

Business Standard

Demonetisation: Tea plantation workers to face a major crisis in Dec

Inadequate banking infrastructure is emerging as a major bottleneck

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Labourers in tea plantations are heading towards a major crisis as payments are likely to get stuck or delayed due to the vacuum in liquidity generated after demonetisation which is yet to be filled.

In Assam, which produces more than 54 per cent of the annual tea produce, the arrangement was made to route the payment wages payment for workers through the district magistrate (DM), now the state government went ahead with the move to open bank accounts for each of the plantation workers, where their weekly or fortnightly wages can be credited directly to the plantation owners. However, so far has been slow.

Garden owners in the state said that about 50 per cent of the 800-odd estates in the state are located in remote areas and serviced by a five-employee strong bank branch of the garden. At the most, constrained by the available infrastructure, these gardens can open 50 accounts a day. While the Assam government pushing to bring the state's entire tea worker workforce of five lakhs on the bank platform, these small branches are simply not able to handle opening so many accounts in a day. Even in south India's three states Kochi, Karnataka and TN, inadequate banking infrastructure is a major issue.

The state government has mandated the PSU banks operating in the gardens to set up ATMs in phases and bring the tea workforce under the bank's helm latest by December 5, which the estate owners, who are better placed to understand practicalities, feel too ambitious to achieve.

Out of the three major banks - SBI, UCO Bank and UBI - operational in the gardens, SBI has started installing ATMs in the gardens, nevertheless, the progress cannot meet the deadline set forth.

"Once the account is opened, getting it operational is another problem. Imagine the queue outside the single functional ATM in the estate on the payment day", Arun Thekedath, chairman of Assam Tea Planters Association told Business Standard.

According to the official, it will take time for the workers, who so long was paid in cash, to shift over to payments via the banks.

While the forthcoming payment due on December 3 can be cleared via the DM's office, where, the plantation owners deposit the cash in the DM's account and receive the equivalent cash to disburse to the workers as wages, the payment due on December 10, which needs to be routed via the banks are most likely to take a hit. In West Bengal, which produces the world's bestseller - Darjeeling Tea, the Reserve Bank of India (RBI), via a circular, has asked the gardens to modify the temporary arrangement of disbursing the wages via the DM's office and asked the gardens to disburse the salary directly. The country's apex bank has worked out a calculable limit for the gardens to draw cash from their current accounts to pay its workers fortnightly.

As per the RBI circular, $2.5 \times (\text{garden area}) \times \text{Rs. } 1,400$ is the maximum a garden can draw out money fortnightly.

"This method is not workable for most of the big gardens which are labour intensive. As a result of demonetisation, the availability of money with the banks is limited", S. S. Bagaria, chairman of Darjeeling Tea Association told this newspaper.

While the situation may not be so intensive in the Darjeeling hills, whose gardens are less labour intensive, workers in the Terai and Dooars areas, whose average annual yield is 2,000 kg per hectare, are likely to be hit.

STORM IN THE CUP				
Region	Tea estates	Small tea growers	Workers employed	Major concern
Assam	800	85,000	540,000	Shifting of bank accounts where wages are to be credited
West Bengal	250	32,000	350,000	How to process payments after Dec 10
South India	1,200	80,000	360,000	Workers dissatisfied over partial payments

Source: Industry estimates

Storm in the cup

In the three southern states, many plantation owners have opted to partially pay the workers in cash while use the residual amount to help them buy rations and provisions from Kirana shops. This arrangement by plantations will help resolve liquidity issue as of now.

However, Kerala is now shifting over to using the Assam model of routeing the payment through the District Collector to the gardens who in turn pays the wages and Karnataka are also considering rolling out the same model.

Citing the Payment of Wages Act of 1936, which stipulates unless workers give a written authorisation to pay wages by cheque or through bank, wages should be distributed in cash and coins alone, an industry official told this business daily, "We are ready to give permissions and adjust one day for the benefit of workers and of course for the country, but if they go to banks also they are turned down as banks and ATMs don't have cash. How many times worker can go and come."

There are over 14,000 workers in seven plantations in the district, whose list has been taken by the district administration whom payment will have to be made.