

CHAPTER - 1

INTRODUCTION

“Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. Access to a transaction account is a first step towards broader financial inclusion since it allows people to store money, and send and receive (World Bank , 2022).” The World Bank Group deliberates financial inclusion as a key enabler to minimize poverty and maximize the shared prosperity. The financial access supports the daily routine of the tribal peoples and enable the families and businesses to plan for long-term goals to unexpected emergencies.

Financial inclusion act as a primary tool in upliftment of poor, under-privileged and backwards community, minimizing social exclusion and ensuring economic growth. Financial inclusion is a term related to offering affordable banking services (that included basic bank savings account, holding deposits, availing loans and facilitating all form of digital payments) to those section of people who are economically poor, isolated from regular urban life-stream and earn very low income (Sachindra, 2013). The real fact is that India is not 100 percent financially inclusive country, as banking services has not reached all section and segment of population and they are still economically, socially and geographically divided. This is a key issue which does not affect only the financial progress of the country, but also influences the life and economic status of the financially excluded people (Raihanath and Pavithran, 2014). Personal factors like lower income, gender discrimination, lack of financial literacy i.e., ignorance of common man on access to financial services through formal financial sector and its benefits, geographically inaccessible due to poor infrastructure development and cultural barriers (Goel, 2023) also act as delimiting factors that hinder in achieving 100 percent financial inclusion target.

In India, providing access to formal financial services and products has been a thrust of banking policy for several decades. The various levels undertaking a wide range

of measures to include the excluded or the under-served within the fold of formal finance. Accordingly, the Government and the Reserve Bank have undertaken a whole host of innovative and dedicated measures to drive forward the financial inclusion agenda. (Report of the committee on Medium-term path on financial inclusion, 2015)". The big push towards financial inclusion in India has emanated from the Pradhan Man-tri Jan DhanYojana (PMJDY) in August 2014. Due to this measure the banking penetration of rural and semi-urban areas has increased significantly.

Financial inclusion aims at helping people avail financial services without hassles. Before demonetization, financial inclusion was very less and reaching out to tribal people was exceedingly difficult. But the post-demonetization era has seen a 53% increase in financial inclusion which has paved the path for a new genre of financial services such as UPI payments. This calls for on the possibility of extending financial inclusion even to the most rural and inaccessible regions of the country. The incumbent Government is focused on promoting cashless economy in India which will not be possible without a bank account for every Indian. It can be observed that every growing economy is focused on financial inclusion as a viable tool for future development.

Every bank in the country provides countless services through a bank account. Even Government subsidies and financial inclusion schemes, loans, and insurance are made available through a proper banking account. But for the financially challenged scheduled tribes, availability of these schemes is a questionable issue. Several schemes have been made available only through banks which makes owning a bank account a mandatory requirement. Most of the scheduled tribes are still lagging in education and their daily livelihood depends on daily wages or forest produce. Awareness programmes play a major role in changing the perspective of such people who are averse to changes. Assessing the extent of financial inclusion among such tribes is extremely important to understand the measures to be taken for the economic development of the long-neglected society. "Further, there is significant progress in goals on eliminating poverty, providing decent work, economic growth, climate action and life on land. Targeted interventions by the Governments including Pradhan Mantri Awas Yojana, Ujjwala, Swachh Bharat, Jan Dhan, Ayushman Bharat-PMJAY, Ayushman Arogya Mandir, PM-Mudra Yojana, Saubhgaya, Start-up India etc. had impact and led to rapid improvement."

India is a vast country with diverse cultures and tribes of people. The term “Adivasi” is being used to define collectively all the tribal people of India. In today’s increasingly interconnected world, linked by ever growing financial flows, more than a third of the global population is still financially excluded (IMF 2023). It is an economic and a moral imperative to reach them and empower them. Tribal people of India face numerous issues, most of them are related to right of ancestral land and job opportunities. Indian tribes are in highly forested regions which are inaccessible with extremely limited political significance. This has made them the most neglected communities in India. The Tribal economy is mostly dependent on the forests which requires every capable member of the family to work. This results in more dropouts in high school. The Indian Government has taken immense efforts to improve the social and economic conditions of these tribal people.

Financial literacy is the first step towards achieving financial inclusion. Most of the world countries are striving towards a complete cashless economy. Financial inclusion can be achieved only by taking the factors of the financial platform, the agent or the device and the retail agent namely banks (Nisha Tony et al, 2020).

The very first key factor that requires special attention is the availability of banking services and the awareness among tribal people towards banking. Bank accounts have become an unavoidable necessity in a country where a plethora of economic reforms are pushed through the banking sector. Also bank accounts open several doors towards loan applications and insurance. Owning a bank account is becoming mandatory to be a participant in an inclusive economy to survive in a rapidly changing scenario (Gloukoviezoff et al, 2007).

The required education or training to make use of the banking services is also lacking among most tribal communities. Therefore, extensive awareness programs need to be organized if financial inclusion must be effectively used as a tool of economic revival among tribal people.

TRIBAL PEOPLE OF NILIGIRIS

The Primitive Tribal Groups (PTGs) in Tamil Nadu are Todas, Kotas, Kurumbas, Irulas, Paniyans and Kattunayakans. They are characterized by a pre – agriculture level of

technology, a stagnant or declining population extremely low literacy and a subsistence level of economy.

SCHEDULED TRIBES OF NILGIRIS DISTRICT

In Nilgiris District there are 32,813 scheduled tribes accounting to 4.5 percent of total District population as per 2011 census. The main tribal groups within the District are Todas, Kotas, Kurumbas, Irulas, Paniyans and Kattunayakans. These tribal communities are not evenly distributed within the six Taluks of the District. This geographical distribution has invested the various tribes with distinct characteristics and mode of living (Sudha S, 2016).

THE KOTAs

Kotas, also Kothar or Kov by self-designation, are an ethnos who are indigenous to the Nilgiris range in Tamil Nadu, India. The Kota community engages in both animal husbandry and agriculture. They are well-known for their crafts and weaving as well, which provide substantial revenue streams. The Kotas have had financial hardships as a result of shifting farming methods, competition from commercial items, and issues preserving their traditional crafts. Furthermore, there is less economic diversification due to their comparatively tiny population.

THE TODAs

Toda clan, otherwise called Dodha clan, is the most antiquated and strange networks of the Nilgiri Hills of Tamil Nadu. The Toda community's economy and culture are mostly centered on the herding of buffalo. They are renowned for protecting sacred trees and for their distinctive pastoral methods. Modern pressures like as land invasion and agricultural techniques changes have affected the Toda people's traditional way of life. Economic concerns have also been brought about by the collapse in traditional buffalo herding and the difficulty in finding markets for their produce.

THE IRULAs

The Irulas discovered for the most part in the southern and eastern slants of the Nilgiri slopes. They are found on the most of the part considered to have floated to the

Nilgiris District. Among the clans of the Nilgiris, the Irulas are generally close to the Badagas. They have incredible medico-plant information on home grown abundance and related vegetation in their nearby areas.

Irulas are an ethnic gathering of India. They possess the space of the Nilgiri Mountains in the territories of Tamil Nadu, India. Customarily, the fundamental control of the Irulas has been snake and rodent getting. They are engaged in planting and collecting of tea estate as daily labourers (coolies).

THE PANIYAs

The Paniya population has historically been involved in agriculture, performing manual labour in fields and on plantations. They engage in subsistence farming as well. Low salaries and unfavorable working conditions in the agriculture industry are problems that many Paniyas encounter. Their economic problems are exacerbated by land alienation and poor access to healthcare and education.

THE KURUMBAs

Individuals distinguished as Kurumbas have been accounted for across a wide region in south India. Traditionally, the Kurumba people have lived in forests and were adopt hunters and gatherers. They engage in subsistence farming as well. Their customs have been impacted by deforestation and the loss of their ancestral lands. There are few economic prospects, and many Kurumbas struggle because of their marginalization and lack of access to contemporary markets and resources.

THE KATTUNAYAKANs

Traditionally, the Kattunayakans engaged in some agriculture along with hunting and gathering. Their way of life has been greatly influenced by their understanding of the forest and its resources. Like other tribes living in forests, the Kattunayakans have had difficulties due to land invasion and deforestation. Their lack of access to healthcare and education limits their economic potential.

TRIBAL EMPOWERMENT

Since 1951, efforts were made for the quantifiable improvement in the socio-economic status of the Tribal by incorporating various developmental plans, policies,

special strategies and programmes. Tribal empowerment is a critical aspect of socio-economic development aimed at improving the lives and self-determination of tribal communities. It involves creating opportunities for tribal people to actively participate in decision making processes that affect their lives, ensuring the access to essential services such as education, healthcare and economic opportunities.

As the empowerment of Tribal goes beyond the existing framework of the welfare and development, the efforts of the Central and State Governments will be to adopt both effective and innovative strategies/action plans by involving the tribal people and their institutions at all levels and the executive Governmental agencies in a synchronizing manner. Consultation with the tribal people before taking decisions about their welfare and development will, therefore, become a functional pre-requisite for ensuring both acceptance/involvement of the tribal people besides effective implementation of programmes towards empowering them. Finally, the absence of a laid-down national policy for empowerment of Tribal has been the most obvious missing link and also a big gap in the planning process of empowering the Tribal. No doubt, the pronouncement of a Government Policy with set objectives and time-bound targets will definitely activate all the concerned to maximize their efforts with a much clearer vision and direction towards achieving the Constitutional commitment of raising the status of Tribal on par with the rest of the society.

STATEMENT OF THE PROBLEM

Indigenous Tribes of the Nilgiris District have lived for centuries in harmony and close to nature. These ethnic tribes are intensely underdeveloped due to away from access to education, health care, financial services, and infrastructure facilities reasoning the cultural barriers and ethnic ethos of the people of the land, they are found to be lower financially included population. Self-exclusion and mindset is also another reason for financial exclusion in Tribal regions. Business correspondence reach the Tribal population with basic and advanced banking products. However, instable income is preventing them to enjoy the benefits of financial inclusion.

Though it claimed that most scheduled tribes have been brought under financial inclusion, the statistics reveal an alarming fact considering the nature of the accounts. Only 25 percent of the accounts are proper savings bank accounts and have access to

banking services and schemes (RBI 2021). Awareness towards financial inclusion is lagging and needs much attention from both the Banking Institutions and the Government. Demographics have always played an important role in accessing bank services. The major issue with the tribal people is that they find limited use for banking accounts as most of their transactions are micro transactions. The perspective of such people needs to be altered and more awareness must be created towards the greater benefits of banking.

RESEARCH QUESTIONS

Empowering tribal population socially, economically, and financially would pay for financial inclusion and independence of this marginalized segment. As this study aims to analyze the empowerment of Tribals through financial inclusion, the following research questions are raised:

- ✓ Are the Tribal people are aware of various financial inclusive measures available to them?
- ✓ Are the Tribal people accessing the financial inclusion initiatives offered by financial institutions?
- ✓ What are the challenges faced by Tribal community in financial inclusion?
- ✓ What are the effect of financial inclusion among Tribal respondents?
- ✓ Whether the Tribal population empowered through financial inclusion?

OBJECTIVES OF THE STUDY

The following are the objectives framed to answer the research questions:

- To assess the awareness of financial inclusion among select tribal respondents
- To analyze the access to financial inclusion activities among select tribal respondents
- To examine the benefits derived from financial inclusion by the select tribal respondents
- To understand the problems faced by the select tribal respondents relating to financial inclusion
- To examine the factors influencing financial inclusion among select tribal respondents

- To determine the effect of financial inclusion on the empowerment of select tribal respondents

RESEARCH HYPOTHESIS

The following are the hypotheses framed in tune with the framed objectives:

H₀₁: There is no significant mean difference between socio-economic profile of the tribal respondents and access to various Financial Institutions

H₀₂: There is no significant mean difference between awareness on banking operations before and after entering into the stream of financial services among Tribal respondents

H₀₃: Socio-economic variables and financial inclusion initiatives do not influence the Economic independence of Tribal Respondents

H₀₄: Socio-economic variables and financial inclusion initiatives do not influence the Social participation of Tribal Respondents

H₀₅: Socio-economic variables and financial inclusion initiatives do not influence the Financial decision making of Tribal Respondents

H₀₆: Socio-economic variables and financial inclusion initiatives do not influence the Overall Empowerment of Tribal Respondents

SIGNIFICANCE OF THE STUDY

Empowerment of Tribals through financial inclusion concentrated the south-western regions of the Peninsula. The study was conducted among six primitive tribes native to the Nilgiris region. The outcomes of the study will promote the welfare of Scheduled Tribes directly and will create an awareness and induce them into financial inclusion. The research findings will benefit the Government Agencies, Non-Governmental organizations, Banking and Financial institutions, Tribal Welfare organizations in implementing programme suitable to the needs of the tribal communities located in various regions. Banks will also benefit by quantification of user data in tribal regions which will help them provide better access to scheduled tribes towards banking operations. With proper execution and awareness, financial inclusion would serve as a

significant measures to uplift Scheduled Tribes and leading them in the path of Empowerment.

LIMITATIONS OF THE STUDY

- 1) The samples were selected from Nilgiris District only and hence adequate care must be exercised when generalization of results is to be made for the whole economy.
- 2) The study covered on six primitive Scheduled Tribes lives in rural or forested regions hence the result of the study will not be applicable to the Schedule Tribes living in the urban areas.

CHAPTER SCHEME

The study chapterised with the following sections

Chapter one discusses the introduction to the study, problem statement, objectives, hypotheses and limitations of the study.

Chapter two covers extensive review of literature and has presented the previous researches conducted on financial inclusion, benefits of financial inclusion and empowerment of Tribal people.

Chapter three discusses the methodology used for conducting the research and the framework and timeline schedule of the research period.

Chapter four interprets the collected data using different research and analysis tools. The objective of the chapter is to quantify the collected data in an easily understandable format.

Chapter five discusses the summary of the study built on the research findings and concludes the research pointing out the scope for further research.