



Access To Insurance: Status Of Tea Garden Workers Of Assam

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Abstract: Risk averter people are always ready to pay for insurance premium to get a guaranteed future income. But poor people cannot afford to pay such high amount of premium. Various studies showed that there is chronic poverty among tea garden workers of Assam and they also have very little access to government schemes for socio economic development of the vulnerable people. For poor people availability of insurance can be of great help. This paper studies the status of use of insurance services by the tea garden workers of Assam on the basis of a primary field survey conducted across twelve tea estates of six major tea growing districts of Assam during the month of July to December 2017. The study finds that use of insurance is very dismal among the tea garden workers of Assam. Furthermore; their awareness about affordable insurance schemes provided by the government is also very poor.

Key words: Insurance, tea garden workers

I. Introduction:

Access to insurance services is one of the important aspects of inclusive financial system. Insurance provides shield against bad phases of life. Emphasising the importance of insurance facilities, Government of India in the year 2015 started two government sponsored insurance programmes namely Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jivan Jyoti Bima Yojana with a very low amount of yearly premium. People having accounts in any scheduled commercial banks can avail the facilities of such insurance scheme. This scheme is again mainly focused to the poor and underprivileged groups, who cannot afford other insurance services. Recently in the year 2016 and 2018 two other health insurance schemes namely Atal Amrit Abhiyan and Ayushman Bharat was initiated and implemented by the Government respectively. However, insurance is not yet popular among common masses.

Economic theories related to choice under uncertainty shows that risk averter people prefer equal amount of income with certainty in the future than equal amount of money with uncertainty. Here the term expected utility is used to measure the utility of money income future. People intend to pay for insurance so that they can secure a certain amount of income in the future irrespective of the amount of risk involved. People living in underdeveloped and developing countries are exposed to high risk which may be from fluctuations in their income and expenses arising from health costs, property theft and fire, violence, death, disability and catastrophes, unemployment, burden of social occasions and many more. Uncovered risks have serious negative implications on human welfare.

The tea garden workers are one of the most vulnerable and deprived section of Assam. Despite having a considerable economic importance of the tea industry not only in Assam but also for the entire country, the working class in this industry is most vulnerable and deprived in many of the socio-economic aspects. Various studies showed that there is chronic poverty among tea garden workers of Assam and they also have very little access to government schemes for socio economic development of the vulnerable people. Their wage is still lower than that of unorganized sector labourers. Due to prevailing poverty and lower wage rate, they can hardly manage their daily expenses. When difficult situation arises such as ill health, death in family, accident or any social function they have to depend on credit mostly from informal sources. In such scenario availability of insurance can be of great help to them.

In this background this paper makes an attempt to study the status of accessibility and use of insurance services to the tea workers of Assam.

II. Review of Literature

For the low-income people, insurance was never considered to be an option in the past. They were assumed to be too poor to save and pay premium (Ahuja, 2004). However, studies conducted in low-income contexts have found that households with access to insurance can diversify their financial risk and potentially raise income levels (Townsend 1995). Insurance helps to protect families from financial loss that that can occurs from different reasons. A study by Selvaraj (2009) based on National Sample Survey Organization (NSSO) data showed that nearly 39 million persons got into poverty by out-of-pocket medical expenses during 2004 as compared to 26 million in 1993-94. This number is increasing gradually over time. The insurance industry is growing rapidly in India. But the biggest challenge for this in India is insuring the people below poverty line. The high cost of premium and facilities is beyond the reach of these individuals (Bhatia et al. 2018).

The tea labour community is one of the deprived sections of Assam. Despite being a significant contributor to the state economy, workers in the tea industry in India are marginalised and socially excluded (CEC Working paper, 2007). Sivananthiran and VenkataRatnam (2002) observed that within the tea plantation areas of South Asia, enforcement of labour laws is not effective in Assam. 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. According to Centre for Workers Management (2015), the Assam Minimum Wage Rules, 1952 of the state government does not cover the tea plantation workers. 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). 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. According to Kar (1993), their meagre income forces the tea garden labour to depend heavily on loan or credit & lack of formal sources of credit compels them to depend on informal sources paving way for more exploitation on them.

These literatures show the risk arising from poverty and low income of the tea garden workers and the need for insurance to uplift their future income.

III. Objective, Data Source & Methodology

- a) Objectives: There are two specific objectives of this study:
 - i) To find out the use of insurance services by the tea garden workers and
 - ii) To know the reasons behind limited use of insurance services by the tea garden community.
- b) Data Source: This study is based on primary data collected through a field survey in six major tea growing districts of Assam. These districts are Tinsukia, Sonitpur, Cachar, Sivasagar, Jorhat and Golaghat. Two tea states from each district were surveyed. Field survey was carried out during the month of July to December 2017. The total sample size for the study is 247 out of which 51.82 per cent are female respondents while 48.18 per cent are male respondents. Moreover, 44 per cent of sample respondents are casual workers and 56 per cent are permanent workers.
- c) Methodology: This study uses simple statistical tools such as ratio, percentage and mean to trace the availability and extent of use of insurance services by the sample respondents.

IV. Results & Discussion

During the survey the respondents were asked if they have insurance services or not. If the response was positive then the next query was about the type of insurance they have. If the response was negative then we tried to find the reasons behind it. Moreover, the researchers enquired if the respondents are aware about Prime ministers Suraksha bima Yojana & Jiban jyoti Bima Yojana that is available through their bank account.

The result of the study is summarized in the following table.

Table 1
Percentage distribution of sample having insurance

(According to gender and type of employment)

Districts	Female	Male	Casual	Permanent	Overall
Tinisukia	0.00	9.09	0.00	9.38	5.00
Sonitpur	3.85	17.39	0.00	20.83	10.20
Sivasagar	15.79	30.00	9.09	28.57	23.08
Cachar	5.88	5.56	7.14	4.76	5.71
Jorhat	0.00	23.08	0.00	12.00	9.09
Golaghat	15.79	16.67	13.64	22.22	16.13
Overall	6.25	15.97	4.63	15.83	10.93

Source: Field Survey

As shown in the table, only around 11 per cent of the sample has covered under any insurance scheme. Percentage of sample having insurance cover is highest in Sivasagar district and lowest in Tinsukia district where none of the female sample respondents was found to be insured. The male respondents have higher insurance cover as compared to their female counterpart. Against about 16 per cent insured male worker, only around 6 per cent of the female respondents are insured. It is found that most of the respondents, mainly female is ignorant about insurance and its purpose. Some of the respondents having bank account have also bought any one of the two above named insurance product that is Prime ministers Suraksha bima Yojana & Jiban jyoti Bima Yojana. However, most of the time, they are found unaware about their status of insurance. During the survey, the interviewer observed that many a time, someone from the management prompted to respond that they have such insurance cover.

Tea garden workers are generally divided into two groups depending upon their nature of employment. These two groups are- casual workers and permanent workers. Casual workers are recruited on temporary basis mostly during the peak season particularly in the time of plucking tea leaves. On the other hand, permanent workers are permanently employed. In terms of money wages, both casual and permanent workers are found to be earning at the same rate. The permanent workers of the registered tea estates are also entitled to social security scheme as provided under 'The Assam Tea Plantation Provident fund (and Pension Fund) Scheme Act, 1955'.

Table 1 reveals that the permanent workers are in a better position than the casual workers in terms of insurance coverage. About 16 per cent of the permanent workers are insured, while only about 5 per cent of the casual workers are found to have insurance cover.

Furthermost most of the insurances are vehicle insurance purchased on compulsion while buying two wheelers. Only a small proportion is covered for life insurance. No respondents having health insurance is found during the survey.

As most of the sample respondents do not have insurance coverage, the next apparent question is to know the reason for not having insurance. The responses of the respondents are tabulated in table 2.

Table 2

Gender wise percentage distribution of the sample according to the reasons for not having insurance			
Reasons for not having Insurance	Female	Male	Overall
Doesn't know about insurance	56.67	41.84	50.00
Expensive premium	22.50	24.49	23.39
No need for it	13.33	23.47	17.89
Others	7.50	10.20	8.72

Source: Field Survey

As shown in table 2, half of the respondents cited that they are not well aware about insurance. According to around 23 per cent of those who do not have insurance, the prices or premium of the insurance products are very high and they cannot afford that with their income. Around 18 per cent of the respondents do not consider insurance cover as necessary. According to them, they are living somehow at subsistence level and insurance are not for them. For them, insurance is not suitable for people with low income. Around 9 per cent of the sample respondents not having insurance cited various others reasons such as not knowing any insurance agent, not knowing the process etc. However, it is important to note that female workers are more ignorant about insurance than the male workers. Table 2 shows that, while 56.67 per cent of the female workers are unaware about insurance, the percentage male worker ignorant about insurance is 41.84 per cent.

Moreover, the study found that that only 22.27 per cent of the respondents are aware about various government insurance and financial schemes targeted to the poor.

V. Concluding Remark

Insurance coverage is important for welfare of people, especially poor and vulnerable. But one of the poor and vulnerable working communities of Assam that is the tea worker community is lagging far behind in terms of availability and uses of insurance services. Almost half of the sample is ignorant about the concept of insurance. Awareness about government sponsored financial schemes is also quite low among the sample. Ignorance about the importance of insurance and lack of easy availability of insurance service are important reasons behind this behavior. Financial literacy with special emphasis on importance of insurance can change the scenario in a positive way.

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