

Demonetisation: Lakhs of daily labourers losing jobs in UP

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AGRA: Lakhs of daily labourers in Uttar Pradesh are losing jobs as their employers are not able to pay them in cash after demonetisation of currency.

Agra, home to one of the country's largest shoe-making industries - it accounts for major exports as well as almost 70% of all shoes purchased within India - has been particularly hit hard. Close to 2 lakh daily labourers, half of the over 3.5 lakh employed in 150 organised and over 5,000 unorganised shoe-making units, have gone out of work as their employers are not able to pay them in cash. Most don't have bank accounts.

A similar scenario haunts daily wagers in the city's petha-making units, another major source of income for the district's 44 lakh population. Almost 90% of over 50,000 daily workers employed in petha units have lost their jobs. More than 1,500 petha-making units operate in the city, with a combined capacity of 700-800 metric tonnes per day. With manufacturers short on orders and very few customers at sweet shops, the turnover has fallen by 75% from the normal Rs 1.5 crore per day.

Large quantities of pethas are supplied on a regular basis to Delhi, Jaipur, Ajmer, Ghaziabad, Panipat, Faridabad, Gwalior and many other cities in different states. "But after demonetisation, demand has fallen from all centres," said Rajesh Agarwal, convener of Agra petha-makers' association.

In neighbouring Firozabad, hundreds of labourers have been rendered jobless in as 90 out of the 300-odd glass factories,

including small-scale bangle-making units, have downed shutters because of the cash crunch. Rajkumar Mittal, president of UP Glass Manufacturing Syndicate, said, "Demonetisation has hit the glass industry hard. We need at least Rs 2 lakh to run a factory every day. With a Rs 50,000 weekly withdrawal limit, we cannot run them."

The situation is so grim that even chief minister Akhilesh Yadav took note of it and recently shot off a letter to Prime Minister Narendra Modi. In the letter, the CM drew Modi's attention to the plight of this massive workforce and requested him to relax rules to let them get their wages.

Rakesh Garg, national executive president of Laghu Udyog Bhartiya, India's largest MSME industry network, told TOI that some 30% of the 30 lakh workforce of daily wagers is out of job, as manufactures have no orders and no money to pay them. "We can't do anything about it as we, too, are at the receiving end," he said.

Garg said companies are permitted to withdraw cash of up to only Rs 50,000 every week, "which is less than what even the smallest of the units need". He said the government should immediately relax the cash withdrawal limit from business accounts, "as all such transactions are accounted for and can be tracked by the Income Tax department."

According to Agra Footwear Manufacturers and Exporters Chamber (AFMEC), which accounts for 30% of India's total shoe export at Rs 3,500 crore per annum, there is no cash to pay daily labourers and the lack of workforce is hitting exporters hard.

Puran Dawar, president of AFMEC, said almost half of the 3.5 lakh daily wagers working in the footwear industry, including in unorganised units, have lost their jobs since November 8. Dawar said the nearly 5,000 unorganised units in Agra which used to make over 10 lakh pairs of shoes every day, are in the doldrums. "Production has either stopped or is running at bare minimum capacity," he added.

"Only the 150 organised units, which largely export shoes to EU and mid-eastern nations, are running at present. But if the situation doesn't ease in a couple of weeks, they'll be forced to down shutters too."

Hanuman Prasad Garg, president of Glass Industrial Syndicate, added, "The ban has a cascading effect. Our payments have stopped and we are not able to pay our raw material suppliers and truck drivers. The situation of the glass industry is very bad. Losses have mounted to crores. Furnaces are empty." PK Jindal, member of executive committee of Glass industrial Syndicate, Firozabad, said that in his estimate "about 80,000 80,000 daily wage workers are sitting at home".