

**Determinants of Poverty and Inequality among  
Tea Labourers in Assam**

A Thesis Summary Submitted

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## **Executive Summary**

Using primary data collected from 612 labourer households in major tea growing regions of Assam, the present study examines the determinants of poverty and inequality among labourers in different ownership structures of tea plantations in Assam. An attempt has also been made to navigate the intergenerational occupational mobility among tea labourer households and the factors determining it. The study also seeks to assess the standard of living of the labourer in terms of possession of assets, basic amenities, and leisure time. We also tried to examine the macro-picture of the tea plantation sector in general and the tea plantation labourer of Assam in particular through the lens of secondary data collected from various published sources.

Primary data have been collected from the permanent resident field labourer households engaged in Public Limited Company (PLC) and Proprietorship (PROP) ownership structures of tea plantations in Assam. We used descriptive statistics for examining the status of tea plantation labourer welfare facilities in Assam. In order to understand welfare facilities and living standards among tea plantation labourers in the study area, we used the asset ownership index, basic amenities index, and leisure time of labourers in different ownership structures of tea plantations. Moreover, the transitional probability matrix has been estimated for examining intergenerational occupational mobility among sampled labourer households in different ownership structures of tea plantations, and a logit regression model was estimated for examining the factors determining occupational mobility and upward mobility among the sampled labourer households. Next, for examining poverty among the labourers, we used the poverty line suggested by Tendulkar Committee (2011-12) and Rangarajan Committee (2014) based on monthly consumption expenditure data. The present study applied the permanent income hypothesis (PIH) theory developed by Friedman (1957) considering only permanent consumption items by sample tea labourer households. The AES

developed by Stone (1953) was used to arrive at individual level poverty in the study area. The Sen's Index was used for examining the incidence of poverty among the labourers engaged in different ownership structures of tea plantations. The probit regression model is estimated to investigate the factors determining poverty among labourers in the study area. The extent of inequality among labourers in the study area has been examined using Gini coefficient and Lorenz curve based on monthly per capita consumption expenditure (MPCE) data. Finally, following Fields (2003) the regression-based inequality decomposition (RBID) is estimated to explore the determinants of consumption inequality among the labourer in sample tea plantations households in the study area.

From the secondary data analysis, it was noticed that given the backwardness of the tea plantation labourer, the Government of Assam (GoA) has taken various initiatives for their welfare in Assam over the years. However, there is a presence of inter-district disparity with respect to the number of beneficiaries of in-kind compensation facilities in Assam, with the number of beneficiaries being meager, especially in the districts having a larger concentration of tea labourers and gardens. The presence of wage rate differences between general agricultural and tea plantation labourers is also observed in the study area. The tea plantation labourer receives a wage rate less than the agricultural wage rate in Assam. Moreover, we also found a regional difference in wage rate among the labourers engaged in major tea growing regions of the states. The wage rate for tea plantation labourers in the Brahmaputra Valley receives a relatively higher wage rate than labourers working in the Barak Valley tea plantation in Assam.

For the primary data analysis, we observed that the average monthly per capita income (PCI) was lower among the labourer households in PROP ownership structures of plantations relative to labourer households in PLC tea plantations. There has been inadequate provision for welfare facilities among the labourers in tea plantations of the state with the worsening

situation being observed among the labourer engaged in PROP tea plantations relative to PLC. The availability of health and educational facilities among labourers engaged in PROP ownership structures of tea plantations was unsatisfactory relative to labourers engaged in PLC tea plantations. In terms of asset ownership and basic amenities facilities, the labourers in PROP tea plantations were lagging behind compared to labourers in PLC tea plantations. the present study also find the presence of difference in leisure hours enjoyed by labourers engaged in different ownership structures of tea plantations, while labourers in PROP ownership structures of tea plantations enjoy less leisure hours relative to labourers working in PLC ownership tea plantations in the study area. The labourers in PROP tea plantations had to work more than the actual working hours but the additional hours of work done by labourers in the PROP tea plantations were ignored by the management and deprived of overtime work benefits. Apart from socio-economic and demographic factors, the ownership structures of tea plantations were found to be a significant determinant of leisure time among the sample labourer households in the study area.

The results from the transition probability matrix suggest that the occupational mobility of adult children was low among the labourers engaged in PROP tea plantations relative to PLC ownership structure. Though upward occupational mobility was higher among adult children in PLC ownership structure at the disaggregate level. But, there was limited upward occupational transition in both ownership structures of plantations relative to horizontal and downward occupational transition in the overall sample. The transition towards private salaried and government service being meager, the lower-tier wage work outside tea plantations was seen to be a popular livelihood option among the adult children in the study area. The logit regression results suggest a significant role of gender, years of schooling, the skill of adult children, family size, father's occupation, family monthly PCI, and dependency ratio; enabling factors like the ownership structure of the plantation and geographical

location in shaping the occupational transition and upward occupational mobility of labourer household in the study area.

There is moderately high incidence of poverty in the study area with the incidence of poverty being higher among the labourers engaged in PROP ownership structures of tea plantations relative to the labourers working in PLC. Despite the various socio-demographic factors, occupational mobility and leisure time significantly influenced poverty among the labourers in the study area. The higher level of occupational mobility and leisure time has a significant negative association with the incidence of poverty in the study area. Interestingly, the managerial intervention significantly influenced the probability of increasing or decreasing poverty among the tea labourers in the study area. The likelihood of incidence of poverty among labourers increases when we move from PLC to PROP ownership structures tea plantations. The value of Gini index and Lorenz curve suggests that the extent of consumption inequality was higher among the labourer engaged in PROP tea plantations than the labourers in the PLC ownership structure of tea plantations. The RBID result confirms that apart from the socio-demographic factors such as gender, family size, and age; occupational mobility and access to agricultural land were significant contributors to consumption inequality among the labourers in the study area. Moreover, it is interesting to note that ownership structures of tea plantations also significantly influenced the consumption pattern of tea labourers in the study area; as we move from PLC to PROP tea plantations the consumption inequality among labourers seems to increase.

Limited possession of production assets by labourer households in PROP tea plantations may be a reason for being poorer and increasing consumption inequality among them. Notably, the labourers in PROP tea plantations enjoyed less leisure time as they had to work more than the standard hours of work per day in the field, and their overtime hours of work were ignored by the tea plantation management, Further, the limited occupational mobility and upward mobility

might be responsible for the higher incidence of poverty and inequality among the labourer households engaged in PROP tea plantations of the state. The low level of educational attainment and skill formation among labourers especially those engaged in PROP tea plantations also contributed towards the higher rate of poverty and inequality in the tea plantations sector of Assam. Hence, besides socio-economic and demographic factors determining poverty and inequality among labourers, factors such as managerial intervention, leisure time, and occupational mobility considerably influenced the economic status of sample labourer households in the tea plantation sector of Assam.

There is a need for even distribution of public welfare funds that should draw the attention of policy planners, by emphasizing the higher concentration of labourers engaged in tea growing regions of the state. The recent declaration of the state government to establish of model high school with the provision of midday meals and qualified teachers in Assam tea plantations is likely to augment the academic environment among labourer households. Under the Skill India Mission, reactivating the defunct skill centers lying in tea garden areas can be helpful in skill formation among adult children of tea labourers. As the distance to township constrained occupational and vertical mobility of labourers, improvement in all-weather road connectivity to remotely located tea plantations of the state may likely be helpful for labourers in commuting to the nearest township for better wage employment opportunities. There is a need for ensuring uniformity in statutory benefits and minimum wages through proper coordination between union and state governments with the tea board. Policy decisions should stress upon appropriate monitoring mechanisms ensuring uniformity in working conditions and facilities, management rules, and regulations in the labour market across the different ownership structures of tea plantations. Measures should be taken for improved awareness among tea labourers regarding various government welfare schemes through the camp, fair and exhibition, or other informal educational arrangements.

The exclusion of labourers engaged in Public Sector Undertaking (PSU) and Partnership-based firms (PBF) ownership structures of tea plantations from the study is one of the caveats of this study. The study failed to cover the role played by the tea labour unions of Assam towards collective bargaining. The study could not classify the occupational categories based on the national classification of occupations of the National Career Service. The study is restricted geographically to three major tea growing regions of Assam viz. Upper Assam, North Bank, and Cachar region. The study is restricted to permanent resident field labourers only, and could not cover non-residents, factory, and casual labourers in the present study.