Kenya, Tanzania, and Malawi (Chakravorty, 1997, p. 15).

Tea in India

The history of tea cultivation in India began in the colonial era when the British East India Company sought to establish a plantation economy in the subcontinent. The company initially imported Tea from China, the sole exporter of tea at the time. However, after losing its legal monopoly on the trade in 1833, it turned to India as an alternative supply source. Although there were earlier attempts to grow Tea in Bihar and Cooch Behar by Sir Joseph Banks in 1788, the discovery of indigenous tea plants in Assam by Major Robert Bruce in 1823 is widely regarded as the origin of the Indian tea industry. The then Governor-General, Lord William Bentinck, formed a tea committee in 1834 to explore the feasibility of tea cultivation in India. The committee confirmed that the tea plants found in Suddiya and Beesa were native to upper Assam (Choudhary, 2000). One of the pioneers of the Indian tea industry was Maniram Dutta Barua, also known as Maniram Dewan, a freedom fighter and Minister to the last King of Assam, who was falsely accused and executed by the British administration.

However, the Calcutta Agricultural Society contested the claim that Assam was the first location indigenous tea was discovered in India. They argued that the East India Company had brought tea plants to India out of curiosity in the early 1700s and that Colonel Kyd, an eminent botanist residing in Calcutta, had found tea plants growing in his garden in 1780. This garden was transferred to the Botanical Garden of Calcutta in 1782. Furthermore, Sir Joseph Bank had detected wild tea growing in the Bengal districts of Cooch Behar and Rangpur (now in Bangladesh) in 1788 and had suggested its cultivation. The wild tea of Cooch Behar verified the discovery of the first indigenous Tea in India during this process (Karmakar; Banerjee, 2005). By the mid-19th century, tea gardens flourished, mainly in West Bengal and Assam, and eventually expanded to Southern India.

Tea in West Bengal

The northern part of West Bengal comprises the Dooars region of Jalpaiguri and Alipurdwar district, the Terai region and the Hilly area of the Darjeeling district. Moreover, some areas of West Dinajpur and Cooch Behar districts have also recently joined West Bengal's tea map. Some parts of Cooch Behar, close to the Dooars region, and some portions of West Dinajpur in the Terai region, have established tea gardens primarily by small tea growers (Tea Board, 2006). Two different types of tea plantations have emerged in North Bengal. The first is organised tea estate, which includes a factory and employment regulated by the Plantation Labour Act 1951. The workers at these tea estates usually reside in the labour colony in the garden area. The second category of tea plantation is small tea growers, an unorganised employment sector that often operates temporarily and is not subject to the Plantation Labour Act of 1951. Most harvested tea leaves are sold to organised tea estates or Bought Leaf Factories. These industries have been gradually gaining prominence in West Bengal's tea industry. (Dasgupta, 2006).

Location of the Tea Plantations in West Bengal

Darjeeling: The Darjeeling district is situated between latitudes *26° 3′* and *27° 13′* in the north and *87° 59′* and *88° 53′* in the east. It has a total area of 1,164 square miles. The current Darjeeling area was formerly a buffer state between Nepal and Bhutan. It is a frontier district that extends from the Bengal plains in the south to the state of Sikkim in the north, between Nepal and Bhutan. The soil, climate, pests, and management are essential to producing high-quality tea. As a mountainous region, Darjeeling has diverse soil types, including excellent loamy soil, rich in nitrogen and suitable for tea cultivation. Darjeeling Tea is renowned for its excellent flavour and beautiful golden colour. However, there are significant regional variations in product quality; even within the same estates, the quality differs noticeably with the seasons.

Region of Terai: The Terai tea growing region is located at latitude *26° 28′ N* and longitude *88° 48′ E*. It is a small area stretching up to the Bihar border and is situated beneath the Himalayan foothills. While the southern and western Terai are plain, the northern Terai is located at the foot of the Himalayas and has a topography comprising foothills with steep ravines. The area experiences irregularly distributed annual rainfall totalling more than 3000 mm. Sanday loam with cold spots makes up the soil of the Terai. The foothills of the northernmost part of the Himalayan range, including the Siliguri Subdivision and the plains surrounding the Darjeeling district, are called Terai. Here, both CTC and Orthodox tea are produced (0' Malley, 1907).

Region of Dooars: The Dooars region of the Jalpaiguri and Alipurdwar districts are situated in the sub-mountain zone at the base of the Himalayas. This region is the gateway to Bhutan, hence the name derived from the Hindi word *"Dwar"*, which means "gateway". This region was originally a part of Bhutan. In 1864, it became part of India after its annexation by the British (Hunter, 1872, p. 224). The Western Dooars of the Jalpaiguri constituted the annexed area. The Eastern Dooars no longer exist, as they are now part of Assam's Goalpara district. The Dooars region is the area that is spread across the base of the Bhutanese hills, bordered by Sunkos on the east and Teesta on the west. It is a flat land approximately 22 miles wide and almost 200 miles long, surrounded in the north by Darjeeling and Bhutan and in the south by Baikunthapur forest and Cooch Behar (Bhowmik, 1981).

The development of tea plantations in West Bengal

The British colonisers established the tea plantation industry in West Bengal in the late 19th century. The Darjeeling hills had the ideal geographic conditions for tea cultivation, which the British planters recognised and exploited. The then superintendent of Darjeeling in 1849, Dr Campbell, experimented with tea by planting tea seeds around his house, possibly of the Chinese tea plant, which opened opportunities and new avenues for tea planters. For the development of the tea industry, the government at that time took appropriate measures and encouraged potential individuals by providing seeds and allocating lands on favourable terms. Major Crommelin and the Civil Surgeon Dr Withecombe were some of the pioneers who cultivated tea plants in Darjeeling with care and attention and established the industry. By 1856, the industry had been established for some time. It shifted from an experimental stage to a commercial one. That year, the Darjeeling and Kurseong Tea Company and the Darjeeling Land Mortgage Bank launched the Aluabari Tea Estate and the Lebong Spur.

Dr Brougham established the Dhutaria Garden in 1859. The Darjeeling Tea Company set up four gardens between 1860 and 1964 at Phubsering, Ging, Ambutia, and Takdah. The Lebong Tea Company set up two tea gardens at Badamtam and Takvar. In the early years of the tea industry in West Bengal, other estates such as Steinthal, Pandam, and the now well-known Makaibari also started production, and the tea industry expanded throughout the Darjeeling region. After recognising the promising future of the sector, the planters began to focus on the plain lands of Darjeeling, known as the Terai region. The development of the tea plantation started in this region as well. Mr James White, who had set up the Singel Estate in the Kurseong region, which today is one of the prominent Darjeeling tea gardens, established the first tea garden of Terai at Champta, near Khaprail, in 1862. The tea industry began in the Darjeeling hilly region in 1856, and by the end of 1866, there were 39 tea estates with a total cultivation area of 10,000 acres and a production of 433,000 pounds of tea (0' Malley, 1907).

Darjeeling district had 22 tea estates producing 42600 lbs. of tea in 1861 on an area of 3251 acres. In 1869, 55 tea gardens spread throughout 10769 acres, with 1278869 lbs. of tea production. The number of tea plantations, the area of Plantations, and the output volume showed an upward trend until 1895 (see Table 2 in Appendix A). There was a minor expansion of the cultivated area between 1895 and 1965. It might be because there was no more suitable area for growing tea, and the number of gardens decreased due to the consolidation and acquisition of various estates. Out of 148 estates, 116 were built in the Darjeeling district, encompassing the Kurseong and Kalimpong Hill. The remaining 32 were established within the Terai region of the Siliguri area.

The Darjeeling tea planters switched their attention to the potentiality of cultivating tea in the now Jalpaiguri and Alipurdwar districts called Dooars after acquiring it from Bhutan in 1865. Although the planters were aware of the prevalence of "Black Water Fever" (Kalazar) and malaria, they also recognised the region's enormous potential for tea production.

The District Gazetteer of Jalpaiguri states that a Darjeeling Tea Company established the first tea garden of the Dooars at Gazoldoba in 1874. Thirteen tea gardens, covering 331.03 hectares and yielding 13.39 thousand kg, had emerged by 1876. 1877 was significant in developing the Indian tea industry because Jaldhaka Grant allowed the first Indian to sign a lease to cultivate tea. The first Indian tea company was established in 1879 by a few Bengali lawyers and clerks from Jalpaiguri, five years after the British Planters established the first tea garden. Since then, the district has shown many more Indian-owned gardens. The British-owned Sterling Companies began selling their businesses to Indians after the 1960s. (Dwibedi, 1999)

In Dooars, the tea industry expanded quickly between 1876 and 1901 to 235 gardens. However, there was a decline in the number of gardens from 235 (1901) to 180 (1907). Again, from 191 (1921) to 131 (1931) without a reduction in the plantation area (see Table 3 in Appendix A). This might be because several smaller units were combined into one large unit for a more efficient business. Another noteworthy fact is that, despite no increase in the area planted with tea, tea gardens increased significantly between 1931 and 1941. The 1930s Great Depression may have discouraged tea growers from expanding their production regions, and the existing tea areas were dispersed due to the entry of new business owners. (ICRA, 2006).

Between 1951 and 1990, West Bengal's tea industry grew primarily in the Terai region. The overall level of development in the Dooars and Darjeeling Hill region was minimal. Only 51 tea plantations were added to West Bengal's total between 1951 and 1990, with the majority established in the Terai region; only eight new tea gardens in the Dooars and 3 in the Darjeeling Hills region. The lack of adequate tea cultivation space may be the reason for the saturation of tea gardens (see Table 4 in Appendix A).

Between 1951 and 1990, the area of tea plantations in West Bengal expanded by over 27 per cent. Thirty-five new tea estates were built in the Terai region during this time. As a result, the area planted with tea increased by almost 54 per cent in Terai, as opposed to the Dooars, where the area planted with tea expanded by nearly 24 per cent, and Darjeeling, where it increased by 21 per cent (see Table 5 in Appendix A). However, the production in the Terai region dropped, but the Dooars and Darjeeling Hills regions saw an increase in production (see Table 6 in Appendix A).

1991 saw the introduction of the liberalised economic policy in India. So, numerous changes began to occur in the social and economic spheres. Regarding planted areas of tea, the Terai region experienced the most significant growth. At the same time, Dooars had negligible change; in the Darjeeling Hills, the difference was negative between 1991 and 1999.

Table 3.1: The area under tea in West Bengal 1991-1999 (in hectares)

Year	1991	1994	1996	1999
Darjeeling	20085	19280	17551	17604
Terai	13783	12908	15351	20118
Dooars	68054	67779	69748	69708
Total	101922	99967	102650	107430

Source: Tea Statistics (2003-04/2005-06)

The above Table demonstrates the enormous expansion in the Terai region's tea-growing area, although the growth in the Dooars and Darjeeling were both negative.

There was no significant increase in the area planted with tea in West Bengal between 1991 and 1999.

Table 3.2: Number of Tea Estates in West Bengal 1991-1999

Year	1991	1994	1996	1999
Darjeeling	102	88	80	85
Terai	82	92	182	834
Dooars	163	168	191	532
Total	347	348	453	1451

Source: Tea Statistics (2003-04/2005-06)

The Table shows that between 1996 and 1999, the tea estates significantly grew in both the Terai and Dooars areas. According to the Tea Board of India Report, 2003–2004, the growth of small tea gardens in the outlying West Dinajpur and Coochbehar districts is primarily responsible for that.

Table 3.3: Tea Production in West Bengal 1991-1999 (th. Kgs)

Year	1991	1994	1996	1999
Darjeeling	13932	11092	10614	8653
Terai	23391	24636	28901	42521
Dooars	177893	123097	125253	124801
Total	155216	158825	164768	175975

Source: Tea Statistics (2003-04/2005-06)

Tea production surged 81.78 per cent in the Terai region between 1991 and 1999. However, the opposite occurred in Dooars. The closure and abandonment of many tea estates that were earlier functioning may be to blame for the drop in production during that time (DBITA).

Class formation in the Tea industry of North Bengal

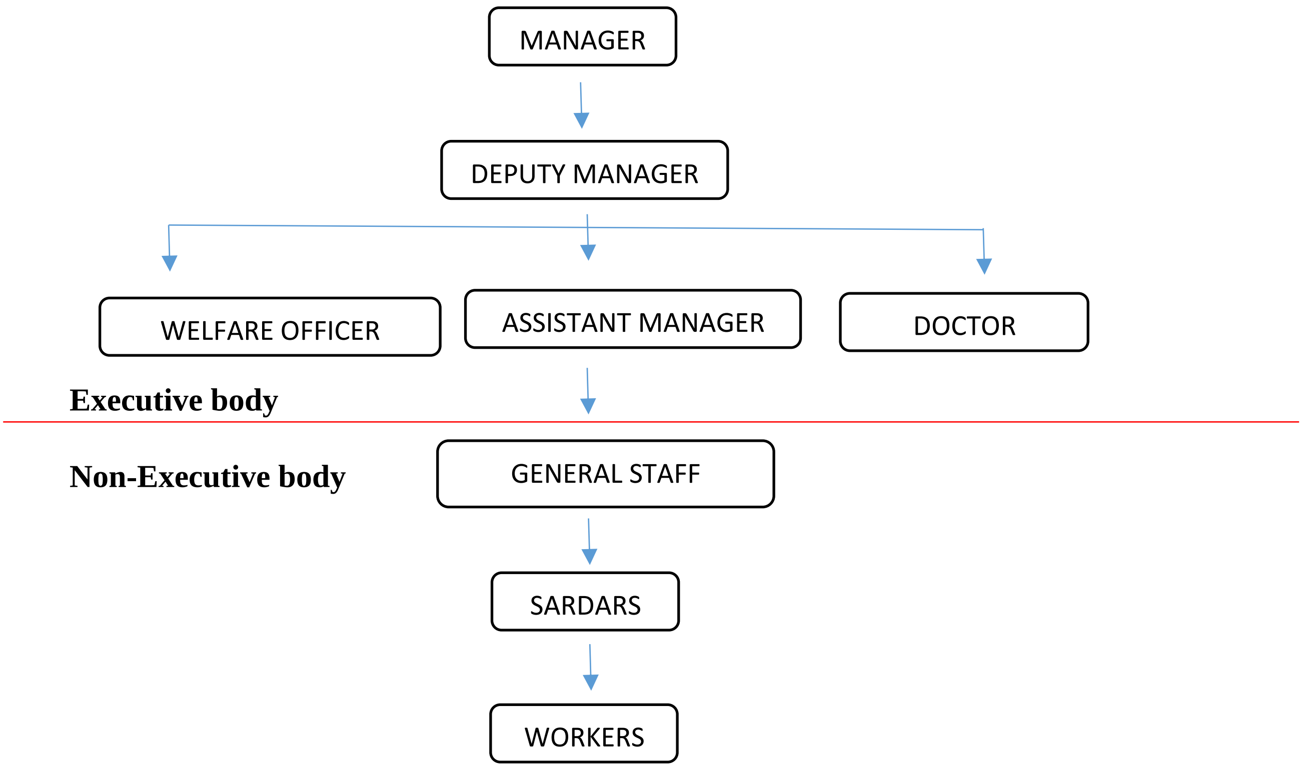
The tea industry is a labour-intensive sector that generates direct and indirect employment opportunities for many people in India. According to the ILO report (2020), the permanent workforce of this industry exceeds 12.5 lakh across the country, and it also employs a similar number of temporary or casual workers. Moreover, many individuals indirectly participate in the tea sector through sales and distribution, packaging, and transportation.

A plantation is an integrated system of farming and manufacturing. It consists of two components: cultivation and processing. Hence, there are two distinct types of work on plantations: factory work and fieldwork. Field workers are responsible for the cultivation of tea, which involves various tasks such as soil preparation, sowing, cloning, nursing, pruning, irrigation, manuring, weeding, pesticide application, and leaf plucking. On the other hand, factory workers are engaged in the processing, which comprises steps such as withering, rolling, fermenting, fibre removal, sorting, funning, middle-toning, and weighing and packaging.

Labour Structure

The workforce can be divided primarily into four types based on the structure. They are (1) Workers, (2) Sub-Staff, (3) Staff, and (4) Management. Promotion from one group to the next is very unlikely.

Fig 3.1: Hierarchical structure of workforce in the Tea Industry



Source: Author's own

The tea garden manager holds the position of the highest rank in the garden hierarchy and is responsible for carrying out all garden tasks with the lower-level workers' assistance.

The second-ranking assistant managers support the manager while carrying out tasks and responsibilities.

"Bara saheb" and *"Chhoto Saheb"* are the tea gardens' managers and assistant managers, respectively.

Between the workers and the assistant managers are the category staff. Several *" babus "* assist the associate managers and carry out the different formal tasks for the garden. The *"Bagaan babu"* and *"factory babu"* are not office employees.

The following category is sub-staff, which primarily consists of supervisory staff. These folks are raised from the ranks of labourers. Field staff and factory staff hold the highest positions in this group. They go by the names *"Munshi"* and *"Sarda."* Munshi is followed by *"chaprasi."* The *"Baider"* occupies the space next to the chaprasi and is responsible for taking attendance of the labourers. Then, *"Dafadar"* enters and plays a crucial role. He serves as a liaison between the workers and management while overseeing a group of employees. *Chowkidar* and *Paniwalla* are the following two ranks.

In addition to these positions, there are more sub-staffs. Drivers, cleaners, *"davawallas"* (health assistants), and occasionally the manager's cook are also classified as sub-staff.

The labourers are the most crucial human resource for this plantation industry and the final and lowest level in the hierarchy. Their productivity and drive are essential to the industry's success in this labour-intensive sector. These diligent but impoverished individuals who work in the tea estates to support their home country are employed in massive numbers. These workers receive daily rates of pay as well as other benefits under the Plantation Labour Act of 1951. They are also given protective measures with the aid of other various laws and regulations that the federal and state governments periodically adopt to benefit the workforce.

History of Labour Recruitment in Tea Plantation

The tea plantation has always been characterised by its remote location, heavy dependence on manual labour, and strict management. Two factors were essential for developing the agro-based tea plantation: a large area of arable land and a substantial labour force. However, the locations that were most suitable for plantations were rural and thinly populated, which resulted in severe labour scarcity. The planters, therefore, had to resort to migrant labour. The "coolies", or indentured labourers, came from various subcontinent regions. The labour shortage was a significant problem not only on tea plantations but also on other plantation industries across the world. On early plantations such as the sugar plantations of the Caribbean, Guyana, and Mauritius, the cotton plantations of the southern United States, the tobacco plantations of Indonesia, the rubber plantations in Malaysia, and the tea plantations in India and Sri Lanka, labourers were brought to the plantations from all over the globe to work (Bhowmik, 1981). It can be argued that the history of the tea plantations is the history of labour migration (Sarkar, 2019). This labour force for the plantations in the USA, the Caribbean Islands, and Guyana was previously supplied by British and French slave traders. Britain and France abolished this atrocious labour supply system in 1848 and 1856, respectively. Since then, indentured bonded labour has become the new labour supply system.

They were essentially captive labourers because they were isolated, bonded, dehumanised, and controlled by squads or gangs. Family-based recruitment was employed in fields where women were also engaged to ensure a steady labour supply. The Plantation's social structure was shaped by family-based recruitment; from adults to children, all were enlisted in the Plantation, which maintained the flow of labour and reserved a pool of labourers for the future. The indentured labourers had to perform menial tasks in substandard conditions for paltry wages. However, labour reproduction and maintenance were vital for the tea industry's growth. Therefore, it became necessary for employers to provide workers with minimal standards of living and an adequate level of pay to guarantee their survival (Jain, 1995).

The development and expansion of the tea industry increased the labour demand, and this trend accelerated. The tea estates were compelled to employ labour from other states as indentured labour bound by contract to work. The locals were reluctant to work in the tea gardens, and for strategic management, recruiting labour from the local areas was risky as they would resist the low standard of living and wages. In contrast, bonded labour would work without any complaints. The Assam Tea Company adopted various methods to collect labour. The *"Sardari"* and *"Thikadari"* systems were the two central recruitment systems. The *"Sardar",* or leader of a group of workers, was responsible for recruiting labourers from their assigned locations under the "Sardari" system. The owner of the Plantation bore the cost of recruitment. The Sardars recruited people under false pretence. Once they were transported to the remote tea gardens, it was practically impossible for them to return to their original location. In the *"Thikadari"* system, commission agents recruited labour from underdeveloped areas by making false promises about the prosperity of Assam. These agents hired independent contractors to bring in labour from Ranchi, Singbhum, Chota Nagpur and several parts of central India. They brought these labourers into the tea gardens with false promises of food and hope (Baruah, 2008).

Tea Workers of West Bengal

Most workers in the Dooars and Terai tea gardens in West Bengal were migrants, and most of their families came from Santhal Parganas in Bihar and the Chota Nagpur region. Workers employed in the Darjeeling Hills region came from Nepal. Later, tribal people from Madhya Pradesh, Tamil Nadu, and Orissa were also engaged as labourers in the Dooars and Terai tea gardens. A group established by the Assam planters called the Tea District Labours Association (TDLA) extended their cooperation for employing workers in the Dooars tea gardens. Initially, the British-owned tea plantations depended on private agencies and garden "Sardar" to recruit labourers. However, the Indian-owned gardens operated under a slightly different system, in which private organisations managed recruitment with the help of some individuals known as *"Arkatis."* The tea workers migrated to the tea plantations from their homes to earn more money and have a better life. Some came for adventure rather than poverty because tea estates were far from their community. Wild animals and diseases like malaria and kala-azar were prevalent in those days, and the area was densely forested. The church also played a significant role in moving people to work in the tea gardens. Nearly 10 per cent of the Dooars tea workers were Catholic (Roman Catholic) or Protestant Christians (German mission) (Bhowmik, 1981).

The colonial government demonstrated its support for the employers by passing legislation that formalised the system of indenture, which resulted in numerous cases of exploitation and fake promises during the recruitment of workers in the tea plantations. According to the Worker's Breach of Contract Act of 1859, workers must work for five years minimum after recruitment (ibid). The British government formed a committee in 1861 to investigate the recruitment strategy for labour emigration. The first Indian Emigration Act, which replaced the Worker's Breach of Contract Act, was enacted in 1863. The Act required that all recruiters obtain licences, that every immigrant register with the District Magistrate and the reduction of the duration of the employment contract from five years to four years. However, the Act gave the planters the power to detain disobedient workers. They oppressed the workers when they tried to quit, or their performance was considered substandard.

Tea estate owners encouraged families to migrate there rather than individuals to save recruitment costs in the early days. Instead of employing four workers from separate families, the planters hired a family of four consisting of a husband, a wife, and two children. The planters would be responsible for housing each employee and covering the cost of recruitment. Another crucial issue was the reproduction of labour to secure future labour supply, and family-based migration ensured that. The primary goal of tea plantation owners was to maximise economic gains at the expense of labour during the early stages of the industry. According to the history of the plantations, the plantation system initially consisted of three interdependent elements—coercion, low pay, and immigrant labour—and guaranteed the planters a high rate of profit. Due to the plantation industry's mainly labour-intensive nature, decreasing pay rates would result in higher profits. The three characteristics— hard work, sacrifice, and endurance of this workforce from the beginning of the Plantation in India and West Bengal in particular, gave the tea industry of the Dooars, Terai, and Darjeeling hills a concrete shape. Through influence and intermingling with the local Bengali population, these people from various areas of India eventually lost their roots and developed a distinctive culture.

Distinctive features of tea workers

A high percentage of women in the workforce and underage labour are two distinctive features of the tea industry. Women constitute about 50 per cent of the labour force, which is quite the opposite of the trend in other industries in the organised sector. The agro-based nature of the plantation business made it easier for the migrant tribal women to adapt to their new working environment. The low skill level and mechanisation made the job accessible for female labourers. The idea behind employing migrant labourers' family members was to create family-based employment that would last for generations. Due to their humble nature and the long-term value of a self-reproducing steady workforce, women migrant labourers were beneficial. Also, women tea workers' maternal personalities have been described as *"nimble-fingered," "disciplined,"* and *"obedient"* (Griffith, 1967).

Another significant aspect of the Indian tea industry is the prevalence of child labour, a legacy of the colonial practice of employing family-based workers to reduce labour costs and increase employee motivation. Child workers are recognised as permanent employees and entitled to all statutory benefits in various rules and legislation. Male employees are likely to be promoted to higher positions with more pay. In contrast, female field workers typically remain in low-paying, piece-rate jobs with no scope for promotion. Children were no longer employed, and field workers received equal pay when the Child Labour (Abolition and Regulation) Act of 1986 and the Equal Remuneration Act of 1976 were enacted. However, the Plantation Labour Act of 1951 included a provision for a new category of *"outside"* labourers that allowed management to employ temporary workers at a low cost. This immediately became the less expensive option for tea plantation owners. The tea industry employs both Permanent and casual or temporary workers. Currently, in the tea plantations of Darjeeling, Tarai and Dooars regions, the number of permanent and casual workers is almost equal. Permanent workers can find work on a daily wage basis all year. While casual workers are employed during the plucking season and are unemployed during the winter when there is less work on the Plantation. Temporary and casual labourers have evolved into a flexible labour pool that may be employed and dismissed without repercussions (Sankrityayana, 2006).

The peak season in tea plantations when tea leaves are harvested for tea production is from May to November. The maximum number of workers is required during this time based on the plantation area. The casual or 'bigha workers' are mostly family members of existing tea workers. Occasionally, outside labourers are hired as casual workers when needed. The following Table shows the trend in labour force employment and the percentage of growth of labour from 1980 to 1990.

Table 3.4: Tea plantation employment in 1980-1990

State/Region	Average daily no. of workers		Percentage of increased no. of workers
	1980	1990	
Darjeeling	45987	48116	4.63
Terai	23290	37875	62.62
Dooars	149571	162680	8.79
West Bengal	218848	248671	13.63
Assam	448949	541661	20.65
Tamil Nadu	86359	102786	19.02
Kerala	71086	74388	4.65
Karnataka	4000	4217	5.43
All India	846659	986781	16.55

Source: Tea Statistics, Tea Board of India. (1992-93 and 2002-03)

The employment of workers in West Bengal's tea gardens increased by 13.36 per cent over a decade between 1980 and 1990, as shown in Table 3.5. The Terai region's tea gardens employed a significant number of workers, with a 62 per cent increase in ten years. The employment growth in West Bengal's other tea-producing regions, Darjeeling Hill and the Dooars, is very little compared to the Terai region because of the development of new tea gardens. Assam and Tamil Nadu, the two most crucial tea-producing states in North and South India, recorded a steady growth of 20 and 19 per cent, respectively (Tea Board, 1993; 2003).

Table 3.5: Tea plantation employment in 1991-98

State/Region	Estimated no. of labourers in 1991	Estimated no. of labourers in 1998	Percentage of increased no. of workers
Darjeeling	47637	50289	5.56
Terai	40539	36119	-10.9
Dooars	164944	161176	-2.28
West Bengal	253120	247584	-2.18
North India	821031	853341	3.93
South India	175704	192060	9.3
Total	996735	1045401	4.88

Source: Tea Statistics, Tea Board of India. (1992-93 and 2002-03)

The Table reveals that the Terai and Dooars experienced a negative increment. Only the Darjeeling experienced positive growth of around 5 per cent. At the same time, tea-producing South Indian states experienced positive growth of more than nine per cent, while North India experienced growth of three per cent. Thus, between 1991 and 1998, labour employment in West Bengal's tea gardens decreased. At the same time, the number of casual workers in tea plantations increased significantly in the major tea-producing areas of Assam and West Bengal. Between 1985 and 2004, the proportion of casual workers in West Bengal increased from 12 per cent to nearly 89 per cent, and in Assam, from 22 per cent to 85 per cent (Tea Board of India, 1993; 2003).

Wage in Tea Plantation

Compared to other organised sectors, the wages of tea plantation workers are the lowest. The wage rates in the West Bengal tea plantations are set not based on worker productivity but instead on the ability of workers to bargain and the management's interests following bipartite or tripartite agreements. Assam and West Bengal, two of India's top tea-producing states that account for around 75% of the country's total tea production, have lower pay rates than Tamil Nadu and Kerala. Providing food grain rations at a heavily subsidised rate is one of the most notable characteristics of tea plantations. It is deducted from the wages of the tea workers, which recently has changed as the government of West Bengal implemented the Food Security Act 2013 in the tea plantation regions, and the deducted amount from the wage has been added to the daily wage (details are discussed in Chapter 6). In addition to their daily pay, tea workers receive incentive pay when they pick more leaves than their assigned daily quota, which links their productivity with their wages. This significantly raises the workers' overall pay. The rate of incentive compensation is determined by agreement between management and employees, much like the daily wage rate. The daily quota for picking tea leaves varies depending on the season and the Plantation (Bhowmik, 1981, pp. 150-51). However, this compensation comes with more burden of work, which we will discuss later.

The colonial era witnessed low wages for tea plantation workers, below the average wage in adjacent agricultural regions. After independence, an attempt was made to improve the adverse pay structure. The 15th Indian Labour Conference in 1957 proposed to use three units of consumption per worker (two parents as two units and two children as one unit considering a family) as the criterion for estimating the need-based minimum wage in an industrial sector (Mole, 2019, p. 12). However, this criterion was resisted by the Indian Tea Association, Indian Tea Planters Association, and Tea Association of India, who advocated for 1.5 units of consumption (considering two workers in a family) as the benchmark for the plantation sector. They raised two main objections: first, that the tea industry was facing a crisis and could not afford the extra burden, which was a recurrent claim throughout the colonial period and has continued till date whenever concrete demands are made; second, that tea plantation had family-based employment, with spouses and children working on the plantations. However, this was not a universal phenomenon in tea plantation estates, and many families have lost their employment since the 1960s due to declining employment opportunities (Xaxa, 2019). The first wage board in 1966 adopted 1.5 consumption units as the criterion for determining the need-based minimum wage for the tea plantation sector instead of the three units suggested by the Indian Labour Conference mentioned earlier. Since then, wages and other worker issues have been settled through tripartite collective bargaining involving the state, planters through their associations, and workers through unions. However, even the most radical unions did not challenge this historically unjust and irrational criterion. Based on this legal ground, they continued to seek incremental increases in every wage negotiation. In doing so, they compromised the interests of the workers and favoured the lobby of the influential planters' associations.

The plantation system employs a combination of cash and in-kind wages. The in-kind component includes rations, kerosene, dry tea, and other amenities. Moreover, the Plantation Labour Act 1951 and other labour laws applicable to plantation workers provide legal benefits and social security (Dutta, 2015). However, calculating the wage paid to the workers is complex and tedious due to the mix of wages in kind and cash. Recently, the in-kind component offered at a subsidised rate has been presented as an advantage of the wage to counter the criticism of the low wage structure of the tea plantation industry. However, the workers do not regard it as part of their salary, even though they pay for it. The method of calculating these facilities as parts of wages has been arbitrary, biased, and lacking any logical basis (Xaxa, 2019). There are at least three interrelated reasons why the effective wage rate is significantly lower. First, the workers are paid a daily wage. Second, they do not receive any pay for weekly leave. Third, they cannot work all seven days due to low earnings and heavy workloads—consequently, fewer work days and low incomes force them to remain below the poverty line.

Productivity linked wage

The tea sector has been facing a severe labour shortage due to migration from the region, which adds more stress on the remaining workers. One source of stress is working beyond the standard eight-hour day and six-day week. The productivity-linked wage is another feature of the tea workers' wage system. Each worker has to pluck a certain amount of tea leaves or perform a certain amount of work (such as pruning, planting new tea plants, and spraying pesticides) to meet their daily quota and receive the full wage payment. Task-based compensation implies that workers receive a "per-kilo rate" for extra kilos they pluck during overtime hours. Higher plucking quotas are the second manifestation of stress. The base output volume of productivity has gradually increased through bilateral and regional agreements over the past few years from 16 kg to 35 kg to 41 kg per day (Gothoskar, 2012). This has a twofold effect. First, there is a lot of pressure on workers to meet the quota. Although no wage deductions are permitted under the current agreement, in most plantations, workers face disciplinary actions such as intimidation and threats. Second, increasing the quota by six kilograms lowers workers' daily wages because they only receive a plucking incentive for amounts above the quota. Consequently, this raises the workload of picking more leaves to compensate for the payment.

Social securities of tea workers

The Indian government enacted the Plantation Labour Act (PLA) of 1951 to provide specific safeguards for plantation labourers who had suffered appalling conditions under British colonial rule. The PLA 1951 covers various aspects of the welfare of plantation workers, such as housing, health, education, and social security. The implementation and enforcement of the PLA 1951 are delegated to the state governments, which can decide whether to include any plantation site with less than 15 workers or 5 hectares under the legislation. The Act was implemented in 1951, and gradually, the terms were implemented in India's tea-producing states.

Drinking Water (Section 8)- The employer shall make suitable and efficient arrangements for the Provision of Clean Drinking Water in every Plantation. The Act mandates that this infrastructure be kept in convenient locations across the estate available to all workers.

Healthcare facilities (Section 10)- According to this section, every Plantation must offer employees and their families medical services. Additionally, the employer must have a garden hospital available for estates with over 500 workers or a lien on 15 beds for every 1,000 employees at a nearby hospital within a five-kilometre radius. Additionally, a group hospital will be located in an area considered central to the community and where patient transportation will be accessible. Ironically, this group hospital continued to operate until the 1970s, before the Planters' Association demolished the buildings.

Canteen Facility (Section 11)- The Employer must establish and maintain a canteen facility for the benefit of the employees in every Plantation where 150 workers usually work.

Creches (Section 12)- Every estate with 50 or more women employees (permanent or casual) who have at least worked for more than 12 months or 20 or more children of women employees (both permanent or casual) should be provided with a creche facility at acceptable locations close to the work site.

Recreational Facilities (Section 13)- Every tea estate must set up recreational facilities in the tea garden area for the employees and their families to promote mental health.

Educational facilities (Section 14)-Every estate must provide free Primary education for workers' children between 6 and 12 years of age. All estates must maintain the school buildings and other infrastructure facilities associated with such schooling. As a general guideline, one teacher should be for every 40 students. The State Government appoints teachers on tea estates in West Bengal.

Housing facilities (Section 15)- Each Plantation must offer housing to employees, employers, and personnel who work on the estate. When the tea industry first began, employees were given land within the plantation region along with basic supplies so they could build a house with the assistance of family members. These *"kuchaa"* houses had thatched roofs constructed from bamboo and mud. However, the Act clarified that plantation labourers had to live in permanent houses with walls built from brick and mortar and ceilings made of asbestos, galvanised iron, or tiles. A minimum of 8 per cent of each Plantation's homes must also be changed yearly to *"pucca"* homes. In addition, each Plantation needs an adequate sanitation system with enough latrines and restrooms for all workers.

Non-Statutory Benefits

In addition to these statutory benefits, the management may offer several extra welfare programmes per the trade unions' charter of demands, resolved at Tripartite negotiations. The following non-statutory incentives are commonly provided.

Food supply- The management of the tea plantations is responsible for providing the workers with a subsidised rated weekly ration as a part of their daily wage. However, in West Bengal, a subsidised ration is provided by the government after the implementation of the National Food Security Act 2013 and from 2019, the part of the wage that was deducted by the management for food subsidy has been added to the cash wage of the workers (discussed in Chapter 6).

Fuels (Firewood)- the management provides all employees who live in the estate a certain amount of fuel for free. Workers get firewood or coal lumps, while gas cylinders are provided for staff.

Besides these, the management provides umbrellas, gumboots, tarpaulin and blankets (Arya O., 2007). However, as they fail to provide even the basic amenities, such facilities have either disappeared or are given in cash with a negligible amount, which does not fulfil the needs.

Trade Unions and Trade Union movements in India

The Industrial Revolution, which started in the mid-18th century, introduced new modes of production and labour organisation. These changes prompted workers to form associations and demand better rights and conditions from their employers. Consequently, employers had to negotiate with workers' representatives and recognise the role of trade unions. The first trade union in the world is believed to be the Mechanics Union of Trade Association, which was established in Philadelphia in 1827. However, some scholars argue that the first trade union activities occurred in Manchester, England, in 1829, although both initiatives were short-lived. The movement gained momentum when the General Trade Union was founded in New York in 1833 (Forner, 1955).

Industrialisation in India began in the 1850s, with the emergence of textile mills in Bombay in 1851, jute mills in Bengal in 1885, as well as the development of railways. These industries created a large workforce with poor working conditions and low wages. In 1875, in Bombay, a social activist and philanthropist, Mr. S. S. Bangalee, led the first labour movement in India to improve the situation of workers. His efforts resulted in the appointment of the first factory commission and the India Factories Act in 1881, which regulated working hours and conditions. After that, the labour movement expanded rapidly. In 1890, the Bombay Mill Hands Association was founded by Mr. Lokhande, widely regarded as the father of India's organised labour movement (Gankar et al., 2000, pp. 34-36). Other unions followed, such as the Printers Union in Calcutta in 1905, the Postal Union in Calcutta and Madras in 1907, and the Kamgar Hitwardhak Sabha in 1910. The International Labour Organization (ILO) was established in 1919, further stimulating the labour movement globally and in India (Ghosh, 1960, pp. 34–36). The labour movement in India increased the awareness and militancy of workers who engaged in various strikes and protests since 1924. The communist influence over the trade union movement became prominent from 1928 onwards. Due to ideological differences among leaders, the trade union movement experienced several splits and mergers from the 1930s.

The leftist unionists broke away from the AITUC and formed the NTUF in 1929. Another faction of the AITUC, led by B. T. Randive and S. V. Deshpande, left the organisation and established the All-India Red Trade Union Congress in 1931. The legal framework for trade unionism was provided by the Trade Union Act of 1926 and the Trade Disputes Act of 1929, which facilitated the growth of trade union movements. The AITUC and the All-India Red Trade Union Congress reunited in 1935. In 1937, the Indian National Congress assumed power in seven provinces, which gave a new impetus and direction to the labour union movements. The AITUC and the NTUC merged in 1938 to consolidate the trade union movement. The Bombay Industrial Disputes Act of 1938, which mandated employers to recognise unions, was a significant milestone in developing India's trade union movement (Jha, 1970, pp. 31-33).

Since India's independence in 1947, the trade union movement has undergone significant transformations. One of the main features of the post-independence trade union movement has been the proliferation of unions. Four major trade union federations emerged as the leaders of the movement: AITUC, INTUC, HMS, and UTUC. However, the trade union movement also experienced divisions and mergers along political lines. For instance, INTUC was founded by the supporters of the Indian National Congress, while HMS was founded by the Socialists, who later changed their name to Hindustan Majdoor Sabha in 1948. A significant shift occurred in 1970 when a faction of the Communists left AITUC and formed CITU under the banner of CPI, which had previously dominated AITUC. In 1972, another split took place in INTUC, leading to the formation of NLO. Similarly, HMS also faced a rift and gave birth to BMS under the influence of the BJP. Thus, the politics of the trade union movement became a salient characteristic of its post-independence development. (Joshi, 1972).

According to the International Labour Organisation (ILO), there are, at present, 12 Central Trade Union Organizations operating in India. These are the All India Trade Union Congress (AITUC); Indian National Trade Union Congress (INTUC);

Bharatiya Mazdoor Sangha (BMS); Hind Mazdoor Sabha (HMS); Centre of Indian Trade Union (CITU); Hind Mazdoor Kisan Panchayat (HMKP); All India United Trade Union Centre (AIUTUC), formerly known as United Trade Union Congress (UTUC); National Front of Indian Trade Unions- Dhanbad (NFITU-DHN); Trade Unions Coordination Centre (TUCC); Self Employed Women's Association (SEWA) and Labour Progressive Federation (LPF). Some of these trade union federations are affiliated with international trade union bodies. For example, HMS, INTUC and SEWA are members of the International Trade Union Confederation (ITUC), while AITUC is a member of the World Federation of Trade Unions (WFTU) (ILO, 2023).

Trade Union in Tea Plantation

Unlike other industries, trade unions on tea plantations emerged mainly after independence. Before that, the tea gardens were located in remote locations and secluded from the rest of the country due to poor communication infrastructure. The management controlled the access to the labour lines and prevented any external contact. Although there were some isolated incidents of worker resistance before independence, only in 1945–1946 could workers form their own organisations for collective bargaining. The nationalist movement had minimal impact on plantation labour. However, the independence of India raised the workers' aspirations. The communication between the gardens and the outside world improved, and visitors no longer needed management permission to enter the labour lines. Workers' education also enhanced their ability to connect with the outside world. These changes significantly increased the workers' capacity to organise themselves. The Assam Provincial Trade Union Congress (APTUC), a branch of the AITUC, was founded in 1943 as the labour movement outside the plantation industry was spreading to the local areas. The APTUC gained popularity and strength between 1943 and 1945 with 41 units, and its membership grew from 4345 to 16000 (Kennedy, 1954).

After independence in 1947, the INTUC organised plantation workers and advocated for their rights. Since then, INTUC has significantly influenced most of Assam's workers. A strong labour movement emerged in Assam since its formation in 1947. The Assam Chah Mazdoor Sangha (ACMS) was established as a central organisation in 1958, with its headquarters in Dibrugarh (Phukan, 1979).

Trade Union in Tea Plantation of West Bengal

The trade union movement in the West Bengal tea industry emerged on June 18, 1946, a date that came to be known as "Red Letter Day." On that day, workers from thirteen tea gardens staged an industry-wide strike, demanding better working conditions and wages. For the first time tea workers in West Bengal challenged the management and asserted their rights through collective action on this day. The strike was organised by the Chia Kaman Mazdoor Union, which had seven main demands: recognition of trade unions, wage increases, dearness allowances at 25 per cent of total wages, improved medical facilities, cheaper rations, and the abolition of the "Hattabahar" system (Sharma, 1972, pp. 41-42). In the Darjeeling hill regions, the trade union movement began in the second half of 1945, when the communists established the Darjeeling District Tea Garden Workers' Union. However, this union faced repression from the state and the management. The Communist Party of India was banned in 1948, and local leaders such as Ratan Lal Brahmin, Bhadra Bahadur Hamal, and Ganesh Lal Subha were arrested. The union's registration was also cancelled, revived in August 1951 as the Darjeeling District Chiya Kaman Majdoor Union (DDCKMU) after the release of the leaders. In Terai, the first trade union was formed by the communists in 1945–1946 at Mary View Tea Estate. This union, however, did not receive official recognition and was dissolved when the management expelled Sarhati Mian, a union activist and tea factory worker. Despite the ban on the Communist Party of India in 1948, efforts to organise workers continued. Souren Bose and Keshab Sarkar, two local leaders, were imprisoned for their activities. However, they resumed organising work after their release in 1952–1953.

The Bengal Assam Rail Road Workers Union (BARRWU), led by the communists, tried to organise the tea plantation workers in 1946. The workers' first signs of collective action appeared in Dooars, where the Zilla Cha Bagan Majdoor Union (ZCBMU), the first trade union in Dooars tea plantations, was founded in 1946. However, this union also faced state and management repression. The Communist Party was banned in 1948, and the union's leaders were arrested. The union's registration was also revoked. The leaders were released from prison in 1952, and they resumed their organising work in 1953 under the new name of Zilla Cha Bagan Workers Union (ZCBWU). Other political parties, such as the Indian National Congress, Socialist, and others, also attempted to organise the workers after the initial initiative by the communists. They quickly established their unions. 1948, Congress established its unions, Dooars Cha Bagan Majdoor Sangha (DCBMS) and West Bengal Cha Shramik Congress (WBCSC). The Dooars Cha Bagan Workers' Union (DCBWU), a UTUC (RSP) branch, was also founded in the same year. West Bengal Cha Shramik Congress (WBCSC) split from the India National Congress in 1950–1951 and registered as Krishak Majdoor Praja Parishad (KMPP). The union changed its name to West Bengal Cha Shramik Union (WBCSU) in 1952 and formally joined the Hind Majdoor Sabha (HMS). The same year, Congress established the Darjeeling Cha Kaman Majdoor Sangha (DCKMS) in the Darjeeling district.

The tea estates in West Bengal have witnessed the proliferation of many trade unions. Several major central trade union organisations, such as AITUC, INTUC, HMS, CITU, UTUC (RSP), UTUC (Lenin Sarani), NFITU, HMKP, and others, have their affiliated unions in the region. Today, most of the workers are unionised. Although multiple unions fragment the workforce, it also gives workers a choice of which union to join. Besides the large central trade unions mentioned above, there are also smaller central trade unions, such as the Bhartiya Shramik Sangha (BSS), the Indian Federation of Trade Unions (IFTU), and the National Labour Coordination Committee (NLCC). After a period of dormancy in the trade union movement, in 1962, several trade union leaders united to form the Coordination Committee of Tea Plantation Workers to bargain on common issues with the employers. This Coordination Committee comprised unions of different political affiliations, including AITUC, HMS, INTUC, and later UTUC, CITU, and the Gorkha League.

Trade Union and Globalisation

The globalisation era has brought significant changes to the structure of the trade union movement. Booming private sectors and implementing liberal policies have opened the Indian markets to multinational corporations, threatening politically affiliated and traditional trade unions. Most central trade union organisations have resisted the United Government's attempts to privatise the public sector in response to the new situation. However, the trade union movement has not disappeared. New trade unions have emerged in the tea gardens of the Darjeeling and Dooars due to regional political activities. Another notable fact is that trade union strength and power have declined in India since the reform began, possibly because of worker contractualization and casualisation. Trade union movements in all sectors face a critical juncture in this age of globalisation. The liberalisation and globalisation policies implemented in 1991 have dramatically altered the nature and characteristics of the trade union movement. Trade unions' attitudes toward management have changed considerably, partly due to the general decline in membership in many unions. For example, INTUC membership decreased from 54.35 lakhs in 1989 to 54.05 lakh in 1993, and CITU also lost a sizable portion of its membership. This downward trend is observed in countries worldwide, such as Australia, Japan, France, America, England and others. The workers have become more willing to accept the VRS (Voluntary Retirement Scheme), Golden Handshake, and similar offers made by employers in light of the new circumstances. After realising the adverse effects of political influence in the trade union movement, a new generation of working-class has started distancing themselves from political involvement.

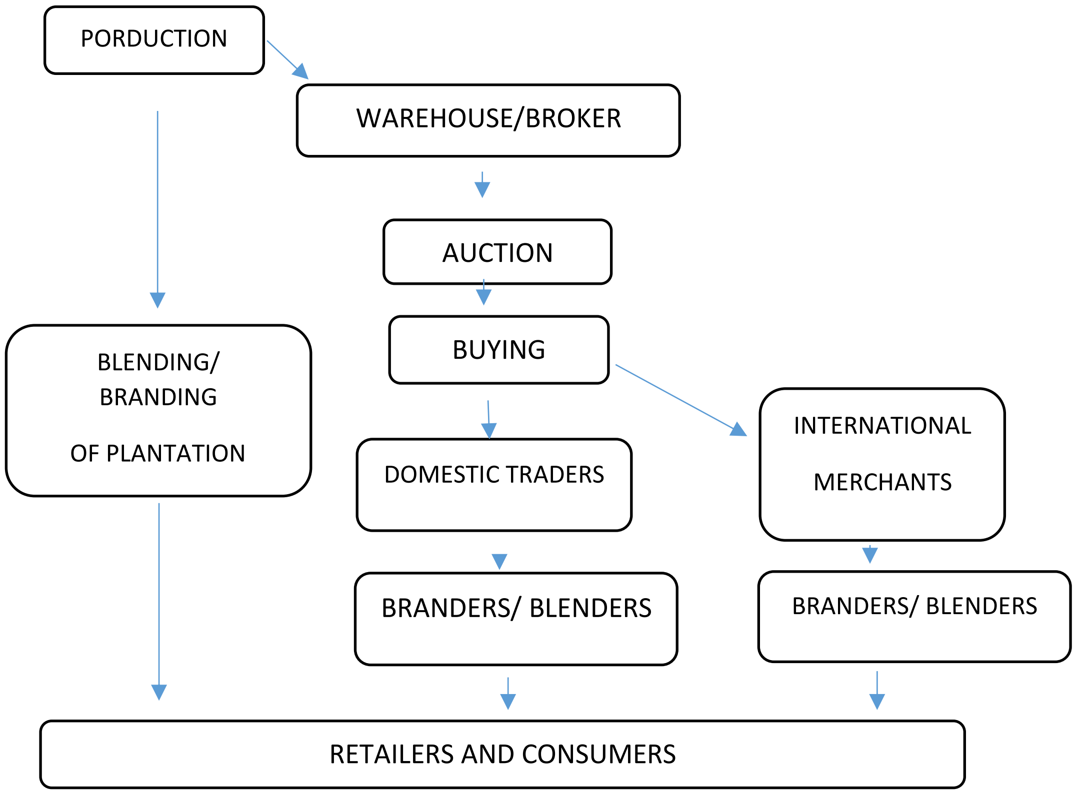
2014 was a critical year for the tea plantations in West Bengal. The minimum wage campaign led to a delay in the triennial wage negotiation that was scheduled for that year. The tea plantation workers started to demand the implementation of the minimum wage act and wage determination in April 2014, when the wage negotiation process was supposed to begin. This triggered a massive movement, and the workers organised themselves, held frequent gate meetings and rallies, and took the demonstrations to the streets to demand fair and dignified wages. The unions that were either inactive or present during the negotiating process were compelled to take action. The movement grew so large that it required effective leadership. Previously, there were many unions but no unity. After lengthy discussions and debates, the Coordination Committee of the Tea Workers' Union, along with 24 other unions, including those from the Darjeeling Hills, two unions affiliated with the Adivasi Vikas Parishad, the Defence Committee for Plantation Workers' Rights, and unions from UTUC-Lenin Sarani and AICCTU, among others, formed the Joint Forum to lead the minimum wage movement. The union representing the current administration was excluded as it was evident that the union was trying to sabotage the movement. The protests continued until 2015. After seven unsuccessful attempts to settle, the relevant parties, including employers' associations, trade unions, and the state government, signed a memorandum of settlement on February 20, 2015. The state government agreed to implement a wage structure for tea workers that would be determined according to the Minimum Wage Act. For this purpose, a special committee consisting of planters, workers, and government representatives was formed. The committee's task was to finalise the modalities of implementing the minimum wage within two years. However, the committee never submitted its report, and implementing the minimum wage act in the tea plantation of West Bengal remains undecided.

The trade union movement is vital for the restoration and viability of the tea sector. The trade unions must perform a dual role effectively and appropriately in this situation. On the one hand, they have to create a powerful movement to address the workers' legitimate demands and grievances; on the other hand, they have to participate in the revival and survival of the tea sector as a whole (Asopa, 2006).

Structure of the Tea Supply Chain

Before people can consume tea, it must go through several steps, including production, storage, private sale and auction, blending, branding, packaging, and retailing. Each phase involves some economic transformation and value addition for the product. The sections that follow offer an analysis of these procedures.

Fig 3.2: A general structure of the Tea supply chain



Source: Author's own

Tea Cultivation

Camellia sinensis var. assamica, also known as the Assam type, and Camellia sinensis var. sinensis, known as the China type, are the two tea kinds planted commercially worldwide. Since Camellia sinensis is a perennial bush that prefers tropical upland areas and needs frequent plucking, it was well suited to plantation-style farming during the colonial era. To help produce more powerful tea flavours, shade trees are occasionally planted among the tea bushes, which causes the leaf to contain more chlorophyll and give a strong flavour (Hudson, 2000).

Traditionally, the forested upland regions used for tea planting in India were home to tribal populations and were quickly taken over by colonial interests. The establishment of tea plants gave colonial life a consistent economic and social framework by supplying a constant source of revenue and work schedule. These arrangements were changed due to decolonisation in important producing regions worldwide. In a few instances, newly independent governments directly controlled these businesses. Plantation lands were divided and given to smallholders in Kenya, while plantations were nationalised in Indonesia and Sri Lanka. In India, however, national ownership gradually replaced colonial ownership.

Economically speaking, the enormous estates that comprised the dominant colonial model of the tea industry, which was established in isolated areas, favoured big-scale businesses (Hayami & Damodaran, 2004). However, with time, these inherent benefits of scale economies started to have less impact on the sector. As the demand increased, non-estate farming became more viable for tea production when the state brought policies to bring rural places under the national and regional economies through infrastructure investment. As a result, another wave of alterations occurred in the 1980s and 1990s as alternative tea cultivation models gained root in producer countries. We refer to these alternative models as "smallholders" for convenience, but in reality, this term is ambiguous and can refer to various economic and social forms. Tea production may be the primary source of income for some families, while for others, it is just one source of income among many from both farm and non-farm sources. Regardless of the distinctions, estate and smallholder growers play a part in today's global tea business.

The average time from planting to first harvest is three years, with full maturity taking five years. Even though the tea shrub lasts many years, its output declines as it ages. Producers must establish pest and disease management strategies that comply with the producer countries' increasingly strict regulations because these issues can be complex. Producers must implement management strategies that allow for the increasingly stringent specification of Maximum Residue Limits (MRLs) usually imposed by the country where the tea is sold (Wilson, 1999).

Tea cultivation is lucrative because tea can generate income weekly as tea leaves grow frequently except during pruning time. In most of the plantation area, tea plucking takes place all year, but for cold regions like Darjeeling Hills, there are usually 3-4 months of non-plucking season. The climate, soil quality, age of the bush, variety of the tea plant and altitude of the tea growing region can determine the quality of tea. For agronomic management, tea plucking techniques and frequency are fundamental. The variations in leaf growth rate depend on the plucking season, with the best quality attained in a specific season (mainly in March to May) when tea leaves are plucked in compliance with a ten-day cycle. "Two leaves and a bud" is the golden rule of tea picking, which ensures that newly budding green buds are plucked before they turn fibrous. Young buds contain higher concentrations of polyphenols, which are antioxidant compounds essential for creating the distinctive flavours of tea.

Even though hand plucking results in lower plucking quantities per worker, it is the most excellent way to guarantee that the quality requirement of collecting young buds is met. Plantation firms in India have significantly invested in boosting labour productivity through organisational and technical means because labour is the single most influential cost of a tea estate. According to Wilson (1999, p. 209), mechanical harvesting has included techniques such as self-propelled cutters installed on even tracks or wheels and rotating cutters that can cut through a row of tea leaves by one person using motorised shears and carried by two. Many estates have implemented various levels of mechanisation, from experiments with rotating cutters with automatic shears replacing manual plucking at different phases of the plucking season. There are considerable obstacles to mechanical plucking's implementation. Most notably, these choices have a significant productivity-price trade-off since the grade of leaf acquired through human plucking is of better quality than mechanical plucking.

Aside from plucking technique decisions, tea estates have intricate issues involving workforce deployment throughout estates. A key component of efficient labour management for plantation owners is placing their employees at a specific location and giving them incentives to maximise the volume of their picking. Simultaneously, managerial objectives to maximise labour productivity are grounded by the continuous hardship of plantation tea workers. There is little doubt that most of the female workforces of tea estates have historically had many valid reasons to complain regarding their working conditions. Tea plucking is tedious and labour-intensive, and workers' access to civic and labour rights was minimal, particularly during the colonial era. Although much has improved since those times thanks to national legislation like the Plantation Labor Act, it is still true that employment conditions on plantations are frequently turbulent and adversarial. As a result, implementing management solutions for production in the Indian tea sector remains a risky endeavour.

Processing in the factory

The formation of tea value chains is greatly affected by the requirement to transport tea to the factory the same day it is picked. Contrary to other tropical crops, like coffee, where there is a functional distinction between these two processes, tea plantations commonly function as sites of both cultivation and processing. Three different processing techniques are used to make black, oolong, or green tea leaves. Green Tea and Black Tea are made from the same tea plant, Camellia sinensis, which might be of the China or Assam variety. The main distinction between the two is that black tea is fermented, whereas green tea is not. China, Vietnam, Japan and Indonesia are major producers of green tea. Chinese oolong tea, which should only be made from the Chinese type, goes through semi-fermentation, a shortened fermenting procedure. Moreover, black tea is produced in two ways.

In contrast to the "traditional" method of rolling leaves before processing, Cut, Tear, Curl (CTC) tea is processed by cutting the leaf first. This form of tea is now the most popular one available in foreign markets. Tiny granule-like particles are produced in the process of CTC, which has a richer flavour and often produces a higher number of cups of tea per kilogram or cuppage. The smaller granules are ideal for tea bags, which have been the predominant method of consumption as CTC tea has gained popularity.

The idea that if the quality is developed in the field, it will be maintained in the factory is another tenet of the tea industry. Hence, tea quality parameters depend more on cultivation than processing. Although the majority of those involved in the tea industry would probably prefer to agree with these thoughts, the processing step of tea making has perhaps become more significant in recent years as a factor influencing tea quality and its sale. To maximise their position in domestic and international markets, it is becoming increasingly vital for producers to obtain various quality-defined certifications. The two most notable are HACCP (Hazard Analysis and Critical Control Points) and the global standard for quality assurance, ISO 9001. To achieve these types of certifications in the setting of a tea factory, managers must create processes that are formally recorded and guarantee that specific "best practice" procedures are carried out. It was not evident for smaller BLF operators that the benefits of certification outweighed the implementation expenses, even though it may allow for higher charges. Conventional and CTC manufacturers require comparable processing techniques for converting green leaves into black tea.

Stages of making tea:

1. **Withering-** Leaves are spread out over wire mesh to wither in a ventilated trough. The withering process takes 12 and 18 hours. Making rolling more manageable takes out 10 to 15 per cent of the leaf's moisture content.
2. **Rolling -** The purpose of rolling is to disrupt the cell walls of the leaves, which will mix the polyphenols and enzymes and start the fermentation process. In the CTC method, machines break up the leaves before rolling them into tiny granules. The typical "twisted twig" shape of orthodox tea is made by rolling leaves according to the conventional method.
3. **Fermentation-** During the rolling step of the process, the leaf is crushed, releasing enzymes that, when combined with oxygen, allow biochemical reactions to create the colour of the tea, its taste, briskness, and brightness. Both open-air fermentation (sometimes known as "floor fermentation") and fermentation assisted by an air-driven fermentation drum are options—the tint of the leaf changes from green to copper brown in this stage of the manufacturing process.
4. **Drying-** The drying process eliminates extra moisture and ends the metabolic alterations by fermentation, stabilising the leaf. Tea is transported through several

channels in conventional dryers, commonly found at Indian tea facilities, at temperatures ranging from 50 to 100 ° C. Typically, drying takes 20 to 22 minutes.

5. **Sorting-** Tea is put through sorting equipment after drying using wire screens to divide it based on particle size. This method is then used to grade the tea as well.
6. **Grading and sale-** There is no standard product of tea. The primary classification method used in the tea industry, which categorises products according to particle size, has resulted in a set of quality ratings marked by a bizarre and intriguing vocabulary passed down since the industry's inception. A fundamental distinction between "leaf" and "dust" grades is made for both orthodox and CTC, with the CTC passing through a finer mesh size than the orthodox tea. Generally speaking, leaf grades give a more sophisticated flavour than dust grades, which have a more robust, coarser flavour that allows for more cuppage. However, the flavour that distinguishes specific grades in one producer location or country may differ when compared to another region or country, further complicating matters. Although tea is a tropical good that is frequently compared to coffee, it is more similar to wine in terms of the diversity of its quality parameters. Hence, there is hardly any standardised tea grading system. No central body, authority, or other organisation regulates such terminological usage. Contrarily, the most excellent teas are frequently offered in wholesale chest sales, and even these are not standardised by weight. Various estates use chests of multiple weights. Moreover, interested estates and corporations grade the products (Altman, 2007).

   Also, depending on the grading method (mesh or volumetric) or the medium used in the measure, like steel wire mesh versus aluminium wire mesh or even the exact measurements of a particular grade of tea, might differ from estate to estate. So, although grading is fundamentally a measurement of the size of the tea particles, different producers have 'developed' distinct nomenclatures over the years. Finally, it takes longer to sot the bulk, and buyers frequently complain about the grading process or how far the supplied bulk differs significantly from the sample (AF Ferguson & Co., 2002a, 24).

   Because of this detailed variation, the evolved sales and marketing strategies dominate a large portion of the global tea trade and are based on complicated knowledge networks that replicate the actual product's complexity, uniqueness, and delicacy. Hence, the smooth-surfaced market functions that apply to numerous other agricultural products do not apply to tea.

Most key tropical crops, including rubber, pepper, sugar, coffee, cotton, cocoa, and palm oil, are offered on commodity-based exchanges, e-trading platforms, and futures markets. Core economic information, such as stock-to-production ratios, determines each price. Most products can be exchanged according to established categories that serve as price-setting benchmarks despite every one of these commodities having specialist "edges." The tea industry runs differently. Because of the lack of universally applicable standard grades and the lack of commercial justification for substantial stockholdings for a crop harvested and produced on a weekly cycle, stocks have less of an impact on price determination. Hoarding of tea stocks has no broader economic purpose in the tea industry; instead, it serves as a temporary "pipeline" stage in the supply chain. The global average price, often known as the "FAO (Food and Agricultural Organisation) Composite Price," conceals a tremendous variation in market conditions (Neilson & Pritchard, 2009).

Auction

In 1679, for the first time, tea was traded in a public auction in London, and over the centuries, various kinds of market exchange have developed to take on their unique shapes. Comparing tea auctions with those held for other agricultural commodities, it is intriguing how they highlight the variety of this product. The sale of tea in discrete lots of varying weights, sampling, and comprehensive pre-sale cataloguing are all included.

The power of control over the operation of the auction system is with the limited brokers, which has become a big problem now. The producers responsible for the production and caretaking of tea do not have any role in the auction system. They do not have control over the price of the tea they produce, nor can they keep the stocks long to bargain for the price. The buyers are primarily big companies who own the blending, packaging and marketing network. These buyers have co-operated with the brokers inside the auction floor to lower the price. (Chaudhuri, 2006).

Auction is the most preferred mode of tea disposal. Out of 800 million kgs of bulk packaged tea, about 62.5 per cent is sold through public auction. (Das, 2009). Around 45 per cent of 1360.81 m. kgs of total tea produced in the country was sold through auction in 2019-20, and the remaining were sold through other modes. The auction system involves organisers, sellers or producers, buyers, brokers and warehouse keepers. The producers send tea for auction to the warehouse keepers, who get the "arrival and weighed report". The report contains the details of the grade of tea, its actual weight and the arrival date the warehouse receives the product. It is then forwarded to the concerned brokers. The broker does the testing and valuation of tea before distribution. The tea is then catalogued grade-wise, and the sample is collected before the distribution to the buyers. Then, the expected selling price level guideline is distributed among the buyers. During the auction, the broker sells by rotating each lot number, which is sold or knocked down to the highest bidder. Once the sale is done, the buyer can take the delivery from the warehouse. (Hazarika, 2011).

Branding and blending

The numerous varieties and grades of tea, along with the dispersed and frequently remote locations of estates, make the auctions of tea the perfect fit. Due to blending and branding, the quality of tea made by the various estates differs significantly among regions and within a single district or region. While tea offered to consumers typically contains mixes of different grades and sources, which, when combined, bring out specific combinations of flavour, most customers are unaware of the characteristic variations that govern the auction system. For instance, a typical tea bag may contain up to 30 types of Tea (Traidcraft, 2007, p. 6). Most tea is sold directly or under brand names that incorporate aspects of branding, such as Lipton, Twinings, Tetley and others.

However, by blending a variety of grades and origins, top tea brands can produce flavours comparable in taste to these different products. Hence, tea purchasers will arrive at tea auctions with a clear idea of the kinds of tea they need for the blends. However, if price trends make one grade more expensive than others, they can adjust their plans and acquire various tea blends from international marketplaces. As a result, tea auctions operate with an odd characteristic. Tea is sold on markets as a highly particularistic product with complex nomenclatures, location-specific grades, and extensive cup-tasting and sampling. However, tea is purchased on those same markets in ways where buyers can chop and change their purchase decisions to best suit the market conditions at hand. Buyers demand different and complicated grades of tea, and by blending these, they call it "value-addition".

This capacity for versatile tea blending also has significant regional ramifications. Top tea blenders have many options for sourcing teas on international markets. For popular tea bag mixes it is pretty simple for purchasers to jump from one provider to another because any change in flavour within one tea supplier may be concealed by expertly blending with another. Moreover, big brand name corporations have always had strong incentives to establish their blending and final packaging facilities in consumer countries so they can combine teas from multiple origins and benefit from flexible sourcing arrangements. For instance, the renowned Twinings tin tea is prepared and packaged in the UK before being sold internationally to various countries (Altman, 2002). These types of agreements undoubtedly lay the foundation for discussions on the function of branding in shaping value chain governance frameworks and the possibility of upgrading.

This breakdown of the input-output systems of tea value chains highlights that (a) The regional contexts specify the chain's upstream elements, and (b) The global economic regions characterised by value-adding and flexible sourcing predominate in downstream chain elements. It also shows that tea is a globally integrated product based on intricate production-exchange-consumption relationships.

Territoriality of Indian Tea

The global economy impacts the value chain formations. In the case of Indian Tea, it is imperative to understand the international dimension of its trade. Territoriality is the networks of production and market across regional, national and global levels (Gereffi, 1995, p. 113). Around 40 nations engaged in commercial Tea growth by 2005, which increased to 64 by 2022, but for more than 80 per cent of global tea production, six are responsible and only four for global export of more than 70 per cent.

Table 3.6: Major global tea-producing and exporting countries in 2021 (m. kgs)

Country	Production	Exports	Percentage of export share
China	3063.15	369.36	12.05
India	1343.06	196.54	14.63
Kenya	558.93	537.83	96.22

Sri Lanka	299.34	282.84	94.48
Others	1211.81	521.22	43.011
World	6455.19	1928.89	29.88

Source: Annual Report, Tea Board 2021-22

The spatial distribution of production and trade trends illustrates the nuanced interactions between import and export. The two countries with the largest populations, China and India, continue to produce the most tea globally, but a considerable portion is consumed domestically. The top exporters worldwide are Sri Lanka and Kenya. In addition, unlike the case with cocoa or coffee, the wealthy populations of Western Europe, North America, and Japan are not the primary tea consumers. Currently, just over half of all tea exports worldwide go to low- and middle-income nations, mainly in the Middle East, the former Soviet Union, and North Africa.

Table 3.7: Major tea importers in 2021

Country	Volume of import (m.kg)	Value of Import (USD in millions)
Pakistan	220	649
Russia	180	365.1
USA	160	559.7
UK	140	356.1
Egypt	130	272.7
Iran	110	246.8
Morocco	90	257.1
Germany	80	251.6
Japan	70	228.9
UAE	50	410.2

Source: worldstopexports.com, 2022; oec.world, 2021

The influence of these marketplaces has shaped governance structures in tea value chains. 40 per cent of the world's tea imports came from the UK in 1970 (Baffes, 2004). It declined to 9.2 per cent by 2005. There have been substantial alterations in the global landscape of tea production because of the changes in the region of tea consumption. The need for export revenue in producer countries has fuelled the rapid rise in output, with Kenya, Sri Lanka, India, and China accounting for a significant export increase (Table 3.7) (although the COVID-19 pandemic impacted the overall export). Implementing neo-liberal policies and structural adjustment programmes prioritising export-generating industries is crucial since it closely ties these trends. These trends will be further discussed in the next chapter.

Conclusion

In this chapter, critical components of value addition within the tea business of India have been methodically identified and covered. We discussed the establishment of the tea industry, its class structure, wage formation, trade unions, and the production process of branding/blending and selling the tea product. This systemic baseline gave us the "how and where" tea industry functions, which became a critical step in studying value chains. The tea production organisation in India is a response to the essential biophysical properties of tea. It also embodies the upstream elements of value chains, marked by significant additional value addition and subject to high levels of competition from producers in other countries.

These conceptual categories are typically used in GVC studies to offer the backdrops that establish the more in-depth interrogative analyses of "governance" and "institutions" and offer evaluation in an organised manner. We discuss territoriality and input-output systems before moving on to governance and institutions. However, the active involvement between the many category aspects of the value chain requires a more challenging examination. Input-output structures and Territoriality are interdependent and co-produce the framework of institutions and governance. For example, transitions from Plantation to smallholder agriculture are shaped and affected by the intersecting impacts of institutional structures and governance interactions. However, as stated at the beginning of this chapter, the problems discussed here offer a fundamental factual basis to the 'how', 'who' and 'where' concerns about India and the global tea business. Now that this process has been completed, we may discuss these industries' institutional environments.

Chapter 4

"Value" in the Value Chain of Tea

Introduction

For centuries, the plantation industry has given millions of people living in tropical highlands an agricultural foundation. Many tropical countries rely heavily on exporting these goods, and as producers of these commodities, they rarely have any other viable economic options. Since its inception, tea produced in India has been for export as a commercial good. The colonial trade system was created to satisfy the expanding demands of the British market (Besky, 2008). Until the 1990s, international commerce was extensively regulated in India by several multilateral and bilateral agreements that set down the conditions and terms of trade. However, introducing neo-liberal policies changed India's trade and commerce dynamics. Throughout the 1990s, the global beverage industry underwent mergers and acquisitions, giving rise to new giant firms with more extensive global reach.

Over the past 20 years, producers in developing countries have suffered from low prices for tropical commodities. Growers of tea and coffee are at the bottom of the value chain, where the global north receives the majority of the economic rewards (Neilson & Pritchard, 2009). The changes in these products tell a more significant account of the political economy of the plantation industry on a global scale, particularly regarding the prospects for emerging economies. Financial markets have boosted the value and protection of these intangible assets, and the business structures of these massive corporations are characterised by brand-based competitiveness (ibid). Important brands like PG Tips (Unilever), Lipton, and Tetley fiercely compete with top firms for a share of the world's tea industry. Indian tea growers have little to no control over the export trade markets, fetching low margins, further impacting tea workers and small tea growers (LeBaron, 2018).

The tea business in India has shifted from being predominantly focused on exports to being primarily focused on domestic consumption. The whole tea production's political economy is increasingly influenced by domestic rather than foreign market considerations. With the use of outsourcing, the lead companies have been able to focus on the expanding market while maintaining price pressure on the smallholders and suppliers who are now "independent." The importance of local production and trade of Indian tea producers suggests a multidimensional approach to studying the global scale of production and business, in contrast to the inclination of development researchers to concentrate on the global value chain mechanics of commodity production (Langford, 2021). The Indian tea market offers evidence of low entry barriers and growing competitive pressures.

The landscapes of trade and production in the twenty-first century have undergone substantial changes, which need a global perspective to understand. The big tea companies have moved from a vertically integrated production system to a more fragmented value chain system defined by outsourcing and subcontracting. This narrative highlights the need for a critical analysis of the development of value chains in the global South (Langford, 2021, p. 1446). Understanding shifting monopoly and competitive dynamics in the global trade and production network should be the goal of researchers studying commodity chains that have led to an uneven distribution of surplus among the various activities and merged division of labour, which either defines or constrains the global economy (Arrighi and Drangel, 1986, p. 16). In this chapter, we shall look into the intricacies of the value chain transformation of the tea sector in India, its institutional transformation and changes in governance and consumption patterns with the advent of globalisation. Before delving into the nuances of the tea business, we need to contextualise the understanding of globalisation.

Contextualising Globalisation

Globalisation and trade liberalisation have changed the ways of trade and commerce. As a researcher, we need to understand the essence of globalisation and the changes in governance and institutions that occurred with its introduction in the tea business. Over the last 50 years, a wide range of political, economic, social, and cultural transformations have altered the world due to globalisation. Hence, globalisation has been credited for various capabilities and consequences since it is a complicated and multidimensional phenomenon. It is increasingly understood in theoretical literature as a complex reconfiguration of how geographical locations are related and fundamentally asymmetrical in their geographic extent and intensity. The geographical scope is engendered from the discourses and activities of economic actors anchored inside definite realms. Amin (1997, p. 133) defines globalisation as the interconnectedness and intermingling of global, distant, and local layers, resulting in the increasing amalgamation and penetration of political, economic, and social life. So, rather than being categories that are simply there, spaces for activities are constructed from the ways where actors can relate to one another. Globalisation is a capitalist expansion that involves merging local and national economies into a worldwide market economy. It is an economic phenomenon with a political underpinning shaped through exchanges and debates between transnational capital institutions, international organisations, and federal governments. Institutions of global capitalism, particularly transnational businesses, are its most prominent advocates, which need a firm hand of the government to adopt favourable conditions for its development. Liberal democracy always promotes the implementation of policies which lead to the advancement of globalisation and advocates for establishing a neo-liberal state.

The social sciences have experienced significant upheaval after the advent of the "globalisation era" on theorising, researching, and framing "global processes." Analysing a problem has become complex as local and national economies, businesses and people involved, have come into closer contact through foreign investment and trade (Sturgeon et al., 2008, pp. 297-8). The traditional economic tools, particularly theories of demand and supply and national competitive advantages, have historically been too narrow and stylised to fully describe the complexity of industrial progress and economic life despite being extremely strong and prescient.

The conversation on global economic trends is naturally a broad and cumbersome subject. We need tools to help us filter out a certain amount of "noise" and concentrate on what matters most, but we must be discerning when selecting these tools. Studies that only use aggregate figures, like investment and trade, are compelled to obscure the specific characteristics of the global economy. This is particularly true when comprehending the function of interpersonal and firm-to-firm interactions and the impact of politics and power on the development phase. These are essential components of political economy when developing effective economic development strategies (Neilson & Pritchard, 2009). However, the smaller-scale examinations of national economies, regionalised hubs of economic activity, and corporate strategy sacrifice a thorough understanding of the broader, cross-border systems that already exist or are on the verge of emerging in the global economy. An industry-level value chain research reveals the actors involved in the global economy and the connections that unite them into a broader system (Sturgeon, 2001, p. 9). The study of tracking a good or service down a supply chain reveals how geographical connections and disconnections produce a world of wealth and poverty, compatibility and heterogeneity, and advantages and disadvantages. It adjusts how we view globalisation to focus more on the nuances of choices, plans, and deeds of social actors like governments, business owners, workers' organisations, and NGOs.

The rise in awareness of the relational intricacies of global processes provides an intellectual push for rescaling the research lens. Instead of focusing on how global processes are theorised, many researchers are now more interested in the specifics of how these dynamics are changing individual sectors and commodity systems. They begin by developing an understanding of globalisation through location or industry-based entry points before moving upward through comparison analysis to denote and pinpoint broader meanings (Jackson, 1999). In this sense, examining product or commodity networks is apt for the more general discussions of globalisation.

Institutional transformation of the Indian Tea industry

Institutions are multi-scalar entities with an institutional space that spans from local to the global scale. They interact and combine in specific positions to form a dominant institutional environment, or, in other words, institutions are a collection of fundamental political, legal, and social ground rules that form the framework for exchange, production, and distribution (Davis & North, 1971: 6). As a solution to the problem of understanding how and why specific institutional settings arise in particular locations, the idea of embeddedness becomes relevant, which refers to the social production of economic activity. Workers of tea estates and small tea growers in India are all a part of many social, economic, political, and cultural institutions that operate in various sizes, from local to global.

In this chapter, the focus is not just on the external framework of regulations and laws of value chains but instead on a more comprehensive idea which aims to identify the various institutional contexts in which tea producers of India are embedded and the contexts in which these interactions develop governance structures that link producers with the downstream market. This method shows how the institutional setting of tea production in India influences several conflicts over the conditions and settings in which producers interact with other members of the value chain. We attempted to investigate the institutional setting of the Indian tea business through the lens of history to give these concepts tangible embodiment. The institutional contexts of the Indian tea value chains are the outcome of interactions, exchanges of knowledge, and interactions between the Indian plantation complex and the global institutions of tea. This debate emphasises the path-dependent processes that have created an institutionally dense environment for the current interactions of these industries with the value chains.

Colonial institutions in the Tea Plantation of India

British saw tea as an exotic stimulant to be consumed in tea houses. The cup of tea offered a temporary physiological "fix" reinforcing increased labour intensity (Macfarlane & Macfarlane, 2003). Teapot evolved into an essential contributor to lifeworld alterations during the Industrial Revolution. Tea became vital in Empire politics during the eighteenth and nineteenth centuries as European consumers desired it. As a result, having control of these goods became crucial to colonial aspirations. The history of tea politics in British India is well-documented and discussed in the previous chapter.

The development of the managing agency system came with the establishment of tea plantations, which dense groups of plantations plus trading enterprises characterised. In order to coordinate the production, trade, and processing of various commodities, including Tea and coffee, commission-writing companies were called managing agents. The fall of East India Company (EIC) led to the rise of this type of business organisation (Webster, 2006, p. 743). The EIC's commercial monopoly ended because of the Charter Act of 1813, and later laws in 1833 effectively ended EIC's trading operations. When the grip loomed, non-EIC commercial companies called "agency houses" formed throughout the Indian presidencies (Webster, 2006, p. 746). These houses not only served as trade facilitators but expanded into active administration of production firms. As a result, they gained control over the day-to-day operations of joint stock firms (Kling, 1966, p. 37). Trade houses went upstream into plantation management and downstream of the value chain to the auction and post-auction. In the 1880s, the James Findlay group, which started trading tea in Calcutta, can be an example of these transformations in the Indian tea sector. Findlay managed 108,000 hac. of tea through a managing agency and investments in London warehousing and blending businesses by 1901 (Jones & Wale, 1998, pp. 371–2). Eventually, several

Findlay group branches were engaged in plantation ownership and management, export-import commerce, warehousing, lodging tea at auction, and blending.

Many of the early firms started to merge under the managing agencies' management who had access to the capital market of London. The rise of corporate capital in the Indian tea business came from the nexus of agency house money with the managerial expertise of proprietary planters. Cross-shareholdings produced a complex web of shared interests (Gupta, 1997, p. 159). The controlling agencies were in charge of making decisions, and the firms served as their branches. In the 20th century, the Indian tea industry had most tea estates owned and managed by large British companies. British banks and agency houses provided the financing of the tea estates. The tea estates were operated on a large scale with much labour. The British companies controlled the import-export trade and almost entirely depended on the banks for capital investments. The entire industry was based in India, but the product market was Europe, especially England. A system of interlocking directorships controlled the interwoven functions of the producer, broker, shipper, banker, and distributor (Tharian, 1984, p. 38).

Almost 97 per cent of tea produced in India was exported in 1910, with more than 60 per cent selling at the London auction (J. Thomas & Co., 2004, p. 33). 13 managing agents were in charge of 75 per cent of India's tea production at the time. Five managing agencies controlled 60 per cent of tea production in India, and the concentration level was considerably higher among tea companies established itself, known as *"Rupee companies"(*Gupta, 1997, pp. 159–60). These extensive cross-shareholding businesses created a competitive atmosphere where underhanded activity flourished. It is alleged that managing agents manipulated the demand and supply, particularly during low prices. Even though there were many plantations in India, decisions were essentially made by a small group of managing agents who controlled several plantations. As a result, an oligopolistic structure was created. The managing agents were British citizens of a small, close-knit social group in a colonial setting (Gupta, 1997, p. 156).

When viewed through broader analytical lenses, the system of managing agency represented an institutional structure focused on profit management and appropriation for affluent merchant capital interests. British planters, who were responsible for managing the land for plantation, were economically subordinate to management organisations. Colonial economies founded on the exploitation of a native population, the socioeconomic status of planters with the entitlements of *'planters' life'* like clubs, bungalow housing, and a lack of banker interests whose coordination of commerce and finance supplied the lifeblood that supported this regime, all these arrangements created tea plantation regions as enclaves (Neilson & Pritchard, 2009, p. 111).

Institutional Reorganisations Following Independence

For independent India, tea was one of the most essential export-earning industries. However, the institutional structures of the sector did not correspond to the Republic's economic demands and interests because British and foreign entities controlled a large portion of these sectors, and the majority of export payments were made in British sterling Pounds. As a result, the Newly formed State heavily regulated these businesses throughout the first several decades of Independence. The state actors controlled and coordinated industrial activities during this phase.

The Indian state actively coordinated and controlled the industry from Independence till the 1990s. After 1945, due to the lack of an international commodities agreement for tea, there was no compelling need to engage the sector in economic regulation. The state's influence primarily manifested itself in the form of laws that reorganised plantation ownership and management. Many plantation owners sold off their holdings, while the rest had less incentive to make new investments in a country they no longer governed. For the Indian government, the high dividend returns to British owners became a source of political contention, which started an Investigation Commission on the Plantation Industry. The investigations by the Commission were completed in 1956. The British firms in India saw their tea plantations as a waste asset from which they strove to appropriate maximum feasible funds (Tharian, 1984, pp. 41-2). The Indian government adopted a series of steps in the late 1960s to limit the presence of British interests. Companies Amendment Act of 1969 disbanded the managing agency structure in 1970. After that, the Foreign Exchange Regulation Act of 1973 terminated the Sterling trade and trades were done in Rupees denomination. These measures had an impact on trade patterns and domestic market exchange systems. After this legislation, British planters disinvested from Indian tea businesses and redirected their procurement to African countries like Kenya, Malawi, Tanzania, and Sri Lanka. Indian tea traders quickly compensated for the loss of vital markets in

Britain by making trade relations with the Soviet Union and its allies. India was not a formal member of the Eastern bloc, yet allied with the Soviet Union to counter tight ties of Pakistan with China and the United States. Soviet industrial and military hardware was exchanged for Indian textiles and agricultural products as per the Rupee-Rouble Agreement of 1978. Coffee and tea were essential items of this trade. In 1986, the USSR purchased 87,362 tonnes of tea from India when trade ties between the two countries peaked. This accounted for 45 per cent of tea exports from India, out of which the USSR imported 80 per cent (FAO, 2007). Consequently, Soviet purchases boosted local demand for coffee and tea, keeping prices at the low end of the stable market.

The plantation life of the colonial era and its affiliated economic and social infrastructure, like manager clubs and planters' associations, are still present, as are bureaucratic agencies like the Tea Board, Indian Tea Association, and others, linked to the robust institutional period in post-Independence India. These remnants have combined to form an intricate institutional-organisational nexus in the tea industry. Amin and Thrift (1994) discuss institutional thickness, circumstances where intense organisational interaction fosters a broad sense of shared purpose. This idea has been mainly used to describe how organisational interactivity helps *to "hold down the global"* and generate *"sticky places in slippery space"* in studies on industrial clusters in the service and manufacturing industries (Markusen, 1996). Its application, however, can be viewed to look beyond regional agri-food complexities, such as India's plantation industries, where a set of relationships network between multiple institutions such as trade associations, research organisations, public agencies, and locally based extension agencies influences the character of producer interactions with downstream markets.

Network of different institutions and organisations in the Tea Industry of North Bengal

An intricate structure of government, parastatals, businesses, and civil society governs tea production in India. The interconnections between these entities have an enormous effect on the operations of particular economic agents such as estates, smallholders, and factories and their ability to respond and react to internal and external changes like updated export standards for accreditation to pest and disease control. Planters are pictured as members of an *'outdoorsy'* hunting society that puts forth much effort and enjoys a hard life. This cultural construct encourages the planter community to build a social capital paradigm. Although plantations compete in the marketplace, planters collaborate on areas of technology and innovations.

The persistence of planters' associations is closely related to this plantation culture. The Indian Tea Association (ITA) is one of the prominent and oldest associations of Indian tea producers and was established in 1881. ITA has continued serving as the tea sector's primary advisory and oversight body. ITA was founded with the initial goal of fostering systematic development and collaboration in the tea industry. As a result, it now acts as a strong link between different sectors of the tea trade, industry, and government. The Central and State Governments, the Tea Board of India and a wide range of governmental and administrative organisations are some organisations that ITA continues to effectively communicate with and work with to fulfil its multifaceted mission.

By managing several projects and activities that aim to improve the lives of those who live on and near tea plantations, ITA has also become a leading proponent of corporate social responsibility (CSR) for the tea industry. Over the years, ITA has strengthened its position as a research-backed think tank for the tea sector, and its resources and skills are still in high demand. The Consultative Committee of Plantation Associations (CCPA), India's highest body of tea producer Associations, has ITA as its secretariat.

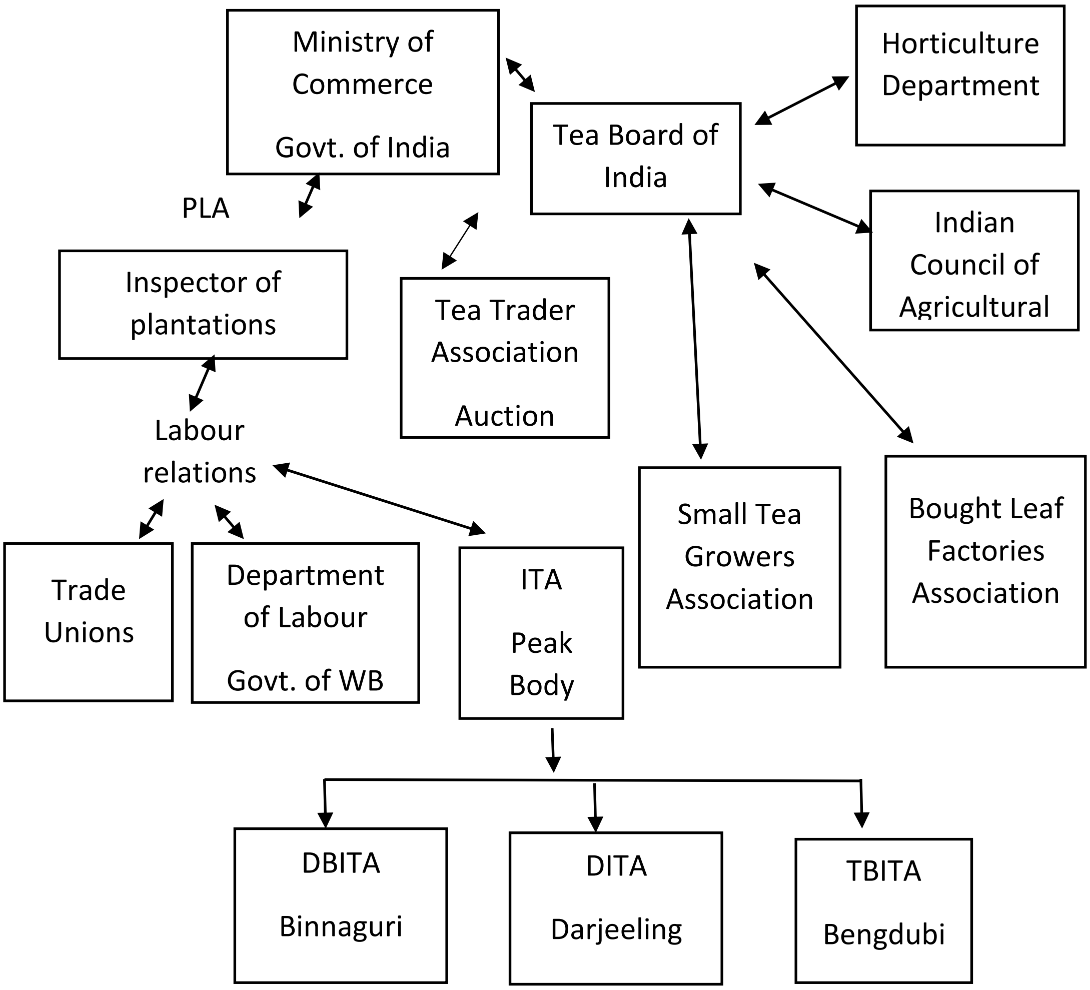
Nearly 7 lakh workers are employed by the 226 enterprises that comprise the ITA membership, spanning 474 estates with an estimated 400 million kg of crop and 50 million kg of direct exports. ITA is headquartered in Kolkata and has a network of branch and zone offices like Binnaguri (Dooars), Bengdubi (Terai), and Darjeeling in North Bengal and Guwahati, Jorhat, Silchar and Tezpur in Assam.

The Tea Board has authority over sanctioning, registering, and licencing industrial activities. It is responsible for the tea business as a whole. Kolkata is the main headquarters of the Tea Board of India. The Tea Board operates with a ubiquitous set of concerns related to representation and responsibility, just like state-centred producer marketing boards everywhere else globally. A substantial percentage of the Tea Board's funding comes from the industry (every tea factory in India is required to pay Rs 0.30/kg of manufactured tea as an allotment to the Tea Board), with producers accepting that the Board ought to remain directly accountable to them. In legal terms, however, the Tea Board is a parastatal organisation whose officeholders are chosen by the government of India; as a result, it owes its fidelity to political and legal motivations. The Board's ability to resolve these conflicts remains crucial. The Tea Board is an essential component of the system due to its extensive regulatory monitoring and substantial financial resources. Even though many of these powers are only partially implemented in India's post-1991 age of market liberalism, the Tea Board has demonstrated a readiness to exercise its regulatory authority when called. In practice, the Tea Board's influence as the industry's top body is primarily a result of its expansive relationships with business and scientific organisations.

NGOs and labour unions are some of the other elements of the network of industrial organisations. Following Independence, the plantation industry began to be unionised due to the unfair working conditions during the colonial era. The Plantation Labour Act of 1952 also provides legal protection for the legal rights of plantation employees. This regulation and the unions' active participation safeguard workers' rights by ensuring the estate owners to provide them with the bare minimum of housing, fuel, local facilities, and regional infrastructure (Discussed in Chapter 3). To this extent, it is acceptable to claim that plantation workers in India have better living conditions than many other rural labourers (Neilson & Pritchard, 2009). However, since 1998, the industry has seen worse economic conditions, which have jeopardised these accomplishments.

Some other agencies and organisations are also involved to form a complex network of functioning in the tea sector, which is shown in the diagram below

Fig 4.1: Organisational network of the Tea industry in North Bengal



Note: Arrows do not comply with the chain of commands but show the links

Buyer-Centric Governance in the Global Tea Business

It is essential to assess the significant changes in the strategy and structure of major tea companies before delving into the details of India's recent transformation. These dynamics of why and how large companies are trying to restructure their relations with Indian producers provide a crucial external framework for recent events in India.

The main themes of recent transformation are forward integration and consolidation. There is a cause-and-effect relationship because most value addition in tea chains occurs in close-by customer segments. The finished product exported from developing countries has a price which includes all necessary components of manufacture. Yet, it has been estimated that average auction prices are only 8 per cent of average retail prices in producing countries for tea sold in the Western market (Talbot, 2002, p. 707; van der Wal, 2008).

Table 4.1: Price distribution of tea sold in the European market

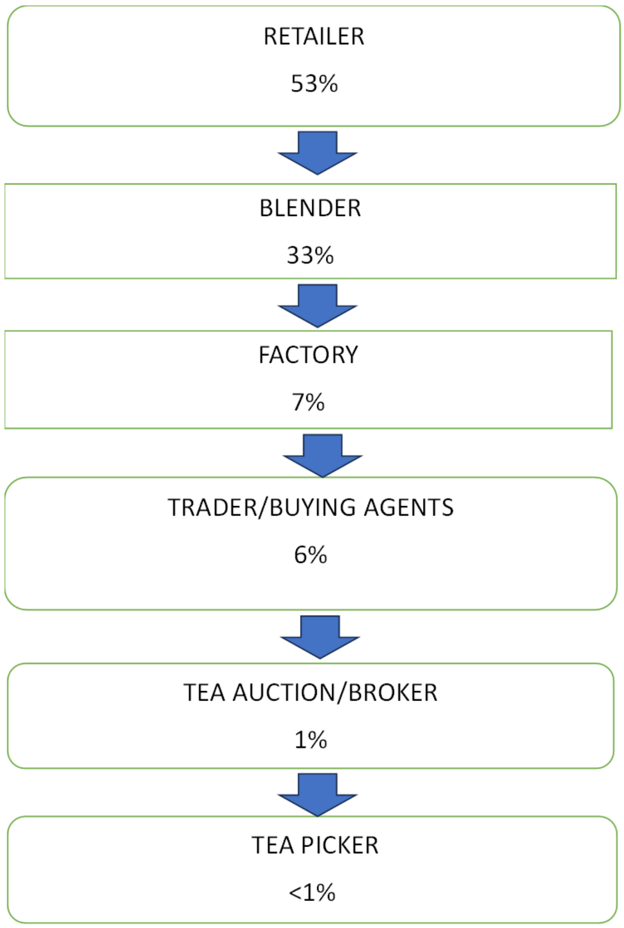
Chain of Tea Business	Price per kg (in €)	Percentage of price contribution
Production (cultivation to packaging)	1.25	6.91
Auction	1.39	7.68
Shipment including taxes	2.47	13.65
Miscellaneous (marketing, insurance, warehouse)	8.51	47.02
Retail price, including taxes	18.10	100

Source: SOMO et al., 2006: 19; (also see Neilson and Pritchard, 2009: 13)

Non-producers, including transporters, blenders, packagers, brand owners, and sale workers, take a large portion of the retail price. Unsurprisingly, giant corporations have been engaged in fierce competition for these operations in recent years, given the substantial percentage of value-additions to be seized close to consumer nodes of chains.

The result has been a shift in industrial governance favouring agreements dictated by customers. When seen in a broader context, the brand-centric forward integration of large corporations into downstream parts of the tea value chains is linked to financialisation processes within the agri-food business (Pritchard, 1999; Gibbon & Ponte, 2005). Financialisation refers to the broad range of processes through which financial markets substantially impact how economies and societies are organised economically (Martin, 2002; Epstein, 2005).

Fig 4.2: VALUE ADDITION IN THE SUPPLY CHAIN



Source: "War on Want" report 2010.

Financial markets now anticipate that multinational corporations will fairly value and safeguard their intangible assets in the present situation. The fact that brands have emerged as a critical weapon in the competition between multinational food corporations and retail chains for profit margins has led to this state of affairs. The ability of the food industry to impose terms on suppliers has grown as ownership has shrunk and fallen into fewer hands. Supermarkets have the ability and incentive to discontinue underperforming proprietary brands and utilise own-label products to increase the strain of competition on branded producers.

Restructuring of global corporations in the tea sector

During the colonial era till the mid-20th century, merchant capitalists were the major players in the worldwide tea trade. Most of these firms in India were offshoots of commission-writing firms that controlled the production, processing, and exchange of a range of commodities under the managing agency system. The Colonial system created managing agents, and as the tea-producing countries got their Independence, these enterprises evolved into specialised dealers and trades. According to a 1977 United Nations Conference on Trade and Development (UNCTAD) assessment, no more than four firms accounted for at least 80% of trade in 11 of the 20 major tea-importing countries (Ali et al., 1998, p. 16). According to the Dutch nongovernmental organisation SOMO, seven multinational companies dominate nine of ten tea exports to Western consumer markets (van der Wal, 2008, p. 25). These merchant-capital firms transformed into organisations with a robust strategic focus on consumer brands (Ali et al., 1998: 17). The best illustration of these dynamics is the growth of the UK market. Tea branding and blending processes in the UK before the 1980s were fragmented. There were more local blenders and branders, and only a few brands with significant distribution and national reputations, like "Lipton" or "Tetley". Nevertheless, the market quickly became more regulated as tea bags replaced loose-leaf packaging. Tea bag consistency necessitates intricate mixing techniques, and the commodity is especially sensitive to brand visibility—these factors favour large, global corporations over local and regional small businesses. By the beginning of the twenty-first century, branded tea production had become an extremely consolidated industry in many national markets dominated by a particular group of multinational firms. By 2006, the UK had a total market share of 48 per cent for the international brands Tetley and PG Tips, controlled by Tata and Unilever, respectively. The two most well-known brands also belonged to multinational corporations Twinings 10 per cent and Typhoo 7 per cent. Other industry players comprised only 17 per cent of the market, with the largest share of 6 per cent going to family-owned Yorkshire Teas. 18 per cent of the market accounted for supermarket own-brand products (Mintel, 2007).

The takeover of small regional companies by brand-focused multinational companies has led to the departure of several independent "legacy brands" whose ownership was tied to particular families and locations.

Table 4.2: Legacy brands and MNCs which acquired them.

Independent legacy brand	**Acquisition by Big MNCs**
"Twinings", a heritage brand, started operating in 1706.	Associated British Foods (ABF) bought Twining in 1964.
"Tetley" started in 1822	The business was bought by Joseph Lyons & Co., a renowned British chain of tea houses, hotels, and biscuit producers, at the turn of the 20th century. The company experienced several ownership changes from the 1960s to the 1990s before being spun off due to a management buyout in 1995. Finally, Tata, a diverse multinational corporation in India, purchased the company in 2000.
"Typhoo Tea" was established in Birmingham precisely a century earlier, in 1905, by a local supermarket store owner and sideline tea dealer.	Cadbury Schweppes purchased the company in 1968; the family still owned it. However, in 1986, a part of the company was sold as part of the management buyout. Later, in 2005, Apeenjay Surrendra Group (ASG) bought "Typhoo", an Indian conglomerate controlled by the Paul family of Kolkata.
"Lipton" was founded by Sir Thomas Lipton in 1890.	In 1991, Unilever acquired Lipton with its first joint venture with PepsiCo.
"Brooke Bond" was founded by Arthur Brooke in 1845. PG Tips, Brooke Bond's famous brand, was launched in 1930	The company merged with Liebig in 1968 and was acquired by Unilever in 1984.

Source: Compiled from different companies' history.

Currently, five brands dominate the tea market in the UK. Tetley owns 27 per cent, followed by PG Tips at 24 per cent, Typhoo at 13 per cent, Twining at 11 per cent and Yorkshire at 6 per cent. Even though the value chains of Indian tea production have been thoroughly researched, the domestic production system and its changes over the past few decades have been hardly explored. Since the 1960s, India's domestic tea market has been continuously expanding. After the implementation of FERA, the management of the sector by local enterprises became popular, and so did local consumption. India and other developing countries with higher-value markets observe similar trends in forward incorporation and focus on brands. Like Europe, a handful of giant multinational blender branders dominate India's constantly growing local brand-name and packaged tea market. Of course, historically, *"tea-wallahs"* who conducted business on the nation's street corners and in the corridors of workplaces sold most of the unbranded, unpackaged Tea in India. However, as the standard of living for the middle-class increases, branded market segments have replaced unbranded ones in India's consumption patterns (Neilson & Pritchard, 2007a).

According to Indian Business Insight (2007), branded tea sales increased by 3.3 per cent annually between 2000 and 2006. The same two corporations controlling the UK market also had a stronghold on the Indian market. 44 per cent of sales in the formal retail sector in 2006 were attributable to Unilever and Tata-owned brands (Indian Food and Industry, 2006, p. 44). According to Potts et al. (2014), Hindustan Unilever and Tata Global Beverages accounted for about 27 per cent and 29 per cent of the market, respectively, by 2014. The world's largest tea buyer, Unilever, owns Hindustan Lever. Tata Global Beverages, which owns Tetley, can also be considered a global leader in the tea business. Although Tetley and Unilever are a part of the giant conglomerate that supplies tea for the global markets and has producers across various locations, their subsidiaries, Tata Global Beverages and Hindustan Lever, can both be regarded as domestic as some sectors of the two firms buy tea exclusively for the domestic market sourced from domestic suppliers.

These points, where the Global and Domestic value chains meet, demonstrate the benefits of using a value chain analysis that considers various intersecting chains of production (Langford, 2019). Several substantial tea businesses, like Hindustan Lever and Tata Global Beverages, manage production for the domestic market. Curiously, a few businesses, for instance, Goodricke Group, serve as first-tier suppliers to international and domestic lead firms. They have maintained vertically integrated organisational structures (Langford, 2021). Big, branded corporations sell packaged tea, associating the brand with quality through intensive advertising campaigns (Mukherjee et al., 2012). This pattern is similar to production changes in the global tea market, where giant international corporations have the advantage of more complex blending formulas and the importance of branding over local businesses (Neilson & Pritchard, 2009). Compared to unbranded tea, the cost of branded tea on the domestic market increased from 12 per cent in 2009 to 70 per cent in 2017. (BASIC, 2019). Due to these shifts in the market conditions, in 2013, Unilever raised its ownership stake in Hindustan Lever from 55 per cent to 67.5 per cent, the highest percentage permissible in India (Unilever, 2015). This emphasises research limitations in value chains from a strictly global standpoint and the permeable boundaries of local vs. global value chains. Tea production in India is no longer primarily driven by exports; it increasingly relies on the domestic market. Although there may be significant value addition in a few export markets, many large producers assert that their products sell well domestically compared to exports as a whole. However, depending on the calibre of teas sold, there may be changes as this is mostly the experience of larger companies producing premium teas. There is still a knowledge deficit about how domestic dynamics affect the political economy of production, even though numerous research studies have examined the GVC dynamics that influence Indian tea production (Neilson & Pritchard, 2009).

Changing consumption pattern of Tea in India

The British market served as the principal export centre from the 19th till the mid-twentieth century. The entire tea production process was designed for export. British companies pursued alternate markets following World War II and the Great Depression (Gupta, 1997). India's domestic market was also investigated simultaneously but with little success (Lutgendorf, 2012). The Indian tea market, however, did not take off until the 1950s, when the Tea Board was established, along with tea advertisements and campaigns. The home market began to expand steadily in the 1960s, and as tea processing technology advanced, Tea became more widely available and reasonably priced (ibid). The domestic market's expansion has also altered Indian consumers' preferences for branded and high-end Tea (Langford, 2021).

Although India's per capita consumption remains low compared to other countries, domestic tea consumption increased from 600 million kgs to 1.1 billion kgs between 2000 and 2021. As a result of this increase in demand, the majority of Tea produced in India has been consumed locally rather than exported. As the least expensive beverage in India, it has grown to be the country's most popular beverage. It has surpassed all other beverages in popularity in India. The local market in India has proliferated.

Table 4.3: Domestic consumption and Export of Indian Tea

Year	Total production (m. kgs)	Domestic consumption (m. kgs)	Percentage of Domestic consumption (%)	Export (m. kgs)	Percentage of Export (%)
1947	255	79	31	176	69
1996	780	597	76	183	24
2013	1126	918	82	208	18
2021	1343	1146	85	197	15

Source: Tea Statistics, Tea Board of India

The consumption of tea in India has gradually increased. At the time of Independence, domestic consumption was barely 79 million kg or roughly 31 per cent of the 255 million kilograms of total production. Moreover, in 1996, this consumption increased to 597 million kilograms, 76 per cent of the total output of 780 million Kg (Dwibedi,1999). By 2013, the tea consumption in India increased to 82 per cent of the total produce (Arya, 2013). About 85 per cent is consumed within the country, while the export has decreased to 15 per cent by 2021.

The local market's expansion is linked to a shift in Indian consumption. While the domestic market is booming, exports have reached a saturation point. The liberalisation and free competition free trade policies attracted global tea suppliers such as Sri Lanka, Vietnam, Kenya, and others, resulting in fierce rivalry in the domestic market. For example, India exports around 15 per cent of total global production, whereas countries such as Sri Lanka and Kenya contribute approximately 95 per cent (CPDA, 2008; ILO, 2018). Between 1991 and 2010, Sri Lanka and Kenya dominated the global contribution with 20 per cent apiece, followed by China at 17 per cent and India at 14 per cent.

The rise in domestic consumption can also be attributed to tea processing technological advances, which boosted the accessibility of reasonably priced tea (Lutgendorf, 2012). The domestic market expansion is tied to the shift in Indian consumers' consumption patterns. Consumers have shifted away from loose-leaf teas towards high-end, branded categories as household income has increased. Most of India's urban and rural populations favour packaged Tea. Nevertheless, there are significant parallels between the Indian situation and China, where domestic consumption is about 66 per cent of the total tea production (Lei, 2016).

Table 4.4: Regional Preferences for Loose Leaf vs. Packaged Tea

Zone	Rural		Urban	
	Loose (in percentage)	Packaged (in percentage)	Loose (in percentage)	Packaged (in percentage)
East	53	47	46	54
Central	28	72	15	85
West	18	82	17	83
South	17	83	13	87
North	11	89	8	92
All India	25	75	20	80

Source: Tea Board of India 2018.

Development of a Value chain system in the Domestic Market

There is a rise in polycentric trade due to the expansion in South-South trade and the multidirectional nature of the trading geography (Horner & Nadvi, 2018). Within large economies, there has been a significant increase in domestic and regional trade, which demands more research on domestic market coordination and governance (Bush et al., 2015). The narrow concentration of the global Northern perspective is being criticised for limiting its concentration on the flow of goods and services from Global South suppliers to Global North buyers (Murphy, 2008). Despite this acknowledgement, most value chain studies focus on global trade and manufacturing coordination (Barrientos, 2013; Mayer & Pickles, 2010). This is because the framework was created during the early stages of globalisation when pioneering companies from industrialised nations altered the world economy by outsourcing production across borders to nations with cheaper labour (Gereffi et al., 2005). The rise of new production and trade dynamics within current globalisation is challenging the dominance of these lead corporations, which are primarily situated in the global North. Geographical trade and consumption patterns have been permanently changed by the rapid economic growth of Southern nations, particularly India, China, and Brazil (Henderson & Nadvi, 2011; 2014). The rise of lead companies from these nations, which are frequently dependent upon the sizable domestic markets in which they are based, is evidence of the shifting corporate power and geopolitical scenario (Horner & Nadvi, 2018). In order to effectively manage the production for domestic markets, it is essential to identify the central players involved and how trade within domestic markets is structured.

Domestic markets in developing countries are frequently described as fiercely competitive, with producers contending for narrow profit margins under permissive regulations (Knorringa, 2014). Because of this, some people have asserted that the growth of domestic markets could result in a "race to the bottom" for labour and environmental norms (Kaplinsky & Farooki, 2010). In opposition to these assertions, other academics have shown that Southern actors are becoming more interested in shaping local market production dynamics through regulation (Bartley, 2014; Schouten & Bitzer, 2015). However, what is frequently missed is the dialectical relations between them and how the development of value chain relationships in these fiercely competitive marketplaces may accentuate these conflicting tensions.

Domestic Value Chain of Tea in India

Vertical integration has historically been used to coordinate production for the domestic market, with tea corporations exercising direct control over selling to the market and production through ownership of plantation estates. However, modern production arrangement for the domestic market has undergone a significant transformation.

Due to the price volatility in the international tea markets during the 2000s, the more prominent domestic firms found the vertically integrated production system more unsustainable. Global tea prices collapsed in 2001 due to an oversupply, causing an industry-wide catastrophe (CEC, 2007). Because of that, the many plantations management could no longer afford the requisite taxes and expenses; hence several plantation estates were forced to close (Chattopadhayay, 2005). Several plantations also failed to maintain the tea production standard and achieve yield goals (Larsen, 2016). Estate closures impacted over 100 thousand permanent tea workers at the peak of the crisis, and persistent poverty was reported in tea-growing areas (CEC, 2007). Estate owners criticised the expense of upholding their legal commitments under the PLA, saying that the higher cost of production is hampering their business in the prevailing competitive environment. At the same time, workers endured grime conditions (Neilson & Pritchard, 2009).

The crisis highlighted the substantial financial risks of owning tea plantations for the major domestic companies. Earlier, Tata Global Beverages and Hindustan Lever possessed many plantation estates in the northern and southern tea-growing regions. In 2005, Hindustan Lever disclosed its intention to sell most of its estates. By purchasing plantations from Hindustan Lever, McLeod Russel elevated to the world's top tea producer (Dutta, 2019). Following Hindustan Lever, Tata Global Beverages sold its estates in the Nilgiris and Assam. Still, they kept control of their Darjeeling tea plantations because of the higher sale prices of this region's products (Raman, 2010). Tata reduced its workforce by offering employees early voluntary retirement benefits a year before selling the Kanan Devan estates. However, for the surviving workers, the intensity of their workload increased. This intensification ultimately made it possible for Tata and other firms to purchase the tea at a lower cost, as Tata still receives its Tea from these estates (Raman, 2010, p. 167). An estimated 36,000 employees between the two firms lost their jobs due to estate sales (Grossman, 2011; Raman, 2010). Through this vertical "disintegration" process, new plantation enterprises were created in the tea-growing states of Kerala, Assam, and Tamil Nadu. They consist of McLeod Russell overtaking Hindustan Unilever, Amalgamated Plantations Private Limited and the Kanan Devan Hills Plantations, which Tata Global Beverages previously owned.

Given Tata Global Beverages and Hindustan Lever’s considerable combined market share, establishing a value chain system within the domestic market with sourcing procedures similar to those utilised by leading corporations in global markets revolutionised local production coordination. Both companies were able to get rid of the growing risks of managing tea plantation estates by disintegrating the supply chain. First, they were relieved of the financial burden of maintaining plantations, which included paying for legal and regulatory compliance. Instead, compliance and covering such expenditures would fall under the purview of supply companies. Second, these firms have expansive freedom to choose their local sourcing base. These firms could expand their supply base while maintaining some ownership regionally so they can depend on the new plantation companies founded as well. The likelihood of trade union agitation and the chance of pest outbreaks were decreased as a result. These resulted in companies having agreements with their "priority factories" and sourcing their tea in a 1:8 ratio, which means that for every kilogram, tea comes from eight locations or factories (Langford, 2021, p. 1460). Domestic lead enterprises have allowed themselves to further specialise in tea marketing and branding by transitioning from vertically integrated production systems to outsourcing over a broader supplier base. This results in further domestic market concentration.

While the big players in the tea business have evolved in the changing dynamics, many well-known firms and businesses have suffered losses beyond recovery. Let us discuss on of the cases of such a firm, which was a well-known firm in the field of tea but suffered financial loss and eventually abandoned the fourteen tea estates it owned. Here, we detailed the finance part of the case; however, its productivity part will be discussed in the next chapter.

Case study of (Ferguson-Rawal) firm

One of the essential group firms in the Kanti Prasad Rawal-led Ferguson Rawal Group of companies is M/s Fergusons Industries Ltd (FIL). On July 30, 1993, it was upgraded to public limited company status under the Companies Act of 1956. Since receiving its elevation, the FIL has focused primarily on the tea and urea (fertiliser) industries. Aside from this, it also engages in rice trading. Uttar Pradesh is the location of the urea production fertiliser complex. The corporation influences several West Bengal-based tea estates and processing facilities. It should be noted that FIL or its forerunners have been involved with the tea business for more than 150 years. It had inherited tea plantations from the former Scottish corporation Fergusons Brothers Limited, known for producing tea in Bengal during the colonial era.

A Brief History of the Rawal Family's Businesses

It should be noted that the Rawal family has a long history of depending on a risky business strategy of acquisition, merger, and consolidation to encourage growth over a short period. This includes their venture into the tea plantation industry and other industries. So, to gain some preliminary insight into the true causes of FIL's degradation and the highly publicised case of sickness in the tea industry, it is essential to analyse the company's business history comprehensively.

Ferguson Company's history of tea plantation began when a Scottish businessman, Mayfair Ferguson, founded Mayfair Ferguson and Company in 1859. The company developed a reputation for exporting high-quality tea to a developing international market. Within a few years, Ferguson came to represent Indian tea production (even today, one identifies FIL with its tea business). After seeing success in the tea industry, the corporation established the Anglo-India jute mill to expand into the jute market. Ferguson Brothers Limited (FBL) became the company's new name due to the development of its business sphere. It is important to note that the two FBL ventures, namely tea and jute, had been maintained under different Boards of Directors.

Eventually, the Bina Tea Company came into existence under FBL as a distinct organisation to ensure the smooth operation of the tea business. The plantation companies initially raised financing from the London money market to suit their financial needs. The capital loan requirement also increased as the tea plantation sector quickly expanded at the end of the nineteenth century. Native money lenders, mostly the wealthy Marwari traders and Banias, filled the vacuum. They began providing a sizable portion of the financing for the tea companies. As India gained its independence, the foreign owners of the plantations started to flee the nation. This local lender class has entered the business, buying up firms catering to foreigners. The Rawal family patriarch Sri Kishor Rawal acquired FBL through this process, gaining the Anglo-India Jute and Bina Tea enterprises. This takeover also gave Ferguson Rawal a new identity. His predecessors were wealthy and in charge of the Calcutta Indi Bank. So, it is evident that Rawal took on the challenge of entrepreneurship development in the tea plantation industry under the British Raj. Their main line of work was earning money through money lending and banking. Mr Kanti Prasad Rawal, the youngest son of Kishor Prasad Rawal, acquired ownership of FBL after the Rawal family's commercial division in 1979. The following year, he also took over the role of company chairman. He held onto his position ever since, up until recently. The Bina Tea Company changed its name to Ferguson Agro Ltd (FAL) in 1977 after joining up with a few tobacco companies. By purchasing Laxmi Chand Fertilizers and Chemicals from ICI India in 1993 and bringing it under FAL, the Ferguson Rawal group entered the fertiliser business. In the same year, Mr Rawal established Fergusons Industries Ltd (FIL), and FIL acquired the Tea Plantations and Tea processing factories upon merging with the former FAL. The fertiliser company and FIL merged the following year. Again in 1999, FIL joined Rawal's five group companies: Kesari Trade, Krishna Management Services, Turf Investments, and Eucarya Investments. It should be emphasised that none of the businesses that were merged into FIL in 1999 had any role in agro-based manufacturing processes like the production of tea, fertiliser, or tobacco.

On the other hand, these recently established businesses are primarily involved in various commercial activities, such as real estate, financial intermediation across multiple capital markets, logistical operations, and trading, including rice trade. Those who monitor the manoeuvres and business models of large corporate houses in India believe that what distinguishes the Rawal family in the corporate world is their constant pursuit of takeovers, which it regards as the primary tool for expanding its sphere of commercial territory. The Rawals may think negotiating takeover agreements is the best strategy for developing quickly and out-competing competitors. Such takeovers span many corporate business operations and are included on a long list. This is demonstrated by the fact that they promptly outpaced many other corporate rivals and took third place in the corporate acquisition bids. Just the Tatas and Birlas can come close to matching the expansion of the Rawal family in just 25 years, even though they started their enterprises earlier. The Rawals are, therefore, associated with business takeovers of failing firms. The specialists in corporate governance frequently claim that they are true takeover wizards in the business world due to their status as the undisputed bidders of corporate takeovers. Pursuing this risky business strategy for a quick return may have compelled FIL to resort to financial malpractices by syphoning off revenues from one industry and funnelling them to others. However, the sector from which the payments are managed to earn and transfer is left in financial ruin.

The company's history in the tea industry replicates its unethical business practices in other facets of its corporate activity. The majority of it is a history of takeovers. As was already established, the Rawal family began managing tea estates in 1959 after purchasing them from Bina Tea Company (BTC), a Scottish corporation that had founded the industry. Then, they continued to buy tea estates in each of the State's tea-producing areas individually. They later purchased tea estates in Hir, Dhuri, Geet, and Biru. Under their management, operations were carried out to maximise profit, which was the primary goal of Rawals ever since FBL's very profitable business organisation was established. For instance, the factory setups in the majority of Fergusons' tea gardens suffer from the ailments of ageing. Without any significant renovation work, the factory facilities have worn out. It has also been overdue for production machinery to be upgraded and replaced. As a result, in stark contrast to the colonial owner of the Ferguson family, who could undoubtedly be described as a planter in the real meaning of the word, the Rawals could scarcely establish their credentials as a tea planter concerning the company's attitude, they had thus far demonstrated to their flagship business enterprise. Their function essentially mirrors that of the tea merchant class, which seeks to appropriate surplus to the greatest extent while spending little to raise production, productivity, and living standards for tea workers. The current situation of the tea estates under Kanti Prasad Rawal's leadership of FIL provides an indication. Hence, it appears that the FIL under Rawal has been upholding the legacy of its reputation as a profit-driven money lender from the pre-Independence era. It has undoubtedly been providing nothing significant for the growth of plantations for a very long time.

Financial Misconduct and crisis in tea estates of FIL

The troubled period in FIL's business began in the early 2000s when it was put under tremendous financial hardship due to various financial problems. Negative net current assets and repeated years of negative net worth, as shown in the company's balance sheets, might serve as indicators to highlight the company's deteriorating financial status. The company eventually turned to BIFR (Board for Industrial & Financial Restructuring) for help in 2006 under the provisions of the Sick Industrial Companies (Special Provisions) Act 1985, likely under pressure from its equity holders and creditors, including scheduled commercial banks and private individuals.

According to BIFR, there were three leading causes of the company's financial difficulties:

1. Losses of the fertiliser plant and its closure in March 2002 as a consequence of the modification of the concession (subsidy) price of urea by the Government of India in 2002;

2. A severe lack of operating capital for the company due to funds being locked up in subsidies owed to its fertiliser plant and an increase in the cost of producing urea's inputs due to the price of naphtha.

3. Recessions that affected the tea sector during the period.

The goal of requesting BIFR's assistance appears to be to place the firm under the Corporate Debt Restructuring mechanism, which would allow it to benefit from "haircuts" from banks and other financial institutions and the infusion of new bank debts, among other things. The BIFR had classified the company as a sick industrial company following a hearing on 31 March 2007, where the referral for the company was examined. As a result of this announcement, the BIFR selected SBI Capital Market to investigate the company's viability, and the study report concluded that it could be possible. It then created a revival plan for FIL to use to operate. The rehabilitation plan, among other things, calls for removing the fertiliser undertaking from FIL regulation while keeping the tea division under FIL. The FIL tea section is still classified with the BIFR as a sick unit.

It should be noted that the failing tea plantations of FIL have not benefited in any way from the BIFR restoration programme. Even though the package is in place, the corporation has accrued increasing debts for salary, wages, and statutory benefits due to thousands of staff members and workers. In addition, there are worrying allegations of increased worker deaths from malnutrition. The Union Trade and Industry Ministry likely issued a notification to allow the Tea Board to assume control of several Fergusons-owned tea gardens as a result of this troublesome circumstance. "The tea gardens are being managed in a way severely harmful to the tea business and the public interest," the notification stated.

As mentioned, the FIL tea division is still listed as a sick unit with the BIFR. The operational trade unions and the tea workers have a widespread fear that the company's long-standing financial fraud activities may be to blame for the malaise that has gripped the tea plantations. More precisely, they believe Fergusons syphoned off profits from its tea estates and invested them in one or more businesses, with the workers in the tea industry paying the price as those failed businesses. In BIFR's study of Fergusons' financial issue, this worry has been confirmed to be true to a substantial level. The inquiry has shown that one significant element that may have contributed to the financial problem within the tea business is the working capital crisis. It is a typical sign of a company's capacity to satisfy its short-term financial obligations, including monthly wage payments. According to BIFR, management intentionally spread the problem at the tea unit from the fertiliser plant, which incurs losses.

The need for operating capital at the fertiliser factory has significantly increased since a liquidity issue first surfaced. This has ultimately resulted in a significant reduction in working capital that can be used for FIL's tea plantations. The Tea Units' performance has suffered significantly due to being unable to fully satisfy their need for working cash. As a result, the problem-plagued fertiliser factory has been directly linked to the working capital crisis affecting tea estates, making the tea segment of the corporation a victim of it. One may also argue that the tea division should have been shielded from the negative impact of the fertiliser plant if the management truly believes that recessions have already seized it. Hence, the critical question is whether the crisis in tea plantations is primarily due to the draining of funds from the tea sector to the fertiliser factory to allow it to rebound or whether the periodic slowdown in the tea business causes it. Long-term lack of working capital in tea plantations has three detrimental effects: depreciation and loss of assets due to inadequate maintenance of tea estates; accumulation of liabilities due to failure to repay bank debts and other outstanding debts; and accrual of obligations for labourers' salaries, wages, and other legal benefits.

The absence of effective financial management, which ultimately causes great harm to its tea farms, particularly in terms of the ongoing hardship of its tea workers, is unquestionably a significant factor in the sickness of FIL's tea unit. In light of this, the BIFR has seriously emphasised the corporate reorganisation of FIL by de-merging the company's fertiliser segment into a separate corporation. The BIFR correctly said that the businesses of fertiliser and tea are entirely unconnected, do not have operational synergies, have different dynamics, call for different growth strategies, and have different goals for alliance/consolidation.

Based on this justification, it has been suggested that a separate Board of Directors is needed to de-link tea estates from the fertiliser plant and to ensure each business receives the proper attention so that any unfavourable conditions in any of these businesses do not affect other undertakings. The dubious business model of FIL has, up until now, been depended upon to nurture the quickest rate of growth and has undoubtedly been called into question by the justification for the de-merger of FIL. Its main component is the careless blending of a diverse range of businesses under a single Board of Directors, which can obstruct a company's ability to run financially soundly. However, it might make it easier for money to be diverted legally. Thus, it may be claimed that implementing the BIFR's recommendations on issues about the pursuit of responsible financial management should be given utmost attention.

Financial Position of FIL concerning Other Businesses

According to FIL, the so-called tea crisis, which the tea industry experienced for almost seven years until 2008, significantly contributed to its poor financial performance. A decline in tea prices primarily brought on this crisis. So, it may be argued that other significant tea-producing businesses, including Tata Tea Ltd., Goodricke Group Ltd., and Jay Shree Tea and Industries Ltd., had to go through a similar financial crisis to FIL. A comparison of the financial positions of these companies must be conducted to determine whether or not this claim is accurate. For this research, income, sales, and various profit characteristics specific to these companies during 2003 and 2007 are significant financial variables. It is important to note that, while being a short-term trend study, the current research would be sufficient to concentrate on the trajectory of profit and other financial performance indicators of these enterprises during the allegedly depressed tea market scenario. The table entries represent annualised figures.

Table 4.5: Comparison of different financial parameters of FIL with other firms

Name of the company		2003	2004	2005	2006	2007	CAGR (%)
Tata Tea Ltd	Total income	834.46	855.93	961.61	1093.9	1295.47	10.92
	Sale	748.43	777.53	893.27	971.01	1056.38	7.96
	PBT	100.1	121.11	162.04	230.52	349.77	
	PAT	70.6	91.53	128.81	186.93	306.57	35.28
	PBDITA	150.75	161.33	198	266.38	413.75	26.5
Goodricke Group Ltd	Total income	189.49	197.71	216.31	227.87	241.82	5.16
	Sale	184.77	193.97	211.29	222.83	237.81	5.23
	PBT	-8.28	3.74	4.93	7.64	10.39	
	PAT	-8.28	3.22	3.76	5.5	7.66	24.19
	PBDITA	-0.67	11.56	1.72	16.11	20.12	14.9
Ferguson Industries Ltd	Total income	1056.22	133.84	123.94	189.74	107.08	-5.42
	Sale	868.96	101.53	117.41	168.76	102.79	0.31
	PBT	-104.35	-75.42	-84.98	-694.66	-203.92	
	PAT	-104.35	-75.42	-84.98	-798.9	-204.14	-28.27
	PBDITA	100.08	-2.37	-26.7	-618.9	-135.9	-175.2
Jay Shree Tea and Industries Ltd.	Total income	185.06	202.25	230.82	241.76	262.15	6.70
	Sale	167.11	182.38	216.15	218.44	244.45	7.60
	PBT	8.22	3.21	6.33	10.68	5.92	
	PAT	8.0	3.18	6.29	10.65	5.63	15.35
	PBDITA	20.0	14.44	17.91	23.35	20.68	9.4

Source: CMIE Database also refer to (Majumdar, 2015: 16)

PBT= Profit Before Tax; **PAT**= Profit After Tax; **PBDITA**= Profit Before depreciation, Interest, Taxes and Amortisation; **CAGR**= Compound Annual Growth Rate.

Table clearly demonstrate that, with the exception of FIL, all sample companies saw

There are consistent increases in sales and income of all firms over five years, from 2003 to 2007, albeit to various degrees. Tata Tea put out the most spectacular performance, recording the highest growth in both incomes (10.92 per cent) and sales (7.96 per cent). Other than Tata Tea, Goodricke and Jay Shree are the other two businesses that have shown excellent financial performance in income flow and sales development. The sole exception is FIL, which had varying levels of sales and income across these years. Moreover, it had nearly nil revenue and negative income growth during this time. Because FIL primarily functions as an umbrella company, a conglomeration of disparate businesses, its poor performance may be linked to its loss-making businesses, such as the fertiliser plant.

The expansion of the domestic tea market due to the consistent growth in domestic consumption at the rate of 2 to 3 per cent per year appeared to be the primary cause of the increase in sales volume. Because of the enormous growth in demand for branded and unbranded tea in the local market, tea companies were able to deal with the declining export demand in the early 2000s to a considerable extent. Once more, the other sample companies' consistent gains in revenue and sales are conceivably a sign of those companies' rises in profit margins. The table also illustrates enterprises' profitability trajectory in terms of a set of profitability indicators used in financial statement analysis: profits before tax (PBT), profits after tax (PAT), and profits before depreciation, interest, taxes, and amortisation. Putting FIL aside, these tables demonstrate that this assertion is valid (PBDITA). Except for FIL, it can be seen that all of the profitability indices for all of the companies had consistently increased at a startling rate. The numerous profitability measures have maximum values for Tata Tea compared to other tea firms chosen, much like income and sales. FIL is the only business that experienced a yearly loss between 2004 and 2007. It should be noted that some tea enterprises, including Goodricke at the start of 2000, may have encountered growth-restraining conditions. Nonetheless, it's important to remember that the tea industry is naturally cyclical. Because the ensuing time is typically followed by a downturn in the economy, it is not wise to overreact to this cyclical downturn due to the fact that the depression's low levels of output, sales, earnings, etc. are not indicative of their secular (or trend) values.

This supports our conclusion that FIL's financial performance is on par with the other businesses. Their financial performance does not appear to be significantly harmed by the prevalence. So, it would be a grave error to assume that the allegedly reduced tea market scenario affects all businesses equally. Although the Indian tea sector is in a bad state overall, we have to understand the criteriums that have changed in the tea sector overall. Those who have changed their ways of functioning have survived. However, the upstream producers have suffered losses and trickling profit distribution is leading to the exist of many essential firms from the production or have been taken over by inexperienced traders or wholesalers. A detailed discussion in this regard is done in the following chapter.

Conclusion

It can be concluded that the globalisation of the tea industry has significantly impacted the Indian tea industry. The introduction of neo-liberal policies in the 1990s changed India's trade and commerce dynamics. A wave of mergers and acquisitions led to the rise of new giant firms with more extensive global reach. The traditional economic tools have been too narrow to describe the complexity of industrial progress and economic life fully. The institutional setting of the Indian tea business has been investigated through the lens of history to give a comprehensive understanding of globalisation. Brands have emerged as a key weapon in the competition between multinational food corporations and retail chains for profit margins. The rise in domestic consumption is tied to the shift in Indian consumers' consumption patterns. The rise of new production and trade dynamics within current globalisation is challenging the dominance of these lead corporations, which are primarily situated in the global North. The changes in the tea industry tell a bigger tale about the political economy of the plantation industry on a global scale, particularly regarding the prospects for emerging economies. The interconnections between entities have an enormous effect on the operations of particular economic agents such as estates, smallholders, and factories and their ability to respond and react to internal and external changes.

The big players in the tea business have evolved in the changing dynamics, but many well-known firms and businesses have suffered losses beyond recovery. Vertical integration has historically been used to coordinate production for the domestic market, but modern production arrangement for the domestic market has undergone a significant transformation. Global tea prices collapsed in 2001 due to an oversupply, causing an industry-wide crisis. The study of industry-level value chains reveals the specific players involved in the global economy and the connections that unite them into a broader system. The financial position of FIL concerning other businesses has been compared, and it has been found that FIL's financial performance is on par with that of the other businesses. The financial misconduct of Fergusons Industries Ltd has been confirmed to be true to a substantial level, and the working capital crisis has contributed to the financial problem within the tea business. The following chapter will discuss the impact of these transformations and restructuring on the tea plantation estates and the condition of tea workers.

Chapter 5

Production and Industrial Relations

Introduction

For more than two decades, the tea plantation industry has been facing issues of low return on investments, which has developed anxiety about the tea industry falling into a crisis among the tea plantation owners. Several factors have contributed to the decline in earnings in tea production. The ageing of the bushes and the lack of timely replanting in most estates have hampered the quantity and quality of output in the production sector. In turn, the planters justify their lack of reinvestments to the reduction in revenues brought on by lower pricing in domestic as well as international markets and expensive cultivation costs. Global supply and demand patterns only perpetuate this recurrent logic in the production sector. It is also argued that trade reforms kept domestic wholesale prices low by enabling cheaper imports (Viswanathan & Shah, 2016; Gopalakrishnan & Selvaraj, 2016). However, retail tea prices have not dipped; instead, the difference between auction or wholesale prices versus retail tea prices in India's tea market has gradually grown since 2000 (Sarkar, 2013). The value of tea has been experiencing a gradual fall or stagnation in its wholesale pricing. At the same time, retail prices have steadied, in contrast to the recurrence of prices and higher volatility experienced by coffee or rubber. This means that even with a trading markup premium, tea growers' prices tend to be relatively lower than the actual cost of production (ibid). The crisis in the tea industry threatens the livelihoods of the workers engaged in it despite the increasing demand for tea in the market.

The tea plantation workers in the famous tea regions of Darjeeling, Terai and Dooars in West Bengal have suffered chronic hunger and malnutrition since the early 2000s. According to some estimates, more than 1400 workers died from starvation-related causes between 2000 and 2015 (Chaudhuri, 2015). A similar situation prevails in the tea estates of Assam (ibid). These deaths have exposed the stark contrast between the high quality and reputation of Darjeeling tea and the dismal living conditions of the workers who produce it. It has also challenged the assumption that economic growth and higher price realisation would automatically lead to better wages and welfare for workers. In comparison, the tea plantations in south India, which produce lower-quality Tea, provide relatively better employment conditions for the workers. However, this does not necessarily imply that the workers enjoy decent livelihoods (Vijayabaskar & Viswanathan, 2016). The State and the capital invested in the tea industry have responded to the plight of the workers by invoking a "crisis" of producer profitability, which prevents them from addressing the labour issues. They point out that many plantations are already running at a loss and opting for closure or abandonment. They argue that any labour-friendly measures would aggravate the crisis and endanger the livelihoods of those who depend on the industry. The crisis stems from the changes and failures in the governance systems and the lack of long-term investments in the industry.

This chapter examines the changes in the industrial relations in the tea sector concerning the changes in the political economy of the industry after trade liberalisation and their impact on the tea workers' conditions. It analyses the economic crisis in the tea industry and its institutional responses, which have failed to ensure better working conditions for the workers. It identifies the governance flaws that have contributed to the crisis, such as the divestment of capital from major estates without providing adequate living standards for the workers, the casualisation of labour, the shift to small farmer models, and the dominance of marketing actors in the tea value chains, which limit the value transfer to the upstream production.

Industrial Relations in Tea Plantations of North Bengal

A healthy and peaceful environment is essential for the development and expansion of any industry. This is only achievable if both employers and employees engage in ways that promote the success of the firm. It is only conceivable if the industry has solid industrial relations. Employers, employees, and the government are the main stakeholders in industrial relations. The government in India regulates industrial relations by implementing Acts and Laws. To ensure peace and harmony in the workplace, the Central and State Governments use legislation to control and regulate industrial relations. The government performs a crucial role by acting as an employer in certain instances and carrying out its duty by enforcing regulations on working conditions in non-government industries. Aside from that, to preserve harmonious relations between employers and employees, the government has established wage boards and committees, courts and labour tribunals, and tripartite and bipartite negotiation mechanisms. Government action is crucial in sustaining healthy labour relations as intended by the Indian Constitution (Tripathi, 1991).

Despite West Bengal's long history of tea plantations, it is ironic that the trade union movement and unionisation were not allowed (Rege, 1944). It began to take place after the independence of India. Since the trade union is a significant factor in industrial relations, the tea sector had virtually no industrial relations during the pre-independence period. The working conditions for the employees were awful. They had no choice but to put up with the planters' tyranny and blatant exploitation. Employers used to exploit workers unashamedly, paying them very little money to work from dawn to dusk. The relationship between employers and employees was more like that of a master and a servant.

In the post-independence period, the plantation workers in India witnessed several laws in their favour, such as the Plantation Labour Act of 1951, which granted workers the right and voice to form trade unions. This led to the emergence of the trade union movement in the plantation economy of West Bengal. The trade union movement empowered and motivated the workers to resist the exploitative practices of the owners and gained momentum over time. The tea plantations in the Dooars, Terai, and Darjeeling Hill regions underwent a significant transformation. This vital sector of North Bengal's economy experienced widespread labour unrest manifested in strikes, lockouts, and gheraos. On the other hand, the planters tried to suppress the labour movement by various means. However, the conflict between management and labour intensified, and a militant labour movement characterised the tea industry. As a result, strikes, lockouts, layoffs, and confinements became frequent phenomena in the tea gardens of West Bengal (Mitra, 2010).

The enactment of the Plantation Labour Act of 1951 marked a significant change in the industrial relations in the Indian tea plantation industry. The Act required the plantation owners to provide housing, medical facilities, drinking water supply, sanitation, and primary education for the workers' children. The law improved the working conditions, offered certain safeguards and formalised the relations between employers and workers. In addition to PLA, various other laws, such as the Industrial Disputes Act of 1947 and the Factories Act of 1948, enabled the workers to voice their demands and secure their jobs. However, by 1953, the global economy had entered a recession following the end of World War II. The tea sector also faced multiple challenges, leading to layoffs, reduced economic benefits and the closure of several tea plantations. The tea workers of Dooars resorted to strikes as a form of protest against the anti-labour policies of employers. The labour-management relations deteriorated during this period. It is noteworthy that the Terai region remained silent during this time. The workers silently endured the unlawful actions of employers.

Industrial relations in the Terai tea gardens were more peaceful and cordial in the post-World War II era than in the Dooars region, especially between 1951 and 1953, with a high degree of militant labour activity. However, the labour movement was ignited in 1954 when the trade union activities in the Terai region took the lead, and the workers started to organise successful campaigns to claim their rights. The tea industry witnessed significant profits in 1954 due to a rapid increase in the price of tea, and the Dooars and Terai organised joint movements the same year to demand bonuses for the workers. In 1955, The Communist Party of India and the Akhil Bharatiya Gorkha League called for a strike in the tea plantations of Darjeeling. Hundreds of workers had gathered at Margaret's Hope Tea Estate on 25th June to protest against the low wages and lack of facilities. Six protesters, including two women, were killed during the police firing that triggered the mass uprising. The next day, 20,000 workers and general people besieged the district offices. By 27th June, the management had agreed to all the workers' demands.

Tea garden workers received bonuses for the first time. Although the Bonus Act had provisions for bonus payments, no tea estate implemented them until then (Sharma, 2018). With the government's help, a bonus payment formula was devised. The workers secured this financial benefit at a rate much higher than expected, and India became the first country in the world to adopt the concept of paying bonuses to plantation workers out of profits. However, the employers were dissatisfied with this decision and lacked the financial capacity to fulfil the obligation. They argued that the requirement of the PLA 1951 for welfare measures had already imposed an excessive financial burden on them and that any additional costs would jeopardise the viability of the tea sector. The employers tried to exert pressure on the workers. Many workers were laid off, and the gardens were even threatened with closure to ease the financial stress. As a result, disputes between management and workers intensified, and working conditions in West Bengal's tea gardens significantly worsened.

West Bengal saw substantial unrest in the 1960s when the Left United Front formed the government. The State saw aggressive and violent labour unrest. The Coordination Committee of Tea Plantation Workers (CCTPW) was established in 1962 to guide the labour movement and maintain harmony in the workplace. Communists were in charge of the movement, which spread across several industries, including tea plantations. The communist-led United Front Government came to power in 1969, sparking violent labour unrest and the legalisation of "gheraos." This resulted in the detention and abuse of managerial employees and limitations on layoffs and retrenchments. With a focus on the appropriate execution of the PLA 1951, CCTPW issued a charter of demands to the tea plantations management in 1969 concerning pay rise and the land-labour ratio.

There were 16 continuous days of strikes in the tea plantations, endangering the industry. Industrial relations improved in the 1970s as disagreements and conflicts were settled through agreements and bipartite and tripartite mechanisms. Labour unrest started to decline as trade unionism was acknowledged as an essential right of workers. Trade unions abandoned their aggressive stance and adopted a more responsible attitude, favouring peaceful resolutions through bilateral negotiations. The Congress Government tried to improve labour relations in 1972 by discouraging gheraos, protests, and detention. With a focus on maintaining harmony and peace inside the workplace, this strategy aimed to foster an atmosphere that would support the restoration of labour-management relations. The Congress Government did, however, restore the favourable State of labour relations following the unrest of the 1960s. In 1975, India's central government declared a state of emergency, which sparked worker unrest in practically every region of the nation. While industrial relations were unstable in most industries, the tea industry was relatively stable. The 1980s was the most stable for the tea industry, with practically no frequency of strikes.

Table 5.1: Industrial disputes in 1970s

Year	**Number of strikes in Tea Industry**	**Total Man-day lost in Tea industry (in Mil.)**	**Total Man-day lost across industries (in Mil.)**	
			West Bengal	**India**
1973	17	0.020	2.572	13.862
1974	11	0.039	7.334	33.643

1975	7	0.010	10.785	16.706
1976	4	0.025	0.951	2.799

Source: Labour in West Bengal, Govt. WB (1976-78) Also see: Sen, 2009

Globalisation and the changing nature of Industrial Relations in India

The State's role in industrial relations has become a focal point of scholarly debate in the context of globalisation. Some scholars contend that national industrial relations systems would be increasingly subordinated to global market forces under these conditions (Streeck & Wolfgang, 1997; Hepple, 2005; Daniels & McIlroy, 2008). The State faces difficulties in regulating and intervening in labour relations due to the emergence of a global market network (Garrett 1998), new modes of production organisation (Piore & Sabel, 1984), altered patterns of negotiation among social groups and business (Rodrik, 1997), and the withdrawal of the State from economic affairs (Held et al., 1999). In the early 1990s, the Indian State embraced a market economy and implemented various economic reforms. The increasing presence of private capital investment has challenged the State's pro-labour IR framework. The decline in industrial conflicts, especially worker strikes in the State, indicates the transformation in IR (Banerjee & Mahmood, 2017).

Liberalisation and privatisation have led to the proliferation of contractual workers in the Indian economy. Contract workers outnumber permanent workers in the new service and industrial sectors. Hiring contractual workers has been observed in both new and old organisations, resulting in the shifting of discontent towards temporary workforce more than permanent ones, who have better protection and benefits. Notably, workers and trade unions have accepted these new forms of employment, indicating the weakness and lack of labour union movements. Before 2000, labour unions vehemently opposed any proposal that would hamper working conditions or wage discrimination. However, management has become more vital and unassailable (Sen, 2009).

The onset of globalisation has brought about a radical transformation in the industrial relations landscape. It has been noted that the relationship between employers and unions has shifted from confrontation to collaboration. The incidence of strikes, lockouts, dharnas, gheraos, pen-down, and go-slow tactics, among other instruments commonly used by workers' organisations or trade unions, has significantly declined.

The Second National Labour Commission made the following observations on industrial relations in 2002.

a) Workers' unions do not usually resort to strikes in the era of globalisation because they have anxiety about strikes leading to the closure of the unit.
b) A growing trend is that major industrial disputes are settled through bilateral agreements. It is interesting to note how the demands have changed in nature and character. Trade unions are more concerned with securing job security than demanding higher wages or better facilities. Some accept wage reductions or pay cuts in exchange for job security.
c) Since retrenchments and closures are now more easily sanctioned by the government, there seems to have been a change in the attitude of the Central Government towards workers and employees.
d) The current conciliation mechanisms favour employers in considering issues like increased productivity, reduced production costs, challenges of domestic and international competitiveness, and changes in the market.
e) The machinery for industrial relations is not committed and active enough to initiate actions to recover many workers' dues from companies.
f) Employees or workers in the service sector feel alienated and lose interest in the labour movement.

By 2006, West Bengal was among the five Indian states that reported 50 per cent of its workforce in the service and industrial sectors. The other four states were Uttar Pradesh, Andhra Pradesh, Tamil Nadu, and Maharashtra. West Bengal’s primary industries were jute, leather, paper, tea and engineering. Other significant industries included steel and iron, food processing, information technology, and pharmaceuticals.

Table 5.2: Strikes and Lockouts in Major industry of West Bengal 2006

Industry	Strikes	Lockouts
Engineering (minor)	66	830
Jute	51	233
Engineering (major)	9	259

Tea	8	202
Cotton textiles	1	176
Total for five industries	135	1700
Total for all industries	317	3317
Percentage of five to all industries (%)	43	51

Source: Labour in West Bengal, also see (Sen, 2009: 60)

Hence, it is evident that the high number of work stoppages and loss of man-days do not reflect the actual state of industrial relations. For the last 10 to 15 years, most prominent, modern industries have declared that there have been no problems with industrial relations. Technological obsolescence, inadequate product and market differentiation, management's inability or reluctance to invest capital in upgrading and reinvesting assets, and the consequent loss of competitiveness in a dynamic environment are all standard features of conventional industries.

Collective Bargaining and the shifting perspectives of workers

The Industrial Disputes Act of 1947 (IDA) defines an "industrial dispute" as "any dispute or difference between employers and employers, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment, or the terms of employment, or with the conditions of labour, of any person" (Section 2[c]). IDA provides mechanisms for the amicable settlement of labour disputes and promotes good relations between employers and employees. The resolution of industrial conflicts can be either preventive or curative. The preventive mechanisms include most of the disciplinary codes, joint management councils, committees, and grievance redressal committees as per the statutory provisions (Kshatriya, 2021). Industrial disputes involving an employer and employees can be settled in four different ways: through collective bargaining, conciliation, arbitration, and adjudication. Collective bargaining involves bipartite negotiations between employers and employees to resolve differences. If collective bargaining fails, either party may seek conciliation from the conciliation officer. A conciliation officer facilitates a settlement of the dispute between the parties. If conciliation fails, the parties may agree to refer the dispute to arbitration, or the appropriate government may refer the dispute for adjudication to a labour court or other industrial tribunal (ibid).

Collective bargaining is an institutional mechanism for resolving differences rather than conflicts between employees and employers. Conventional conciliation, voluntary arbitration, and adjudication processes are available in the tripartite sphere. Disputes involving rights and interests can be settled through conciliation. The Trade Unions Amendment Act 1998 has provisions to determine the collective bargaining right and the role of the bargaining actor. Therefore, other issues, such as the right to employment, including discharge, dismissal, retrenchment, and payment of fair wages, are dealt with in conciliation and arbitration in labour courts and tribunals. However, collective bargaining and conciliation play a significant role in determining what is fair regarding wages. The disputes referred to conciliation in West Bengal declined gradually from 3,103 in 1994 to 2,053 in 2002 and 1,852 in 2003. However, the number of lockouts increased (Sen, 2009).

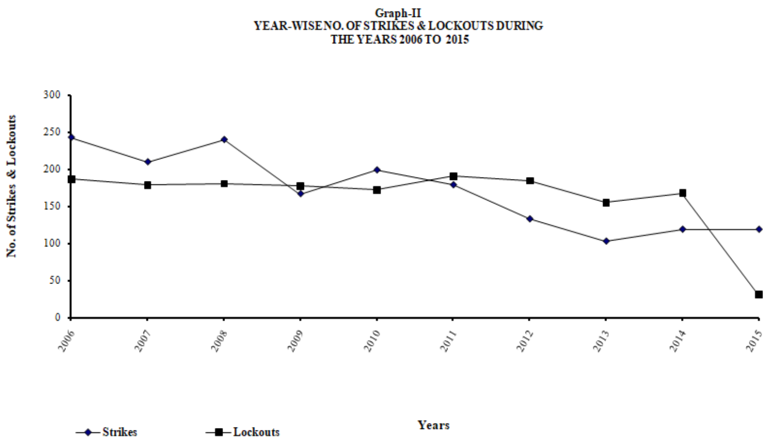
Table 5.3: Industrial conflicts in West Bengal 1995-2006

Years	Strike			Lockouts			All work stoppages		
	No.of cases	Men engaged (th)	Man-days lost (mil)	No.of cases	Men engaged (th)	Man-days lost (mil)	No.of cases	Men engaged (th)	Man-days lost (mil)
1995	33	234.4	1.3	136	74.4	5.3	168	308.5	6.5
1998	25	2.8	0.2	213	105.0	11.4	238	107.7	11.6
2000	27	204.5	3.1	286	167.4	16.1	313	371.9	19.2
2004	20	205.5	1.7	354	177.8	24.4	374	383.3	26.0
2006	24	201.9	0.6	352	115.1	20..7	376	316.9	21.4

Source: Labour in West Bengal

The number of work stoppages from 1995 to 2006 climbed drastically while the number of disputes handled decreased. The lockouts increased significantly than strikes; then, lockouts have progressively risen. Since 2000, lockouts have been a prevalent strategy to intimidate workers and their unions, resulting in the closure of one unit every day on average. These show a dominant employer position. Even the lost man-days prove that companies are prepared to sacrifice productivity to discipline unions. Over 90% of the lockouts were primarily caused by two things. The first reason could be loss of economic viability, unprofitable operations, outdated technology, and management's decision to cut back on staff. The second was what management referred to as "alleged indiscipline," when they announced the lockout, they said that employees had broken the rules and compelled management to shut down the factories.

Fig. 5.1: Year- Wise number of strikes and Lockouts from 2006-215



Source: "Statistics on Industrial Disputes, closures, retrenchments and Layoff in India, 2015", GoI, Ministry of Labour and Employment, Labour Bureau

The influence and control of government over employers and employees decreased in the era of liberalisation and privatisation. On the one hand, the labour movement's militancy has diminished, while on the other, employers have established their dominance. The frequency of labour disputes has generally been reducing since both employers and employees see the value in maintaining peace and avoiding conflict. The organisations are now significantly more capable of settling conflicts through bipartite meetings. The requirement of the circumstance has likely persuaded both management and employees that it is preferable to settle disagreements amicably and cooperatively to prevent loss of pay and output. The organised labour movement has also weakened due to workers' preferences for job protection over new industry closures. This perception of the workers is supported by the trend towards fewer strikes (Shenoy, 2006).

In light of globalisation and liberalisation, it can be said that the industrial relations landscape has undergone a profound transformation in contrast to the 1960s, 1970s, and 1980s. The government's influence over the economy has decreased, making employers more powerful and the trade union movements weaker. As a result, lockouts and closures have increased while the number of strikes has been trending downward. This scenario has impacted the Dooars and Terai tea industries and the labour relations in the Indian tea business.

Globalisation and the crisis of the tea plantation industry

The tea business has faced severe challenges and the loss of a major sustained market since the disintegration of the Soviet Union at the beginning of the 1990s. Prices have plummeted, causing a decline in exports and local demand, resulting in unprofitable operations. With increased competition from nations like Vietnam, Kenya, and Sri Lanka, there were price variations in the world market for Tea after trade liberalisation. The Indian tea business was restructured as the auction hubs and the global market cartelised by big multinational tea corporations (CEC, 2007). According to plantation owners, the crisis resulted from low worker productivity, sliding tea prices in domestic and foreign markets, reducing global market demand, growing social production expenses, and so on. Since 2000, this problem has resulted in a series of tea estate closures and abandonments, primarily in West Bengal and Kerala states. The issue impacted tea estate owners, labour, and their families, putting them in a vulnerable position. The tea industry has been in the news recently, with allegations of several starvation deaths due to job loss in mostly closed and abandoned tea gardens.

In 2002, the Indian government commissioned an independent report by A.F. Ferguson &Co.(2002b), which concluded that the decline in tea prices is a direct result of the emergence of a strong cartel of large traders, which now controls Tea purchasing from plantations and sales through the auction system (Sarkar, 2013). According to the report, the leading causes of the crisis are:

1. the dominance of large corporations in the tea trade;

2. the government's import and export policy;

3. mismanagement of the estates; and

4. they were syphoning off money for other business ventures at the expense of the tea plantations.

The International Labour Organisation (ILO) established a committee in 2005 to investigate the reasons for the closure and abandonment of tea gardens in West Bengal. According to the report's findings, the majority of the tea estates that have been closed down have accumulated a large number of dues on account of unpaid bonuses and wages and have also failed to deposit the provident fund contributions deducted from the workers due with the appropriate authority (CWM, 2015). Estate closures affected about 1 lakh regular workers across the country. The ILO stated that the Tea Act of 1953 gave the Central Government sufficient authority to assist employees. Nonetheless, the government and Tea Board ignored it and continued to see the plantation situation solely from a marketing standpoint, failing to fulfil its regulatory responsibility.

Many tea garden owners do not officially close their tea gardens but abandon them. These estates typically have massive debts and liabilities to the state government, banks and particularly to the workers in the form of Provident Funds and Gratuity payments. One of the key characteristics of these closures or abandonments is that during the peak season, or during the plucking season when the tea leaves emerge and tea production may occur, it will reopen and again close during the offseason in the winter when there is no plucking and no tea production.

Table 5.4: Abandoned and closed tea gardens of North Bengal from 2000-2020

Name of the tea gardens	Date of closure	No. of workers affected
Happy valley	1/7/2000	333
Kathalguri	22/7/2002	1475
Ramjhora	10/08/2002	1102
Charmuchi	25/04/2004	1400
Redbank	15/02/2005	1588
Surendranagar	15/02/2005	541
Raipur	05/07/2005	557
Bamandanga	18/11/2005	1174
Samsing	28/11/2005	1900
Chinchula	30/11/2005	1360
Shikarpur	18/10/2005	1527
Bharnobari	29/12/2005	2250
Molmady	19/12/2005	286

Chongtong	01/01/2006	1250
Kalchini & Roymatang	28/02/2006	3000
Dheklapara	11/03/2006	602
Bundapani	13/07/2013	1283
Dharain	19/10/2013	824
Indong	23/01/2014	1284
Madhu	23/09/2014	947
Dharain	19/10/2014	824
Bina	04/05/2015	1420
Panighata	10/10/2015	787
Luna	20/09/2016	816
Dooteriah	09/06/2019	1252
Kallej Valley	05/09/2019	642
Peshok	05/09/2019	570

Source: compiled from various reports of the Tea Board of India.

The Tea Board attempted to restore 31 of 34 abandoned plantation estates by 2011 by making financial awards to the plantation owners through the Special Purpose Tea Fund (SPTF). Nonetheless, the workers were forced to sign an agreement in which they agreed to sacrifice salaries and benefits that were legally entitled to them.

Table 5.5: Re-opening of tea gardens that were shut down.

Year	No of the gardens re-opened
2007-08	11
2008-09	5
2009-10	6
2010-11	9
2011-12	Nil
Total	31

Source: compilation of Annual reports, Tea Board of India

From 2007 to 2012, the government of India announced the 'Tea Quality Upgradation and Product Diversification Scheme' worth Rs 1500 crores through the Tea Board. The scheme, however, did not apply to sick/closed/abandoned gardens. The strategy did not necessitate the payment of unpaid labour; instead, the cash was funnelled into the hands of the plantation businesses. Many of these businesses had previously needed to catch up on their obligations to pay workers' wages and benefits. The programme assumed that a plantation failed due to inadequate productivity and tea quality. Nonetheless, it ignored the proper management aspect, particularly the working conditions. Investments were made in the estates to attract tourism, further depriving the employees of their sole source of income.

In 2010, the Supreme Court of India ordered the Union of India to carry out its duties under Sections 16B, 16C, 16D, and 16E of the Tea Act of 1953 within six months of the order's date. However, neither the State nor central government used the Tea Act 1953 to take up ill, closed, or abandoned tea estates in direct contravention of the Supreme Court judgement. The Supreme Court did not initiate suo moto contempt of court proceedings against the administration (CWM, 2015).

Twelve tea estates are reportedly closed (Tea Board of India, 2022). According to the Tea Act, closed or stressed tea gardens have no formal definition. The Tea Board evaluates a Garden's status based on the information it receives from the relevant State Government. The leading causes include low estate yields, an ageing bush profile, a high vacancy rate in the tea region, little to no replanting of decades-old tea bushes, declining quality and price realisations, uneasy labour relations, an overall absence of development perspective, a plan for financing that is heavily debt-oriented, ownership disputes. The table lists the number of tea estates that have closed nationwide.

Table 5.6: Closed tea estates in India 2022

Name of the Tea plantation	**Date of closure**	**No. of workers (including temp. workers)**
West Bengal		
Dheklapara	11/03/2006	804
Bundapani	13/07/2013	1283
Dharanipur	21/10/2013	807
Redbank	19/10/2013	1588
Surendra-nagar	19/10/2013	451
Madhu	23/09/2014	947
Panighata	10/10/2015	787
Luna	20/09/2016	816
Dooteriah	09/06/2019	1252

Kerala		
Peermade & Lontree	01/04/2016	220
Kottamala & Bonami	23/12/2013-11/10/2014	375
Bonnacorde	05/03/2015	220

Source: Annual Report 2022, Tea board of India

When global tea prices stabilised in 2008, multinational companies were the principal beneficiaries, not tea growers or employees. Producers began to notice a reduction in their total profit margins. They moved the financial burden to the tea workers by lowering salaries and benefits for full-time employees. They started withholding workers' social security contributions, such as the Provident Fund. The owners began recruiting more irregular workers to replace full-time workers; as a result, casualisation increased, and they began to refuse government-mandated pay and benefits. Furthermore, tea production has shifted towards small tea producers nationwide to escape legal restrictions designed to protect tea garden workers. Even if these growers have more land or workers, there is no monitoring, inspection, or regulation of their holdings, so they cannot be brought under the Plantation Labour Act, which allows them to employ workers without benefits or security.

Role of Small tea growers in tea production

It has become necessary to focus our attention on the contribution of the informal Tea growing sector in establishing the domestic market supply. Smallholder growers supply Tea primarily for the domestic market, in contrast to global-led businesses that mainly source Tea for export markets from plantation estates. Small tea growers coexisting with plantation estates and registered tea gardens have segmented the tea industry as different laws and standards are applied to different producers. For instance, estates and officially registered tea gardens are part of the organised sector and are bound by legislation, notably the Plantation Labour Act 1951, while smallholders work in the unorganised sector and are not subject to state control. The legal definitions of these various ownership forms are shown in Table.

Table 5.7: Ownership patterns in the Indian Tea Industry

Type of holding	**Size of plantation**	**Type of Ownership**	**Processing Facilities**
Small tea growers	1-25 acres (Less than 10.12 hectares)	Mostly single Proprietary	Leaf transports to bought-leaf factories or sold to middle agents
Registered tea gardens	Less than 200 hectares	Partnership or single proprietary firms	Processing facilities may be available or processed at a bought-leaf factory.
Plantation estate	More than 200 hectares	Large companies, limited liability companies or state/worker ownership	Processing facilities are available

Source: Kadavil, 2007; also see Langford 2021

According to Indian legislation, a farm or business with a land size of less than 10.12 hectares is considered a smallholder production. In 1991, small tea growers only contributed 7 per cent of the total tea production. However, by 2019, their production contribution was almost 48 per cent of the total tea production, with an average of 180,448 small tea growers cultivating tea on 161,648 hectares (ITA, 2019).

Table 5.8: Contribution of small grower vs. plantation in total tea production

Year	**Small grower (in percentage)**	**Plantation estates (in percentage)**
1991	7	93
2001	24	76
2011	28	72
2012	32	68
2013	31	69
2019	48	52

Source: Indian Tea Association (2019)

This sector's output has grown exponentially; from 2014 to 2018, smallholder production increased by 62 per cent—248 million kg. At the same time, the formal sector's production fell by almost 100 million kilograms, around 13 per cent (ibid.).

Table 5.9: Production of Tea in Plantation vs Small Growers tea gardens in India

Type	North India (in million kg)	South India (in million kg)	All India (in million kg)	Percentage of contribution
Registered gardens and Plantation estates	575.46	116.80	692.26	52
Small growers	538.30	108.07	646.37	48
Total	1113.76	224.87	1338.63	100

Source: Indian Tea Association 2019

Historically, Small tea growers have had a minor impact on the production of Indian tea, but their fast growth has fundamentally changed the domestic production structures. In smaller production sites, due to the labour-intensive and manual nature of tea growing and the absence of machinery, plucking, spraying, and pruning are often performed by hand. However, smallholder production has been associated with higher output when compared to plantation estates (Hayami & Damodaran, 2004). Indian small tea growers are more productive than tea estates because smallholders regularly pluck the tightly packed tea leaves (ibid.), which is considered to benefit from higher productivity in terms of yield per hectare. Also, the tea plants are relatively new compared to estate gardens, where the old plants are hardly replaced, which is one of the reasons for their low productivity.

Another competitive advantage is that farmers in small tea growers are independent and mostly rely on family labour. Farmers that use waged labour on smallholder sites are not legally obliged to pay wages at a specific rate and are not compelled to give their employees accommodation or other forms of broader social support. Hence, for the domestic market, a two-tiered system of tea production has evolved, with small tea growers producing inexpensive tea without paying any extra non-welfare expenditures for daily labourers and plantation estates, which are obliged to adhere to the PLA, adding to the cost of production.

However, small growers have less bargaining power in the supply than large plantations. Because most producers lack access to processing facilities, the leaf, once plucked from the plant, should be processed within five to seven hours (Kadavil, 2007). Hence, they must quickly transport and sell the leaf to BLFs or estate factories. Agents, or intermediaries, carry the leaves on account of smallholders who lack transportation. Smallholders become susceptible to low product returns and unfavourable market integration (Larsen, 2016). Although the premium tea business is expanding, a sizable portion of the population continues to drink low-quality Tea. In the lowest segments of the tea market, relative price inelasticity is influenced by the idea that Tea is an everyday drink (Tea Board of India, 2018).

Subcontracting production by plantation estates and smallholders is essential in developing the Domestic supply chain.

Table 5.10: Attribution of tea leaves in Estate gardens from small tea growers in 2017-18

State	Percentage of Registered Garden	Percentage of Small tea growers	Percentage of Small tea growers' contribution in the Estate factories production
Karnataka	94.97	5.03	0.53
Kerala	82.23	17.77	14.31
Assam	57.82	42.18	21.79
West Bengal	46.34	53.66	18.45
Tamil Nadu	38.58	61.42	15.76
Others	42.53	57.47	19.25
All India	53.09	46.91	19.73

Source: Indian Tea Association 2019

In India, plantation estates typically buy 19.73 per cent of their tea from smallholders, as seen in Table. These cheap sources of tea have also weakened the bargaining capacity of tea plantation workers. Similarly, developing and expanding small tea grower production might give a competitive edge in exports. For instance, stern rival nations like Sri Lanka and Kenya have a longer-established ground for smallholder farmers and are less reliant on plantation estates than India (KEPSA, 2014; ILO, 2018). A combined force of vertical disintegration of lead firms from production and the growth of small tea growers in India have changed the tea production's political economy in recent years, which raises the question of regulatory actors and institutional response to the changes in the value chain (Langford, 2021, p. 1464).

Case of Ferguson-Rawal Tea Plantations

One of the key players in West Bengal's tea sector was Fergusons-Rawal. The tea plantation branch of the firm held 15 tea plantations in total, including three clonal gardens, according to the company's website. The company's manufacturing facilities produce around 14 million kg of Tea annually. Its planted area spans over 8000 hectares of land in the North Bengali regions of the Dooars, Terai, and Darjeeling. Seven tea estates—Hir, Dhuri, Gari, Luna, Tel, Dima, and Bina—can be found in the Madarihat block of the Alipurduar district. Three tea estates—Biru, Nag, and Kuni—can be found in the Malbazar block of Jalpaiguri and two: Geet in the Terai region and Rish in the Hill region of Darjeeling district. They also owned the Mari tea estate until 2011–2012; later, they disowned it. The Dooars region's Dima tea estate has also been bought since the time frame described above. Besides that, two of the three clonal gardens, Goalna Terai Land Project (TLP) and Patali TLP, were in the Islampur subdivision of the Uttar Dinajpur district; the Madarihat Land Project (MLP) is situated in Madarihut block in the Alipurduar district of North Bengal. The name "clonal gardens" refers to the hybrid clones used to develop tea plants rather than the usual seedlings used in traditional tea plantations. Fergusons had a facility with a 1,800-ton annual capacity to process the Tea from the clonal gardens in the Uttar Dinajpur area. Four mouzas, Lakha, Mohan, Goari, and Goalna, under the Islampur sub-division, comprise the garden, which includes about 250 hectares of tea-planting land. In Goalna, there is a tea factory. In the 1990s, the West Bengal government granted the Fergusons and a few other small tea growers (STGs) the district of Uttar

Dinajpur's first No-objection Certificate (NOC). Since that time, 400 employees, both temporary and permanent, who were working in the tea garden have been non-functioning. On a rough estimate, two thousand people depended directly on this tea garden's workers. The tea garden has not yet been formally locked out, and neither the government nor the local administration has made any announcements regarding a backup plan (Hannan, 2020).

Table 5.11: Tea plantation under FIL

Tea Garden Name	Location	Est. Year	Reg. No.
Biru	Jalpaiguri	1876	---
Bina	Alipurdwar	1931	---
Dhuri	Alipurdwar	1896	---
Gari	Alipurdwar	1897	---
Geet	Darjeeling	1891	19/PLA/SLG
Hir	Alipurdwar	1890	WB/102/APD/21
Kuni	Jalpaiguri	1889	PR/31/86/ALC/MA2
Luna	Alipurdwar	1890	WB/PL/APD/09
Mari	Darjeeling	1874	DAJ/14-PLA/86
Nag	Jalpaiguri	1884	---
Rish	Darjeeling	1875	DARJ/22-PLA/86
Tel	Alipurdwar	1890	---

Source: Survey of Tea gardens, WB 2014.

Limbo state of Ferguson's Tea estate

The 14 Ferguson tea gardens owned by Kanti Prasad Rawal in the Dooars, Terai and Darjeeling are in a limbo state. The Kolkata-based company abandoned many of its estates in 2015 and slowly lost control of the tea plantations that used to employ thousands of people. They are neither closed nor open in the conventional sense, which has terrifying repercussions for the estate workers. Since April 2015, the condition in every one of these gardens worsened. All India Plantation Workers Federation general secretary Nazrul Alam stated that bonus and wage payments became erratic, yet the State did nothing about it. The most significant conglomerate, the Ferguson Group, and 22 other tea estates out of the 273 total in the northern area of West Bengal shuttered, impacting approximately 35,000 workers.

It has become common for the tea garden owners to quickly abandon the plantation without giving the staff and workers any advance notice, which is an unusual aspect of their desertion. They avoid their obligations to provide the workers with wages, bonuses, rations, provident funds, and other benefits. However, abandonment is prohibited under Section 3 B (5) of the PLA, which mandates that the registering officer be informed of any change in ownership, management, or location., within thirty days. This kind of consensus is unusual. According to a trade union spokesperson, new owners frequently take over these abandoned tea plantations, and most cannot manage tea gardens. Even illegal traders and smugglers have recently started to possess tea estates. Most closure cases follow a similar pattern over many years: first, failure to pay bonuses, then default in provident fund payments, then ration payments, then wages. These plantations can be categorised into:

Table 5.12: Different status and condition of tea estates in North Bengal

Status of the tea estate	Condition of the tea garden
Closed tea estates legally with due notice	The existing owner disappears, the factory gets locked, citing law and order, and payments stop, citing financial problems. Workers (only permanent) may get FAWLOI from the government of ₹1500/month.
Illegally Abandoned tea estates	The owner disappears without legal notice, leaving workers utterly helpless with no financial assistance from the government until the declaration is official.
Sick tea estates	They may have been closed and reopened occasionally, have pending liabilities to pay and may default in various payments.
Running tea estates	Those operating without any closures are pretty successful on payments without defaults.

Source: Author's own

Since May 2015, Ferguson Tea Gardens has been unofficially closed. According to Ali Haque of the District Tea Garden Worker's Union of AITUC, between 25 and 40 per cent of employees deserted tea estates and left behind families searching for employment elsewhere, leaving behind older adults, children, and famished women. Weeks following their closure, at least 11 workers in these tea plantations died from malnutrition. There were 26 such famine fatalities, according to the Deccan Herald. Rawal denied the charges by calling them "baseless canards", and only in Bina did a single person die. Rawal blamed the closing down of his estates in the Dooars on labour shortage. CID handled the shutdown of 13 tea estates owned by Fergusons and the starving fatalities entirely, allowing Mamta Banerjee's administration to abdicate all responsibility.

The company lost roughly 12 million kg or 80 per cent of its production potential for 2015, and it had no money to pay its employees. Rawal listed Dima, one of its tea gardens in Dooars, on the market to stay afloat. His advisers have warned him that potential buyers are eyeing his foreclosed properties, so it might be challenging to negotiate a fair price at that time. Despite that, Rawal went through the sale of Dima since the options were limited, which struck a fatal blow to Ferguson's already precarious financial situation. At the end of June 2015, its obligations, including provisions for employee benefits, had risen to an estimated 450 crore due to growing losses.

Table 5.13: Timeline of the crisis in FIL and its Plantations

Year	Issues faced by FIL
2006	The firm seeks redressal from BIFR under the special provision Act 1985 within the provision of the sick industrial companies.
31/03/2007	BIFR declared the company as sick industrial company.
2014	Ferguson posted a loss of ₹30.8 crores on revenue of ₹190 crores liabilities, including the provision of employee benefits, which stood at ₹370 crores at the end of September.
2015	Defaulting on wage payments lost 80 per cent of its crop that year, and 14 deaths in Biru workers colony line due to starvation. CID probe started on the company's affairs.
28/01/2016	Tea Board of India Gazette Notification No. S.O. 260 (E) issued an Expression of Interest for taking over the management of six Tea Estates, Bina, Gari, Luna, Tel, Hir, and Dhuri, as FIL failed to comply with the obligation under the Tea Act 1953.
29/09/2016	High Court order (MAT 562 of 2016)- FIL cannot sell the garden to other owners; instead, they are to run the gardens themselves and return the due payments to workers.
26/02/2019	The managers of six Ferguson Rawal group tea gardens left the estates abandoned.
16/02/2021	Ratan Agro Industries reopened five tea gardens of Ferguson.

05/03/2021	FIL declared bankruptcy. Ferguson's properties were undertaken by the Resolution Professional and the Committee of Creditors, who stated that the garden could not be handed over by any person to Ratan Agro Industries.

Source: field work compilation from various reports (Govt., NGOs, and News)

The crisis magnitude can best be gauged by Fergusons' mid-October 2015 loss of control over its famous Bina tea garden. While most stopped working at Ferguson and moved on to other estates for work much earlier, a small group of Bina workers gathered together and took control of the plantation in mid-October. In order to pay the workers who were still coming out for work at the estate, they began to harvest the neglected garden and sell the leaves on their own. Although the management considers this harvesting to be theft, it was clear that the state administration had no compassion for the business. The fact that Fergusons wasn't paying its workers gave workers plenty of moral justification to support themselves. The loss of Bina was symbolic for the Fergusons, who were battling to reclaim control of the garden. One of Fergusons' high-yielding gardens, it is also the largest in cultivable land at about 900 hectares. The factory for processing Tea was shut down in the middle of July because the owner could not pay 35 lakh rupees worth of accrued electrical debt. Rawal claims that because employees left the company's plantations to work at other estates, they were forced to halt harvesting during the crucial plucking season. He acknowledged problems in the supply of rations and the payment of wages beginning in early 2015. However, he insists that other Dooars producers profited long-term from Fergusons' lack of liquidity. Another important Ferguson official, who asked to remain anonymous, claims that things might have turned out quite differently if the workers had only been slightly more patient. However, that justification falls flat given that plantation employees only receive ₹122 per day (then), and even with a steady ration supply, workers can barely survive. However, the Dooars plantations are reported to have the highest production costs for the tea industry. Social expenses like food, healthcare, and educational resources significantly impact firms like Fergusons. The company only paid 60 per cent of the agreed-upon Puja bonus that year, which dealt the staff the largest damage to their confidence. The state government approved that arrangement. However, the workers were unhappy with it. Rawal held both Fergusons' senior management in Kolkata and at the estates responsible for the company's incapacity to adapt its cost structure to the changing reality of the tea industry amid the spiralling crisis. He made layoffs to reduce redundancies and reduce benefits for senior management to rationalise expenses over the long run. Rawal acknowledged responsibility for the absence of internal controls, which resulted in significant losses for the company. However, his senior executives confidently claim that Fergusons' poor investment in the fertiliser industry is to blame for the company's current problems. For Rawal, the investment failed due to alterations in government policy regarding fertiliser subsidies. According to managers, the plantations could have performed better if the promoters had conducted regular on-site assessments of operations.

The company purchased a fertiliser facility in Kanpur that used naphtha from a paint manufacturer, the former ICI India Ltd, in 1995. The plant was shut down in 2002 and subsequently given over to the Niogi Group in 2010 after incurring significant losses. Managers claim that because Fergusons was losing money in the fertiliser industry, it was compelled to compromise, leaving its plantations deficient in nourishment and upkeep. In contrast, other successful plantation owners invested in boosting crop quality and building irrigation infrastructure. Although Fergusons has lost its competitive edge over other plantations in the Dooars, the overall average output is consistently declining, partly because of climate change. Managers assert that a 140-year-old company's legacy cannot be erased in a single day. Until September 2014, Fergusons produced almost 13 million kg of Tea, earning 190 crores. According to Fergusons' annual report 2014, the typical realisation was ₹144 per kilogramme. However, it could not recoup its operating expenses at this pricing and finished the fiscal year with a financial loss of ₹30.7 crores. Although the State's chief minister gave big assurance to prevent a humanitarian crisis at Fergusons' tea estates, she might not have initially offered to shoulder the load if she had been aware of the company's financial situation. Government officials who asked to remain anonymous say that taking over Fergusons and its liabilities is impossible.

Harvesting season in North Bengal's tea gardens runs from January to March. However, in 2016, it was "litigation season". The central government declared on 28 January 2016 that seven tea estates of Ferguson Industries Ltd would be taken over by the state. The company petitioned the Calcutta High Court on 1st February to suspend the judgment. On 15th March, the court rejected Ferguson's appeal and ordered the company to pay the government's damages and the worker dues it owed.

One leader of an eminent trade union sent a letter to the then-Union Labour Minister on 29th August 2007, warning him of apparent anomalies in Ferguson's payment of employee provident fund. It stated that the management of Ferguson Industries Limited has started to purposefully deduct EPF (10 per cent instead of a standard rate of 12.5 per cent) without any justification in their 16 tea gardens. The letter was not made public; however, Ferguson was reportedly requested by a central EPF regulating agency to provide documentation to back up assertions that it had received the required certifications from the body. However, the company never followed this directive. Ferguson is also accused of enrolling its agro-industries or tea plantations as "sick" to BIFR discretely. Other notable tea plantations in the Dooars region, including Deklapara, Bundapani, and JayBina, had also closed, but little was spoken about them. A decade later, in November 2015, the news of a man, a worker at one of Ferguson's tea estates, allegedly dying from hunger made news. The incident revealed disturbing information about how tea workers had gone months without receiving their wages.

One of the Planters' union leaders said the greed of tea companies was to blame for the death of the tea labourer and Ferguson's filing for bankruptcy. He was the first person to urge the Central government to take action against Ferguson for neglecting workers' rights. He also said that by filing for BIFR, they got several benefits, including bank loan waivers and tax exemptions, and they were not obligated to provide salaries, wages, and PF to employees. Like him, many tea union leaders assert that tea plantation owners show little consideration for their workers.

On 29 June 2016, the court mandated that Ferguson pay the workers' outstanding debts and pleaded with the centre and the state government to shoulder a portion of the burden. The tea gardens remained closed for some time. They reopened during the plucking season, and the wages were paid; however, the liabilities of the workers remained, and the workers were forced to work for survival. The tea plantations of Ferguson somehow ran until February 2019, when managers of the six Ferguson tea gardens went missing, leaving the estate abandoned and workers helpless. From February 2021, Ratan Agro Industries took over the non-functioning six tea gardens of Ferguson. The agreement of takeover, however, was very ambiguous.

Factors that led to the crisis of Ferguson Tea plantations

There has been much controversy regarding the claimed "crisis" the Indian tea business faced after 2000. It has been attributed to several issues, including falling tea prices, sluggish domestic demand, a weakening tea export market, an increase in input costs, especially labour costs, and the supply of substantial volumes of Tea through the informal sector, which consists of small tea producers and companies that manufacture Tea from purchased leaves. The BIFR document on FIL also addresses these concerns. The industry was said to have been in serious difficulties at the time due to the weak market conditions brought on by these negative causes. However, it is widely believed that all parties involved, especially the workers on tea plantations, have had to face the weight of this problem. In light of this, it appears appropriate to examine the gravity of the situation and determine whether it seriously impacted the performance of the tea business.

Management's Laxity and Falling Productivity

The level of overall yield realised in Fergusons' gardens in the 1990s was far higher than the average yield realised in the Terai and Dooars regions combined. Unfortunately, the gardens' ability to provide a yield has been severely worn since the beginning of the financial crisis of the early 2000s. According to BIFR, the company employs roughly 19500 people full-time, and during the busiest times of the year, it also uses temporary workers for its operations.

The issue of declining production has progressively crept into Ferguson's tea estates since the early 2000s liquidity crisis erupted. By 2011–12, output dropped startlingly low.

Table 5.14: Change in productivity of FIL tea plantations

Plantation estates	**Yield (Kgs/ hec)**		**Change in productivity**	
	1998-99	**2011-12**	**Productivity decline**	**Percentage of decline**
Bina	2275	1747	-528	23.21
Hir	2638	1700	-938	35.56
Dhuri	2843	2016	-827	29.90
Luna	2436	1359	-1077	44.21
Tel	1961	1300	-661	33.71
Gari	2781	1600	-1181	42.47
Kuni	2636	1697	-939	35.62
Nag	2810	1135	-1675	59.61
Biru	2889	1968	-921	31.88

Geet	3196	2620	-576	18.02
Rish	941	840	-101	10.73
Mari	640	408	-232	36.25

Source: compilation from Ferguson's website and Survey report of tea gardens WB, 2014

The table compares the absolute productivity change for all Fergusons-owned tea estates between 1998–1999 and 2011–2012 regarding kilogrammes of tea production per hectare to the percentage change. It can be shown that, regardless of where they are located, all tea estates have seen a sharp decline in output. However, there is much variety in the productivity decline throughout the gardens. Almost 50 per cent of the gardens have experienced a decline in production of 35 per cent or more. In comparison, another 34 per cent have experienced a decline in productivity of 20 per cent or more, and the other 15 per cent have experienced a decline of 10% or more. However, the overall production for the Terai, Dooars, and Darjeeling gardens has decreased.

Table 5.15: Changing productivity of overall tea plantations of North Bengal

Tea producing region	1998-99 (kgs/hec.)	2011-2012 (kgs/hec.)	Productivity decline (kgs/hec.)	Percentage of decline
Terai and Dooars	2645.5	1738.19	907.31	34.29
Darjeeling Hills	758.20	577.64	180.56	23.81

Source: Tea Board of India 2012

The average yield realised in all Fergusons Gardens during 1998–1999—with the exception of Tel—was significantly higher than the average standard yield of the corresponding regions. Except for Geet and Rish, no garden reached the expected yield average in 2011–12. Also, we can see that there has been a significant change in the productivity ranking of the gardens between the years 1998–1999 and 2011–2012.

Potential Yield Gap

The difference between prospective yield and actual yield is known as the potential yield (or the average standard yield of the region). It is regarded as a crucial factor that can direct productivity growth. Furthermore, it can show how much more production can be added if this gap is closed. It is important to note that the standard average yield values for the three tea-growing regions of the Darjeeling Hills, Terai, and Dooars for the period 2011–12 are 500 kg per hectare, 1900 kg per hectare, and 2000 kg per hectare, respectively, according to the State Labour Institute, Government of West Bengal's Survey of Tea Gardens. The following table allows to compare the potential yield difference across all Fergusons' gardens in 2011–12 to the condition in 1998–99.

Table 5.16: Yield gap in FIL plantations

Tea plantation	Standard Avg. Yield (Kgs/hec)	Percentage of Yield gap in 1998-99	Percentage of Yield gap in 2011-12
Bina	2000	13.75	-12.65
Hir	2000	31.90	-15.00
Dhuri	2000	42.15	00.80
Luna	2000	21.80	-32.05
Tel	2000	-1.95	-35.00
Gari	2000	39.05	-20.00
Kuni	2000	31.80	-15.15
Nag	2000	40.50	-43.25
Biru	2000	44.45	-1.60
Geet	1900	68.21	37.89
Rish	500	88.20	68.00
Mari	500	28.00	-18.40

Source: Survey of tea garden WB, 2014; also see (Majumdar, 2015: 12)

The table illustrates a possible yield gap between 1998–1999 and 2013–2014. Except for Tel, all the Darjeeling Hills, Terai, and Dooars gardens had a positive yield gap during the 1998–1999 growing season according to the standard average yield for 2011–12. This means Fergusons' gardens have significantly contributed to expanding tea production in West Bengal. In this context, it should be noted that Fergusons' gardens formerly gained a reputation for having yields substantially higher than the Terai and Dooars combined average. In reality, the production statistics for 1998 and 1999 support this. Incongruously, all of this fame has been lost over one and a half decades. Almost all gardens, except for a handful, recorded a sizable negative yield gap in 2011–12 due to the significant fall in yield. Actual yields for every garden in the Dooars, except for Dhuri, are substantially lower than the region's standard average yield of tea estates, which is at least 2000 kg per hectare. However, it has been discovered that the actual yields achieved at two of the Fergusons' gardens, Rish and

Geet, in the Terai and Darjeeling regions, are significantly higher than the standard average yield of tea estates in those areas, which is 500 kg per hectare or more and 1900 kg per hectare or more, respectively. However, the actual yield achieved during 2011–12 was lower than the expected average at the Darjeeling tea plantation Mari. According to the above table, the Dooars gardens are much more affected by the low productivity crisis than those in Darjeeling and Terai regarding the difference between actual output and expected yield. Two out of three gardens in Darjeeling and Terai have maintained yields significantly higher than the standard average yield in those areas despite a dramatic decline in output. Even then, the conditions in these gardens are appalling, leaving the residents hopeless. It is important to note that production has generally decreased over the past two decades in the State's traditional tea-growing districts. At all older and larger tea estates in these regions, the law of declining returns to yield appears to be well established, especially in the lack of significant availability of capital investment on plantation growth.

Lowered Yield Realisation

The falling bush productivity brought on by older tea bushes is a severe issue that has recently resulted in lower yield realisation in North Bengal tea plantations, including the Fergusons' gardens. Tea plants eventually become less productive as they age, causing total production to decline. Also, the quality of Tea will inevitably deteriorate due to the ageing problem. As a result, the gardens are currently under attack from two directions: decreased yield realisation and declining product quality. Bushes over 50 years old are typically regarded as having reached their economic threshold and generally are commercially unproductive. Significantly, the percentage of tea plants 50 years or older remains high in most of Fergusons' tea plantations. The leading cause of the low production performance has been the placement of old tea bushes. That has primarily led to the potential yield gap issue that was described in the preceding section. However, the rate of replanting, uprooting, and rejuvenation to increase yield has been slow throughout these gardens. The Special Purpose Tea Fund (SPTF) scheme of the Tea Board of India (TBI) in 2007 was started so that every garden must perform uprooting and replanting to boost yield concerning tea quality development. The gardens are given incentives through direct subsidies from TBI and subsidised loans from scheduled commercial banks to carry out these tasks under this programme.

Table 5.17: Plantation development of FIL 2012-13

Name of the Tea Garden	Area (in Hec.)	Area Under Extended Planting (in Hec)	Area Up-rooted (in Hec.)	Area Replanted (in Hec.)	Area In filled (in Hec.)	Area Rejuvenated (in Hec.)	Area Irrigated (in Hec)	Area Under Drainage (in Hec)
Binu	477.21	0	14.42	3.08	0.5	0	477.2	0
Bina	978.39	0	59.62	59.62	0	0	978.4	0
Dhuri	695.79	0	20	4	25	0	160	695.79
Gari	528	0	65	45	50	17	120	528
Geet	664.30	0	16.12	7	8.79	0	664.3	664.3
Hir	655.00	0	70	62	82	0	400	655
Kuni	437.57	0	18.1	6.87	47.39	0	430.4	0
Luna	758.45	0	24.46	24.46	13.016	0	0	758.45
Mari	284.52	0	0	0	0	0	131.45	0
Nag	629.92	0	9.57	9	4	12.24	362	629.97
Rish	183.97	0	0	0	128.7	128.7	40	0
Tel	477.51	0	23.98	7.38	0	0	160	0
Total	6770.63	0	228.41	321.27	359.396	157.94	3923.75	3931.51

Source: Survey of tea gardens, 2013-14, State Labour Institute, WB

The management of Fergusons has blatantly neglected to move these activities forward at the appropriate pace, which is specified to be at least 2% of the total tea area annually, even though such incentive arrangements exist. The accompanying table thoroughly summarises the actions implemented by Fergusons' management up through 2011–12 to increase yield. Three crucial garden-specific characteristics that have been found to significantly impact output are uprooting, replanting, and rejuvenation (particularly vital to gardens located in hills). These parameters are all appallingly low, at barely 4.75 per cent, 3.57 per cent, and 2.33 per cent of the total tea area, respectively, compared to what should be under the SPTF's requirements.

When the SPTF system was established in 2007, these numbers should be close to 10 per cent.

Moreover, bushes only produce well if they are well-cared for and fed, which includes having a decent drainage system and improved irrigation, among other things. The performance falls well short of both criteria. The table shows that more than 62 per cent of the tea acreage is still not covered by irrigation. Similarly, the drainage system only covers about 42 per cent of the area. Manure usage has nearly disappeared since the early 2000s, according to tea workers who participated in a recent survey at every Fergusons' garden. Thus, the analysis demonstrates unequivocally that the sluggish pace of productivity-supporting efforts at the plantation level is the exact cause of the significant productivity decline in all of Fergusons' gardens. One may reasonably conclude that the fundamental reason for the declining bush yield over time, as described above, is the company's acute liquidity crisis as a result of the company's ongoing perverse financial operation designed to achieve rapid returns. This operation involved transferring capital from the tea plantation industry to fertiliser and other companies. Due to this, the corporation has been unable to make the necessary investments in maintaining tea farms. Poor yield realisation and an inability to implement steps to improve yield at the required level can thus be seen as the worst consequences of an urgent liquidity situation caused by Fergusons' cunning management's twisted financial operation.

Conclusion

The chapter analysed developments in the industrial relations of the tea sector in India and their impact on tea production. It has shown that the tea sector has undergone fundamental transformations due to globalisation and liberalisation, creating new challenges and opportunities for various actors in the tea value chain. However, it has shown that the institutional and regulatory framework has not effectively addressed employment rights, welfare, and livelihood issues. Governance failures that contributed to the crisis include divesting capital from major estates without providing adequate living standards for workers, the casualisation of labour, the shift to small farmer models, and the dominance of marketing actors in tea value chains, which limit value transfer to upstream production. The chapter also discussed the involvement of small tea growers in tea production and their difficulties and potential in the domestic market. The Ferguson-Rawal tea gardens case illustrates the tea industry's problems with mismanagement, abandonment, and exploitation of workers. The chapter has emphasised the need for a more inclusive and participatory governance approach that would promote fair and equitable value sharing among all stakeholders, especially the workers at the core of the business. It has also suggested possible measures to improve tea workers' working conditions and social security, such as strengthening collective bargaining, enforcing labour laws, promoting social dialogue, enhancing skill development, diversifying income sources, and empowering small tea growers. A healthy and resilient tea industry must balance economic efficiency and social justice. The following chapter will discuss the consequences of how the restructuring of production, governance negligence and failure of large plantation management had impacted the living and working conditions of tea workers.

Chapter 6

Labour and Labour Conditions

Introduction

Despite facing some obsolescence challenges, India's tea industry demonstrates positive trends in production, consumption, and auction prices. However, these indicators do not reflect the plight of the tea workers, who suffer from poor pay and working conditions, regardless of whether the tea estates are closed, occasionally open, or continuously operating. The tea industry in North Bengal employs more than three lakh permanent workers and an equal or higher number of casual and temporary workers. These workers depend on the plantation management for their basic needs, such as food, water, shelter, healthcare, and sanitation. When the plantations are closed or abandoned, the workers lose these benefits and face extreme hardship.

The Plantation Labour Act (PLA) was enacted in 1951 to address the specific issues faced by plantation labour in India. However, it was delayed in implementation due to a lack of political will. The planters often argue that complying with the PLA increases production costs and reduces their competitiveness in the market. Many plantations resort to casual and contract labour, which the PLA prohibits. Many of the workforce, especially in Assam tea estates, consists of temporary workers who do not receive any benefits despite a law that entitles them to wages. The planters have also adopted cost-cutting measures, such as reducing the workforce, increasing the work intensity, and curtailing the welfare facilities. While shear plucking has doubled the output, the wage increases have remained stagnant.

The tea industry in India has faced a severe crisis since 2000, manifested by the closure and abandonment of many tea estates, especially in West Bengal and Kerala. The crisis has affected the livelihoods of numerous tea workers, with those in North Bengal experiencing more hardship than their counterparts in Kerala or Assam (CEC, 2007, p. 4). Despite the interventions of the central and state governments, the crisis persists and threatens the survival of the tea plantations. As of 2022, twelve tea estates are still officially closed, and many more are unofficially closed and abandoned in India.

The owners of tea estates have neglected their assets and shifted to other industries. Meanwhile, major firms like Tatas and Unilever have divested much of their estates to concentrate on retail and auctions, where they can capture more value. Some estates have also been sold to inexperienced buyers who have failed to sustain them. In contrast, West Bengal plantation owners have persuaded the state to allow them to use 15 per cent of the land for eco-tourism (Telegraph, 2020). The large producers have adopted two strategies to increase their profitability: branding their products to enhance their position in the more lucrative segments of the value chain and diversifying into related sectors like tourism, which offer higher returns than the tea value chain. As a result of these strategies, large producers have increased their profitability and competitiveness in the market. Those who have adopted this model have survived, while those who have not have been left behind.

A tea plantation is not just an enterprise but, to a large extent, also a social institution that regulates the lives of its resident labour force. The closure and abandonment deprived them of their jobs and income and their social security and basic amenities provided by the plantation management as per the Plantation Labour Act. They lost their work positions, and their line of work changed from being a permanent worker on their tea estate to a casual worker elsewhere. Along with losing their financial security, they also lose any minimal social security they may have had before the estate was closed or abandoned. Additionally, since the Plantation Labour Act mandates the provision of these amenities from the plantation management, the workers cannot ask for assistance from the gram panchayat or Government agencies. They are forced to rely on the assistance initiated by NGOs and other welfare organisations.

The loss of livelihood and essential services has led to starvation, suicides, school dropouts, and out-migration among the affected workers and their families. The situation has worsened in recent years due to the changing patterns of out-migration (CEC, 2003). The causes of death among the tea workers are also contested. While many local NGOs, the media, and some labour organisations attribute the deaths to starvation and malnutrition, the state denies any such occurrence. However, there is a consensus among these groups that the tea workers suffer from chronic malnutrition, poor food quality, and inadequate sanitation, which make them vulnerable to diseases such as anaemia, TB, diarrhoea, dengue fever, and malaria. The frustration and anger of the workers have sometimes erupted into violence against the management. For example, the owner of Sonali Tea Garden was killed on November 22, 2014, and a worker hacked the assistant manager of Dalmore Tea Garden (Bina) to death in March 2014 (Telegraph, 2014).

Tea workers of Ferguson Tea Gardens

Ferguson-Rawal group owned 12 registered tea estates and three cloned tea gardens in West Bengal, with a total population of 74,190 (Survey Report, 2014). The registered tea estates had 18,323 workers, 49,197 non-workers, and 11,196 families. The data for the cloned tea gardens were not available. Since 2015, the Ferguson-Rawal group has abandoned most of its tea estates, leaving the workers in a precarious and helpless situation.

Table 6.1: No. of tea workers, non-workers and their families in the tea estates of Ferguson

Tea Garden Name	Total Population	No. of workers	No. of non-workers	No. of families of workers
Biru	6862	1434	5428	991
Bina	9552	2623	259	1332
Dhuri	5356	1918	3438	1111
Gari	4000	1517	2483	800
Geet	7881	2076	5805	1026
Hir	11508	1898	9610	1270
Kuni	4500	1231	3269	616
Luna	9277	2132	7045	1217
Mari	3078	756	2322	597
Nag	5520	1092	4428	659
Rish	2676	505	2171	871
Tel	4080	1141	2939	706
Total	74190	18323	49197	11196

Source: Survey of tea gardens, 2013-14, State Labour Institute, WB

The loss of jobs was the most significant effect on workers following the debacle of Ferguson management fleeing the tea gardens. The workers continued to work even when the management was gone. A few, about one-eighth of the workforce, were working in the field plucking leaves, and some as security guards. For instance, the rest of the workers, Kuni and Nag workers, used to work on other open plantations nearby. Truckloads of workers used to leave early in the morning and return at night every day, working for 10 to 14 hours. They received the standard industry rate of ₹4 per kg and had to pay ₹10 to 25 per day for transportation. Most earned between ₹90 and ₹100 per day.

Due to the lack of open gardens nearby, workers in Hir, Luna, and Dhuri resorted to gathering and breaking stones from the riverbed. Many people complained about a sudden downpour of rain and the ensuing flooding washing away stones that had been laboriously obtained, making stone breaking a back-breaking and pointless operation. Nearby marketplaces, building projects, or brickfields also employed some tea workers. The daily wage ranges from ₹70 to ₹180. As a result of the rising number of job seekers brought on by the population of tea estates, employment is scarce, and earnings are falling even outside as well.

The same is the case in Biru and Geet; workers from the estate went to other tea estates nearby as casual workers during peak tea leaves plucking season, and during the off-season, they went to nearby river banks to work as stone-breakers. However, their earnings were lower, and no job security and amenities were given to them. This led to the frail condition of the workers working in these tea garden areas.

Out-migration

Migration is widespread across North Bengal, especially in the abandoned or closed Tea Estate. The precariousness of the tea gardens makes things worse and encourages most youths to leave their homes in pursuit of a better life. To support their families, migrants leave their homes hoping and wanting to find work outside. The age range of 18 to 50 accounts for the most significant migration percentage—larger urban centers like Mumbai, Bangalore, Delhi, Kerala, and other cities, where they primarily relocate. Men work as security guards, factory workers making minimum wage, and service personnel in restaurants and hotels. At the same time, women typically provide domestic assistance to affluent households or work as childcare providers.

Devastating distress migration has also occurred in Ferguson tea estates as well. In Hir, over 30 per cent of the young population of the estate have moved to other states for employment. Workers in Luna estimated this number to be between 40 and 50 per cent, while those in Nag said 60 per cent of permanent employees had migrated. Workers were departing for Tamil Nadu, Bhutan, Delhi, and Kerala. At least one instance of bondage has been reported from Luna, where two employees were imprisoned by their employer in Kerala after raising concerns about their working circumstances. While interacting with the workers in Geet, many cases of missing family members came out who migrated to cities searching for jobs but never returned or contacted the family. The helpless tea workers had no other option but to wait, hoping the arrival of the missing. The same condition was witnessed in the rest of the Ferguson tea estates. Workers in Luna started a tiny endeavour to cultivate their food on vacant tea garden land, and 322 households started cultivating crops to survive. The condition of Rish was comparatively better than the rest of the tea gardens because, in Darjeeling Hill, the economic dependency of the tea workers' families was diverse. Family members who do not work in the tea gardens work outside the tea garden as construction workers, domestic helpers, and in food chains. Out-migration to cities is common, and hill people have special recruitment facilities to join the Indian army, which helps to sustain the income of the tea workers' family.

Impact on the health condition of the tea workers

Several studies indicate how the tea garden populace is especially vulnerable to infectious illnesses and inadequate nutrition, a consequence of the poor socioeconomic status of the tea workers and the ignorance fuelled by illiteracy, congestion, and poor sanitation in the labour settlements. According to numerous studies, the population is more likely to suffer from malnutrition and infectious diseases like filariasis (Khan, Dutta et al., 2004; Biswas, Hazarika et al., 2002). Hazarika et al. (2002) state that excessive drinking and cigarette smoking may contribute to NCDs (noncommunicable diseases), such as hypertension, becoming a serious public health concern. Numerous other health problems are connected to their field of employment.

Dr Binayak Sen, a labour rights activist, surveyed with the help of five other organisations to find out how prevalent malnutrition and famine fatalities are among plantation workers of North Bengal. The findings revealed that the Body Mass Index (BMI) of more than half of the tea estate workers is under 18.5. In India, a BMI of 23 to 24 is considered ideal. A low BMI turns into a possible health risk. Many of the workers on plantations had BMIs that were as low as 14. Families of the tea workers had BMIs between 17 and 14. The survey concluded that these people were in a state of perpetual starvation, which highlights the terrible conditions in North Bengal's tea plantations and reveals the inhumane living conditions of those who reside there (Dhar, 2015).

Although the occupants of tea gardens exhibit these symptoms of illness, management denies them from being considered sick. The term "sick" has a unique connotation in the tea gardens since an ill or sick individual can take leave with 80% of their wages if the tea garden doctor certifies them as ill (Roy et al., 2013). So, they are not compensated for their sick leave, or the doctor fails to consider them sick. So, most workers avoid hospital visits for minor problems like colds, coughs, fevers, stomach aches, and other illnesses. To meet their basic needs, tea garden labourers work long hours in harsh conditions; health is usually not their top priority. The priority is to work and earn money for food and household.

Under the direction of the West Bengal Labour Department, the officials of the Labour Directorate performed an extensive survey of the North Bengal tea industry in 2012 and 2013. Out of the 273 tea gardens they examined, only 166 had hospitals. Only 56 of the 166 tea estates maintained resident doctors working full-time. Medical experts from outside were used at the remaining 110 Tea Estates hospitals. Only 74 of the 166 doctors working in the Tea Estates had MBBS; the remainder did not. There were no nurses at 166 hospitals located on tea estates. 107 Tea Estates had no hospital access, including 64 tea gardens of Darjeeling Hill, 20 from Terai, and 23 from Dooars. There was no dispensary in the 85 tea gardens. The 10 Tea Estates lacked both a hospital and a pharmacy. A primary health centre was present in just 160 of the 273 tea estates; the rest, 113- out of which 38 from Hill, 23 from Terai, and 52 from Dooar- lacked one. There are 273 tea plantations, and 160 provide ambulance service, many of which are substandard. One of the two group hospitals managed by the Goodricke Group was kept in reasonable condition (Survey Report, 2014).

The same report gave the details of medical facilities in Ferguson tea estates, which is as follows:

Table 6.2: Medical facilities in Ferguson Tea Estates

Tea estate	No. of Hospital (H)/ Dispensary (D)	No. of Beds	No. of Nurses/ Midwife/ Compounder	No. of the first-aid box	Is the approved medicine list available or not	No. of the first-aid box
Biru	1(H), 1(D)	36	6	Yes	No	1(H), 1(D)
Bina	1(H), 1(D)	20	5	Yes	No	1(H), 1(D)
Dhuri	1(H), 1(D)	24	5	Yes	No	1(H), 1(D)
Gari	1(H), 1(D)	20	4	Yes	No	1(H), 0(D)
Geet	1(H), 1(D)	22	5	Yes	Yes	1(H), 1(D)
Hir	1(H), 1(D)	23	5	Yes	No	1(H), 1(D)
Kuni	1(H), 1(D)	16	5	Yes	Yes	1(H), 0(D)
Luna	1(H), 0(D)	40	5	Yes	No	6(H), 0(D)
Mari	0(H), 2(D)	15	5	Yes	Yes	0(H), 3(D)
Nag	1(H), 1(D)	19	4	Yes	No	3(H), 1(D)
Rish	0(H), 1(D)	6	5	Yes	Yes	0(H), 2(D)
Tel	1(H), 1(D)	16	5	Yes	No	1(H), 1(D)

Source: Survey of tea gardens, 2013-14, State Labour Institute, WB

We can observe that Ferguson's medical services were substantially better than most of the existing tea plantations in North Bengal. In real life, the situation was much worse. These facilities were only mentioned in the paper; whereas they were in poor shape before the crisis, they became far worse. In terms of medical amenities, none of the estates possessed a functioning hospital. Since 2000, the hospital in Hir has been dysfunctional. There is no physician at the Garden Hospital. The hospital had two nurses but had no support to treat any patient. The hospital was devoid of any supplies or other amenities. One chemist managed to make ends meet without receiving a pay check. The ambulance was mostly useless and in terrible shape.

Additionally, there is no first aid at all. The hospital in Dhuri, which can only provide basic aid, has a few generic medicines, according to the Officer in charge who was managing the tea estate then. Critical cases were directed to government hospitals far from the tea estate. The Garden Hospital only had a temporary physician. The doctor in Dhuri quit because of inconsistent salary payments. The hospital only had two nurses and one health assistant on staff. Because there were not enough medications at the hospital, workers had to go to the market and purchase expensive medications. Deplorable conditions can also be found at Luna's Garden Hospital. The hospital was without a doctor, nurse, or supply of medication. Due to a fuel shortage, the ambulance became inoperable. The workers depended on government hospitals and could not afford market-priced medications. In Biru, Kuni and Nag, the condition of the garden hospital was terrible with no doctor. After the crisis, even the health assistant stopped working. The workers were compelled to go to Government hospitals; hence the condition of the workers worsened. For Geet and Rish, although the government hospital was comparatively near, lack of income and proper diet led to the deterioration of the workers' health. Different NGOs and Health organisations did frequent medical camps in these tea gardens, exposing the perpetual health crisis among the tea workers. These medical camps are temporary reliefs; the health crisis, however, is chronic.

Drinking Water

The situation of both food and drinking water was unsettling in these tea estates. When the factory was operating, and there was electricity to power the water pumps that pumped water into the estates' numerous tanks and pipeline systems, drinking water was generally accessible. Water availability was also affected after the facility stopped and electricity was down.

Table 6.3: Drinking water source in Ferguson tea estates

Tea estate	Source	Drinking Water Supply method									
		No. of deep tube well		No. of hand-tube well		No. of ring well		No. of Kutcha well		Pipeline Houses covered	Total Houses covered
		Total no.	Houses covered	Total no.	Houses covered	Total no.	Houses covered	Total no.	Houses covered		
Biru	River& Tube well	3	800	0	0	1	65	0	0	0	865
Bina	Deep tube well	1	40	103	1154	0	0	0	0	0	1194
Dhuri	Deep tube well	2	1111	0	0	56	227	0	0	0	1338
Gari	Deep tube well	3	792	0	0	0	0	0	0	0	792
Geet	Well, Pipe line, Hand pump	0	0	30	300	69	567	0	0	129	996
Hir	Tube well, Pipe line	4	635	0	0	0	0	0	0	355	990
Kuni	Deep tube well	1	363	3	107	51	104	0	0	42	616
Luna	Pipe line	1	100	0	0	0	0	0	0	1217	1317
Mari	Spring water	0	0	0	0	0	0	0	0	597	597
Nag	Deep tube well	1	22	14	122	17	300	181	195	0	639
Rish	Spring water	0	0	0	0	0	0	0	0	0	0
Tel	Deep tube well	1	510	0	0	0	0	0	0	0	510

Source: Survey of tea gardens, 2013-14, State Labour Institute, WB

A tube well put in 100 years ago was the primary source of water supply in Hir, which the workers used to fix on their own; however, at a point, repairing was not possible. It is essential to point out that since these tea estates are situated in the foothills of the Himalayas, installing tube wells is expensive. Workers were using water from the river nearby since the tube well had broken. If they have enough diesel to power the generator, they could have a water supply for an hour each day as and when it is turned on. Workers in Bina receive water three times a day for two hours from a tank the firm built within the facility and filled with a generator pump. The water supply in Dhuri was only available for two hours every day, and even that was controlled by the management, which ran the generator twice daily. Once the management left the estate, the supply of water also stopped. The water crisis became a matter of life and death for these workers. The PHE department established a water source; however, it was very far from the workers' colonies of the Dhuri tea estate. The workers and their families had to travel long distances, passing through a dense forest to get water daily, and the queue for collecting water used to be long. There were incidents of animal attacks on people while they were fetching water. The lack of water also developed skin-related problems among the workers and their families. A conversation with the doctor who conducted the medical camp revealed that at least 80 per cent of the populace was suffering from skin-related diseases.

The situation was significantly worse in Luna. There is a tap for the entire line that the Panchayat built in one labour line. Most of the workforce relied on the river or stream water for drinking. A drinking water pipe setup by the management many years ago was blocked by the calcium accumulation and was never restored. However, the upsetting aspect was that workers have been paying electricity prices ranging from Rs. 200 per month to Rs. 5–600 per month. Workers revealed pay stubs that these deductions for electricity costs. Although the management has collected this money, they did not deposit it to the electricity department. Consequently, the workers had to suffer due to the management's deceit. The same was the case in Biru, Kuni, Nag and Geet; after the management of the tea estates, whatever water supply they provided also stopped. Hence, the workers and their families had to depend on the water supply provided by the government or natural resources nearby.

For Mari and Rish, the tube well or deep well is not available (Table 6.3) because it is not possible to dig wells in hilly regions; they instead depend on water supply either from government agencies like PHE or natural resources like river streams and natural spring water. In the case of Rish, the management had failed even to provide water pipes; hence, the workers had to manage their water supply. The drinking Water crisis in the Hilly region of Darjeeling is omnipresent, and the lack of resources has led the workers of these tea estates to rely on a depleting natural water resource.

Starvation and death

Tea workers experience a variety of hardships, including subsistence pay, several privations, and even starvation death. Newspapers (TOI, July 7 2014; Gupta & Bhattacharya, July 29 2014) reported that since January 2014, there have been roughly 100 hunger fatalities in the Dooars tea gardens in North Bengal. The problem was considered important enough to be brought up in Parliament (TOI, August 5 2014), with media reports saying 28 gardens had been closed and 1000 people had died from malnutrition since 2002. Beginning in the early 2000s, several plantation workers in West Bengal's famous tea estates of Darjeeling, Terai, and Dooars died from starvation. According to reports, between 2000 and 2015, hunger and starvation claimed the lives of more than 1400 people in these regions (Chaudhuri, 2015).

Table 6.4: Compilation of Starvation death in Ferguson tea gardens reported in various newspapers

Year	Name of the tea garden	No. of starvation deaths
1/09/2014	Biru	14
24/ 11/ 2015	Biru Nag	2
30/11/2015	Hir	15
	Dhuri	6
03/12/2015	Bina	4
31/12/2015	Dima	2
07/12/2015 (Starvation deaths within six months of reporting)	Bina	21
	Hir	16
	Dhuri	15
	Gari	7
	Nag	6
13/05/2016	Bina, Hir, Tel	5

Source: Author’s own (compiled from several news reports)

The news of starvation deaths in daily newspapers stirred the political climate of West Bengal. Many politicians, including the Chief Minister of the State, visited the affected Tea gardens, mostly the Ferguson tea gardens, to understand the gravity of the situation. Although government investigations denied the cause of death was starvation, it rattled the state's political environment as the election was nearby. In 2015, a CID probe was done against the Ferguson-Rawal for mishandling the tea estates and its workforce.

Seeking alternatives for survival

In 2006–07, the State intervened in most abandoned or closed tea estates to provide a solution for closed and abandoned tea estates; Operational Management Committees (OMCs) were established. The OMCs, which operated in about 13 gardens, had Trade Unions, BDO and District Magistrate as essential members of the committees. The workers used to be paid a fixed wage based on the season of leaf plucking, with the earnings from the sale of green leaves going to the workers. Because the factories were shut down, factory workers were also plucking green leaves. Workers who were classed as Bigha or casual were not engaged. The operation could not be sustained for an extended period, given that the State mismanaged the procedure, and there was much corruption and strife within the committee. It was, nevertheless, a short-term solution. OMC lacked the resources to properly manage the tea gardens, which reduced tea leaves' yield because tea plants require proper maintenance. Additionally, there were growing tea mafias and smugglers, which OMC could not control as the State gradually lost interest in overseeing tea gardens.

The State and Central government's contribution to this ongoing situation has been insufficient. For instance, with only one case for PF recovery, an attempt to recoup the enormous worker debts has been non-existent. Plans for alternate jobs are only offered six days per month at most. Many workers did not get the minimum pay because the OMCs typically operated mainly during the plucking season (Talwar et al., 2005: 22). 2013–14, there was a more carefree approach, with ministers only visiting the gardens in response to newspaper stories. Trade unions accused the government of having no idea of the situation of the tea estates (TOI, July 29, 2014).

Furthermore, a lack of employment opportunities, poverty, and perpetual starvation create disorder and illicit activities in these tea estates. On the other hand, some excellent organisations set up adequate administration and follow the right procedures, involving government agencies like the district magistrate and the Labour Commissioner, keeping records, and distributing tea in a legitimate and authorised manner. Recent examples can be found in Ferguson-Rawal-owned tea gardens like Biru, Dhuri, Tel, and Alchemist tea gardens, where management committees comprised labour leaders, employees, self-help organisations, and others were formed from harvesting and selling green leaves to managing tea gardens. These committees tried to maintain the tea plantation's operations despite the challenging circumstances, but it is still unclear whether such an arrangement is long-term viable.

The Tea Board and financing institutions like banks are the primary sources of support for the sick gardens. There are other causes for closure, such as liquidation (as Looksan TE in 2003) or converting land for tea plantations into urban space, as happened at Chandmoni TE near Siliguri in 1998 (Biswas, 2013). Roy (2015) states that the tea crisis is artificially created by tea garden owners; one of its distinct strategies is the casualisation of the workforce to deprive workers and weaken the trade union movement.

Wage and Liabilities

Wage determination in the North Bengal tea industry is done via a tripartite negotiation procedure. In a series of negotiations, government representatives, workers' unions, and planters meet to decide on the daily wage for a given period that is appropriate for the industry. However, it is unfortunate that such conversations invariably result in miserable wages. We have already discussed how wage is determined in the third chapter. Here, we will discuss the challenges North Bengal tea workers have faced regarding payment of their daily wages and liabilities.

Tea workers constitute one of the most underpaid segments of the organised sector. Their low remuneration is partly attributed to the provision of fringe benefits, which the planters claim to be fair compensation when added to the cash payment. However, "fringe benefits" are not a standardised or adequate income for tea workers in the current context. Moreover, they are not equally accessible to all employees, mainly the *"temporary," "casual,"* or *"contractual"* workers who comprise the majority of the tea garden workforce. These workers are deprived of many statutory and non-statutory fringe benefits that are supposed to be available to them. Additionally, many gardens have discontinued or reduced some fringe benefit services. Therefore, the workers have a legitimate grievance regarding the payments for fringe benefits.

The year 2014 marked a turning point for the tea plantation workers in North Bengal, who launched a massive movement to demand the implementation of the Minimum Wages Act of 1948 and the revision of their wages according to its provisions. The movement disrupted the triennial wage negotiation process that was due to start in April 2014 and mobilised the workers to organise themselves through regular gate meetings, rallies and demonstrations. The movement also compelled the trade unions, largely passive or absent during the previous negotiations, to take a more active role. However, the trade union landscape was fragmented and diverse, requiring extensive deliberation and debate to form a united front. Eventually, a Joint Forum comprised 25 Trade Unions in the tea gardens of North Bengal. The Forum consisted of the Coordination Committee of Tea Workers' Union, comprising various unions from the Darjeeling Hills, the plain regions of Tarai and Dooars and the Defence Committee for Plantation Workers' Rights, excluding the union affiliated with the ruling party, which was seen as sabotaging the movement. The movement continued until 2015, when a memorandum of settlement was signed on February 20, 2015, after eight rounds of tripartite talks involving the employers' associations, the trade unions and the state government. The settlement agreed to introduce a minimum wage structure for tea workers following the law and to form a special committee consisting of representatives from the government, the workers and the planters to work out the modalities of its implementation within two years. In the meantime, an interim wage hike was granted, raising the daily wage from ₹95 to ₹132.50 with increments of ₹17.5, ₹10 and ₹10 for the respective years from 2014 to 2017. The movement for minimum wage has sparked a ray of hope among tea workers since 2014, who were eagerly awaiting the government's decision. However, their hopes were dashed when a recommendation of ₹172 as the daily wage was made in August 2018, which the workers rejected. Despite the trade unions' protests, ₹176 as the wage was eventually accepted.

Table 6.5: Wage increment from 2014 to 2022

Year	Daily Wage amount
2014-2015	₹95
2015-2016	₹112.5
2016-2017	₹122.5
2017-2018	₹132.5
2018-2019	150+ 9(ration amount) = ₹159
2019-2020	₹176
2020-2021	₹202
2021-2022	₹232

Source: Fieldwork

The initial momentum of the movement, which emerged in 2014, was not sustained, and the workers had to settle for the interim wage that was fixed before the implementation of the minimum wage, which remains pending. The provisional rate then became the actual wage of the workers. In 2019, the government decided to supply rations to tea garden workers as per the Food Security Act 2013, and they demanded the tea management to refund the ration money that was previously deducted from their wages. The government decided ₹12 as the refund amount to be added to the daily wage, which the management resisted and proposed to add ₹9 instead. The decision was finalised after some negotiation. The minimum wage remains unimplemented, but the same conventional bargaining process still sets the wage. As the number of deserted and shut-down tea gardens has increased, the workers' bargaining power has reduced because the planters often threatened to leave the tea garden, exposing them to more risks.

Fergusons failed to pay its workers their wages since the beginning of 2015. Consequently, all 13 of its plantation estates in the Dooars faced disruptions in tea production from June 2015, losing at least 12 million kg, or 80 per cent of that year's crop. Rawal identified one of the significant problems of Fergusons as its inability to rationalise costs. Fergusons started to lay off workers at its estates, mainly those who had reached retirement age. In the fiscal year that ended in September 2014, Fergusons reported a loss of $30.8 billion on revenues of $190 billion. By the end of September, assessed liabilities—including provisions for employee benefits—amounted to 370 crores. The company incurred a financial loss of at least 70 crores in the period leading up to June due to the crop loss that year, which aggravated its debt burden. The company owes its workers a lot of payment in addition to bank credit and advances against tea sales for the provident fund, gratuities, and several unpaid wages.

Table 6.6: Liabilities of Some of the Ferguson Tea gardens

Name of the Tea gardens	Claimed Liabilities
Biru	₹6,87,80,000
Geet	₹51,45,418
Kuni	₹1,77,34,840
Nag	₹5,66,57,099
Total dues payable	₹14,83,17,357

Note: Progressive Tea Workers' Union claim the abovementioned liabilities to Labour Commissioner, Govt. of West Bengal on June 2018.

The future of workers at the 13 tea gardens of Fergusons became uncertain due to the company's bankruptcy. The workers' major concern was the uncertainty about receiving their dues and no assurance of when they would get their pending wages, fringe benefits, gratuities, and provident funds. On March 5, 2020, the National Company Law Tribunal (NCLT) initiated the Corporate Insolvency Resolution Process against them. All the company's creditors had to submit claims through this process, and the NCLT would then approve a plan that would either involve selling Fergusons' assets or finding a new owner to pay off their debts. In response to the workers' concerns, Paschim Banga Khet Majoor Samity (PBKMS) helped 54250 workers file a claim for ₹1538,76,90,240 from nine tea estates owned by Fergusons Industries Limited in the North Bengal districts of Alipurduar and Jalpaiguri. The workers' claim covers past salary, overtime, extra leaf payments, food, fuel wood, gratuities, and provident funds. Fergusons Industries Limited has declared bankruptcy, even though Paschim Banga Khet Majoor Samity (PBKMS) has previously filed a case in the Supreme Court for the employees' compensation benefits of 29 gardens, including seven former Fergusons Gardens.

PBKMS responded quickly to the crisis and briefed about the Resolution Process to the workers of the Fergusons. The Resolution Professional (RP) appointed by the NCLT in April 2021 received a claim from one PBKMS member on behalf of 124 workers. The RP denied the claims, citing the workers' late submission. The workers approached the NCLT Kolkata bench, which heard their case and directed the RP to consider their issues. The Court ordered the workers on June 15, 2021, to provide the Resolution Professional with their claims and the necessary documents by June 30, 2021. As a result, claims have been filed for 54,250 workers using a list of employees that the Provident Fund Commissioner's office at Jalpaiguri provided to PBKMS. The gardens in the Alipurduar District that have claims filed against them are Luna, Gari, Hir, Dhuri, Tel, and Bina. Claims were also filed for Nag, Kuni, and Biru in Jalpaiguri.

The Takeover

Since the 1990s, there has been substantial underdevelopment in the tea plantation industry of North Bengal, which has recently resulted in bankruptcy for the owners and suppliers. Over the past few decades, there have been substantial changes in tea gardens' ownership patterns and management techniques. Small companies have recently taken control of several tea gardens in India, claiming to provide workers with better management and employment prospects. Most of these small companies are tea promoters without the required qualifications and working knowledge. Instead of investing in the long-term upkeep and growth of the tea bushes, their primary goal is to maximise their short-term revenues.

Additionally, they use the money they get from bank loans and the Tea Board to develop the tea estate condition for other purposes. They have the backing of the state government and banks, who do not monitor their actions or enforce accountability. How these takeovers affect the workers and the tea industry is still uncertain. The home of the renowned Darjeeling tea, West Bengal, is one of the locations where these takeovers happened to be taking place. Recently, Ratan Agro Industries Limited, a privately held firm, bought four Fergusons tea gardens in 2020 under an agreement mediated by the West Bengal state government. Hir, Dhuri, Gari, and Tel are the names of these gardens. Ratan also took over the Fergusons' Bina tea estate in Alipurduar in February 2021, which had been abandoned by the Fergusons in September 2019. Ratan assured to pay each worker Rs 1,000 as a gesture and to resolve other workers' dues, including wages and bonuses, in due time. Fergusons' only tea garden that is still closed is Luna. Ratan's takeover of Fergusons Tea Gardens was viewed as a relief for the tea garden workers and a political boost for the Trinamul Congress party.

Md Rehman, the additional labour commissioner in Siliguri, presided over a meeting on February 12, 2021, to settle the garden crisis, most notably payments owed to workers. Rehman declined to comment on what prompted the state administration to hand over control of the abandoned gardens to Ratan. However, many workers first hindered the reopening by demanding unpaid salaries and bonus payments. The Paschim Banga Khet Mazdoor Samity (PBKMS) backed the protestors, claiming that according to the court's ruling, Fergusons cannot pass over the garden to any other enterprise. *"The Fergusons story is all but over because the company is bankrupt and now in NCLT,"* says Anu Tanwar of PBKMS. She claims her charity is suing Fergusons for what she thinks is an illegal transfer of portions of the gardens to Ratan. *"There are huge dues of Rs 900 crore that must be cleared."* Second, we have no idea how these gardens would be handed to Ratan because they are under lease from the West Bengal government," Tanwar said.

The 1,300 employees who had established a collective to manage the abandoned tea estate since September 2019 were not consulted before the agreement was finalised. The collective group of workers had successfully managed the 405 acres of the tea estate, earning Rs 10 per kilogramme of leaves harvested, bonuses, and paid vacation. The workers felt obligated to protect and preserve the tea bushes and other garden assets. To counter that, Ratan Agro Industries Limited, supported by trade unions, charged them with theft and unauthorised habitation of the garden, which Fergusons Industries Ltd. abandoned in 2015. The PBKMS has referred to this takeover as *"nothing but theft"* and asserted that it infringed the rights of the employees managing the garden for the past two years. The PBKMS has also urged the government to step in and defend the workers' interests.

The Committee of Creditors (CoC) handling the Fergusons issue and resolution specialist Lakshman Saha believe the gardens' handover was improper, particularly in the lack of legal agreements between the state government, Fergusons, and Ratan. Furthermore, gardens had previously been taken from Fergusons and taken over by Shanti Beverages. The NGO in Kolkata is involved in producing, processing, and preserving meat, fish, vegetables, oils, and fats.

Ferguson officially declined to comment regarding the tea estates and their handover to Ratan. Officials from Ratan announced that the corporation would be paying off debt gradually. The four gardens Ratan has been managing, besides Bina, are Hir, Dhuri, Gari, and Tel. There are rumours that Ratan may also receive the Fergusons' Luna tea estates. Interestingly, there is a political component to the entire dispute over the gardens and how they were given to Ratan's subsidiary and Giri International, as the development could benefit Trinamool Congress (TMC).

Additionally, the Bharatiya Janata Party (BJP), during their election campaigns, promised the garden's workers that the government would take steps to reopen the gardens. Both the Alipurduar parliamentary seat in 2019 and the Bina-Madarihat Assembly seat in 2016 were won by the BJP with the support of the tea workers. Yet the tea gardens were never opened. In the meantime, the TMC was able to pique Ratan's interest in the tea estates, and it has now enlisted Giri International Papers. After the Fergusons abandoned the gardens, hundreds of workers invested much time and effort into making them a successful business. Now they are the ones stuck in the middle. The new owner ventured into other plantations after they made a profit on part of the gardens. There are no issues with workers. They only ask that their debts be paid. The payments should have been made before the gardens opened following a Supreme Court judgement. Also, before the gardens opened, the new owner was supposed to pay the Provident Fund (PF) dues that the management had not paid. Both payments have not been made yet. The workers are aware of how lengthy their wait will be.

Table 6.7: Takeover of Ferguson Tea Estates

Name of the Tea estate	Previous owner	Current owner
Biru	Ferguson-Rawal	Shanti Beverages
Bina	Ferguson-Rawal	Ratan Agro Industires
Dhuri	Ferguson-Rawal	Ratan Agro Industires
Gari	Ferguson-Rawal	Ratan Agro Industires
Geet	Ferguson-Rawal	Ratan Agro Industires
Hir	Ferguson-Rawal	Ratan Agro Industires
Kuni	Ferguson-Rawal	Shanti Beverages
Luna	Ferguson-Rawal	Ratan Agro Industires
Mari	Ferguson-Rawal	Ratan Agro Industires
Nag	Ferguson-Rawal	Shanti Beverages
Rish	Ferguson-Rawal	Ratan Agro Industires
Tel	Ferguson-Rawal	Ratan Agro Industires

Source: Field work

Workers in North Bengal suffer as crony capitalists grab control of the tea gardens. Razwan Alam, the convenor of the Joint Action Forum of Tea Workers, says that these managements have taken control of more than 22 tea gardens in the area. The new management frequently fails to offer the tea employees minimum wages, provident funds, bonuses, and other benefits. As a result, many tea workers leave their homes and families behind to work as migrant labourers in other states. The Jalpaiguri Zilla Tea Workers Union's Prasant Oraon said the tea business was plagued by low production and absenteeism. He said that the new management is abusing the tea workers by assigning them challenging duties and punishing them if they fail to do them. Oraon added that the tea unions have degenerated into weak organisations that conspire with tea estate owners rather than standing up for the tea workers. He claimed that the tea workers needed more representation and bargaining power to fight for their rights. Some well-known tea estates of Darjeeling are also available for sale. However, there are no purchasers as of yet. 12–15 of Darjeeling's 87 tea estates is up for sale, but investors have not shown any interest. This is due to several factors, including high land prices, poor productivity, labour challenges, political upheaval, and concerns about quality.

Anuj Kapoor, the head of the Indian Tea Exporters' Association, said that Darjeeling tea is starting to lose its standing as a premium product on the international market because of inconsistencies in quality and supply. For Darjeeling Tea to restore its image and demand, he claimed that its branding and marketing needed to be improved. The Darjeeling Tea Association's secretary-general, Ravi Ghosh, said that further investment and modernisation are needed to boost the infrastructure and production of the Darjeeling tea estates. He claimed that several smaller businesses that purchased tea estates in Darjeeling had succeeded by concentrating on premium and specialised markets. Darjeeling Tea needs additional assistance from government agencies and other stakeholders to regain its renown and profitability. A trade union leader stated that the state government should help the Dooars tea estates get back on track. All shuttered gardens should be taken over and run by the West Bengal Tea Development Corporation for at least three to five years. After that, it may lease them to private businesses if they provide the workers with the legal minimum wage.

Conclusion

The tea industry crisis in North Bengal is a complex and multifaceted phenomenon that has exposed the vulnerability and exploitation of tea workers. The Fergusons Industries Limited case illustrates how the failure of a tea company can have devastating consequences for the workers and their families, who depend on the tea estates for their livelihood and basic amenities. The workers have been facing various challenges, such as low wages, unpaid dues, malnutrition, diseases, lack of water supply, loss of jobs, and uncertainty about their future. The workers have also struggled to assert their rights and demands through collective action and resistance. However, their efforts have been met with indifference or hostility from the management, the government, and some trade unions. The takeover of Ferguson's tea estates by new owners has also raised questions about the legality and legitimacy of such transactions and their implications for the workers' welfare and security. The chapter argues that the tea industry crisis in North Bengal is not only an economic or managerial problem but also a social and political one that requires a holistic and democratic approach to address the issues of the tea workers and ensure their dignity and justice.

Chapter 7

Summary and Conclusion

The tea plantation sector in India is shaped by both colonial and global forces, inheriting a production system based on coercion and power from the colonial past and a marketing structure involving international firms in advertising, branding, and finance. This hybrid form of capitalism reproduces class power in an intensified manner. The increasing influence of multinational corporations, national and international non-governmental organisations, and consumer rights groups in the upstream value chain sectors is a notable aspect of the modern global economy (Neilson & Pritchard, 2009). This has resulted in trade re-regulation, impacting the economic development of producer countries like India. By studying the embedded realities within the North Bengal tea industry through the Value Chain approach, we understood the complex and rich narrative of various changes affecting regional economic actors differently. The GVC approach highlights the institutional aspects of value chains, which support the extensive research on GVC governance and reveal essential elements in the dynamics of industrial restructuring within the global value chains of tea and their implications for the future of production in regional areas like North Bengal.

Chapter One of the thesis is the introduction. It begins by giving an overview of the tea business, industry and labour. It establishes the premise of the thesis by showing the present condition of the tea business, its industry and its workforce. The chapter reviews the prevailing literature on the topic. It identifies the gaps that motivate the research objectives and questions and develops research questions to analyse the changing political economy of tea production and its impact on tea estates and workers in the context of globalisation and value chain restructuring. It explains the methodology of the thesis, which includes a blend of primary and secondary data sources and semi-structured interviews with various stakeholders of the tea sector. Finally, it provides the layout of the chapters of the thesis.

Chapter Two reviews various theories of IR, such as System theory, Marxian, institutional, and network-based approaches. It also discusses the evolution and criticism of these theories. The chapter then proposes a pluralist strategy that combines several theories to understand the business, industry, and labour scenario of the tea sector in India. It focuses on the network approach and the value chain framework as the main analytical tools. It traces the development of the commodity chain concept from world-system analysis to global value chain analysis. It also explains the critical dimensions of GVC, such as input-output setup, territoriality, governance structure, and institutional framework. It defines governance as the authority and power relationships determining how resources are allocated and flow within a chain. It also distinguishes between different types of governance: modular, captive, relational, market, and hierarchy. It introduces the idea of upgrading to improve actors' position and performance within chains. It also identifies four types of upgrading: process, product, functional, and inter-sectoral and addresses the challenges and contradictions of upgrading outcomes. It also presents some critiques of the GVC literature, such as the narrowness of industrial upgrading, the confusion between upgrading as a process and an outcome, and the paradox of upgrading and exclusion. Finally, it proposes a new perspective of Disarticulation that views global value chains as both cause and consequence of uneven development. It also explores three processes of Disarticulation: deferred devaluation, regional disinvestment, and constitutive exclusion.

Chapter Three provides a systematic overview of the critical components of the tea industry in India, including its origin, development, characteristics, labour structure, wage system, trade union movement, supply chain, and territoriality. It also highlights the complex and dynamic interactions between the biophysical properties of Tea, upstream elements of value chains, and institutional environments of production. It discusses the *"how and where"* tea industry functions, a critical step in studying value chains, and it establishes a background for more in-depth interrogative analyses of *"governance"* and *"institutions"*, which is discussed in the next chapter and offers evaluation in an organised manner. It discusses the various stages of value addition and economic transformation of value chains, such as production, processing, auction, blending, branding, and retailing. Lastly, it argues that input-output structures and territoriality are interdependent variables establishing institutions and governance systems co-produced over time.

Chapter Four begins by tracing the history of tea cultivation and trade in India from the colonial era to the -post-independence period and how the institutional structures and power relations shaped the industry. It discusses the role of the state, the managing agencies, the planters' associations, and the labour unions in regulating and influencing the tea sector. It analyses how globalisation and financialisation have affected the tea value chains, leading to consolidation, forward integration, and brand-based competition among multinational corporations. It examines how the domestic market in India has proliferated, driven by rising incomes, changing consumption patterns, and technological innovations. It highlights the challenges and opportunities for Indian tea producers in both the global and domestic markets. It explores how the domestic value chain of Tea in India has evolved from a vertical integration to a more diversified and fragmented one, involving smallholders, bought-leaf factories, and new plantation enterprises. It also investigates how the domestic market is governed by different actors, such as branded companies, retailers, NGOs, and state agencies. It argues that domestic value chains are not isolated from global ones but intersect and interact with them in complex ways. It presents a curious case of a well-known firm in the tea industry that suffered financial loss and eventually abandoned fourteen tea estates it owned. It traces the history of the firm's acquisition, merger, and consolidation business strategy and how it led to financial misconduct and crisis in its tea estates. It also compares the financial position of FIL with other firms and shows that FIL's poor performance was not due to the tea crisis but to its mismanagement and diversion of funds. It argues how the changes in the tea industry have affected the tea plantation estates and the condition of tea workers. It highlights upstream producers' challenges, such as low productivity, high costs, labour unrest, and environmental degradation. It also examines the prospects for emerging economies in the global tea market and how they can leverage their comparative advantages and institutional innovations.

Chapter Five analyses how the historical evolution of the industrial relations in the tea sector, from the pre-independence period to the post-liberalisation era, has affected tea production and workers. It shows how the trade union movement emerged and changed over time and how the government's role in regulating and intervening in labour disputes has diminished in the context of globalisation. It examines the causes and consequences of the financial "crisis" that has plagued the tea industry since the early 1990s. It reveals that the crisis stems from the dominance of large corporations in the tea trade, the government's import and export policy, the mismanagement of the estates, and the divestment of capital from several significant estates without providing adequate living standards for the workers. The chapter also identifies the governance flaws that have contributed to the crisis, such as the casualisation of labour, the shift to small farmer models, and the dominance of marketing actors in the tea value chains, which limit the value transfer to upstream production. The chapter provides a timeline of the events that led to the crisis of Ferguson Industries Ltd (FIL) and its tea plantations from 2006 to 2021. It highlights the critical issues faced by FIL, such as being declared as a sick industrial company by BIFR, posting a loss of ₹30.8 crores on revenue of ₹190 crores, defaulting on wage payment, losing 80% of its crop, facing CID probe, losing control over its estates, and being taken over by Ratan Agro. Industries. The chapter analyses the factors that contributed to the crisis of Ferguson Tea plantations, such as management's laxity and falling productivity, potential yield gap, lowered yield realisation, and perverse financial operation. It shows how Fergusons' gardens have experienced a sharp decline in output, quality, and profitability due to the ageing of tea bushes, lack of investment in plantation development, transfer of capital to other businesses, and failure to comply with labour laws and regulations. Finally, the chapter concludes that a sustainable and resilient tea industry must balance economic efficiency and social justice. It also suggests possible measures to improve the working conditions and social security of tea workers, such as strengthening collective bargaining, enforcing labour laws, promoting social dialogue, enhancing skill development, diversifying income sources, and empowering small tea growers.

Chapter Six focuses on the condition of tea workers in North Bengal. Its primary focus is on the Ferguson-Rawal tea plantations, which exemplifies the problems of mismanagement, abandonment, and exploitation of workers in the tea sector. It shows how the company has violated various laws and regulations, such as the Plantation Labour Act of 1951, the Tea Act of 1953, and the Supreme Court order of 2010. It also exposes how the company has siphoned off money for other business ventures at the expense of the tea plantations. It illustrates how the workers have suffered from chronic hunger, malnutrition, starvation deaths, and lack of basic amenities due to the company's actions. It also discusses the struggle of the tea workers for minimum wage since 2014 and provides a chronological account of the wage negotiation process and the challenges faced by the workers. It also highlights the failure of institutional governance to address the issues of rights, welfare, and livelihoods of labour.

What is brewing in the tea sector

The general question of whether value chain restructuring is enhancing or deteriorating the quality of life in tea plantation areas like North Bengal does not have a definitive answer. Instead, these developments reproduce the geographical contrasts between access and exclusion, privilege and deprivation, and amenity and decay. These outcomes stem from regional interactions among economic actors entangled in multiple ways. In the last two decades, there has been a broader discussion on how developing countries, agriculture, and globalisation have shaped the condition of producers in the tropical commodities sectors. These traditional, highly regulated sectors have experienced significant liberalisation. Proponents of market liberalisation argued that these policy changes were necessary to improve the livelihoods of the growers, given the existence of supply retention schemes, poorly managed corrupt regulatory marketing boards, and overall government interference in markets. According to this view, market liberalisation would give producers more flexibility to adapt to the specifics of supply and demand, generating more income. However, not everyone shares this view. Scholars, Activists and NGOs highlighted how market liberalisation favoured some actors over others in different product categories during the 1990s and 2000s. This market liberalisation coincided with the increasing concentration of profit and value addition in the downstream segments of the value chain. The global corporations' appropriate value by competing upstream suppliers against one another. The prevailing view on these sectors within multilateral organisations, NGOs, and much academic literature remains the antagonistic nature of this debate, questioning whether contemporary forms of liberal market governance benefit producer communities. However, analysing institutional change and contestation in the North Bengal tea industry provides a different perspective on current dynamics.

Tea production in recent decades has entered new producers and expanded existing ones, leading to a persistent downward trend in commodity prices and a significant development dilemma for the tropical product market. Despite expanding agri-food exports from developing countries, tropical crops are crucial in generating foreign exchange revenues and providing employment opportunities for a large rural population. The liberal policy regimes that have prevailed in these sectors have produced more ambivalent outcomes than expected by the proponents of liberalisation. These sectors have faced the detrimental effects of free markets as liberalisation coincided with lower global prices. Consequently, there have been increased demands for establishing new global structures to regulate production and trade in response to the worsening conditions of producers. However, the prospects of returning to the trade regulation for tropical products established by the former commodity agreements are blurred in contemporary global governance due to the practical and ideological hegemony of liberal market values. The Global Commodity Agreements of the mid-20th century operated in a context of production and consumption much more straightforward than the current one. However, new forms of supply chain governance have emerged in these commodity sectors based on the accountability of various supply chain mechanisms. Market liberalisation has accentuated the significance of underlying institutional factors by highlighting the embeddedness of value chain actors in their specific settings. The effective positioning of producers within global value chains is their primary concern. The transition from export-oriented to domestic-oriented tea production in India has transformed the political economy of the tea sector. The Indian tea market is characterised by low entry barriers and intense competitive pressures, as domestic lead firms delegate production to increasingly autonomous suppliers and smallholders. The growth of domestic markets also involves more significant regulatory challenges, as institutional and civil society actors exert pressure on lead firms to enhance their supply chain governance. A crucial question for scholarly investigation and policy development relating to the tropical commodity sectors is raised by the relevance of tea markets outside the lead firm or private regulatory structure. Its borders are a crucial indicator of the continuous difference in industry chain structures. The core argument is that path-dependent patterns that shape economic outcomes are intricately linked to the responses of place-specific actors to the global market signs.

Question of Upgrading

Gereffi defines "Upgrading" as the process of improving the position and performance of firms, regions, or actors from a low-value to a relatively high-value activity within global value chains (Gereffi et al., 2005, p. 171). It is a potential source of development and value capture for actors in the value chain. The concept of upgrading in the GVC framework, widely used to examine the development potential of producers across sectors and regions, has several limitations. First, it is too narrow, ignoring the social and spatial distribution of benefits and costs among various actors and groups within and between value chains. Second, it is ambiguous, as it conflates upgrading as a process and outcome but fails to explain the factors affecting the variation and sustainability of upgrading effects. Third, it is paradoxical and self-defeating, as upgrading may reduce the entry barriers and intensify the competition in some segments of the value chain, resulting in devaluation or downgrading.

Some GVC scholars suggest that lower-tier suppliers can upgrade their position and development prospects by participating in the value chain (Gerrifie, 1995; Humphrey & Schmitz, 2002; Schmitz, 2004; 2006), but the disarticulation approach contests this (Bair & Werner, 2011a; Werner, 2016). It argues that the uneven development and profit accumulation are still concentrated at the upper tier of the value chain, dominated by large MNCs controlling the market. The intrinsic nature of the global value chain persists even if it has shifted toward domestic consumption. It has heightened within the domestic market.

Trade chains have witnessed the emergence of strong global South-South linkages and businesses, where producers in the value chain can upgrade to higher value-added activities without facing additional costs usually associated with accessing Northern markets (Horner, 2017). This can be explained by factors such as the proximity of suppliers and customers, the use of subcontracting, and the lack of institutional or market pressure to conform to standards. However, lower regulations on Southern market expansion may also increase competition and lower profit margins for suppliers (Gereffi, 2014, p. 23). Several studies have shown that due to low margins and weak consumer demand for premium products, small enterprises serving domestic markets may find themselves trapped in a race to the bottom (Knorringa, 2014). Recent studies on GVCs have highlighted cases of firm downgrading, or the strategic decision taken by a network participant to renounce pursuing higher-value products, services, or markets to maintain access to GVCs, even if under less favourable conditions (Ponte & Ewert, 2009; Blaek, 2016). For example, in the cocoa, coffee, wine, and cotton industries, as a strategy to avoid capital devaluation, suppliers opt for producing less differentiated commodities or standardised products, which increases the entry barriers for first-tier suppliers, while the state support, like, public research institutions, and marketing boards diminishes (Bair & Werner, 2011a). This raises the question of the relationship between entrenched and emerging forms of social and territorial exclusion and inequality in the global economy, on the one hand, and the conditions of inclusion for workers, enterprises, and regions in certain value chains, on the other.

The tea industry in India has witnessed institutional transformation and change in consumption patterns in the era of globalisation that restructured the plantation sector and altered the political economy of the tea business. The disarticulation approach enables us to understand these transformations as the necessary step to preserve the capital value of Tea by excluding the production from the capital circuit by closing and abandoning tea estates and regularising the industrial relations within the functioning tea gardens, only to outsource them at a much lower value through bought leaf factories and small tea growers. The retail price of the product is significantly higher than the auction price, reflecting the unequal development within the value chain.

Humphrey and Schmitz (2002) proposed four types of upgrading processes,

Process upgrading involves the transformation of the input-output processes more resourcefully by reorganising the production system or introducing efficient technology. For the tea industry of North Bengal, this could entail developing research and scientific plantation practices, introducing advanced technological equipment and channelising proper auction systems. The Tea Board of India has initiated some schemes, such as the Special Purpose Tea Fund (SPTF) scheme, which provides loans or subsidies for rejuvenating or replantation of tea estates. However, as discussed in Chapter Five, these funds are often diverted to other ventures and investments, leading to the deterioration of the tea plantation estates. Moreover, some attempts to introduce tea leaf harvesting equipment have proven less efficient than hand plucking

(Mannikanta, 2020). Thus, instead of process upgrading, the tea industry of North Bengal has experienced process disintegration. The emergence of small tea growers has increased the overall output but compromised the quality of the product. The small growers lack proper knowledge and capital for plantation and cultivation, irrigation systems, and pesticide application. They also face less quality scrutiny, as they target the domestic market instead of the foreign market. Furthermore, the auction system has failed to ensure fair price realisation for the producers, whether estate owners or small growers. The only beneficiaries of the low auction price are the buyers and retailers, mainly big corporations. Therefore, it can be argued that the tea industry of North Bengal has undergone process downgrading rather than process upgrading.

Product Upgrading is when products move into more sophisticated lines by ensuring the product either meets or exceeds buyers' standards. In the tea industry, initiatives like GI certifications, Single-estate tea brands (like Goodrick, Makai Bari and others), and Fair Trade and Ethical Tea Partnership have occurred. However, many scholars have been critical of these initiatives; for instance, according to Sarah Besky, fair trade fails to tackle the structural inequalities and injustices that shape the lives of the tea workers. She argues that fair trade constructs a romanticised image of Tea (Darjeeling tea in her study) as a unique and authentic product while neglecting the political and historical realities of the region and its people. She also explores how fair trade produces new forms of distinction and differentiation among the tea workers based on class, gender, and ethnicity. She challenges fair trade as a consumer-oriented movement that overlooks workers' demands and aspirations for social transformation (Besky, 2013, p. 233). Most of the tea produced in India is consumed within the country, and there is no proper standardisation for the quality of tea in the market (discussed in Chapters Four and Five). Therefore, the sellers and retailers are not very interested in the initiatives that aim to standardise and improve the quality of Tea for the global North market. These initiatives are mainly irrelevant to the domestic market, where quality control and MRL (Maximum Residue Limit) compliance are lax and vague (FAO, 2015). This results in producing low-quality tea products, representing a product downgrading rather than upgrading.

The process of acquiring new functions in the chain that increase the value content of the activities is known as Functional upgrading. One way of achieving functional upgrading is by adding value-added processing, such as tea bag manufacturing and packaging. However, as Chapter Four discusses, these value-added activities are mainly controlled by large corporations that capture most of the profit margin. Moreover, since tea bags and packaged teas are often made by blending different teas from different gardens to create a unique flavour, the information and formulae of the blending process become crucial factors. This has several implications, such as giving the blender more bargaining power over a specific tea garden, as they can replicate the same flavour by using other teas in a particular proportion. Therefore, while these value-additions have enhanced the functionality of blenders, packagers and retailers, they have also reduced the negotiation power of tea producers and diminished the importance of distinctive flavours of particular teas, as most of the teas available in the market are mixtures of various flavoured teas.

Inter-sectoral upgrading involves moving into different sectors, such as tea tourism, brand acquisition, etc. As discussed in Chapter Four, many tea companies, such as Tata, have acquired global brands like Tetley. Tea estates in North Bengal have also experienced such inter-sectoral movements. Tea tourism is becoming popular, and many tea estates offer tourists bungalows and guest houses. The West Bengal government has supported this initiative by allowing 15 per cent of the tea land for tourism (Telegraph, 2020). However, this flexibility has also created economic opportunism in the tea industry. Instead of focusing on improving the tea estates and their production, engaging in these other activities has adversely affected them and their workers. Moreover, some tea owners have diverted the capital and funds from the tea estates to new ventures unrelated to the tea sector, as in the case of Ferguson Company (FIL). The tea industry in North Bengal is also undergoing a change in the ownership of the tea estates, with old owners selling them to new ones who are mostly tea traders and lack experience and who are more interested in marketing and branding. Therefore, a downgrading of the tea sector as a whole can be observed.

Disarticulating the Value chain of Tea

The disarticulation is a critical approach to global value chains and uneven development that draws on the insights of Marxist political economy and feminist theory. It challenges the mainstream perspectives that view global value chains as drivers of growth and integration. It exposes the mechanisms that generate and sustain spatial and temporal inequalities within and across value chains. It also examines how gender, race, class, and other forms of social difference are implicated in and affected by these processes. Disarticulation can offer a more comprehensive and critical understanding of the dialectical relationship between development outcomes and value chains. It identifies key processes that underpin this relationship, such as deferred devaluation, regional disinvestment, and constitutive exclusion.

The strategic withdrawal of assets from circulation refers to Deferred devaluation. It is a crucial mechanism for spatial and temporal reconfiguration of value chains, which involves temporarily removing assets such as labour, land, infrastructure, and public goods from the circuits of accumulation to reclaim them later at a lower price, postponing the permanent loss of capitalist value through time or space (Bair & Werner, 2019). The case of the tea industry in North Bengal illustrates this strategy through the abandonment or closure of tea estates. After trade liberalisation, the production sector became less profitable for the firms involved in the tea business, who shifted their focus to the more lucrative activities of packaging, branding and retailing. To reduce production costs, these firms either sold or closed their production units and outsourced their products from alternative sources at lower prices. The established tea estates were either left to decay or transferred to small traders and merchants who lacked the capital and expertise to compete in the market. Meanwhile, the emergence of small tea growers increased the production capacity at a much lower cost.

This strategy enabled the firms to maintain the supply of the product while lowering the cost of production. By outsourcing their products from alternative sources, such as small tea growers, the firms could avoid the fixed costs of maintaining their own production units, such as wages, taxes, and infrastructure. They could also benefit from the lower prices offered by the small tea growers, who faced less regulation and competition in the market. This way, the firms could maximise their profits by focusing on the value-added activities of packaging, branding and retailing while deferring the devaluation of their assets in the production sector.

Regional disinvestment reveals the patterns of socio-spatial fragmentation that result from the processes of Disarticulation. It challenges the notion of *"strategic coupling"* in the studies of global value chains, which assumes that regions can benefit from positioning their assets with the requirements of supply chains. It refers to the uneven distribution of investment across regions. The structural transformation of the tea chain from a vertically integrated model to a value chain model created a dual governance system in the tea sector. The production sector remained under the colonial legacy of paternalistic and hierarchical governance. In contrast, the market sector adopted a more advanced and flexible governance system that responded to the changing consumer preferences and global standards. This mismatched strategic coupling resulted in regional disinvestment and fractured the supply chain. Now that the producers have become independent, it has also increased the competition among the producers to secure their position in the supply chain and lower their production costs by reducing the workers' benefits and investments in production.

Constitutive exclusion explores how some spaces and people are systematically marginalised or left behind by expanding and restructuring global value chains. It adopts a critical perspective on uneven development, which views exclusion as an inherent feature of global value chains rather than a negative consequence of their formation. The tea workers of North Bengal, who produce one of the most popular beverages in the world, face precarious and deplorable living conditions. They are a disadvantaged and excluded community that suffers from the unequal growth of the global tea value chain. They receive low wages that do not meet their basic needs, and they live in dilapidated houses without adequate sanitation, health care, or education. They lack social security, and their collective bargaining and political representation have debilitated. They are also vulnerable to the abandonment or closure of the tea estates by the owners, who often default on their obligations. Furthermore, the small tea growers or the operational management committees of closed gardens who earn their living by selling tea leaves often face exploitation by intermediaries who buy their tea leaves at low prices and sell them at higher margins.

The historical background of these tea workers is shaped by the colonial legacy of indentured labour, the patriarchal structure, and the domination of the elites over the subaltern classes. They are constitutively excluded from the global tea value chain by the powerful actors who control the production, distribution, and consumption of Tea and ignore or suppress their voices and interests.

The changing nature of Capital and Labour relations in the Tea Industry

The tea industry was a product of colonial exploitation, as British companies controlled the tea plantations and the tea business. The British implemented a vertical integration system, exercising exclusive control over every aspect of the trade from production to distribution and siphoning off the profits to their home country through British banks and firms. The post-colonial state attempted to regulate foreign capital through the Foreign Exchange Regulation Act (FERA) 1973, which prompted a change in the ownership of the tea estates, as Indian owners acquired the tea estates from the British. However, this did not improve the condition of the tea estates, as they faced problems of corruption, mismanagement, and lack of reinvestment. Indian firms like Ferguson-Rawal emerged by taking over a Scottish Company from the same process. Therefore, post-independence, we witnessed a transformation of capital in the tea business.

The liberalisation of trade in the 1990s further exacerbated the crisis, as production and marketing were further divided, creating a disparity in profit distribution. The tea industry transformed into a value chain model, with multinational firms and international players entering the market. The marketing became more lucrative for them, while the production faced more costs and liabilities. Many tea owners sold the tea estates to small traders who lacked expertise in tea cultivation or abandoned them when they became unviable or unproductive. This resulted in the deterioration of production infrastructure and quality. The tea estates of Fergusons Industries Limited (FIL) have been facing a severe crisis since the early 2000s due to the financial losses incurred by its failed venture in the fertiliser plant. The crisis gradually affected the tea production, productivity, labour welfare, and social security of thousands of workers in the plantations. The main problem is the lack of liquidity, which has prevented FIL from meeting its working capital and capital expenditure needs. Moreover, the misappropriation of borrowed funds has increased the debt burden of FIL. Chapter Four examined the financial and economic factors that led to the crisis in Fergusons' tea estates, based on the Board for Industrial and Financial Reconstruction (BIFR) investigation after FIL was referred to it. The study reveals that the poor performance of the fertiliser plant is the root cause of FIL's liquidity crisis and that the management's reliance on dubious financial practices and manipulative management techniques has aggravated the situation.

The management of FIL has extracted a large amount of capital and profit from its tea unit while blaming the fertiliser plant for its financial woes. This has resulted in the insolvency of its tea unit, which has faced a considerable shortfall in working capital and capital expenditure. These financial constraints have hindered FIL from investing in the essential activities of uprooting, replanting, rejuvenation, infilling, drainage, and irrigation, which are crucial for maintaining or enhancing productivity. The need for adequate capital investment is more evident in Fergusons' tea estates, where the proportion of tea bushes over 50 years is alarmingly high despite the company's false claim of taking proper care of its tea gardens. However, there were few feasible options to prevent the decline in productivity caused by the liquidity crisis. The cash crunch has also manifested in the reduced investment in modernising obsolete plant layouts and replacing outdated production equipment. This has led to a significant increase in processing costs. The final factor contributing to the impoverishment of tea estates was the misappropriation of bank credit facilities. This has eroded Fergusons' creditworthiness to a shallow level, which worsens the debt situation of its tea estates. Eventually, Ferguson-Rawal had to sell their tea estates to a relatively small firm, Ratan Agro. Limited, the process of transfer of ownership, however, was ambiguous.

The tea sector in India has witnessed a shift in the political economy dynamics, as the *"Big Capital"*, mainly the multinational and global firms, have divested from tea production and focused on branding, packaging and retailing. These firms, such as Tata, have sold their large plantations and sourced their Tea from various estates or small tea growers, capturing most of the profit in the process. The *"Mid-Sized Capital"*, such as Ferguson, has followed this trend but with less success. They have attempted to diversify their investment by entering other businesses with capital from the tea sector. However, this strategy has backfired (as discussed in Chapter Four), and finally selling the production unit to a *"Small Capital"* such as Ratan.

One of the other main factors of the transformation in the tea industry has been the shift in demand from established to emerging and developing markets, the global South. These markets have different preferences and quality standards than those in the global North, where tea consumption has declined. This has posed new challenges and opportunities for Indian tea producers and exporters, who must compete with other tea-producing countries such as China, Kenya, and Sri Lanka. Another factor that has changed the tea sector is the emergence of large retail operators such as supermarkets and online platforms, increasing their bargaining power and reducing the margins for tea producers and traders. These operators have also introduced new certification and traceability requirements, raising compliance and investment costs for tea firms. Furthermore, some large retail firms have bypassed the traditional auction system and intermediaries and established direct sourcing arrangements with small tea growers.

The entry of big capital into the tea industry has also led to the acquisition of market control of several mid-sized tea firms. These entities often prioritise profit maximisation over ethical and environmental responsibilities, resulting in cost-cutting measures, such as reducing production costs such as wages, benefits, and welfare provisions for tea workers. Moreover, many groups have faced legal and administrative challenges with their ownership and management of tea estates.

The decline of mid-sized tea firms has also created an opportunity for small tea growers and producers to increase their production share in the domestic market. However, these small firms often lack experience and expertise in tea production and quality assurance, and they depend on low-cost labour and inputs to remain competitive. They also face challenges accessing markets, infrastructure, finance, and technology. Furthermore, these small players show little concern for the rights and welfare of the tea workers, who are mostly migrants and belong to marginalised communities.

The tea industry crisis has also negatively impacted the working class, who face various exploitation and oppression. They are one of the most underpaid and exploited groups of workers in India. The tea industry employs more than 1 million people (10 lakh) in India, and another million and more depend on it for their livelihood through its various linkages and activities. Most workers belong to Adivasi and Dalit communities, which are the most disadvantaged section politically, socially and economically. The industry in India has historically reproduced this destitute position generation after generation and pushed them into a downward spiral. The plantation system has also maintained a distinct work hierarchy separating class, caste and ethnicity structure of workers and management, which is still relevant today.

Moreover, the tea industry is one of the largest employers of women in India's organised sectors, where women constitute nearly 51 per cent of the workforce. It has been a source of economic bondage for lower-class, uneducated women who work to survive and sustain livelihoods for their children. Despite limited job mobility, women remain on the plantation due to their socio-cultural environment and the social system provided by family-based employment, regulated wages, housing, ration, and medical facilities. These workers are socially marginalised, ridden with poverty and illiteracy, and given false promises of good life and employment. After liberalisation, the tea industry faced a crisis due to sickness and the closure of tea gardens. The Plantation Labour Act 1951 was inadequate to protect the interests of workers, especially women. The lack of participation and representation in trade union processes worsened the situation.

The ownership and management of the tea estates have undergone changes that have brought new types of contractors, short-term managers, and owners who are more interested in extracting profits from the tea gardens than maintaining them. The workers have no alternative employment opportunities and fear losing their jobs, so they are compelled to work for substandard wages. Many of this workforce are women who are submissive, work for low wages and face exploitation and traumatic experiences. These workers confront issues such as child labour, gender discrimination, wage theft, workplace hazards, health problems, indebtedness, hunger, death, trafficking, bondage, and forced displacement as daily realities (discussed in Chapter Six). Globalisation has also transformed the capital-labour relation in the tea industry, with big multinational companies dominating the business and increasing capital accumulation. This has further divided the working class into a precariat underclass, which is not only defined by its economic conditions but also by its ethnic, caste, and gender identities, as well as by its social vulnerability, exclusion and living standards. These characteristics are connected to the colonial legacy of exploitation and the hierarchical functioning system that has produced a global capital-labour relation.

The tea industry is undergoing a crisis that stems from multiple factors, such as the dwindling and discontented workforce, the environmental challenges, the shifting dynamics of production and trade, and the lack of state intervention. The workers leave the tea estates for better livelihoods, facing low wages, poor living conditions, and reduced benefits. The effect of climate change on tea cultivation is undeniable. However, it does not explain the uneven production growth across different segments of tea growers, with small tea growers (STGs) expanding their share and registered tea growers (RTGs) declining. The market is increasingly dominated by big capitalists who control the distribution and export of Tea while showing little interest or investment in the production side, especially the welfare of the workers. The state has failed to protect the interests of the tea industry and its stakeholders, except for occasional gestures during electoral campaigns. As a result, many tea estates have been closed or abandoned, especially in West Bengal and Kerala. According to an IBT report (2017), around 18 per cent of the total tea estates in India are in distress or *"sick"* condition. Small trades are replacing the tea estates in West Bengal, and the state has allowed 15 per cent of the land to be used for tourism purposes. This suggests that the tea industry has reached a point of diminishing returns, and the owners are looking for alternative sources of profit and ways to evade their obligations.

Policy Recommendations

The tea industry is facing the challenges of declining production and exports, rising costs and climate change. Hence, it must adopt innovative technologies, diversify products, improve marketing and branding, and enhance sustainability. The existing data on tea production and consumption trends is ambiguous and insufficient. Hence, the relevant authorities need rigorous and systematic field research on the tea industry.

Mapping the value chain of the tea industry is crucial in identifying the beneficiaries and the stages of value addition. The role and impact of MNCs, brokers, and intermediaries such as transporters, warehousers, and blenders demand closer examination from the state. Furthermore, comprehensive research on the labour costs associated with production is required. The governance of the tea value chain needs to be enhanced by ensuring better enforcement of the Plantation Labour Act, regulating the market power of traders and retailers, promoting fair trade and certification schemes, and supporting R&D and innovation for quality and differentiation to adopt a more holistic and place-specific approach to the plantation economy that considers the ecological, social and institutional dimensions of sustainability and value creation. This will provide an accurate evaluation of the profitability of the tea industry.

The auction price of Tea is generally considered the standard for the industry. The processes and systems need to be updated to achieve the fair value of Tea at the auctions.

The livelihoods of plantation workers and small growers can be improved by increasing their bargaining power, providing social security and welfare measures, diversifying their income sources, and facilitating their collective action and representation. As the tea workers in these regions predominantly belong to the Dalit or Adivasi communities, they should also have access to the social schemes and legal safeguards designed for the scheduled castes and tribes.

The PLA mandates the plantation owners to provide the workers with basic amenities. To deter the owner from abandoning the tea estate without notice, the government should supervise the condition of the tea estates to ensure the provision of basic amenities, the payment of wages and dues, and the functioning of the estate, including the lease of the land, the repayment of bank loans, the operation of the factory. The Central and State Governments should initiate a mechanism to penalise non-compliant employers if they breach their obligations. The West Bengal Tea Development Corporation could take over some of these abandoned or closed tea estates and restore them.

The workers are plucking leaves on their own in many closed and deserted tea estates with the support of welfare committees formed by the trade unions. These committees, however, maintain regular contact and negotiation with the government. Hence, first, they should acquire an official legal status to harvest and sell tea leaves with proper monitoring and auditing. Second, these committees' tea sales lack stable buyers. The government has to facilitate the procurement of these leaves at a reasonable price by the workers.

As the small growers have become significant contributors to tea production, the state is responsible for regularising their activities. They should be issued with no-objection certificates (NOC) for tea cultivation, enabling them to access the benefits of state and central schemes. The government should also facilitate their collectivisation and value addition in teas, enhancing their production, productivity, quality and market access. Moreover, the state should provide them with technical assistance, financial incentives, crop insurance and social security measures, which will improve their sustainability and resilience.

Limitations and further scope of the research

This study examines the political economy of the Indian tea industry, focusing on how neo-liberal policies and corporate involvement have transformed the power dynamics and the structure of the tea sector, especially in North Bengal. Using a value chain analysis, the study maps global and domestic tea production and marketing networks and analysed how they affected the profitability and sustainability of the tea estates and their workers. The study explains that the tea plantations in North Bengal are facing a crisis of governance and distribution. Its workers bear low wages, poor working conditions, exploitation by the big corporations and lack of support from the state. It further explores the case of a specific corporation that exemplified how the value chain restructuring created cut-throat competition among the upstream suppliers, who tried to reduce their costs by either lowering the workers' amenities or outsourcing products from the small growers. The value chain restructuring has intensified competition among the upstream suppliers, who try to cut production costs by lowering workers' amenities or outsourcing products from the small growers. The suppliers who have adapted to these changes have diversified their investments, while those who have not sold, closed, or abandoned their estates. These arrangements have resulted in many complications and problems that threaten the sustainability of the tea sector. The study argued that these arrangements threatened the viability of the tea sector and suggested ways to address them.

The study attempts to cover various aspects of the political economy of the tea industry, but it had some limitations in addressing some of them in depth. The research highlighted the global network of tea supply chains at the macro level but faced hurdles in studying the global market and global corporations. It had to rely mainly on secondary sources for information, as a primary investigation on a global scale was not feasible due to the lack of resources. Moreover, the study mentioned the small tea growers who contribute significantly to the country's tea production. However, it could not adequately examine their functioning, their economic negotiations, their employment relations, or their relation with the state and market, as well as the environmental impact of their cultivation practices.

Global economies have blurred the boundaries between private and public gender performances in the discourse on women's work. The processes of the global economy rely on the feminisation of labour, which involves the use of flexible, primarily female labour at low wages and with gendered standards for conduct. These processes are shaped by multi-layered production networks, in which the state, brands, and owners have significant roles through different state regulations and labour practices that produce cheap labour. The study could not adequately engage with the gender issues of the tea plantation workforce, their representations, everyday negotiations, and socio-political and economic implications.

The study also could not focus throughly on the impact of the emerging trend of "tea tourism", which involves using tea estates and bungalows for tourism purposes. The state has allowed 15 per cent of the tea estate land to be used for this purpose, which may increase the owners' profit but neglect the land rights of the landless workers.

These limitations reveal the possibilities for further research in the area. The study acknowledged the limits of the value chain approach and suggested incorporating other dimensions, such as sustainability, ecology, biodiversity, gender, and land rights, in the analysis of the plantation sector.

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Appendix A

Table 1. Production and Export of India

Country	Production		Export	
	Million Kg	Global share	Million Kg	Global share
China	3063	47	369	19
India	1343	21	197	10
Kenya	538	8	559	29
Sri Lanka	299	5	283	15
Others	1212	19	521	27
World Total	6455	100	1929	100

Source: ITC Annual Bulletin of Statistics 2022; for India Annual Tea Board Report 2020

Table 2: Growth and development of the tea industry in Darjeeling district from 1861 to 1951.

Year	No. of Tea gardens	Tota; area in acres	Approx. yield (in lbs)	Avg. yield (lbs/acre)
1861	22	3251	42600	13
1869	55	10769	1278869	119
1874	113	188881	3927911	208
1885	175	38499	9090298	236
1891	177	45585	10910487	239
1895	186	48692	11714500	241
1901	170	51724	13535537	262
1905	148	50618	12447471	246
1911	156	51488	14250615	277
1921	168	59005	14080946	239
1931	169	61178	20496481	335
1941	136	63173	24815216	393
1951	138	62580	29238499	468

Source: "A Statistical Account of Bengal" Vol. X (Re-print in India) New Delhi, 1974, l65. Data compiled from Hunter, W. W.

Table 3: Tea Cultivation in Dooar region from 1876-1959

Year	No. of Tea Gardens	Area under Tea (Hect)	Quantity of Production (TH. Kg)	Avg. size of Garden (Hect)	Yield (Kg/ Hect)
1876	13	331.03	13.39	25.46	40
1881	55	2521.19	456.89	45.84	185
1892	182	15613.96	8291.05	85.79	531
1901	235	30919.14	14101.07	131.57	456
1907	180	32916.27	20500.97	182.87	623
1911	180	36769.27	21963.24	192.54	597
1921	191	45603.14	19634.74	348.12	430
1931	131	53448.36	30140.18	353.96	564
1941	151	53325.34	42911.86	282.14	805
1951	189	54609.00	63944.00	345.62	1171
1959	158	52711.41	61554.00	342.28	1187

Source: Gazetteer of the District of Jalpaiguri (from 1876 to 1907); Tea Board of India, "Production of Tea in India, with Special Reference to Dooars," 1999.

Table 4: Number of tea estates in West Bengal in 1951-90

Year	1951	1961	1971	1981	1985	1987	1990
Darjeeling	NA	99	97	103	102	102	102
Terai	NA	47	48	48	63	69	82
Dooars	158	155	151	154	158	159	163
Total	296	301	296	305	323	330	347

Source: Tea Statistics (1990-91)

Table 5: Area under Tea gardens from 1951-1990 in West Bengal (Fig. in Hectares)

Year	1951	1961	1971	1980	1985	1987	1990
Darjeeling	16569	18605	18245	19241	19804	20012	20065
Terai	8402	9344	10769	11474	12395	13280	13345
Dooars	54609	54756	49485	62782	65782	67295	67760
Total	79580	82705	88499	93497	98015	100616	101170

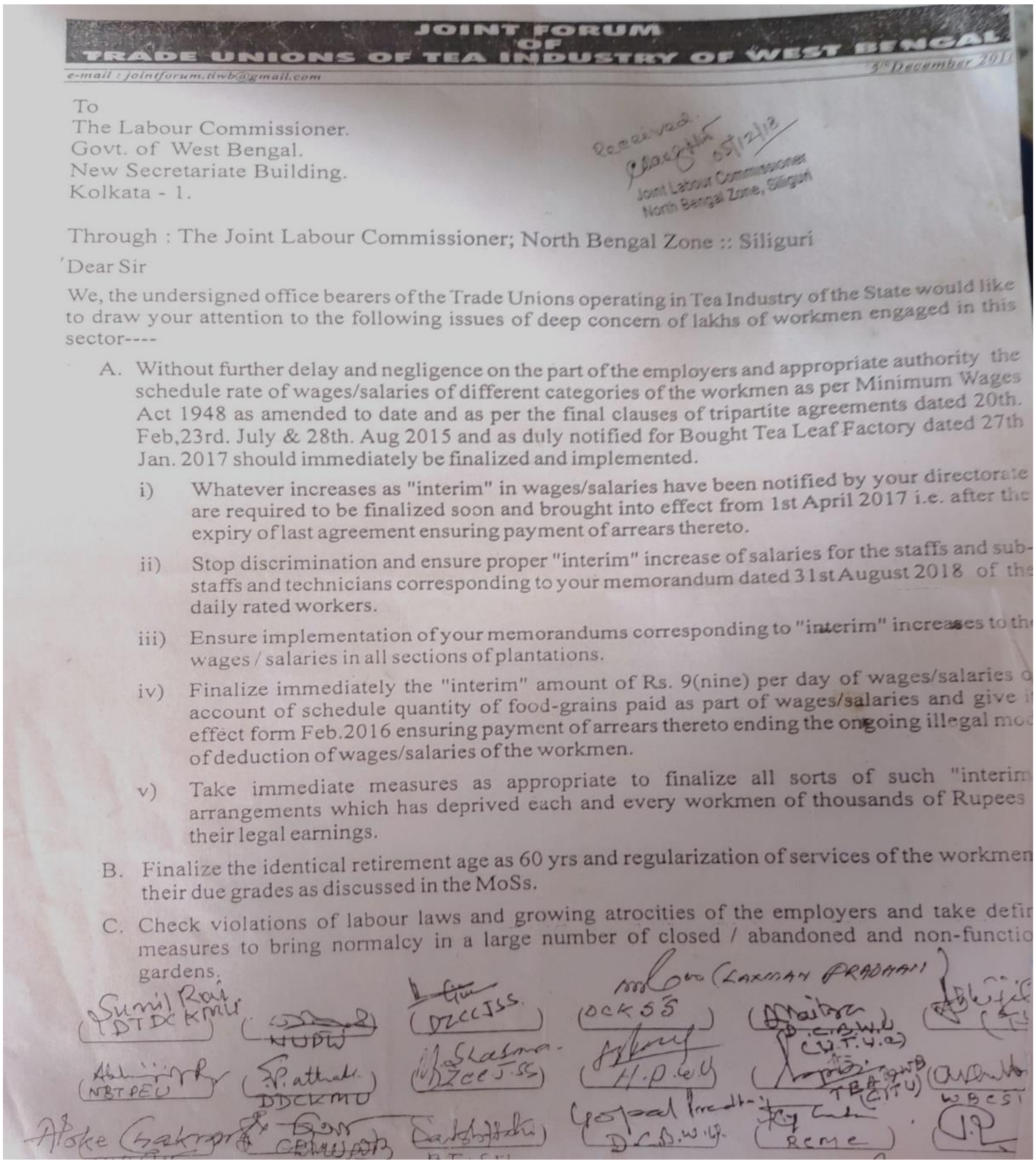
Source: Tea Statistics (1990-91)

Table 6: Quantity of Production of Tea from 1951-1990 in West Bengal (Fig. in Hectares)

Year	1951	1961	1971	1980	1985	1987	1990
Darjeeling	7839	10107	10293	12226	12921	12099	14499
Terai	6376	9253	12954	15782	22494	21289	21130
Dooars	63994	66898	80840	100251	121956	116229	114124
Total	78158	86258	104087	128259	157371	149617	149735

Source: Tea Statistics (1990-91)

Appendix B



JOINT FORUM
OF
TRADE UNIONS OF TEA INDUSTRY OF WEST BENGAL

e-mail : jointforum.ttwb@gmail.com

5th December 201

To
The Labour Commissioner.
Govt. of West Bengal.
New Secretariate Building.
Kolkata - 1.

Received 05/12/18
Joint Labour Commissioner
North Bengal Zone, Siliguri

Through : The Joint Labour Commissioner; North Bengal Zone :: Siliguri

Dear Sir

We, the undersigned office bearers of the Trade Unions operating in Tea Industry of the State would like to draw your attention to the following issues of deep concern of lakhs of workmen engaged in this sector----

A. Without further delay and negligence on the part of the employers and appropriate authority the schedule rate of wages/salaries of different categories of the workmen as per Minimum Wages Act 1948 as amended to date and as per the final clauses of tripartite agreements dated 20th. Feb,23rd. July & 28th. Aug 2015 and as duly notified for Bought Tea Leaf Factory dated 27th Jan. 2017 should immediately be finalized and implemented.

i) Whatever increases as "interim" in wages/salaries have been notified by your directorate are required to be finalized soon and brought into effect from 1st April 2017 i.e. after the expiry of last agreement ensuring payment of arrears thereto.

ii) Stop discrimination and ensure proper "interim" increase of salaries for the staffs and sub-staffs and technicians corresponding to your memorandum dated 31st August 2018 of the daily rated workers.

iii) Ensure implementation of your memorandums corresponding to "interim" increases to th wages / salaries in all sections of plantations.

iv) Finalize immediately the "interim" amount of Rs. 9(nine) per day of wages/salaries o account of schedule quantity of food-grains paid as part of wages/salaries and give i effect form Feb.2016 ensuring payment of arrears thereto ending the ongoing illegal mo of deduction of wages/salaries of the workmen.

v) Take immediate measures as appropriate to finalize all sorts of such "interim arrangements which has deprived each and every workmen of thousands of Rupees their legal earnings.

B. Finalize the identical retirement age as 60 yrs and regularization of services of the workmen their due grades as discussed in the MoSs.

C. Check violations of labour laws and growing atrocities of the employers and take defi measures to bring normalcy in a large number of closed / abandoned and non-functio gardens.

(LAXMAN PRADHAN)
Sunil Rai (TDTDC KMU)
NUPW
(DTCCJSS)
(DCKSS)
(C.B.W.U)
(NBTPEU)
(DDCKMU)
(ZCCJSS)
(H.P.W.U)
TEA (CITU)
WBCSI
Aloke Chakraborty
CBMUAB
Gopal Pradhan
D.C.B.W.U.
(RCMC)

1. **Deputation by Joint Forum to Labour Commissioner, West Bengal**

To
The Convenor
Consultative Committee of Planters' Associations, West Bengal. &
Constituents of CCPA, WB ---ITA - Dooars, Terai & Darjeeling Branch. TAI - Dooars & Terai Branch. Darjeeling Planters' Association. ITPA - Jalpaiguri. Terai Indian Planters' Association.
Through :: The Manager____________________ Tea Estate/Garden

22nd March 2022

JOINT NOTICE for United Legitimate Trade Union Actions in Tea Industry, WB

Dear Madam/Sir

7(seven) years have passed since the employers of West Bengal Tea Industry have entered into Tripartite Agreements in 2015 assuring the concerned Appropriate Authority i.e. GoWB and nearly 4.5 Lakhs of workers and employees for effecting the minimum rates of wages under the provisions of the Minimum Wages Act, 1948. Immediately the Minimum Wage Advisory Committee and other sub committee have been formed and started its exercises so that the final report can be submitted as early as possible.

Since beginning of the exercise, the employers' members of MWAC have challenged each and every provisions of the MW Act, 1948 to compute the minimum rates of wages whether the Consumption Units of Worker family as1:3 or needful Calory intake of 2700 or updated price of 72 yards of Cloth or 5% as House rent if schedule type of housing is not provided or 20% as Cost of Electricity, Fuel and misc if not provided or 25% as Social Cost according to the verdict of Hon'ble Supreme Court in 1992. They submitted in written nothing or of no meaning till date. It clearly transpires the unlawful and most unwanted stands of the employers of tea industry of WB towards providing its workmen their legitimate rates of wages and salaries as per the laws of the land forcing the entire workforce to lead a multi prone distressful livelihood and lives in inhuman conditions.

In this auspicious 75th year of Independence of our country, the workmen of tea industry of the State have nothing left to have its rights of decent lives and livelihood but ***to unleash from 24th March 2022 series of random united trade union actions of demonstrations before joining duties, demonstrations before appropriate offices of the employers' Associations and Tea Board's/ GoI's and Labour Directorate's Offices, rallies, call for solidarity to the larger civic society and complete Strike of Works on 28th & 29th March and other actions deemed fit till 31st March 2022 and if necessary soon after the Board Exam are over for -***

1.Effect of Minimum Wages for all categories of workmen of WB Tea Industry and enhancement of other wage components i.e. ELP, AP etc.
2.Effect of Land Rights to eligible families residing on the lease land of tea estates.
3.Harrasement free full allotment of monthly 35kg food grains of AAY category of NFSA to all families.
4.Effect of identical retirement age of 60years.
5.Release of 1000 crore of 2021-22 Budgetary allotment for the women and child for plantation regions.
6.No reductions in 2022-23 Budget, more financial support for development of tea sectors.
7.No anti-worker Labour Codes. No repeal or suspensions but updating of Tea Act, 1953 soon.
8.Effecting measures on the part of Deptt. of C&I, GoI for normalizing operations of the closed, abandoned and liquidated TGs.
9.Effecting measures for timely release of Gratuity, PF, Pension etc. No reduction to 8.1% interest rate of PF for 2021-22 but increase of it and assured minimum pension of Rs. 6000 per month.

The employers shall remain squarely liable for any consequences of the workers' above mentioned legitimate trade union actions.

Copy to : The Hon'ble MoS, Independent Charge, Deptt. of L&E, GoWB.

2. Demands by Joint Forum to the Management Representatives and the Govt. of WB

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Proletariat to Precariat: The Changing Nature of the Tea Workers of North Bengal

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KEYWORDS

tea industry, plantation, labour, proletariat, precariat, migration

ABSTRACT

The tea industry is a labour-intensive industry. The distinct form of production relation in the tea industry not only established itself but also established a social system for the tea workers (Bhowmik, 1980). The tea industry has reproduced poverty and disadvantage position for workers generation after generation and succeeded in perpetuating a downward spiral. (Gothoskar, 2012). After trade liberalisation and introduction of globalisation in tea business, the surplus labour force in tea industry were left with limited work and no other resources. This surplus labour force is absorbed in different areas as precarious labour. The paper tries to explore different aspects of precariousness of tea workers and how the tea industry is acting as a reservoir for such precariat.

Introduction

Historically, the Plantation industry has been a product of colonialism. Cotton plantations in North America, coffee in South America and sugarcane in Caribbean islands were all set up during the colonial period. Similarly, tea plantation in India was set up during the British colonial period which had a distinct form of production relation that created a social system which was different from other industries. Currently, the tea industry is among the largest agro-based plantation industries in India holding one of the largest organised workforces with 1.1 million permanent workers and the almost same number of temporary workers. Tea in India is mainly produced in the region of Assam, West Bengal, Kerala and Tamil Nadu contributing about 98% of the total production. Besides that, 11 other states produce tea whose production capacity is increasing every year. The turnover of tea in India is about ₹10,000 crores yet tea workers are among the poorest, marginalised[1] and socially excluded sections of our society.

The isolated location, intensive manual labour and authoritative management have always been the three key features of the tea plantation industry. The agro-based tea plantation had two necessities for its development: a large area of cultivable land, and a large amount of labour force. The areas suited for the plantation were however located in remote regions and sparsely populated which led to the acute crisis of labourers. So, the planters had to depend upon the migrant labourers. The indentured labourers known as "coolies"[2] were brought from the different parts of the sub-continent. It can be said

1 Annual Report, Tea Board of India 2022.

2 Coolie" was the bureaucratic term for indentured labourers used by the British Colonial regime. Refer: <https://www.npr.org/sections/codeswitch/2013/11/25/247166284/a-history-of-indentured-labour-gives-coolie-its-sting>

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that the history of tea plantations in India is the history of labour migration (Sarkar 2019). They were isolated, indentured and depersonalised and were controlled by squads or gangs, basically, they were captive labourers. Family-based recruitment was done where women were also engaged in the field in order to establish a flow of labour supply. The family-based recruitments established a social system in the plantation which sustained the labourers within the tea plantation and reserve the army of labourers for the future. The indentured labourers were compelled to work with low wage in poor conditions. However, the coherent development of tea industry depended on reproduction and sustenance of workforce. Hence, it became imperative for employers to provide bare minimum living conditions and to give enough wage for survival beyond which the labourers had to device their own means of social relations of production (Jain 1995).

Over the years, the colonial plantation system has changed. For instance, the earlier slaves and indentured labourers of Caribbean Island, Mauritius etc. have taken over and started governing themselves. After independence, the Indian state tried to address the problems of the plantation workers but the colonial traits remain intact even today. The Plantation Labour Act of 1951 gave the provisions of health, primary education, housing and other welfare measures to the workers. However, the State entrusted the responsibility to implement these measures to the plantation owners and discharge themselves from the responsibilities. The Act remained good on paper but far from effective in reality. The state lacked monitoring and no big disciplinary measures existed for the violation of the Act. In time, most of the facilities disappeared pushing the worker towards more vulnerability.

The production relations of the tea industry have changed which has impacted not only the capital and labour relations but also the very nature of the labour force. Globalisation came with flexible labour market and stiff competition with the global players even within the domestic market, which has impacted the tea plantation industry as well. At least, the old proletariat, who worked with low wages had job security and feeble rights to fight for, which is changing for the worse. Now within the flexible labour market, there is more contractualisation of work with almost no rights and even lesser wages. The uncertainty of work has not only impacted the economic life of the tea workers but also their political and social life as well. The precariousness among the workers of the tea industry has to be dealt with in deeper nuance. As said earlier, the tea industry is not only an economic relationship but also a social system.

So, a question arises, given the low wage and poor facilities, why do the workers stay on the tea plantation? The workers of the tea plantation have been institutionalised for many generations. The institutionalisation of their mind cannot be understood without knowing the history of their exploitation. The isolation and coercion have not only impacted their economic life but also their social and psychological development. The present condition of the tea workers is far worse than before. The uncertain future of the tea estates and no prospect of jobs or any sort of earning within the tea garden has developed deeper anxiety and precariousness among the workers.

Precarity can be understood through three general approaches, that is; exploitation, exclusion and commodification, with their distinct form of causation. The constant pursuit of capital accumulation and monopolisation leads to exploitation. The exploitation approach looks into the changing accumulation strategies and role of state in suppression or regulation of exploitation by the dominant class and the resistance of such exploitation by the working class. The exclusion approach looks into the exclusion of working class from securing employment due to labour cost cutting in pursuit of capital accumulation. The expansion of production leads to capital accumulation which in the long run dominates the capital production and as a result creates a relative surplus or reserve army of labourer (Marx 1996:607-703). The commodification approach looks into the commodification of labour power. A commodity is a product of human labour which is for sale on the market. According to Marxism, Labour power becomes a commodity via primitive accumulation or accumulation by dispossession. The commodification of labour power is the basis for exploitation which leads to labour precarity (Xiaojun 2021).

The paper will try to look into the characteristic features of the tea plantation labourers of North Bengal. The paper will explore from the establishment of the tea plantation during the colonial period to globalisation, the changing capital labour relation and change in the labour character from organised and secure proletariat to insecure precariat through three theoretical approaches of precarity i.e., exploitation, exclusion and commodification.

Old Proletariat

The proletariat is a social class that has only labour-power to sell to survive in the capitalist system. The capitalist system created the wage labourers by freeing labouring people from feudal serfdoms and guilds, dispossessing them from their lands. The separation of labourers from all means of production and their emancipation from the feudal establishment lead to the formation of proletariat class who are free sellers of their own labour power (Marx 1996:179, 704-750). This labour power is what creates value in the capitalist system. The commodification of labour power generates surplus value and to ensure the flow of surplus, capital regulates the labour process.

There are two types of surplus value; the absolute surplus value which is obtained by increasing the working time of the worker and the relative surplus value which is obtained by increasing the labour productivity via mechanisation or labour process rationalisation. It is the relative surplus value which the capital pursue that makes labourers disposable. (Marx 1996:239-302, 374-412).

In Marxian philosophy, proletariat is the most exploited class which is driven by the false consciousness of mystification, ideology and commodity fetishism. As the proletariat becomes conscious of these exploitations, they break from the idea of class-in-itself and become class-for-itself thus brings revolution and changes the exploitative system. Within the capitalist system, a proletariat is defined by the duties, rights, and facilities assigned by the contract which he/she agrees to work with the employer.

The very foundation of capitalism is on separation of capital and labour. The appropriation of labour for surplus and the marginalisation of the workers has been constituted within the history, economics and socio-political life of the plantation industry. These are necessary entailments of capitalism itself (Sarkar 2019). The economic aspect of the plantation determines the social system. The norms, value and practices which favours the retention of capital accumulation are encouraged and further perpetuated which eventually becomes the lifestyle exclusive to the plantation.

During the colonial period, the recruitment of labour forces in tea plantations was done by the planters through the system of indenture. The indentured labours were lured to work on the plantation with false promises of a better life. Impoverished tribal people from the region of Central India and the regions of Nepal were recruited to work in tea plantations.[3] They had to enter into a contract with their employees to work at least for four years.[4] The Workmen's Breach of Contract Act[5] was there to prevent any worker from leaving before their contract period was over. Although, the act was not fully implemented in the plantation regions of Darjeeling and Dooars. Isolation and total absence of legal protection made the workers to complete depend on the plantation.

The labour migration and settlement in Assam and North Bengal tea plantation started in early 1850s. Earlier, the migration pattern was scattered and unorganised. The establishment of tea industry

3 The recruitment in the tea plantations of Assam and North Bengal were from the Central India and parts of Nepal while in case of tea plantation in South India majorly in Kerala and Tamil Nadu, tamil-speaking Dalits were recruited

4 Act XVII of 1859. The act made tea workers liable for prosecution if they left the tea garden before their contract tenure.

5 Mahatma Gandhi National Rural Employment Guarantee Act. 2005.

led to the emergence of contractors known as '*Arkatis*' for the recruitment of labourers. *Arkatis* were local people who became professional recruiters. (Rege 1946:75). They recruited the tribal people from different regions of India. The stiff competition between the arkatis became a crisis in itself. They became infamous as their *modus operandi* was deception and entrapment of naïve tribals and which eventually got exposed. They were called scum of the earth. So, later *Sardari* system became famous. The *Sardars* who were working labourers on a tea plantation were given the responsibility of recruitment with the supervision of the management for which they were given the commission. The process was more systematic and properly done. Although, a false hope of better life was always there in tea plantations, not everyone came for it. Some came seeking adventure, some even came to settle with suitable mates. (Bhowmik 1981)

The recruitment process from its inception was family based. The idea was to develop a family-based occupation that would establish itself for generations to come. Women were recruited to keep the male labourers within the plantation and also to maintain a continuous flow of labour supply. Another advantage of recruiting women labourers was their subservient nature and long-term benefit of self-reproducing stable workforce. This social arrangement for the production established a social system within the plantation. The social system that was developed, fulfilled the need of labour force not only for one time but for the upcoming future like a reservoir of the labour force. This was done by the colonisers in almost every plantation.

Indigenous tribes like Santhal, Kol, Oraon, Mundas etc. from different part of Chota Nagpur region currently part of Bihar, Jharkhand, Chattisgarh, Madhhya Pradesh etc. and hill tribes from Nepal like Rai, Subba, Limbu, Tamang, Gurung, Mangar, Kami, Damai, Sarki etc. were recruited by the British Colonial planters. These poor, famished and illiterate tribes became easy target for the planters (Tinker 1974; Jain 1988). Being labour-intensive industry, the planters made the profit by reduction of wages. Also, a captive labour force was necessary to extract as much work as possible. Hence, during the colonial period, indentured labourers were brought and were bound to work on the plantation with whatever wage was given to them. Some form of Political-legal mechanism was developed to bring these indentured labourers which was concealed and overt with force rather than market driven process (Dasgupta 1992). If the labour market is relatively free then the wage determination can be done by demand and supply of labour according to the market but the isolated location and authoritative management made sure to obstruct the growth of the labour market and deprived the workers of the plantation from market wage. Usually, in any other industry, wage increment is necessary to attract more workers to the market whenever there is a shortage of labour force. However, that is not the case with plantations. The wage rate remained almost static. It was made possible as the planters made sure for the workers to fully depend only on the plantation for their means of sustenance.

Proletariat post-independence

After independence the colonies became free and new structures were set up. The newly formed government were compelled to pass laws protecting the plantation workers giving them securities. Acts like Industrial Dispute Act, Industrial Employment (Standing Orders) Act, Plantation Labour Act, etc. were made to protect the interest of the workers. Apart from that, there was an improvement in communication. So, the workers started organising themselves. The isolation from the outer world was minimized giving the workers chance to interact with the outside world. Earlier, the government worked in the favour of the planters, they were united and economically strong while the workers were "all unorganised and helpless" (Rege 1946:176). Once the workers started organising themselves, they started challenging the authority of the planters. They even compelled the government to amend stringent laws which were in favour of the planters earlier. These kinds of changes were visible in plantation systems all around the world. The plantation workers in India benefited from the struggle of the workers from other industries as well. Many laws that granted protection to workers were established because of the struggles of working-class sections other than the plantation. These laws encouraged the workers to organise and struggle for their rights. (Bhowmik 1980:124-157)

Having said that, the planters have effectively arm-twisted the unions of workers and the state for several decades now. While the state can easily intervene in any other case, the Minimum wage act is still a distant dream for the workers of the tea industry in North Bengal and Assam. The wage of the tea workers is lowest among the organised sector even lower than the MGNREGA[6] schemes (Xaxa 2019). Workers have been agitating against the low wage but the state's intervention put them back to work without considering the fractured nature of social reproduction due to the forced low wage. (Gothoskar 2012).

Earlier, there were mostly large estate gardens and very few small tea growers (STGs).[7] Housing, health facilities, primary educational provisions etc were in existence. The number of permanent workers was high. Non-permanent workers were less deployed. Unions had a strong presence, wages and bonuses were regular. However, that all changed post globalisation. The present-day system is far worse. On the one end, there is a more flexible market with more flux of demand overseas and local. The numbers of small gardens owned and functioning on small scale have increased a lot and are increasing every day. Mechanisation and automation of the production process have increased a lot increasing the production of tea. On the other, there is a persistent increase in the number of contractual and other forms of non-permanent labour in many cases child labour is also present. So, there are no standards for workers. There is no stability for workers in terms of wages, bonuses, Provident Funds, Gratuity and other welfare schemes. Many cases of closing and abandonment of factories are on rising. Legal provisions that protected the interest of the workers are made more flexible and favourable to the owners. This way, workers of the tea plantation are pushing towards more vulnerability. The overall control is taken over by big corporations owing brands, who are mostly buyers but do not get involved in the production process.

From Proletariat to Precariat

The proletariat has certain rights, facilities, securities and duties, that is what defines them. They enter into the collective bargaining process because of these rights. They have a collective voice, a democratic process, all because they have the right to form Trade Union and the right to choose their representative. Earlier, the state favoured this process and provided certain acts and laws to protect their interest. After globalisation, things started to change, the vigilance of state debilitated, state intervention moved to less government, more governance. So, instead of stringent policies, they favoured neoliberal policies with the global market and flexible workforce. Trade unions became almost defunct with minuscule support from the state, "management favoured trade union" gained upper hand leading the voice of proletariat to nowhere and their condition to a downward spiral.

With the advent of globalisation, Multi-National Companies (MNCs) came to the big picture. Global giants like Unilever, Lipton, Tata etc. started handling the tea market bifurcating the production and marketing governance. The profit in the tea market skyrocketed attracting more investment in the marketing gimmicks while the production investment started to disappear and the profit distribution became uneven. Hence, there is a shift in the nature of capital itself in the tea industry. The cost of production became a burden to the product owners as the profit from the tea product trickled down with most of the profit accumulating within the retailing sector controlled by the MNCs. Hence, the

6 Small tea growers are those who has a tea cultivation of up to 25 acers of land but usually most growers own 2-5 acres only. Currently almost 50% of the total tea production in India is contributed by the STGs and Bought leaf Factories (BLFs).

7 The author is trying to classify the precariat tea workers according to the classification done by Guy Standing on the global precariat.

closing and abandonment of tea gardens and factories became a common phenomenon. Small tea garden which does not come under PLA or any Industrial act started to grow as that would favour more production of tea with very less cost of production. Bought leaf factories with no plantation of their own, were set up which would provide tea products for the domestic and foreign markets. A crony nature of capitalism can be found within the tea industry at present, whose mere intention is to extract profit and invest next to nothing on the field as long as it runs and once the loss reaches its peak, they leave the garden to abandon or close it.

The rise of crony capitalism and declining activities of Trade Unions lead to lobbyism with the ruling government running populist politics. This further develops opportunism and favouritism within the proletariat. Basic facilities and securities like housing, road, school, ration etc. that should be provided by the management according to the Plantation Labour Act have either disappeared or are provided by the government with different schemes favouring especially those who favour the government during the election. This has many consequences, first and foremost the management dodge their responsibilities to fulfil their duties because they neither provide the facilities nor compensate them in the wage of the worker. Second, the character of the worker is dissolving. If the facilities and securities are provided by the government and not by the management then the workers are receiving these benefits as citizens hence blurring what distinguish a worker from a citizen. This will lead to the casualisation of the workforce. The very definition of a worker is disappearing and the state is acting as a catalyst. Of late, management has started considering monetary compensation instead of all the facilities and securities, opening more scope for work flexibility and casualisation. Hence, a proletariat is converting into a precariat which is more vulnerable and dangerous.

The precariat

For Marx, the precarity of labour is both in the premise and consequence of Capitalist mode of production (Xiaojun 2021). Within the industrial working class who are dispossessed of every means of production and solely survive by selling their labouring power, there are active and reserve army or relative surplus of labourers. The latter are more precarious than the former (Xiaojun 2021). Marx distinguishes the relative surplus of labourers into four forms: floating, latent, stagnant and pauperised. However, he includes them within the working class with varying degree of precarity but holding similar class position in capital relation (Marx 1996: 634-641)

According to Guy Standing (2011), the precariat is a new and more dangerous class. Precarious workers lack seven forms of labour security such as employment security, skill reproduction security, income security, job security, work security, representation security (Standing 2011). The advent of globalisation further divided the working class into fractured classes. The precariat is one of such working class who are facing insecurity on generalised set of social conditions as workers (Campbell and Prince 2016).

Characteristic of the precariat

The precariat can be defined by three characters. First, they are forced to accept an unsecured, unstable life. They do not have any fixed occupational or organisational narrative to define their lives. They roam around in search of jobs and do a lot of work for labour. They do not get remuneration nor recognition for doing such jobs but those are the work that sustains the whole capitalist economy in the globalized world. There is no scope for their development as they cannot stick to one definite job because of tighter occupational and labour market regulations commonly known as flexibility. So, there is always this fear of being out of control of one's time which Standing calls the precariatised mind (Standing 2013).

Second, unlike the old proletariat who had some form of the social contract and who enjoyed some securities however minuscule it may be besides monetary wage, the precariat mostly relies on money wage which makes their work extremely volatile and unpredictable. Hence, their lives are always on an edge of unprecedented debts because of their frail income. A bad day at work might cost them their job. An accident or sick leave might tumble them to the streets where the underclass or the lumpen-precariat survives. They are the expendable mercenaries of the fast-growing economy.

Third, they are the class with almost no rights or identity. They lack most of the civil rights, socio-political and economic rights and even cultural rights. They are what Standing would call the Denizens. Their rights are mostly dependent upon the generosity and pity of the authority figures. They have to rely on favours, they have to be submissive and oleaginous.

Precariat in the tea industry

As said earlier, the tea industry is a social system. The labour brought as indentured labours settled and formed a social system with their specific socio-cultural practices, economy, and politics. With time, the policies governing the tea industry changed. Globalisation, automation, market flexibility and competition, neo-liberal policies etc were some of the key changes that changed the tea industry in many ways especially they had a major impact on the lives of workers. Once thought of as a reservoir of the army of labour, the settled workforce increased in numbers but the work depleted. In the name of labour flexibility, the number of permanent workforces decreased and the casual or Bigha workers increased in numbers, thus bringing more precarity in their lives.

There are two kinds of precariousness found within the tea labourers. First, the labourers working within the tea industry who do not have secured jobs even if they are permanent workers of the tea garden. After globalisation the number of closed tea gardens have increased a lot. Many cases of abandonment, large number of payment dues, lack of fringe benefits, unannounced closing or selling of tea gardens have become common phenomena in the tea industry. Such uncertainty and carelessness have increased anxiety and precarity in the workforce. Second, those surplus workers who either have lost their job within the tea industry or those who did not get any job within the tea industry or those who left their job in the tea industry and migrated outside have precariousness of their own. They are mostly absorbed within the unorganised sector, mostly in construction, hotel or food chain business, domestic help, seasonal labourers etc. Trafficking, accident, occupational hazards and death rates have increased a lot within this section of the workforce. A global catastrophe like the Covid pandemic hit hard to this section. They were the most vulnerable and most affected, health-wise, economy-wise and mental and physical condition wise.

Their migration pattern can be distinguished into three broad categories. First, those who migrate locally. These are the workforce who migrate to local urban areas or other tea gardens to do menial jobs, construction work or *bigha* (contractual) works. They usually associate themselves with their tea garden. They come home after work or visit frequently if they are living outside as they do not migrate very far from their home. Second, those who migrate to the large urban centres mostly metropolitan cities to do odd jobs mostly in hotels or food chain business, security jobs, domestic help etc. They visit home once or twice a year mostly during festival seasons. Third, those who migrate abroad mostly in middle-east countries to do odd jobs in construction, hotels, malls or nursing elders etc. They do not come home for three to five years and many do not come at all. Any communal violence, political dispute, economic crisis, epidemic or pandemic they are the one who faces the consequences first. They are vulnerable to every calamity be it social, political, economic or environmental. These are the people who built and run the cities but during the crisis, they are reduced to mere numbers of collateral to be a sacrifice.

Types of Precariat in tea plantation

There are broadly three types of precariat found within the tea gardens.

First, the Atavists, those are the ones whose parents were permanent tea workers but they are not. Over the years the number of permanent workers is shrinking leading to a greater number of bigha workers. Hence, they are either bigha workers or are not working in tea gardens but have their belonging there. They do not possess good skills to work outside, they do not have permanent or fixed jobs. They are attracted to populist politics and have neo-fascist tendencies. The lack of job opportunities and basic facilities make them anomic.

Second, the nostalgic, they are the ones who left their home and migrated to cities and urban centres in search of jobs. As mentioned earlier, there are different types of migration from the tea industry. One thing common about them is that they miss their home, the social interaction within the tea garden as it is not just an industry but a social system They are submerged in debts and have no savings for the future. They work and survive with minimum income. They long for their home and their community but they do not return because returning home is not an option. They might have few relatives to whom they come and visit sometimes.

Third, the progressive, like atavists they also do not work in tea gardens but their parents did. They may have few degrees and skills to work but they do not have a fixed income or job to sustain their lives. One thing that differentiates them from the atavist is that they are not attracted to populist politics. They do not incline to be neo-fascist. They want change for better living. They want the tea industry to run properly, they want harmony and progress. They are the ones who developed the cultural and social standards of tea workers life. They want to practice progressive politics and be the voice of the tea workers. Even in the situation where the tea gardens are not functioning properly, these are the people who come forward with ideas like Operational Management committee or co-operative of workers to sustain and run the tea garden so that the workers do not have to suffer.

Conclusion

The precariat is a class who lack labour securities despite their subordination and loyalty under social contract relationship, hence, they do not have trust relationship with the capital and the state. The have to move from one job to another as they are either temporary or contractual, hence, they lack work-based identity, a feeling of belonging somewhere with certain occupational community. They also lack solidaristic labour community as they have to move frequently and work with different people at different time, hence, they lack long term social interaction and bonding which provide solidarity. This sort of precarity develops opportunism, hence, they work just to survive and take what they get, always insecure and afraid to lose job.

The precarity of tea plantation labourers can be found from the inception of the tea plantation. The tribal population from different parts of the country who were mostly farmers and land tillers were converted into indentured labourers and were separated from their own means of production (mostly land). They were brought into the plantation where they developed their own social system with the trails of authoritative and feudal hierarchical attributes. The planters exploited their labour power giving them low wages and excluded them from social interactions and exposure of the outside world, limiting them within the plantation alone. Hence, the capital accumulation of the planter became possible by dispossessing tea labourers. After independence, the labour condition improved a little with the social and employment securities that came in the form of acts and laws giving them a space to organise and demand for their rights, although the authority and colonial hegemony remained intact. However, with the advent of globalisation, the welfare state policies changed into neo-liberal policies which promoted commercialisation and implementation of austerity measures towards the working class. Financialisation and globalisation became the major source of capital accumulation. Financialisation helps to 'transfer ownership and power to those who keep their own assets intact and who are in a position to create credit' (Harvey, 2003:150). After globalisation, the tea market was controlled mostly by the big Multinational Companies (MNCs), which disturbed the profit flow. Most of the profit accumulated with the retailers and trickled down next to nothing to the plantation and production process. Such accumulation by dispossession pushed tea labourers towards more precarity. Once, dispossessed of any means of production and now, deprived of subsidised subsistence resources, tea labourers became vulnerable and commodification of labour was promoted which degrade the tea workers from proletariat to precariat.

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Colonial to Globalised Tea Plantation: Women tea workers and their negotiations

- Kapil Tamang

Abstract

The tea industry in India has the largest workforce among the agro-based plantation industries. Around 1.1 million permanent workers and another million and more casual workers are engaged in the tea industry. More than 50 per cent of the workforce consists of women workers. The agro-based, low mechanised tea industry accepts the women workforce easily. The higher participation in the employment of women labourers is the result of the gendered task of picking tea leaves and maintaining the social reproduction of labour (Rasaily, 2014). The change in the economic policies of the country post-1990 and the introduction of globalisation has changed the economy of the tea industry and its business, which has not only impacted the functioning and structure of the tea industry but has also impacted the socio-economic life of tea workers especially the women tea workers who are located at the bottom of the hierarchy. The paper tries to explore the social, economic and political negotiations of women tea workers from the colonial inception to a globalised transformation of the tea plantation industry.

Introduction

The plantation industry has a colonial connection all over the world. The tea industry in India was also established during the British colonial period. The large cultivable land, located in remote areas required for plantation needed a large workforce. As the selected areas for cultivation were scarcely populated, the labour shortage was fulfilled by migrated indentured labourers known as 'coolies'.[1] The bonded labourers were compelled to work on the tea plantation at a low wage and under poor living conditions. The physical and economic exploitation of the colonised folks along with exhausted and ill-paid physical labour included a large number of women labourers. The large labour force was indentured, migrated, depersonalised and organised by squads or gangs of workers. They were captive labourers and women migrants as reproducers of

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This letter confirms that **Kapil Tamang**, of University of Hyderabad, India, attended the Ireland India Institute's 6th Annual South Asia Conference, *South Asia in Transformative Times*. The conference took place at Dublin City University from April 19 - 21, 2023.

Thank you for participating and presenting your paper titled "Ritto Gaon" (An empty village): a cinematic narrative of migration in the tea gardens of North Bengal'

We look forward to your further participation in the years to come.

Yours Sincerely,

Jivanta Schottli

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Business, Industry and Labour: A Sociological Study of Tea Industry in North Bengal

by Kapil Tamang

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