

A STUDY ON THE ROLE OF PERCEPTION ON FINANCIAL INCLUSION OF TEA GARDEN WORKERS IN DIBRUGARH DISTRICT OF ASSAM

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Abstract: The Directive principles of State policy embodied in Part IV of the Indian Constitution expresses India as a welfare state. A welfare state is based on the principles of equality of opportunities, equitable distribution of wealth and public responsibility for those unable to avail themselves of the minimal provisions of a good life. So, sticking to these principles of a welfare state would demand an inclusive system, which reduces the gaps in existing inequalities by ensuring equal participation of all. The concept of inclusive growth is often referred to as growth with equal opportunities for all. The tea plantations in Assam assume a special importance not only as a major foreign exchange earner of the state but its contribution is also significant in terms of employment that it provides. There are around 850 tea gardens in the state employing around 10 Lakh workers. But the socio-economic condition of these workers is quite deplorable. Inability to access financial services is one of the major reasons behind it. There are various demand and supply side factors contributing to this ability. The paper discusses role of perception, an important demand side factor affecting financial inclusion, of Tea workers in availing of various financial services.

IndexTerms - Welfare state, inclusive, deplorable, growth etc.

I. INTRODUCTION

Classical economists endorse that there is a direct relationship between savings and economic growth of a country. They believe that a necessary and sufficient condition for investment creation in an economy is the existence of savings. So if the savings go up, there will be an increase in investment in an economy. It is thus implied that financial exclusion can be seen as the loss of an enormous potential for economic growth. The need of the hour is for an inclusive financial system which would put the economy of a country on a high growth trajectory. The tea plantations in Assam assume a special importance not only as a major foreign exchange earner of the state but its contribution is also significant in terms of employment that it provides. There are around 850 tea gardens in the state employing around 10 Lakh workers. But the socio-economic condition of these workers is quite deplorable. Inability to access financial services is one of the major reasons behind it. Inclusion is considered crucial for individuals/households to manage their incomes, to exploit opportunities and thereby, improving their socio-economic position and absence of which makes them more susceptible to exploitation and deprive them of various incentives and subsidies from the government. Making availability of financial services at an affordable cost especially to the poor can be considered to be an effective tool in putting a check to this long discussed issue of poverty and freeing the disadvantaged sections of the society from its shackles. The two terms 'Poverty' and 'finance' are considered as highly interrelated. Inability or limited access to formal financial services fend off consumption smoothening and also curbs investments in education, health and other activities that lead to income generation.

II. REVIEW OF LITERATURE

Rangarajan Committee (2008) defined financial inclusion 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". **Leyshon and Trift (1995)** held financial exclusion as the main cause behind uneven development and defined it as a process that prevents poor-disadvantaged sections of the society from being a part of the formal financial system. **Mohan (2006)**, stressing on the financial inclusion as a key policy concern, defined financial exclusion as "the lack of access by certain segments of the society to appropriate, low cost, fair and safe financial products and services from mainstream providers. **Patrick Honohan (2004)** also emphasized the important linkage between finance and economic growth. His study pointed out that there is a negative relationship between financial deepening and poverty headcount. **Prahlad C. K. (2005)** also emphasized on including the poor in the nation's development process by saying that "if we stop thinking of the poor as victims or as a burden, and start recognizing them as resilient and creative entrepreneurs and value conscious consumers, a whole world of Opportunity will open up".

III. SIGNIFICANCE OF THE STUDY:

The study will be a significant endeavor in promoting financial inclusion among tea garden workers in Dibrugarh district, who are still outside the ambit of the formal financial system. The tea plantations in Assam assume a special importance not only as a major foreign exchange earner of the state but its contribution is also significant in terms of employment that it provides. There are around 850 tea gardens in the state employing around 10 Lakh workers. But the socio-economic condition of these workers is quite deplorable. Financial exclusion is one of the major reasons behind it. There are both supply and demand side factors which

play a crucial role in people's access to and usage of financial services. One such factor is the perception of people towards financial services i.e. the need for various financial services.

IV. OBJECTIVES OF THE STUDY

The objective of the study is to determine the association between the perception of tea garden workers regarding financial services and their availing of financial services.

V. HYPOTHESIS OF THE STUDY

The following hypothesis is set forth for the study:

H₀₁: There is no statistically significant association between the perception of tea garden workers regarding financial services and their availing of financial services.

H_{a1}: There is a statistically significant association between the perception of tea garden workers regarding financial services and their availing of financial services.

VI. RESEARCH METHODOLOGY

The target population in the present study was the tea garden workers in Dibrugarh District. The daily wage workers were the respondents of the study. There are 177 tea gardens in Dibrugarh district, with total number of daily wage workers engaged are 94,920 (51,919 permanent worker and 43,001 as temporary workers). This data has been collected from the office of the Assistant Labour Commissioner, Dibrugarh district¹. For selection of primary data for the survey, the sampling technique used was multistage sampling. Both primary and secondary data were used for the study. The primary data collected with the help of a schedule and secondary data from various journals, websites etc. In the study, chi-square test of independence, which is a non-parametric test, forms the basis of the researcher's decision to accept or reject the null hypothesis. To determine the effect size of the demographic and perception variables on the availing of financial services by the respondents such as bank account, insurance and credit, Cramer's V is used. Cramer's V is used considering the nominal nature of the variables (need for bank accounts, insurance, credit etc.).

Table 1: Categorization of effect size

Effect size	Small	Medium	Large
Cramer's V ^a	0.1 (1 df), 0.07 (2 df), 0.06 (3 df)	0.3 (1df), 0.21 (2df), 0.17(3df)	0.5(1df), .35(2df) 0.29 (3df)
Eta squared ^b	0.01	0.06	0.14

VII. RESULTS AND DISCUSSION

In the study the perception of the respondents towards various financial products and services has been captured with respect to: **need for bank account, need for insurance, need for bank credit and perception towards bankers' attitude and behavior.**

a) NEED FOR BANK ACCOUNT:

In the study, the respondents were asked on whether they felt the need for a bank account. The responses were collected on '3 point Likert scale'- 'Yes', 'No' and 'No response'. Out of 400 respondents, 179 (45 percent) of them expressed their need for bank account. While, 140 respondents (35 percent) did not feel the need for the same and the remaining 81 respondents (20 percent) responded fell in the 'No response' category, as they were not sure whether they feel such need or not.

b) ASSOCIATION BETWEEN NEED FOR BANK ACCOUNT AND OPENING OF BANK ACCOUNT

Out of the 179 respondents who felt the need for bank account, 108 (60%) of them opened one. Whereas only 30 out of the 140 (21%) respondents, who did not feel the need for a bank account had opened one. This indicates that the perceived value of having a bank account has an important role to play, when it comes to availing financial services.

In the study, the expected count and observed counts for need for bank account and having a bank account differed, so this indicates an association between the two. The chi square test shows whether this difference is significant or not. The table below gives us the chi square value.

Table 2: Chi square test of independence between need for bank account and opening of bank account

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	51.073 ^a	2	.000
Likelihood Ratio	52.940	2	.000
Linear-by-Linear Association	50.559	1	.000
N of Valid Cases	400		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 33.01.

(Computed value)

¹ Form no. 12, Annual Return For the year ending 2015, Office of The Asstt. Labour Commissioner, Dibrugarh

The Pearson's chi-square value is 51.073 and the degree of freedom is 2. The asymptotic significance in the above table is the 'p value' which is 0.000. The level of significance is assumed to be 5 percent. As the 'p value' is less than 5 percent, we have enough evidence to reject the null hypothesis. So there is a statistically significant relationship between the need for bank account by the respondents and opening one by them. To determine the effect size, Cramer's V value is used. The Cramer's V value computed is 0.353. So, with reference to table in the tools used for analysis section. The need for bank account as a perceptual variable has a large effect on opening bank account.

c) REASONS FOR THE NEED FOR BANK ACCOUNT

Further, the reasons for feeling the necessity of a bank account were analyzed by collecting opinions from the respondents, who felt the need for opening a bank account. Out of the total 400 respondents, 179 of them expressed their need for an account. The majority of the respondents consisting 78 percent needed bank accounts for the 'safety and security' of their savings. Whereas 55 percent of the respondents cited 'credit facility' as the prime reason for opening bank accounts. Interestingly 41 percent of the respondents believe that it helps to 'enhance their status' in the society in which they live. 39 percent of the respondents felt the need for a bank account as it provides saving avenue. The study showed that convenience of transaction through bank accounts was the least prominent reason for needing a bank account, as only 11 percent found it to be the reason for the need for a bank account.

d) REASONS FOR 'NO NEED' FOR BANK ACCOUNT

The majority of the respondents provided 'lack of sufficient fund' as the prominent reason for not feeling the need for a bank account and the percentage was as high as 89 percent for the same. Whereas, bank account of another member of the family member of the family served the purpose in respect of 66 percent. Lack of awareness regarding banking services stood as a barrier for 59 percent. Other reasons namely 'low returns on savings', 'lack of trust on banks' and 'simply not feeling the need' accounted for 17 percent, 10 percent and 19 percent of the respondents who did not feel the need for opening bank accounts.

e) NEED FOR INSURANCE AND AVAILING OF INSURANCE SERVICE

The study revealed that out of the 400 respondents, 118 (30 percent) of them expressed their need for insurance. While 193 respondents (48 percent) did not feel the need for insurance and the remaining 89 respondents (22 percent) had no opinion about it (No response category).

f) ASSOCIATION BETWEEN NEED FOR INSURANCE AND AVAILING INSURANCE SERVICE.

Out of the 118 respondents who felt the need for insurance service, 66 (56%) of them had one. Whereas only 13 out of 193 (6%) respondents had an insurance policy service even though, they did not feel the need for one. This highlights the importance of the perceptual factor (need for insurance) on availing of financial service (insurance).

In the study, the expected count and observed count for need for insurance and availing insurance differed, this indicates an association between the two. The chi square test shows whether this difference is significant or not. The table (1.11.1.1) below gives us the chi square value.

Table 3: Chi square test of independence between need for insurance and availing of insurance

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	96.430 ^a	2	.000
Likelihood Ratio	95.958	2	.000
Linear-by-Linear Association	92.518	1	.000
N of Valid Cases	400		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 21.81.

(Computed value)

The Pearson's chi-square value is 96.430 and the degree of freedom is 2. The asymptotic significance in the above table is the 'p value' which is 0.000. The level of significance is assumed as 5 percent. As the 'p value' is less than 5 percent, we have enough evidence to reject the null hypothesis. So there is a significant relationship between need for an insurance policy and having one. To determine the effect size, Cramer's V value is used. The Cramer's V value computed is 0.491. So, with reference to table given in the tools used in analysis, the need for insurance as a perceptual variable has a large effect on availing of insurance.

g) REASONS FOR 'NEED' FOR INSURANCE:

About 30 percent of the respondents felt the need for an insurance policy. Opinions of the respondents, who felt such need, were collected for analyzing the reasons for feeling the need for one. The prime reason for feeling the need for an insurance policy was 'protection from the insured risks' and as far as 69 percent of the respondents felt so. Whereas family members of 45 percent respondents had a big role to play in eliciting a positive response towards insurance cover. 44 percent of the respondents felt the need for availing an insurance policy based on past experience. While employers encouraged 18 percent to take up insurance cover.

h) REASONS FOR 'NO NEED' FOR INSURANCE

About 48 percent of the respondents do not feel the need for an insurance policy. Out of the respondents who did not feel the need for an insurance policy, 85 percent of them found lack of awareness of such policy as the most prominent reason behind not feeling the need for one. It is followed by 38 percent respondents who did not attach any 'importance' on it. 29 percent of the

respondents have alternative options available to cover the risk of loss, if any to be incurred in future. 'Lack of dependents' dissuaded 28 percent from taking insurance cover and rest 24 percent did not have sufficient funds to buy one.

i) NEED FOR CREDIT FROM BANK AND AVAILING BANK CREDIT

The perception of the respondents towards availing 'credit' facility from banks was included in the present study. Out of the 400 respondents, 93 (23 percent) of them expressed their need for credit from banks. While, 248 respondents (62 percent) did not feel the need for credit from bank and remaining 59 respondents (15 percent) fell in the 'No response' category.

j) ASSOCIATION BETWEEN NEED FOR CREDIT FROM BANKS AND AVAILING BANK CREDIT

In the study, out of the 93 respondents who felt the need for credit from banks, 15 (16%) of them availed it. Whereas only 5 out of 248 (2%) respondents had availed credit from banks even though, they did not feel the need to avail one for the bank. The expected count and observed counts differed, so this shows that there is an association between the two variables. The chi square value shows whether this difference is significant or not. The table below gives us the chi square value.

Table 4: Chi square test of independence between need for credit and availing bank credit

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.840 ^a	2	.000
Likelihood Ratio	23.397	2	.000
Linear-by-Linear Association	23.481	1	.000
N of Valid Cases	400		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 3.10.

(Computed value)

The Pearson's chi-square value is 28.840 and the degree of freedom is 2. The asymptotic significance in the above table is the 'p value' which is 0.000. The level of significance is assumed to be 5 percent. As the 'p value' is less than 5 percent, we have enough evidence to reject the null hypothesis. So there is a significant relationship between need for credit from banks and availing bank credit by the respondents. To determine the effect size, Cramer's V value is used. The Cramer's V value computed is 0.269 (close to 3). So, with reference to table given in the tools used for analysis, the need for bank credit as a perceptual variable has a large effect on availing of credit from banks.

k) REASONS FOR 'NEED' FOR BANK CREDIT

Only 23 percent of the respondents expressed their need for credit from banks. Out of the respondents who did feel the need for availing credit from banks, 76 percent of them found cheap credit from banks as the most prominent reason behind feeling the need for one. It is followed by 52 percent respondents who did feel for such need as banks offer longer repayment period. 53 percent of the respondents found protection from frauds and exploitation involved in informal sources as the reason for need of credit from banks. Also, 15 percent respondents felt encouraged by family members and peers to opt for the same.

l) REASONS FOR 'NO NEED' FOR CREDIT FROM BANKS

Out of the respondents who did feel the need for credit from banks, 70 percent felt lack of awareness about various credit products as the prominent reason behind it. Followed by 36 percent of the respondents with alternative sources of credit, so they did not feel the need for credit from banks. Also, 28 percent of those who did not feel the need for such service found that no easy availability of credit from banks as one reason for not feeling the need. 6 percent of the respondents who did not feel the need for credit from banks had availed credit from their respective employer in times of need and 7 percent were financially sound enough to take care of their need for finance.

m) PERCEPTION TOWARDS BANKERS' BEHAVIOUR AND ATTITUDE

Attitude of the bank personnel and their behavior in dealing with the customers stands out to be an important factor in the access of financial services by people specially the disadvantaged section of the society. This perception is captured in the study by eliciting opinions of the respondents on the following:

1) "Banks provide same quality of service to the customers Irrespective of them being rich or poor". The response is collected from all 400 respondents in the sample and has been tabulated below. Out of 400 respondents, 296 (74%) of them agreed that bankers provide same standard of service to all its customers. But 76 (19%) of the respondents still believed that standard of service offered differs on whether the customer is rich or poor.

2) "Do you think bankers' attitude can prove to be an important factor in promoting financial inclusion in the country?" The opinions of the respondents were collected on the aforesaid question and the opinions are tabulated as below. Out of the 400 respondents, 346(87 percent) found that in order to include marginalized sections of the society in the mainstream banking, the attitude of the bankers would play a crucial. A positive change in the attitude of bank staff could contribute to a great extent in inclusion of the disadvantaged sections of the society.

VII. CONCLUSION

Based on the reviews done during the course of the study in Assam, financial inclusion is progressing but at a slow pace. As per the state wise index of financial inclusion in India by FIA Global Technology Services Pvt. Ltd, Assam is counted among the bottom states with regard to financial inclusion. The tea sector of the state presents a gloomy picture in this regard. The present study, which caters to financial inclusion among the daily wage tea workers in Dibrugarh district, revealed that availing of

financial services among the workers, especially credit from banks were very low. Data pertaining to perception of workers showed that there existed an important nexus between this factor and availing of financial services. The need of the hour is to take care of various obstacles in the way of access and usage of these financial services.

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