

LIVING WAGE FOR THE SRI LANKAN TEA ESTATE WORKERS



LET US WORK FOR SOCIAL CHANGE
ISD

INSTITUTE OF SOCIAL DEVELOPMENT

SUMMARY
REPORT ON LIVING WAGE FOR THE TEA ESTATE
WORKERS

Context Provided for April - May 2018

By

M. Sinnathamby

Professor in Economics
Department of Economics and Statistics,
University of Peradeniya

and

S. Vijesandiran

Head
Department of Economics and Statistics,
University of Peradeniya

Prepared for

Institute of Social Development,
Kandy, Sri Lanka

Second edition June 2020

© ISD Kandy, Sri Lanka

Second edition June 2020

ISBN 978-955-9391-23-4

Published by :

Institute of Social Development (ISD)

Printed by :

www.printsrilanka.com

Institute of Social Development,

No. 246/4, Ranawana Road,

Katugastota.

Sri Lanka.



kandyisd@sltnet.lk



+94 81- 2071288



<http://www.isdkandy.org>



<https://www.facebook.com/ISD91>

PREFACE

Institute of Social Development (ISD) launched a campaign for the living wage for global plantation workers together with trade unions of tea producing countries at the World Social Forum held in Brazil in 2005. Following it, ISD has been launching campaigns advocating plantation trade unions and civil society organizations since 2006 onwards.

Whenever trade unions demand wage increase the Employers' Federation rejects the trade union's demand citing increase in the cost of production and other costs. At the same time, trade unions never submit their demand or take actions based on scientific analysis. In this context ISD intended to do a study on living wage considering the skyrocketing cost of living and the changing the lifestyle of the plantation community .

The two member team comprised Professor M. Sinnathamby Professor in Economics Department of Economics and Statistics, University of Peradeniya and Mr. S.Vijesandiran Head, Department of Economics and Statistics, University of Peradeniya, who carried out the study taking into consideration the cost of living and the changing life style of the plantation community.

The outcome of this study will stimulate the trade unions and the Employers Federation to focus on the living wage of the plantation workers

P. Muthulingam
Executive Director
Institute of Social Development - Kandy



1.0 INTRODUCTION

1.1 Background

Tea industry plays a vital role in the Sri Lankan economy and also has wider impacts on the socio-cultural, economic and political life spheres of the worker communities. Tea plantations in Sri Lanka were established in the 1840s and the worker communities that live in the estate sector have been historically marginalized from the national mainstream of the country in development and also has isolated from other communities in the country. While increased concern on the concept of a living wage is shown across the world, most of the workers continue to be poorly paid often being even less than the poverty level wage. The workers in the Tea industry in Sri Lanka too experience similar exploitative and vulnerable working conditions including low wages like in tea industries in many other parts of the world. They are systematically denied their rights in respect of wages even after re-privatization of the management of the plantations in 1992. Their wages are significantly lower than the wages paid to similar categories of workers in other industries in the country as well as in the region.

1.2 Global Concern on “Living Wage”

According to ILO (1944 and 2014), wages matter for **three** different reasons: i.e it is;

1. a vital source of household income,
2. necessity to ensure adequate consumption to develop human capital and

3. essentiality to secure fairness and human dignity

Therefore, the fight for all workers to enjoy a living wage in decent terms and conditions is a central pillar for social justice. Hence, international community is highly concerned that all workers should be paid the living wage appropriate to their economic context as a basic right.

Living wage differs from statutory minimum wages and it is calculated according to workers' needs and not the demands of the labour market. A living wage ensures enough earnings for working people that meet all daily expenses of their families and have some discretionary income left over to invest in their own or their children's future (Anker, 2006). Global Living Wage Coalition (GLWC) provides globally acceptable living wage standards developed based on Anker (2011) Methodology which is widely used in developing countries to estimate living wages (GLWC, 2013). Expenditures on foods, housing, education, health care, clothing, transport, energy and cultural activities and social events are considered as the essential components in the estimation of living wage around the world (Smith, 2009)

1.3 Wage Trend in Tea Estates

Plantation workers are being paid daily wage rate based on the attendance for work for a day. The total daily wage basically consists, basic wage, incentive allowances and price share supplement. Only the basic wage is taken in to consideration to pay the Employees Provident Fund (EPF) and Employees Trust Fund (ETF) by the employers which is made understand

during signing of the collective agreements.

The trend in daily wage rate paid to the tea estate sector workers during 2005 and 2017 see table 1 Annexure. According to the Collective Agreement signed in October, 2016 between Employers Federation of Ceylon and the Plantation Trade Unions, tea estate sector daily wage rate has four components: Basic daily wage of Rs. 500/-, Price share supplement of Rs. 30/-, Production incentive of Rs. 140 for completing the daily work norms and incentive payment of Rs 60/- for work attendance of above 75% per month. In addition, Rs. 105/- is added to the daily wage as a contribution of the employers to (EPF) and (ETF). Accordingly, the Regional Plantation Companies and Sri lankan State Plantations Corporation (SLSPC) currently pay Rs. 805/- as total daily wage for a worker.

2.0 LIVING WAGE CONCEPT

2.1 What is A Living Wage?

Living wage is a fixed regular payment for workers, typically paid on a daily/weekly/monthly basis. The living wage concept provides a decent living threshold for the workers and their families based on the economic scenario of each country. The living wage is intended to ensure that the workers and their families have a decent life without being deprived of their needs due to poverty. It also provides an opportunity for the workers and their families to live out of poverty and empower them economically and socially (Richard Anker and Martha Anker, 2017). It provides sufficient income to satisfy their

families' basic needs including a model diet, decent housing, better education, sufficient health care, desirable social and cultural life in par with the national standards and current level of the socio-economic development of the country.

The living wage for workers means the wages earned only during the normal working hours and from working conditions without having to work overtime or extra work. The above concepts of living wage are agreed worldwide especially by the Fairtrade International, Good Weave International, Forest Stewardship Council (FSC), Rainforest Alliance, Sustainable Agricultural Network (SAN), Social Accountability International (SAI), UTZ, Global Living Wage Collation (GLWC) and ISEAL Alliance.

3.0 METHODOLOGY OF CALCULATING LIVING WAGE

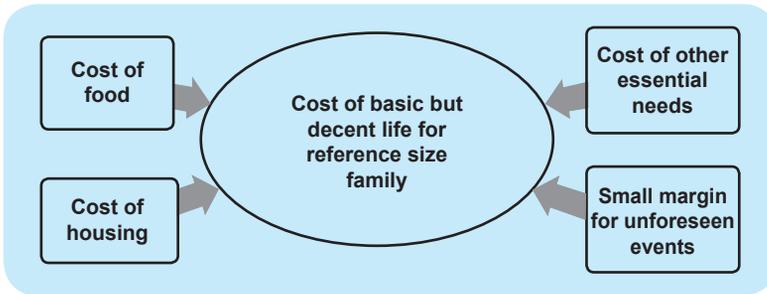
3.1 Concepts and Definition

This study used the comprehensive methodology developed by Anker and Anker (2017) that builds on their experiences from earlier works on living wages all over the world and published by the ILO (Anker, 2006; Anker, 2011). The Anker and Anker approach to living wage estimation methodology is commonly adopted and shared as a common approach by Fair trade International, Forest Stewardship Council, GoodWeave, Sustainable Agriculture Network/Rainforest Alliance, Social Accountability International and UTZ Certified to estimate the living wage for the global workers (GLWC, 2013).

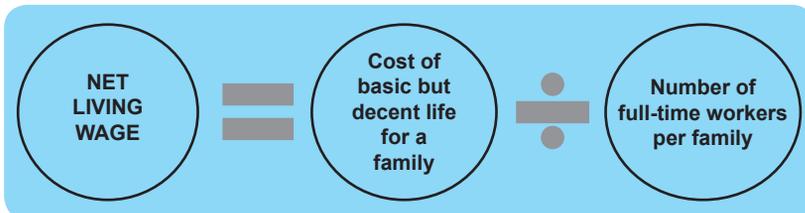
3.2 Formula and Procedures

Living wage estimation is generally conducted by using the formulas and procedures provided by the Anker methodology. This study fully adopts the Anker methodology to estimate and analyze the living wage for the tea estate workers in Sri Lanka. The following four figures given by this methodology illustrate pictorially how one could adopt the concepts, procedures and formulas to estimate the living wage. This methodology is the most common approach currently used for estimating living wage in developing countries. It practically compromises between separately estimating cost of each family and every expense incurred by families.

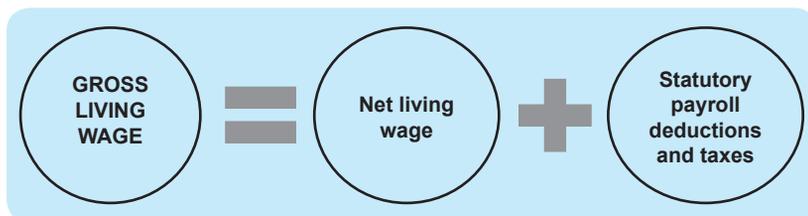
(i) **Major cost components considered in living wage estimation**



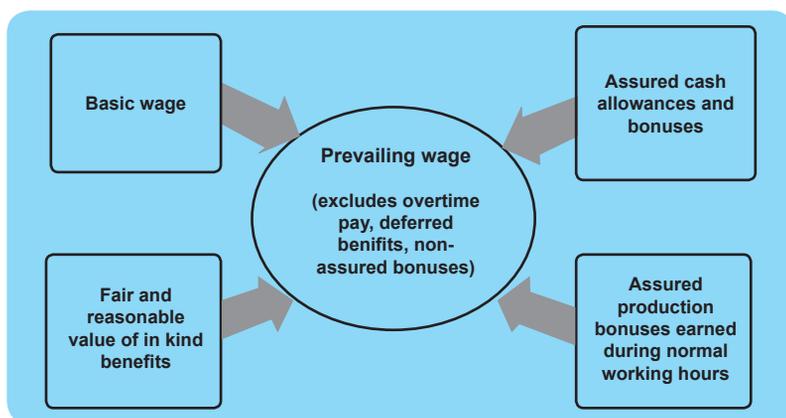
(ii) **Calculating a Net Living Wage**



(iii) Calculating Gross Living Wage



(iv) Determining Prevailing Wages



3.3 Procedure to Determine the Cost for Basic and Decent Life

- i. **Cost components:** Costs of food, housing, non-food and non-housing items and 5% margin of total cost is added for costs related to sustainability and other unforeseen events
- ii. **Food cost:** Cost of a low-cost nutritious model diet with local food preferences and local market prices are considered. Model diets are determined by using FAO

and WHO nutritional guidelines and the food prices are collected by a new survey of local markets where the tea estate workers typically do their shopping.

- iii. **Housing costs:** This includes three components: i.e cost for constructing a decent house, utility cost (electricity and water) and maintenance cost. This cost for tea estate workers' family is represented by monthly expenses of having own house as provided by the Government through new estate housing programme: Cost of fixing lighting facilities and monthly electricity charges (water facilities not included because most of them get free water supply) and routine repairs and maintenance cost of the house are considered
- iv. **Non-Food, Non-Housing Cost (NFNH):** This includes costs on health care, education, transport, cultural & social events household utility, clothing & wear, household contents & appliance and communication etc.
- v. **Post check adjustment:** Adopted to check assessment to determine reliable cost on education, health and transport and adjusted accordingly. **Costs on sustainability and unforeseen events:** These include cost related to funeral, accidents, illness etc.
- vi. **Number of workers per family:** This is determined using formula given in Anker methodology and information from HIES - 2016, SLLFS-205 and DHS, 2016.
- vii. **Statutory deductions from pay:** Workers contribution to ETF, EPF and Kovil Fund are considered to estimate the statutory deductions per worker per day.

- viii. **Determination of prevailing wage:** Current daily wage and its components; Basic Wage (BW), Price Share Supplement (PSS), Production Incentive (PI), Attendance Incentive (AI) and in kind benefits are considered. Overtime payments are not considered because it is not common to all estate workers.

3.4 Data and Sources

Primary data and Secondary data were used in this study. Primary data were collected using questionnaire through a field survey conducted in four locations; i.e, Talawakelle and Dickoya in Nuwaraeliya district, Passara in Badulla district and Pussellawa in Kandy district and prices of food baskets were collected from marketing places in these locations and workers family information were gathered visiting the nearest estates in these areas. Pre-test questionnaire and trained enumerators were utilized to collect reliable data with the direct supervision of the chief researchers. The secondary information used were obtained from various reports, statistical abstracts, survey documents published by the Department of Census and Statistics (DES), Central Bank of Sri Lanka (CBSL) and the Ministry of Plantation Industry (MPI) and other e-materials.

3.5 Assumptions Used for Estimating Living Wage

- Assumed that workers are offered at least 25 days of work and they fully attend.
- Workers only engaged in estate work during their normal working hours
- Working hours are considered as 8 hours per day

- A standard family size comprises parents and their children and estimated as 4.5 person comprises 2 adults and 2.5 children.
- Number of workers comprises only those of the immediate family members (Parents and their adult children) and it is calculated as 1.66 person/family
- Tea estate workers work norms are heavy and their food attitudes demand more calories than others
- Tea estate worker families have common food habits and preferences.

3.6 Determination of model diet

The general principles were used to establish the model diets to estimate food costs for living wage estimates of this study. In this regard following guidelines were adopted.

- Sufficient nutrition intake:** Taken as described by the WHO, FAO of the United Nations, United Nations University (UNU), (2004).
- Balanced model diet:** WHO recommended calories per person, proteins, fats, carbohydrates are taken as the measurement. Accordingly, it is estimated that average calory need of a person per day is 2480 in a tea estate worker family.
- Food habits and preferences:** Customary food preferences, local food availability, consumption patterns; food habits and local food taken into account and which is common among families.

4.0 ESTIMATION OF COST FOR THE DECENT LIFE OF A TEA ESTATE WORKER FAMILY

4.1 Living cost of a tea workers family

According to our estimation, the costs for a tea estate worker family for a period of a month include food cost of LKR 20,508, housing cost of LKR 7,178, NFNH cost of LKR 14, 896 and emergencies and unexpected events cost of LKR 2,129. Hence, the living cost for an estate worker and his family consisting of 4.5 persons amounts to LKR 44,711 (US\$ 289.37) for per month.

Table 1: Monthly total living cost for a family in tea estate

Expenditure category	Living costs / family/month (SLR)	Percentage of total expenditure
Food costs	2,0508.00	45.85
Housing costs	7,178.00	16.04
NFNH costs	14,896.00	33.35
Unexpected events (5%)	2129.00	4.76
Total living costs	44,711.00	100.00

4.2 Mandatory Deductions from Pay

This study estimates that a home pay of LKR 26,934 per month is needed for a tea estate worker in order to cover his monthly family living expenses. As the mandatory deductions from the monthly pay of a worker amounts to LKR 2658, the gross wage required per worker per month is LKR 29,592. The value of in-kind benefits provided for the tea estate worker by the management per month equals LKR 1,885. Hence, the net living wage (i.e. Take home pay) required for a decent life after mandatory deductions and incorporation of the in-kind benefits is LKR 27,707 (US\$ 179.32); which is equivalent to a daily wage rate of LKR 1,108 (US\$ 7.17) assuming that the tea estate workers are ensured 25 days of work per month.

4.3 Prevailing Wage for Tea Estate Workers

Prevailing cash wage for a month of a tea estate worker is LKR 18,250 (US\$ 118.12) and the prevailing gross cash wage for a month is LKR 20,477 (US\$ 132.53). The comparison of estimated living wage and the prevailing Gross Wage levels in the tea sector falls short by approximately 26.09% of the estimated Gross Living Wage required for tea estate worker to have a decent and living standard with their family. On the other hand, it indicates that to reach the estimated living wage or to reach the required standard for a decent living, the prevailing gross wage needs to be increased by 35.31% when common in-kind benefits and cash allowances are considered as a part of prevailing wages.

Table 2 : Prevailing Wage and its Components of the Tea Estate Workers in Sri Lanka.

Daily Wage Components	Amount / Day/ Worker (LKR)	Monthly Earnings Work / Worker (LKR)
(a) Basic wage (BW)	500.00	12,500
(b) Productivity Incentive (PI)	140.00	3,500
(c) Price Share Supplement (PSS)	30.00	750
(d) Attendance Incentive (AI)	60	1,500
(e) Cash Wage = (a) +(b)+(c)+(d)	730.00	18,250
(f) Annual Attendance Bonus AAB) {[LKR 850/Year), 12 Months], 25 Days}	2.84	71
(g) Over kilo payments (earned during normal working hours (3 Kilo/day X 28.75)	86.25	2156
(h) Gross Cash Wage (excluding overtime and in kind benefits) = (e)+(f)+(g)	819.09	20,477

The tea estate worker's wage structure changes from time to time during the wage revision agreements. The Last wage revision took place in October 2016. The present daily wage consists of four components: Basic Wage (BW), Price Share

Supplement (PSS), Attendance Incentive (AI) and Productive Incentive). Accordingly, the BW is LKR 500, PSS is LKR 30, AI is LKR 60 and PI is LKR 140 per day and the total wage is LKR 730. In October 2016, the total daily wage increased from LKR 620 to 730 (i.e 17.74%). However this is a lower level of wage compared to the other sectors in the country; and changes in nominal and real wages. During period between 2002 and 2017, the nominal wage rate index increased by 396.6%, but the real wage rate index increased only by 171.1% while the inflation rate index increased by 223.24%. This indicates that wage adjustments made for tea plantation workers during last decade miserably failed to improve the quality of life of the plantation workers and their families. This probably is the reason for the prevalence of high poverty incidence compared to the other sectors in Sri Lanka. May be it is because of this low wage paid in the estate sector that the workers tend to migrate to urban areas looking for alternative employment seeking higher wages which has resulted in high shortage of labor in the tea sector of Sri Lanka. At the same time, raising the daily wage rate of tea estate workers up to LKR 1,108 is dependent on economic performance of the tea sector plantation industry and the productivity performance of the workers.

5.0 COMPARISON OF LIVING WAGE : ESTATE SECTOR AND NON-ESTATE SECTOR WAGES

5.1 Daily Wage

The trend in various wage components reveal that the basic wage was increased from LKR 121 in 2002 to LKR 500/-in 2016 which was an increase of 313.22%; and the total wage of LKR 147.00 in 2002 was increased up to LKR. 730/- in 2016 by representing a 396.6% change. The monthly income based on 25 days of work per month was expected to increase from LKR 3675/- in 2002 to Rs. 18,500/- in 2016 and it shows a 403.4% increase expected to be the monthly income during the period under review.

5.2 Nominal and Real Wages

The comparison of normal wage and real wage (2010 = 100) shows that the nominal daily wage of the tea plantation workers has shown a larger increase over the years commencing 2002 to 2017 while the real daily wage rate shows lower rate of increase than the nominal wage. The nominal daily wage between 2002 and 2017 was increased by 396.6% and the real daily wage was increased only by 223.1%. It indicates that while the nominal wage level of tea plantation workers has positive changes, the increase in the real wage is less favorable with a slower rate of increase.

5.3 Inflation and Wages

The comparison between inflation rate index and the nominal and wage rate indexes during the 2002 -2017 period is

considered. As shown in the figure, the nominal wage rate index was 29.1 in 2002 and it was increased up to 147.5 in 2017 which indicates an increase of 396.6%. During this period of time, the inflation rate index in the country increased only by 223.24% representing 45.1 in 2002 and 147.4 in 2007. Inflation rate increase in a larger value had an impact on the real wage increase of the tea plantation workers which had least impact on the increase in the purchasing capacity of the workers families.

As shown in the Figure 3, the real wage index increased only by 56.8% (from 65.1 to 101.1) from 2002 to 2007. This indicates that a wage adjustment during the period concerned had not been much favorable to tea workers. This might be a reason that still the poverty incidence in the plantation sector is high compared to the other sectors in the country, and quality of life being at lower level. Due to these factors, the plantation workers under heavy pressure in managing their monthly family expenses and it pushes them to demand a higher wage every two years to be able to cope with the increasing cost of living in the country.

5.4 Comparison of Different Types Wages

The sector considered here is mainly based on the related manual work patterns and the payment system based on daily rates. The daily wage paid in cash without meals provided are considered for comparison.

Table 3 : Comparison of estimated Living Wages with Wages in Other Sectors.

Type of Wage	LW/ Month/ Worker (in SLR)	LW/ Day/ Worker (in SLR)	LW/ Day/ Worker (in US\$)
Estimated Living Wage for Tea Estate Worker	27,707	1,108	7.17
Prevailing Wage in the Tea	20,477	819	5.30
Sri Lankan Living Wage	27,188	1,087	7.04
Sri Lankan official poverty Line wage	12,754	510	3.29
International Poverty Line Wage	23,871		6.18
Low Middle Income Country Poverty Line wage	40,211		10.41
Sri Lankan Public Sector Wage for Unskilled Laborer	30,330	1,516	7.85
Tea Informal Sector Workers' Average Wage	19,925	7,97	5.15
Rubber informal sector Worker's average Wage	20,625	825	5.34
Coconut Informal Sector workers' Average Wage	32,950	1,318	8.53
Paddy Agriculture Sector Laborers' Average Wage	25,300	1,012	6.55
Construction Sector Unskilled Helpers' Wage	26,975	1,079	6.98

Sources CBSL, 2017

6.0 ECONOMIC PERFORMANCE OF THE TEA ESTATES

Estate sector covers 20 RPC and 7 state institutions namely, State owned plantations of Chilaw, Kurunegalla, Elkaduwa, Janatha Estate Development Board (JEDB) Sri Lanka State Plantation Corporation (SLSPC) and TRI, RRI. At present RPCs possess about 375 estates and about 63 estates by state institutions which are identified as State Plantations (SPs). Out of these, 284 estates belonging to RPCs and 36 estates belonging to SPs cultivate tea as the crop. In the RPCs estates, 70,891 hectares of land in the SPs estates 9,164 hectares were under tea cultivation in 2016.

6.1 Tea Fields and Productivity

The percentage of maturity (bearing) extent of RPCs and SPs are 97% and 86% respectively in 2016. Out of the total mature tea land, 48% are in RPC estate and 61% in SPs are under seedling tea plants which has experienced very lower level of land productivity. Average yield of tea in the RPCs was 1025 Kgs/ha and 456 Kg/ha in the SPS estates in 2016. Out of the total made tea production 95,439 Kg was from RPCs in 2016, 26.31% was from bought leaf and only 73.69% was from green leaf supplied by private tea estates in 2016. This has a very insignificant share in SPs.

6.2 Tea Production

In the estate sector, total tea production is in a declining trend. Plantation sector tea production shared by RPCs and SPs was

149.1 million Kgs in 2005, and it reduced to 103.0 million Kgs in 2017. It represented a 30.91% reduction during a period of 13 years. In the RPCs, the tea production declined by 30.61% while the decline in the SPs estate was only 44.64%. It is clear from this that the contribution to total tea production by the plantation sector is in a declining trend, which is almost 28% of total tea production in 2017 (Ministry of Plantation Industries, 2017).

6.3 Land Extent

In the estate sector, tea crop under cultivation and the tea land under bearing also declining continuously since the privatization of the estates, in 1992. Total tea land under cultivation in RPCs and SPS estates were 163,231 ha and 11782 ha in 2005 respectively, and it came down to 156,822 in the RPCs estates in 2005. However, the matured tea under bearing shows a larger decline than the extent cultivated. Matured (bearing) tea land during last decades had been continuously decreasing in both, RPCs and SPs estates. As shown in figure 7, the bearing land in RPCs declined by 12.29% in 2005 (78,027 ha.) to 2017 (67,921 ha.) and the bearing land in SPs decreased by 6.94% (from 8251 ha. to 7676 ha.) between this period of time (Ministry of Plantation Industries, 2017).

6.4 Labour Force

Total workforce strength in the estate sector also shows a substantial decline since the re-privatization of plantations. The total labour force in the estate sector was 357,254 workers in both RPCs and SPs in 1992. The number of workers declined

to 152,478 workers in 2017 in the sector which represents a 57.32% reduction in the estate sector labour force (exclusive of the staff). 343,536 workers were transferred to RPCs from the state owned plantations during the privation in 1992, but it reduced to 140,971 workers in 2017 representing a 58.97 % reduction in workforce. It is also clear that the labour force in the RPCs was reduced by 39.51% between 2005 to 2017. In the SPs, the labour force declined only by 14.62 % between 2005 and 2017 (Ministry of Planation Industries, 2017).

6.5 Tea Prices

During 2005 – 2017, The Average Colombo Auction Tea Price which was Rs 186.2 in 2005, increased to Rs. 632.17 during the first half of 2018. It was a 239.51 increase. Between 2005 and January -May 2018, the tea prices at Colombo auction increased by 57.2%. It is a well recorded price movement during the last decade for Sri Lankan Tea (Ministry of Plantation Industries, 2017 and Tea Board, 2018). As shown in Table 6, average FOB tea prices, was Rs 258.82 in 2005 and it increased to 829.26 in May 2018 with a change of 220.4% increase. It also shows a 42.21% increase between 2015 and May 2018. As shown in the figure 18.2, both prices; i.e average Colombo auction tea price and average FOB prices for tea represent an increase in the trend during last decades.

CONCLUSION

This study has attempted to estimate a living wage for tea estate workers in Sri Lanka, by employing the Anker methodology developed by Anker and Anker (2017) using the primary data collected from a field survey and secondary sources. The study had taken 4.5 person, as a reference family for tea estate workers and estimated the average number of full-time working members in the tea estate worker family as 1.66 persons in Sri Lanka and considered food cost, housing cost, Non-Food and Non-Housing (NFNH) cost and emergencies and unexpected events cost in this living wage study. However, the cost of alcohol and tobacco was excluded from consideration as it is not a vitally important item of consumption for a decent life. The final conclusion of the study is given in the following Table 5:

Final summary of the living wages estimates

No.	Item	Amount per month	
		in LKR	in US \$
1	Food cost per month for reference family	20,508	132.73
2	Housing costs per month	7,178	46.46
3	Non-food non-housing costs	14,896	96.41
4	Additional 5% for sustainability and emergencies	2,129	13.78
5	Total household costs for a reference family [5=1+2+3+4]	44,711	289.37

6	Living wage per month / worker - net take home pay (6) = (5) / 1.66 person	26,934	174.32
7	Mandatory deductions from pay	2,658	17.20
8	Gross wage required per month for per worker for living wage (8) = (6-7)	29,592	191.52
9	In kind Benefits	1,885	12.20
10	Gross cash living wage required per worker 10 = (8 -9)	27,707	179.32
11	Gross daily wage required / worker/day (11 = 10 / 25 days)	1,108	7.17

Prevailing cash wage per month for a tea estate worker is LKR 18,250 (US\$ 118.12) and prevailing gross cash wage per month is LKR 20,477 (US\$ 132.53). The estimated living wage is LKR 27,707 per month for a tea worker. It reveals the prevailing gross wage levels in the tea sector falls short by approximately 26.09% than the estimated gross living wage required for tea estate worker to have a decent living standard with their family. On the other hand, it indicates that to reach the estimated living wage or to reach the required standard for a decent living, the prevailing gross wage needs to be increased by 35.31% when common in-kind benefits and cash allowances are considered as a part of prevailing wages. The economic performances of the tea sector indicate that the tea prices are continuously in the increasing trend, except during the natural low yielding periods coupled with increase in the cost of production. However, it is

not in a more favorable condition. The increase in the cost of production is not only influenced by the wage hike; the poor performance in tea production, lack of reinvestment in land and crop management, increasing management related costs too contribute to increased cost of production. This situation also created due to low land productivity, reduction in extent of tea bearing land and decrease in the quality of product due to blending with low quality products. However, the labour productivity is continuously increasing while the number of labour employed in the tea estate sector is declining. It indicates that the day to day norm per day of the workers continually increase and it justifies a wage hike that took place in the past.

Despite the many development initiatives under taken in the estate sector during the past, the estate workers continue to live in poor conditions, compared to other communities in the country. Therefore, improving their life style up to a basic acceptable and decent living standards demands a daily living wage of LKR 1,108 per worker per day and monthly net cash earning of LKR 27,707 per month per worker. To raise the wages of tea workers to a living wage level will require a concerted effort by trade unions, social compliance by management companies and the government to figure out the best measures that fit with the specific conditions of the industry and the improvement of living standards of the workers and their families. Achieving this depends on the bargaining power of trade unions, willingness of RPCs to pay higher wages and the actual interest of the government/state in improving the living conditions of the estate community by economically empowering it through mandating a higher daily wage.

REFERENCES

1. Anker, Marha (2006), 'Living wages around the world: a new methodology and internationally comparable estimates', *International Labour Review*, Vol. 145(4).
2. _____(2011). Estimating a Living Wage: A Methodological Review, International Labour Organization (wa. Available at http://www.ilo.int/wcmstp5/groups/public/-ed_protect/---protrav/---travail/documents/publication/wcms_162117.pdf. Accessed on 20/06/2018.
3. Anker, Richard and Anker, Martha (2017). Living Wage Report, Kenya: With Focus on Rural Mount Kenya Area – Context provided in Horticulture industry. Global Living Wage Coalition.
4. CBSL – Central Bank of Sri Lanka (2016). Economic and Social Statistics of Sri Lanka 2016. Statistics Department. Central Bank of Sri Lanka, Colombo.
5. _____ (2017). Socio Economic Statistics of Sri Lanka 2017, published by Central Bank of Sri Lanka.
6. DES – Department of Census and Statistics (2014). Household Income and Expenditure Survey – 2012/13 Final Report. Department of Census and Statistics, Ministry of Finance and Planning Sri Lanka. Colombo.
7. _____ (2016). Sri Lanka Labour Force Survey - Annual Report 2015.Department of Census and Statistics, Ministry of National Policies and Economic Affairs. Colombo.

8. _____ (2017) Demographic Health Survey – 2016, Final Report. Department of Census and Statistics, Ministry of National Policies and Economic Affairs. Colombo.
9. _____ (2018). Household Income and Expenditure Survey – 2016 Final Report. Department of Census and Statistics, Ministry of National Policies and Economic Affairs. Colombo
10. National Institute of Nutrition (NIN) (2011). Dietary Guidelines for Indians. -A Manual. India National Institute of Nutrition; Hyderabad- India.. Available at http://ninindia.org/DietaryGuidelines_forNINwebsite.pdf. Accessed on 15/05/2018.
11. Thibbotuwawa, M; Jayawardena, P; Arunatilake, N and Gunasekera, N. (2017). Sri Lanka Living Wage: Estate Sector (Tea), Institute of Policy Studies of Sri Lanka, Colombo.
12. WHO – World Health Organization (2003). WHO/FAO Independent Expert Report on Diet and Chronic Disease. WHO. Available at: <http://www.who.int/mediacentre/news/releases/2003/pr20/en/>; an Accessed on 09/07/2018.

ANNEXURE:

Table 2.1: Daily wages for plantation workers: 2005 - 2017

Year	Daily wage rates pertaining to tea estate workers (in SLR.)			
	Basic daily wage	Price share supplement	Incentives	Total wage/ per day
2005	135.00	20.00	25.00	180.00
2006	170.00	20.00	70.00	260.00
2007	200.00	20.00	70.00	290.00
2008	285.00	30.00	90.00	405.00
2009	285.00	30.00	90.00	405.00
2010	285.00	30.00	90.00	405.00
2011	380.00	30.00	105.00	515.00
2012	380.00	30.00	105.00	515.00
2013	450.00	30.00	140.00	620.00
2014	450.00	30.00	140.00	620.00
2015	450.00	30.00	140.00	620.00
2016	500.00	30.00	200.00	730.00
2017	500.00	30.00	200.00	730.00

Source: Ministry of Plantation Industry - 2017

Table (2) Average mandatory deductions from gross pay of estate worker/month

Component	Amount per month (LKR)
Employment Provident Fund (EPF)	2358.00
Union Dues	150.00
Kovil Fund	150.00
Total	2658.00

Table 3 : Tea average prices : 2005 - 2018

Year	Average Colombo auction prices	Average FOB prices
2005	186.20	258.82
2006	199.84	274.16
2007	279.52	360.97
2008	310.53	429.76
2009	360.67	470.24
2010	370.61	494.50
2011	359.89	500.64
2012	391.64	552.26
2013	444.42	613.23
2014	461.86	640.10
2015	402.14	583.10
2016	468.62	627.44
2017	610.16	811.50
May 2018	632.17	829.26

Source: Ministry of Plantation Industries, 2017, and Tea Board, 2018





**Institute of Social Development,
No. 246/4, Ranawana Road, Katugastota.
Kandy 20000, Sri Lanka.**

**Email : kandyisd@sltnet.lk | Web : <http://www.isdkandy.org>
Phone : +94 81- 2071288**