



FINANCIAL EMPOWERMENT OF WOMEN WORKING IN COFFEE PLANTATIONS A Case Study of Malnad Region

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Abstract

The objective of this paper is to evaluate the financial empowerment of women working in coffee plantations of Malnad region in Karnataka based on the development and construction of an index of human development. Methodology used for this purpose is based upon the approach adopted by UNDP for constructing HDI comprising three parameters-1.educational levels, 2.life expectancy, 3. Per capita income. It is found that the HDI for sample group is lower than national HDI and also the HDI for workers in Tata coffee ltd. The study implies a thorough review of existing financial inclusion programmes.

1. INTRODUCTION

The women workers in coffee plantations do face a serious problem of financial distress due to the very nature of working condition and low wages. To study the role of financial inclusion programmes in improving the financial conditions of this section of society it is imperative to develop an index of human development to reflect their present welfare conditions. The objective of this paper is to provide a brief account of the coffee industry, plantation labor, the socio-economic and living conditions of women workers in coffee plantations. It is also attempted to develop and construct a comprehensive human development index (HDI) of plantation workers and to compare HDI of coffee plantation workers with the national level HDI developed by UNDP and the HDI of plantation workers employed in TATA COFFEE LTD and on that basis testing of hypothesis about general socio-economic and living condition of women workers in coffee plantations.

2. PLANTATION LABOUR ACT

The Plantations Labour Act was enacted in 1951 to provide for the welfare of plantation labour by regulating the conditions of work in plantations. The Act covers the entire country except the State of Jammu & Kashmir. It applies to all Tea, Coffee, Rubber, Cinchona, Cocoa, Oil Palm and Cardamom plantations, which admeasures five hectares or more and in which fifteen or more persons is employed or were employed on any day of the preceding twelve months. The Act also covers workers employed in offices, hospitals, dispensaries, schools / *balwadis* and crèches, etc., in the plantations but it does not apply to those factory premises to which the provisions of the Factories Act, 1948 apply. The State Governments are, however, empowered to extend all or any of the provisions of the Act to any plantation notwithstanding that it admeasures less than five hectares or the number of persons employed therein is less than fifteen provided that no such declaration shall be made in respect of such land which admeasured less than five hectares or in which less than 15 persons were employed, immediately before the commencement of this Act.

Important Provisions of the Act

The main provisions of the Act pertain to

- (i) Health and Welfare,
- (ii) Hours of Work, Rest Intervals etc.,
- (iii) Employment of children / adolescents and
- (iv) Annual leave with wages.

A brief description of these provisions is given below:

(i) Health and Welfare

(a) **Medical** - Every plantation is required to provide and maintain readily available, medical facilities for the workers and their families as may be prescribed by the State Governments.

(b) **Housing** - The Act makes it obligatory for the employers to provide and maintain necessary housing accommodation for every worker and his family residing in the plantation. The Act also requires every employer to provide and maintain necessary housing accommodation for those desiring workers, who have put in six months of continuous service, but are residing outside the plantation. The State Governments are, however, empowered to frame rules to decide the standard and specification of the accommodation.

- (c) **Recreation** - The Act lays down that the State Governments may frame rules for providing such recreational facilities for the workers and children employed in the plantations as are prescribed.
- (d) **Education** - The State Governments are also empowered to make rules requiring every employer to provide educational facilities of such standard as may be prescribed in his/her plantation, where the number of workers' children in the age group of six and twelve years exceeds twenty five.
- (e) **Canteens** - In plantations employing 150 or more workers, the employers are required to provide and maintain one or more canteens of the standard prescribed by the State Governments for use of the workers.
- (f) **Creches** - In every plantation wherein 50 or more women workers are employed or were employed on any day of the preceding twelve months or where the number of children (below the age of six years) is 20 or more, creche facility for the use of children of such women workers is required to be provided and maintained by the employer.
- (g) **Other basic amenities** - Adequate supply of drinking water; maintenance of sufficient number of latrines and urinals in clean and sanitary conditions separately for men and women; supply of prescribed number and type of umbrellas, blankets, raincoats or similar amenities for the protection of workers from rain or cold; and appointment of welfare officers in the plantations, wherein 300 or more workers are ordinarily employed, are some of the other facilities required to be made available under the Act, for plantation workers by the employer.

(ii) **Hours of Work, Rest Intervals, etc.**

The Act provides that no adult worker is required or allowed to work in any plantation in excess of 48 hours a week and no adolescent for more than 27 hours a week. Nonetheless, when an adult worker works on any day in excess of the number of hours constituting a normal working day or for more than 48 hours in any week, he shall, in respect of such overtime work, be entitled to twice the rates of ordinary wages, provided that no such worker shall be allowed to work for more than nine hours on any day and more than 54 hours in any week.

It is obligatory under the Act that for any work done on any closed holiday in the plantation or on any day of rest, a worker shall be entitled to twice the rates of ordinary wages as in the case of overtime work. Though the Act does not fix daily hours of work, yet it lays down that the period of work of an adult worker shall be so arranged that it does not exceed beyond 12 hours a day, including rest intervals and the time spent in waiting for work. The Act provides that no woman or child worker be employed in any plantation except between 6 a.m. and 7 p.m. without the permission of the State Government. However, this restriction does not apply to the midwives and nurses employed in any plantation.

As per the Act, workers are required to be given a rest interval of at least half an hour each day after 5 hours of work. The hours of work for a normal working day for the purpose of wages and overtime are to be fixed under the rules framed by the State Governments. The Act empowers an employer to refuse to employ a worker on any day when he turns up more than half an hour after the scheduled time for the commencement of the work. The State Governments under the Rules, have to provide for (a) weekly day of rest and (b) payment for work done on the weekly day of rest at a rate not less than the overtime rate prevailing in a particular area. Where there is no such rate, the State Governments may fix such rate as they may consider proper. The workers are not allowed to work more than 10 days at a stretch without a day's rest. However, they have the option to work on any day which is not a closed holiday. The Act further facilitates that where, on any day, a worker has been prevented from working by reasons of tempest, fire, rain or other natural causes, if he so desires, that day may be treated as his weekly day of rest for the week concerned. Persons whose total period of employment in any week is less than 6 days are, however, not entitled to a weekly day of rest.

(iii) **Annual Leave with Wages**

As per the Plantations Labour Act, 1951, every worker is allowed annual leave with wages, calculated at the rate of one day for every 20 days of work for adult worker and in case of young person, one day for every 15 days of work. Every worker is entitled to accumulate leave upto a maximum of 30 days. The wages of an employee, if employed wholly on a time-rate basis, will be paid at a rate equal to the daily wages payable to him immediately before the commencement of the leave, and in all other cases, at the average daily wage rate calculated over the preceding twelve calendar months. If the employment of a worker is terminated before he has taken the entire leave to which he is entitled, the employer shall pay him the amount payable in respect of leave not taken and such payment shall have to be made before the expiry of the second working day after such termination.

Keeping in view the importance of plantations labor, the pertinent enacted the plantations labour act in 1951. The purpose of the PLA is to provide for the welfare of labor and to regulate the working conditions of labors in plantations. The PLA has empowered the state governments to take all the necessary steps to improve the welfare of plantation workers.

The enactment of PLA brought some improvements in the plantation labour welfare. It has helped in creating condition for organizing the workers and raise of trade unions. However the welfare benefits promised under PLA are not delivered and achieved mainly due to ignorance of workers about their rights under the law and inadequate implementations. In fact this is one of the major concerns throwing light on the conditions of plantational workers and implementation of provisions of PLA.

In sep 2009 the parliament made several amendments to the PLA. To make it more relevant for improving the welfare of plantations workers. It also aims to protect the interest of the plantation workers. Relating to occupational safety ,health, women workers and child labour . it also proposes to regulate employment of women and children below 14 years for handling hazardous chemicals in plantations.

Under PLA , plantations over 5 hectors are governed by the act . labor employed in large plantation are provided with fecilities like housing, electricity, medical fecility , maternity benefits, winter & rain clothes etc., apart from statutory benefits like provident fund , gratuity , leave allowances etc., besides, there are unions of plantation workers for negotiating welfare benefits with plantation representatives and the labour department . while these are possible and applicable to large estates ,small estates (i.e., less than 5 hectors) are not taking these steps as it is not mandatory under PLA .various reports on working conditions of plantation labour have stated that in some areas the wages are insufficient for their livelihood.

3. ROLE OF FINANCIAL INCLUSION IN WOMEN EMPOWERMENT

It can be argued that finance promotes economic growth but the magnitude of impact may differ. Financial inclusion is intended to connect people to banks with consequential benefits. Ensuring that the financial and insurance system plays its due role in promoting inclusive growth is one of the biggest challenges facing the emerging economies. Access to safe, easy, and affordable credit and insurance services by the poor and vulnerable groups is recognized as a pre-condition for accelerating growth and reducing income disparities and poverty. Access to a well-functioning financial system, by creating equal opportunities, enables economically and socially excluded people to integrate better into the economy and protect themselves against economic shocks. If the 1950s, 60s, and 70s were the “golden age of capitalism” for the industrialized world, then in much part of the developing world the same period can be phrased as the “age of developmental state” (Marglin & Schor, 1990; Wade, 1990).

The ideology of financial inclusion in developing economies is different from that of developed economies. In developed economies the target group may be a microscopic minority, in the developing economies it could be a majority. For example, in Sweden lower than 2% of adults did not have an account in 2000 and in Germany, the figure was around 3% (Kempson,2006) . Another researcher showed that less than 4% of adults in Canada and 5% in Belgium, lacked a bank account (Buckland et al., 2005).According to RBI report 2013 (www.rbi.org.in)73% of farm households do not have bank accounts. Therefore the subject of financial inclusion in developing economies assumes greater significance. FI will happen on its own. It is policy imperative.

Many studies have demonstrated the impacts of financial inclusion scheme. On different types of women and the evidence suggest that financial inclusion schemes of different can have significant effects on women’s economic empowerment. [Esplen and brody 2007-; BRIDGE 2007] field Jayachandu and Pandu (2010), Hashem, (2011); Institute of Development Studies (2010); International Financial Corporation 2011; Kabur, 1999; Khim et., all 2007 ; lettle field 2003; world bank (2007) recently the G-20 has acknowledged the important role that financial inclusion can play in economic development under the kreaan presidency, at the ceoul summit in nov 2010, G-20 leads formally recognized financial inclusion as a key pinch of development and also launched global partnership for financial inclusion in (GPFI) on area of GPFI’s work has been to establish the global SME finance institution which aims to provide at least B.5 pounds of additional finance to over 2 lakh SMEs, with atleast 25% loans reaching women – headed SMEs. Recent international finance corporation / GPFI report proposes the following 3 point action plan to expand (IFC, 2011)

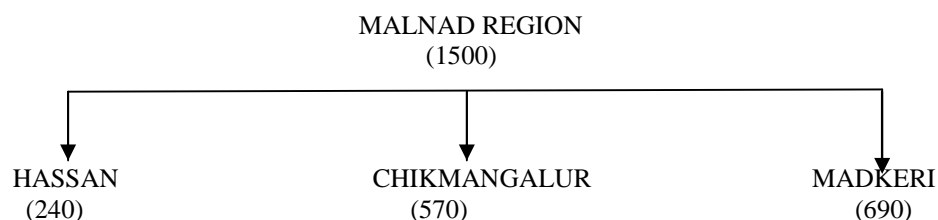
Women’s access to SME finance- 1.endorse the following set of recommendations for policy makers in the developing world to establish a supportive, enabling environment that will facilitate women entrepreneurs’ access to financial services in their respective countries.

- Develop country-specific diagnostics and strategies to include a gender dimension in financial inclusion programmes.
 - Develop a supportive legal and regulatory framework.
 - Increase women's legal access to property to improve access to collateral and control over assets, and strengthen women's incentives and ability to grow their businesses.
 - Encourage formalization.
 - Expand financial infrastructure, such as credit bureau and collateral registries, that can increase access and reduce the cost of borrowing.
 - Strengthen SME access to small claims courts and alternative dispute resolution mechanisms.
 - Build the capacity of financial institution to better serve women entrepreneurs.
 - Expand research to combine access to finance and business training.
 - Design effective government support mechanisms.
 - Appoint a national leader for women-owned SMEs.
 - Build more inclusive public-private dialogue processes by empowering women's networks to actively participate in policy dialogue.
 - Strengthen women entrepreneurs' human capital by developing appropriate entrepreneurial education and training opportunities.
 - Consider providing incentives and specific goals for increased procurement by government of goods and services from women-owned enterprises (especially women-owned SMEs) within their countries.
2. Lead efforts to identify, evaluate, and support the replication of successful models for expanding financial services to women entrepreneurs.
 3. Lead efforts to gather gender disaggregated data on SME finance in a coordinated fashion.

4. SAMPLE AND HYPOTHESIS

The required primary data for the purpose of this study is collected by administering a well-structured questionnaire to 1500 randomly selected respondents. Since this study covers the three districts of Malnad region: 1) Madkeri, 2) Chickmangluru and 3) Hassan. The respondents are selected from each district on the basis of plantation area. The proposed sample size for the present study is given below:

Sample design for the selection of women respondents



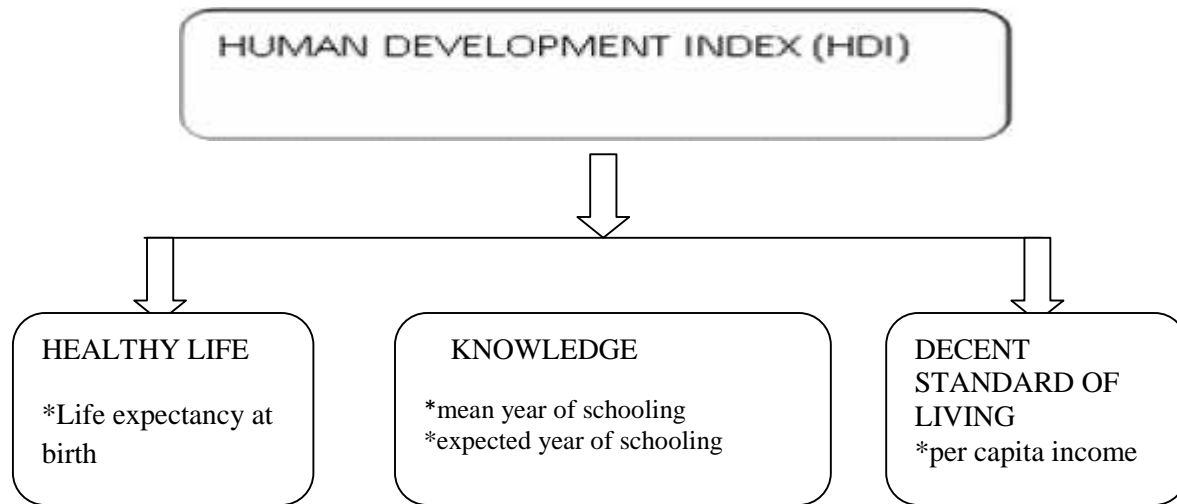
Note: Numbers in bracket represent number of samples

In order to indicate the level of living standard of women workers in coffee plantation compared with their counterparts working in TCL & also the general HDI at the national level, the following hypothesis was formulated.
“The level of economic empowerment of women working in coffee plantations in Malnad region based on HDI is very low.”

5. HDI METHODOLOGY

At the first level, in order to construct HDI for coffee workers in private plantations, data on parameters related to life expectancy (mortality rate), education and income levels collected through a sample survey from the plantation workers in all the three districts-Coorg, Hassan and Chickmangalore. Following the methodology developed by UNDP (2011) the HDI for coffee workers is analysed.

At the second level, in order to capture the ground realities, as also to prepare a comprehensive HD report covering all dimensions, structured schedule covering demographic, education, occupational income and other issues were included.



Source: HDR 2011, UNDP.

1. For life expectancy data relating to mortality were collected
2. For education data on the level of schooling done by the workers including illiteracy factor are considered.
3. For income data on the wages on monthly basis are taken.
4. The HDI is the geometric mean of normalized indices measuring achievements in each dimension. It is a summary measure for accessing long term progress related to the three parameters of HD mentioned above. The goalpost for HDI as developed by UNDP & published in the year 2011 is provided in the table

Table – 1, Goal Post for the Human Development Index

DIMENSION	OBSERVED MAXIMUM	ONSERVED MINIMUM
Mean Year of Schooling	13.2 (US,2000)	0
Expected Year of Schooling	20.6 (australia, 2002)	0
Combine Education Index	0.951 (new Zealand,2010)	0
Life Expectancy	83.2 (japan ,2010)	20
Per Capita Income (\$)	107.721 (UAE,1980-2011),ESTIMATED	100 (ZIMBABWE, 1980-2011),ESTIMATED

Source: Human Development Report, 2011, Undp

In the earlier HDR's by UNDP the basic parameter were computed based on life expectancy at birth, adult literacy rate, enrollment for education and per capita GDP. The HDI was calculated as the arithmetic mean of the dimension indices. This method of aggregation allowed for perfect substitution between dimensions. In the HDR of 2011, Multiplicave method of aggregation is used. This approach reduces the level of substitution between dimensions and ensures that a 1% decline in one index score has the same impact on HDI as a 1% decline in other index.

CONSTRUCTING THE DIMENSION INDICES

Initially sub-indices for each dimension indicated above were constructed. Maximum (Max) and minimum (Min) values (goal post) have been adopted from HDR of 2011 to convert the indicator into indices between 0&1. The maximum value does not affect the relative comparison (in % term) because the methodology used is geometric mean for aggregation. After defining the Max and Min (goalpost) values, the indices are calculated as fallows.

$$Yid = Xid - \frac{MinXid}{MaxXid - MinXid} \text{ OR } Di = \frac{ai - mi}{Mi - mi}$$

Where, di=dimension index

Ai=actual observed values

Mi=max values of parameter (UNDP goalpost)

mi=min value of parameter(UNDP goal post)

1. Education index mean year of schooling= $\frac{mys - minxid}{maxxid - minxid}$

$$\text{Education index } Di = \frac{6.53 - 0}{13.2 - 0} = 0.49$$

2. Life expectancy index= $\frac{LE - minxid}{maxxid - minxid}$

$$= \frac{64.55 - 20}{80 - 20} = 0.74$$

3. Per capita Income index has been calculated on the base of the following formula

$$Di = \frac{ai}{ax}$$

Where di= per capita income index for the sample group

Ai=average per capita income for sample group

Ax=average per capita income of Karnataka state.

$$Di = \frac{14225}{60946} = 0.233$$

Table No - 2 Table Title: Dimension Indices

Sl.no	Dimension	Index
1	Education	0.49
2	Life expectancy	0.74
3	Income	0.23

The dimension indices calculated on the basis of above methodology are listed in table 2 Above. After construction of dimension indices, human development index is calculated on the basis of geometric mean of the three indices.

$$\begin{aligned} \text{HDI} &= \sqrt[3]{\text{EDUCATIONAL INDEX} * \text{LIFE INDEX} * \text{INCOME INDEX}} \\ &= \sqrt[3]{0.49 * 0.74 * 0.23} \\ &= 0.4379 \end{aligned}$$

COMPARISION WITH HDI OF TCL WORKERS

Syed et. All,(2012) have developed HDI for TCL as a whole and also across all the 19 estates of TCL based on the data parameters related to life expectancy, education and income collected on censuses basis from all the plantation workers household. Following the methodology developed by UNDP(2011) they have analyzed the secondary data for construct the HDI for TCL. The HDI constructed for all the 19 estates, separately and also one comprehensive index for total plantation workers of TCL.

In order to capture the ground realities and also to prepare a comprehensive HDR covering all dimensions including income, savings, poverty, health, education, social life and other basic facilities From each estate 10% of the plantation workers. Households were selected on simple random sampling. In total from all the 19 estates 230 households were selected as shown in table 3.? (TCL estate).

The following methodology has been used to construct the HDI for TCL. It is based on 3 dimensions:-

1. Life expectancy at birth (a long & healthy life)
2. Knowledge (education & access)
3. A decent standard of living (per capita income)

For life expectancy, data on total population & deaths (censuses) were collected and provided by TCL office. For knowledge (education) data on censuses basis provided by TATA coffee office. For income data on wages/ salaries & other perks provided to the plantation workers – estate wise data were provided by TATA coffee office.

Initially same indices for each dimension mentioned above were constructed. Max & min values based on goalpost have been adopted from HDR (2011) to convert the indicators into indices between 0 & 1.

A comparison of HDI the TCL with the HDI of the workers under study reveal a marked difference HDI index for TCL found to be 0.3785 whereas the HDI for women workers under study is only (cubic answer). This clearly indicates that the living standards and financial security of women workers in private coffee plantations are very poor indicating the need for a comprehensive financial inclusion programme for women workers in coffee plantations.

6. RESULTS

In order to indicate the level of living standard of women workers in coffee plantation compared with their counterparts working in TCL & also the general HDI at the national level, the following hypothesis was formulated.

“The level of economic empowerment of women working in coffee plantations in Malnad region based on HDI is very low.”

HDI COMPARISON

S.No.	Target Group	HDI
1	National HDI	0.51
2	TCL	0.3785
3	Women workers in private coffee plantations	0.4379

Sources: 1. UNDP's HDR 2011

2. HDR of plantation workers of TCL

3. Computation results based on primary data As the HDI for women working in private coffee plantations is the lowest compared to other two HDIs, the hypothesis stands proved.

7. CONCLUSION

The analysis of financial empowerment of women working in coffee plantations based on UNDP HDI approach reveals that women working in coffee plantations do suffer from low standard of living and high mortality rate. It is further observed that the HDI index value for women working in plantations other than corporate plantations like TATA coffee limited is extremely low. This implies that the penetration level of various financial inclusion programmes of the governments is very low particularly in respect of the workers in non-corporate plantations. Further, the poor financial and working conditions of plantation workers is due to non-applicability of the provisions of Plantation Labor Act.

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