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'Employee buyouts in plantation sector yet to evolve'

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Sustainability of employee buyouts of companies in the plantation sector cannot be taken for granted, expert .

This is despite buyouts having emerged as a solution to long-standing crisis in the tea industry, says M Deepika, Faculty at the School of Business at Amrita Vishwavidyapeetham, Bengaluru.

NATIONAL SEMINAR

She said this while presenting a paper on 'Enhancing efficiency and competitiveness in tea plantations participatory management: The case of Kannan Devan Hills Plantations Company Ltd (KDHPCL).'

The occasion was the national seminar on 'Building competitiveness in a globalised world: Experience plantation sector' at the Centre for Development Studies here.

The two-day seminar was held as part of the National Research Programme on Plantation Sector sponsored by the Union Ministry of Commerce.

Ms Deepika observed that the timing of the formation of the KDHPCL itself was quite favourable with happening in the global tea market.

FAVOURABLE TIMING

Better price for tea in the auction market benefited the company in terms of profits returned during the operations.

This in turn helped raise the expectations of the employees and boost their confidence in the system. It helped the newly formed company to grow to the next level of trajectory.

Though the company has stabilised to a large extent in terms of organisational structure, there are internal and external factors which can pose a threat to its continued stability, Ms Deepika said.

For instance, a round of prolonged depression in the global tea market. Crop diversification could be taken to fight this, which the company is venturing into only now.

The next potential destabilising factor is the age of the standing crop. The average age of the tea plant is 80 years, which puts a cap on the quality of the tea produced.

The best quality tea is extracted when the bushes are 30 to 40 years old.

Though the new company is seeking to undertake replanting, the efforts on this front have been minimal.

On a different plane, the export performance of the company has been reasonably good until now. But much more to be desired, since major markets where the export share from India is yet to be tapped.

Since the domestic consumption of tea is also high, there is a vast potential existing in the rural market wise to promote marketing and distribution in rural India.

But the branding efforts of the company through tie-ups with Gujarat Samachar and Elite Breads have been successful, Ms Deepika said.

The company should ideally develop its own brands, since buying a well-established brand, 'Kanan Devan Tatas' is not affordable at this point of time, she added. vinson@thehindu.co.in

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