Effect of Auto Ownership on Financial Well-Being of Auto Drivers - A Study Conducted Under Research Promotion Scheme of AICTE

Anitha Rameshwaran1, Chaya Bogrecha2 and Sumangala Talreja3
1 Aldrich Institute of Management and Information Technology, Bangalore

INTRODUCTION

With increasing population and rapid urbanization, urban transport demand in India continues to grow. The public transport vehicles connect most parts of the city but do not penetrate the interior destinations. This has led the commuters to shift to intermediate private transport for daily commutes. Auto drivers play a very significant role in urban and semi urban local transport. They complement the services provided by public transport. But, the plight of the drivers is a matter of concern. Many people enter into this auto driving profession with hopes of earning a decent livelihood. Many auto drivers earn the auto and many rent them. In this paper we have made an attempt to find the relative advantages of earning auto on their daily earnings. This paper also delves into the association between the auto ownership and possession of various financial products using Chi Square analysis. Based on our research we conclude that ownership of an auto has hardly boosted their daily earnings. However ownership of an auto has impacted on possession of fear of the financial products such as bank account and life insurance. However the same cannot be said about other financial products such as medical insurance and debit/credit cards.

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LITERATURE REVIEW

Aparna Bhat (2012) This paper discusses the procedure of setting fare of autos in Mumbai. It is trying to examine the political economy in this context. The paper also examines the validity of the reasons for imposing the regulations in the auto rickshaw system, and thus for the creation of the political economy.

S Subendran (2014) This paper mainly focuses on understanding the socio-economic problems of auto-drivers in Palani and to understand and identify the explicit and implicit causes of stress / erratic inhouse behavior Study the role of social organizations in uplifting the living standards of the auto-drivers. They are trying to understand the entire ecosystem for this segment of the society. They very clearly have demonstrated positive correlation between stress and other factors such as debts, financial awareness etc.

Subhashree Natarajan and T.K.T Sheik Abdullah (2014)-

This study concentrates on the current socio-economic condition of auto rickshaw drivers, the increased traffic and problems encountered by them and the stakeholders and the role of social organizations in transforming the lives, at large, in Chennai. The study has not taken into account the ownership of autos operated and number of dependents. The author is relating the economic crunches to the stress levels and their behaviour.

Ms. Radha Chanchani, Ms. Fagan Bajkotia, et.al., in their study titled A Study of the Auto Rickshaw sector in Bangalore City: Suggestions for Improved Governance. Bangalore: Indian Institute of Science (2012)This report is a comprehensive one, covering all the aspects of this sector in Bangalore. The daily operating economics of auto driving has been studied elaborately. The calculation given in this paper depicts that the owner of an auto will approximately earn 50% more than the person who
drivers a rented auto in case of a two stroke auto. However incidence of 4 stroke autos the owners earn 40% more than the drivers who rented the autos.

While most of the studies have focused on fare setting, health issues and financial awareness, not many studies have considered the issues of financial well-being of auto drivers. The current study is an attempt to focus on relationship between ownership of the auto and financial condition of the auto drivers.

RESEARCH DESIGN

A. Objectives of the Paper:
1. To draw an insight into the criteria for considering auto driving as a profession.
2. To delve into the daily economics of auto drivers.
3. To investigate the association between the ownership of auto rickshaw and possession of financial products such as bank account, life insurance, and medical insurance and debit/credit card.

B. Data collection and analysis

The primary data for the study was collected by administering schedules to 300 auto drivers in Bangalore, out of which 255 were complete and suitable for analysis.

Descriptive analysis was used to understand the criteria for considering auto driving as a profession and to understand the daily economics of auto drivers.

Chi-square analysis was applied to investigate the association between ownership of auto rickshaw and possession of financial products among Auto drivers.

C. Operational definition

Financial well-being is measured by the auto drivers’ earning and savings ability, ownership of auto, having a bank account, life insurance, medical insurance and their owning of debit/credit cards.

D. Hypotheses

The following hypotheses were tested.

Hypothesis 1: The drivers who own auto earn more in a day. (In other words, auto ownership and earnings per day are associated)

Hypothesis 2: The drivers who own auto have bank accounts. (In other words, auto ownership and possession of bank accounts are associated)

Hypothesis 3: The drivers who own auto possess life insurance policies. (In other words, there is an association between auto ownership and possession of life insurance.)

Hypothesis 4: The drivers who own auto possess medical insurance policies. (In other words, there is an association between auto ownership and possession of medical insurance.)

Hypothesis 5: The drivers who own auto possess debit/credit cards. (In other words, there is an association between auto ownership and possession of debit/credit cards.)

E. Limitations:

We collected data from 300 people and only 255 of them were fit for analysis. The sample size is not large enough to generalize to the population. The responses from the Auto drivers are considered to be true and final.

RESULTS AND DISCUSSIONS

Key findings:

- Out of 255 auto drivers, 51.2 percentage belong to the age group of 26 to 40 years.
- 71.9 percentage of them are educated up to SSLC or less.
- The majority of the drivers (82 percentage) are married.

- 46 percentage of the sample have over ten years of experience of driving Auto-rickshaws.
- 51 percentage of these drivers agreed that the ‘self-employment’ feature of this profession attracted them the most.
- 44 percentage of them are satisfied with the profession they have chosen.
- Another important point to be noted is that 92 percentage of the samples do not have any other alternate source of information and income from auto-rickshaw is the only source of income.
- 64 percentage of the drivers have their own Auto Rickshaw and 29 percentage of the people who have rented their Autos pay Rs. 150/- per day.
- 36 percentage of the drivers earn only 200 to 400 rupees per day. 38 percentage of the Drivers earn around 400 to 800 rupees per day. However, 19.4 percentage of people earn between 800 to 1200 rupees and only 4 percentage of drivers even earn up to 1500/- rupees per day.
- 69 percentage of the drivers are able to save their earnings for their future requirements and 26.7 percentage of them are able to save between 1000 to 3000 rupees.
- A good 54.3 percentage of the drivers drive auto for 9 to 12 hours in a day and 79.9 percentage of them are able to serve to 10 to 20 customers in a day. 34.5 percentage of the people even serve 20 to 30 customers also.

The results of hypothesis testing are presented under:

F. Chi Square analysis

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Range</th>
<th>Auto Ownership</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Own</td>
<td>Rented</td>
</tr>
<tr>
<td>Average earning per day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200-400</td>
<td></td>
<td>63</td>
<td>32</td>
</tr>
<tr>
<td>400-800</td>
<td></td>
<td>61</td>
<td>37</td>
</tr>
<tr>
<td>800-1200</td>
<td></td>
<td>29</td>
<td>21</td>
</tr>
<tr>
<td>1200-1500</td>
<td></td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>164</td>
<td>91</td>
</tr>
</tbody>
</table>

Among 255 drivers who were surveyed, 164 owned auto rickshaws and 91 drove rented autos for a living. Most of the drivers earned 200 to 400 rupees per day and a good number of people even earned from 400 to 800 rupees also. A small number of the drivers earned from 800 to 1200 and a handful of them even earned up to 1500 as well. But when compared, similar pattern is observed among drivers of rented autos and own autos. (χ²=5.129, d.f=3, p=0.163). Hence the association between the ownership and average earnings per day is not significant.

Thus we can conclude that ownership is not advantageous for the driver in improving his daily earnings.

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>5.129</td>
<td>3</td>
<td>0.163</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>6.085</td>
<td>3</td>
<td>0.108</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>255</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
of them have a bank account and 35 didn't have the same. ($\chi^2 = 10.295$, df = 1, $p = .001$). Thus we conclude that ownership of auto is significantly associated with possession of bank account. One of the reasons for this strong association could be the requirement by financial institutions to sanction loans for the purchase of autos.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Auto Own or rented</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Own</td>
<td>Rented</td>
</tr>
<tr>
<td>Life insurance</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>No</td>
<td>75</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>135</td>
<td>91</td>
</tr>
</tbody>
</table>

The Chi-Square Test

<table>
<thead>
<tr>
<th>Pearson Chi-Square</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.241</td>
<td>1</td>
<td>.265</td>
<td></td>
</tr>
</tbody>
</table>

Among the auto owners only 24 people possessed medical insurance and 140 of them didn't have a medical policy. Among the rented auto drivers, only 8 people had and 81 didn’t have medical insurance. ($\chi^2 = 1.241$, df = 1, $p = .265$). We can conclude that there is no association between auto ownership and possession of a medical insurance. Not many auto drivers have medical insurance and that makes them vulnerable in times of ill health and hospitalization. This is true for both owners of auto and those who drive rented autos.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Auto Own or rented</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Own</td>
<td>Rented</td>
</tr>
<tr>
<td>Debit/Credit Cards</td>
<td>152</td>
<td>85</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>91</td>
</tr>
</tbody>
</table>

The Chi-Square Test

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<tr>
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<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.178</td>
<td>1</td>
<td>.673</td>
<td></td>
</tr>
</tbody>
</table>

Among the auto owners, as many as 152 drivers did not possess debit/credit cards and only 12 possessed the same. Among the respondents who rented the auto, only six out of 91 possessed debit/credit cards. The difference between drivers in debit/credit card possession based on auto ownership was insignificant ($\chi^2=0.178$, df = 1, $p=0.673$). Thus, we conclude that auto ownership has not contributed in debit/credit card ownership. Auto drivers may not be possessing Debit/Credit cards as they may not be aware of the benefits or may not have bank accounts in the first place. However, this is a matter which can be taken for further investigation.

**Suggestions**

Financial well-being is measured by the auto drivers' earning and savings ability, ownership of auto, having a bank account, life insurance, medical insurance and their owning of debit/credit cards. The current study reveals that auto drivers lacked in possession of most of these facilities/documents. Based on the findings of the study and the discussions we had with the drivers and their associations we suggest the following:

- Reasons for auto drivers for not having an account could be lack of awareness and absence of evidential documents. Mass drives like Jan Dhan Yojana can help to create awareness and open bank accounts.
- More campaigns can help in creating awareness about benefits of life insurance and medical insurance. So that more people can buy insurance.
- Possession of bank account is mandatory to avail the benefits of insurance and other services. Hence owning a bank account is the first step towards owning other financial products.
- Possession of debit/credit cards indicates the awareness of the auto drivers about the product and related advantages. This financial product knowledge gives them additional confidence and helps in better planning and management of their earnings and savings leading to asset (auto rickshaw in this case) ownership. Most of the auto drivers do not have debit/credit cards. Debit card is given to customers as additional feature to bank account. Hence first step to financial awareness and planning is possession of a bank account.

By ensuring the possession of the above said financial products, we can bring them under the umbrella of financial inclusion. By doing this we can help them to lead a better life.

**Conclusion**

Auto drivers play a very significant role in urban and semi urban local transport. They complement the services provided by public transport. But, the plight of the drivers is a matter of concern. Their annual incomes are around 152,000 per annum in case of own auto and 136,000/- (as per the 2012 NSSC study) in case of rented autos. Auto Rickshaw drivers come from economically backward class of the society and majority of them found to be educated up to 10thclass or less. It is strongly felt that the incomes of the drivers are marginal. Their savings are insufficient and average earnings are just enough to meet both the ends meet. With around five dependents vying for a share of their earnings, it looks almost impossible that there will be any positive transformation in their lives for years to come. They are not in a position to include themselves, into the financial mainstream by taking the benefits of various financial instruments like life insurance, medical insurance, Bank account and debit/credit cards.

Based on our research we could say that ownership of an auto has hardly boosted their daily earnings. However ownership of an auto has impacted on possession of few of the financial products such as bank account and life insurance. This association between possession of bank account, life insurance and auto ownership could be because of the awareness among the drivers about life insurance and mandatory requirement of bank account for loan disbursal by banks for purchase of auto rickshaws. However the same was not true for other financial products such as medical insurance and debit/credit cards. The reasons could vary from ‘not being aware of’ ‘no interest’, or ‘not needed’. The other question which needs to be addressed is their ability (or otherwise) to face and overcome the challenges due to medical and other financial emergencies.

This study has thrown some light on the financial well being of auto drivers. However the reasons behind possession or non-possession of some
financial products still remain unexplained. This area can be considered for further research.

REFERENCES


BRIEF PROFILE OF THE AUTHORS

Anitha Ramachander, Ph.D is having an experience of over twenty years in the conceptualization, development and deployment of solutions. She has been successful in managing the entire gamut of management education. She was instrumental in establishing several institutions and introducing various courses as tie-up programs. She has proven leadership skills gained from managing various large departments through her problem solving, interpersonal and communication skills. She has acquired expertise in the areas of public speaking & writing. She regularly writes on HR related issues in a leading newspaper. With strong knowledge in current industry trends, she authored books, numerous research articles and conducted conferences, seminars and workshops. Dr. Anitha Ramachander is the Director at Adarsh Institute of Management and Information Technology (AIMIT), Bangalore. She has a Ph.D in Marketing on “Brand Positioning in White Goods Sector”, from Karnataka University, Dharwad. Ad hoc Reviewer in The Institute for Business and Finance Research, USA. With strong knowledge in current industry trends, she authored books, numerous research articles and conducted conferences, seminars and workshops. She is a regular writer on HR issues in a national daily and has several research papers to her credit.

Chaya Bagrecha, Ph.D. is presently the Professor and Head, Post-graduate Department, Adarsh Institute of Management and Information Technology, Bangalore, India. She has more than twenty years of teaching experience in Management. She completed her Doctorate on “A study on Corporate Governance practices in India” (Kuvempu University, India) under the guidance of Dr. J.K. Raju. She has done her NET (JRF) and SLET. She did her MBA from P.O Centre, Davangere, (Kuvempu University) and secured First rank and two gold medals; and B. Com from AV Karmalamma College for women, Davangere, (Mysore University). She has published around fifteen papers in various journals and presented more than thirty papers in various National and International conferences. Her research interests are in the diverse areas of Corporate Governance, Universal Banking, Poverty alleviation, Work Life Balance, and entrepreneurship. She has keen interest in learning new Packages and analytical tools in Statistics.

Sumangala Taloor is Associate Professor in Marketing Area at Adarsh Institute of Management and Information Technology, Bangalore, India. She is doing her Ph.D from Mysore University. She did her Bachelors Degree (BSc) and Masters (MBA) from Karnataka University, Dharwad, Karnataka, India. She has about 7 years of industry experience and 6 years of teaching experience. She has published several research papers in various journals.