



The Role of Codes of Conduct in the Indian Tea Industry

A Research Report

Centre for Education and Communication (CEC), Delhi
FAKT Consult for Management, Training and Technologies, Germany
Traidcraft, UK



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the European Union**



**The JustTea Project implemented by
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"Building a Business Case for Corporate Social Responsibility in Indian Tea Industry"

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Preface

JustTea Project “Building a Business Case for Corporate Social Responsibility in the Indian Tea Industry” is being implemented by three organisations namely, Centre for Education and Communication, New Delhi, FAKT GmbH, Germany, and Traidcraft plc, UK during 2004-2006. The project is supported by the European Union.

The main objective of the project is to 'promote the sustainability of tea trade through improved social standards, fair trade practices and new market opportunities'. The development of a Code of Conduct, the promotion of tea trade in EU and consumer research and campaign were sub-objectives. To achieve these objectives, the team follows 'universal' (targeting the whole Indian tea industry), 'multi-stakeholder' (all stakeholders in tea industry), 'dialogical' (consultative process), and 'CSR from bottom-up' approaches.

The project promotes dialogue and networking between growers and producers of tea in India; buyers and consumers of tea, both in India and in the EU; trade unions and civil society organisations. It is bringing together major stakeholders in tea industry Planters, Planters Associations, Trade Unions, Small Tea growers, Bought Leaf Factory representatives, Auctioneers, Tea Research Institutions, etc. on one platform to dialogue and to arrive at a consensus on social, economic and environmental standards in tea industry. Through a number of formal and informal sittings, the multi-stakeholders intend to arrive at a Code of Conduct for the Indian Tea Industry. The code will build on the statutory provisions and goes beyond some issues such as MRL levels in tea as well as ecological and regional development responsibilities of the enterprises. Regional stakeholder groups have been formed to take the initiative ahead.

This study on 'The Role of Codes of Conduct in the Indian Tea Industry' has been initiated to facilitate the process of regional multi-stakeholder consultations and the final formulation of a Code of Conduct for the Indian Tea Industry. It looks at the existing practices of observance of social and environmental standards in Indian Tea industry so as to project the best practices.

This study would not have been possible without the cooperation of Makaibari Estate in West Bengal, Chabua, Khowang and Deohall tea estates in Upper Assam and Periyar Connemara Estate in Kerala. A special word of thanks is to Mr. Sandeep Ghosh, Secretary, Assam Branch of Indian Tea Association (ABITA) for providing the researchers with valuable information. We also thank ETP for cooperating with our researchers.

Project Team appreciates the contribution of Ms. Anjula Nair and Mr. Saswata Ghosh, the researchers of this study.

New Delhi
December 2005

The Project Team
CEC, Traidcraft, FAKT

Executive Summary

The Indian tea industry has a composite value chain comprising workers and small growers in the lower end, large plantations and brokers in the middle and brands in the upper end. In the new trade regime, there are significant divergences in the interests of various stakeholders in the value chain. While wages and prices are the concerns of the workers and small growers, others are concerned with market access, quality and hygiene.

On top, there is a changing trend in the consumer behaviour worldwide with regard to the product they consume. Consumers are increasingly concerned with the conditions in which the products they consume are produced. For the tea industry, this is specific to product quality, and environmental and social concerns. In this milieu, in which differences of priorities and interests exist among various stakeholders and consumer preferences, there is an observed need to develop a common Code of Conduct (CoC) pertaining to the social, economic and environmental standards for the Indian tea industry as part of the JustTea project.

The broad objective of this research report is to determine the role of a CoC in the Indian tea industry. It specifically focused on

- The evolution of Corporate Social Responsibility (CSR), especially with regard to the CoC
- A significant CoC, both within the industry and outside
- National legislation as applicable to the tea industry
- Other initiatives in the industry
- The implementation and monitoring of the CoC and national legislation through cases studies

The study involved both secondary and primary research. Secondary research was conducted from published sources of information on the theoretical and historical aspects of CSR, CoC and national legislation. Primary research was conducted through field visits to tea plantations to identify the ground realities with regard to the implementation and monitoring of the CoC. A total of five tea plantations, namely, Makaibari Estate in West Bengal, Chabua, Khowang and Deohall tea estates in Upper Assam and Periyar Connemara Estate in Kerala were selected for primary study on the basis of the geographical spread of tea plantations as well as membership to various Codes of Conduct and schemes.

The report details the CSR, the existing CoC within and outside the tea industry, the implementation and monitoring of the CoC, the national legislations applicable to the tea industry and the reflections based on case studies.

Corporate Social Responsibility

The concept of CSR is a relatively new and an evolving one. CSR has a multi-stakeholder dimension and is composed of agents such as civil society, consumers, retailers, host communities, employees, trade unions, producers, suppliers, investors and the government. CSR could be described in the following ways.

- License to operate Social responsibility is a condition for doing business, and a firm should find the most efficient way to meet the requirements of the government and other external groups.
- Long-term business investment Like research and development, social responsibility is designed to improve the business environment for future progress.
- Vehicle for achieving goals and reputation Companies that focus on social responsibility will have stronger customer loyalty, more committed employees, better government relations and ultimately stronger reputations.
- Activity to avoid exposure and risk Responsible activities help companies avoid being singled out or exposed to unnecessary outsider intrusion.
- Economic and constructive Companies should reinforce the economic foundation and viability of the communities in which they operate.

Existing CoC within and Outside the Tea Industry

The observed CoC in the Indian tea industry are ETI-based codes by the Ethical Trade Partnership (ETP), the Tata CoC and the Tata index for sustainable human development, the Unilever codes of business principles, business partner and sustainable agriculture initiative and criteria of Fair Trade Labelling Organisation (FLO).

There are certain specific Codes of Conduct outside the tea industry in India. Private independent agencies have developed some of these codes whereas the manufacturers themselves, governments, NGOs or trade unions or a combination of these bodies have developed others. These Codes of Conduct talk about various issues pertaining to human rights, labour practices, environment and anti corruption. The major Codes of Conduct outside the tea industry are as follows.

- Social Accountability 8000 (SA 8000)*
- The FTSE4Good Index*
- The United Nations Global Compact*
- The OECD Guidelines for Multinational Enterprises*
- International CoC for the Production of Cut Flowers*
- Code of Labour Practices for the Apparel Industry Including Sportswear*
- Colgate's CoC

Implementation and Monitoring of Codes

Implementation refers to a whole range of activities that could be taken by a company or an enterpriser to give effect to a CoC. The company or enterpriser is obliged to implement, enforce and monitor the specific CoC. The principles of monitoring are as follows.

- Monitoring must be the actual observance of working conditions.
- The frequency of the inspections must be established.
- Accredited monitors must be permitted to interview workers on a confidential basis.
- Besides the regular inspection, it should be undertaken at specific locations following substantiated complaints.
- Inspection should not cause undue disruption to the premise and performance of work.
- Accredited monitors shall provide written reports to all concerned parties.

National Legislations Applicable to the Tea Industry

The existing national legislations, covering various aspects of plantation labour, labour welfare, wages and working conditions, are Plantation Labour Act, 1951, Food Adulteration Act, 1954, Maternity Benefit Act, 1961, Factories Act, 1948, Child Labour Prevention and Regulation Act, 1986, Equal Remuneration Act, 1976 and Minimum Wages Act, 1948. The provisions of these national legislations are to be represented or the CoC should be in congruence with the existing applicable legislations.

Reflections Based on Case Studies

The primary study examined the aspects pertaining to compliance with the existing standards and applicable national legislations as well as the implementation and the monitoring mechanism of the adopted CoC in five tea estates in Assam, West Bengal and Kerala. Of these five cases, all three estates from Assam are participating in the ETP scheme and one in the FLO scheme. The remaining one has not adopted any such international standards. It is also notable that one tea estate is following its own company CoC. All the five tea estates comply with most of the provisions such as housing, water supply, road, health allowance, ration, toilets, and welfare funds of the Plantation Labour Act and Factories Act. However, non-compliances with the provisions of national legislations with regard to equal remuneration, medical facilities and child labour were found in all the five tea estates.

Elements of the Proposed CoC

Developing of a CoC in the Indian tea industry consequently demands a range of elements. It should be in good agreement with the internationally accepted standards, relevant legal standards and other existing domestic standards. The areas of focus of the proposed CoC could, therefore, be social standards in terms of freedom of association and collective bargaining, equality of treatment, exploitative forms of labour and basic provisions, economic standards with regard to wages, working conditions, fair prices, quality and regional development and environmental standards subsuming pesticides and chemicals and protection of environment.

LIST OF ABBREVIATIONS

| | |
|-------|--|
| CEC | Centre of Education and Communication |
| CoC | Codes of Conduct |
| CSR | Corporate Social Responsibility |
| ECCP | EU-India Economic and Cultural Co-operation Programme |
| EU | European Union |
| ETI | Ethical Trading Initiative |
| ETP | Ethical Trade Partnership |
| FLO | Free Trade Labelling Organisation |
| ILO | International Labour Organisation |
| MNC | Multinational Corporation |
| OECD | Organisation for Economic Co-operation and Development |
| SEAAR | Social and Ethical Accounting, Auditing and Reporting |
| UN | United Nations |
| WRI | World Resources Institute |

1. INTRODUCTION

India is the largest producer and consumer of tea in the world. Tea constitutes an important part of Indian life – it is a stimulating hot drink, a trade commodity, a major export item and provides daily income for more than one million permanent workers.

Consumers want assurance that the tea they are buying is grown and manufactured under socially fair and good environmental conditions. This has led tea-trading houses to push their suppliers to apply defined social standards in tea plantations and tea factories. By subscribing to the so-called Code of Conduct (CoC), planters and factory owners guarantee the observation of core labour standards on their premises. The wide range of slightly differing codes, however, renders compliance difficult, especially for those planters and factories that are selling to more than one buyer.

'Building a Business Case for Corporate Social Responsibility in the Indian Tea Industry' is a European Union-funded project, which is jointly managed by the Centre of Education and Communication (CEC), New Delhi, FAKT Consult, Germany, and Traidcraft, UK. The proposal for this project was submitted to EU-India Economic and Cultural Co-operation Programme (ECCP) in the summer of 2003 and was subsequently selected for funding for the period of March 2004 until October 2006.

Overall Project Objective

To promote the sustainability of tea trade through improved social standards, fair trade practices and new market opportunities.

Project Purposes

1. Develop a standard CoC within the Indian tea industry and create support mechanisms and transparent monitoring to increase compliance. Realise active participation of all relevant interest groups in the dialogue between tea growers, producers, buyers, civil society organisations and consumers in India and the EU.
2. Encourage tea importers in the EU to recognise the business case for corporate social responsibility (CSR) in order to enable sustainable trading partnerships and to share the responsibility for institutionalising the CoC with Indian producers.
3. Assess the potential of the CoC for marketing tea to socially conscious consumers. Conceptualise and initiate a regional pilot campaign to sensitise Indian consumers on the social, ecological and cultural significance of tea, on the work and living conditions of people involved in the production and on fair and ethical trade and marketing practices.
4. Provide the growing number of small tea producers in India, who are most affected by the current crisis of the tea industry, with information and contacts that facilitate their access to new markets, both in India and the EU.

Project Activities

- Establishment of an Internet-based platform for communication and exchange of information among the several interest groups within the tea industry
- Regional round table meetings of the various interest groups in the four tea growing regions of India: Tamil Nadu, Kerala, West Bengal, and Assam
- National workshop in India with representatives of the regional round tables, and of tea buyers in Europe, including an exposure tour
- Facilitation of working groups on a standard CoC, transparent monitoring and consumer campaigning
- International workshop in the UK with representatives of EU buyers, civil society and Indian tea traders, including a business mission
- Implementation and evaluation of a six-month pilot campaign in a selected region of India to sensitise consumers about the social and environmental implications of tea consumption
- Training workshops for small growers in the Indian tea sector to increase their market access by observing social standards

1.1 THE RESEARCH REPORT

Background

Throughout the international environment, consumers are becoming much more concerned with where the products they consume come from and under what conditions they are produced. For the tea industry, this is specifically regarding product quality, environmental and social concerns.

India has faced some negative publicity in all these areas in the recent past. The levels and types of pesticides used in production, specifically the Minimum Residues Level (MRL) in exported Indian tea, has resulted in some retailers being very wary of where they buy tea, as well as creating environmental concerns for the area of production. The recent public outcry against child labour, although now successfully controlled in India, has had negative repercussions on the perceptions of social standards.

In addition, the drive for lower prices has meant that many of the less-discerning consumers and their retailers have switched to blends of cheaper tea from other countries, resulting in a fall in the export of Indian tea.

This has come at a time when there is an ongoing crisis within the Indian tea industry. Many plantations are going out of business and some large players such as Hindustan Lever Ltd. (HLL) and Tata Tea have made strategic decisions to move out of the tea growing business.

With the remaining companies struggling to survive, in some cases there have not been adequate resources available to fully implement the social provisions that are required. This only further fuels the negative opinion on Indian conditions.

Research Report Objective

The objective of this research report is to determine the role of a CoC in the Indian tea industry.

Specifically, this involves:

- Discussing the evolution of CSR, especially with regard to CoC
- Detailing a significant CoC, both within the industry and outside
- Describing national legislation as applicable to the tea industry
- Looking at other initiatives in the industry
- Examining the implementation and monitoring of the CoC and national legislation through cases studies

Methodology

Both secondary and primary research was used.

Secondary research was conducted for published sources of information on the theoretical and historical aspects of CSR, CoC and national legislation.

Primary research was conducted through field visits to tea plantations to discover the ground realities of implementation and monitoring. A total of five tea plantations were covered in the study. These are:

- Makaibari Tea Estate
- Chabua Tea Estate
- Khowang Tea Estate
- Deohall Tea Estate
- Periyar Connemara Estate

These estates were selected to reflect the geographical spread of tea plantations as well as membership to various Codes of Conduct and schemes.

2. CORPORATE SOCIAL RESPONSIBILITY

Introduction

The concept of CSR is a relatively new and evolving one. However, it is neither a fashionable craze driven by the individual morality, guilt and remorse of the top executives and further fuelled by the NGO clichés nor is it merely an exercise in public relations in response to critiques of corporate power. It links with the expected role of business within society and, more importantly, relates to how companies consider their role in society as an enhancing factor in their core competence. It also relates to the profound changes that every section of society has undergone in the contemporary world. While globalisation has seen enormous power getting concentrated in hands of corporates, or regionally, in the northern block, this global world has also witnessed the birth of a more vigilant public sphere, a more aware consumer and an increased concern for sustainability and for the earth. Economic considerations have enlarged its scope from a relatively narrow focus on the direct impact to incorporation of a wide range of indirect impacts in order to capture the multidimensional realm of the present times. The idea of 'rights' has expanded manifold.

The Theoretical Framework

The doctrinal background of the recent interest in CSR relates to a long history of theories on business-society interface spanning more than two centuries from the propositions of Classical Economics to the critical theory and methodology brought in by the New Inter-subjective Economic School. While the proponents of Classical Economics emphasised the 'invisible hand' of the market behind the best possible allocation of resources in the society, they did not forget to spell out the purpose, that is, the well-being of society, which again is to be ensured by the enlightened goal-seeking behaviour of individual economic actors by way of maximisation of their own self-interest. This idea was given further nuances and reinforced by neo-classical economic thought. It replaced the unitary actor model of Classical Economics with a multi-actor strategic model operating under some abstract, enveloping rule of the game, in which the actors are driven by strategic rationality. During the days of the Cold War and the relatively stable growth of corporates in the western block, the champion of market economy, Milton Friedman reasserted this strategic model by ruling out any social considerations from the horizon of business other than strategic optimisation of the investors' interest.

Nevertheless, this emphasis on market economy also invited criticism on several counts, the severest of them being with Marxism, which essentially introduced a conflict model that remained central to much of the dynamics of industrial relations worldwide in the past century. Apart from its political significance, at the level of ideas, the Cold War also signified a clash between the ethos of market economy and controlled economy. Interestingly, Marxism, especially in its non-orthodox form, which was more current in Western Europe, did not overlook the liberating potential of classical capitalism as ushering in an age of reason.

The problem was to reconcile the loss of this potential liberation in the face of an all-pervasive instrumental rationality, prevailing upon all forms of economic and social transactions.

Thus, the dilemma of a post-industrial society is how to retain the blessings of modernity, which allowed for individual freedom, democracy, human rights, etc. (specifically the Western kind), while doing away with the loss of the human dimension of labour within the ambit of the organisation of the post-industrial society. Attempts to reconcile this dilemma can be seen in the critical theories of the school of thought, which emphasise on communicative rationality as an alternative to instrumental/strategic rationality and finds expression in the propositions of New Inter-subjective Economics as well as in other critical social science theories.

When translated to the world of business transactions, this dilemma means whether or not the individuals, who are directly or indirectly related to the operations of any business, can be allowed to be viewed as targets for the strategies of others. The entrepreneur can no longer be seen as an isolated actor attempting to attain maximisation of interests by means of strategic rationality. Rather the critiques emphasise the need of the model to be incorporated with inter-subjectivity, in which the economic actor has to take account of 'others' not only in a strategic vein, but in a much more integrated way.

While there is still a lingering hegemony of neo-classicalism with its assumption of autonomous economic agents, its claims of

Habermas, J. (1984), *Theories of Communicative Action*, Beacon Press, Boston.

truth value by appealing to the economic reality is at stake, since the economic realm that allowed this claim is shrinking every year, except in the poorest countries. From the vantage point of a high-tech, instantaneous, mass communication consumer society, the notion that economic agents are autonomous subjectivities appears as a palpable absurdity. What is missing in such notions is the inter-relatedness of the actors, which forms the complex web of business relations today.

The economic reality of the present day can be understood much better in a complex web of relations in which every action entails communication with others in relation to their respective place in that web. Thus, the idea of the stakeholder approach becomes inherent to the alternative theoretical model. One of the earliest writers on stakeholder theory, R.E. Freeman, emphasised that business and society are inter-penetrable systems. Factors such as trust, ethical choice, political consumption, consideration of indirect economic impact, which were hitherto left non-incorporated in neo-classical economic considerations, are increasingly showing their influence. The new economics thrives to address such issues, not only from a moralistic point of view, but also out of the interest of scientific enquiry into the complex present-day economic reality.

The Historical Background

As a society assumes competence in licensing a business to operate, it reserves the right to expect certain values/gains from the business operation. This is very much a fundamental basis of most basic forms of society-business interfaces throughout the course of history, though the specifics of the expectation and the forms of interface change over time, depending upon the values and urgencies of the day.

The societal expectations from prevailing businesses in the present day have evolved over time. It is linked with various cycles in the history of the rise of large corporations. In the relatively stable economic situation of post World War II, large, mostly US-based firms, rose to dominant positions in the global economy. Due to the relative lack of global competition and shareholder input during the 50s and 60s, there were few governance procedures within those corporates that allowed for the unlimited discretion of the managers to be applied in a number of areas, including charity. The practice of using the company's resources for purposes broader than self-interest, including investing in the development of one's own community became widespread. The employees of these corporations also benefited from a better wage structure, often much higher than the national averages.

This could not be sustained during the crisis ensuing in the 70s. High overhead costs, organisational inefficiencies, very high executive pay packets and many such problems left these corporations vulnerable in the face of stiffer competition from overseas competitors. To tackle takeovers and bankruptcies, many companies adopted flatter organisational hierarchies, a reduction in the workforce and cost-control measures. This new focus on profitability and the economics of scale resulted in some significant trends, one being that of job-hopping, which was almost unheard of in the 60s and became commonplace in the 80s. Temporary employment and contract work became the fastestgrowing forms of employment through the 90s.

The benefits of the corporations of old were largely forgotten in the 80s, but concerns for corporate responsibility were renewed in the 90s. The increased competition led managers to worry more and more about protecting their companies. The Internet provided unprecedented access to information about corporate decisions and conduct. Groups previously unconnected were now communicating, furthering consumer awareness and shareholder activism. Consumer demands put pressure on companies and their employees. More and more regulatory requirements were being initiated every year. All this compelled companies to follow more responsible and respectable business practices. Many of these aimed at creating value for stakeholders through more effective practices and decreased the narrow and sole emphasis on corporate profitability. The 90s saw companies invest in the development of human and intellectual capital, the installation of corporate ethics programmes, programmes to promote employee volunteerism in the community and participation in a more open dialogue between the company and stakeholders.

Parallel to all these developments, the efforts put in by the international policy bodies focused on human rights at the workplace. The International Labour Organisation (ILO) was instituted in 1919 with the belief that unacceptable and exploitative working conditions have the potential to create unrest and destabilise political situations on a large scale. The ILO sought to encourage reforms at a global level because isolated reforms in any single industry or country would be unviable, given the increase in production costs and the resultant disadvantage in the face of competition.

The announcement of the UN Universal Declaration of Human Rights was also a landmark achievement in this regard. The 30 articles of the UN Declaration include the rights to form and join trade unions, freedom from discrimination, cruelty, inhumane or degrading treatment, equal pay for equal work, just and favourable remuneration, reasonable limitation of working hours and the right to a standard of living adequate for the health and well-being of the worker and his family.

Baudrillard (2004, reprinted) *The Mirror of Production*, Oxford, London

Fullbrook, E. (ed.) (2002), *Intersubjectivity in Economics: Agents and Structures (Economics as Social Theory)*, Routledge, London.

For many years, the business community was of the opinion that it is the duty of the state to uphold and enforce national and international labour regulations. However, in recent years, it has been argued that business communities are organs of the society and as per the UN Declaration also have a responsibility to uphold these human rights. Social responsibility initiatives have also evolved in response to these current trends.

Capitalist economic relations have become the norm in the era of globalisation. The last decades of intensive internationalisation of capital have caused the spread of market economy and the lowering of trade barriers and the opening up of the market for labour, with workers finding themselves in more direct competition with each other than ever before. The Multinational Corporation (MNC) has risen as a focal force in integrating national and local economies in global and regional production networks and in coordinating and controlling these production chains and networks.

The major competitive advantage of an MNC is its reach, which enables it to exploit geographical differences in labour cost and regulation, sometimes resulting in lower wages and non-enforcement of labour and environmental laws, a trend known as the race to the bottom. This development has been further strengthened with the increased use of outsourcing. Capital is no longer bound by traditional social compromise, and in many countries the power of the state to defend social rights has declined.

Parallel to this, in today's market for consumer goods, brands are the dominant product value factor. Since brands sell images of consumption as well as products, it has become necessary for businesses to incorporate values that are important to the consumers and this increasingly incorporates CSR. Recent years have seen trends such as the calls for product boycotts by consumer associations, media coverage of corporate misbehaviour and activism by NGOs. Added to this is labour unions' search for new avenues to raise the case of labour specifically in international forums. All have contributed to greater consumer awareness and helped mobilise the public to use its purchasing power in favour of socially responsible business conduct.

The Definition of Corporate Social Responsibility

The concept of enterprise social responsibility emerged in various forms in recent decades. In 1965, the Delhi Declaration, developed at an international seminar in India on 'Social Responsibility of Business', articulated a prototype of what has evolved as 'stakeholder theory'. In the US, theorists have emphasised the need for enterprises to consider the community as a stakeholder while, in Japan, enterprises have developed a sense of linkage to national values, community life and the environment.

However, there is still some confusion over the term's exact meaning. While no generally accepted definition exists, there are certain characteristics of corporate responsibility that have emerged. Some of the different ways used to describe social responsibilities are listed below.

- **License to operate** Social responsibility is a condition for doing business, and a firm should find the most efficient way to meet the requirements of the government and other external groups.
- **Long-term business investment** Like research and development, social responsibility is designed to improve the business environment for future progress.
- **Vehicle for achieving goals and reputation** Companies that focus on social responsibility will have stronger customer loyalty, more committed employees, better government relations and ultimately stronger reputations.
- **Activity to avoid exposure and risk** Responsible activities help companies avoid being singled out or exposed to unnecessary outsider intrusion.
- **Economic and constructive** Companies should reinforce the economic foundation and viability of the communities in which they operate.
- **Oxymoron** Companies are designed to increase shareholder wealth. However, this definition has lost credence in recent times.

While various attempts to define corporate responsibility emphasise on one or the other aspect of the above-mentioned characteristics, a definition incorporating most of these may be as follows.

“Social Responsibility is the adoption by business of a strategic focus for fulfilling the economic, legal, ethical and philanthropic responsibilities expected of it by stakeholders.”

According to this definition, companies can demonstrate a varying degree of social responsibility, from the minimum of fulfilling the compulsory legal requirements focusing on only contractual stakeholders, to formulating a strategic focus fulfilling a range of stakeholders' expectations. According to the definition, a stakeholder refers to those whom the organisation is responsible to,

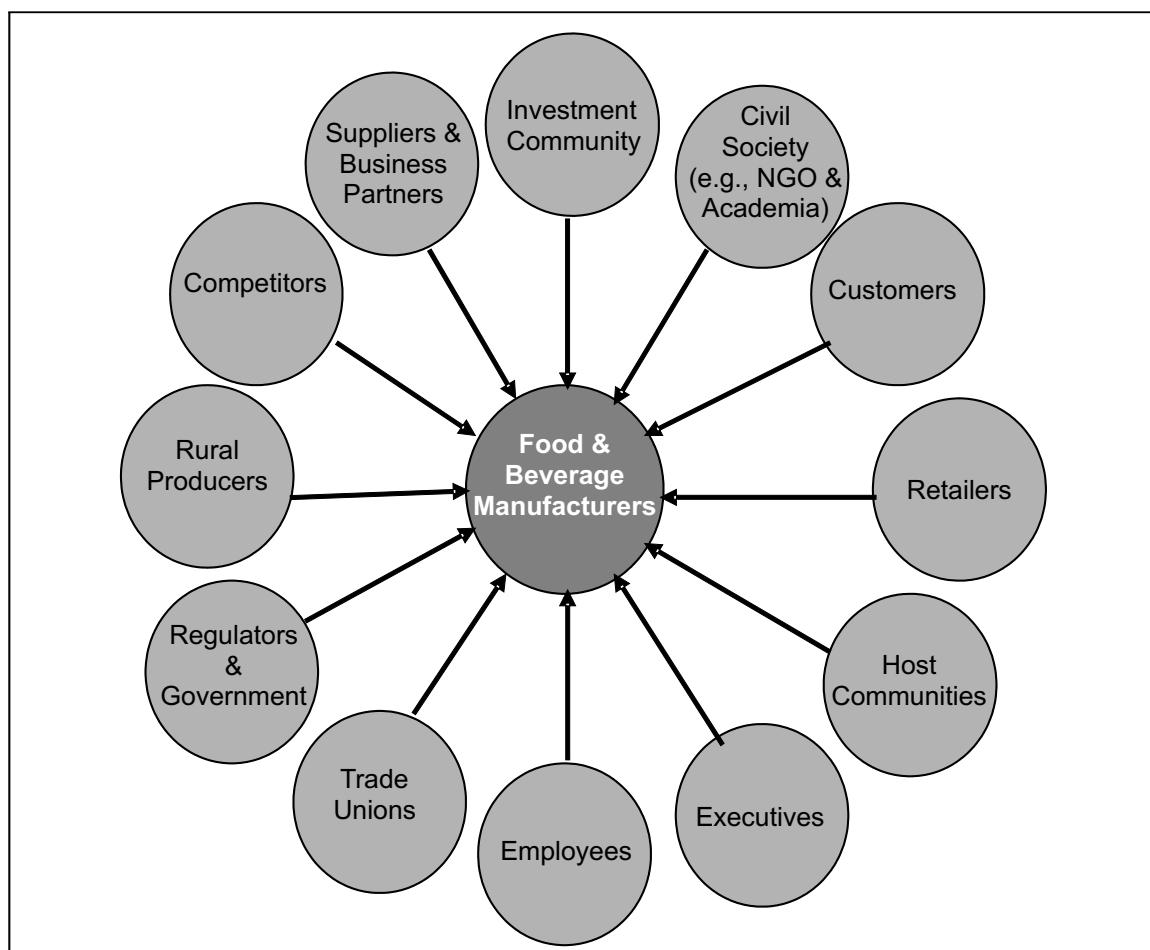
including customers, employees, investors, shareholders, suppliers, governments, communities and many others. Companies that consider the diverse perspectives of these constituencies in their daily operations and strategic planning are said to have a stakeholder orientation, meaning that they are focused on their stakeholders' concerns. Adapting this orientation is part of the social responsibility philosophy, which considers business to be fundamentally connected to other parts of society and argues that, therefore, business must take responsibility for how it affects those areas. The importance given to stakeholders' concerns is based on the belief that society and business are 'interpenetrating systems'.

Involvement of Various Stakeholder Groups

Increased media attention on overseas labour practices, a sustained and growing anti-sweatshop movement, debate over the impact of the globalisation of the economy on labour, and free trade pacts such as NAFTA have propelled CSR issues into the spotlight, over the past few years. This, in turn, has generated efforts on the part of a wide range of stakeholder groups to encourage the adoption and enforcement of CoC.

The various stakeholders driving the CSR process are depicted in the diagram below.

CSR Drivers: Various Stakeholder Groups



Each of these stakeholders is briefly described below.

- Civil Society (for example, research institutions, academia, etc.) takes a wider view of company activities and is very influential in defining the standards by which companies conduct themselves.
- Consumers can be influential especially if galvanised by NGOs and media campaigns. May boycott products in some cases.
- Retailers are influential as a result of proximity to consumers. The adoption of the CoC, especially by major retail chains, may exert pressure on manufacturers.
- Host Communities can be influential in developing countries and new market entries, in which the company is looking to obtain a 'licence to operate'. These companies invest for the long term (that is, without exit strategies) and it is important that they are seen to play a positive role in host communities.
- Executives and senior managers can be very influential through their personal leadership, particularly when the company has a strong philanthropic or family heritage, long-standing and deeply embedded business principles, or if it is undergoing a major transitional period.
- Employees have a very significant influence over the public perception of the company.
- Trade Unions can have a significant influence in developing countries where the freedom of association or labour standards may be in question.
- Regulators and the Government are a clear influence as arbitrators of legal standards, although their messages about CSR may be inconsistent. They are increasingly important voices in discussions about the boundaries of CSR.
- Rural Producers influence by proxy: they can be represented by media and NGOs who promote certain issues on behalf of agricultural producers, especially in developing countries.
- Competitors can be influential if financial success or reputation or brand value can be linked to CSR engagement.
- Suppliers and Business Partners whose successful CSR engagement can be contingent on the degree of buy-in from suppliers and business partners.
- Investment Community has limited, though increasing, influence, particularly via the 'socially responsible investor (SRI)' community (for example, FTSE4Good and Dow Jones Index)

Examples of the CoC produced by the various stakeholders, either in collaboration with others or as stand-alone initiatives, include the following.

- Human rights organisations' increased focus on corporations: Global human rights groups such as Amnesty International, Human Rights Watch, and the Lawyers' Committee on Human Rights have focused increased attention on company action in recent years, including in the area of CoC. Examples include: (1) the Lawyers' Committee on Human Rights' participation in the White House Apparel Industry Partnership, a cross-sectoral effort to develop an industry wide CoC and principles for monitoring in the global apparel industry (more information below); (2) Amnesty International's business unit, which has developed proposed standards for corporations concerning human rights, and (3) Human Rights Watch's reports on issues included in CoC, such as pregnancy discrimination in Mexico and bonded child labour in the Indian subcontinent.
- Publicity campaigns calling on companies to develop and monitor codes: Labour and human rights advocacy groups in the US and abroad have generated campaigns calling on companies to develop and implement CoC and to establish mechanisms to monitor these codes. The New York-based National Labour Committee and San Francisco's Global Exchange are two groups actively engaged in promoting these campaigns.
- Shareholder resolutions on codes and production regions: Activist shareholders primarily religious organisations affiliated with the Interfaith Centre on Corporate Responsibility (ICCR), union-affiliated groups and socially responsible investment firms such as Franklin Research and Development have increased pressure on publicly-held companies, chiefly through shareholder resolutions seeking the adoption of CoC or the avoidance of certain countries with poor human rights records.
- Consumer boycotts against companies accused of human rights violations: Some companies have been subject to consumer boycotts for alleged labour rights violations by their business partners; others have been targeted for doing business in countries with poor human rights records (for example, Burma, China, Indonesia and Nigeria).

- Development of trade association CoC:
 - Toy Industry: The International Council of Toy Industries (ICTI), representing the world's top toy makers from the USA, Europe and Japan, has adopted a CoC committing the toy industry to providing fair, lawful, safe and healthy working conditions for industry employees.
 - Sporting Goods: The World Federation of Sporting Goods Industry (WFSGI) has established a 'Code of Best Practice' to help eliminate the use of child labour in its members' manufacturing operations, especially in its most intolerable forms.
 - Central American Export Associations: Export Manufacturers Associations in Guatemala, Honduras, El Salvador and elsewhere have developed Codes of Conduct for their members. The Guatemala code is accompanied by a monitoring system implemented by the Guatemala affiliate of a major US auditing firm.
- Collaborative company/NGO efforts to develop consensus labour standards:
 - Apparel Industry Partnership: This task force of apparel manufacturers and retailers, trade unions, human rights organisations, consumers, and religious organisations, convened by President Clinton in 1996, has agreed on a CoC defining standards for humane working conditions in the apparel industry in the US and abroad.
 - Social Accountability 8000 (SA 8000): The Council on Economic Priorities Accreditation Agency (CEPAA) has developed a new global standard for ethical sourcing. Toys 'R Us, Avon Products and Otto-Versand plan to apply SA 8000 in some or all of the facilities producing their goods. A number of auditing firms in the US, the UK and Europe plan to offer SA 8000 auditing services.
 - Ethical Trading Initiative (ETI): The ETI is a collaborative initiative involving British companies, trade unions, development and human rights organisations and the British government, whose mission is to encourage the application of international labour standards, as well as the monitoring and auditing methods involving organisations outside the corporate sector. The companies involved in this initiative include Boots the Chemist, British Telecom, C&A, J. Sainsbury, Littlewoods, Tesco Stores, and The Body Shop.
- Establishment of university licensee codes: Duke University and Notre Dame University, among others, have established CoC for licensees that manufacture products bearing their university trademarks.
- **Government initiatives promoting the development of CoC:**
 - US-EU Symposium: The Secretaries of Labour of the US and the European Union convened the first 'US-EU Symposium on Codes of Conduct' in February 1998. Several US and European companies and NGOs discussed the effectiveness of codes in improving global working conditions.
 - US Legislation: US legislators introduced a bill in June 1997 that would give preference in government contracts and foreign trade and investment assistance to those companies that adhere to the bill's proposed CoC. The bill was referred to several committees, but was not acted upon.

Development of a New CoC

Over 200 published codes that cover labour issues exist, a figure that includes just a fraction of buyers' in-house codes. "Forty inspections a month, each paid for by the supplier", complained a Chinese factory-owner recently. Yet, just three years ago, most buying companies denied any responsibility for suppliers' labour practices, so it is a remarkable step forward. For most developing country suppliers, the fact remains that an audit is not cheap. A plethora of codes, moreover, can undermine supplier and consumer confidence in ethical trade.

Even within the Indian tea industry companies, a number of codes and standards are currently being used:

- ETI Base Code by the Ethical Tea Partnership (ETP)
- Tata CoC, Tata Index for Sustainable Human Development
- Unilever's Code of Business Principles, Unilever's Business Partner Code, Unilever's Sustainable Agriculture Initiative
- Fair Trade Labelling Organisation's Criteria
- With Social Accountability 8000 standards, the FTSE4Good Criteria the United Nations Compact Global Reporting Initiative also being followed by Unilever and Tata Tea

A standard set of codes that is applicable to all stakeholders would simplify matters greatly for the tea industry in terms of both implementations and monitoring.

Developing of a CoC

In shaping a code, a company can access a variety of sources, ranging from local laws and regulations to internationally accepted standards such as those set by the ILO conventions. In most cases, companies have taken a 'hybrid' approach: applying local laws on some issues, internationally established standards on others and more rigorous company requirements on still others. The range of options includes the following:

- **Internationally Accepted Standards** There are several sources of internationally established standards on human rights and labour rights. These include basic human rights standards contained in the United Nations Universal Declaration of Human Rights (UNDHR) and ILO conventions on a wide range of labour issues, such as child labour, freedom of association, working hours, and health and safety
- **Relevant Legal Standards** Full compliance with relevant laws regarding labour rights is typically incorporated into company codes. This occurs most frequently with respect to issues such as wages, benefits and working hours.
- **Consensus Standards** The following represent examples of consensus standards developed and agreed to by coalitions of companies and, in some cases, other stakeholder groups.
 - **Apparel Industry Partnership (AIP):** The AIP agreed to a workplace CoC. This code will be applied by companies in the AIP and will serve as the basis for codes developed and implemented by other companies as well.
 - **Social Accountability 8000 (SA 8000):** The Council on Economic Priorities Accreditation Agency (CEPAA) has developed a new global standard for ethical sourcing, the Social Accountability 8000 (SA 8000). This factory certification system, modelled on the International Standards Organization (ISO) systems for certifying quality assurance, seeks to create an 'auditable' CoC that can be applied across consumer products industries
 - **Trade Association Standards:** Some trade associations, as noted above, have developed CoC that apply to all their members.
 - **NGO Standards:** NGOs such as human rights groups and religious organisations have proposed human rights guidelines for business operations. Examples include:
 - The business unit of the London-based human rights group Amnesty International has established a set of principles concerning the link between business and human rights. These principles address issues such as health and safety, freedom of association, non-discrimination, disciplinary practices, avoidance of child and prison labour, and background checks on security staff.
 - The Interfaith Centre for Corporate Responsibility (ICCR), a coalition of religious investors that assists shareholders in advancing resolutions on global labour issues, has developed a set of 'Principles for Global Corporate Responsibility' recommending standards on human rights, labour rights, the environment and sustainable community development.
 - The Netherlands-based Clean Clothes Campaign, a consortium of European trade unions, human rights groups and development organisations, has drafted a CoC that it is promoting to the business community.

Implementation of a CoC

On the surface, many company CoCs look similar. What sets apart an effective code is how well it is institutionalised and implemented. The following elements contribute to the effective institutionalisation of a CoC:

- **Covers all relevant and important issues:** These can vary depending on such factors as the sector (shoe manufacturers vs coffee growers), sourcing regions (China vs the Middle East), company standards (leadership vs industry norm) and company values (short-term vs long-term strategies).
- **Uses language that reflects the company's intentions with regard to enforcement:** Outright bans on certain practices are found most often on subjects where clear, internationally-accepted principles are applied, for example, on child labour and forced labour. Companies are more likely to insert language, which permits some flexibility on issues where practices vary, and widely accepted, measurable standards are less available.

- Has been crafted with the involvement and support of key company managers: Companies have found that drafting a code in conjunction with the functional areas responsible for some aspect of its enforcement is critical in getting the 'buy-in' necessary for its effective implementation. This can include the following function: sourcing, product development, quality assurance, purchasing/buying agents, sales, legal affairs, human resources, public affairs/communications and government affairs.
- Is communicated clearly both internally and externally: Communicating the code to all key company managers, as well as to business partners, workers and the public, is essential in clarifying the provisions of a code and its importance. Communication can take several forms, including workshops for internal staff and vendors, meetings and signed agreements with business partners, posting codes on factory walls for workers and making the code available to the general public.
- Includes staffing plans and implementation efforts: A code's effectiveness depends on successful enforcement mechanisms, which vary from company to company. Some companies dedicate staff solely to overseeing the implementation of the CoC. Other companies assign implementation duties to personnel whose core job responsibilities lie in other areas such as sourcing, quality assurance, or production engineering.

1.3.3 Voluntary Codes of Conduct vs Fair Trade Standards

An obvious example of how certain elements of the supply chain can influence what is included and excluded from the scope of ethical sourcing is that, in marked contrast to the principles of fair trade, the producer price is not normally addressed.

Price is not given much consideration in ethical sourcing, either by the codes of practice that define good performance (for example, SA8000, the ETI Base Code) or in companies' programmes and social reports (for example, the stewardship programme of US coffee blender Green Mountain does not mention price and the Cadbury Schweppes 2002 social report says that it cannot affect the world market price for cocoa).

Attention to price is important not only for small producers but also for ethical sourcing as a whole. For example, if farm-gate prices are equal to or less than the costs of production, the initial producer response may not be to stop production (a difficult decision with perennial crops), but to exploit labour (for example, through low wages, excessive hours and the use of forced labour) or to engage in poor environmental management (for example, to carry out deforestation if expansion rather than intensification is a cheaper way of increasing yields). In other words, low prices may encourage the very behaviour that ethical sourcing seeks to prevent and this, in turn, will damage the reputation of the companies seeking to take responsibility for their supply chains.

It is tempting to conclude from this that companies should simply adopt Fair Trade practices, which is happening to an extent where high-street coffee retailers, such as Costi in the United Kingdom and Starbucks, have started selling their own Fair Trade-certified lines. However, this assumes that fair trade is more beneficial than conventional trade, something that has not been adequately tested, with field research. This raises questions about the distribution of benefit, the sustainability of prices, the viability of Fair Trade co-operatives and the real differences in farm-gate prices.

Furthermore, some of the elements of the success of Fair Trade mirror elements of good practice in conventional chains, including longer-term relations between the producer and the buyer, transfer of knowledge between the two and Fair Trade practices (for example, not tampering with the weight, transparency about price, on-time payment). All of this results in trust; something emphasised by Fair Trade organisations and conventional companies, and, in turn, enhances product quality and other factors of competitiveness. Indeed, in the contemporary supply chain theory, price is only one aspect of competitiveness, along with quality, specification, timeliness and volume. International traders selling directly to processing factories or through international commodity markets are, in some instances, larger than the major confectionery companies, so that even a company as large as Nestlé or Hershey may not be able to influence the behaviour of suppliers in the way that large apparel brands have been able to so that their suppliers adopt ethical standards.

Another factor affecting the degree to which companies take responsibility for the social and environmental performance of their supply chains is the extent to which importance is attached to product provenance. It can be argued, for instance, that the industries in which ethical sourcing is most advanced are those where the supply chain appears to be relatively straightforward and where there is already some motivation for knowing the product origin (for example, supermarkets need to know where their fresh vegetables come from because of a legal liability for food safety, and the sports shoe industry knows where its trainers come from because of product quality, design and intellectual property rights issues). In significant segments of the coffee market, a premium is attached to product origin, which creates a need for tracing mechanisms. These, in turn, can be used in monitoring ethical performance. This is true to a lesser extent for tea (where the factory is documented, but not the farm), but such considerations are almost entirely absent for cocoa, where country, but not grower location is a factor in determining price.

3. CoC WITHIN THE INDIAN TEA INDUSTRY

Already there are various CoCs existing within the Indian tea industry that are being followed in certain tea estates across the country, specifically:

- Ethical Tea Partnership (ETP)
- Fair Trade Labelling Organisation (FLO)
- Tata CoC followed by the Tata Tea Estates and Suppliers
- Unilever Codes followed by Hindustan Lever Ltd. (HLL) Tea Estates and Suppliers

Each of these codes is introduced and outlined in this section for a greater understanding. The complete codes are available in the Appendix.

3.1 ETHICAL TEA PARTNERSHIP

Launched in 1997 and originally known as the Tea Sourcing Partnership (TSP), the Ethical Tea Partnership (ETP) has become a partnership of 17 member packer companies covering over 47 brands of tea, sold in over 30 countries. Membership to the Partnership was initially open only to the UK packers, but is now available to European, the US and Canadian packers with membership soon opening for Australasia.

ETP is now the largest monitoring programme of its kind in the world, based on credible standards and independent monitoring against local laws and trade union agreements. It is currently monitoring 1,200 estates in seven countries: Kenya, Malawi, India, Sri Lanka, Tanzania, Zimbabwe and Indonesia. A rolling programme is in place with each estate monitored every four years. PricewaterhouseCoopers (PwC) has been ETP's monitor since 2002.

The Ethical Trading Initiative Base Code

As members of the Ethical Trading Initiative (ETI), an alliance of companies, NGOs and trade union organisations, the ETP Code is aligning with the ETI Base Code, based on ILO Conventions, to promote corporate codes of practice for improved working conditions. The Base Code (see Appendix) covers the following principles:

1. Employment is freely chosen.
2. Freedom of association and the right to collective bargaining are respected.
3. Working conditions are safe and hygienic.
4. Child labour is not used.
5. Living wages are paid.
6. Working hours are not excessive.
7. No discrimination is practised.
8. Regular employment is provided.
9. No harsh or inhumane treatment is allowed.

The ETP Monitoring Process

The strength of the ETP scheme lies in its credibility and its independent monitoring. The three stages to the monitoring process are listed below.

- **Questionnaire**

First, estates must complete a questionnaire, prepared by expert labour lawyers, that asks about the estate's compliance with local laws and union agreements. Completing the questionnaire is a critical point of entry: members cannot buy from producers who do not wish to enter the scheme and do not complete and return the questionnaire.

● Monitoring Visit

The second stage is a monitoring visit carried out by a team of monitors from PwC. The monitors are based in the country and familiar with local customs and languages. Visits are arranged in advance with the estate and take place in the tea-production season when it is totally active. To ensure that the estate managements completely understand how the monitoring will work, they receive a number of briefing documents, including an overview of the monitoring process, several weeks ahead of the visit. At the start of the visit, monitors hold a meeting with estate management to explain the process. They then visually inspect each 'unit' on the estate tea garden, workshop, factory, administration area, housing and so on.

The monitors check employment, pay and other records and talk to the management. They talk to staff and union representatives, sometimes in groups, sometimes individually. Interviews cover workers from all the different units of the selling marks and interviewees are randomly chosen. Monitors follow up any issues that are identified to seek corroborative evidence.

At the end of the visit, they hold a 'closing' meeting with estate management to report their findings. These findings and any comments from the estate management are included in the report that is prepared by the monitors and sent to the ETP. All information about the estate and the visit is held confidentially by the Partnership.

● Grading

The third stage, grading, takes place after the monitoring visit. Once the Partnership has received the monitors' report, it can determine the appropriate grading, ranging from A to F. The process for allocating the grading is as follows: A monitoring checklist is divided into 14 Chapters: minimum age, minimum wage, hours of work, discrimination, employment, remuneration, medical, education and child care, maternity conditions, maternity welfare, health, safety, housing and basic rights.

Each Chapter is scored individually. Non-conformances are categorised into three types:

Critical The immediate welfare or the rights of an individual are put at serious risk.

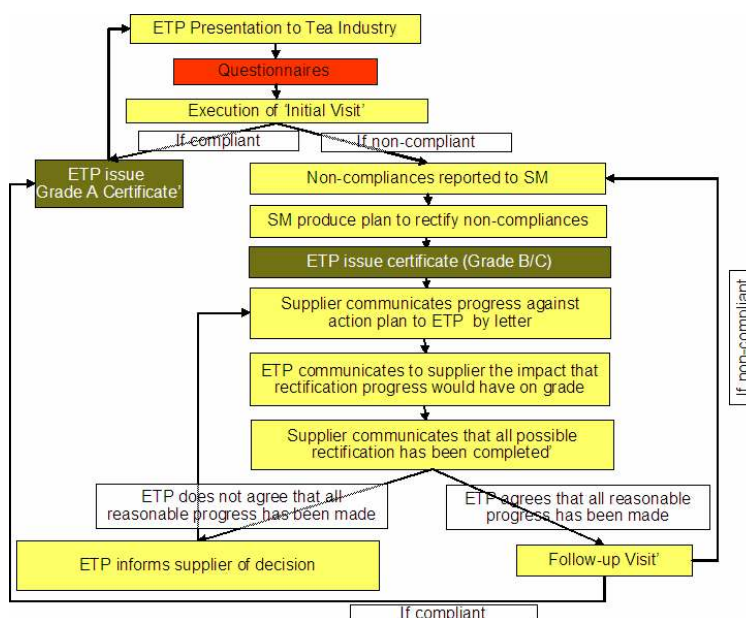
Major There is significant detrimental impact on the individual/community.

Minor There is no significant detrimental impact on the individual /community.

Achieving grades A to F depends on both the number of chapters that contain non-conformances following the monitoring visit and progress against the work plan issued by the secretariat.

An Action Plan is also developed to address the correction of any non-conformances. The Grading and Action Plan is sent to the estate and is followed up by the Partnership working with the estate. A follow-up visit takes place when the tea producer has corrected any non-conformances and has provided the Partnership with supporting evidence, or when the ETP wishes to confirm a change in grading.

The diagram below outlines the grading and monitoring process followed by the ETP.



The scheme aims to be fair. Each estate is different and the impact of non-conformances will vary. Yet, the grade an estate gains and its approach to correcting its non-conformances influences the members' buying policy. If an estate does not work with the Partnership on an action plan to put right non-conformances, members do not buy tea from that estate.

Contact Details:

The Ethical Tea Partnership

PO Box 2287, Caterham CR3 0ZW

United Kingdom

www.ethicalteapartnership.org

3.2 FAIR TRADE LABELLING ORGANISATION (FLO)

Introduction

Fair Trade is an initiative for small farmers and wage workers in the south, restrained in their economic and/or social development by the conditions of trade (and, therefore, 'disadvantaged'). If fair access to markets under better conditions of trade can help overcome the restraints of development, they can join Fair Trade.

Small farmers can participate in Fair Trade if they have formed organisations (in co-operatives, associations or other organisational forms), which are able to contribute to the social and economic development of their members and their communities and are democratically controlled by their members. Producer organisations can be certified by FLO if they comply with the requirements.

Workers can participate in Fair Trade if they are organised, normally in unions, and if the company they work for is prepared to promote workers' development and to share with the workers the additional revenue generated by Fair Trade. Such companies working with hired labour (farms, plantations, factories, manufacturing industries, etc.) can be certified by FLO if they comply with the requirements.

The Fair Trade initiative is a labelling organisation, which offers a price premium to suppliers of goods produced, which are compliant with their standards. It is, therefore, quite different in nature to the other voluntary CoC in this section.

The FLO Standards

In setting its standards, FLO follows certain internationally recognised standards and conventions, especially those of the ILO, as these form the most widely accepted basic labour rights throughout the world. Standards both for hired labour and small growers have been developed by FLO (see Appendix for full details).

The standards cover the following areas:

PART A Generic Fair Trade Standards

1. Social Development

- Fair Trade adds Development Potential
- Non-Discrimination
- Forced Labour and Child Labour
- Freedom of Association and Collective Bargaining
- Conditions of Employment
- Occupational Health and Safety

2. Economic Development

- Fair Trade Premium
- Export Ability

3. Environmental Development

- Environment Protection
- Environment Sustainability

PART B Product Specific Standards for Tea

1. Social Development
2. Economic Development
3. Environmental Development

PART C Trade Standards for Tea

1. Product Description
2. Qualities
3. International Customary Conditions
4. Procure a Long-term and Stable Relationship
5. Pre-financing/Credit
6. Pricing and Premium

FLO also requires that producer organisations and companies always abide by national legislation. Furthermore, national legislation prevails if it sets a higher standard than FLO on particular issues.

Monitoring

The standard is then followed by the requirements against which producers will actually be inspected. The requirements are divided into:

- Minimum requirements, which all producer organisations must meet from the moment they join Fair Trade, or within a specified period; and
- Progress requirements, on which producer organisations must show permanent improvement and which should be developed according to a plan agreed to by the Joint Body. A report on the achievement of progress requirements should be made each year. The degree of progress, which FLO requires from each producer organisation, depends on the level of economic benefits it receives from Fair Trade and on its specific context.

The success of the Mark depends on consumer confidence in the guarantee it offers that Third World producers receive a better deal. This can be sustained only by a thorough audit of the supply chain to ensure that Fair Trade standards are adhered to.

The licensee must submit quarterly monitoring reports to the Foundation providing data on purchases, sales, processing and stockholding for the period that will enable the Foundation to reconcile the sales of marked products with purchases from registered producers. A standard form is issued for this purpose. The licensee must also allow an annual audit by the Foundation's inspector to ensure adherence to Fair Trade standards and agree to implement any changes requested as a result of the inspector's report.

Producers, who do not demonstrate progress as per the Action Plan and do not evince a willingness to work with FLO towards such progress, will not be used as suppliers by the membership.

3.3 TATACoC

Introduction

Set up in 1964 as a joint venture with UK-based James Finlay and Company to develop value-added tea, the Tata Tea Group of Companies, which includes Tata Tea and the UK-based Tetley Group, today represent the world's second largest global branded tea operation, with product and brand presence in 40 countries. Among India's first multinational companies, the operations of Tata Tea and its subsidiaries focus on branded product offerings in tea, but with a significant presence in plantation activity in India and Sri Lanka.

The company has five major brands in the Indian market – Tata Tea, Tetley, Kanan Devan, Chakra Gold and Gemini – catering to all major consumer segments for tea. The Tata Tea brands lead market share in terms of value and volume in India and the Tata Tea brand is accorded 'Super Brand' recognition in the country. Tata Tea's 'distribution network in the country with 38 C&F agents and 2,500 stockists caters to over 1.7 million retail outlets' (ORG Marg Retail Audit) in India.

As part of the Tata Group of Companies, Tata Tea complies with the Tata CoC, which is outlined below. The company has also developed its own Tata Index for Sustainable Human Development. In addition, Tata Tea has received SA 8000 certification and is a member of the United Nations Global Compact, each of which is discussed in Section 3.

Tata CoC

The Tata CoC (see Appendix) is applied to all Tata Group Companies and covers employee behaviour as well as corporate behaviour.

For Tata Companies:

| | |
|--|------------------------------------|
| ▪ National interest | ▪ Health, safety and environment |
| ▪ Equal-opportunities employer | ▪ Cooperation of Tata companies |
| ▪ Political nonalignment | ▪ Ethical conduct |
| ▪ Corporate citizenship | ▪ Competition |
| ▪ Use of the Tata brand | ▪ Government agencies |
| ▪ Shareholders | ▪ Quality of products and services |
| ▪ Financial reporting and records | ▪ Third-party representation |
| ▪ Gifts and donations | ▪ Group policies |
| ▪ Public representation of the company and the group | |

For Tata Employees:

| | |
|--|-------------------------------|
| ▪ Regulatory compliance | ▪ Protecting company assets |
| ▪ Concurrent employment | ▪ Citizenship |
| ▪ Conflict of interest | ▪ Integrity of data furnished |
| ▪ Securities transactions and confidential information | ▪ Reporting concerns |

The Tata Index for Sustainable Human Development

The Tata Index for Sustainable Human Development is a matrix through which Tata companies can implement, direct and measure the social development endeavours they are involved in. Developed by the Tata Council for Community Initiatives (TCCI), the umbrella entity that coordinates and integrates the various social projects undertaken across the group, the Index brings business processes to bear on the development work done by various Tata companies as part of their social responsibility.

The Index is actually a set of guidelines for Tata companies looking to fulfil their social responsibilities and it is the third set of such guidelines crafted by TCCI. The Tata Index is constructed around the core beliefs of the Tata Group in the matter of CSR. These include serving the wider community, protecting the environment, using core competence to help the poor, becoming partners in development, encouraging volunteerism and pursuing socially sustainable activities.

The Index prescribes an 'assurance' process to ensure that community development projects are measured and reviewed, so that they perform in a manner that matches the objectives behind them. This assurance links processes to outcomes and divides the entire CSR function into three levels: systems, people and programmes.

The connection between process and outcome is vital. Process refers to how the requirements of a particular parameter are addressed. The factors used to evaluate this include the use of appropriate methods, their effectiveness and whether they can be repeated. Another aspect of the process equation is deployment. Outcome signifies the specific results of the process (the cause-and-effect methodology). It is measured through criteria such as current performance, which is relative to valid benchmarks and the extent of improvement.

The UNDP has termed the Index a trendsetter and other organisations have also praised it. TCCI has been invited to make

presentations on the Index by the World Business Council for Sustainable Development in Geneva and by the Federal Department of Community Services, Australia. The Confederation of Indian Industry has asked for 200 copies of the Index to send to its members.

Monitoring

The Tata COC is a comprehensive set of tenets that all Tata employees have to adhere to. The code goes way beyond government-mandated regulations. For example, the offices of the non-executive chairman and managing director are separated in Tata companies, even though the law does not require this. The Tata code explicitly prohibits insider trading and sets out disclosure practices that help shareholders take informed decisions. This ensures that the interests of shareholders are put above all else and that people inside the company conduct their personal securities transactions in an ethical manner.

Each Tata company has an ethics and compliance committee, as stipulated by the code and this comprises, among other things, labour welfare measures such as an eight-hour working day, leave with pay, Provident Fund, gratuity and profit sharing. Each Tata company must comply with the Tata CoC

3.4 UNILEVER CODES

Introduction

The Unilever Group, including Hindustan Lever Ltd. (HLL), was created in 1930 when the UK soap-maker Lever Brothers merged its businesses with those of the Dutch margarine producer, Margarine Unie. Unilever has operations in around 100 countries and their products are on sale in 150. Unilever has two divisions Foods and Home & Personal Care. Food brands include such well-known names as Bertolli, Hellmann's, Knorr, Lipton and Magnum. Home & Personal Care brands include Dove, Lux, Omo, Pond's and Sunsilk.

Unilever has developed a reputation as a leader in CSR featuring in various agencies initiatives. So in 2004, Unilever was:

- Food industry category leader in the Dow Jones Sustainability Indexes for the sixth year running
- Included in the FTSE4Good Index Series
- Ranked second in the Dutch government survey Transparency Benchmark 2004
- Ranked in the top 10 companies with high corporate responsibility standards in Brazil by business magazine Exame
- Ranked joint 32nd in the Top 100 Companies that Count in the UK's Business in the Community Corporate Responsibility Index 2004
- Rated equal 10th best sustainability reporter in the UNEP/Standard & Poor's/ Sustainability sixth benchmark survey of corporate non-financial reporting.
- A member of the ETP
- Received SA 8000 certification
- A founding signatory of the United Nations Global Compact

In addition, Unilever has its own in-house initiatives.

- Unilever's own Code of Business Principles, used in their manufacturing sites, strives for improved performance on safety, efficiency, quality and environmental impacts.
- Through the Business Partner Code, Unilever also works with first-tier suppliers on human rights, labour standards, working conditions and care for the environment.
- The 'Sustainable Agriculture Initiative' focuses efforts on sustainability in three key areas: agriculture, fish and water, working in partnership with governments, NGOs, industry partners and local producers. This initiative sets out a number of standards for producers supplying the company with tea.

Unilever's Code of Business Principles

The Code of Business Principles (see Appendix for full details) sets the framework within which the organisation works. In addition, an internal audit provides reassurance that the process is working satisfactorily. The code covers the areas outlined below.

| | |
|--------------------------|---------------------------------------|
| ▪ Standard of Conduct | ▪ Obeying the Law |
| ▪ Employees | ▪ Consumers |
| ▪ Shareholders | ▪ Business Partners |
| ▪ Community Involvement | ▪ Public Activities |
| ▪ The Environment | ▪ Innovation |
| ▪ Competition | ▪ Business Integrity |
| ▪ Conflicts of Interests | ▪ Compliance — Monitoring — Reporting |

The code is communicated to all managers and employees and translated into 47 languages. In 2004, the worldwide roll-out of their confidential ethics hotline was completed and work is continuing on raising levels of awareness.

Unilever's Business Partner Code

The Business Partner Code sets out expectations that key suppliers and other partners adhere to business principles consistent with Unilever's on 10 key points covering business integrity, labour standards, consumer safety and the environment.

- There shall be compliance with all applicable laws and regulations of the country where operations are undertaken.
- There shall be respect for human rights, and no employee shall suffer harassment, physical or mental punishment, or other forms of abuse.
- Wages and working hours will, as a minimum, comply with all applicable wage and hour laws, and rules and regulations, including minimum wage, overtime and maximum hours, in the country concerned.
- There shall be no use of forced or compulsory labour, and employees shall be free to leave employment after reasonable notice.
- There shall be no use of child labour and, specifically, there will be compliance with relevant ILO standards.
- There shall be respect for the right of employees to freedom of association.
- Safe and healthy working conditions will be provided for all employees.
- Operations will be carried out with care for the environment and will include compliance with all relevant legislation in the country concerned.
- All products and services will be delivered to meet the quality and safety criteria specified in relevant contract elements, and will be safe for their intended use.
- There shall be no improper advantage sought, including the payment of bribes, to secure the delivery of goods or services to Unilever companies.

The new supplier approval process now formally includes the assessment and rating of environmental care, health and safety at work and compliance with Unilever's business principles. Trained auditors are in place in all regions and the assessment of suppliers and co-packers has started. This approach is being supported by a formal communication of the Business Partner Code to all raw material and packaging suppliers.

Sustainable Agriculture Initiative

Unilever's sustainable agriculture initiative came into being in the mid-1990s because it was realised that sustainable supply chains are critical to the future long-term success of Unilever's business, both in terms of sustainable supply and in providing brands that satisfy current and developing consumer aspirations.

Unilever's initiative requires long-term commitment to the continuous improvement of their agricultural practices based on indicator assessment, expert inputs, farmer participation and best practice guidelines. Stakeholder consultation and external review are critical to ensure transparency and credibility, while food industry co-operation is essential to develop future sustainable standards and a move towards market mechanisms for sustainable raw materials. Similar initiatives for water and fisheries were also started in response to pressures on water resources and fish stocks.

The approach used was to concentrate on improving sustainability of current farming methods in particular locations, where Unilever directly influences agricultural practices used, that is, their own plantations and where they deploy contract farming. The initial key crops are vine, peas, spinach, oil palm, tea and processing tomatoes. The knowledge and insights gained will be used to roll out improvements throughout the supply chain.

The four principles for the Sustainable Agriculture Initiative are:

- Maintain high yield and nutritional quality while keeping resource inputs low
- Minimise adverse environmental effects; make a positive contribution where possible
- Optimise the use of renewable resources; minimise the use of non-renewables
- Enable local communities to protect and improve their well-being and environments

Unilever Sustainable Agriculture indicators

- Soil fertility/health
- Soil loss
- Nutrients
- Pest Management
- Productivity
- Product Value
- Energy
- Water
- Social/Human Capital
- Local Economy

Monitoring

In 2004, 89 employees were dismissed for breaching the Code of Business Principles. The majority related to integrity concerns such as fraud and conflict of interest, with a small number due to issues such as sexual harassment and Internet abuse.

Monitoring of the Code of Business Partners uses risk assessment to prioritise and focus further on suppliers and third parties whose operations are potentially below standard. Where suppliers do not meet requirements, Unilever works with them and agrees on time-bound improvement plans to achieve the desired level of performance.

The 10 Sustainable Agriculture indicators provide a specific framework to focus initiatives, while these are underpinned by parameters that provide the basis for assessment and measurement. This framework has been applied in a range of climates, crop types and farming systems. The process has involved the collection of baseline data as an initial benchmark and ongoing monitoring of changing practices. The information and improvements have been incorporated into best practice guidelines providing standards for directly managed crops and for rolling out to third-party sourced crops.

The resulting output is captured as good agricultural practice guidelines for each crop that represents the current best practice and sets the basis for growing standards.

4.CoC OUTSIDE THE INDUSTRY

While there are numerous CoCs being implemented throughout the international community, there are some that have recently risen to prominence and, thus, deserve special mention in this section. Some of these codes are industry-specific and others provide an across industry standard. Some of these codes have been developed by private independent agencies and others by the manufacturers themselves, governments, NGOs or trade unions or a combination of these bodies. These are:

- Social Accountability 8000 (SA 8000)*
- The FTSE4Good Index*
- The United Nations Global Compact*
- The OECD Guidelines for Multinational Enterprises*
- International CoC for the Production of Cut Flowers*
- Code of Labour Practices for the Apparel Industry Including Sportswear*
- Colgate's CoC

Each code is introduced and outlined in this section for greater understanding.

* The complete codes are available in the Appendix

4.1 Social Accountability 8000 (SA 8000)

Introduction

Social Accountability 8000 (SA8000) has been developed by Social Accountability International (SAI), known until recently as the Council on Economic Priorities Accreditation Agency (CEPAA). SAI is a non-profit affiliate of the Council on Economic Priorities (CEP).

SA8000 is promoted as a voluntary, universal standard for companies interested in auditing and certifying labour practices in their facilities and those of their suppliers and vendors. It is designed for independent third-party certification and is overseen by an 11-country, multi-stakeholder advisory board including representatives from business, trade unions, human rights organisations, certification bodies and the government.

Within the tea industry, both Hindustan Lever Limited (HLL) and the Tata Group have received SA8000 certification.

The Social Accountability Standard

Social Accountability 8000 is designed to assure humane working conditions through a voluntary standard that includes core labour rights, independent verification of compliance and public reporting. It is based on ILO conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child.

This standard (see Appendix for full details) specifies requirements for social accountability to enable a company to:

- a) Develop, maintain, and enforce policies and procedures in order to manage those issues, which it can control or influence
- b) Demonstrate to interested parties that policies, procedures and practices are in conformity with the requirements of this standard

The Social Accountability Requirements address the following areas:

- Child labour
- Forced labour
- Health and safety
- Freedom of association and right to collective bargaining
- Discrimination
- Disciplinary practices

- Working hours
- Compensation
- Management systems
 - Policy
 - Management review
 - Company representatives
 - Planning and implementation
 - Control of suppliers
 - Addressing concerns and taking corrective action
 - Outside communication
 - Access for verification
 - Records

The requirements of this standard are universal with regard to geographic location, industry sector and company size. The company shall comply with national and other applicable law, other requirements to which the company subscribes and this standard. When national and other applicable laws, other requirements to which the company subscribes and this standard address the same issue, that provision which is most stringent applies.

Monitoring

Compliance with SA8000 is verified through:

- Regularly scheduled formal certification and surveillance audits
- Continuous monitoring by workers in the workplace
- An accessible complaints and appeals system

Certification to and compliance with SA8000 can help businesses retain and recruit customers and staff, improve productivity, product quality and improve reputation. Six organisations, headquartered in the USA, the UK, Switzerland, Thailand and Norway, are accredited to conduct third-party audits for compliance with SA8000. SA8000 is also used for internal and second-party benchmarking. Facilities have been certified in 12 countries (over half in Asia) and 10 different kinds of workplaces.

4.2 The FTSE4Good Index

Introduction

The FTSE4Good Index was developed by FTSE, an independent Global Index company, to fulfil three main objectives: to provide a tool for SRI to identify and invest in companies that meet globally recognised corporate responsibility standards, to provide asset managers with an SRI benchmark and a tool for socially responsible investment products and to contribute to the development of responsible business practice around the world.

For inclusion, eligible companies must meet criteria requirements in three areas:

- Working towards environmental sustainability
- Developing positive relationships with stakeholders
- Upholding and supporting universal human rights

Companies that have been identified as having business interests in the following industries are excluded from the FTSE4Good Index Series: tobacco producers, companies manufacturing either parts for, or whole, nuclear weapons systems, companies manufacturing whole weapons systems, owners or operators of nuclear power stations and companies involved in the extraction or processing of uranium.

FTSE4Good Index Criteria

The FTSE4Good criteria have been designed to reflect a broad consensus on what globally constitutes good corporate responsibility practice. Using a widespread market consultation process, the criteria are regularly revised and updated to ensure that they reflect developments in corporate responsibility thinking and trends in socially responsible investment as they evolve.

Since FTSE4Good was launched in 2001, environmental criteria and human rights criteria have been added. FTSE is planning to announce new criteria relating to labour standards in the supply chain.

The criteria cover:

- Environmental Criteria by which companies are assigned a high-, medium- or low-impact weighting according to the industry sector. The higher the environmental impact of the company's operations, the more stringent the inclusion criteria.
- Social and Stakeholder Criteria whereby companies must disclose information that meets at least two of the seven employee welfare indicators, either globally or in their home operating country.
- Human Rights Criteria by which, in line with the new environmental criteria, companies have been divided into groups according to their potential impact. The higher the potential human rights impact of the company's operations, the more stringent the criteria it needs to meet to be included in the index.

Monitoring

In-house monitoring is used to ensure compliance with the FTSE4Good Criteria. Non-compliant companies cannot be listed in the FTSE4Good Index.

4.3 The United Nations Global Compact

Introduction

At the 1999 World Economic Forum in Davos, UN Secretary-General Kofi Annan asked business to do its part by demonstrating good global citizenship wherever it operates. He proposed a 'global compact' that addresses three areas of shared international agreement: human rights, labour standards and environmental protection.

Principles of The United Nations Global Compact

The Secretary-General accordingly challenged business leaders to embrace and enact nine principles derived from the Universal Declaration of Human Rights and the Declaration of the ILO on fundamental principles and rights from the Copenhagen Summit and from the Rio Declaration of the 1992 UN Conference on Environment and Development (the Earth Summit):

- **Human Rights**
 1. Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence.
 2. Businesses should make sure they are not complicit in human rights abuses.
- **Labour**
 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
 1. Businesses should eliminate all forms of forced and compulsory labour.
 2. Businesses should effectively abolish child labour.
 3. Businesses should eliminate discrimination with respect to employment and occupation.
- **Environment**
 4. Businesses should support a precautionary approach to environmental challenges.
 5. Businesses should undertake initiatives to promote greater environmental responsibility.
 6. Businesses should encourage the development and diffusion of environment-friendly technologies.

- **Anti-Corruption**

10. Businesses should work against all forms of corruption, including extortion and bribery.

4.4 Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

Introduction

Multinational enterprises now play an important part in the economies of member countries and in international economic relations, which is of increasing interest to governments. Through international direct investment, such enterprises can bring substantial benefits to home and host countries by contributing to the efficient utilisation of capital, technology and human resources between countries. Enterprises can, thus, fulfil an important role in the promotion of economic and social welfare. Yet, the advances made by multinational enterprises in organising their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives. In addition, the complexity of these multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern.

The common aim of the member countries is to encourage the positive contribution that multinational enterprises can make to economic and social progress and to minimise and resolve the difficulties, which various operations may give rise to.

The OECD Guidelines for Multinational Companies

The member countries set forth the Guidelines (see Appendix for full details) for multinational enterprises with the understanding that member countries will fulfil their responsibilities to treat enterprises equitably and in accordance with international law and international agreements as well as contractual obligations to which they have subscribed.

These guidelines deal with the following areas of concern:

- General policies
- Disclosure of information
- Competition
- Financing
- Taxation
- Employment and industrial relations
- Environmental protection
- Science and technology

Monitoring

The guidelines are recommendations jointly addressed by member countries to multinational enterprises operating in their territories. These guidelines, which take into account the problems that can arise because of the international structure of these enterprises, lay down standards for the activities of these enterprises in the different member countries. The observance of the guidelines is voluntary and not legally enforceable. However, the guidelines should ensure that the operations of these enterprises are in harmony with the national policies of the countries where they operate and strengthen the basis of mutual confidence between enterprises and states.

The use of appropriate international dispute settlement mechanisms, including arbitration, should be encouraged as a means of facilitating the resolution of problems arising between enterprises and member countries.

Member countries agreed to establish appropriate review and consultation procedures concerning issues arising with respect to the guidelines. When multinational enterprises are made subject to conflicting requirements by member countries, the governments concerned will co-operate in good faith with a view to resolving such problems either within the OECD's Committee on International Investment and Multinational Enterprises or through other mutually acceptable arrangements.

4.5 International CoC for the Production of Cut Flowers

Introduction

Various trade unions and NGOs worldwide started the international flower campaign both in order to improve working conditions for workers in the flower industry and to stimulate the sustainable production of cut flowers. As a result, the International CoC for the Production of Cut Flowers was adopted in 1998 by several trade unions and NGOs.

The ICFTU Basic Code seeks to help develop the codes of individual companies or their subcontractors, as well as industry associations and employers' organisations and as such is classified as a model code rather than an operational one. The standards of this code are based on ILO criteria and international conventions and/or treaties.

The ICFTU Basic Code

The following code aims to guarantee that the cut flowers have been produced under socially and environmentally sustainable conditions. The code provides a concise statement of minimum labour, human rights and environmental standards for the international cut flower industry. Companies should pledge to ensure that their suppliers, contractors and sub-contractors observe these standards (see Appendix for complete code):

- Freedom of association and collective bargaining
- Equality of treatment
- Living wages
- Working hours
- Health and safety
- Pesticides and chemicals
- Security of employment
- Protection of the environment
- No child labour
- No forced labour

The code is concise in order to display it in workplaces and in order to avoid any confusion between these basic principles and the application of principles. An independent body, established to provide independent verification of compliance with the code and to assist companies to implement the code, will provide an auditable checklist of practices and conditions that are consistent with the standards set forth in the code.

The code establishes only minimum standards that must not be used as a ceiling or to discourage collective bargaining. The company shall comply with all national laws and legal regulations. When national law and these criteria address the same issue, that provision which is the most stringent applies. The text of the code, to be posted where workers can see it, shall also include a means by which workers can report the failure to comply with the code in confidence.

Monitoring Guidelines

The company pledges to observe the core ILO standards, the universal human rights standards and basic environmental standards, which are the base for this code. The company pledges to make the observance of the code a condition of any agreement that it makes with contractors and suppliers, and requires them to extend this obligation to their sub-contractors. The company accepts that the implementation of the code is subject to independent verification.

Within the code itself, a separate section on implementation (and monitoring) has been drafted. Under this framework, to overview the implementation of the CoC an independent body, accepted by all parties involved (for example, trade unions, NGOs and employers), shall be formed. This body will set the terms for an independent process of verification of compliance with the CoC. The companies shall regularly report the progress made in the implementation of the code. The independent body shall make provisions for workers, trade unions and other concerned groups to lodge complaints about violations of the code, which, if serious, have to be followed up.

4.6 Code of Labour Practices for the Apparel Industry including Sportswear

Introduction

The Clean Clothes Campaign is dedicated to advancing the interests of workers in the apparel and sportswear industry and the concerns of consumers who purchase products made and sold by this industry. The campaign seeks an end to the oppression, exploitation and abuse of workers in this industry, most of who are women. The campaign also seeks to provide consumers with accurate information concerning the working conditions under which the apparel and sports wear they purchase are made. The Clean Clothes Campaign seeks to achieve its aims through a variety of means including a code of labour practice that will be adopted and implemented by companies, industry associations and employer organisations. The code, which is a concise statement of minimum standards with respect to labour practices, is meant to be accompanied by a commitment made by the companies adopting it to take positive action in applying it. Companies are expected to insist that all their contractors, subcontractors, suppliers and licensees organising production, who fall under the scope of the code, comply with the code.

Companies adopting the code will be expected to engage an independent institution established for the purpose of monitoring compliance with the code, in assisting companies to implement the code and in providing consumers with information concerning labour practices in the industry.

Code of Labour Practices

The preamble establishes three principles. First, the company accepts responsibility for its workers, including the workers involved in contracting and subcontracting agreements. Second, the company pledges to observe the core ILO labour standards and to ensure that workers are provided with living wages and decent working conditions. Third, the company pledges to make the observance of the code a condition of any agreement that it makes with contractors and suppliers, and requires them to extend this obligation to their subcontractors.

The body of the code is based on the core ILO conventions:

- Employment is freely chosen.
- There is no discrimination in employment.
- Child labour is not used.
- Freedom of association and the right to collective bargaining are respected.
- Living wages are paid.
- Hours of work are not excessive.
- Working conditions are decent.
- The employment relationship is established.

Internal Monitoring

Companies adopting the code are expected to monitor compliance with the code and also to cooperate and support a system of independent monitoring of compliance with the code.

The observance of the code by contractors, subcontractors and suppliers must be an enforceable and enforced condition of agreement with the company.

In order to achieve this:

- The company will ensure that all agreements it enters into concerning the production of apparel and sportswear allow for the termination of the agreement for failure to observe the code by any contractor, sub-contractor and supplier.
- The company shall authorise a procedure with fixed time limits to rectify situations in which its code is not being fully observed by a contractor, sub-contractor or supplier. The agreement by the contractor, sub-contractor or supplier to abide by this procedure will enable the continuation of the agreement with the company. The company shall require contractors or suppliers to institute similar procedures with respect to their contractors, sub-contractors or suppliers.
- Such procedures shall be authorised only where:

- There is a reasonable expectation that the situation will be corrected and that the code will be observed in the future.
- The period specified for correcting the situation is reasonable.
- Recognisable and unmistakable violations of the code are ceased immediately.
- Such procedures shall not be authorised more than once for the same contractor, subcontractor or supplier for the same or similar failure to comply with the code.
- Such procedures are consistent with any recommendations or procedures set forth by the independent institution established to assist in implementing this code.
- Contractors, subcontractors and suppliers must, as part of their agreement with the company, agree to terminate any contract or agreement for the supply or production of goods that does not fully observe the code. Or they must seek and receive approval from the company to institute a procedure, with fixed time limits to rectify situations in which the code is not being fully observed.
- Where there is repeated failure to observe or to ensure the observance of the code by a particular contractor, subcontractor, supplier or licensee, the agreement should be terminated. Guidelines or procedures for determining when it is necessary to terminate a contract for failure to observe the code shall be set forth by an independent institution established for this purpose.

In situations where it is not clear whether a particular practice constitutes a violation of the code, relevant international labour standards of the ILO and any recommendations provided by the independent institution, established to assist companies in implementing this code, should be sought for guidance.

Independent Monitoring

When a sufficient number of companies, industry associations or employers' organisations have adopted the code of labour practice for the apparel and sportswear industry, they, in conjunction with appropriate trade union organisations and NGOs, shall establish jointly an independent institution, referred to in this document as 'the Foundation'.

The purpose of the Foundation shall be to:

- Conduct, directly or indirectly through other organisations, the independent monitoring of compliance with the code
- Assist companies in implementing the code
- Provide a means to inform consumers about the observance of the code and, more generally, about the labour conditions in the industry

A board consisting of equal representatives of appropriate trade union organisations and NGOs, on the one hand, and of appropriate representatives of retailers and manufactures, on the other, shall govern the Foundation. The Foundation shall be financed by contributions from participating organisations and by payments for services from contracting companies.

Monitoring: Basic Principles

A list of basic principles for monitoring has been provided with the code:

- Monitoring must be by the actual observance of working conditions through unannounced inspection visits ('spot checks') to all workplaces covered by the code.
- The frequency of inspections must be established.
- Accredited monitors must be permitted to interview workers on a confidential basis.
- In addition to regular or routine inspections, inspections shall be undertaken at specific locations following substantiated complaints, where there is sufficient reason to believe that the code is not being observed.
- Inspections shall be conducted in a way that does not cause undue disruption of the performance of work in the premises being inspected.
- Accredited monitors shall provide written reports to all parties and to the participating company concerned, following each visit.

The Foundation may seek other sources of information concerning compliance with the code, including consulting appropriate trade union organisations, human rights organisations, religious and other similar institutions in order to obtain additional

information on a certain company or in order to investigate a certain complaint.

If violations of the code are found, the company must agree to accept the recommendation of the Foundation. This recommendation shall, in the first instance, be aimed at improving the existing situation. Where such improvement is not possible or satisfactory, the Foundation can force companies to re-negotiate, terminate or refuse to renew their contracts with certain contractors, subcontractors and/or suppliers.

Where companies fail to observe their agreement with the Foundation, it is understood that the Foundation may release any relevant information to the public and may terminate the contract between the company and the Foundation.

The independent monitoring process shall form the basis for any public claims by the Foundation or by participating companies as to the operation of the code or concerning the actual labour practices covered by the code.

1.7 Colgate's CoC

Introduction

As yet, very few Indian agencies have developed a CoC specific for Indian conditions. However, many of the larger MNCs do apply their own CoC globally, including here in India. Colgate-Palmolive is one company that adheres to such global criteria Colgate's CoC.

Colgate's CoC sets forth principles for working with each other within the organisation, outside businesses, consumers, governments, local communities and shareholders. First issued in 1987, the Colgate CoC is regularly updated and reissued to ensure its comprehensiveness and relevance.

The Colgate-Palmolive CoC

This code is based on the premise of a responsibility to build all relationships on integrity, fairness and humanity. The relationships mentioned in the code are:

- **Our Relationship with Each Other**

Our dealings with each other should be based on mutual trust and dedication to one another and our company. We are responsible to ourselves and the company to treat each other with respect and dignity.

- **Our Relationship with the Company**

As Colgate people, we strive to adhere to Colgate's guidelines and objectives and to give our best efforts to improve the company's performance. We recognise the trust and confidence placed in us, and pledge to act with integrity and honesty in all situations to preserve that trust and confidence. Thus, we avoid conflicts of interest and other situations that are potentially harmful to the company.

- **Our Relationship with the Board of Directors**

We are fortunate to have a group of outstanding individuals serving on the company's Board of Directors, providing advice, guidance and leadership that is vital to our continuing success. With their collective experience in business, education and public service, international experience, educational achievement, moral and ethical character and diversity, our Board of Directors provides effective oversight of the company's business.

- **Our Relationship with Outside Business Entities**

Each of us is responsible for how we are perceived by suppliers and customers. It is essential that we maintain our reputation for honesty and fair dealing with these groups.

- **Our Relationship with Consumers**

Our reputation has been built upon the quality and safety of our products. Our commitment to quality and safety is essential to the continued growth and success of our company.

- **Our Relationship with Government and the Law**

It goes without saying that we obey all laws that regulate Colgate's business. Indeed, it is our policy to go beyond the letter of the law and comply with its spirit. Make a habit of consulting with your unit's legal counsel whenever you are in doubt.

- **Our Relationship with Society**

The Company strives to be a contributing member of the global community. We are a citizen of each locality where we operate and, like individual citizens, have a civic responsibility to support the health, education and welfare of the community.

- **Our Relationship with the Environment**

Protecting the world in which we live is a vital concern and a continuing commitment. As a global company dedicated to consumer products that contribute to the overall quality of life, we recognise and constantly reaffirm the value of a healthy and clean environment.

- **Our Relationship with Shareholders**

We strive to serve the best interests of our shareholders to provide consistent growth and a fair rate of return on their investment, to maintain our position and reputation as a leading consumer products company, to protect shareholder investments, to operate consistently with our core values and code of ethics and to provide full, fair, accurate, timely and understandable information. Achievement of these goals depends upon the successful development of the relationships discussed previously in this CoC. By conducting our business in accordance with the principles of fairness, decency and integrity set forth here, we help to build shareholder value.

Monitoring

Compliance with the code and other Company Business Practice Guidelines is monitored by the Business Practices Department. The department's responsibilities include:

- Ensuring that the code and other guidelines are kept current
- Overseeing compliance training
- Managing the Company's telephone hotline and e-mail hotline systems
- Responding to questions about the guidelines
- Auditing compliance with the guidelines
- Investigating reports of violations of the guidelines
- Monitoring enforcement of the guidelines
- Monitoring legislative and regulatory developments that impact the guidelines

The Business Practices Department reports to the Audit Committee of Colgate's Board of Directors regarding the establishment, implementation and enforcement of the company's CoC and related programmes.

The company intends to prevent the occurrence of conduct not in compliance with the code or other Colgate Business Practices Guidelines and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Colgate people who violate the code and other Colgate Business Practices Guidelines may be subject to disciplinary action, up to and including termination. As with all matters involving disciplinary action, principles of fairness apply.

The code is also applicable to vendors and suppliers, and adherence to the code is a condition for conducting business with Colgate-Palmolive.

1.8 Other Codes of Conduct

1.8.1 The Global Reporting Initiative

The Global Reporting Initiative (GRI) was initially convened by the Coalition for Environmentally Responsible Economies (CERES), a non-profit coalition of over 50 investor, environmental, religious, labour and social justice groups. The GRI was established in 1997 with a mission to elevate sustainability reporting to equivalency with financial reporting. It has recently been established as an organisation in its own right.

The GRI has developed a set of core metrics intended to be applicable to all business enterprises, sets of sector-specific metrics for specific types of enterprises and a uniform format for reporting information integral to a company's sustainability performance. In broad terms, the GRI Sustainability Reporting Guidelines recommend specific information related to environmental, social and

economic performance. It is structured around a CEO statement; key environmental, social and economic indicators; a profile of the reporting entity, descriptions of relevant policies and management systems, stakeholder relationships, management performance, operational performance, product performance and a sustainability overview.

4.8.2 EUREPGAP

Euro-Retailer Produce Working Group (EUREP), a Europe-based trade organisation, comprising growers, product-marketing organisations (PMO), growers' co-operatives, food manufacturers and retailers, has developed an auditable standard promoting Good Agricultural Practices (GAP). The scope of EUREPGAP currently covers the production of fruit, vegetables, potatoes, salads, cut flowers and nursery stock. Soon other products will also be added.

The EUREPGAP protocol defines the elements of good agricultural practices (GAP). It includes topics such as Integrated Crop Management (ICM), Integrated Pest Control (IPC), Quality Management System (QMS), Hazard Analysis and Critical Control Points (HACCP), worker health, safety, welfare and environmental pollution and conservation management.

Certification to EUREPGAP will become mandatory for farms growing produce for export to Europe. As Europe is India's largest export destination, EUREPGAP certification will, in all likelihood, become a minimum requirement for entry into the EU market. However, it should be kept in mind that additional retailer requirements will still have to be met. Discussions are already underway to ensure harmonisation between the different food safety schemes, and benchmarking will be essential to link the various systems.

While certification to EUREPGAP will result in additional costs to growers, there will be numerous benefits. Long-term benefits include more motivated farm workers due to improved facilities, training and better working conditions with a subsequent increase in living standards. This will obviously also result in better productivity and outputs to the ultimate benefit for the grower. Other benefits include more environmentally sound farming practices, more judicious use of chemicals and most importantly a cost benefit to the grower due to better management practices enforced by the standard.

4.8.3 The Dow Jones Sustainability Group Index

The Dow Jones Sustainability Group Index seeks to meet the financial markets demands for an 'invest-able' index to benchmark the performance of investments in companies that are striving to become more sustainable. It includes around 200 companies said to represent the top 10 per cent of leading companies committed to sustainable practices.

The Index recognises the importance of integrating economic, environmental and social factors in business strategy and places particular stress on innovative technology, corporate governance, the interest of shareholders, industry leadership and corporate responses to changes in society.

At its core is the sustainability assessment. The assessment includes general sustainability criteria, applied to all industries and industry groups, and specific criteria that take into account the characteristics of certain industries. The criteria relate to strategy, policy and management. They reflect sustainability opportunities (to assess a company's ability to exploit them) and sustainability risks (to assess a company's ability to reduce or avoid sustainability-related costs and risks).

4.8.4 The World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development is a coalition of 130 international companies with a shared commitment to sustainable development. Its members are drawn from 30 countries and more than 20 major industrial sectors.

In broad terms, the WBCSD aims to develop closer cooperation between business, government and all other organisations concerned with the environment and sustainable development as well as encouraging higher standards of corporate environmental management.

The identified key CSR issues are: values and governance, regulations and controls, business operations, accountability and disclosure, human rights, employee rights and working conditions, business context, product impact, social impact and investment and impact on other species and on the environment.

4.8.5 AA 1000 A standard for ethical performance

Accountability 1000 (AA1000) is the work of ISEA Institute for Social and Ethical Accountability. ISEA (also known as AccountAbility) is an international membership organisation, based in the UK. It exists to encourage ethical behaviour in business and non-profit organisations.

AA1000 is promoted as a standard for the measuring and reporting of ethical behaviour in business. It provides a framework that organisations can use to understand and improve their ethical performance and a means for others to judge the validity of those who claim to be ethical.

It aims to assist an organisation in the definition of goals and targets, the measurement of progress made against these targets, the auditing and reporting of performance and in the establishment of feedback mechanisms.

5. IMPLEMENTATION & MONITORINGS OF CODES

Voluntary initiatives may serve enterprise interests by displaying efforts to improve workplace conditions, thus helping to defend against potential, or actual, consumer boycotts as well as formal accusations of unacceptable or illegal business practices. Such initiatives may also obviate the need for government regulation by demonstrating that industry best practice satisfies the public interest. Indeed, in some cases, governments may encourage enterprise initiatives as a substitute for social regulation of trade or business.

However, while there are a wide variety of codes in place, poorly formed implementation and monitoring policies, risk the effectiveness of such codes. In fact, the International Organization of Employers (IOE) estimates that 80 per cent of CoCs fall into the category of general business ethics with no implementation methods.

Implementation and monitoring are often confused. Monitoring, which means to watch or check that the terms of the code are being respected is one aspect of implementing a code. It is expected that companies adopting the code will in their relationship with their contractors, sub-contractors, suppliers and licensees monitor their compliance with the code. Companies adopting the code are, in an ideal scenario, also expected to cooperate and support a system of independent monitoring of compliance with the code.

This section looks at the company obligations in terms of an ideal situation for:

- Implementation of the CoC
- Independent Monitoring, Accreditation and Certification

5.1 Implementation of the CoC

Implementation refers to the whole range of activities that could be taken by a company to give effect to a CoC. In the past, some companies have adopted codes as a public relations response to reports of exploitation but have failed to implement them. Companies adopting a CoC will be expected to agree to certain minimum conditions with respect to implementing the code. One of the most important ways in which a code can be implemented is for it to become an enforceable and enforced part of agreements with contractors, subcontractors, suppliers and licensees.

Obligations of the Company to Implement the Code:

- The company agrees to take positive action to implement the code, to incorporate the code into all of its operations and to make the code an integral part of its overall philosophy and general policy.
- The company will assign responsibility for all matters pertaining to the code within its organisation and inform the independent institution and other relevant bodies of where this responsibility is assigned.
- The Board of Directors (or other governing body) of the company shall periodically review the operation of the code, including the reports of internal and external monitoring.
- The company accepts responsibility for observing the code with respect to all employees and workers that it supervises, and agrees to:
 - assign responsibility for implementing this code at each place that it owns or controls.
 - ensure that all workers are aware of the contents of the code by clearly displaying an authorised text of the code at all workplaces and by orally informing these employees in a language understood by them of the provisions of the code.
 - refrain from disciplining, dismissing or otherwise discriminating against any employee for providing information concerning observance of this code.
- The company will make the observance of the code a condition of all agreements that it enters into with contractors, suppliers and licensees. These agreements will obligate these contractors, suppliers and licensees to require the observance of the code in all agreements that they make with their respective subcontractors and suppliers in fulfilling their agreement with the company. Such agreements shall also oblige these contractors, subcontractors, suppliers and licensees to undertake the same obligations to implement the code as found in the preceding point.

Obligations of the Company to Enforce of the Code:

The observance of the code by contractors, sub-contractors and suppliers must be an enforceable and enforced condition of agreement with the company. In order to achieve this:

- The company will ensure that all agreements it enters into, concerning the production of their product, allow for the termination of the agreement for failure to observe the code by any contractors, subcontractors and suppliers. The company shall authorise a procedure with fixed time limits to rectify situations where its code is not being fully observed by a contractor, subcontractor or supplier. The agreement by the contractor, subcontractor or supplier to abide by this procedure will enable the continuation of the agreement with the company. The company shall require contractors or suppliers to institute similar procedures with respect to their contractors, subcontractors or suppliers.
- Such procedures shall be authorised only where:
 - there is a reasonable expectation that the situation will be corrected and that the code will be observed in the future.
 - the period specified for correcting the situation is reasonable.
 - recognisable and unmistakable violations of the code are ceased immediately.
 - such procedures shall not be authorised more than once for the same contractor, subcontractor or supplier for the same or similar failure to comply with the code.
 - such procedures are consistent with any recommendations or procedures set forth by the independent institution established to assist in implementing this code.
- With respect to child labour, such procedures shall require that there be no further engagement of children and that temporary measures to assist child workers, such as the reduction in working time, the provision of educational opportunities and transitional economic support, be instituted. In the end, child workers must be replaced by adults and, where possible, from the same family. Procedures should also include measures to assist the children concerned through the provision of educational opportunities and transitional economic support.
- Contractors, subcontractors and suppliers must, as part of their agreement with the company, agree to terminate any contract or agreement for the supply or production of goods by any contractor, subcontractor or supplier that they engage not fully observing the code. Or they must seek and receive approval from the company to institute a procedure, with fixed time limits, to rectify situations where the code is not being fully observed.
- Where there is repeated failure to observe or to ensure the observance of the code by a particular contractor, subcontractor, supplier or licensee, the agreement should be terminated. Guidelines or procedures for determining when it is necessary to terminate a contract for failure to observe the code shall be set forth by an independent institution established for this purpose.

In situations where it is not clear whether a particular practice constitutes a violation of the code, relevant international labour standards of the International Labour Organisation (ILO) and any recommendations provided by the independent institution established to assist companies in implementing this code shall be sought for guidance.

5.2 Independent Monitoring, Accreditation and Certification

When a sufficient number of companies, industry associations or employers' organisations have adopted the CoC, they, in conjunction with appropriate trade union organisations and NGOs, shall establish jointly an independent institution, referred to in this document as 'the Foundation'.

The purpose of the Foundation shall be to:

- conduct, directly or indirectly through other organisations, the independent monitoring of compliance with the code.
- assist companies in implementing the code.
- provide a means to inform consumers about observance of the code and more generally about labour conditions in the industry.

To these ends, the Foundation shall:

- establish standards for the independent monitoring and for the accreditation of independent monitors.
- train, or to arrange for the training, of independent monitors.

- prepare an auditable checklist of labour practices to be used in monitoring the code.
- conduct or otherwise cause to be conducted the independent monitoring of compliance by specific companies with the code of labour practice.
- receive reports of such independent monitoring and make effective recommendations based on these reports to the companies concerned.
- investigate any substantiated reports concerning compliance by participating companies and make effective recommendations based on the findings of such investigations.
- prepare and publish guidelines for participating companies on the implementation of the code.
- provide other technical assistance to companies in implementing the code, including the training of company personnel.
- prepare and publish the authorised version of code in various languages and in sufficient quantities as required by participating companies.
- establish a means to interpret the provisions of the code, provided that this means is based on the recognised jurisprudence of the ILO.
- provide a means by which workers and any others can report on a confidential basis the observance of the code.
- establish, based on independent monitoring, a system of certification concerning labour practices which can be used by consumers.
- collect information from any source on working conditions in the apparel and sportswear industry and make this information available to consumers.
- promote the code of labour practice and encourage all companies operating in the industry to adopt it.
- establish a mechanism that can make effective recommendations with respect to any disputes arising out of the implementation or the certification process.

The Foundation shall be governed by a board consisting of equal representatives of appropriate trade union organisations and NGOs, on the one hand, and of appropriate representatives of retailers and manufactures on the other. The Foundation shall be financed by contributions from participating organisations and by payments for services from contracting companies.

The principal means by which the Foundation shall conduct its work will be based on contracts with specific companies to independently monitor and certify their compliance with the code and by contracts with individuals and organisations to conduct monitoring.

It is understood that the standards for independent monitoring established by the Foundation shall be based on the best practice of the two existing professions that monitor labour practices the labour inspectorate and the contract-enforcement practices of trade unions. It is also understood that these standards shall include ethical practices for monitors, including respect for any confidential commercial information.

It is also understood that any individuals engaged to conduct monitoring shall receive training for this purpose.

Relation between the Company and the Foundation

Companies adopting the CoC shall enter into an agreement with the Foundation. This agreement shall provide for the following.

- The time-frame in which the production in the different facilities should comply with all the standards in the code
- The information the company has to give to the Monitoring Foundation
- The payments the company should make to the Monitoring Foundation
- The procedures for the actual monitoring and the obligations of the different parties
- The use of the Foundation contract by the company in its public relations

With respect to information provided, the company assumes the following obligations:

- To maintain full and up-to-date information on all contractors, subcontractors, suppliers and licensees obliged to observe this code, including the nature and location of all workplaces, and to provide this information to the Foundation or its accredited monitors in a timely manner upon request.

- To require contractors, sub-contractors, suppliers and licensees to maintain records of the names, ages, hours worked, and wages paid for each worker, and make these records available for inspection by accredited monitors, and to allow the Foundation or its accredited monitors to conduct confidential interviews with workers.
- To ensure that the code is clearly displayed in all places where the products are produced and/or distributed by or under agreement with or for the company and provide authorised texts of the code to contractors and suppliers for their use, and the use by any contractors, subcontractors and suppliers obliged to observe this code. In all cases, the text of the code so displayed shall be in languages so that the workers concerned are able to understand it. The text of the code shall be provided to each worker covered by its provisions and all workers so covered by the CoC for the Indian Tea Industry shall be orally informed in a language that they can understand of the provisions of the code.
- The code, so displayed, must provide information to assist workers in reporting violations of the code to the Foundation or its agents, taking into account the difficulties that workers will face in doing this and the need for confidentiality in order to protect workers.
- To allow necessary access to independent monitors and provide them with any and all relevant information upon demand.
- To ensure and clearly demonstrate that the code is being observed by all parties obliged to observe the code, the company must allow the Foundation and its agents access to all information pertaining to the implementation of the code, and ensure that its contractors, subcontractors and suppliers give similar access to the Foundation and its agents.

Monitoring: basic principles

Several basic principles regarding monitoring have also been outlined:

- Monitoring must be by the actual observance of working conditions through unannounced inspection visits ('spot checks') to all workplaces covered by the code
- The frequency of inspections must be established.
- Accredited monitors must be permitted to interview workers on a confidential basis.
- In addition to regular or routine inspections, inspections shall be undertaken at specific locations following substantiated complaints, where there is sufficient reason to believe that the code is not being observed.
- Inspections shall be conducted in a way that it does not cause undue disruption to the performance of work in the premises being inspected.
- Accredited monitors shall provide written reports to all parties and to the participating company concerned following each visit.

The Foundation may seek other sources of information concerning compliance with the code, including consulting appropriate trade union organisations, human rights organisations, religious and other similar institutions, in order to obtain additional information on a certain company or in order to investigate a certain complaint.

If violations of the code are found, the company must agree to accept the recommendation of the Foundation. This recommendation shall, in the first instance, be aimed at improving the existing situation. Where such improvement is not possible or satisfactory, the Foundation can oblige companies to re-negotiate, terminate or refuse to renew their contracts with certain contractors, subcontractors and/or suppliers.

Where companies fail to observe their agreement with the Foundation, it is understood that the Foundation may release any relevant information to the public and may terminate the contract between the company and the Foundation.

The independent monitoring process shall form the basis for any public claims by the Foundation or by participating companies as to the operation of the code or concerning the actual labour practices covered by the code.

6. Legal Requirements

Any CoC developed for the Tea Industry will need to bear in mind the national legislature because this forms the minimum requirements that must be complied with by any company. The concerned legislature, both at the central and state government levels, include the following Acts:

- Plantations Labour Act*
- Food Adulteration Act*
- Maternity Benefit Act
- Factories Act
- Child Labour Prevention & Regulation Act
- Equal Remuneration Act
- Minimum Wages Act

Each of these Acts is outlined in this section.

6.1 Plantations Labour Act, 1951

Objectives:

The Plantations Labour Act governs the employment of labour in plantations and provides for safe and proper working conditions, in terms of specific health and welfare benefits to the workers.

Applicability:

The Plantations Labour Act extends to the whole of India and applies to all plantations as defined in the Act. It applies to the following plantations, that is to say,

- a. To any land used or intended to be used for growing tea, coffee, rubber, cinchona or cardamom, which admeasures 5 hectares or more and in which fifteen or more persons are employed or were employed on any day of the preceding twelve months;
- b. To any land used or intended to be used for growing any other plant, which admeasures 5 hectares or more and in which fifteen or more persons are employed or were employed on any day of the preceding twelve months, if, after obtaining the approval of the Central Government, the State Government, by notification in the Official Gazette, so directs.

The Plantation Labour Act undertakes a wide coverage of the working and living conditions of workers in India. It is a central enactment but administered by the state governments through rules framed by them on the basis of a model provided by the union government.

The Act regulates the hours of work, weekly days of rest, employment of women and children, annual sickness and leave, overtime work, etc., and also makes it obligatory for the employer to provide free-of-cost facilities such as housing, medical care, crèche, canteen, education of children and protective clothing.

6.2 Food Adulteration Act, 1954

Objectives:

The Food Adulteration Act governs the use of restricted or prohibited ingredients in the manufacture of food.

Applicability:

The Act lays out, in detail, the definition of the prohibition of manufacture, store, sell or distribution of adulterated food, mis-branded food or unlicensed food.

The Act also detailed the prohibition or restriction of use of certain ingredients in the manufacture of food as well as the offences and penalties related to non-compliance.

6.3 Maternity Benefit Act, 1961

Objectives:

The Maternity Benefit Act aims to regulate the employment of women in certain establishments for certain periods before and after childbirth and to provide for

maternity benefits including maternity leave, wages, bonus, nursing breaks, etc.

Applicability:

The Maternity Benefit Act extends to whole of India and is applicable to every factory, mine or plantation including those belonging to the government, irrespective of the number of employees, and to every shop or establishment wherein 10 or more persons are employed or were employed on any day of the preceding 12 months. The state government may extend the Act to any other establishment or class of establishments, industrial, commercial, agricultural or otherwise.

The Act however does not apply to any such factory or other establishment to which the provisions of the ESI Act are applicable for the time being. But where the Factory is governed under ESI and the woman employee is not qualified to claim maternity benefit under section 50 of that Act because her wages are more than Rs 3,500 per month as specified u/s 2(9) of the ESI or for any other reason, such a woman employee is entitled to claim maternity benefit under this Act till she becomes qualified to claim maternity benefit under the ESI Act.

6.4 Factories Act, 1948

Objectives:

The Factories Act provides for the health, safety, welfare, service conditions and other aspects of workers in factories. The Act is enforced by the State government, which frames rules that ensure that local conditions are reflected in the enforcement. The Act, as amended in 1987, also regulates the safeguards to be adopted for the use and the handling of hazardous substances.

Applicability:

The Factories Act extends to the whole of India and is applicable to all 'factories', including government factories. It applies to all factories employing more than 10 people and working with the aid of power or employing 20 people and working without the aid of power. 'Factory', however, does not include a mine covered under the Mines Act, 1952, a mobile unit of the armed forces, a railway shed or a hotel, restaurant or eating-place. The Act covers all workers employed in the factory premises or precincts directly or through an agency including a contractor, involved in any manufacture.

6.5 Child Labour (Prohibition & Regulation) Act, 1986

Objectives:

The Child Labour Act aims to

- (i) Ban the employment of children, that is, those who have not completed their fourteenth year, in specified occupations and processes
- (ii) Lay down procedures to decide modifications to the Schedule of banned occupations or processes
- (iii) Regulate the conditions of work of children in employments in which they are not prohibited from working
- (iv) Lay down enhanced penalties for the employment of children in employments in which they are not prohibited from working
- (v) Obtain uniformity in the definition of child in the related laws

Applicability:

The Child Labour Act extends to the whole of India.

The Act applies to all establishments and workshops wherein any industrial process is carried on, but does not apply to any factories to which Section 67 (Employment of Child Labour) of the Factories Act, 1948, applies.

6.6 Equal Remuneration Act, 1976

Objectives:

The Equal Remuneration Act provides for payment of equal remuneration to men and women workers for the same work, and prevents discrimination on the grounds of sex against women in the matter of employment, recruitment and for matters connected therewith or incidental thereto. This Act was promulgated to give effect to Article 39 of the Constitution, which envisages that the state shall direct its policy, among other things, towards securing that there is equal pay for equal work for both men and women.

Applicability:

- i The Equal Remuneration Act extends to the whole of India and applies to the establishments or employments notified by the central government. The Act is now applicable to almost every kind of establishment.

6.7 Minimum Wages Act, 1948

Objectives:

The Minimum Wages Act was formulated to provide for fixing the minimum rates of wages in certain employments. The Act also governs certain service conditions such as working hours, weekly rest days and payment of overtime for employees covered under the Act.

Applicability:

The Minimum Wages Act extends to whole of India and applies to all establishments employing one or more persons and engaged in any of scheduled employments. It covers every employee who is engaged in any scheduled employment, including an 'out worker' to whom materials are given out for manufacturing or processing at his own premises.

7. CASE STUDIES

The primary study examined a total of five tea estates from three tea-growing states in India:

- Makaibari Tea Estate, Darjeeling district of West Bengal
- Chabua Tea Estate, Upper Assam
- Khowang Tea Estate, Upper Assam
- Deohall Tea Estate, Upper Assam
- Periyer Connemara Tea Estate, Idukki district, Kerala

Of these five cases, all three estates from Assam are participants in the ETP scheme, one is a participant of the FLO scheme and one has not so far taken part in any such international standards. Among the ETP partner estates, one estate follows its own company CoC, that is, Tata Tea CoC. The details are given in the following table.

| Tea Estate | FLO | ETP | Tata | Unilever |
|------------------------------|-----|-----|------|----------|
| Makaibari Tea Estate | ✓ | | | |
| Chabua Tea Estate | | ✓ | ✓ | |
| Khowang Tea Estate | | ✓ | | |
| Deohall Tea Estate | | ✓ | | |
| Periyer Connemara Tea Estate | | | | |

The attempt in the study is to document the practices in CSR. While the bottom line is compliance with different welfare provisions by law, the study attempts to see where the company stands with respect to socially responsible practices, over and above the law. The purpose of the study was not to monitor the tea estates but to gauge the managements' understanding of CSR and note their views of how far the different codes can achieve a socially responsible production.

Unless otherwise mentioned, the data presented in the cases are either through interviews of the management, from records or through observation. Wherever possible, a physical verification of the claims was done. Union leaders' views were also sought.

7.1 Makaibari Tea Estate

Brief profile:

| | |
|----------------------------------|---|
| Date Established: | 1859 |
| Ownership: | Proprietorship |
| Number of Tea workers: | 633 permanent employees |
| Annual Production: | 1,20,000 1,50,000 kg |
| Type of Production: | 100% certified organic and biodynamic |
| Land Under Cultivation: | 273 hectares out of a total 611 ha |
| Land Under Replantation: | 5% |
| Tea Types: | Black, Green, Oolong, White, Bai Mu Dan |
| Yield/ ha (approx): | 1996 kg/ha, green leaf; 473 kg/ha made tea (district average = 570kg/ha) |
| Productivity (kg/worker): | Annual production of made tea per worker is 173.78 kg, (district average 180 kg). |

The Makaibari tea garden lies in the Darjeeling hills of northeastern India. In continuous operation since 1859, Makaibari is one of the oldest of all Indian tea gardens. The garden is home to 633 tea workers and their families.

The Makaibari is a premier brand in Darjeeling tea and fetches a high price. In fact, their Silver Tips tea is the most expensive in the

world retailing at \$4007 per kg. However, orthodox tea is also produced as is small quantities of green tea and oolong. The brand is so well established that it exports to a quality conscious market abroad, and has a long-term relationship with the buyers, apart from FLO. FLO constitutes only a small part of their export.

The Makaibari tea garden is a pioneer in innovative management. As early as 1971, garden manager Rajah Banerjee made the decision to switch production to a 'permaculture'-based system, and since 1991 production has been 100 per cent organic and biodynamic. The estate joined the Fairtrade certification process on 26 August 1994 and social responsibility initiatives under the Fairtrade schemes took off on 20 February, 1999, with the start of a joint body fund.

As per the mission statement, the Makaibari Tea Estate takes an integrated and holistic approach to life and environment. This guides their approach to the estate employees as well as the surrounding community and environment. A key thread to many of their policies is an integrated organic production practice, which is mentioned only futuristically by FLO standards. The estate management started taking initiatives to better the quality of life of the workers well before they adopted, and independent of, FLO standards. Compliance with FLO Standards

The Makaibari Plantation initiatives place the estate at the higher level of FLO standards (that is, fulfilling the progress requirements and not only the minimum requirements); sometimes these go beyond the FLO stipulations.

- **Fairtrade should add to the development potential of the workers:**

The management of the premium earned through Fairtrade is placed under a Joint Body formed by workers and the management. The Joint Body Fund of Makabari was created in 1999. Further details of the activities in economic development is given below under economic standards.

- **Non-discrimination:**

As a policy, Makaibari gives priority to women workers regarding promotion to the supervisory posts in the field, which is a feature distinguishing them from other gardens in the district. This is in line with the progress requirement of FLO standards. Experience has taught them that, given a chance, women workers make better supervisors in field. Women are also recruited in the office.

The management also maintains a policy of non-discrimination between children of clerical staff and workers' children when it comes to the recruitment of supervisory or clerical staff. If they have the due qualifications, children from worker families get equal opportunity. Impartiality is maintained by conducting written examinations and interviews for recruitment.

- **Forced Labour and Child Labour**

A majority of the workforce are Nepali migrants. Having migrated long ago, they are now settled in the hamlets around the garden area.

The employment of any worker needs a certification of age as per rules. By complying with this rule, the management ensures that nobody under 15 years of age is employed in estate work, thus ensuring that child labour is never used. This is monitored by government inspection of employment and hospital records.

- **Freedom of Association and Collective Bargaining:**

Though the majority of the workers are members of some trade union, there is effectively not much union activity in the estate. The representatives present routine demands on the issue of Extra Leaf Plucking, rate of temporary pluckers, etc., without gaining much momentum among the workers. Management apparently admits the benefit of having unions in order to address the workers' need as a group, but they are reluctant to see a very active union; it is seen as a blessing not to have an active union in the estate. However, they respect the industry-wise bipartite wage and bonus negotiations, and follow it.

Union activities are negligible in the estate. The management's own claim in this regard can be interpreted to be one of highly discouraging of any unionisation. Such an interpretation is plausible in the light of the overtone of the discourse, which emphasises familial relationships and carefully understates the issue of rights.

- **Wage and Incentives:**

While the estate maintains the prevailing bipartite negotiated wage rates, it has increased the standards of wage, certainly with a link to productivity, in three other forms pay of posting, productivity bonus and extra leaf payment. All these are above

the district's standards. Moreover, being organic, and due to a recent rise in the requirement of quality leaf, they need to use labour in the field more intensively. This generates more man-day requirements, leading to an increase in total wage earning of the workers.

Wages under the last bipartite wage agreement for the region settled with the unions by the producers' association was Rs 45.90 per day. A new agreement is overdue and pending for last two years. Overtime is at double the rate of wages.

Incentive: A production bonus is calculated on a daily basis if production (of made tea) goes over the fixed slab of the set target. It is shared among the workers present in that particular shift (rather than at the rate of Rs 12 per kg as in other plantations). Extra Leaf Plucking bonus for China leaf, 5 kg is the fixed target, above which, each kilogram brings Rs 3.50 to the worker; for Assam leaf, 8 kg is the fixed target, above which, each kilogram brings Rs 3.00 to the worker. The payment of wages is regular, and made once in fifteen days.

There is a servant allowance, which is given to all supervisory staff, as against the general practice of gardens in the area of giving such an allowance to the garden munsis and head clerk only.

There has been no garden-related strike or any other form of disruption of work during last ten years. The last dispute was in 1984-85, when a union was first formed in the garden. The dispute broke out on the issue of bonus. A week-long closure of operations was declared following a day's militant agitation by the union. The tension continued, leading to a lockout for 20 days in 1985. Following these events, which the management sees as an aberration, the management-worker relations have remained cordial for the last two decades. According to the management, an example of industrial peace was when the estate workers did not respond to the GNLFF's call for a 40-day long strike in the peak days of the Gorkhaland movement and work on the estate was not affected for a single day.

- **Other Conditions of Employment:**

Conditions of employment such as maternity benefits, social security provisions and non-monetary benefits are stipulated by national legislature. Since many of these come under provisions of different laws, it is documented here under the legal provisions.

However, where the practice of the estate exceeds the legal provisions, either as a result of such bargaining, or by the initiative of the management, these are also documented.

- **Economic Standards:**

The management of the Fairtrade premium earned is under a Joint Body Fund formed by workers and the management in 1999 as per the requirement of the FLO.

The principal activities undertaken through this fund are loan schemes for livestock, emergency medical care, educational programmes and other village development initiatives. The Joint Body manages the community affairs of the worker villages, with women in the lead role. The annual average expenditure of the Joint Body Fund is a little over Rs 5,21,000 with an excess paid by the estate, ranging from Rs 1 to 2 lakhs every year.

- **Development Initiatives:**

The general practice is to recruit a family member of a retired worker. When supervisory or clerical staff is required, the qualified children of workers are employed. There is no discrimination between children of clerical staff and workers' children. Impartiality is maintained by conducting written examinations and interviews for recruitment.

There is an effort to foster a nurturing environment, reflected in the field and the factory operations, quality control, the incentives offered, the promotion/employment policies adopted, the human resource development initiatives, conservation, and the sustainable livelihood programmes for estate workers and the community.

- **Human Resource Development:**

Efforts are made persistently to impart knowledge to the workers on organic farming and its bio-dynamics. Workers are sensitised to the bio-diversity of nature and the sustainable use of natural resources and environmental protection through the process itself and through awareness programmes.

For the development and career growth of the estate children, the following programmes are taken up sports activities, computer centres for employees' children and education stipend for children of workers for higher education. The

environmental education for children has innovative components such as plastic litter collection by children's playgroups in exchange of a small reward. Another component is the weekly group activity to learn about cows and a hands-on exposure to compost-making.

The management takes up mother and child health care seriously, and a high incentive for family planning, coupled with extended maternity leave has resulted in a negative birth rate in the estate. Preventive health care for infants, and crèche activities are among the priority areas. Documentaries on childcare and family planning are also shown to the ladies' action group.

- **Sustainability:**

The estate believes in expanding the workers' livelihood base through activities supportive to life form and mutually beneficial to the individual, the community and the estate. It encourages employees to raise livestock (pigs, poultry and cattle) by way of funding. The funding is given as loan on nominal interest, to help create a sense of ownership and responsibility in raising livestock. Milk fetches a better price (at least Rs 2 above the market rate) in the local market, for its quality and goodwill for Makaibari organic farming. An increase in workers' income is, thus, assured. Increase in income is also guaranteed because the estate purchases cow dung as manure. Thus, the worker benefits are increased while the estate benefits from the regular supply of organic manure.

The use of biogas is another effort that reduces workers' expenditure on fuel as well as ensures a smoke free, environment friendly kitchen.

Although the estate management claims joint forest management, the forestry on the estate is private forest and the people managing the forest have no more legal status than wage earners.

Every worker settlement is provided with a dish antenna managed by the community youth, allowing the youth to make a profitable venture of it.

Besides these, the estate advances interest free loans to the workers in the event of a marriage or an emergency in the family. The estate also regularly supports an orphanage in Darjeeling as well as disabled persons. Retired workers, who have no one to look after them, are also supported by the estate.

MercyCops is an NGO involved in community development programmes and it provides support to the programme in the construction of sanitary toilets and smokeless kitchens.

- **Participation in Local Self-governance:**

The estate community participates in the elections and everybody has a voter identity card. Whenever approached by the panchayat, development activities are freely allowed and encouraged within the estate. At present, the panchayat has contributed to the maintenance of estate roads and the construction of a community hall in the estate. Under the livestock loan scheme, the panchayat has also advanced loans to some beneficiaries within estate, though the activity under the panchayat scheme is less prominent.

- **Environmental Standards:**

The Fairtrade progress requirement of environment standards are met as the estate has completely shifted to organic production. The strict monitoring by Demitre organic certification is the guarantee that no 'dirty' chemicals are in use.

The estate has an extensive programme for afforestation and bio-diversity maintenance. The estate forestry is managed with workers' participation, utilising the indigenous worker's knowledge of nature. One-third of the estate area is left under forest cover and this ensures that chemical contamination from other gardens does not spoil their organic effort.

The FLO monitoring mechanism is in force; so far, there has been no mention in the FLO register of any corrective measure suggested or taken.

Compliance with the Plantation Labour Act/Factory Act:

The management having taken the Plantation Labour Act (PLA) provisions as the minimum benchmark, the quality of welfare services under PLA heads is better than the general practice. For example, the PLA requires them to employ only one doctor, one nurse and three health assistants, whereas they have employed two qualified doctors, two nurses and nine health assistants. The cost to company for benefits under the PLA is Rs 4 lakhs per year approximately.

- Housing

Housing is provided as per norms. Repairs and whitewashing are carried out regularly.

- Water Supply

Upkeep of water points in labour colonies. The estate suffers from water crisis due to geographical reasons. The water source is at the foothill of the garden causing difficulty in supplying water to the workers' colony and to the garden.

- Road

Pucca road in labour colonies provided.

- Medical

There is a hospital; patients are usually referred to the government hospital. Critical cases are sent to private nursing homes the annual average of such cases is 23. There is one MBBS doctor, one homeopath, two nurses and nine health workers trained in Kharseong government hospital). The listed drugs are available. The average annual medical expenditure is Rs. 8 lakhs.

- Health Awareness

Health Education in the Labour lines

- Preventive Health Care 100% immunization

- Crèche

Trained crèche attendants are there. Milk biscuits and toys are provided

- School

3 Lower Primary schools

- Electrification

Provided in the Labour colony

- Other fringe benefits

Firewood/coal/LPG allowance provided. Blanket, umbrella and slippers provided. The management claims to provide quality blankets, etc., incurring roughly three times more than the average price prevailing in other estates in the district.

- Ration

Ration is provided at subsidised rate of 55 paise per kg of rice and atta. Rice is purchased at Rs 9 per kg, and atta at Rs. 7 per kg.

- Toilets

Toilets have been provided in the factory and the Labour colony. The toilets in the factory were found to be well maintained.

- Safety measures in factory

Factory workers are provided with gloves, caps, masks and aprons. Protective footwear for working in the fields, chappals, umbrellas and aprons are provided.

- Welfare fund

A worker's contribution is Rs. 3 annually and the matching company contribution is Rs. 6 annually. The status of contribution: Records are up-to-date.

Provisions under other Acts:

- Maternity benefits are provided, as per norms, under the Maternity Benefit Act of 1961. Over and above these the management has a scheme regarding maternity benefits, which is discussed under the development initiative section.

- PF is calculated over total earnings and remitted regularly. As per record, the PF payment is all up-to-date.

Inspections:

- Labour inspection is regular; the Assistant Commissioner of Labour makes visits once or twice in a year.
- The factory inspection is done once in a year.
- PF inspection was conducted twice or three times a year; however, because the estate is up-to-date with PF dues, inspections are not carried out so often.
- A food and sanitation inspector visits once a year to check the quality of food and ration supply. Inspection also happens for certifying the food quality of tea. Since the estate is export-oriented, it has to follow MRL limits and the prescribed quality control for organic tea strictly.
- Besides these, professional tax inspection for are also conducted. The welfare department inspects for the welfare tax records.

Response to the COC adopted:

Fairtrade Labeling helps increase the company's resource base in supporting the labour welfare and community development activities, which were already online. But the indirect non-quantifiable benefits are many. The formation of the Joint Body has streamlined development activity, built confidence, increased participation in decision-making, opened the scope for women leadership, enhanced harmony among different clans in the villages and created better systems of dispute management.

The Joint Body intervened in the case of a worker stealing wood from shade trees. The punishment was the compulsory sowing of saplings for one month. This brought him additional earning. The rationale behind this was to make him toil, so he would learn what is needed to grow a plant.

While it has given them some gain in terms of access to a specific socially conscious export market, the volume of sales constitutes a negligible portion of the exports. In fact, only 2 per cent of their export is through the Fairtrade process. Hence, in terms of access to niche markets, FT CoC does not bring them much leverage.

This should be viewed with reference to the producers' access to the niche market and strength of brand reputation as an organic plantation. Most of their exports are through direct sales; a long-term relationship with the buyers is already in place. The major bulk of their export is pre-ordered. However, the FLO certification, as also the Demtre certification for organic farming, adds to the image of the company.

7.2 Chabua Tea Estate

| | |
|---------------------------|---|
| Brief profile | |
| Date Established: | 1838 |
| Ownership: | Tata Tea |
| Number of Tea workers: | 1,613 permanent employees |
| Annual Production: | 13.97 lakh tonnes |
| Land Under Cultivation: | 749.60 hectares out of 1,310 ha |
| Tea Types: | CTC/Orthodox |
| Yield/ ha (approx): | 1,793 kg/ha |
| Productivity (kg/worker): | annual production of made tea per worker is 173.78 kg (district average 180 kg) |
| Total Population: | 6,500 in 1,022 resident families |
| Worker Ratio: | 1.6 per family |

Chabua Tea Estate is one of the oldest tea gardens in the region, now managed by the Tata Tea Group.

The estate's total population is 6,500 in 1,022 resident families, which include worker and non-workers. The worker ratio is 1.6 per family.

The estate, as a group member of Tata Tea Ltd., must fulfill the Tata CoC; in addition, Tata Tea participates in ETP.

Compliance with ETP Criteria

A monitoring visit was made on 25 January 2005 to the Chabua Tea Estate by the monitoring team of TSP. The team had found deficiencies in the fire drill in the factory. The estate had been asked to meet with the requirements and obtain the requisite fire certificate. The fire certificate was obtained subsequently and the TSP informed. TSP monitoring also identified the need for a partition wall in one of the lower primary schools, which was promised by March 2005.

- **Employment is freely chosen:**

Chabua is one of estates with a history of colonial practice of indentured labour. But this is not the case anymore, anywhere in Assam due to unionisation, external exposure, etc. Although there is a captive resident population from the early migrant settlements from which permanent workers are recruited, temporary recruitment is mostly drawn from the rest of the resident population. There is no short supply of labour; hence the question of forced employment does not arise. Rather, it has become a burden and a matter of concern for the management that there has been a disproportionate increase in the already high, non working resident population. Unless alternative employment for them can be arranged, the estate is always vulnerable to societal unrest. In fact, one of the major reasons for pressure on the management during the bipartite negotiation was to employ more labour as a pre-condition for the agreed wage rates.

- **Freedom of association and the right to collective bargaining are respected:**

The workers are unionised, having a local unit affiliate of Assam Cha Majdoor Sangh (ACMS). During the visit, the local union leader informed that union activities are not discouraged, and there was no penalisation or pressure on the union leadership. Industry-wise settled agreements on wages and bonus are in place and are respected by the management. However, most of the negotiations take place at the level of state leadership of the union.

Although the union participates in some of the management welfare programmes, the union members seldom choose the link workers (a concept developed by management). The participation of the union in community development/welfare programmes is usually limited to the involvement in training programmes and the training of crèche attendants. The union leader recalled the ETP monitoring visit, and confirmed having an independent session with the monitors. However, the state leadership of ACMS maintained that they have never been officially informed about ETP.

There have been no occurrence of garden-related strikes or go-slows in the last 10 years. Disputes are settled at the level of estate management bilaterally. There is hardly any need for a tripartite settlement.

- **Child labour shall not be used:**

Child labour is not employed. This is ensured because the legal requirement of age certification prior to employment is fulfilled. As per rules, the employment of any worker needs a certification of age by the medical officer of the garden and the medical inspector of the plantation. By complying with this rule, the management ensures that nobody under 15 years of age is employed in the estate work. After the concern over this issue in recent years, tea estates in Assam have generally become more cautious about employing child labour, and the government has also become more stringent. Chabua estate keeps all birth records, enabling them to ensure that even on a temporary basis, no child worker is employed.

- **Total remuneration packages are negotiated between unions and employers:**

Under this clause, the ETP Code looks at employment, minimum wages and remuneration. There are two types of employment permanent and temporary. Wage agreements cover both. Most of the benefits, except for firewood and house, accrue to both types of workers, subject to the minimum required days of service stipulated under law. A negotiated wage, rather than minimum wage, is prevailing as per the common practice of the industry.

The remuneration is negotiated at the bipartite level and the last agreement with the union was in 16 March 2000. The cash wage was fixed at Rs 48.50 for the adult and Rs 29.70 for the adolescent. A part of the wage is given in the form of subsidised ration.

The ACMS confirmed that the payment of wages in Chabua Estate is regular and as per the rate fixed by the agreement. Payment of bonus is also regular.

- **Agreements are in place regarding working hours**

Hours of work are fixed under the PLA and Factories Act. Working in excess of that earns a normal overtime rate, that is, double the wage rate. Maximum overtime hours are fixed under law and are maintained in the estate.

- **No discrimination is practised**

There is no discrimination in wages (both in cash and kind) and incentive payments between men and women workers.

- **Working conditions are safe and hygienic:**

The ETP codes require the Producer Company to follow the legal obligations of the following aspects medical, education and child care, maternity conditions, maternity welfare, health, safety and housing. Most of these come under provisions of PLA (Factory Act in case of factory workers), and Maternity Benefits Act.

Compliance with the Plantation Labour Act /Factory Act:

There is full compliance with the provisions stated in the PLA.

- **Housing**

Housing facilities maintained as per norms; whitewashing and repairs conducted every year.

- **Water Supply**

Upkeep of water points in labour colonies

- **Sanitation**

Cleanliness maintained, regular garbage destruction, pig-keeping discouraged

- **Road**

Pucca road provided in labour colonies

- **Medical**

A 62-bed hospital is available with male/ female/ child/ maternity/ tuberculosis and isolation wards. Operation theatres are fully equipped. One doctor, two pharmacists, five nurses, one health assistant, kitchen, dining hall are available.

- **Health Awareness**

Health Education in the Labour lines. The sale and use of illegal liquor are discouraged and prevented

- **Preventive Health Care**

Immunisation facilities are available at the hospital. A cold storage is also maintained. The welfare officer, the medical officer and the health assistant monitor immunisation status and report to the PHC. On receipt of the report, the PHC issues the next round of immunisation. One hundred per cent immunisation has been achieved.

- **Crèche**

Two crèches have been provided, with a staff strength of 12, including a trained crèche attendant and a cook. The quality of training is high since it follows the UNICEF-supported training module. Crèche attendance is only 50 per cent.

Provisions under other Acts:

- Maternity benefits accrue to both permanent and temporary workers when the required minimum service, that is, 80 days is exceeded. As per the Act, 12 weeks leave with pay, in case of maternity, and 6 weeks leave with pay, in case of termination, is given.

- **Food adulteration Act & MRL:**

Laws for controlling chemicals are followed (quality control under FA Act). The estate follows tea-board guidelines on non organic tea and it applies only the permissible amount of pesticides. Earlier, the application of the pesticide thyrone led to objections from the foreign importers. Subsequently, the use of thyrone was stopped. During an interview, the estate GM mentioned that the MRL norms should be stipulated for the domestic market too a much-needed action for consumer safety.

Inspections:

- Inspection of laboratories by the Assistant Labour Commissioner is conducted twice a year. Following this, a regular statement of labour welfare forms are filed and returned. Medical inspection is conducted thrice a year. Besides this, drug, factory and PF inspections are also carried out. The inspection schedule was on display.

TataTea Welfare programmes:

Beyond these legal provisions and minimum requirements of the ETP codes and law, the estate takes initiative in other structured activities in workers' welfare, which partially overlap, and are integrated with some of the areas under legal welfare provisions. These initiatives can be attributed to the implementation of CSR by the estate under the guidelines provided by Tata Tea CoC. Most of these programmes are targeted at the entire community of estate resident population, that is, the benefit goes beyond the workers on the rolls. Some of the programmes are also targeted at surrounding communities residing beyond the boundaries of the estate.

Chabua Tea Estate has a structured monitoring mechanism, which looks into all the welfare and extension programmes. The programme management team comprises of the entire management, medical and welfare staff, link workers and mothers' club members. The union is not directly involved but is consulted separately unless there is some emergency, which necessitates the involvement of the union.

The medical and the welfare teams attend monthly review meetings. All the medical and the welfare staff report their requirements and assess the programme implementation. Once in 6 months, the budget is also approved in such meetings. The entire management, the medical and welfare staff, and also the managers' wives attend the quarterly review meeting. Welfare officers select link workers, usually from every line and according to the leadership potential they display. Membership to the mothers' club is voluntary. Link workers and the Mothers' Club are the key to the communication channel between management and workers.

Some of the welfare programmes mentioned coincides with initiatives taken at the Association level. These are taken up in coordination with the Assam Branch Indian Tea Association (ABITA). Details of the ABITA programmes are given separately.

Some of the programmes are detailed below:

- **Road to Health:** A Road to Health (RtH) programme was started in 1986. The goal of the programme is to reduce IMR and ensure good health for all estate children. At present the IMR is 25 per thousand, Tata tea maintains an RtH card for every child, within the age-range of 0-6 years on the estate, from the working and non-working resident population. The total number of children in the estate is 700. The weight of each child is monitored every month. On the basis of weight, children are graded as Normal, Grade 1, Grade 2 or Grade 3. Under-nourished children come under Grade 3. At present, there are only 3 such cases. There is a special-care programme for Grade 3 children, under which medicine and diet support is provided, to give 100 per cent coverage to all estate children and to fill the gap between crèche attendance and non-attendance.
- Since attendance to crèche and aanganwadi does not exceed 50 per cent of all estate children, (as crèche facilities are extendable only to permanent workers), the rest of the children are checked at hospital every month. The health assistant ensures that all children in the line attend monthly check-ups. The aanganwadi programme was started in the estate in 2003. There are five aanganwadi centres, monitored by the government. The company also monitors the daily registers, and provides residence to the aanganwadi staff and space for the aanganwadi centre.
- **Maternal Services:** Under this, the company provides antenatal and post-natal care, and encourages institutional delivery at the hospital. The ANC clinic is run every day in the garden hospital. The target of ANC is fixed at getting the expectant mother to the ANC clinic five times. This target is achieved. They have 100 per cent institutional delivery. The incentive provided for hospital delivery is a gift worth Rs 150.
- **Family Planning Incentives:** To reduce the pressure of population on the estate and to ensure Safe Motherhood, the company arranges for a Laparoscopy Camp once every year. They also have an incentive scheme for laparoscopy. Those who undergo operations are offered incentives at the rate of Rs 700 for having not more than two children, Rs 500 for having not more than 3 children and Rs 200 when they undergo the operation after having delivered more than 3 children.
- **Adult Education Centre (AEC):** The company runs 4 AECs to raise the level of literacy among the workers. The initiative was started in 1986. It is run independent of government programmes. The achievement record was not available at the time of the visit.
- **Regular Events and Interaction: Information, Education and Communication:** Various seminars and workshops are arranged involving many government and union organisations, The Workers' Education in Tinsukia, which is a central government training organisation, and the Assam Productivity Council, which is part of Assam Cha Mazdoor Sangh, are the two major

organisations involved in training workshops. There is regular involvement of the Assam Medical College, the health department of the government of Assam, and the deputy commissioner of civil administration. Workshops have been organised for the Mothers' club and crèche attendants with facilitation from the UNICEF under the ABITA scheme. SHED (Socio-health education development), an NGO from Bhogdun, took part in some of the seminars and also helps in training, there are regular health exhibition and baby shows with prize and best house-keeping award. Event and seminar reports are covered by the local media.

- Voluntary Training Centre (VTC): A free Voluntary Training Centre was started in 1986. This initiative does not pertain exclusively to the Chabua Tea Estate. The programme was originally planned for 19 Tata Tea gardens in the area and now extended to cover all 23 Tata Tea gardens. The vocational training subjects include tailoring, embroidery, weaving, etc. A 6 month training programme is offered. There are two teachers. It also takes trainees from neighbouring tea estates and from the non-plantation neighbouring community. The yearly output is an average of 12 persons. Since its inception and up to 2003, this programme has produced 309 trained personnel, which includes 112 welders, 139 tailors and 58 trained in embroidery. A follow-up is not undertaken in this programme. Tea garden workers are motivated to join the centre through meetings. The program is monitored from the Chabua tea estate.

- Lab-to-Land Programmes:

Since 1991, the estate has initiated lab-to-land programmes in order to encourage poor people from neighbouring communities to increase their agricultural yield. This is a demonstration programme in which one bigha agricultural land of each beneficiary is supported with technology, training, seed, fertilizer and insecticide. It covers both paddy and rabi cultivation. The yearly average number of beneficiaries for paddy cultivation and rabi cultivations is 50 per cent and 10 per cent, respectively. Representatives are selected to spread the benefits of the programme around the estate. Every year, the village from which the beneficiaries are selected is changed. The choice of individual beneficiaries in the selected village is dependent upon the willingness of the villager to take the support.

The welfare officer indicated that they had a tough time motivating the peasants to utilise the facilities. He narrated an incident that took place in the early days of this programme. The inspection team was on its routine rounds, visiting a beneficiary. The team was offered fried gram (chana bhujia) with tea at the beneficiary's house. They were to later to discover to their dismay that they had eaten the very seeds that were given to the peasants to cultivate. As expected, there was nothing left for sowing in the fields.

Achievement: There is a considerable increase in yield in the supported fields from 3 quintals per bigha under traditional cultivation practices to 1213 quintals per bigha after intervention. The average cost to company is Rs 40,000 per year for materials provided. The programme is supported by agricultural department of Assam, which tests soil and prescribes the manure requirement, according to which the estate provides manure. The estate and the agricultural extension officers do the monitoring jointly. There are weekly visits, and reporting of feedback is through co-ordination with agricultural department.

Response to the COC adopted:

Since Tata Tea Tetley, at the corporate level, has joined the ETP initiative, it goes down the entire line of their units. Being one among the estates of Tata Tea, Chabua automatically gets into the scheme. There was no question of choice. However, the estate management emphasised that Chabua Estate is also committed to their own corporate CoC, which is adapted by Tata Tea Ltd., in line with the policy declaration of Tata sons. The estate management maintained that they operate within their own company CoC, which is quite stringent on the issue of compliance, be it labour conditions, or tax payment or maintenance of records and transparency. Therefore, for them, joining the ETP hardly resulted in additional exercise; especially when the ETP requirement covers only the labour aspect of the entire range of areas that their own company codes cover. As for the ETP requirement of adherence to PLA, the Chabua management felt that it may not necessarily bring in great results in the workers' condition as PLA provides for the basic level, for example, the provision of one tap for four houses. This does not, according to the expressed view of the management, help attain a proper human living condition.

Second, the general manager insisted that Chabua is not shy about external monitoring such as ETP, since they already are required by their own company policy to fulfill all the requirements of law and maintain the related records for internal auditing. At the same time, he was not also very hopeful about such monitoring in general, and pointed out that those estates that could

manipulate already existent government inspection systems can as well manipulate records that are monitored by any other external agency. He pointed out that, perhaps, only an internal drive could ensure ethical working conditions.

Third, the tea sold under brands of Tata Tea in India is sourced and dealt by the India office only. The international market is handled from their UK office, where the ETP factor comes in, since, Tetley, not Tata Tea Ltd., is a buyer member of ETP. Chabua produces for the domestic market; therefore, joining the ETP scheme does not bear much of a marketing implication for the Estate.

Fourth, the management pointed to the difficulty in meeting the ETP criteria as the cost of social welfare is increasingly becoming burdensome given that the unit had been running at a loss for the last three consecutive years. According to the management, social welfare measures, such as running school, etc., should be borne by the government. In the light of the recent need to enhance cost competitiveness, the management attaches priority on combating it on a number of fronts such as keeping minimum work force, mechanization, etc., none of which is addressed by schemes like ETP.

Fifth, as for the considerations regarding the company's image, the general manager maintained that since the industry is just surviving, the scope for image consideration becomes less; this is valid for the industry in general. This perception of crisis is line with the recent Tata move to pull out from its plantation activity.

7.3 Khowang Tea Estate:

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|-------------------------|---|
| Brief profile: | |
| Ownership: | Andrew Yule Ltd. |
| Number of Tea workers: | 931 permanent employees 500600 temporary employees |
| Annual Production: | 2.5 lakh tonnes |
| Land Under Cultivation: | 1,020.54 hectares |
| Tea Types: | CTC/Orthodox |
| Total Population: | 3,000 in 524 resident families |
| Worker Ratio: | 2 per family |

The Khowang estate, including two out gardens Hingrijan and Bhamun, is managed by Andrew Yule Ltd. The tea division is known as 'Yule Tea' and has 15 tea gardens producing 10 million kg of premium quality tea in Darjeeling, Dooars and Assam with over 100 years of experience in cultivation and manufacture.

The style and type of manufacture is essentially CTC with orthodox manufacture in Darjeeling and, selectively, in some of its Assam estates. The company is a direct exporter to the premium European market. Most of its produce goes through auction (90 per cent). Effort to set up direct sales is being taken. The average selling price of tea is Rs 5560 while the peak price is Rs 7678.

The company is undergoing a major crisis for the last two years and has been referred to E3IFR. The estate also fell prey to the general crisis of the tea industry. However, the tea division of the company is still generating revenue while other divisions are loss-making.

The estate participates in the ETP scheme.

Compliance with ETP Criteria

The ETP audit process started with a visit of an auditing team. The auditors found the water points in labour lines to be insufficient. Drainage in the labour lines is not satisfactory and exit signs in the factory not properly displayed. Corrective measures regarding increasing the water points have been taken.

- Employment is freely chosen: As anywhere else in Assam, there is no forced labour in this estate. There is a captive resident population from the early migrant settlements from which permanent workers are recruited; temporary recruitment is mostly drawn from the rest of the resident population. There is short supply of labour, which is due to absenteeism induced by the workers' tendency to go outside for work. The shortage of labour is felt sometimes because some of the garden population goes to the adjacent town, where the opportunity to work as labourers, especially in agriculture, carpentry and masonry work is available. Therefore, sometimes during peak season, a small number of outsiders are recruited as casual workers. This happens mostly in factory operations, where unskilled jobs are offered to the outside labourers.

- Freedom of association and the right to collective bargaining are respected: The workers are unionised, having a local unit affiliate of Assam Cha Majdoor Sangh (ACMS). Union activities are not discouraged, and there is no penalisation or pressure on the union leadership. Industry-wise settled agreements on wages and bonus are in place and respected by the management. However, most of the negotiations take place at the level of state leadership of the union.

The estate saw strikes in 2003 and 2004. The man-days lost in 2004 due to the strike were 2,5003000. In 2003, the man- days lost was even more. Both the strikes were over the issue of bonus, which fell much below the expectation level of workers (8.33 per cent in 2002 and 2003, 12 per cent in 2004).

The local union leadership had been in a tussle with the management over the bonus issue for two years. The relationship has become better after the current bonus settlement. One local union leader confirmed that the discontent among the workers was markedly low after the new bonus agreement. During the 'bad' years (the preceding two years) even wage payments were delayed for about a week each time. This led to considerable difficulty for the workers, and naturally their relationship with management was strained. Productivity also suffered due to a lack of motivation to work.

- The experience of the managers shows that payment on time always brings better returns in terms of leaf-plucking. If there is no discontentment among the workers at the start of a season, the quality in the plucking division is easier to maintain. And better plucking quality always ensures better production.

Absenteeism is high in this estate. The average figure for absence is 2425 per cent; this goes up to 35 per cent during paddy cultivation season particularly among male members, due to the attraction of cash wages. The operational hazard due to high absenteeism is twofold.

- First, there are delays in organising work, leading to employment of casual workers and overtime. This increases costs since ration, medical facilities and other fringe benefits are to be given to the casual workers too.
- Second, a small percentage of labourers from outside are employed, increasing the risk of accidents. Accident risk is generally low, since tea is not a hazardous industry and not many complicated mechanical processes are involved. But when outsiders are recruited in the factory as casual labourers, the incidents of accidents increase.
- Child labour shall not be used: All workers are above 15 years. All births are recorded in the estate hospital. Thus, the management ensures that there is no child labour. As per rules, employment of any worker needs a certification of age by the medical officer of the garden and the medical inspector of the plantation. By complying with this rule, the management ensures that nobody under 15 years of age is employed in the estate work. After the concern over this issue in recent years, tea estates in Assam have generally become more vigilant about avoiding child labour; the government has also become more stringent.
- Total remuneration packages are negotiated between unions and employers: Under this clause, the ETP Code looks at employment, minimum wage and remuneration. At present, all the vacancies for permanent workers are filled. Wage agreements cover both permanent and casual workers. Most of the benefits, barring firewood and house, accrue to both types of workers, subject to the minimum required days of service stipulated under law. A negotiated wage, rather than minimum wage, prevails as per the common practice of the industry.

The remuneration is negotiated at the bipartite level and the last agreement with the union was in 16 March 2000. The cash wage was fixed at Rs 48.50 for the adult and Rs 29.70 for the adolescent. There is a wage component, which is given in the form of subsidised ration.

Labour payment is supposed to be made every 15 days. For the last two years, there was severe crisis, which led to delays in payment, while the amount defaulted accrued as liability to the company. Later on, these dues were paid in installments. This was confirmed by the ACMS state leadership and also by the local union leader.

- Agreements are in place regarding working hours: Hours of work are fixed under the PLA and Factories Act. Working in excess of that is paid at the normal overtime rate, that is, double the wage rate. Maximum overtime hours are fixed under the law and are maintained in the estate.
- No discrimination is practised: There is no discrimination in wages (both in cash and kind) and incentive payments between men and women workers.

- Working conditions are safe and hygienic: ETP codes require the producer company to follow the legal obligations regarding medical, education and child care, maternity conditions, maternity welfare, health, safety and housing. Most of these come under provisions of the PLA (Factory Act, in the case of factory workers), and Maternity Benefits Act.

Compliance with PLA/Factory Act:

There is general compliance with all the provisions stated in the PLA.

- **Housing**
Shortfall in housing provision as per norms 20; temporarily allotted kutchha structures in lieu of those 20 quarters; whitewashing and repairing are carried out every year.
- **Sanitation**
Cleanliness is maintained, but not very satisfactorily.
- **Water Supply**
Upkeep of water points in labour colonies.
- **Road**
Pucca road provided in labour colonies
- **Medical**
Hospital Male/Female/ child/ maternity/ tuberculosis and isolation ward exits. Operation theatre facilities are available. There is one doctor, one pharmacist, two diploma holders in general nursing, three trained dais and one health assistant, a dining hall and a makeshift kitchen because the kitchen is under repair.
- **Health Awareness**
Health Education in the Labour lines. Common diseases, Malaria nil for last three years, DOT implementation ongoing the number of TB patients dropped to 12 out of 40 enrolled patients.
- **Preventive Health Care**
The estate has 100 per cent immunisation. The infant mortality rate (IMR) was 27 per 1,000 in 2003 and 20 per 1000 in 2004.
- **Crèche**
There are three crèches, with an average attendance 7080 per crèche. Training of attendants follows the UNICEF supported training module.
- **School**
The Lower Primary schools have the required number of teachers.
- **Electrification**
Two out of three main lines are electrified fully. The electrification was started eight years ago. The work was to be completed in phases. ASEB is yet to supply to all the areas brought under electrification due to low capacity of the feeder, which is also presently in use to supply to villages around.

Provisions under other Acts:

- **Provident Fund Act:** The estate is served notice for defaulting statutory dues under the PF Act. Fifteen per cent of the total PF liability has been due for last two years. Moreover, there are defaults on account of state sales tax and land rent. The group, which also owns other loss-making businesses, is going through a crisis.
- **Food Adulteration Act (MRL):**
Laws for controlling chemicals are followed (quality control under FAA). The estate follows the ITA circular on chemicals approved by buyers. Brokers and tasters give feedback on quality. As 90 per cent of their production goes through auction, tea tasting by brokers is a regular feature.

Inspections: Three medical inspections and three labour inspections take place per year.

Other Initiatives:

The estate requires upgradation of machineries and transport. But no funds are available for this purpose. Despite being the revenue-generating unit of the entire Andrew Yule group, the funds from the tea division are being diverted to cover the expenses of other loss-incurring wings and general divisions.

The estate management does practice other initiatives. Some of the ITA initiatives are being pursued, but not very vigorously.

- **Maternal Services:** The company provides weekly ante-natal care (ANC) at the garden hospital and encourages institutional (hospital) delivery at the hospital. Almost 100 per cent is covered by ANC. Achievement in institutional delivery at hospital is 80 per cent. Trained dais motivate the worker in the line to go for delivery at hospital instead of delivery at worker lines, which was phenomenal earlier. Maternal Mortality Rate (MMR) is nil since the last two years, while complicated pregnancies are prevalent. High-risk mothers are identified. Post-partum complications are rare.
- **Family Planning:** To reduce population pressure on the estate and to ensure Safe Motherhood, the Company arranges for one or two laparoscopy camps every year. On an average, 35 cases are done in each camp. The incentive for laparoscopy is given at the rate of Rs 550 per case of which Rs 150 is the contribution of government and Rs 400 is contributed by the garden.
- **Vocational Training Centre:** This was started under the ABITA development scheme.
- **Mothers' Club:** This was started in 1996, but was not successful.
- **UNICEF Joyful Learning programme:** This has been adopted within the crèches.
- **Eye operation camps:** These are organized occasionally.

Response to the COC adopted:

The company feels that ETP certification is required for an entry to the market. They have their brokers' feedback also, which emphasises the need to enter the ETP scheme. The company has ISO certification too, and is preparing for HACCP certification. All these initiatives are taken in order to keep up with the quality requirements.

The management sees the possibility of workers being benefited by the ETP scheme, but it has not brought in the desired benefit for the employer. No improvement in market support is visible. This is quite similar to their previous experience with ISO certification. There is a steady rise in the cost of production on many accounts (including costs other than labour) as all these certifications also involve cost to the company.

7.4 Warren Tea Estates

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|---------------------------|--|
| Brief profile: | |
| Date Established: | 1850 |
| Ownership: | Warren Tea |
| Number of Tea workers: | 1,613 permanent employees |
| Annual Production: | 13.97 lakh tonnes |
| Land Under Cultivation: | 749.60 ha out of 1310 ha |
| Tea Types: | CTC/Orthodox |
| Yield/ ha (approx): | 1,793 kg/ha |
| Productivity (kg/worker): | annual production of made tea per worker is 173.78 kg, (district average 180 kg) |
| Total Population: | 6,500 in 1,022 resident families |
| Worker Ratio: | 1.6 per family |

Warren Tea is an Assam-based tea plantation company managed by the Goenka group. The company has 13 tea plantations spread over the northeastern region.

The group was established as far back as in 1850, and today the Assam tea estates are among the best-managed and quality tea-yielding plantations in the world. The group's 13 tea factories are managed by Warren Industries Limited, which was initially formed to undertake an expansion and modernisation programme of Warren's tea estates, under the constant and expert

supervision of the group's professionals. The Warren group has been expanding its tea operations by the acquisition of new gardens. The group has acquired a tea garden in Dooars with a capacity of 1 million kg. The company will be looking at other acquisition opportunities in the Dooars as well as the neighboring regions.

The company is well known for the high quality of teas produced at its gardens. The company produces both orthodox and CTC. Orthodox constitutes the main bulk of the export. Thirty per cent of their total produce is being exported.

The field visit was made to the registered office of the company. The company participates in the ETP scheme.

Compliance with ETP Criteria

The first audit visit has been conducted and further feedback is awaited.

- Employment is freely chosen: As already mentioned, there is no forced labour in Assam, and none in this estate.
- Freedom of association and the right to collective bargaining are respected: The workers are unionised, having a local unit affiliate of Assam Cha Majdoor Sangh (ACMS). ACMS state leadership confirmed that union activities are not discouraged, and there is no penalisation of or pressure on the union leadership. Industry-wise settled agreements on wages and bonus are in place and respected by the management. However, most of the negotiations take place at the level of state leadership of the union.

In September 2002, there was a lockout in Duamara Tea Estate under the Warren group over the issue of misconduct of a worker. The lockout continued for two months. The management claims that the union ACMS was on its side. The lockout was legal, since the labour department said that the management's point of view was correct.

Bonus is a contentious issue for several reasons. It was reported that each year, around the time of bonus, there is excitement and tension in the air, only to dissipate after the bonus has been given. In Deohall, which is the registered office for the tea-gardens of the company, whenever the bonus is declared, all the workers in the neighbouring group gardens keep an eye on this and even put pressure on the management to increase the bonus given here, in order to claim equal amounts in their own estates. Till recent years, during the boom time, the bonus given was 20 per cent. In the last 34 years, there was a fall in the bonus amount, which is now only 15 per cent. The workers are dissatisfied with this, and unable to understand the calculations involved, and are not pacified even by the union leaders on this matter.

A grim situation was witnessed in recent years when the manager in Parry-Agro was burned to death during bonus negotiations.

The union and the agreements are in place. The management follows the bipartite wage agreements reached between the associations of planters and the union. Bonus negotiations happen in the registered office, in the presence of union leaders from the estate as also the central leadership in a few of the several round of bonus negotiation meetings. The only recognised union in Assam plantation labourers has a presence here also. However, the management observed that there is erosion in the influence of ACMS in recent days, as new forces are emerging. Specifically, the young people in the garden are discontent and are coming up with their own aspirations. The All Assam Tea Tribal Students, a new group, is gaining ground here in the garden as also everywhere else. Although not formally involved in any labour issue till now, they often make demands to the management, especially that the supply contracts should be distributed within the plantation community only.

- Child labour shall not be used: All workers are above 15 years. All births are recorded in the estate hospital. Thus, the management ensures that there is no child labour. As per rules, the employment of any worker needs a certification of age by the medical officer of the garden, and the medical inspector of plantation. By complying with this rule, the management ensures that nobody under 15 years of age is employed in the estate work.
- Total remuneration packages are negotiated between unions and employers: Under this clause, the ETP Code looks at employment, minimum wages and remuneration. At present, all the vacancies for permanent workers are filled. Wage agreements cover both. Most of the benefits, except for firewood and house, accrue to both types of workers, subject to the minimum required days of service, stipulated under law. A negotiated wage, rather than minimum wage, is prevailing as per the common practice of the industry.

The remuneration is negotiated at the bipartite level and the last agreement with the union was on 16 March 2000. The cash wage was fixed at Rs 48.50 for the adult and Rs 29.70 for the adolescent. There is a wage component, which is given in the form of subsidised ration.

Labour payment is made every 15 days. Wages and bonus are paid regularly.

- Agreements are in place regarding working hours The hours of work are fixed under the PLA and Factories Act. Work in excess of that is paid at the normal overtime rate, that is, double the wage rate. The maximum overtime hours are fixed under the law, and are maintained in the estate.
- No discrimination is practised There is no discrimination in wages (both in cash and kind) and incentive payments between men and women workers.
- Working conditions are safe and hygienic The ETP codes require the producer company to follow the legal obligations on these aspects medical, education and child care, maternity conditions, maternity welfare, health, safety and housing. Most of these fall under the provisions of the PLA (Factory Act in case of factory workers), and Maternity Benefits Act.

Compliance With Plantation Labour Act /Factory Act:

The PLA provision status is based on the reporting of the general situation. The management acknowledges that conditions in some of their gardens are worse than the general status.

The company follows a policy of compliance with regulation, which, in the opinion of the management, is the strength that saw them surviving in the long run.

- Housing
Housing facilities maintained as per norms; whitewashing and repairs are carried out every year
- Sanitation Cleanliness is maintained.
- Water Supply
Upkeep of water points in labour colonies
- Road
Pucca road provided in labour colonies
- Medical
- Hospitals are there. The estate maintains transparency in drug purchasing for the drug store
- Health Awareness
Health Education is generated in the labour lines through the Mothers' Club
- Preventive Primary Health Care There is 100 per cent immunisation.
- Crèche
All crèches are operating; trained attendants take care of the babies.
- Canteen
As per norms
- Fringe benefits
Provide 220 c. ft. firewood every year, as per norms
- Welfare Officer
In place of a welfare officer, they employ a management trainee, who discharges the duty of the welfare officer.

Provisions under other Acts:

- Regular remittance of PF dues has won them trust from the government department and the unions.

- Maternity benefits are provided as per norms.

Inspections:

Drug inspections are held twice a year, medical inspections are two or three a year. Labour inspection is conducted twice a year. The regularity in payments has created certain trust with these departments because of which inspection schedules are not always maintained.

Other Initiatives:

Besides these mandatory welfare provisions, the company took part in the Sarva Shiksha Abhiyaan, which is a government programme. The company is implementing ABITA programmes and also a few initiatives on their own, beyond legal obligations. Though there are some programmes undertaken in concurrence with government programmes, the problem that the company sees in such efforts is that the government tends to withdraw once these time-bound programmes are over. The company then has to carry on those programmes on their own.

Response to the COC adopted:

Since the company operates in the export market, it requires various certifications on the quality aspects. Participation in the ETP scheme is going to be a pre-condition for reaching the export market in near future. This does not pertain only to direct sales; it becomes a precondition for entering an auction too, since a number of ETP buyers or their agents are present in auction. For instance, HLL, a major buyer in the auctions, is an ETP member.

The first advantage of ETP is that its audit visits has brought many minor non-compliances to the fore, which otherwise go neglected, for example, the provision of a first aid box, exit signs, etc. These do not incur a great cost to the company, but strict implementation is always neglected. Thus, the ETP audit feedbacks are positive and helpful. Second, there is a considerable presence of companies, such as HLL, in the auction, that are paying a better price for compliance.

However, some provisions of the PLA, such as the regular enamel painting of workers' houses or the provision of toilets on the vast fields, are difficult to maintain in the current crisis. Instead of demanding rigid adherence to PLA, ETP should take it more as a guideline audit criteria. Also, the company feedback mechanism to the auditing is weak. Finally, the management is not happy about the ETP audit provision for confidential reporting by the unions.

7.5 Periyar Connemara Estate

| | |
|-------------------------|--|
| Brief profile: | |
| Ownership: | Periyar Connemara Estate |
| Number of Tea workers: | 400 permanent employees 300 temporary employees |
| Land Under Cultivation: | 201.01 hectares |
| Tea Types: | CTC |

The company has three tea plantation divisions and one factory for processing tea. Other plantation crops are also grown in some gardens. They produce CTC tea and no longer produce pekoe because of the fall in price resulting from the withering away of demand in the international market. The change in production patterns and marketing strategies were measures to cope with crisis. The company is also attempting to produce value-added products, which is yet to take off.

They sell their produce both through auction and through direct sale. The ratio between auction and direct sale is 60: 40. The fall in tea prices has prompted them to adopt the blending and retail sale of packet tea from the factory gates as a survival strategy. The retail sale price for the current year is between Rs 8295 (inclusive of taxes) depending upon the size grade. The wholesalers' margin at purchase is in the range of Rs 1013.

Consecutively, for the last four years, the company's tea division is making a loss. Since this estate is a multi-crop plantation, it survived the losses, by way of support from the other crop divisions and, thus, they could maintain the welfare obligations and statutory dues without default through the crisis years.

The estate, as many other middle-sized plantation in the district, is not a member of any association.

No Codes of Conduct Followed

Compliance With Plantation Labour Act /Factory Act:

- Housing

Provided 100 houses so far. Whitewashing and repairs are carried out every three years

- Sanitation

Cleanliness is maintained in the labour colonies

- Water Supply

Upkeep of water points in labour colonies, water tap in every house in the labour lines

- Road

Pucca road provided in labour colonies

- Medical

Two dispensaries are provided, with one doctor, one pharmacist, one nurse and two health assistants. When a patient from the estate needs hospitalisation, he/she is sent to Kumli hospital at the company's cost, including transportation. Serious cases are sent to Kottayam, with attendant support, at the company's expense.

- Crèche

Crèche is maintained with trained attendants and sweepers.

- Electrification Complete

- Leave with wages

Fourteen days yearly leave linked with work done @ 1 leave per 20 days worked. Home travelling allowance as per the agreement with the union.

- Working hours and days &OT

As per norms. Night shift allowance given in factory @ Rs 2.20

- Protective cover

Uniform for factory workers 2 sets yearly; washing allowance; field and sleeping blanket 1 each in a year.

- Firewood allowance

In the face of crises, the workers have agreed to forego this allowance. The decision has been properly documented by Plantation Labour Committee of Tamil Nadu. The management considers that the trust won, particularly in view of so many sick and abandoned tea estates around, has led to workers' cooperation, which is reflected through the workers' sacrifice of their firewood allowance.

Provisions under other Acts:

- PF is deposited regularly. There is no delay or default in this regard.

- The provisions under Maternity Benefits Act are followed. The expectant mothers get 12 weeks' full pay leave.

- Incentive for those who undergo tubectomy is an additional 14 days' leave with full pay.

Inspections:

All the inspections are in place.

Labour relations and dispute management mechanism:

The unionisation is 100 per cent. There is presence of all the unions active in the district. Agreements are all in order. There is no occurrence of garden-related strike. Not even a single man-day loss was incurred on account of any form of labour conflict. Management-labour relations are cordial.

The factory manager, who earlier worked in the infamous RBT group, pointed out that he felt a notable difference in this estate right from his first day here. At the time of recruitment, he received an advice from the managing director (owner) himself that while discharging his duty, he should bear in mind that the company's tradition is to treat the workers with human dignity and respect, not as the labourer is treated in other estates. The state of affairs is different in the estate. Even if there is a fault, no one should be treated harshly. He himself, in turn, received the same behaviour from the owner. This culture, he emphasised, has ensured a work environment without fear in all tiers of the organisation. Unlike other estates, here, a visit by MD would never bring in an extra caution in the air. Workers sometimes even feel free to criticise him during such visits.

There is no complaint against the workers being less productive. The management also acknowledges that fund shortage to invest in equipment in the factory as one factors influencing productivity.

Other Initiatives:

The estate is facing a crisis, and has been making a loss for some time. At this stage the management cannot think of any elaborate programme, apart from ensuring the legally entitled benefits and negotiated benefits (as per agreement with union) to the workers. The Estate is presently not utilising any scheme under Tea Board.

However, the estate offers interest-free advances to the workers in the case of marriage and death. There is also a scheme for giving advance for purchasing the homestead or agricultural land by the workers, to be repaid in easy installments. This turned out to be an effective intervention in the upliftment of the workers, as is evident in the workers' enthusiasm to utilise this facility towards a secured future.

8 Activities by Others

In addition to the welfare initiatives undertaken as a result of national legislation or compliance to a CoC, many plantation workers of different tea estates benefit from the activities of other agencies.

These agencies include the government, through the activities of the Tea Board, The Indian Tea Association (ITA) and initiatives by larger corporates. Many of these initiatives have been only possible with the collaboration of the NGO sector.

This section outlines the activities conducted by:

- The Tea Board
- The Indian Tea Association
- The Corporate Sector

8.1 The Tea Board

The Tea Board is a statutory body set up under the Tea Act 1953 to promote the all-round development of the tea industry and comes under the administrative control of the Ministry of Commerce & Industry, Department of Commerce.

The functions of the Tea Board are directed to the development of the production of tea, the extension of the area under tea cultivation, improvement in the quality of tea, undertaking promotional campaigns for increasing the export of tea and domestic promotion, promotion of co-operative efforts of growers, research and development efforts in tea, etc. It has also certain regulatory functions such as the issuance of exporters' license, Tea Waste License, Tea Warehousing License, etc. The Tea Board also plays a major role in the collection of tea statistics and in the adoption of welfare measures for workers in tea plantations.

The Board undertakes various welfare measures for the benefit of the tea plantation workers and their dependents. This includes the grant of educational stipend to the wards of tea plantation workers for pursuing studies above the primary stage, and capital grant/financial assistance to various institutions and organisations under general welfare scheme for the benefit of tea garden workers and their dependents.

Stipends are generally granted for Secondary/Higher Secondary Education and technical courses including post-graduate courses and vocational education. In the case of physically handicapped and mentally retarded students, a stipend is granted right from the primary stage. Under the stipend scheme, the actual tuition fees and two-thirds of the hostel charges are paid to the wards of persons directly employed in the registered tea estates and governed by the PLA. Under the HRD Scheme of the Board, special training programmes have been arranged during the year for Plantation Supervisors.

8.2 Indian Tea Association (ITA)

Founded in 1881, the Indian Tea Association is the premier and the oldest organisation of tea producers in India. The Association has played a multi-dimensional role in formulating policies and initiating action for the development and growth of the Industry and facilitating liaisons with the Tea Board, government and other related bodies. The ITA has branches at different locations in Assam and West Bengal. The ITA and its branches represent over 60 per cent of India's total tea production as well as exports. As employers, ITA member gardens provide direct employment to more than 400,000 people.

Activities of ITA:

- | | |
|---------------------|------------------------------|
| ● Industrial | Finance |
| ● Technical Matters | Supplies |
| ● Marketing | Taxation |
| ● Information | Social and Community Welfare |
| ● Exports | Infrastructure |

The ITA undertakes family welfare programmes in tea estates, social and community development programmes in the areas of education, health, sports, agricultural extension work, small tea grower development and training programmes, etc., in tea-growing areas.

ABITA programmes in labour welfare and community development

The ABITA has taken up the task of implementing social development programmes in the areas under its member estates. It was pointed out during interviews, specifically with various ITA representatives in Assam, that the realisation that the plantations should do more than just carry on business, maintaining legal obligations, came in the wake of the growing and widespread discontent brewing in the state over the years.

There is a fairly long history of Assamese sub-nationalism, which tends to point fingers to the outsiders and provides easy ground to develop a discourse, which dismisses any positive role of the tea economy as an employment generator, and embarks on the drainage of wealth. It becomes demonstrable as the employment the estates generated absorbed mainly migrant labour and people from other states even at the level of staff. Remaining insulated from the community around throughout the history of tea plantation in Assam, the tea estates became the easy target for extortion and violence. Given this situation, the possibility that the campaign of extremist organisations enjoys silent support among the local population loomed large, as in the past decades the plantations saw difficult times coping up with the extortion demands and the precipitation of violence.

As a result, ITA took the first initiative to develop a better relationship with the community around as it understood that this may bring them some support from the civil society. It decided to go in for development work, which initially started with philanthropic contributions to community causes such as help build schools, sport stadiums, etc. This effort proved to be fruitful because it brought goodwill to the organisation and its members; this is reflected in many ways. Mr. Dhiraj Kakati, Secretary, ABITA, points out that now ITA plays a vital role in the civil life. The presence of ITA is solicited in many community affairs, even outside the tea-growing areas. All association-level, social welfare initiatives are financed by the levy collected from the members towards the cause.

While these informal contributions and participation are still on, the organisation realised the benefits of structured activity to development go beyond being just a public relations exercise. A need was felt for structured activity to Human Resource Development around estates as no other structured activity existed apart from the Family Welfare Programme. The need to put a coordinated effort with linkages to various government agencies, NGOs, funding organisations and civil society have led to initiatives at the association level. The progress in different zones under ABITA is skewed, with Zone 1 (Dibrugarh) achieving the highest level. According to the secretary, ABITA Zone 1, the learning from the crisis facing the tea industry has been that it takes up social responsibility at the core of its activities.

Social development programmes taken up by ABITA Zone 1:

- Spread of the programmes: The member estates of ABITA Zone 1 constitute 43 per cent of all Upper Assam tea estates covering more than 25 per cent of the total area under tea in Assam. The Association is conducting its social development programmes with a target of covering all 132 member estates. The spread of the programmes is envisaged to have direct and indirect impact on the lives of 4,50,000 people living in member estates and also the larger community of agriculturalists living around the estate.
- Major areas of intervention:
 - a) Integrated child rights programme, including MCH
 - b) Health intervention, including controlling TB
 - c) Agricultural extension programme

While the first two programmes cater to the estate population, the last is meant for villagers living around the estate.

- Child Rights in Tea Gardens: ABITA and UNICEF started this project as a joint initiative in October 2001. The specific objectives of the project are to work towards a better future for tea garden children by providing them with quality education, good health, and nutrition and life skills. Central to this initiative is the Mothers' Club through which mothers and the community at large can be educated on various aspects of the child rights programme.
 - The components of the integrated child rights programme include Joyful Learning Programme, Crèche Development and Nutrition, Child Protection Programme and Safe Motherhood Programme.
 - The Joyful Learning Programme started in 2001 by ABITA is broadly along the lines of the Jometian conference of Education for All. Working with the tea garden schools, the project is aimed at increasing gross enrolment, reducing dropouts and ensuring the attendance of children in school. For this, creative steps have been taken such as beautification

of classrooms and quality improvement through teachers' training by DIET institutions. In addition, welfare officers and managements have been sensitised by the UNICEF on the usefulness of Joyful Learning.

- The Child Development and Nutrition (CND) programme, run primarily through crèches, attempts to prevent malnutrition and create, in crèches, an environment conducive to the overall psychological development of the child. For this, a uniform diet plan has been developed. Regular monitoring of baby weight and the maintenance of a growth chart tracks baby growth and helps early identification of malnutrition. Crèche attendants are being trained, among other things, on the use of ECD kits with the professional help of NIPCCD, Guwahati. In addition, the physical beautification of the crèches has also been done. So far, around 90 crèche attendants have received such training. The programme has been extended to 100 Tea Estates.
- ABITA is also implementing Safe Motherhood Programme in co-ordination with government health department, Assam Medical College and UNICEF. The most challenging task is to promote institutional delivery as Safe motherhood practice, since the baseline survey done in the estates showed prevalence of anaemia among expectant mothers (88 per cent), and a widespread practice of delivery in labour lines (62 per cent). Prenatal care being mostly neglected, the SM situation is really under threat. The SM programme undertaken has set a target of achieving 100 per cent institutional deliveries within five years. It is being implemented through motivation and monitoring by trained dais and Mothers' Club members.
- Agricultural Extension Programme: Gramin Krishi Unnayan Prakaalpa is an effort to align the core competence of the association in agricultural activities towards supporting the need of the community to enhance the subsistence agriculture practice to a technologically dynamic, and knowledge intensive agriculture. This shift to high-value crop requires proper training, supply of input and market linkage.

ABITA is conducting this programme with support from Agricultural Extension Department, Government of Assam, Regional Agricultural Research Station, Central Silk Board, Assam Agricultural University and other training organisations.

The ABITA project is aimed at catering to these three needs to boost up rural economy through productivity enhancement and value addition.

The thrust areas:

- a) Diversification of crops in place of traditional mono-cropping practices in Assam
- b) Productivity enhancement emphasising both monetary and non-monetary input
- c) Encouragement for mixed farming
- d) Subsidiary income generation activities sericulture, horticulture and animal husbandry
- e) Encouraging women's role in agricultural development by introducing techniques such as water harvesting, horticulture, quick-growing firewood in homesteads, compost preparation from kitchen waste, etc.

Implementation of the programme utilises the following extension tools:

- a) Demonstration farming
- b) Farmers' training and skill training for women
- c) Motivating through group discussion, farm visit, home visit and personal contact
- d) Ceremonial transplanting to encourage the proper way of paddy transplantation, and ceremonial harvesting to have demonstrative effect
- e) TOT programme

Observations on ABITA's initiatives in social responsibility

Though the social welfare activities were started under the imperative of a specific political situation, it seems that the initiatives have been internalised within the Association at least to some extent. However, this internalisation is not evenly developed in all zones.

ABITA, as does its parent body, ITA, has a colonial past to the greatest extent among all tea planters' organisations. Ironically, even the unions would say that ABITA gardens are better managed in terms of regularity and labour welfare than the others. This

success in image-building can be attributed to the capacity of the organisation to recognise its role as a facilitator in social development.

Since the labour welfare report from all its members is with ABITA, they have the potential to advocate for compliance with the legal obligations of the plantations and the implementation of wage agreements among its members.

Some officials of ABITA are of the opinion that PLA should not be viewed as a burden. Rather, it can be raised as a strong point, to put before the world the claim of social responsibility ingrained in the production of Indian Tea thus increasing the value of the generic brand of Indian tea in the international market.

The ABITA Secretary admitted that there were a few examples of non-compliance of ABITA members. During the interview, he also mentioned the complacency of the unions.

Though the ABITA Secretary generally maintained that the betterment of workers' lives gets reflected in labour productivity, he believes this should be empirically demonstrated. It is to be seen how far they can motivate their own members to take up the programmes to vigorous implementation.

8.3 Corporate Initiatives

8.3.1 Tata Tea

Tata Tea has one of the most comprehensive labour welfare programmes in the corporate sector. Its workers are provided with free housing, health care and community development facilities. Tata Tea also undertakes projects focused on assisting those with learning and other disabilities.

The Community Development and Social Welfare Scheme of Tata Tea Limited was started in 1984. The Company has 28 estates in South India and 24 estates in Assam/North Bengal, each with one or more welfare officers in charge of the welfare activities of the estate. In addition to their normal work (promotive, preventive and rehabilitative), the welfare officers carry out surveys and studies pertinent to the plantation environment. The benefits of the company's welfare programmes go beyond employees/families to the nearby communities.

Some of the highlights of Tata Tea's welfare programmes include:

- Free housing with the provision of electricity, water and recreational facilities for employees.
- Encouragement to employees to grow vegetables in their kitchen gardens.
- A veterinary department to look after cattle owned by the employees.
- Free medical services provided through 32 estate hospitals, seven group hospitals and one well-equipped 200-bed General Hospital. This hospital, with all major specialties, is the referral centre for estate hospitals located in the region.
- A well-conceived Community Development and Social Welfare (CD&SW) Scheme. Under this, medical officers, nurses, welfare officers and link workers work on issues such as health education, family planning, child welfare, immunization, nutrition, water supply, etc.
- Day care centres (crèches) in each State to look after the children of working mothers. The crèche attendant is trained in early child hood care.
- Schools and vocational training centres for the benefit of workers' children/dependants.
- Project DARE (Development Activities in Rehabilitative Education) to rehabilitate the handicapped children of the workers.

The Community Development and Social Welfare Scheme

The scheme covers a number of activities including

- Community Counselling Health, Nutrition, Education, etc.
- Medical Care And Rehabilitation Of The Handicapped
- Training Programmes
- Surveys
- Community Building Hospitals, Health Services, Rehabilitation programmes, etc.

Each is described in detail below.

1. Community Counselling

- i Community Health Education Carried out on each estate with worker participation and highlighted by holding health exhibitions with exclusive worker participation. Each health exhibition deals audio visually with topics such as environmental sanitation, nutrition, oral rehydration, immunisation, etc.
- ii Environmental Sanitation Propagating the need for cleanliness at workers' lines, clubs, canteens, etc.
- iii Water Supply Planning of new schemes, Monitoring of construction works and water purification systems, distribution, etc.
- iv Nutrition Diet for pregnant and lactating mothers, Diet for malnutrition children, Knowledge of balanced diet, and Practical demonstrations on cooking on each estate
- v Communicable Diseases Emphasis on water-borne and respiratory illnesses
- vi Maternal and Child Health Conducting Maternal Child Health clinics at all estates, Antenatal care, Ensuring hospital deliveries, Postnatal care, Immunisation, Emphasis on breast feeding and Weaning
- vii Development of 1- to 6-Year-Olds Selection and training of crèche attendants, Organising informal pre-school training of 1 to 6 age group children, Organising informal health education for mothers of children attending crèches, Supplementary diet for children suffering from malnutrition, Administration of Vitamin A supplement, and Training of mothers and crèche attendants in the use of oral rehydration therapy
- viii Development of 1- to 6-Year-Olds Organising health education classes for children studying in lower primary schools; Organising medical camps at schools; and Training of teachers in first-aid and basic knowledge of communicable diseases and their prevention
- ix Adult Education Special emphasis is given on functional adult literacy
- x Vocational Guidance Conducted for the educated unemployed youth in workers' families; Vetting applications; Advise about job availability; Recruitment in armed forces; and Interview training
- xi Trade School Advising Trade School Committee on conducting training in sewing and knitting for girls and carpentry and metal work for boys; and Placement of trained boys and girls in jobs on the estates
- xii Link Workers This constitutes the backbone of the entire CD & SW Scheme. Link workers are voluntary health workers selected from the worker community, who are trained in primary health care and form the link between the management and workers. The basic idea is to ensure the passive diffusion of knowledge to the workers during informal contacts between them and the link workers.
- xiii Anti-Smoking and Alcoholism Campaign conducted on the estates with particular participation of the women workers.
- xiv Occupational Health Conducting surveys and investigations into areas where occupational diseases might occur; Suggesting remedial and preventive measures; Monitoring their implementation
- xv Quality Circles Setting up of quality circles on the estates with a view to maximising productivity and minimising wasteful practices
- xvi Tribal Health Education Training of selected volunteers from the numerous tribal communities of the district in primary health care with an effort to propagate the barefoot doctor concept.

2. Medical Care and Rehabilitation of the Handicapped

The handicapped children and adults from workers' families are cared for by: Identifying individuals needing intervention; Arranging for corrective surgical treatment; Arranging for the supply prostheses; Applications for financial aid for the supply of prostheses where Company aid is not available; Monitoring rehabilitation; and Vocational guidance and job placement

3. Training Programmes

- (a) Welfare Officers' Orientation Programme Conducted regularly to update the knowledge of all Welfare Officers through

the holding of seminars and courses

- (b) CHV/PST Training Programme Conducted once a year for all CHVs/PSTs to upgrade their knowledge regarding: Primary Health Care, Immunisation, Oral re-hydration, Informal Education, etc.
- (c) Link Workers' Training Programme Conducted regularly for all estate link workers in batches. This is in addition to the regular monthly link workers' meetings, conducted on the estates by welfare officers, doctors and management staff.
- (d) Training programme in occupational health and accident prevention conducted annually for the factory staff.

4. Surveys

The following surveys are conducted in the estates:

- (a) Nutrition Survey To assess the nutritional status of all under-6 children and their mothers, and to suggest and implement corrective measures.
- (b) Anaemia Survey Conducted for all registered female workers of the estates to assess the level of anaemia amongst them. This has been co-related to productivity.
- (c) Leprosy Survey Conducted for all children under six.
- (d) Worm infestation Survey Conducted for all children under six.
- (e) Factory Accidents Survey Conducted on all estates to find the common factors and to suggest preventive measures and ensure implementation.
- (f) Well Man Clinics To screen all male workers over 40 for diabetes, hypertension, etc.
- (g) Tuberculosis Survey Conducted for the community and especially the children.

5. Capacity Building

This includes development of hospitals, training centres, rehabilitation programmes, etc:

- General Hospital, Munnar The Company's General Hospital in Munnar, Kerala, equipped with some of the most sophisticated equipment in the region, serves as a referral hospital for patients both within and outside the Company. The Mumbai Management Association adjudged the hospital as the Best Industrial Hospital in India.
- Referral Hospital, Chubwa This modern referral hospital was constructed in 1993 in Assam and is the best of its kind in the plantation industry. It supplements the network of estate hospitals in providing tertiary treatment to estate workers and their families and also the local population of whom the economically weaker sections are treated free of cost.
- Lab-to-Land Programme The Lab-to-Land Programme was launched in Assam in 1991 to create an awareness among the local poor farmers and motivate the farming community around the tea estates to take up improved agricultural and allied practices, thereby improving their economic condition.
- Project Teacup (Tea Estate Area Community Upliftment Programme) The project, which was launched in Assam in 1992, helps to promote socio- economic development of the village population residing near the Company's tea estates in Assam through training in various self employment and small scale income generating scheme.
- Outreach Medical Programme, Assam The project was launched in Assam in 1995 for extending medical aid free of cost to the rural population resident near company's estates in Assam, where medical facilities are totally inadequate or do not exist.
- Vocational Training Institute, Rowta, Assam The Company set up an Industrial Training Institute at Rowta, a remote underdeveloped area, in 1997. It was a major welfare project with the objective of providing an opportunity to tribal youth from the adjoining areas to learn disciplines such as Motor Vehicle Maintenance (MVM) and Computer Operation and Programme Assistance (CO PA), free of cost.
- Vocational Training Centres (VTC) for the Handicapped The Company set up in 1995 three VTCs for handicapped dependents of estate workers at estates in Dooars, West Bengal, with the objective of bringing the handicapped

dependents into the mainstream. Two centres produce writing pads, memo pads, note pads, envelopes, files, etc., and the third centre produces high quality jute bags to meet the requirements of the Company's estates.

- Trade Centre, Chubwa A trade centre was started in Chubwa Tea Estate with a view to imparting vocational training, for example, welding and tailoring to the dependent youths of the estate workers, thereby building capacity for them on their own to take up income generating schemes.
- Shankar Deva Netralaya Eye Hospital, Guwahati The company along with some other companies took the initiative and played the lead role to set up a state-of-the-art eye hospital in Guwahati, which is the only sophisticated major eye care hospital in the North East.
- Project Dare Project Dare, in collaboration with Rehabilitative Education and Care for Handicapped Children (REACH) was set up in South India to provide assessment, counselling and educational facilities for the physically impaired, the developmentally retarded and emotionally disturbed children and also adults.
- Athulya This Vocational Training Centre for the handicapped youth was started in January 1991 in SIPO for providing vocational rehabilitation to 32 youths aged between 16 and 35, who have been trained by the unit in book binding, file-making, paper ruling, printing, envelope making, etc. Thus, the Centre produces stationery items, which are supplied to the company, and the handicapped youth get appropriate payment for the orders they execute.
- Aranya This vegetable dye unit was started in 1995 for providing Vocational Rehabilitation to eleven youths with physical handicaps. This eco-responsible project uses only plant wastes, dried leaves, dried fruit rinds, weeds, etc., which are available locally for dyeing yarns and fabrics.
- Muthuvan Welfare The company organises regular health camps for Muthuvan tribals in Munnar by way of sending its medical officers, welfare officers and paramedical staff to distant Muthuvan Kudis to examine the population there for health problems, to dispense medicines for their ailments, to refer them for specialised treatment to the company's General Hospital in Munnar and also to educate them on health topic.
- Technical Training Schools The company started four trade schools in the High Range, Munnar, in 1984 in the name of Technical Training Schools in black smithy and carpentry for boys, and tailoring and knitting for girls, who are educated dependents of employees. There is also one such school in tailoring for girls in Anamalais, situated in Vellonie estate.
- Environment Conservation The company provides financial support to the High Range Wild Life and Environment Preservation Association, an organisation registered in 1990 under the Travancore Cochin Literary, Scientific & Charitable Societies Registration Act, 1995, for the purpose of forming nature clubs and organising nature camps and classes for students and its members, replanting degraded shola with native species, assisting the Wild Life Officer of Eravikulam National Park in taking wild life census and managing the park by employing watchers, appointing Muthuva watchers, educating school children and the public on wildlife and environment by arranging film shows, competitions, etc.
- Scouts And Guides Activities This non-statutory welfare measure has been undertaken by the Company in SIPO to promote Bharat Scouts & Guides Movement among the children of employees. The company spends an enormous sum of money in promoting the Movement in order to improve the health and strength, knowledge and skills, character and conduct of the children of its employees to mould them into becoming useful citizens of the country.
- Sports The company encourages sports activities among talented children of its employees through the Tata Tea Sports Club at Munnar. The company spends substantial amounts every year in conducting one of the most popular tournaments in Munnar, namely, the Finlay Football Inter-Estate Tournament.
- The High Range School The company started the High Range School with CBSE syllabus in 1985, and this is one of the best schools in the state of Kerala and the only of its kind run by any plantation company in the South. The school provides free education to of workers' children. The company also provides free transportation and free milk and snacks for all students in the school.
- Rhino Foundation For Nature: Kaziranga Trust The company took the initiative to set up the RHINO Foundation (KAZIRANGA TRUST) with the objective of protecting the local flora and fauna, particularly the one-horned rhino, an endangered species of Kaziranga Wild Life sanctuary in Assam.

- Nabodisha The company, through TCCI, is also actively supporting the 'NABODISHA' programme run by Vikramshila, a Kolkata-based NGO, to impart informal education to the most underprivileged slum children. Over 300 children benefit at present from this programme at five centres in Kolkata, namely, Garden Reach, Watgunge, Hastings, Ekbalpur and Lake Gardens.

9 Conclusion

The research report reviewed the existing standards formulated by International organisations as well as independent private agencies and attempted to outline the contours of a possible common CoC applicable for the Indian Tea Industry. CoC in the Indian Tea Industry demands the representation of diverse elements, encompassing internationally accepted standards, existing relevant legal and other domestic standards.

The primary study conducted among the five tea estates sheds light on the social, economic and environmental considerations of the proposed CoC. Aspects such as freedom of association, equality, basic provisions and healthy working environment form the social standards. The economic standards subsume fair wages, remunerative prices, working conditions, quality and regional development. Environmental standards include quality and hygiene in terms of residual levels of pesticides and aspects related to protection of environment.

The areas of focus of the proposed CoC could, therefore, be social, economic and environmental standards congruent with the internationally and other domestically accepted standards and existing legal provisions in the country.

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