

# 'Kerala's plantations gasping for survival'

'Low productivity of land, labour and capital to blame'

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Recently, a division bench of the Kerala High Court set aside an order of the Kerala government taking over 30,000 acres of land possessed by Harrisons Malayalam Ltd. (HML), a listed entity, under the Kerala Land Conservancy Act. C. Vinayaraghavan, president, HML, spoke about the perils of the plantation industry in Kerala. Excerpts:



**Why is Kerala slowing down in the plantation business?**

■ In the plantation industry, the single largest contributor to cost is labour and welfare costs. This contributes to almost 65% of the cost of production. The gap between the cost of production and price realisation is generally widening year-on-year in South India.

Lack of long-term policies or distorted policies since Independence has left this industry gasping for survival. Kerala has become a high-cost producer of plantation products. The reasons can be attributed to high cost of production, low productivity of land, labour and capital employed, outdated and archaic laws which prevent innovation and modernisation of the industry.

**What opportunities are other States offering?**

■ In Kerala, there is a very rigid and regimented implementation of Kerala Land Reforms Act. As a result, when the commodity prices fall, increasing income from the land by adopting other means is not possible. Other States are encouraging activities to increase the revenue from unit area of plantations through value-addition of existing crops, inter-cropping of high value crops, introduction of the concept of integrated farming, ecotourism in plantations etc.

**Why is the government taking time to formulate a policy for the sector?**

☉ **A policy of 'Make In India – Grow In India' could help growers remain interested**

■ Even though this industry is a major contributor to the State's exchequer, there is no department in the State government to handle issues faced by the industry. Hence, the policy should recommend formation of a new plantation department.

At present, the industry is governed by archaic laws enacted in the 19th and 20th centuries. These laws have outlived their purpose and some have become detrimental to the very existence of the industry. Hence, land, labour [and] environmental laws governing plantations, should be revisited and codified to encourage sustainable, ecofriendly, labour-friendly, profit-oriented plantation activity.

**What steps do you suggest to uplift this industry?**

■ According to [noted agriculture scientist] Dr. M.S. Swaminathan, Kerala is the plantation State of India and it cultivates nearly 45% of the plantation crops cultivated in the country.

From being a commodity producer, this industry needs to move up the value chain so that there can be significant increase in the margin. The ill-effects of climate change are affecting

the sector irreversibly.

The Kerala Land Reforms Act should be so modified to allow cultivation of crops such as pepper, cashew, oil palm, horticultural crops etc., in addition to the traditional crops – tea, coffee, cardamom, rubber and cocoa. This will also help in tiding over weather change. Inter-change between the existing plantation crops should also be considered.

The government should have a consistent policy with regard to ownership of land which would allow long-term investments in plantations, including FDI. Today, there is no security on ownership and hence, even banks seem to be reluctant to fund future development.

To strengthen the domestic market and retain the interest of growers in plantation crops or, generally in agriculture, the governments of India and Kerala should follow a policy of "Make In India – Grow In India."

Anxious to increase manufacturing, various trade agreements were executed to bring in cheap raw materials like rubber and food items such as tea and pepper into the country. The latest is the attempt to import cup-lumps for manufacturing block rubber. Protection should be given to growers by ensuring import duties are maintained to prevent dumping of rubber and other crops in the country.