CHAPTER II

REVIEW OF LITERATURE

Review of extant literature is considered as an important pre-requisite of any scientific research work. It enables a researcher to understand a topic, the recent trend in its discussion and other related issues. This chapter summarises the important literature that explains the relevant issues of financial inclusion and also the issues related to the socio-economic status of the tea garden workers. The discussion in the chapter is divided into two broad sections. The first section deals with the review of literature on various issues related to financial inclusion while the second section discusses the available literature on the tea labour community.

2.1 Financial Inclusion vis-à-vis Financial Exclusion

2.1.1 Concept and Definition

Financial inclusion is one of the most studied topics in the recent time across the world including India. The term financial inclusion has been defined differently. A universally acceptable and unique definition for the term is difficult to find. The definition and scope for financial inclusion vary across countries and geographies. Financial inclusion is defined differently according to the level of social, economic and financial development of a place and priorities of social concerns.

In a broad sense financial inclusion refers to the delivery of formal financial services to each and every member of an economy (Chakravarty and Pal, 2013). Sarma (2008) termed it as a ‘process’ that ensures the ease of access, availability and usage of the
formal financial system for all members of an economy. In India, in the year 2008, a committee was formed to study the issues related to financial inclusion under the chairmanship of C. Rangarajan. While defining financial inclusion, the Committee specifically emphasis on three terms: ‘timely and adequate credit’, ‘vulnerable groups’ and ‘affordable cost’. According to Rangarajan Committee Report (2008), financial inclusion is defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. Along with this, many other literatures such as Dev (2006), Thingalaya et al., (2010) highlight the matter of ‘affordable cost’ in connection with the availability of financial services. Dev (2006) defined financial inclusion as the delivery of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups. The author also termed credit as the most important component of financial inclusion. Rajan (2017) defines financial inclusion in terms of three aspects. The first aspect is about broadening the financial services to those who do not have access to financial services. The second aspect focuses on the deepening of the financial services among those with minimal financial services. The third aspect is to expand the choices through greater financial literacy and consumer protection. Summarising all these definitions, financial inclusion can be termed as the process of removing barriers that keep a certain segment of the society, away from taking the benefits of formal financial services.

However, most of the literature on financial inclusion has discussed ‘financial exclusion’ before defining financial inclusion. This is because; it is the problem of ‘financial exclusion’ that necessitates policy concerns towards ‘financial inclusion’. Many studies have found that financial services are used only by a section of the
population. As found in World Bank Global Findex Database 2014, 21 per cent of adults in India are unbanked and only 53 per cent adults have access to financial services from any formal financial institution (Demirguc-Kunt et al., 2014). A certain segment of the population either cannot access or denied financial services for various reasons. It forces the excluded segment to rely on informal sector for availing finance. In the Reserve Bank of India (RBI) Annual Policy Statement for the year 2005-06, it was mentioned that despite the increase in efficiency of the country’s banking sector, banking system tends to exclude huge sections of population, mainly pensioners, self-employed and unorganised sector workers. Such exclusion of certain segment of population, from accessing financial products and services from formal financial institutions create the problem of ‘financial exclusion’.

Similar to financial inclusion, the notion of financial exclusion is also defined differently by different researchers depending on the objective of respective research works. According to Conroy (2005) and Leyshon and Thrift (1995), financial exclusion refers to the processes that prevent certain social groups and individuals, mainly the poor and disadvantaged from gaining access to the formal financial system. According to Mohan (2006), financial exclusion signifies the lack of access by certain segments of the society to appropriate, low-cost, fair and safe financial products and services from mainstream providers. Studies such as Carbo et al. (2005) and Lammermann (2010) described financial exclusion as broadly the inability of individuals, households or some societal groups to access some or all of the services offered by mainstream financial institutions.
The commonality in these definitions of financial exclusion is that all of the definitions marked it as a problem faced by the ‘disadvantaged section’ of the society. Moreover, it is also noticed that most of the definitions use the term ‘financial services’ which is a very broad term (Agrawal, 2008). However, a report by the Planning Commission in 2009, under the chairmanship of Raghuram G. Rajan, stated that the most important financial services for the poor are savings, remittances, insurances and pension needs. These services help in reducing vulnerability. Only after these needs are fulfilled, the need to access credit for livelihood, consumption and emergencies come.

It is important to note that, the majority of the world’s poor generally lack access to formal savings accounts or banking services of any kind (Demirguc-Kunt and Klapper, 2012). Many other studies such as Collins et al. (2009) and Rutherford (2000) find that, even if the poor are willing and able to save, they do so largely through informal mechanisms; such as keeping cash in hand, saving in easily available informal institutes and buying livestock and durable goods etc. Such behaviour may be because of factors like high cost, lack of trust and regulatory barriers, information and knowledge gaps, social constraints and behavioural biases associated with formal saving institutions (Karlan et al., 2014).

In the Indian context, the Committee on Financial Inclusion under the chairmanship of C. Rangarajan highlights that according to the 59th round of NSSO survey, almost half of the farmer households are financially excluded from both formal and informal sources. Of the total farmer households, only 27 per cent access formal sources of credit while the remaining 73 per cent have no access to formal credit source (Rangarajan, 2008). Most of the times formal financial institutions deny them credit citing various
reasons. According to Srinivasan (2007), the volume of business from such disadvantaged groups is commercially insignificant. Moreover, the widely dispersed nature and small individual credit requirements make services to them unviable. Srinivasan further stated that as the economic value addition by the poor and disadvantaged is low, hence there is high probability that loans given would turn into non-performing assets (NPAs) on account of high default rates.

2.1.2 Financial Exclusion as Development Constraint

Exclusion from the formal financial net may have severe adverse consequences on the overall development. As pointed out by Shankar (2013), lack of access to formal financial services force the excluded groups to deal mostly in cash. Moreover, non-availability of proper saving institutions affects the incentive to save of the excluded group. Insufficient savings force households to depend on external sources of funds, in times of need. The external sources available to the financially excluded section are mainly informal institutions. Such informal institutions use to exploit the poor and disadvantaged group by charging exorbitant interest rates on credit. According to Hanning and Jansen (2010), lack of access to finance adversely affects poverty alleviation. Such exclusion makes it more difficult for the poor to accumulate savings and build assets to protect against risks, as well as to invest in income-generating projects.

Many studies empirically show the macroeconomic evidence of how access to finance gear up the process of economic development. According to Levine (2005), financial development is widely recognised as an important determinant of economic growth. Beck et al (2008) and Gine and Townsend (2004) also found that access to
finance reduce income inequality and enhances economic growth. For such beneficial effects, financial exclusion is considered as a barrier to economic development of a country. To overcome this barrier building an inclusive financial system has become a vital need throughout the economies of the world.

The importance of access to financial services was recognised by world leaders in the outcome document adopted at the 2005 World Summit. The designation of 2005 as the International Year of Microcredit has also helped to raise global awareness of the pivotal role that more inclusive finance can play in achieving the Millennium Development Goals (Annan, 2006).

Several studies have discussed the necessity as well as the positive effect of financial inclusion on the individuals, groups and also on the economy. For example, according to Hanohan (2004), easily available financial services are seen as a key requirement for income growth in many literatures studying the determining factor of income growth. Subbarao (2009) points out that the most obvious benefit of financial inclusion is that it provides an avenue for bringing the savings of poor into the formal financial intermediation system and channels them into investment. Noose (2006) argues that access to finance is an essential driver for economic growth in developing and transition economies.

Noose (2006) also highlights that access to finance empowers people; it gives them the opportunity to have an account which provides them to save and invest, to insure their homes or to take a loan, thus helping them to break the chain of poverty. As articulated by Menon and Rodgers (2011), access to formal credit can boost self-employment and reduce the extent of unemployment. According to Becker (1975) and
Mincer (1974), easy access to credit enables households to smooth consumption expenditure over time and in turn, it facilitates education of children. Thorat (2007) points out that, access to affordable financial services especially credit and insurance enlarges livelihood opportunities and empowers the poor to take charge of their life. Such empowerment aids social and political stability. Apart from these benefits, financial inclusion imparts formal identity and provides access to the payment system. Kofi Annan, the former Secretary General to the United Nations mentions that an inclusive financial sector helps in improving the lives of the people. An inclusive financial sector is particularly helpful for the poor. Moreover, financial services such as loan, savings account and insurance policy can greatly benefit the low-income families. These financial services enable people to invest in better nutrition, housing, health and education for their children, it eases the strain of coping with difficult times caused by crop failures, illness or death and they help people plan for the future (Annan, 2006).

2.1.3 Barriers in the Path of Financial Inclusion

It is universally agreed that financial inclusion or giving people access to financial services such as banking facilities, savings, credit and insurance is important to uplift the economic welfare. However, despite many efforts to make financial services available and accessible to all, a large section of population across the world including India still do not have access to basic banking services. Existing literatures have identified and discussed many obstacles or barriers to financial inclusion. These obstacles are categorised into two broad groups- supply side barriers and demand side barriers (Bhuvana and Basant, 2016; Shankar, 2013). Supply side barriers include those factors which hinder the way of providing financial services to the disadvantaged group.
On the other hand, demand side barriers are those which affect the access and use of available financial services by the disadvantaged groups.

The basic supply side barrier in the context of financial inclusion is concerned with the providers of financial services to the vulnerable groups. This is because providing financial services to the low-income groups is not profitable for the profit oriented financial institution. According to United Nations (2006), the mainstream financial institutions largely ignore the poor households in the provision of financial services. Irrespective of the amount of transaction, the administrative cost for a financial service is equal. Hence, the mainstream financial institutions tend to ignore the poor households who usually carry out small value transaction that fails to generate good amount of profit. In addition, extending credit to poor people with no effective security is assumed to be much riskier. Moreover, low income people uses or make financial transactions less frequently which makes the fixed cost of such accounts very large.

Shankar (2013) also summarises some of the supply side barrier to financial inclusion. These barriers includes unsuitable product for the marginalised section, poor infrastructure and low income. In many instances, the financial services providers ask for specific minimum balance to be maintained in an account. Maintaining minimum balance many a time retards the poor households in accessing the financial services. Moreover, the specified limits for transaction amount and frequency of transaction also hinder the poor households in accessing the financial service. In addition, poor infrastructure such as long distance to financial institutions also poses as physical barriers to the access of financial services. Shakar (2013) further notes that low income often restricts in the financial inclusion from both demand as well as supply side. Low
income leads to non-availability of appropriate financial product on the supply side. Similarly, it adversely affects the motivation to open accounts due to inability to save in the demand side. As articulated by Jeganathan (2012), proper infrastructure is essential for financial inclusion in rural areas. Infrastructures such as road connectivity, power supply are the pre-requisite to extend financial services in those areas.

Supply side barriers are some of the main reasons for low level of financial inclusion in the North Eastern region as compared to other parts of India. Subbarao (2011) noted that the region has some complex challenges for financial inclusion because of its difficult terrain, lower population densities, poor infrastructure, inadequate communication facilities and law and order disruptions. Moreover, lack of good and efficient infrastructure facilities in this region is a major obstacle which severely restricts the spread of banking services in this region. Mohanty (2011) mentions that North Eastern States lag behind other parts of India in terms of development of banking which is evident from the low banking penetration. According to the author, there is considerable scope for improving banking penetration in North Eastern States. As per the 59th round of National Sample Survey (NSS) data on indebtedness of farmer household in North Eastern States, 45 per cent of the finance availed of by the farmers in the region was from the formal financial sector, while the remaining 55 per cent was from the non-formal sector, which was significantly higher than the all-India level.

However, according to Kamath et al. (2007), financial inclusion is not merely providing financial services or the opening of bank accounts. In many cases, people cannot access the available financial services and bank accounts remain unused due to various reasons.
The demand side barriers of financial inclusion as identified by various studies such as Singh and Tandon (2012), Iyer (2014) and Kesavan (2015) are low level of income, limited literacy, lack of legal documents to fulfil procedural formalities, high cost of accessing financial services etc. Some other constraining factors for financial inclusion on the demand side in rural and urban areas, as pointed out by Dev (2006) are low productivity, risk and vulnerability of small and marginal farmers, low skill and poor market linkages for rural non-farm and urban workers and vulnerability to risk for rural landless and urban poor.

Subbarao (2009) also highlights some of the demand side barriers to financial inclusion. According to him lack of awareness about financial services and products, limited financial literacy and social exclusion are the major demand side constraints. Barriers due to lack of financial education have also been identified in other literatures such as Gopinath (2006) and Gardeva and Rhyne (2011). Subbarao (2009) further stated that many of the generic financial products are unsuitable for the poor and there is no effort to design products suitable to their needs. The unfriendly and un-empathetic attitude of the banks to the customers, exorbitant and non-transparent fees, combined with difficult terms and conditions attached to the financial products, also dampens the demand. Thorat (2008) pointed out that poor household prefers to go to non-institutional and non-formal sources for their credit needs, mostly for unproductive purposes. One of the main reasons for such preference to non-formal sources is to avoid lengthy procedure and formalities which are difficult to follow in availing credit from formal institutional sources. Ramji (2009) found in her study that, generally, poor households do not save in formal bank accounts. This is partly because they perceive bank accounts to be useful only for larger amounts of money and partly because their household
incomes are so low that bank savings can become a relatively expensive way to save. The author further added that sometimes the cost of travelling exceeds the amount they save.

In order to remove the barriers associated with providing financial services to all, numbers of measures have been adopted across the world including India. The next section of this chapter briefly discusses the various measures toward a more financially inclusive economy, particularly in the context of India.

2.1.4 Measures towards Financial Inclusion

While discussing the barriers to financial inclusion, it was found that profit oriented financial institutions are reluctant in providing financial services to the poor. However, in the Indian context, it is the commercial banks that are considered to be mostly responsible to bring the vulnerable groups under the formal financial system. Nationalisation of Commercial banks in the late 1960s, setting up of Regional Rural Banks in 1975, establishment of NABARD in 1982 etc. are few steps undertaken in the Indian banking sector with the basic objective to improve financial access to all particularly the excluded group. According to Chandrasekhara (2014), the failure of the banking system to cater the credit needs of the rural households necessitates policy formulation to improve financial inclusion.

The Rangarajan Committee report on financial inclusion in the year 2008 and the planning commission report under the chairmanship of R. G. Rajan in the year 2009, also emphasises on the role of banking system, particularly regional and local banks, in
improving access to finance. Government of India also implements various policies for financial inclusion through the banking system of the country.

Describing the role of banking sector in financial inclusion, Peachey and Roe (2006) note that bigger and deeper banking system go hand in hand with more advanced economic development. Subbarao (2009) points out that rural banking has to be friendly in dealing with small and marginal farmers. The bank in the rural areas has to develop appropriate banking model and promote financial inclusion of low income groups. Financial inclusion, apart from a social responsibility also widens the business opportunities for the banks as expanding the banking services to the unbanked areas likely to generate enormous banking potentials. Highlighting the complicated banking procedures, Jayamaya (2008) mentions that the strenuous processes and procedures of banks also accentuates financial exclusion. Mohan (2006) mentioned that for continued financial deepening, a wide reach of the banking system in terms of expansion of branches is necessary.

Microfinance or microcredit is another important financial service provider in India (Nair, 2015). According to Karmakar (2009), microfinance, in India, works in different models. Two such models are the Microfinance institutions (MFI) model and Self-help Group (SHG) - bank linkage model. The MFIs are designed to provide small credit to those who are financially excluded. However, it does not provide saving facilities. On the other hand, SHGs are small informal groups of a few members in a village or locality. Under the SHG-bank linkage programme which is an initiative of NABARD, financial supports are extended in the form of grants to the SHGs. The objective of such grants is to make them capable to overcome poverty by making investment in
productive activities. The Self Help Group and Bank Linkage Programme have evolved as an effective method of providing financial services to the unreached and underserved poor households. The project was started in the year 1992-93. The SHG-bank linkage programme is now considered as the largest microfinance programme in the world.²

Rao (2007) stated that microcredit emerged as a major policy tool of financial assistance in the area of rural credit, particularly to the poor sections of society during the last decade. However, the MFI model has been criticised in recent time for increasing rural indebtedness (Schicks, 2010 and Mader, 2013). When people get credit easily beyond their absorption capacity, they tend to use the credit mostly on consumption expenditure (Taylor, 2012). Being unable to repay one loan, they tend to take more loans to repay the first one and the process continues increasing the debt burden (Singh et al., 2014).

India Post is another institution which has gained popularity as financial service provider to the poor and vulnerable sections of the society. According to an expert committee report, titled as “Harnessing the India Post Network for Financial Inclusion”, the coverage of India’s postal network is two times larger than the outreach of all commercial banks (Government of India, 2010). It further states that the India Post network has been providing the basic financial services such as savings or deposits, insurance and remittance for long. The committee recommends that India Post should be used to deliver lightweight, low cost savings accounts to all Indian citizens and especially to the financially excluded population. In the southern state of Andhra Pradesh, the Government of India has already initiated the transfer of direct benefits, for example, payment of wages under Mahatma Gandhi National Rural Employment
Guarantee Scheme (MGNREGS) through post office accounts of the beneficiary. With such initiatives, the India Post Services has been thrust with the responsibility of contributing to the objective of financial inclusion (Vasudha et al., 2016).

The extant literature also suggests expanding the demand for financial services for comprehensive financial inclusion. One such suggestion to boost the demand for financial services is to increase financial literacy. Financial literacy is regarded as a process that provides demand side support for financial inclusion (Reserve Bank of India, 2016). Financial literacy makes the customer capable to understand the nature of financial products, its benefits and the risk associated with it. It also implies the ability to make the right choice in financial decisions. Subbarao (2009) said that financial literacy is a stepping stone towards financial inclusion. Gopinath (2006) pointed out that financial literacy can increase the decision making power and prepare them to cope with the financial demands of daily life.

Bhave (2009) argued that technology helps the low income customers more efficiently than the higher income customers. According to the author, the service providers should ascertain that an ordinary customer can access the service using the technology. Handoo (2010) articulated that, technology driven innovative banking plays an important role in reducing certain barriers to financial inclusion, such as access, proximity, financial hurdles and information asymmetry. For such reasons, Bansal (2014) suggested the banks to use the appropriate technology as a platform to extend the financial services in remote areas. Technology intervention helps banks to cut their cost through better management. Moreover, technology also increases the outreach to the customer. As viewed by Dev (2006), greater financial inclusion is possible, if financial
institutions mainly the banks look at financial inclusion both as a business opportunity and social responsibility. Ramji (2009) calls for greater financial awareness, appropriateness of bank products for low income communities and effective marketing efforts to accompany initiatives such as the financial inclusion drive.

2.2 The Tea Industry in Assam and its Labour Community

Tea is one of the traditional export commodities of India and occupies an important position in the national economy. In addition to being a foreign exchange earner for the country, the industry provides gainful employment to a large number of people. According to Sarkar (2008), tea industry is among the oldest of the organised manufacturing sectors in India and its labour-intensive nature makes it as the single largest employer in this sector. Assam, West Bengal, Sikkim, Himachal Pradesh, Tamil Nadu, Kerala and Karnataka are the main tea producing states in India.

The tea industry plays a significant role in the economy of Assam. In terms of production, Assam alone produces more than half of India’s tea production. The total area under tea cultivation in Assam is more than half of the country’s total area under tea. As per Economic Survey, Assam for 2016-17, the tea sector employs on an average more than 6.86 lakh person daily in the state. However, several studies have argued the labourer in tea sector comprises one of the most socio-economically disadvantaged sections of in the state. In this background, this section briefly discusses the socio-economic and demographic patterns of tea garden workers in Assam.
2.2.1 The Tea Garden Workers Community in Assam

Tea plantation in India starts with the discovery of indigenous tea plants in Assam in the year 1823 by Major Robert Bruce (Harlalka, 1975). However, the commercial production of tea began more than a decade later. The first tea cultivation on commercial basis was carried on 1835 at Chabua, presently a part of Dibrugarh district (Mahanta, 2000). In the year 1838, a consignment of tea was exported for the first time to London (Harlalka, 1975). In the following year, Assam Company, a British private enterprise was set up in London in 1839 with the purpose of producing tea in India (Behal, 2014). The establishment of ‘Assam Company’ is considered as the birth of Indian tea Industry (Bhowmik, 2002). Thus, the foundation of the industry was laid during the British rule. The plantation of tea basically requires large areas of land and labour (Mishra et al., 2012). Goswami (1975) pointed out that when the British planters started tea plantation in Assam, they face no difficulty regarding availability of land and capital; but the problem was of scarcity of labourers. Goswami (1975) further noted that the reasons for such labour scarcity are mainly the depopulation caused by Civil Wars and Burmese invasion during later part of the eighteenth and early part of the nineteenth century. Moreover, self-sufficiency of the local people, abundance of land resources, lack of demand for cash and the rigorous nature of work in gardens made it difficult for the tea planter to find local labourers. According to Behal and Mohapatra (1992), the low population density of Assam, absence of agricultural labourers and the reluctance of Assamese peasants to work on the plantation resulted in labour scarcity for tea plantation. In addition, the local communities were not that particular type of labour as required for plantation works, the local labourers were not cheap and plentiful as argued by Rodney (1981). This shortage of labour forced the planters to search labourers
outside the state of Assam (Behal and Mohapatra, 1992). All these reasons led the authorities to import labourers from other parts of India where it was readily available (Barpujari, 1996). With the expansion of tea industry, planters brought labourers from present day Jharkhand, Chattisgarh, Orissa, West Bengal and Andhra Pradesh (Misra, 2007). These imported labourers were mostly poor peasants and landless labourers of those areas. The import of labourers continued till 1960 when it was found that the population of the plantation workers settled in the state became large enough to cater to the demand of plantation workforce (Sharma, 2012).

The workers were imported to Assam for a period of three to five years. However, it was difficult for the workers to go back to their native place at the end of their contracted term. The return was difficult mainly due to poor transportation system and their illiteracy. This led to the permanent settlement of imported labours in Assam. Some of them settled in the lands nearby the plantations and became peasants, some continued as seasonal labourers in the plantations and a large section settled in the gardens as permanent labours (Hazarika, 2015).

According to Harlalka (1975), though the imported labourers were from different socio-cultural norms, over time they have developed an inter-caste understanding. Their mutual help and trust broadened their attitude and outlook. To indicate their unity and solidarity to the external world, they termed themselves as the ‘Tea tribes of Assam’. Sharma (2012) also observed that the imported labourers are now treated as a single distinct community with the nomenclatures like ‘Chah Janajati’, ‘Adivasi’, etc. despite they are having differences within themselves. Though there is no concrete idea about
the present population of this community, however different studies suggest that the community consist approximately 17 to 20 per cent of the total population of Assam.

Several studies highlight the poor socio-economic progress of the tea garden workers in the state. Studies by Mahanta (2000), Borthakur (2003), Hazarika (2015) writes about the unethical recruitment process, inhuman treatment to the labourers in their transition to Assam and the deplorable living and working condition of the workers in the gardens. Mc-Bride (1959) compared the conditions in tea gardens in Assam to that of slave plantation. There was no legislation to regulate the working condition of tea garden labourers during the British rule (Harlalka, 1975).

After the independence of India, the Plantation labour Act 1951 was enacted. Government of India enacted the act to provide for the welfare of plantation labour by regulating the conditions of work in plantations. Under the guidelines of the Plantation Labour Act 1951, the Assam Government framed the Assam Plantations Labour Rules, 1956 accordingly. It was expected that proper implementation of the Plantation Labour Rules will bring an all-round development in the whole labour affairs of the plantations. However, the Act failed to bring the desired changes. Bhowmik (2002) pointed out that the realisation of standards as marked by the Plantation Labour Act, 1951 in almost all the aspects (such as housing, sanitation, medical facilities, education etc.) are far from adequate. Even after six decades of the enactment of the Act, the tea garden workers are considered as one of the most deprived and disadvantaged communities of the state. Moreover, the mainstream Assamese society often marginalised the tea labour community. According to Misra (2007), some inbuilt prejudices and perceptions about the tea labour community exist among the influential section of Assamese society. As
noted by Misra (2007), these perception and prejudice sometimes result in hatred towards the tea garden workers. Moreover, the tea garden management usually prevents the migrated tea garden workers from mixing with the local population which further marginalised this group of workers.

2.2.2 Socio-Economic Status of the Tea Labour Community

According to Bhadra (2004), plantations all over the world are linked with colonialism and involve economic and sexual exploitation of the non-white, exhausting and meagrely paid manual labours. Moreover, plantation work is the most labour intensive and lowest paid occupational categories. Tea, being the most significant plantation corps in many parts of the world including India, exhibits these characteristics.

Majumdar and Roy (2012) in a study of the socio-economic status of tea labourers of Bangladesh articulated that the tea workers of Bangladesh are socially excluded, illiterate, deprived and disconnected. In addition, they are paid with insufficient income. According to Ahammed and Hossain (2016), the tea garden labourers of Bangladesh are a specific group of vulnerable people who are living without respect. Their low income led them to live a poor life. Some of the common socio-economic problems of the community are; malnutrition, ill health, dropout from schools, child marriage and child labour (Das and Islam, 2006). Despite the enactment of several legislations by the Government of Bangladesh, tea workers right to safe, secure and hygienic working conditions have not yet been ensured in the country (Majumder, 2002).
Ahmed (2014), in a socio economic review of the ‘Estate Tamils’ (Tamil Plantation workers migrated from India) of Sri Lanka found that the workers recorded lowest educational attainment, lowest life expectancy, poorest standard of living and highest mortality rate in independent Sri Lanka. The author added that these socially marginalised communities face some other serious problems such as poor housing, lack of old age support and widespread poverty. According to Ahmed (2014), the inability to move out of plantation resulting from their ethnic barriers, low education and caste and class barriers, is the main reason for the socio-economic deprivation of these workers.

The condition of the tea plantation workers in other tea producing states of India is also not different. CEC Working paper (2007) observed that the workers in the tea industry in India are marginalised and socially excluded. The workers are isolated in their plantations, bound by low wages and poor working conditions. The study further stated that neither the mainstream trade union movement nor the government has given much importance to this section of the country’s working class.

Bhowmik (2015), in a study, has compared the working conditions of tea plantation workers in Assam, West Bengal and Kerala. The author articulated that, the living condition of the workers are almost similar in these states, however, the wage rate in Kerala is higher than that in Assam and West Bengal. It is important to note that in Kerala, the wage rate earned by other organised sector employers is higher than that of the tea plantation workers. Bhowmik (2015) considered the tea plantation workers of Assam to be at the worst level in the sense that, in spite of being of the same origin, migrated tea labourers in West Bengal is granted the status of Scheduled Tribe while in
Assam this is not. It results in the deprivation of the workers from any form of protective discrimination necessary for their development.

Another study by Centre for Workers’ Management during the year 2015 compared the condition of tea garden workers in West Bengal and Kerala (Centre for Workers Management, 2015). The study also observed that the conditions of tea plantation workers in Kerala are better to that of the workers in West Bengal in various aspects. Moreover, the report expressed the concern that low income earned by the tea garden workers widens income-expenditure gap among them. Further, the resulting indebtedness of the tea garden workers led to the re-emergence of other social problems such as child labour, both inside and outside plantation.

Sivananthiran and VenkataRatnam (2002) observed that within the tea plantation areas of South Asia, enforcement of labour laws is fairly effective in Southern states of India and Sri Lanka, but somewhat relaxed in Assam and Bangladesh.

A number of researches also carried out studies on various issues related to the tea garden labourers of Assam. These issues mainly include their economic and social status, health issues, educational attainment, living and working conditions, saving behaviour and other associated problems. Amiya et al. (2010) talked about the isolated life of the labourers since the beginning of tea industry in Assam, which led to their miserable living and working condition. According to their study, the welfare of the labourers has historically been left to planters and they have not traditionally been the recipients of government welfare schemes. Such exclusion further aggravated their situation. Available literature shows that the healthcare facilities provided to the tea garden workers are not up to the desired level (Amiya et al., 2010; Kakoti, 2008;
Borthakur, 2003 and Phukan, 1979). Columbia Law School Human Rights Institute conducted a case study among the plantation workers of tea estates under Amalgamated Plantations Private Ltd. (APPL) in Assam and the report was published in the year 2014. The study noticed that there are prolonged violations of the Plantations Labour Act 1951, related to housing, sanitation, medical care, education, occupational health and safety, and other entitlements for workers and their families. The study observed that the living places of the tea garden workers are crowded, the wall and roofs of the quarter provided are cracked, sanitation facility is improper and sometimes absent and access to clean water is not adequate. All these issues are responsible for creating various health problems among the workers. But the study also observed that the medical facilities to the workers are inadequate and often suffered from poorly trained and mostly absent medical staff.

Low level of literacy among tea garden workers of Assam is pointed out by almost all the extant literature. A study by Goswami (1992) revealed that the development in the front of education is the least among the tea garden workers. The author observed that the tea planters were reluctant in providing education to the labourers and the supervision by the government in the related area was improper and inadequate. The infrastructural facilities needed for providing education were also defective at the grass-root level. According to Goswami (1992), poor financial condition of the workers and the availability of the employment opportunity for the minors in the tea plantations, are some of the important reasons for the low educational attainment of the tea garden workers. However, the study also noticed a growing sense of realisation of the value of education among the youths of the community. Sarma (2011) also observed a similar pattern regarding the educational attainment of tea plantation workers and suggested
that special treatment has to be given in order to make education universal and accessible to tea garden workers.

According to Behal (1985), wages below subsistence level, often supplemented by wages in kind, were the main features of the wage structure in the Assam Valley tea plantations during the British rule. As discussed by Griffiths (1967), wages of tea plantation workers in Assam and West Bengal continued to be almost constant for many decades till the early twentieth century and at that time wages of the agricultural labourer in these areas were more than double. The Sub-Divisional Officer of Karimgunj in Assam reported in 1883 that wages of tea plantation workers were “less than three rupees a month during the last season. Bengalis in the adjoining villages earned without difficulty rupees seven a month” (Bose, 1954).

According to Hunter (1872), the agricultural workers in Jalpaiguri in West Bengal earned rupees six to seven per month in 1871. In the subsequent years, the tea plantation started. However, the wage rate of the plantation workers was around rupees three per month which was almost half of the amount the agricultural workers were earning. The exploitation of tea labourers in the form of low wage is still prevalent. According to Centre for Workers Management (2015), the Assam Minimum Wage Rules, 1952 of the state government does not cover the tea plantation workers. Rather, the wage rate is determined through collective bargaining which involves the government, planters and workers representative. Moreover, there is a non-cash part of the wage which consists of subsidised ration, firewood and dry tea entitlements. As observed by Mishra et al. (2012), since independence, all wages and provisions to the tea garden workers in Assam are determined by bilateral wage agreement (generally in every three years)
between Assam Chah Majdoor Sangha (ACMS) which represents the workers and the employers’ association. However, it is pointed out that the employer often violates the wage agreement by fixing a minimum daily amount of tea leaves to be plucked by each labourer which is against the decision of guaranteeing fair wage on timely basis irrespective of amount of leaf plucked.

According to Bhowmik (2015), the Assam Chah Majodoor Sangha, which is the main trade union representing the tea workers of Assam is affiliated to Indian National Trade Union Congress (INTUC) and has had a reputation of being soft on employers. It helps the employers to keep the wage rate low.

In a report of the Labour Bureau published in the year 2008-09, it is mentioned that the average daily wage of labourers in Assam is lowest among all tea growing states of the country (Government of India, 2009). Even the wage rate (including both cash and non-cash payment) of the tea plantation workers in Assam is lower than the unskilled daily wage workers in the state (Dhar, 2015 and Kashyap, 2014). According to Saikia (2008), there is no provision of computing dearness allowance according to the scale of the Consumer Price Index for the workers in tea gardens. The author further stated that the tea plantation workers do not receive wages on Sundays, and Sundays are treated as unpaid holidays. Moreover, the arrears due after every wage agreement are hardly ever paid. Saikia (2008) also observed that the collective bargaining process in the tea industry does not reflect the other necessary aspirations of the tea workers.

Harlalka (1975) articulated that, economic as well as social upliftment of the tea plantation workers in Assam is highly obstructed by their extreme poverty. Along with their low income, their expenditure pattern where a large chunk of income is spent on
consumption of liquor aggravates their poverty. Kar (2009) observed that eighty per cent of the tea labour families spend whatever they earn in meeting the basic needs of their day to day life. Many of them spend a substantial amount, sometimes at the cost of their basic needs, for country liquor. The author further added that many members of the younger generation spend a major amount of their income on purchasing non-traditional consumer goods, for example, motorised vehicle, phones etc. Only a small group of them has realised the value of money and has resorted to the habit of regular saving with some saving organisation.

2.2.3 Gender Disparity among the Tea Labourers

Female workers play an important role in tea industry. The significance and importance of female workers in the tea industry is mentioned and highlighted in many studies e.g. Sengupta (1960), Bhadra (2004), Sivananthiran and Venkata Ratnam (2002), Karmakar (2005) and Varma (2011). According to Behal (2014), notable feature of the labour migration to Assam was that, almost 50 per cent of the total labour force was women and children. As per Tea Statistics 2003-04, almost 45 per cent of the average daily numbers of labours employed in the tea plantation districts of Assam during 2004 were female.

This large number of women workers in tea plantation is attributed to the indentured type of labour recruitment in the tea industry where families were employed rather than person. Preference to family based employment is given because it ensured that labour could be reproduced and in future labour supply will continue at reduced cost. Another reason to encourage family migration was to ensure that workers get permanently settled in the plantations which discourage their mobility out of the gardens. After
independence, provisions were made under the Plantation Labour Act, 1951 that the employer has to provide housing, ration and other basic amenities to the labourers. It worked as an additional reason for the employers to pursue all members of a labour family to work in the tea gardens (Mishra et al., 2012 and Bhowmik, 2002).

Various other reasons were also put forwarded for large share of women workforce in tea plantation. Employers prefer to engage women for plucking tea leaves since the women are considered more efficient in plucking than that of man, both quantitatively and qualitatively (Majumdar and Roy, 2012; Sarmah, 2015; Sarkar and Bhowmik, 1998). According to Mehrotra (1964), the nature of jobs on plantation required little skill and women could easily adapt themselves to the work. Moreover, because of its similarity to agriculture, plantation work is more suitable for women than other organised sector industries such as factories and mining (Harlalka, 1975).

In spite of the large women workforce in tea plantation, their position in the community is substandard and it is articulated in various studies. According to Mishra et al. (2011), women in tea plantation are mostly engaged in casual jobs. It results in their lack of security in employment and deprivation from entitlements that the permanent labourers used to get. As found by Majumdar (2003), women workers are generally employed in the lowest level and least-paid category of jobs in plantation and it reflects their low dignity in the workplace. Her study also showed that the hierarchical and patriarchal nature of estate organisation acted as one of the means of deprivation of women workers. Sarmah (2015) also noticed that though women work equally with men, they are not duly recognised and thus occupy a lower position in the estate hierarchy.
According to Behal (2014), despite equal productivity, women workers were paid less than the male labourers and this tradition continued for many decades even after independence. In the year 1976, the Government of India passed the Equal Remuneration Act. The act made provisions that equal amount of remuneration has to be paid to all irrespective of their gender for the same or similar type of work.\(^4\) However, Thamarajakshi (2002) observed that, while West Bengal and the southern states started paying equal wages from 1976 but in Assam, it started only after 1990.

Bhadra (2004) articulated that despite having rare opportunity to move upward in their jobs, responsibility towards their family and other dependents is the main economic motivation for the women workers to work in plantations.

Rasaily (2014) found that the female labourers in tea gardens bear both financial and physical responsibility of their household. In addition to do household chores, they need to work in tea gardens to help the family financially. However, despite their contribution in the family, they hardly have any voice in the decisions of the household (Amiya et al. 2010; Majumdar, 2003). Amiya et al. (2010) found that women are also less comfortable in directly voicing their concerns to the management. A study by Sarkar and Bhowmik (1998) showed that good numbers of women take membership of trade unions. But their involvement is hardly active and nearly all of them are dependent on the decisions of their male household heads in choosing trade unions. The study blamed inferior social as well as work status of women and their low literacy level for the trivial participation of women workers in trade unions. According to Sarmah (2015), due to numerous household works along with their plantation job women labourers in tea plantation hardly get any time to involve in union activities. As a result of their weak representation in trade unions, the problems of the women workers such as upward
mobility, maternity benefits, sexual harassment and domestic violence are seldom addressed at the union level (Thamarajakshi, 2002).

### 2.3 Summing Up

This chapter summarises the extant literature related to financial inclusion as well as the socio-economic and demographic aspects of tea garden labourers.

The first section deals with the various issues related to financial inclusion. From the discussion, it is clear that ‘financial inclusion’ is a global policy initiative to permeate the benefits of formal financial services to all section of the society who are yet deprived of it. The existing studies argued that the problem of financial exclusion is mainly associated with the disadvantaged groups of the society. It is also argued in many literatures that easy, affordable and proper financial services can greatly help in improving the economic as well as social conditions of the vulnerable groups.

The second section deals with the ‘tea labour community’ that forms a group of migrated labourers which were brought to work in the tea gardens of Assam. Almost all the studies describe the tea labour community as one of the most deprived section of the society. Various studies have gone through the analysis of their social and economic conditions; mostly on the basis of stipulated provisions made under Plantation Labour Act, 1951. Literatures also suggest that the tea labours, because of their low income and consumption pattern, can barely make any savings but for the same reason they have to depend heavily on loan or credit. Lack of formal credit forces them to depend on informal sources such as local moneylenders. The informal creditors often exploit the labourers by charging exorbitant interest (Kar, 1993).
From the review of the literature, it is clear that the tea labour community is one of the deprived and vulnerable communities in Assam. Among other socio-economic deprivations, these workers are also deprived from basic financial services and thus remain financially excluded. As argued by many studies, financial inclusion could help in the socio-economic upliftment of disadvantaged groups including the tea garden workers. Thus it would be relevant to examine the availability and use of financial services by the tea labour community. However, scientific study in this area is limited and little attention has been paid to explore the issue.

In this background, the present study makes an attempt to explore the status of financial inclusion of the tea labour community in the state of Assam. For this purpose, the study examines the availability among tea labour community of Assam and the pattern in the use of those financial services. Furthermore, the study also explores the determinants or the factors affecting the behaviour of the tea labour community towards the use of formal financial services.