New report shows abusive conditions on tea plantations owned by the World Bank and a leading proponent of corporate social responsibility.

Contact: Peter Rosenblum, prosen@law.columbia.edu, +1 617.233.6198

NEW YORK, February 10, 2014 - Workers on Tata-controlled Indian tea plantations face dire living and working conditions, in violation of Indian law and the World Bank's standards for environmental and social sustainability, according to a report by Columbia Law School’s Human Rights Institute.

The report, ‘The More Things Change...’: The World Bank, Tata and Enduring Abuses on India’s Tea Plantations, based on three years of research and visits to 17 out of 24 plantations, describes pervasive violations of workers’ rights on the plantations owned by Amalgamated Plantations Private Ltd. (APPL) in the states of Assam and West Bengal, in India. The company, which houses and employs more than 31,000 permanent workers on its plantations, was carved out of the Tata Group, one of India’s most powerful corporate entities. Attracted by Tata's reputation for social responsibility and its promise to empower the company's workers through share ownership, the World Bank's private investment arm, the IFC, provided technical and financial support. The IFC now owns nearly 20% of the shares of company.

The report was scheduled for release in January, but was delayed at the request of APPL and the IFC, both of whom requested more time to respond. Both responses have been posted on the Human Rights Institute website.

“The IFC acted with an excess of enthusiasm and an absence of attention to the known problems in the plantation sector,” said Peter Rosenblum, who directed the research for the Institute. On the basis of a thin record that included visits to only three plantations over the course of three days, the IFC found the project to be in compliance with law and World Bank standards; its assessment was “positive without reservation,” as stated by the IFC’s own Compliance Advisor/Ombudsman (CAO). The IFC failed even to note the appalling living conditions that plague tea plantations generally, and are immediately visible to anyone visiting worker residences at APPL estates.

“Had the IFC done its homework,” said Sarah Mechlovitz Saadoun, a Columbia student involved in the field research, “it would have recognized the huge gap between the claims of the company and the actual conditions for workers.” Those conditions, which are described by workers and documented in the report, include inadequate and insufficient housing, acute hazards in sanitation, and denial of required statutory benefits, including medical care, to many workers’ families, in violation of the explicit requirement of Indian law. Conditions have led to violent protests at several APPL plantations in recent years; these protests, in turn, have been severely repressed. Conditions have not improved in the wake of protests. Perversely, APPL has cited the protests to justify greater surveillance of workers, and greater restrictions on visitors, across all its plantations.

IFC financing enabled major changes on the plantations: the Tata Group was able to begin the process of divesting itself from its plantations operations in order to focus on the more profitable business of branding and marketing packaged tea. The plantations operations were transferred to a new company, APPL, and shares in APPL were offered to the plantations’ workers. APPL, with the assistance of the IFC, also began to explore economic diversification into business activities including fisheries and black pepper cultivation. However, far from improving conditions for workers, these changes have imposed further burdens. “Worker ownership and diversification – the most highly vaunted elements
of the transition – are obviously appealing,” said Ashwini Sukthankar, who co-directed the research, “but the implementation was so outrageous that it casts doubt on the sincerity of the project.” Workers complained that the share scheme was rolled out with threats and duress, and that they were provided little or no information in a language they understood. While the shares are currently yielding dividends, workers noted that these dividends have been lower than the interest rates available for long-term deposits at any commercial bank.

IFC documents indicate that the Bank recognized problems with the share plan, because of the power exercised by the company and the lack of any governance role for the worker-shareholders. It initially proposed to play the part of “honest neutral broker” in the sale of shares to workers, and to help develop a governance plan, but neither offer materialized. The IFC did place its logo on a glossy brochure that promised workers unrealistic benefits from the share plan, without describing the risks. The economic diversification noted above has allowed APPL to develop an extensive fisheries business. Ironically, according to the consistent report of workers across APPL plantations, the company seized land for the fisheries that had been allocated to worker families in colonial times in order to grow subsistence crops.

The report assesses the claims of the workers against the standards of the Plantations Labour Act (PLA), India’s post-independence law that regulates working conditions on plantations and requires plantation owners to supplement meager wages with adequate housing, health care, and food rations, in addition to ensuring adequate water and sanitation. The report documents failings on all fronts.

The living conditions on the plantations presented some of the most conspicuous violations of the Indian law. On every plantation visited, workers showed researchers around dilapidated homes lacking protection from rain and wind, each dwelling often housing the families of several workers. Latrines were also in visible disrepair on all of the plantations visited, sometimes critically.

Health care raises issues of both access and quality. Management confirms the shortage of doctors, but workers complain of unreasonable demands for sick leave – for example, that they must present themselves three times a day at the hospital for verification – and abusive behavior by medical staff. At one estate, Borhat, workers violently stormed the home of the plantation doctor following allegations that his callous treatment of a worker had contributed to her death.

But the acute problems deflect from one of the most systematic – and undisputed – violations of law across all of the plantations: while the Plantations Labor Act provides for benefits, including medical care to the spouses of all workers, on a gender neutral basis, APPL only provides care to the wives of male workers. Medical care and other benefits are denied to the retired parents of workers, in violation of the PLA. The massive population of precarious workers at APPL is denied free health care, though the PLA does not distinguish between permanent and temporary workers. Management does not deny these exclusions, but claims that they have been agreed to industry-wide.

The violations of Indian law described by workers are compounded by an unrepresentative union monopoly in Assam, harsh work conditions, and excessive pay check deductions over which workers have no control. In Assam, in contrast to West Bengal, one union has, with the companies’ connivance, exercised control over the tea sector since Indian independence. The denial of genuine representation to workers, and the fact that workers are compelled to pay dues to an entity they never had the opportunity to elect, are two consequences of this. There are also implications for wages. There is no statutory minimum wage for tea plantation workers in Assam or West Bengal; instead, wages are set through tri-partite negotiations between the state, the employers’ associations, and the unions. In the
absence of authentic negotiations, wages have stagnated. The current daily wage in Assam is 94 Rupees (USD 1.50). The small increases in the daily wage over the years have been offset by increases in work load, despite the absence of any technological improvements. Earnings are further reduced by heavy deductions that can regularly amount to more than 30% of net income.

Examples from the report:

- Armed forces suppressed a worker protest at one plantation, Powai, in 2010 after the death of a spray worker, killing two others before they ended the protest. Management denied that the sprayer died from chemicals but offered little evidence and results of his autopsy were never released.

- At Borhat, in the Dibrugarh district of Assam, researchers documented overflowing latrines that created a network of cesspools throughout the “labor lines,” the living area for workers and their families.

- Despite explicit language in the Plantations Labour Act that requires benefits for parents, temporary workers and the husbands of permanent workers, these benefits are systematically denied. At Borhat, the sick and emaciated father of one worker told researchers that he refused to get medical treatment because of the costs it would impose on his children.

- Even in conversations with researchers, high level APPL staff conveyed contempt for workers, dismissing preventive health programs because workers had 'low IQs' and warning researchers not to trust what workers said because they were 'just like cattle.'

# # #

The report was published by the Human Rights Institute at Columbia Law School. The Human Rights Institute serves as the focal point of international human rights education, scholarship and practice at Columbia Law School.

Twitter: @CLShumanrights