

BUSINESS

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States innovate to stave off labour unrest

- [Arun S](#)



Bengal, Assam tell authorities to ensure timely payment despite demonetisation and currency shortage.

With the demonetisation shock severely affecting disbursement of salary to low-wage workers as they are paid mostly in cash, States such as West Bengal and Assam have evolved a novel plan aimed at preventing any major labour unrest.

Noting that the norms following demonetisation have not capped the amount that government agencies can withdraw from a bank, these States have asked employers in labour-intensive sectors such as tea plantations to deposit workers' wages in a designated account, sources in the Union Government told *The Hindu*.

Timely payments

As per the strategy, district collectors/district magistrates, who have been asked to implement the new exercise, will ensure timely payments to the workers, they added. The plantation industry is among the most labour-intensive sectors in the country as it employs about 33 lakh workers.

The Centre now wants other States to come out with similar proactive and innovative methods to ensure that the demonetisation policy goes ahead without much strife.

Meanwhile, public sector banks have been encouraged to avail of this opportunity to ensure that more accounts are opened to take forward the government's financial inclusion programme, the sources said, adding that several State-owned banks have begun focusing on areas such as industrial clusters to open bank accounts for workers. Pointing out that 92 per cent of the 474 million workforce in India are 'unorganised workers' (including workers in the unorganised sector and temporary/part-time workers without any social security benefits in the formal sector), Otojit Kshetrimayum, Associate Fellow, V.V. Giri National Labour Institute, said: "The demonetisation policy has had a huge impact so far on the labourers who are paid in cash for their work."

"These workers are totally dependant on cash and their daily life breaks down when they do not get their wages as most of them have no savings and social security protection."

"Though so far there have been only a few incidents, we will have to see if this will lead to any major unrest or nationwide labour movements," Mr. Kshetrimayum added.

Santosh Mehrotra, Professor of Economics, Centre for Informal Sector and Labour Studies, Jawaharlal Nehru University, said among the most hit will be the farmers in addition to the retail mom-and-pop stores employing 38 million people and wholesale trade with another four million workers.

"The impact on labour is going to be catastrophic. There will be fewer jobs for casual workers, while wages for regular workers will be deferred. Since incomes even at the bottom of the pyramid had risen in the last decade or so, these workers may be able to take the impact for at most two months."

"If the cash shortage lasts beyond that, the situation will turn nasty," Mr. Mehrotra added.

Withdrawal limit

Traders across the country have complained that the weekly withdrawal limit of Rs.50,000 from the current account is too less to meet their expenses including wages, rent and other incidentals.

Several sectors have warned that if the cash crunch prolongs, it could lead to a food crisis in the families of these low-wage workers.

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