ABSTRACT

Financial inclusion is the process that ensures easy availability and usage of the formal financial services for all members of an economy including the vulnerable groups. The concept of financial inclusion has gained immense importance among the policymakers and academicians in the last one and half decades. Financial inclusion has become a policy priority in many countries. An inclusive financial system augments efficiency in the whole range of financial practices such as saving, credit and insurance; leading to all round welfare and development. Moreover, financial exclusion has many adverse effects mostly faced by the poor, limited income and certain disadvantaged groups of the society. It is argued that financial inclusion can greatly help the poor and low income group to uplift their lives by breaking the trap of the vicious circle of poverty. The labour community, who works in the tea garden, is one of such vulnerable and disadvantaged groups in Assam. Despite the significant importance of the tea industry in the state economy, the labour community employed in the industry is considerably deprived and marginalised. Financial inclusion can be expected to transform the lives of tea garden labourers by providing them with efficient and easy access to basic financial services such as saving, credit and insurance. As such, the study is an attempt to examine the status of financial inclusion among the tea garden labourers of Assam. Moreover, the study also makes attempt to find out the important factors which affect financial inclusion, particularly generates demand for financial services among the tea labourers in the state of Assam.

The study is carried out using both secondary and primary data. Secondary data are collected mostly from various government agencies and ministries. The secondary data are used to examine the availability of financial services. The core of the study is based
on primary data collected through a sample survey in the state during July to December, 2017. The sample survey was conducted in twelve tea estates from six districts (two tea estates from each district) of the state covering around 66 per cent of the land area under tea production in Assam.

A mix of statistical and econometric tools is used to answer the research questions of the present study. Simple statistical tools such as ratio, percentage etc. are used to trace the availability of financial services and the extent of use of financial services by the sample respondents. In addition, three different regression models namely Logistic Regression Model, Ordered Logit Model and Censored Regression (Tobit) Model are used to find the important determinants of financial inclusion. A Financial Inclusion Index is also constructed to examine the overall extent of financial among the sample respondents.

The findings of the study reveal that the extent of financial inclusion among the tea labour community of Assam is very poor. Although it is observed that a good portion of the tea labourer community have access to basic savings bank account, but the use of the account to save or for any other financial purpose is quite limited. The study also reveals that the tea labour community has hardly any access to credit from formal sources. Moreover, a large section of tea garden labourers is unaware of the concept of insurance and its benefits. The study finds that the female workers are likely to be financially more included in terms of having access to bank account than the male workers.

Financial illiteracy is found extensive among the tea garden workers. Only a small section of tea garden workers are found to be aware of various government schemes that
are undertaken to provide financial services to the disadvantaged and low income groups. The study also observed that many labourers have faced financial exploitation by some of the informal financial institutions.

The study finds that education is an important determinant of financial inclusion. The result suggests that higher the level of education, the labourers are more likely to have higher financial inclusion index or financially included.

The present study finds that although a large section of tea garden workers is financially included there is still a greater scope to improve the quality of inclusion of the community. The study suggests that education can be instrumental in expanding the financial inclusion among the workers in a broader sense. Moreover, the potentials of the network of India Post can also be explored in the process of expanding the level of financial inclusion among the tea garden labour community and other low income groups in the state.