

Now single-credit salary accounts for migrant workers

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CHENNAI: Banks are trying out new ways to make money available for the 10.7 lakh-odd migrant workers, a vast majority of whom do not have bank accounts, in the state. State Bank of India (SBI) is employing bank mitras, Karur Vysya Bank (KVB) is setting up on-site bank counters at factories and City Union Bank is opening accounts with just a photograph and a letter from employers vouching for the integrity and honesty of their workers.

Banks are opening single-credit accounts that can be used only for crediting salaries for migrant workers with authorisation letters from employers. These accounts will be operational for the next six months. Before the end of six months, migrant workers will have to produce a proof of identity. RuPay cards are being issued to them now, which can be used at PoS (point of sales) machines and micro-ATMs.

These migrant workers, who are largely semi-skilled, are employed in automobile manufacturing, auto ancillary products, textiles and leather making units, were the worst hit by the demonetisation. As many of them did not have basic identity proofs like Aadhaar, voter ID or ration cards, banks could not open Jan Dhan bank accounts for them.

After meeting owners of 40 small and medium-size businesses on November 14, City Union Bank came with the strategy for paying workers from Bihar and Orissa. The bank managed to open accounts for more than 4000 migrant workers in Coimbatore, Chennai, Tirupur and Erode.

"With the currency crunch, many factories shut down for 1-2 days because their workers were standing in long queues outside banks. After cash-over-the-counter exchanges stopped we had to open bank accounts rapidly," said N Kamakodi, MD, City Union Bank.

Since these workers did not have any proof of address or identity, factory owners wrote letters vouching for their integrity and honesty. "After factories took the onus, we opened bank accounts with just the workers' photographs and the owners' letters. These are single-credit accounts. Salaries can be credited only from the factory owner's account, so that it doesn't become part of a larger money laundering scheme," Kamakodi said.

About 27% of migrant workers in Tamil Nadu are employed in the manufacturing sector, 14% in textile industries and 12% in the construction sector. A large majority of them work in clusters such as Tirupur, Karur, Salem, Sivakasi and Theni.

KVB has been setting up on-site bank counters at factories so that workers can open accounts en-masse. "On a single day, we have opened as many as 200-300 such accounts. We are now seeing if in the interim, we can take a cheque from owners and distribute salaries in cash on-site," says K Venkataraman, CEO, KVB.

Apart from migrant workers from northern states, refugees from Sri Lanka who work in tea estates in Nilgiris are also facing similar issues. Tea estate owners are spreading awareness about the benefits of opening a normal savings account to workers.

"We have not been able to open zero-balance accounts for everyone. So when we open a minimum balance account at public-sector banks, we are trying to educate workers that they will incur charges if they fully withdraw," said Dinesh Raju, owner, Darmona Teas.

"Many small-scale industries in the leather, garments and chemicals sectors, are being crippled due to their inability to pay workers or buy from their vendors and suppliers despite having adequate funds on hand," said A Sakthivel of the Tirupur Exporters' Association.

"We managed to open some 2.2 lakh accounts for our association members' workers in various banks like SBI, PNB, IOB, etc. And we have also credited the weekly salary in many cases. But the problem is they are unable to withdraw. Our workers have to stand for 3-4 hours outside banks to get money as ATMs are not working," he said.

