

A Study on Impact of the Demonetization on the Tea Plantation Workers in Kerala

Dr. Prof Govindankutty,

Professor,
MSN Institute Management and Technology,
Chavara, Kollam, Kerala, India.

Mr. Priyadarshan S.,

Assistant Professor,
Oriental School of Hotel Management,
Lakkidi, Wayanad, Kerala, India.

ABSTRACT

This paper examines the impact of demonetization on the Tea plantation workers in Kerala. On the 8th of November 2016, the Government of India, delivered a masterstroke, and declared as illegal tender, the Rs. 500/- and Rs. 1000/- denominations in the currency system.. This move had phenomenal impact on the economy of the country and this study is an attempt to analyze the positive and negative impacts of the note ban decision of the Indian government on the tea plantation workers. The Indian tea industry has an important role in Indian economy. With 85% of Indian households consuming tea, tea continues to be the leading stimulating beverage of India is largest consumer of worldwide and contribute accounts of 27% of the world production tea .The most challenging period of demonetization sits fairly in the active season for the tea industry. The tea plantations sector are heading towards a major crisis as payments are likely to get stuck or delayed due to the vacuum in liquidity generated after demonetization. The plantation sector, one of the largest sources for rural jobs, is facing the heat of demonetization because the management is not able to pay workers. This paper brings out key findings after interaction with the tea plantation workers as to incorporate real-time, relevant and contemporary data. The tea plantation workers have to conduct awareness program about the usage and importance of plastic money in the modern era and they have to motivate to open a saving account.

Keywords: Demonetization, illegal tender, Stimulating beverage Currency system, plastic money.

INTRODUCTION:

Demonetization is the step of making a piece of Currency to Zero .In other words making the value of currency to nil, resulting in it acting as a piece of paper with absolutely no worth. Demonetization means either introducing new notes or coins of the same currency or fully replacing the old currency with new currency. Demonization changes the working environment of the industry. Demonetization is the most important and necessary when there is a change of national currency. The old unit of currency replaced with new currency. Demonetization is the process where government declares the currently running currency notes illegal to be tender after the declaration is made. There are both pros and cons of demonetization in the Indian economy. The reasons for demonetization are to control counterfeit notes that could be contributing to terrorism, and to undermine or eliminate the “black economy” Demonetization which was made by the government was really a masterstroke. It helps in fight against corruption, black money, inflation and tax evasion. The main goal of demonetization was to remove the fake currency from the market which is used in tax evasion, corruption and funding in some anti-social activities. It is a surgical attack on black money. It helps to discourage cash dependent economy and to facilitate trade.

India has carried out demonetization exercises twice before, in 1946 and 1978. In Jan 1978 episode, currency worth INR 1.46 (1.7% of total notes in circulation) was demonetized. Of this INR 1.0 (or 68%) was tendered back. In 1978 the value of demonetization was very small (only 0.1% of GDP). However, the 2016

demonetization efforts covers 86% of the total currency in circulation (11% of GDP). India has begun its journey in the direction of becoming a digital cashless economy. India demonetized its currency in the second week of November, 2016 and reiterated its resolve to transform the nation into a cashless economy.

Indian Prime Minister Narendra Modi made an abrupt yet drastic decision on November 8 last year, a move that later came to be known as "demonetization." The government on 8th November announced that INR 500 and INR 1000 notes will cease to be legal tender effective immediately. The move is aimed at controlling black money, fake currency circulation and terror financing India has amongst the highest levels of currency in circulation at 13% of GDP (vs. EM average of 4%). Addressing the nation via a television broadcast, our Honorable Prime Minister announced that all 500- and 1,000-rupee currency notes would "no longer be legal tender." Indian government has taken a sudden decision on demonetization of 500 and 1000/- rupees notes on 8th November 2016. Central government was a well planned, well-thought out and well-implemented step, and whether it would really eradicate all the existing black money in the Indian economy. There are so many reasons, why governments demonetized their nation's currency. The reasons are like resist inflation, corruption, and put off a cash system in the country.

In 8th November 2016, The Indian government has taken a sudden decision to demonetize the 500 and 1000 Rs (fully ban). Currency notes, these two biggest denominated notes accounted 80% of the currency supply. The government's main objectives of note ban is, to eradicate fake currency, resist tax evasion, demolish the black money system in the country, and terrorist financing activities, and to promote India towards the digitalization economy. This decision taken by government is for wellbeing of the nation. New 500/- and 2,000/- rupee notes would be issued, the prime Minister said. The stated objectives of this mammoth exercise were threefold: eliminating "black money," fake currency and terror financing. Black money is a term used in the country to refer to unaccounted, untaxed wealth.

The sudden decision caused huge trouble to everyone's lives. Most of the people faced with many problems accessing cash for their daily needs, with pictures of serpentine queues outside banks and ATMs becoming an essential staple of news reports. "Payment through banks are almost impossible. Workers are not used to non-cash payments. More than 60% of the tea plantation worker in our estates does 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. It led to hardships for hundreds of millions of Indians employed by the country's vast informal sector of the economy that deals predominantly in cash. Some of the people deaths were also reported, linked to exhaustion after standing for long hours waiting for their turn to replace their rupee notes or make small withdrawals.

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

Impact of Demonetization In Agricultural Sectors:

It affects various sectors like agriculture, real estate, commodity market like gold etc.... Agriculture: It is the last stage we are in the demonetization as announced by our Government of India. It has been at the crucial stage in the agricultural operations. The harvest of kharif was almost over and the Rabi sowing was just begun. This sector shows a growth forecast of atleast 4% in 2016-2017. The agricultural growth is unlikely to be affected by demonetization. However, it hardly hits the farmers. The kharif foodgrain production was increased from 124 million tones in the year 2015-2016, to 135 million tones in the year 2016-2017. It increased to 9 % when compared with previous year history. There is a huge increase can be found in the production of pulses (57%). Food prices showing a decline. The overall food inflation based on consumer price index has come down from 6% in December 2015 to 2% in November 2016. Rabi and kharif production started to increase in the last week of October and extends till December. As per the latest estimates, there is 10% decline in perishable commodities like fruits and vegetables

Demonetization on the Tea Plantation Sector In Kerala:

The tea is an agricultural crop. It requires all operations of Agriculture like tilling of land, application of manures and pesticides, diggings of canals, planting of tea plants in a systematic manner, maintenance of the planted tea plants (i.e. post plantations operations) pruning at proper age and plucking of tea leaves at appropriate time. The tea leaves require manufacturing process after plucking but before sending the tea which is deemed to be fit for human consumption to the markets for selling. The Kerala government may have to take a decision

soon. In Kerala, under a state government plan, salaries of workers in the tea plantation and cash crops sector will be deposited in the accounts of respective district collectors, who will then disburse the money “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. The 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. The plantation sector, one of the largest sources for rural jobs, is facing the heat of demonetisation because it is not able to pay workers. Tea gardens have survived the cash crunch because tea auctions switched to the electronic platform months before demonetisation was announced. In Idukki district (Kerala) the collectorate said the details of workers were being collected and procedures to open a special account were on. The wages were expected to be disbursed in three days, he added as they can get wages easily with any difficulties.

STATEMENT OF THE PROBLEM:

The study reveals the problem faced by the tea plantation during the time of demonization. The tea sector, one of the largest sources for rural jobs, is facing the heat of demonetization because the tea plantation estate is not able to pay workers. The government's recent decision to allow the authority to withdraw cash from planters' accounts and disburse plantation workers' wages is stuck over practical difficulties like lack of enough cash with banks.

Tea gardens have survived the cash crunch because tea auctions switched to the electronic platform months before demonetizations were announced. The present study helps to investigate the impact of demonization on the tea plantation workers by looking from economical problems faced by the tea plantation workers of the respondents were questioned and all findings were noted. The current study shows attention to the socio-economic problems of tea plantation workers. The researcher think that, use of remedial measures such as by providing training and making aware of the tea plantation for using non cash payments techniques such as ATM Cash deposits machine. The researcher also analysis the working environment of tea plantation workers and it is found out that most of the tea plantation workers have not opened a bank and they don't have awareness about the digitalization, with the help of bank authority they have to conduct a awareness program regarding the Digitalization.

REVIEW OF LITERATURE:

Ms. Yashna Samuel and Prof. Anoop k. Saxsena (2017) in their study on demonetization and its impact on India has examined short run and long run impacts of demonetization with reference to different sections of Indian economy and found that demonetization will create liquidity crunch in the short run which may cause inconvenience to general public in the short run but it will definitely prove beneficial in the long run.

K. Veerakumar (2017) has analyzed the impact of demonetization on the public by considering 100 respondents from Coimbatore district and the sample study revealed that demonetization facilitates in destroying black money followed by corruption and terrorism.

Kanatchi Muthulakshmi and Dr G. Kalaimani (2017) has assessed that demonetization is a tool for eradicating parallel economy from the country and suggested that demonetization is a useful tool to curb black money to a great extent.

Syansundar Palanisamy (2017) made a comparative study on demonetization with special reference to India has compared and analyzed the impact of demonetizations and their significance in the economic development of India by comparing with other countries namely Nigeria, Ghana, Pakistan, Zimbabwe, North Korea, Soviet Union, Myanmar and Australia and revealed that India will be able to achieve growth by adopting the strategy of demonetization and it will create a positive impact in the long run.

Shanbhogue Girish, Kumar, A. Prashanth, Bhat, Swathi and Shettigar, Chethan (2016) defined currency ban as a move to stop counterfeit bank notes were allegedly used for terror financing, as well as a surgical strike to black money and corruption in the country. Demonetisation leads to cash shortages in the country which proves detrimental to a number of small business, agriculture and transportation. The shortage of cash led to chaos and most people faced problems to exchange their banknotes due to long queues outside banks and ATMs across the country. This demonetisation step was proved to be the biggest attack on black money and corruption in the history of Indian Economy and a movement toward digitalisation. It also encourages digital payments. They concluded that Demonetization is advantageous in short, medium and long-term.

BalamuruganS. and HemalathaB.K. (2016), the study focused on highlighting the long term & short term effect of demonetization on the various organized and unorganized sectors depending upon the extent of cash availability, credit availability, spending & government finances. They stated that medium and large scale businesses are unaffected by such ban where as small scale establishments were deeply affected by demonetization. AnumehaChaturvedi (2016), quoted that the Government decision is aimed at reducing corruption, terrorism, black money and counterfeit notes. The move will create problems for the travel and hospitality sector, luxury brands, already reeling under slowing sales and tighter income tax regulations, may face more problems.

Prabhurajan. B. S (2016), stated in his article that the number of people going to restaurants has declined largely & the hotel industry here feels to improve at least mid-December. The hospitality sector's earning had seen a continual fall since September and it is drastically declining. Despite the fall in revenue the costs-involved in running hotels & restaurants has remained the same.

CD Equisearch Pvt. Ltd(2017), in this article, they have concentrated on effects of demonetization on various sectors. The move shed a dark shadow on the increasing of tourism and hospitality sector in India. These sectors are facing a tough time. November to January months generally witness the maximum number of international tourists inflow in India, due to ban there has been a 65% drop in Christmas & New Year bookings. Cash crunch has adversely affected the liquidity of currency exchanges in India.

Shukla, Bal Govind and Gupta, Hariom (2018) in their paper entitled "An Exploratory Study Of Business Students Perspectives On Demonetization In India: With Special Reference To Allahabad City". They used primary data for their study and concluded that the people actively support any initiative taken by the government which are basically targeted to eradicate corruption, black money, and any other threats like terrorism and naxalism in the country.

OBJECTIVES OF THE STUDY:

- To analyze the impact on demonetization of tea plantation workers in Kerala.
- To find out the perception of the tea plantation workers about the demonetization.
- To study about the various problems and challenges faced by the tea plantation workers during the period demonetization.
- To find out the awareness of the tea plantation workers regarding the concept of Digital India.

RESEARCH METHODOLOGY:

The problems faced by the tea plantation workers during the time of demonization are closely observed. The study is primarily based on the primary data, which was collected from the tea plantation workers. The study is descriptive in nature and hence designed as an empirical one based on the survey method.

Source of the Data:

The study is based on both primary and secondary data. Primary data were collected using structured questionnaire. The sources of secondary data RBI Review the publications and annual reports of India. Both primary and secondary sources of data are collected for the study. Primary data has been collected by distributing the structured questionnaire to the tea plantation workers. Secondary Data has developed a suitable method for the study and to prepare a conceptual framework for the study, the secondary data were immensely helpful. For these purposes, various secondary sources like books and periodicals, research articles, seminar reports, newspapers, study reports of expert committees, departmental publications, plan documents, unpublished dissertations, etc were surveyed.

Population:

The population is the tea plantation workers in the state of Kerala.

Sample Area:

The sample area of the study is the Selection of the Study Districts. For primary data collection, three districts-Idukki, Wayanad and Palakkad were selected from Kerala based on the concentration of the crops.

Sample Size:

The Sample size are 150 samples. Selection of the Sample From the selected hilly areas of Idukki, Wayanad and Palakkad, workers were selected using stratified random sampling. Corresponding to the percentage distribution of workers in the plantation sector 150 workers were selected from tea plantations constituting of the sample.

Sampling Technique:

Sampling technique used for the study is Stratified Sampling technique.

Sampling Design:

Stratified Sampling method has been used for selecting the respondents from the universe. The universe of the study covers almost tea workers in the three district of Kerala.

Collection of Data:

The data were collected by distributing questionnaire with the samples selected for the study. Multiple choice questions, open-end questions, rankings by the respondents and a five point ranking scale developed by the researcher especially for this study in conformity with statistical methods and principles were used wherever necessary.

Analysis of the Data:

The collected primary data have been statistically processed, classified and tabulated by using appropriate methods. The tools used are Percentage, Correlation, ANOVA with the help of SPSS. Since the sample size is large, tables, diagrams and statistical results have been derived, the researcher has developed a summated rating scale (Likerttype scale) known as economic impact assessment scale.

THE RESEARCH GAP:

From the prior review of literature it can be understood that even if many studies have been conducted on different aspects of demonetization on Indian economy but a study specifically for the impact of demonization of the tea plantation workers in Kerala is not there in anywhere. Moreover, till date, no research has been conducted the impact of demonization of the tea plantation workers in Kerala . Thorough assessment of the previous studies, particularly in Kerala has revealed that most of studies were conducted to look into the contribution of the tea plantation sector for the economic growth, socio economic problems of tea plantation. But no specific study has been conducted to find out the problems and consequences faced by the tea plantations workers during the period of third demonization. This study should be embedded in a well informed assessment that identifies gaps in the current knowledge, acknowledge contradictory theories and notes inadequacies in the existing theories.

SCOPE OF STUDY:

The above review of literature reveals that many studies have been conducted based on the secondary data to understand the impact of demonetization on public, banking sector, black economy, corruption, stock market, service sector and so on. Therefore the present study has been conducted to know the opinion of the tea plantation workers about the demonetization and problems faced by them during the present demonetization period.

LIMITATIONS OF THE STUDY:

The important limitations of the study were the following:

- ✓ Though the plantation sector occupies an important place in Kerala economy, data for the study were collected from samples from three districts only.
- ✓ Literature available on the topic is limited.
- ✓ Out of the fear, most of the workers were reluctant to provide information about their living and working conditions.

RESULTS AND DISCUSSIONS:**Major Findings:**

- ✓ The cross tabulation between the gender wise and age of the employees majority of workers belongs to the age group of 18-30 , only 3 out of the 150 employees belongs to the age of less than 18 , out of 150 workers 55 of them belongs to the age of 31-50,out of them only 24 is in above 50 years.
- ✓ 8.7% of the respondent are single,77.3% are married ,9.3% are widow and only 4.7 % are widower.
- ✓ 37.33 % of workers are literate and only 62.67% of workers are illiterate that means they are not used or aware about the digitalization or new banking technologies.

- ✓ Majority of the workers have completed lower Primary Education ie 98 , 40 are upper Primary and only 12 have studied SSLC and more.
- ✓ Majority of the workers having a income of less than 1000 ie 56 , 67 of the workers having a income range between 10,001-15,000,9 and only 27 of the tea plantation workers having income above 15,001.
- ✓ The nature of the family of 150 workers. Out of them 64% are having a nuclear type of family and the remaining 36 % of workers are having joint family system.
- ✓ Majority of the tea workers are spending per month less than 500 ie 91, 46 of the workers spend 501-1000 and only 13 of the workers spending more than 1001.
- ✓ 94 of the workers have two member are working in tea estate ,9 of the workers only one member is working and only a minority group ie 47 of the workers have more than three members are working in tea estate and it is observed most of the family members have quit this field because of the wage rate.
- ✓ Majority of the workers working in the tea estate are permanent workers ie 62 % and only 38 % are contract based workers and they are not provided any amenities for the contract workers.
- ✓ Majority of the tea plantation workers have bank account ie 84.67% and only a minority of 15.33% they doesn't have bank account. In most of the place there is no bank branches in some of the remote area in the districts.
- ✓ Majority of the tea plantation workers are aware about the banking facilities ie 92.67% and only 7.33% are not aware about the banking services. Some of them are not yet aware about the most modern banking services.
- ✓ Majority of the tea plantation workers are using ATM Card services rather than any other services offered by the bank ie 91 ,48 are using mobile banking services to transfer the money, balance enquiry etc and only 11 are using the cash deposit machine it can seen that some of the workers living in remote area are not aware about the cash deposit machine.
- ✓ The correlation between the wages paid through and the usage of ATM Card shows a positive correlate with the two variables by using Karl Pearson Method.
- ✓ 20 workers have not use or they are not aware about the non cash payments methods ,40 workers have used it rarely ,27 workers used very urgently they required money 29 workers used often and 34 of the workers used always the non cash payment methods.
- ✓ The tea plantation express their opinion regarding the decision taken by the government ,only a minority 6 workers express that it is a poor decision taken,13 says fair majority of 102 says that it is good decision taken by the government .23 says very good and only 6 says that excellent decision. After the demonization they get the remuneration through bank and it also have evidence how they get each month.
- ✓ 92.67% says that the tea industry is highly affected by the demonization of money and only 7.33% says that it not affected by the industry. During the demonization period that the workers did not get their remuneration for two to three weeks and the tea industry doesn't able to make payment . At that there was a strike almost all the plantation areas.
- ✓ There is a significant relationship between the impact of income ,purchasing power ,payments ,
- ✓ medical purpose during the period of demonization especially with payment of wages.

SUGGESTIONS & RECOMMENDATIONS:

- ✓ The banking authority should motivate the worker to open a bank accounts
- ✓ The banking authority should conduct awareness program to make aware about the banking services and their advantages and disadvantages.
- ✓ The banking authority also open a ATM & CDM Counters in all remote areas.
- ✓ The wage rate have to rise up in only the new workers will motivate to come to work in tea plantation estate and also they have to provided all the amenities needed.

SUMMARY & CONCLUSION:

Demonetization has plays a very important role in pushing the cashless payments in the country. The availability of different cashless payment options have led to increase in the cashless payments in the country and India to become a digitalized economy. But with respect to use of cashless payment options India is still behind, the government and the regulator are showing interest in improvising the digital payment systems. The new banking policies and payments banks are expected to give further push to digital currency. Rapid technological developments leading to innovative payment systems and fast adoption of these systems are going

to reduce the cash transactions in the future. From the present study it endeavor to find out the impact on demonization of the tea plantation workers in Kerala.. In this regard, an attempt was made to study about the problems faced by the tea plantation workers during the period of demonization It is observed that the most of the tea plantation sector have affected during demonization. There is positive correlation between significant relationship between the he correlation between the wages paid through and the usage of ATM Card shows a positive correlate with the two variables. In some remote area they are not aware about the most modern banking technology and they don't know about the concept Digitalization and also people are physio - fear that to use digital banking The tea plantation sector, one of the largest sources for rural jobs, is facing the heat of demonetization because it is not able to pay workers.

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