

# **Rural Business, Informalisation and Precarious Outcomes in Plantation Economy of India**

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## **Abstract**

In India, one of the current employment strategies is promotion of entrepreneurial skills through enhancement of self-employment options. Tea cultivation is becoming a viable self-employment own account option in the rural economy which is increasing since mid-1990s. Tea has traditionally been grown in large plantations that cover several hundred hectares in India. This industry is in the formal sector and it employs over 1 million permanent workers making it the largest employer in the formal private sector. The Plantation Labour Act (1951) makes it mandatory to provide workers with various economic and social entitlements such as housing, minimum wage, bonus, ration, provident fund, education, and healthcare facilities. In recent times, there is dichotomy in the tea plantation in India. While significant number of tea estates/factories (around 43) is either closed or abandoned since 2007, total production of tea has been increasing since 2009-10. On the other hand, consumption and price of tea in the national market has been rising and the export sector too is expanding. Demand for tea is not serviced by an expansion of plantations but by the growth of self-employed tea cultivators, known as small tea growers (STGs). These STGs (smallholders) are peasant farmers possessing maximum of 10.12 ha of land for growing tea leaves who cultivate their own land either by using family labour or employing wage labour.

The present paper aims to discuss how these growers combine different factors of production and whether this livelihood option is sustainable and does it set in motion a process of social upgradation of the rural economy as a whole or is the process limited to economic upgradation of one economic class? The arguments have been developed in light of ‘employment relations’ (Standing 1999; Kalleberg 2000), ‘institutions’ (Saint-Paul 2000; Haynes 2012; Moser 1978) theories within macro theory of *accumulation* (Harvey 2009; Chibber 2013) within an analytical framework of ‘decent work’ (ILO 1999). A mixed methods research approach (Creswell 2008; Bryman 2009) has been adopted in the study. A survey with 600 tea growers and 400 wage workers during 2016–2017 from Assam and West Bengal was conducted besides group interview and focus group discussions with key informants from growers, workers, government officials, and leaders from different associations and societies.

In view of the visible development at the village level, employment generation, asset holding pattern, and investment on human capital at both individual and household levels; there is prospect of cultivating tea in the rural economy and is also an emerging alternative model. However, low price determination leading to low profit has negative spill over on the lives of farm labour which raises the questions on the impact of its sustainability. Considering importance of tea as a cash crop in the global production system, the growth of small tea is a response to the rising demand for tea in the domestic and international markets. Looking at the nature of land use change, crop diversification, employment and work in this emerging

sector; de-structuralisation of the traditional tea plantation and re-structuralisation are taking place in land and labour. Looking at land use and the nature of employment patterns and work organisations; the sector is undergoing structural changes which raise the challenges for *future of work*. The present paper critically examines current development trajectories and recent employment policies in context of rural India.