CONTRACT FARMING SYSTEMS IN THE PRIVATIZED LARGE SCALE PLANTATION: A STUDY ON SELECTED TEA ESTATES IN SRI LANKA

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ABSTARCT

The large scale tea plantation sector is introducing the Contract Farming System (CFS) as an alternative mechanism to generate additional income to their labours in the privatized large scale tea estates in Sri Lanka. The CFS has been proposed under the Plantation Development Project (PDP), mainly supported by the Asian Development Bank (ADB) for the purpose of not only to provide an opportunity to workers to generate additional income from the estate jobs but also increase the productivity in the tea plantations dating back to1993. For last several years it was not considered as one of the sub-activity to be carried out by tea plantations sector. However, the apex body of privatized tea plantation i.e The Planters Association of Ceylon (PAC) is currently thinking about implement the CFS extensively in the tea plantation. The association also prepared a concept paper, titled 'Productivity based Wage Model & Current State of Regional Planation Companies in 2016. This study is try to highlight some aspects of the outcome of the implementation of CFS and how it has improved the income of labour in the selected tea estates in Sri Lanka.

Key words: *Tea estates, Contract Farming, Out-growers, Wage, Plantation*

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1. INTRODUCTION

The CFS system is prevalence in the agriculture system and it gives significant benefits not only to the income of the farmers but also productivity particularly in Sub-Saharan in Africa and China (Macintosh et al. 1994). The CFS also termed as Outgrower schemes, in many countries. The analysis carried out by Carlos Oya (2011) reveal that among the African smallholders revealed the nature of binding arrangements between the farmers and owner of the big farms particularly in the South African countries.

Generally, the CFS system is a firm ensures its supply of agricultural products by individual or groups of farmers. Further, it is a system in which farmers agree in a written or verbal contract to supply produce to a buyer, usually at a pre-determined price, on a specific date and to a certain quality. Typically, the buyer provides the necessary inputs and services to the farmers on credit and exercises some control over the conditions of production. In other words, ad hoc trade agreements are being replaced by co-ordinated commercial relations between producers, processors, and traders leading to a vertical integration of the agricultural value chain.

The company often also agrees to support the farmer through, e.g., supplying inputs, assisting with land preparation, providing production advice and transporting produce to its premises. The term "outgrower scheme" is sometimes used synonymously with contract farming, most commonly in Eastern and Southern Africa. Contract farming can be used for many agricultural products and it is not commonly introduced for staple food such as rice and maize in developing countries.

The study carryout by K.T. Silva and B.Sasikumar (2007) have focused on the impact of outgrower pilot scheme introduced in Elkaduwa Plantation Limited in Matale district. The qualitative method was used to collect data from the out growers in the estate and study found the system has the potential transformation of workers to owner operators linked to the organized private sector and to liberate the workers from bondage of plantation system in Sri Lanka.

The CFS model was analyses by H.W Shyamalie, and N.N.K Wellala, of the Agricultural economics Division of the Tea research Institute in Sri Lanka and published in Tea Bulletin in 2012. The authors have given the good accountability of the outgrowing system adopted in agricultural system and stating it is contributes around 15 percent to the total production in the developed countries. The authors have conducted a field survey at Selagma tea estate comes under the purview of Elkaduwa plantation and stress the importance of long leasing and ensure the good price for the tea leaf to get rid of poverty. The authors also pointing out the advantages that could be received by the both party i.e. estate management and the workers through extending the CFS system in Sri Lanka.

2. THE OBJECTIVES

1. To study the factors that were attributed for the formation of CFS system in the tea plantation in Sri Lanka.
2. To examine outcome of the CFS systems implemented in the selected tea estates and its influence on income of the labour.
3. To identified the overall impact on the expansion of CFS system amongst the plantation community.

3. METHODOLOGY

The study is based on both the secondary and the primary data. The primary data were collected mainly from the Focus Group Discussion (FGD) conducted in three estates which are implementing the CFS in the privatized large scale tea estates. Initial meetings were held with the selected tea estate managements and followed by the FGD. The members who were participated in the FDG were selected by the respective estate management of the tea estates of Lawapana, Yantahne, Alagalatab and Eliyana. The real name of the estate are not revealed in this study. Each FDG have represented by the cross section of estate workers who are involved in the CFS for more than one year. The CFS are carried out by not only the male workers but also it has distributed to female workers and among the young estate workers as well. Thus, a cross section of members of CFS were invited to participate in the FGD and the number of each group is represented by 10 to 12 workers. The discussions held in the filed were recorded for the purposes of analyses the issues. Apart from the field surveys relevant information also collected from the administrative staff of the respective estates in the sample. Apart from the FGD, Key Informant Interviews (KII) also conducted among the experts in the field of management of tea estate which include two technical officers retired from the Tea Research Institute (TRI) and one retired estate superintendent and one senior trade union leader. The secondary data were collected from the published documents which include the Concept Paper on Productivity Based Wage Model & Current State of Regional Plantation Companies published by the PAC, the various issues of the Plantation Sector Statistics Pocket Book, published by the Ministry of Plantation Industry in Sri Lanka, relevant article published by the various scholars and the Annual Reports of the Central Bank of Sri Lanka.

4. PERFORMANCE OF PRIVATIZED LARGE SCALE TEA ESTATES

The large extent of tea estates which were distributed to the *Janatha* Estate Development Board (JEDB) and the Sri Lanka State Plantation Corporation (SLSPC) to manage the plantation after the nationalization (1972-1975) were subsequently privatized through Regional Plantation Companies (RPC) in 1992. Around 90 percent of the total extent of large scale tea estates were distributed to the RPC and the balance were retain by the state agencies of JEDB and SLSPC. The Statistical Information on Plantation Crops published by the Ministry of Plantation Industries illustrates the performance of tea plantation which are managing not only by the RPC and the state agencies. Accordingly, the RPC shows the downward trend when comparing in the context land extension, production and replanting activities. Table 1 shows the combined data on changes of tea lands during the post-privatisation period in Sri Lanka.

The data presented in the Table 1 reveals of the extent of tea land from 1995 to 2012 in Sri Lanka, the total tea land has increased from 182,914 hectares in 1995 to around 203, 020 hectares in 2012. However, the expansion of total tea lands is not reflected both in the tea lands come under the RPC and the state agencies. Accordingly, the extent of tea lands under the RPC was 89,244 hectares which was 48.97 percent and it was distinctly higher than the extent of tea lands of the tea smallholdings, which had the extent of 45.59 percent to 83,369 hectares in the same year. However, the situation has changed during the last decades. The tea land extended to the RPC has steadily declined to 72,684 hectares and it is only 35.80 percent of the total tea land in the country, It should be noted that the extent of tea smallholdings has by passed the RPC and state agencies and constitute of 120,955hectares of tea and it is almost closer to 60 percent of the total tea land in the country.

Table 1: Extent of Tea Estates in Sri Lanka - 1995-2012

Year	Extent of Tea in hectares				
	RPC	Other State Agencies*	Total of (a) and (b)	Total of (a), (b) and (c)	Total of (c) and (d)
	(a)	(b)	(c)	(d)	(e)
1995	89,244	9,964	99,208	83,369	182,577
	(48.97)	(5.44)	(54.41)	(45.59)	(100.00)
2000	89,843	9,721	99,564	84,703	184,267
	(48.75)	(5.27)	(54.02)	(45.98)	(100.00)
2005	86,336	8,952	95,288	116,492	211,780
	(40.76)	(4.22)	(44.98)	(55.02)	(100.00)
2010	76,534	7,580	84,114	120,500	204,614
	(37.40)	(3.70)	(41.10)	(58.90)	(100.00)
2012	72,684	7,391	80,075	120,955	203,030
	(35.80)	(4.63)	(40.43)	(59.57)	(100.00)

Source: Compiled from the Statistical Information on Plantation Crops. (1995, 2000 & 2015). Colombo: Ministry of Plantation Industries.

The declined which can attributes largely to the progressive abandonment of uneconomic tea land in the physically marginalised RPC estates. It is also revealed that the a considerable abandonment of uneconomic tea land have been utilized for the implementation of diversification projects such as planning trees and other plantation crops during the post-privatisation which was attributes for the declined. The changes not only happened in the tea land but also production of tea as well. The Table 2 is illustrates the trend of production from 1995 to 2012 in the large scale tea estates in the country.

Table 2: Production of Tea in Sri Lanka - 1995 -2012

Year	Production in Million Kgs				
	RPC	Other State Agencies		Smallholdings	Total
1995	133.70 (56.83)	6.5 (3.00)	140.20 (59.83)	94.00 (40.17)	234.20 (100.00)
2000	114.27 (37.37)	7.9 (2.63)	122.17 (40.00)	183.4 (60.00)	305.7 (100.00)
2005	106.00 (33.43)	5.4 (1.91)	111.40 (35.34)	205.8 (64.66)	317.2 (100.00)
2010	96.90 (29.00)	4.4 (1.52)	101.30 (30.52)	230.1 (69.48)	331.4 (100.00)
2012	90.20 (27.43)	4.0 (1.23)	94.20 (28.66)	234.2 (71.34)	328.4 (100.00)

Source: Compiled from the Statistical Information on Plantation Crops. (1995, 2000 & 2015). Colombo: Ministry of Plantation Industries

According to the Table 2 the total production of tea in 1995 was 234.20 Million Kgs with contribution of almost 60 percent (56.83 percent + 3.00 percent) from RPC and the state agencies in the country. According to the SIPC, the contribution of RPC and the state agencies is only 28.65 percent of the total production of the country and 71.35 percent is contributed from tea smallholding sector in the country. Effective financial incentives and subsidized inputs for cultivation and fertilizer provided by the government was the main attributing factor for increased share of production in smallholdings in the past few years. In contrast, low labour productivity, low rate of replanting/new planting and low levels of fertilizer application were some causes for reduction of the total share of the RPC estates, especially the state owned tea estates in the country.

As far as the replanting activities are concerned the tea smallholding sector has significantly increased and around 90 percent of the tea bushes of them are extended with high yielding varieties and it gives around 1800 kilograms per annum from a hectare and that of around 1200 kilograms in the RPC and the state institutions in the country. Amongst the tea estates the lowest yield have found in the mid grown tea region and it is 750 kilograms per hectares per annum which is managing by the RPC. Apart from above the lowest yield of roughly 550 kilograms per hectares per annum have been found in the tea estates managing by the state agencies. Ironically, it is the major contributory factors for overall record of low level of yield by the RPC estates. Indeed, nearly 47 percent of the total tea land comes under the purview of RPC are high yielding varieties and mainly intensified in the high grown tea region in the country. However, the large extent of tea bushes i.e. 53 percent, managing by the RPC and the state agencies are very old seedling tea bushes and these were planted during the British period in the country.

The above information evidently proves the retardation of cropping pattern of tea plantation which are, particularly manging by the RPC and state agencies. It is also shows the deviations of RPC and the state agencies in the context of extent of land and production were significantly made impact on social life of the tea plantation workers during the post-privatisation. As a result the management of the large scale estate have been interrupted to maintain the

5. TEA WORKERS IN THE POST-PRIVATISATION

The tea plantation is a highly labour intensive sector and the worker hectare ratio of the sector is 2.5:1 and the production requires both the male and female to be work in the estates. Therefore, the labour requirement is numerically strength from the inception of tea plantation sector in Sri Lanka. However, the strength of the registered labour have dropped during the pot-privatisation. The total registered labour in the tea estates at the time of privatisation in 1992 was 327,123 and it has dropped to 280,788 in 1995. Subsequently, at present numerical strength of registered workers in the tea estate is 180,168 and it is the cumulative drop of (152,191) 44.30 percent from 1992. The Table 3 illustrates the distribution of labour and staff concentrated in the tea estates of RPC and s in the country from 1995 to 2012.

Table 3: Registered Labour and Staff in the RPC Tea Estates - 1990 - 2012

Year	No. of Labour	No. of Staff	Total No.	Total No. Declined	Cumulative Total No. Declined
1992	327,123	16,413	343,536	-	
1995	280,788	13,744	294,532	49,004	
2000	261,417	14,260	275,677	18,855	67,859
2005	233,946	13,279	247,225	28,452	96,311
2012	180,168	11,177	191,345	55,880	152,191

Source: Compiled from the Statistical Information on Plantation Crops. (1995, 2000 & 2015). Colombo: Ministry of Plantation Industries.

The drop of registered labour in the tea estate was one of the strategic of retrenchment of the privatized tea plantation. Through the retrenchment, the estate managements were attempt to reduce the burden of high cost of production and leave behind the provision of guaranteed 300 days of work for the registered worker(Shanmugaratnam, N 1997 and Chandrabose A.S, 2011).

However, the recent study carried out amongst the plantation community shows the discontinuity of immovable labour situation in the tea estates. Accordingly, the deployment of workers is divided into three categories based on their occupation. These are; i) The workers fully

involved in estate jobs (52 percent) ii) The workers partly involved in estate jobs (35 percent) and, iii) The workers fully engaged in non-estate jobs (13 percent). It is also revealed that the male workers are heavily dominate non-estate jobs. Large segment of the workers who have partly involved in the estate jobs are retired under the pre-retirement scheme which was encouraged by the estate management under retrenchment. Many of the retired persons are living in the estates and engaged as either temporary or casual workers in the estates. The temporary or casual workers are do not receive any entitlement other than occupying the estate house from the estate management enjoyed by the registered workers. The management is considered only for the basic wage for the temporary workers that determined at the collective agreements. Through this the estate management also try to mitigate the issues of cost of labour of the tea production.

The steps taken through retrenchment have led to drop the numerical strength of registered labour and the decision on deprived of demand to increase the daily wage by the tea workers also directed to demotivate the registered workers to continue their engagement in the estate work. The estate workers are still considered as the low income group in the country and poverty and indebtedness are dominant features amongst the estate workers.

As mentioned above the RPC management companies collectively employ little over 180,000 workers, and the daily cost of employing a worker is Rs.805.00 with the EPF and ETF. This is without the cost of other commitments such as gratuity, holiday pay, attendance bonuses, etc. Daily plucking average of a tea estate worker is around 18 Kgs. Even this 18 Kgs average in Sri Lanka often drops to 14 Kgs to 12 Kgs during the dry season and in wet weather. The daily plucking average of 18 Kgs converts to 3.87 Kgs of made black tea. There are almost as many workers involved in weeding, fertilizing, pruning, and maintaining the estates and in factory work and when all these workers who are involved in the production of tea are taken into account, the output per worker is 2.12 kg of made tea. Thus the labour component in the cost of production of made tea is 67 to 70 per cent. The rest being other inputs including chemicals, material, fertiliser, fuel and on staff.

A consultant study said that even though the tea estates managed by the RPC and the state agencies were suffered severely from inadequacy of investment, they were marked improvement in agricultural standards on the estates and making profits in 1995 due to favourable export prices for rubber which they produced in addition to tea (Shamugaratnam.N.1997). A senior government technocrat also stated about the crisis of managing the large scale tea estate in the country. According to the technocrat, even though biggest Sri Lankan firms that succeeded in becoming managing the tea estate have never managed an enterprises as an RPC. Their own experiences in plantation management was limited but they have been able to hire former estate managers and staff.

According to the veteran trade union leader late Mr S. Thondaman in 1997 charged the companies failed to pay an extra cost of living allowances of Rs.8.00 per day due to the workers;

deliberately cutback employment by abandoning replanting, weeding and land development. He also went on to state that the performance and management style of these companies have led to pervasive sense of frustration, insecurity, disillusionment and lead to new modes of labour grievance. Thus, it is clear from the fact that the task of the RPC to transform the large scale tea estates into a profitable venture in this country, is not feasible. Consequently, the Planters' Association of Ceylon (PAC) is come out with extending the CFS to sustain the large scale tea sector.

The Proposed CFS Model of PAC

The CFS system is proposed by the PAC also uses the terminology as Revenue Sharing Wage Model. According to the proposal of the PAC the system is not completely break away of management based wage model to administrate labour in the respective estates. The proposal of the PAC is assure creation of entrepreneur among the estate workers.

Content of the CFS the model.

The proposed CFS model will guarantee 10 days' work at the current wage model for the estate worker. Accordingly, the minimum wage will be paid at the rate of Rs.500.00. However, those who return more than 75 percent of work offered by the estate management will be paid at the rate of Rs.730.00 per day. The rest of the days the workers will be paid on productivities base payment scheme where each kilo they pluck they will be paid a specific rate as it is done in the Tea Smallholding Sector. This allowing people to make their own choice with free movement mechanism. All agricultural work, agronomic practice and the harvesting be done by the grower himself. The harvest – the green leaf will be compulsorily supplied to the designated estate factories. Predetermined percentage of 35 percent of the Net Sale Average (NSA) is to be paid as green leaf cost as done in Tea Smallholding Sector. Essentially the government will continue to own the land. The estate will own the stock of the tea bushes while the grower will own the crop (tea leaves) generated from the bush. The estate management will recover trade union subscriptions and other statuary dues from their earnings. Each work will be assigned sufficient tea bushes for 3 days of work for a week with a maximum of all categories of tea field probably in different location. A printed agreement is to be signed between the grower and the estate management for duration of one year and will be automatically renewed if the conditions and standards are maintained in the assigned block. The cost of fertilizer, chemical and other inputs are recovered by the estate as monthly instalment cost recovery basis. If the important agricultural work is not done by the grower the estate will undertake it and recover the cost from the growers. It is also planned to pay 50 percent of the previous month bought leaf rate to the growers. The payment will attract EPF/and ETF and payments will be made in the following month.The estate management will assist, create awareness, training, monitor, evaluate and give solutions for proper agricultural management of the blocks. The estate management will ensure the supervision and the execution of all the standard harvesting and field maintenance practice related to plantation agricultural, while maintaining records of inputs supplies, purchase of green leaf and adherence of the ‘terms and Conditions’ of the agreement.

Conditions of the Proposed Model

1. The assistant block cannot be transferred to another party.
2. The plucking of tea leaves to be done on days and areas of the estate specified by the estate management.
3. All field practices and agricultural work carried out will be subject to estate management no constructions of any sort will be permitted.
4. No other activities or agricultural crops other than the plantation crop/activities can be done in the assigned block.
5. The assigned grower has no claim of outright ownership for the land as the land is anyway owned by the government and the estate will retain the right to take back the block within 7 days’ notice for contravening conditions in the agreement or for neglecting the agricultural or the agronomic condition of the crop or field.

The report also demonstrates the potential earnings of the workers per month at the proposed model.

Table 4: Potential Earnings from the Proposed PAC's Outgrowing Model

Potential Green Leaf Harvest (in Kgs.)	Income from the Varieties of Tea Bushes		
	VP	**Old Tea Bushes**	**Average Earnings**
400	Rs. 24,200	Rs. 13,720	Rs. 19,040
450	Rs. 27,245	Rs. 15,435	Rs. 21,420
500	Rs. 30,275	Rs. 17,150	Rs. 23,800

Source: Compiled from the Concept paper on Productivity Based Wage Model & Current State of Regional Plantation Companies.(no date mentioned). p 9

The Table 4 gives potential harvest of green leaf from the VP and Old tea bushes in the field and the prospects of earning. Accordingly, a total of Rs 19,040/= could be earn by producing 400 Kgs of green leaf and it will increase to Rs. 23,800/- by producing 500 Kgs of Greenleaf. The earning also varies based on the varieties of tea bushes. Thus, the table data evidently prove the VP tea bushes gives more income than that of old bushes.

Field Evidence on CFS Model

Lawapana Estate

A total extent which is considered under the CFS in the tea estate of Lawapana was 87.25 hectares and out of that 79.25 hectares (90.8 percent) are old tea bushes. The total number of family living in Lawapana was 202 and the population was 874 and the total registered workers in the estate was 445 and out of them 416 workers farmers have offered with the CFS and other 29 workers are continue with the old administrative system in the estate. The CFS in the estate is managing by the Bio Food Private Ltd. The Bio Food Private Ltd is based in the Kandy District and involved in the estate management through the leasing system adopted by the Mathurata Plantation PLC The Bio Food Private Limited has encourage the CFS model particularly in the Lawapana estate from August 2015. Under the system old tea bushes were distributed among the workers and each received roughly 1500 tea bushes. It is also reported about the malpractice taken place at the time of distribution of tea bushes to the workers. Accordingly, some of them received more than 6000 tea bushes as well. In addition to that, those have closer to the estate management also received plat land as their share. Since it is distributed for individual workers, even if five members in a family have been worked in the estate, all five of them are given with the mentioned amount of plants as per head. Yet, as per the rule of this leasing company, no more maintenance or any other supports would not be provided. They would be paid for their harvest green leaf at the rate of Rs.55.00 rupees per Kg at the time of survey.

The preliminary information of production and income among the 34 workers who have involved in the CFS was collected. Accordingly, out of 34 growers 8 of them are received up to Rs.6000/= per month per from the CFS in the estate and 24 of them are received from Rs.6001 to Rs. 10,000. Those who received more than Rs.10, 001/= is only 2 workers under the system in Lawapana estate. The estate workers involved in the CFS also spending a considerable amount of money for maintenance of the tea bushes. The cost for chemical application for weeding, manual weeding, spreading over the fertilizers, pruning etc. are the major expenses on maintenance of tea bushes and it cost an average of Rs.975/= per month per person in the system

Thus, it is clear from the fact the proposed PAC rate on production and income that are compiled in the Table 4 not feasible could not traced in the CFS implemented in the Lawapana estate.

Yantahne Estate

The study was carried at Yantane estate on May 2017. The CFS was experimentally introduced in Yantahne estate in 2000. A total of 235 registered workers are involved in the CFS and the ranges from 1000 to 2150 tea bushes were distributed under the system to the estate workers. The estate is mainly use the terminology of ‘contract model’ instead of CFS’ which is generally used elsewhere in the tea estates. Accordingly, the assistant manager of the estate gives the instruction of usage of chemicals; fertilizers etc. and the cost of the inputs will be recovered from the assigned contract person within three instalments. Mostly the assigned contract workers are involved in plucking and maintaining the given area under the system. If additional workers hired from the estate by the assigned contractor, Rs 805/= will recover from the contactor as the cost of labour incurred by the estate.

The payment for Greenleaf will be paid on the basis of bought leaf rate which are practice in the tea smallholdings in the country. Accordingly, 64 percent of the bought leaf rate will be remitted to the workers and the balance 36 percent will send to the estate account for their expenses incurred for the provision of security etc. by the estate management.

The estate has various type of tea bushes, according to the statement of the estate manager, the tea bushes of VP, Old type of seedling tea bushes and the medium level (well maintaining old tea bushes) are equally distributed in the estate and it is shared among the contract workers on the same ratio. Accordingly, a total of 125 hectares were distributed to 235 the contract workers for outgrowing activities and each received roughly 0.5 hectares. As far as the distribution of tea bushes is concerned, each out growers has received on average 1750 tea bushes in the estate.

The workers under the CFS in the Yantahne are registered workers and the estate management is expecting the registered workers to be worked 10 days in a month and allow them to engage in their CFS field in the rest of the days. A minimum of Rs.500/= will be paid per day for the 10 days' work in the estate as it is agreed upon in the collective agreement.

A selected out growers were allow us to meet by the estate management of Yantahne and the meetings of the out growers was held in the estate office. The assistant manager in charge of the out growers also presented and showing the records of the expenses of varies inputs like chemical application, fertilizer and labour supply for the out growers. According to the records on average Rs.13,289.60 is spent to maintain the given tea bushes by the out growers. The total amount spent for maintaining the tea bushes by the out growers will detected by the estate management within the three instalment. The out growers brought for our interaction were relatively best performing and bono bite out growers of the estate. Among them one has the record level of income of Rs. 17,150/= and he is relatively young out grower and received in the month of April 2017. Whereas the other incomes are ranging from Rs.9, 510/= to Rs. 12,124/= per month from the beginning of the year 2017.

Alagalatab Estate

The CFS implemented in the Alagalatab estate is considerably different from the Lawapana and Yantahne estates under study.

The Alagalatab estate is located in the high elevation and it is comes under the geographical region of High Grown tea region of Sri Lanka. Total extent of the estate is 260 hectares and it is distributed among three divisions. The CFS was introduced in the Upper Division (UD) of the estate and the system called as Block System in the Alagalatab estate. The UD has the largest extent of old tea bushes and it is distributed among the 120 registered workers under the CFS system in the estate. Around 1000 tea bushes were distributed on contract basis for two years to each registered worker. The contract is renewable. Those who obtained the tea bushes are only involved in maintaining the tea bushes and plucking of standard tea leaves and the harvest of green leaf is to be supplied to the estate management. Apart from these, there are a number of conditions that were also imposed by the estate management and many of them are in favour of the estate management. Inputs like chemicals and fertilizers were supplied by the estate management and the cost of these items were recovered within two instalments from the assigned growers under the CFS.

The plucking of tea leaf and maintenance of the tea bushes are the major occupation of the growers in their respective field. The growers also occasionally hired workers from the estate payroll to be engaged in maintain the tea bushes. The cost of labour per day is Rs.805/= and it will recovered from the Out-grower by the estate management. . The Out-growers are able to pluck around 80 Kgs. to 100 Kgs. of green leaf from the allocated tea bushes per month and received Rs.4000/= to 5000/= for selling it to the estate management. The price of green leaf will be decided by the estate management. Accordingly, 65percent of the bought leaf rate will be remitted to the workers. The price of bought leaf also varies in every month. Accordingly, the price of one Kg. of bought leaf in the month of May 2017 was Rs.52/= and subsequently it has slightly increased to Rs58/= in the month of June2017 and declined to Rs. 56/= in the month July 2017 in the *Alagalatab estate*. .

The growers are registered workers in the *Alagalatab estate*. Indeed, most of the growers of the CFS seem to be the bona fide workers of the estate and have close interaction with the estate management. They work for more than 75 percent of the work offered by the estate management and are able to receive Rs. 12,000 to Rs.14,000 from the estate work and Rs.4,000 to Rs.5,000 from their CFS. Finally, the income of the estate workers engaged in both the estate work and CFS are able to raise their monthly income from Rs.16, 000 to 19,000.

The growers are allowed to engage in their gardens, either during the off hours of the estate work or during the weekends or holidays. Thus, the CFS system is introduced as a part time business of the registered workers in the estate.. The workers involved in both the job received a monthly income ranging from Rs.16,000 to Rs.20,000/= per month. This is roughly 30 to 35 percent of additional monthly income of the tea workers in the country..

The estate management also is preparing various documents to show the benefits of Out-growing model implemented in the estate. Accordingly, the monthly earning of the people who are involved in the system was increased. For an example R.Udayakumar registered worker in the estate has received Rs 11,173/= as the average monthly income prior to the Out-growing system from April to July in 2013 and now as he is involved in the Out-growing system, his monthly average income is raised to Rs.30,286/=. Likewise the estate management is keen to show the benefits of Out-growers in the estate.

Advantage of the CFS Model

1. The CFS model has increased the estate workers income.
2. The system is a successful strategy implemented by the estate management to renew the benefits from the low yielding old type of seedling bushes in the respective estates.
3. The estate workers, who are involved as the CFS system, have received an opportunity to take over the responsibility of developing and managing the tea bushes in the estate.

4. The system is improving the status of the estate workers dignity their conduct in the estate work.
5. The system not only paves the way for involvement of male workers in the estate jobs but also continued to living in the estate sector with dignified community.

The Challenges

1. Under the CFS system only the low yield old tea bushes were distributed to the workers. However much applied the agronomic practice by the people involved in CFS and it gives only limited productivity.

2. There are suggestion to distribute 5000 tea bushes per person and long leasing. However, none of the estate is considered the suggestion.

3. The system is a tendency of mobilizing and manipulating labour for the benefits of the estate as identified the previous study carryout out by the K.T.Silva et all in 2007 is still valid.

4. None of the out members of the CFS that the research team interacted are keeping the records of in and out of their activities. Many of them are compel to depending on the records maintained by the estate management.

5. The members of the CFS are particularly living in the Mahauva estate are not entitled for EPF and ETF and these are major savings of the estate workers and give benefits at the retirement. Thus, the new system have the risk at the retirements

6. The CFS implemented in the Mahaova is considerably different from *Battalgala, Nuwaraeliya and Enthane*. The former is more independent and other three estates under study.

6. CONCLUSION

The CFS system is prevalence in the agriculture system and has perceive the productivity of agricultural sector which were suffered from low levels of productivity for a considerable period particularly in the developing countries. The privatized large scale tea plantation also reiterate about the low levels of productivity and the challenges for implementing the wage increment demand by the tea workers in the country for last two decades. The CFS was considered as an alternative mechanism by the management of the privatized tea industry. Indeed, the system has introduced in a few tea plantation at the beginning of privatized tea plantation in Sri Lanka in the middle of 1990s and did not expanded. Subsequently, the PAC has come out with broad picture of the CFS and implementing in some estates. The CFS has proposed by the PAC also use the terminology as Revenue Sharing Wage Model and Out- Growing system. According to the proposal of the PAC the system is not completely break away of management based wage model. The proposal of the PAC is the model productivity based on self-management wage model to the planation sector.

The study is based on both the secondary and the primary data. The primary data were collected mainly from the Focus Group Discussion (FGD) conducted in three estates which are implementing the CFS in the privatized large scale tea estates and relevant information also collected from the administrative staff of the respective estates in the sample. Apart from the FGD, Key Informant Interviews (KII) also carried out among the experts in the field of management of tea estate which include two technical officers retired from the Tea Research Institute (TRI) and one retired estate superintendent and one senior trade union leader as well.

Indeed, the CFS is an opportunity to generate additional income from the estate works and receive Rs.4,000 to Rs.5,000. This is an additional income for the workers. However, the system is administering only among the bona-fide workers in the estate and it is constitute around 15 to 20 percent of the total tea workers in the selected estates. Paradoxically, the estate management is not prepared to distribute the tea plants of Vegetative Propagation (VP) even to the selected bona-fide workers in the estates. The study could not trace any plan for expansion of the CFS to the entire workforce in the estate. In fact, the existing plantation system has covered the statuary social security system such as provision of housing, determination of wages, provision of compensation for hazards while working in the estate, EPF/ ETF etc. being a registered estate worker, the estate manager is the responsible person of implementing the aforesaid system in the estate. These statuary system not provided for none workers. The workers also frequently quarry and about the existent of statuary benefits, in case of full operation of CFS in the estates. The tea workers are in dilemma in this context. Therefore, an appropriate mechanism should provide to the out grower to be linked with the public administrative system in the country.

The system of out growers in the estate will ultimately use the family labour and thereby tendency of utilising child labour also inevitable and it is very much par with tea smallholdings sector in the country. It should be noted that the usage of child labour is common among hired workers living in the in the tea smallholdings sector and the issues are not sufficiently addressed in any studies.

It should be noted that none of the high yielding field are considered for the out growing model. An interview with a leading personnel and has the thorough knowledge about the tea sector and immensely contributed in tea research in the country clearly stating that out growing model only with old tea bushes cannot be successful model and categorically said the model should not accept unless otherwise a fair distribution of high yielding tea bushes to the out growers. However, the transition which takes place in the tea region of Mid Grown is definitely influencing plantation community and it will also pave the way emergence of a new social group in the country. Hence, a deep study on this issues necessary

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