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Assam Tea Workers Demand Action from the World Bank and Tata

New Delhi, India, November 7, 2016 – An investigation published today on Tata’s tea plantations in Assam vindicates the claims of Indian NGOs documenting the failure of the World Bank and Tata to uphold the fundamental rights of workers and their families. Over 155,000 people live and work on tea plantations run by Amalgamated Plantations Private Limited (APPL), the second largest tea producer in Assam. The project has the potential to significantly improve thousands of lives, however the Bank’s initial response to the investigation fails to make the most of this opportunity.

Background to the report

The Compliance Advisor Ombudsman (CAO), which holds the World Bank Group accountable to its own policies, has found that low wages and poor working conditions on APPL plantations do not “protect and promote’ the health of workers, and thus [do not] provide a way out of poverty.”

“The report released today validates concerns workers have been raising for years about poor living and working conditions on APPL plantations, and shows how the World Bank Group and APPL repeatedly failed to fulfil their obligations,” said Wilfred Topno, Director of PAD, one of three organisations that filed the complaint to the CAO on behalf of workers.

The World Bank Group’s private sector arm, the International Finance Corporation (IFC), joined forces with Tata Global Beverages in 2009, investing US\$7.8 million for a 19.9% stake in APPL. Tata, renowned for its high ethical standards, retained a 49.6% stake. The project aimed to preserve over 30,000 jobs and to implement an employee-share-ownership program, offering workers the opportunity to make decisions in the company and share in its profits.

“The majority of Assam tea workers belong to adivasi (indigenous) communities who were forcibly brought from central India under British colonial rule,” said Stephen Ekka, Director of PAJHRA, one of the complainants. “These workers and their families depend on the plantations for their livelihood and almost all other aspects of their life.” Under the Indian Plantations Labour Act, 1951, employers are responsible for providing workers with welfare services, including housing, health care, adequate water, and educational facilities.

Poor living and working conditions

The report found a clear relationship between poor living conditions on the plantations and workers’ susceptibility to disease. It referred to several studies which found a high incidence of anaemia and infectious diseases among Assam tea workers, often attributed to poor sanitation, drinking water and housing facilities. Yet, the investigation found that the Bank had failed “to respond systematically to issues regarding housing and living conditions” or to correct serious lapses in the use of pesticides, “with the result that workers have been exposed to extremely hazardous chemicals.”

“It is very concerning that APPL continues to breach a number of national laws, like the Minimum Wages Act, 1948 which is critical to ensuring protection for marginalised tea workers,” said Jayshree Satpute, Co-founder of Nazdeek, an organisation supporting the complainants. “Providing workers with living wages is integral to lifting them from poverty.”

Low wages fuelling poverty and child labour

The investigation cited low wages as a factor that has contributed to workers’ acute malnutrition and exposure to disease. In particular, it quoted a 2014 report commissioned by Tata, which found daily wages at the time to be so low that workers were unable to afford basic nutritional requirements. Tea workers in Assam are currently paid a cash wage of Rs. 126 per day (around £1.5). Wages in the Assam tea sector are set through “collective bargaining” between a group of employer associations and the Assam Chah Mazdoor Sangha (ACMS), a union affiliated with the Congress party that, until recently, governed the state. Workers have raised concerns for years that ACMS is in collusion with tea plantation management.

Many feel that ACMS has consistently undermined their interests in collective bargaining agreements, while APPL's work quotas have compelled workers to enlist the support of their children to earn a full day's wage.

Under its policies, the World Bank Group was required to pro-actively ensure that APPL complied with standards on freedom of association and child labour. However, the investigation found that it "overly relied" on APPL's participation in external certification programs, particularly SA8000 certification and the Ethical Tea Partnership monitoring program, as evidence of compliance. This was problematic given child labour was known to be prevalent in India's agricultural sector, including on tea plantations, and the "robustness" of certification processes had been called into question.

Inadequate worker consultation and participation

The investigation found that Tata and the World Bank Group failed to consult workers in a manner and language appropriate to their low levels of literacy and status as Indigenous Peoples. In particular, it raised concerns about the misleading way in which shares were explained: "the share program was presented to workers in an overtly positive way, with limited discussion of the risks of participation." In fact, six years on, many workers who felt pressured into buying shares still do not know how the program works and where to get more information. Throughout the project, the report found that workers were not provided an effective way to register their grievances and no attempts were made to address fears of retaliation from management in the event they spoke out.

"The World Bank Group has an excellent opportunity here to set a leadership example for the rest of the Assam tea industry," said Anirudha Nagar, South Asia Director of Accountability Counsel, an organisation supporting the complainants. "It must ensure workers are properly consulted moving forward, including on the nature of shares, to ensure its investment has an empowering social impact."

Way forward

The World Bank Group was supposed to create an action plan that would directly, and in a timely fashion, address the CAO's findings. Unfortunately, its response, released alongside the report, is very limited in scope. It largely mirrors an action plan, called "Project Unnati", agreed upon by Tata Global Beverages and APPL in 2014, which has failed to bring meaningful and timely improvements to the lives of workers. Rather than addressing the root causes of workers' poverty as highlighted in the report, the plan prioritises a few actions relating to human health indicators over the next two years, including housing improvements, sanitation facilities, and access to clean water.

"The World Bank's investment in APPL was a missed opportunity to confront the historic legacy of impoverishment and abuse of tea workers," said Peter Rosenblum, co-author of a 2014 Columbia University study of APPL. "Unfortunately, the IFC's initial response to the CAO findings is to resort to the same wishful thinking and credulous reliance on good intentions that the CAO documented in its investigation."

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