**PERFORMANCE OF MICROINSURANCE PROGRAMMES**

**A Case Study of Women Working in Coffee Plantations**

**of Karnataka (India)**

Research Paper accepted for presentation at the 21st APRIA Annual Conference ,

 July 30- August 2, 2017 at Poznan, Poland

 ***Paper Code : PMS001062***

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 Abstract

*Building security for the women working in coffee plantations is on top of the micro-insurance programmes of governments. The proposed study is to assess the performance of these programmes in coffee plantations of Karnataka and explore the factors for re-engineering these programmes.**Women working in coffee plantations of Karnataka State is selected as it is quite distinct, allowing us to capture considerable variability of circumstances relevant for this region Field investigations based on questionnaires were supplemented by consultative multi-stakeholder workshops covering operational, strategic and policy issues. Findings would reveal the poor level of performance of various micro-insurance programmes as part of Financial Inclusion. The study is useful in identifying ground realities of micro-insurance in plantation areas. It would provide ideas to insurers for modification, replication and expansion, apart from supporting innovations in product design, pricing and distribution.*

**1. Introduction**

 Micro-insurance is an important constituent of a broader overall poverty reduction strategy. Providing financial security for the poor, particularly women is on top of the agenda of micro-insurance programmes of governments. The proposed study is to examine the severity of financial risk and assess the performance of these programmes and explore the factors for re-engineering these programs with special reference to women working in coffee plantations of Karnataka. What is the level of financial distress faced by women working in coffee plantations of Karnataka ? How can insurance be adopted to provide financial security to them? What are the prospects and the policy support needed to promote nascent demand for micro insurance and develop this market to its full potential? It is hoped that an enquiry into these related questions would help in throwing more light on the challenge of financial inclusion for the poor families in coffee plantations of Karnataka.

**2.** **Coffee Plantation Labour**:

 Coffee is a highly labour intensive crop requiring about 400 man days per hectare per year for Arabic crop and 300 man days per hectare per year for Robusta. The Committee appointed by ministry of labour to study the working conditions of plantation labour has observed that, there has been a shortage of working in plantation areas in recent years due to employment opportunities in government sponsored scheme and also due to migration of workers to urban areas for better wages. This has adversely affects the timely competition of certain critical operatives which is heavily an impact on production, productivity and quality of coffee. The Committee has noticed two issues relating to the problems of labor shortage :

 1) Non- availability of labourers willing to work in coffee estates, and

 2) The poor quality of the workforce which is willing to work.

The committee is of the view that government job schemes such as MNREGA be extended to work in coffee plantations. Further the committee recommends for developing the infrastructure such as roads, electricity, schools, and nursing homes. Should be made through public private partnership (PPP) to enable the labourers get the basic necessities at their door steps and, There by stop their migration to urban areas for the said facilities.

 Table 1: Share of women employment in coffee plantations in Karnataka

|  |  |  |
| --- | --- | --- |
| YEAR  | AVERAGE DAILY EMPLOYMENT | SHARE OF WOMEN EMPLOYMENT |
| 2004 | 12771 | 58.39 |
| 2005 | 8465 | 57.54 |
| 2006 | 12730 | 58.82 |
| 2007 | 10147 | 55.50 |
| 2008 | 11016 | 59.10 |
| 2009 | 11912 | 60.10 |
| 2010 | 13436 | 61.80 |

SOURCE: statistical profile of women labour, ministry of labour & employment, govt. of India (2009-2011)

Given the labor intensive nature of coffee cultivation it employs large number of workers, mainly the small plant owners being self-employed. Majority of the workers employed by the planters (both small as well as big) are migrated from outside karnataka. As per the data provided by Lobour Bureau (2011) Total number of workers employed in coffee plantation in Karnataka stood at 13436 of which about 62% of them are women.

Big plantations (corporation) developed a system of modern labor management with statutory provisions for labour welfare. However ,small plantations are very informal in their labor management practices .As majority of the coffee workers are migrated from neighboring states , it has implications for their welfare and social security. Though women’s contribution is significant in many coffee producing areas , however the coffee industry does not make provisions for securing women’s financial welfare.

**3. Purpose of the study:**

The purpose of the study is to study the level of financial insecurity experienced by women working in coffee plantations and evaluate the performance of micro insurance programmes. The specific objectives of the study include:

1. To review various micro insurance programs sponsored by the state .
2. To assess the life and health risk profile of women working in coffee

 plantations.

 3. To evaluate the extent to which the micro insurance programmes have

 Provided financial security to women working in coffee plantations

 4. To study a various issues concerning the design, pricing and distribution of

 micro insurance products for the target group of women in coffee

 plantations.

**4. The Research Gap:**

 The study assumes importance from the view point of better understanding of the level of financial distress suffered by the women who constitute a major component of workforce of the coffee plantations in Karnataka. There also exists a need for taking stock of the role of various financial inclusion programmes doled out by the government to provide financial security for the poor, That would provide the necessary inputs for designing an effective overall package exclusively for women working in coffee plantations. Sustainability of coffee industry needs an efficient and satisfied workforce.

The brief presentation of various studies conducted about the welfare and working conditions of plantation workers is provided below:

**Sajini** (2003) concluded that financial inclusion focuses attention on the need to bring previously excluded people under the umbrella of financial institutions. Women have become active participants in economic activities.

**Honohan** (2004) identifies that the deeper financial systems are associated with a lower poverty headcount than it would be expected given the national per capita income and the distribution of that income between rich and non-rich.

**Pechey/Roe** (2006) points out that the supply of financial services below the potentials, due to lack of competition or other supply side constraints and credit risk is central to access to lending services.

**Claessens** (2006) found in his study, access to financial services has been recognized as an important aspect of development and more emphasis is given to extending financial services to low income household segments.

**Klapper, et al** (2006) explores that financial development is particularly beneficial to the poor. If financial development increases average growth only by increasing the incomes of the rich and hence by increasing income inequality, then financial development will not help those with lower income.

**Vijayalakshmi** (2010) judge that “financial development creates enabling conditions for the growth when access to sage, easy and affordable credit and other financial services by the poor and vulnerable groups, disadvantages areas and lagging sectors which are recognized as a pre-condition for accelerating the growth and reducing income disparities and also poverty. By creating equal opportunities that access to a well-functioning financial system, enables socially and economically excluded people to intergrate better into the economy and actively contribute to develop and protect themselves against economic shocks”.

**Basavaraja, et al** (2009) asserts that “internationally financial inclusion has become buzzword even in developed financial markets. Three have concerns about those excluded from the banking system. The barriers to access to formal banking systems which have been identified as relating to gender, education (especially financial literacy), culture, identity proof, remoteness of residence, income and assets and so on. The authorities are made some efforts especially banking regulators to improve the access to affordable financial services through financial education, creating awareness and leveraging technology”.

**Shripathi** (2009) observed that “it is essential to simplify the procedures relating to granting of loans to small borrowers. The regional imbalance needs to graduate the providers of credit for non-productive purposes to promote micro enterprises”.

**5. Methodology**

 The study is based on both secondary and primary research. The secondary research included a survey of recent material on concept, issues and initiatives on Micro Insurance in India, particularly the study conducted by UNDP in the year 2005. The primary research included the field investigation in the selected pockets of coffee plantations. Investigations were in the form of interviews with the target group and focused group discussions with the selected stake holders. The pockets were selected to capture the socio economic conditions relevant for the study subject to time and budget limitations. The group discussions provided an assessment of risk profile of target group and their perceptions on the risk and insurance need, product design, willingness to pay and delivery mechanisms. The target group interviewed consisted of mainly the woman working in coffee plantations and for this purpose 50 women were covered as part of the pilot study.
The group discussions were based on a structured questionnaire. The categories of stake holders covered were SHG’s, Bank officials in charge of micro finance and rural insurance experts. The interactions with these stake holders were useful in identifying special operational bottlenecks.

**6**. **Data Analysis:**

 **(1**) The objective relating to the study of workers Perception about the severity of Financial and Health Risks is analysed on the basis of an alternative hypothesis as stated below and the statistical results are presented in Table 1.

 **H0:** “The perception about the severity of financial and health risks faced by

 women workers is high”.

 **H1:** “The perception about the severity of financial and health risks faced by

 women workers is **low**”

One tail test is computed by the formula,





One tail test @1% significance level critical value is 2.33. As computed value (4.14) is more than the critical value (2.33), the alternative hypothesis (H1) is rejected and null hypothesis (H0) is accepted.

**Table 1:Workers Perception about the severity of Financial and Health Risks**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SL. NO** |  **PERCEPTION** | **MEAN** | **STANDARD****DIVIATION** | **TEST STATISTICS** |
| 1 | Old age  | 4.30 | 0.21 | 2.33 |
| 2 | Leave with pay  | 4.01 | 0.20 |  |
| 3 | sick leave | 4.09 | 0.19 |  |
| 4 | child care | 3.80 | 0.18 |  |
| 5 | Children schooling | 4.12 | 0.18 |  |
| 6 | Sickness due to common cold | 3.69 | 0.17 |  |
| 7 | Plant allergies  | 3.73 | 0.18 |  |
| 8 | Snake bite  | 4.14 | 0.19 |  |
| 9 | Thunder bolt | 4.19 | 0.58 |  |
| 10 | Leaches | 4.06 | 0.20 |  |
| 11 | Animal attack  | 3.63 | 0.17 |  |
| 12 | Maternity /child birth | 3.25 | 0.14 |  |
| 13 | Tree fall | 3.25 | 0.14 |  |
|  | **AVERAGE:** | **3.87** | **0.21** |  |

Source: Computed results based on primary data

 **(2)** The objective relating to the study of impact of microfinance programmers on economic empowerment of women working in coffee plantations in Malnad region is analysed on the basis of an alternative hypothesis as stated below and the statistical results are presented in Table 2.

 **H0:** “The microfinance programmers have significantly impacted economic

 empowerment of women working in coffee plantations in Malnad region”.

 **H1:** “The microfinance programmers have not significantly impacted economic

 empowerment of women working in coffee plantations in Malnad region”.

 **Table 2: Workers perception about microfinance programme**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SL. NO** | **PERCEPTION** |  **MEAN** | **STANDARD****DIVIATION** | **TEST STATISTICS** |
| 1 | Membership procedures are simple and friendly | 2..07 | 0.10 | 2.33 |
| 2 | Credit/loan facility is available spontaneously without delay  | 2.94 | 0.14 |  |
| 3 | Document procedure are simple | 3.12 | 0.15 |  |
| 4 | Bank staff are highly approachable  | 3.28 | 0.15 |  |
| 5 | Interest rate charged is quite reasonable  | 3.31 | 0.16 |  |
| 6 | Repayment procedures are simple and friendly | 4.21 | 0.20 |  |
| 7 | Can avail loan/ credit more frequently  | 3.65 | 0.17 |  |
| 8 | Micro finance helped a lot to reduce your financial distress | 2.22 | 0.10 |  |
| 9 | Your position in the family has increased after availing microfinance | 2.25 | 0.11 |  |
| 10 | Microfinance helped to improve education for your children  | 2.02 | 0.09 |  |
| 11 | Micro finance helped to get better medical facility | 2.11 | 0.10 |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 12 | Your savings have increased after getting microfinance  | 1.91 | 0.09 |  |
| 13 | Microfinance has helped you to reduce your dependence on local money lenders  | 2.34 | 0.11 |  |
| 14 | Microfinance has helped you to reduce dependence on your head of family  | 2.06 | 0.10 |  |
|  |  **Average** | **2.68** | **0.13** |  |

Source : Computed results based on primary data

 One tail test is computed by the formula,





One tail test @1% significance level critical value is 2.33. As computed value (-2.46) is less than the critical value (2.33), the alternative hypothesis (H1) is accepted and (H0) is rejected.

**(3)** The objective relating to the study of impact of microinsurance programmers on economic empowerment of women working in coffee plantations in Malnad region is analysed on the basis of an alternative hypothesis as stated below and the statistical results are presented in Table 3.

 **H0:** “The micro insurance programmers have significantly impacted the economic

 empowerment of women working in coffee plantations in Malnad region”.

 **H1:** “The micro insurance programmers have not significantly impacted the economic empowerment of women working in coffee plantations in Malnad region”.

 **Table 3: Perception about micro insurance programme**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SL. NO** | **PERCEPTION** | **MEAN** | **STANDARD****DIVIATION** | **TEST STATISTICS** |
| 1 | Availability of micro insurance is adequately informed  | 1.8. | 0.09 | 2.33 |
| 2 | Micro insurance is available for most of your common health /accident risks | 2.24 | 0.10 |  |
| 3 | Membership procedures are simple and friendly  | 1.96 | 0.09 |  |
| 4 | The premium under micro insurance is affordable  | 1.92 | 0.09 |  |
| 5 | The relief under insurance is quick and timely  | 1.98 | 0.09 |  |
| 6 | Micro insurance product is aligned to suit your requirements  | 1.95 | 0.09 |  |
| 7 | Claim settlement procedures are simple and friendly  | 1.79 | 0.08 |  |
| 8 | Claim settlement is done quickly without delay | 1.70 | 0.08 |  |
| 9 | Micro insurance scheme membership renewals are regular | 1.71 | 0.08 |  |
| 10 | Micro insurance has helped you to reduce your financial distress  | 1.48 | 0.07 |  |
|  |  **Average**  | **1.85** | **0.09** |  |

Source: Computed results based on primary data

One tail test is computed by the formula,





One tail test @1% significance level critical value is 2.33. As Computed value (-12.75) is less than the critical value (2.33), the alternative hypothesis (H1) is accepted and null hypothesis (H0) is rejected.

**(4)** The objective relating to the study of perception of Bank officials and planters about the effectiveness of financial inclusion programmes in empowering women in coffee plantations is analysed on the basis of an alternative hypothesis as stated below and the statistical results are presented in Table 4.

 **H0:**“The level of perception of Bank officials and planters about the effectiveness of

 financial inclusion programmes in empowering women in coffee plantations

 is low”.

 **H1:**“The level of perception of Bank officials and planters about the effectiveness of financial inclusion programmes in empowering women in coffee plantations is high”.

One tail test is computed by the formula,





One tail test @1% significance level critical value is 2.33. As computed value (2.36) is more than the critical value (2.33), the alternative hypothesis (H1) is rejected and null hypothesis (H0) is accepted.

**Table 4: Perception of planters and Bank officials about availability of financial inclusion programmers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SL.NO** | **STATEMENT** | **MEAN** | **SD** | **TS** |
| 1 | Awareness level among women working in coffee plantations in Malnad region about financial inclusion programmes is very low. | 4.50 | 0.87 | 2.33 |
| 2 | Women working in coffee plantations in Malnad region lack organizational skills to bargain the benefits under financial inclusion programmes | 4.38 | 0.69 |  |
| 3 | Microfinance programmes are not given proper publicity in the Malnad region | 3.96 | 0.54 |  |
| 4 | Micro insurance programmes are not given proper publicity in the Malnad region | 3.95 | 0.52 |  |
| 5 | Microfinance programmes are not exclusively targeted towards the women working in coffee plantations in Malnad region | 4.20 | 0.60 |  |
| 6 | Micro insurance programmes are not exclusively targeted towards the women working in coffee plantations in Malnad region | 4.59 | 0.55 |  |
| 7 | Microfinance schemes are not specifically designed to meet the requirements of plantation workers. | 4.54 | 0.32 |  |
| 8 | Micro insurance schemes are not specifically designed to meet the requirements of plantation workers. | 4.72 | 0.50 |  |
| 9 | Efforts of different agencies working under financial inclusion programmes are not properly co-ordinated.  | 4.76 | 0.62 |  |
| 10 | Financial inclusion programme services are not easily accessible for the target group.  | 4.36 | 0.68 |  |
|  | **AVERAGE** | **4.39** | **0.59** |  |

Source: Computed results based on primary data

**7. Conclusion:**

The study found that the financial insecurity of women working in coffee plantations is vulnerable and. Given the inadequacy of informal and traditional systems to meet the adverse situation, the study helps understand that the strategies evolved over the years in reaching out to the target group are not effective. The overall outcome of the study is better understanding of how woman working in coffee plantations face a variety of risks and shocks in diverse working conditions that can result in severe economic hardship with implications for stress , health and nutrition and more generally the quality of life of workforce. This would present policy implications for sustainable growth of coffee industry in Karnataka which is the leading foreign exchange earner for the country.

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