

How the unorganised sector is coping with demonetisation

LN Revathy



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Going cashless could be a far-fetched dream, says LabourNet CEO

Coimbatore, December 13:

“The innovations that have happened in the last four weeks, since the withdrawal of ₹500 and ₹1,000 notes from circulation, is interesting.

“While the unorganised sector still prefers to go back to cash, they seem to have come to terms with the fact that the change is inevitable. But the question at this juncture is: ‘What will sustain and what will not?’ notes Gayathri Vasudevan, Co-founder and Chief Executive of LabourNet, a social enterprise that creates sustainable benefits for workers in the informal sector. Speaking to *BusinessLine* on the impact of demonetisation on the unorganised sector, Vasudevan said: “This sector broadly comprises three groups: those that are independent (such as carpenters and electricians); small-time contractors; and contract workers on larger sites.

“Independent/small-time job seekers did not have much to do the last month as people, by and large, postponed their spends. From 20 jobs a month (on an average), it trickled to just one or two a month for some of these carpenters and electricians. In the long run though, this would pick up,” Vasudevan said.

On contract workers on large sites, she said that their principals had, over the weeks, ensured that their essentials were taken care of. “Their everyday life did not see much of an impact, although their weekly payments were impacted. Getting change for the “big note” (read ₹2,000) has been and is still a struggle.”

“Interestingly though, a number of employers took to different types of payment systems and small shops also started to adopt different mechanisms. For instance, contract workers were given vouchers for use in *kirana* shops, or Paytm,” noted Vasudevan.

Stating that this is a “very local” way of handling the situation, she said: “This is visible in Kolkata, but in some manufacturing hubs in Tamil Nadu, employers are trying to work out a way by paying for essentials.”

“With 35 per cent of the workforce in non-farm sector, it can be a real challenge to get into cashless mode,” she said, pointing to the roadside fruit vendors, who continue to deal in cash.

According to Vasudevan, “Going cashless could be a far-fetched dream, at least in a country such as ours. Small-time job workers would prefer their independence, while for the corporates that engage migrant workers, it can be more difficult to account for their overtime wages. Migrant workers work for long hours to earn more. The company would, in such cases, find it difficult to pay through the formal mechanism.”

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