

## Demonetisation hits plantation workers in south India hard

The impact of demonetization of Rs500 and Rs1,000 banknotes has been massive on the plantation sector because the growers are bound by law to give wages only in cash

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The impact of demonetization of Rs500 and Rs1,000 banknotes has been massive on the plantation sector because the growers are bound by law to give wages in cash. Photo: PTI

The government's currency crackdown has hurt hundreds of thousands in south India's vast plantations growing rubber, tea and cardamon, where cash is the lifeblood of the local economy.

Plantations are among the biggest employers in the private organized sector in south India. United Planters' Association of Southern India (UPASI), an apex body of planters in Tamil Nadu, Kerala and Karnataka, says about 13.5 lakh people are directly employed in the sector. In total, about 67.5 lakh people are dependent on the sector. The sector is also crucial to an estimated 12.9 lakh growers, the majority of whom hold less than one acre, UPASI data shows.

"No one in the region has been paid salaries this month. We are struggling without food and essential items," said Lissy Sunny, a tea plantation worker from Munnar in Kerala.

The withdrawal of Rs500 and Rs1,000 notes has hit hard because growers are bound by law to give wages in cash, said Vinayaraghavan, president of Harrisons Malayalam Ltd, one of the major tea estates in Kerala and part of RPG Enterprises group. He cited the Payment of Wages Act of 1936, which stipulates unless workers give a written authorization to pay wages by cheque or through bank, wages should be distributed in cash and coins alone.

“Hardly anyone has taken payments for this month in our estate. We usually pay them in a staggered manner (on a weekly basis). The salaries of most of them will run into a few hundreds only, if not thousands. We are struggling to manage low-denomination banknotes to pay that amount by cash,” said Vinayaraghavan.

“Payment through banks are almost impossible. Workers are not used to non-cash payments. More than 60% of the labourers in our estates do not have a bank account and for the rest, there is a fear psychosis against any form of non-cash payments. They are afraid that their BPL (below poverty line) ration cards will be cancelled if the government finds some deposits in their bank accounts. There is also the issue of accessibility. It’s hard to find a bank in the hills (where the workers live), forget ATMs,” he said over the phone from Munnar. Vinayaraghavan added that more than 30% of the tea that Harrison Malayalam put up for auction for the last two days came back unsold.

Ullas Menon, general secretary, UPASI said medium and small growers in other plantation sectors too are finding few buyers.

“The non-availability of cash has stalled salary and advance payments. There is huge resistance among workers against payments through banks. This is understandable because if they accept cheques, they will have to either take leave or stay off work,” said Menon.

In Kerala, under a state government plan, salaries of workers in the plantation and cash crops sector will be deposited in the accounts of respective district collectors, who will then disburse the money, news agency *Press Trust of India* reported last week.

The government may have to take a decision soon, said Sunny. “The kids have stopped going to schools as their fees are due. Provision stores have shut down. The ration stores are empty. How are we supposed to survive?” she said. If the situation continues, production may come to a halt, she warned, as the workers have been threatening to go on a strike.

Nanda Kumar, who runs the Heeramassi Teaf Leaf Agency at Kotagiri in Tamil Nadu's Nilgiris district, is finding it tough. He buys tea leaves from small growers nearby, repackage them and sell them to factories.

"Firstly, work has almost stopped in most of the plantations of small growers. And, the quantity of the tea leaves that we get on weekly basis from these growers has also significantly gone down."

"Secondly, I don't have cash to pay for tea leaves. Even if I sell the leaves to the tea factories, they too don't have cash," said Kumar.

Kumar said he usually uses electronic transactions only for sums above Rs10,000. "At the end of the day, I have to pay my employees in cash and the same rule applies to the tea growers who cannot do an electronic transfer for their workers in the plantations."

Tea leaf agents like Kumar settle their payments to tea growers and it reaches the worker who is involved in plucking of tea leaves in plantations by Saturday or at times on Sunday. "This cycle has to be adhered to; otherwise everyone will suffer," he says.

For now, the cycle seems to have broken.

J. Chandran owns a small tea plantation in Coonoor talukin Nilgiris district. Melur, which has nearly 500 houses, has several tea plantations like Chandran's and work has almost come to a halt everywhere.

"As there was no other option, the first week I gave salary with the Rs 500 and Rs1,000 currency notes. The second week has gone without work and without salary for my workers," said Chandran.

"If the weekly wages for one person is Rs 700, we combine the salary of two members from the same family and give it as Rs1,500. But what will they do with that?" said Chandran. He added: "They will have to spend one entire day in front of the bank in long queues, lose their day's salary and get Rs 2,000 which is useless for daily transactions."

Chandran said though tea estates in his village were managing with the Rs500 and Rs1000 banknotes during the first week after demonitisation, work has come to a halt in the last week. "It is almost 15 days now, nothing has improved. In fact, things are becoming worse."

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