

---

# CHAPTER I

## INTRODUCTION

### 1. Introduction

A country can be self-declared as a developed one when the people of that country have a higher quality of life, a good standard of living, and better infrastructure. Most importantly, the developments should be pervasive and not be centred on a particular area, category, or region. To achieve inclusive development all categories of people should have uniform standard of living without due regard to caste, religion, income level, education level, social status, etc., (Qasim, 2013). The country's resources should be equally distributed. Every individual, institution, and business firm should have uniform ingress to financial services supplied by a nation's financial organisations (Roy et al., 2018). According to the WTO, India is a developing nation. With reference to “Nominal GDP” and “Purchasing Power Parity”, India is the sixth-dominant economy in this globe, even though it still continues as a developing country. India has a strong position in many areas, in which India can beat even the most powerful developed countries. India possesses a group of well-educated workforce and has powerful armed force and air force. India's excellence in the field of satellites, space missions, nuclear reactors, weapons, and remote sensing capabilities should be noted. India is the second largest IT industry in the world and has a strong base in Yoga and Ayurveda. Based on all these achievements, India is getting closer to being a developed country.

#### 1.1 Financial Inclusion and Pradhan Mantri Jan Dhan Yojna (PMJDY)

According to the Press Information Bureau (2025), it was observed that a 20.8% enhancement in Financial Inclusion (FI) between March 2017 and March 2024 as measured by RBI's FI-Index, even though, India and China are the two major countries with the highest number of unbanked adult populations (World Bank, 2022). There are schemes framed by the Government and NGOs that aim to bring the backward to the mainstream by making them financially strong. Schemes like PMJDY have had tremendous effects in transforming the “unbanked” population to “banked”. According to Press Information Bureau (2025), the PMJDY expanded significantly between 2014 and 2024, with the

number of bank accounts increasing from around 125 million in 2015 to over 500 million by 2024. The programme is intended to ensure the financial inclusion of vulnerable groups in society, allowing them to access official financial services and participate in the larger economic system.

Despite all these initiatives, one of the major reasons that are seen in India for financial exclusion is that the benefits of those developmental schemes are not equally distributed among all the geographical areas (Sarma & Pais, 2011). Due to the mismanagement of the allocation and interference of the local-level political workers, it was observed that the beneficiaries' perception is not highly satisfied with the government schemes (Mahesh et al., 2021). Financial illiteracy, lack of accessibility, inequality in the distribution of income and wealth, corruption, political influence, crimes, etc., may be some of the other reasons behind this. There exist all types of differentiation in India with regard to caste, religion, income, social class, and social status (Deshpande, 2011). Rich are become richer, and the poor always remain as poor. The society categorises people based on their caste, income level, social status, standard of living, education level, geographical area, etc. The upper class enjoys an upper hand in everything rather than being compared to those who belong to the middle class and lower class. People in the lower class are categorised as the backward community, the weaker section, or the vulnerable group of society. Rural people especially rural women, Scheduled Tribes, etc., constitute this vulnerable section. They lack literacy and have less opportunity to take part in financial activities and to be financially included.

RBI elucidated "Financial inclusion as the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low-income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players". Our National Bank has taken many steps as regards the tedious job of making all financially included. It includes various financial inclusion schemes, nationalisation of banks, the establishment of RRBs and co-operative banks, lead bank scheme, the concept of microfinance, no-frill accounts, the appointment of BC to provide banking products more easily accessible, zero balance accounts, use of ICT in the banking sector, etc. Financial inclusion will bridge the gap between access and usage. Financial inclusion will make the

habit of savings and thereby achieve inclusive growth. The promotion of the use of formal banking among rural people will make their lives more financially safe and strong.

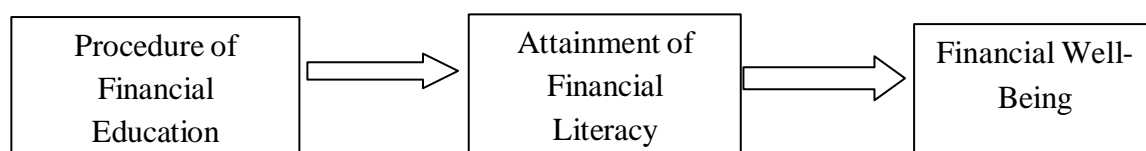
## **1.2 Financial Literacy**

For achieving inclusive finance, it is critical to ensure that all are financially literate. Especially the vulnerable section is less literate and less financially literate. Thus, those people are unable to handle their personal monetary affairs in a good manner. “National Financial Educators Council expounds Financial Literacy as possessing the skills and knowledge on financial matters to confidently take effective action that best fulfils an individual’s personal, family, and global community goals”. FL can be considered as the basic pre-requirement to achieve financial inclusion. A financially literate person can effectively prepare his/her family budget. Financial literacy will help a person plan his income, select profitable investment avenues, and properly manage credit. Individuals will be knowledgeable about the importance of formal banking transactions and insurance coverage in life. Thus, the affair of financial inclusion automatically happens upon the life of a financially literate one. Considering the menial financial literacy and increased population the need for FL is even greater in India especially among vulnerable sections. Regretfully, it is a reality that even Indian Graduates lack a thorough understanding of finance (Ramakrishnan, 2012). The problem of financial illiteracy is more among the rural people since they lack formal basic education. Therefore, initiatives to enhance financial literacy among vulnerable weaker sections will make them more confident to make personal financial decisions and get them included in the financial process thereby reducing poverty and achieving inclusive economic growth. The only way to enhance financial literacy is to impart training programmes or conduct awareness programmes on financial literacy. Financial literacy training is being carried out by institutions like RBI, SEBI, NABARD, PFRDA, IRDA, etc. Few studies established that population characteristics are highly associated to financial literacy, education, and marital status. These factors are regarded as positive predictors of respondents’ financial literacy. A higher level of education leads to good financial literacy (Bire et al., 2019).

“Financial Education” and “Financial Literacy” are interrelated conceptions but not the same phenomena. Through the process of financial education people may achieve FL. The attainment of FL accredits the customers to take sensible financial decisions which

results in the financial wellness of the individual (World Bank, 2021). FI is a step-by-step procedure that should be done with utmost caution in order to those categories that are still outside the purview of financial dealings. For that, the most needed is an active bank account and adequate financial literacy to operate that account properly. Consequently, the process of FI should start with the task of enhancing FL. Financial literacy can be enhanced either by conducting training programmes or awareness programmes. Indeed, so as to get the knowledge of making monetary decisions prudently, he should be acquainted with the financial terms and variables from his childhood. The basic education system should be in such a way that it will give an idea about personal financial management and financial planning. Systematic steps should be undertaken to make financial literacy also as a part of basic education.

**Figure 1.1 Process to achieve state of Financial Well-being**



**Source: RBI report, March 2021**

This current study deals with the inclusive finance, financial literacy, and PMJDY aspects of people of a tribal area called “Attappady”, which is situated in the Palakkad district of Kerala. Attappady is significant because it is the second largest tribal populated area in Kerala and the most backward area as per SECC report 2011. There are three tribal communities in Attappady, namely Irula, Muduga, and Kurumba. Thus, this study endeavours to make a juxtaposition of the aspects of FI and FL among these three sub-sets of the tribal population of Attappady and try to measure the influence of FL and PMJDY on their FI.

### **1.3 Tribal Communities of Attappady**

Attappady Tribal Taluk consists of three sub-sets of Scheduled Tribes, namely Irula, Muduga, and Kurumba.

### **1.3.1 Irula**

One of the largest tribal groups in Attappady is the Irula. They are the Dravidian ethnic group, often referred to as Iruliga, and are found in Indian states such as Tamil Nadu, Kerala, and Karnataka. The Irula language, which is a language of the Dravidian language family, is spoken by people of the Irula ethnic group, who are known as Irular. The Dravidian people, also known as Dravidian speakers or Dravidians, are a linguistic and cultural group that speak any of the Dravidian languages and are mostly found in Southern Asia. The Irula tribes are estimated to be 200,000 populations and are dispersed among three states: 10,259 in Karnataka, 23,721 in Kerala, and 189,621 in Tamil Nadu, according to the 2011 Census. They go by the name Iruligas in Karnataka. The Irulas are mostly found in the northern regions of Tamil Nadu, where they are concentrated in a wedge that stretches from the districts of Krishnagiri and Dharmapuri in the west to the districts of Ariyalur and Cuddalore in the south, and Tiruvallur in the north. The Irulas are centred in the districts of Ramanagara and Bangalore in Karnataka, and Palakkad in Kerala. The Irula people, who live in the Nilgiri mountain region of Tamil Nadu, Kerala, and Karnataka, speak the Dravidian language known as Irula. The language is closely related to Tamil. The Tamil script is used to write it. Nonetheless, Malayalam, the official language of Kerala, is also spoken by a large number of Irula people in Attappady. With their customs, rituals, and traditional beliefs, the Irula have a rich cultural past. They have their own distinctive songs and dances, and they frequently celebrate festivals.

Traditionally, the Irula people had a nomadic, forest-based existence. They were renowned for their proficiency in collecting, hunting, and medicinal plant knowledge. However, a large number of Irula have moved to settled agricultural lives as a result of government efforts and the preservation of forests. Historically, the primary occupations of the Irulas have been collecting honey, and trapping rats, and snakes. During the planting and harvesting seasons, they also work as workers (coolies) in the rice mills or on the landowners' fields. Farming and fishing are two more important professions. Currently, they make their living via a variety of activities. Some people work in agriculture, raising Vegetables, Maize, and Raggi, and most of them are employed under the MGNREG scheme. Others could be employed as labourers in nearby factories, on farms, or on building projects. There is a great deal of discrimination and harassment against Irula

people by other castes, and many of these incidents are documented annually. The Irula of Attappady has experienced difficulties with socioeconomic development, healthcare, and education, just as many other indigenous people. There is a continuous endeavour to enhance their standard of living and grant them entry to healthcare, education, and job prospects.

### **1.3.2 Muduga**

One of the indigenous Scheduled Tribes in India is the Muduga, sometimes called Mudugar or Mudugaru. They are concentrated in the Attappady area of Kerala's Palakkad district. It is a Southern Dravidian language from India, mostly spoken by Muduga tribes in Kerala's Palakkad district's Attappady valley, with some Tulu and Kannada influence. The steep, wooded area of Attappady, Kerala, which is a part of the Western Ghats, is home to the Muduga Scheduled Tribes. There are various native tribes in Attappady, the Muduga being the second biggest. There are around 3497 (Male - 1645, and Female – 1852) Mudugas in Attappady according to the 2011 Census, making them a larger but still relatively tiny tribal community in the area compared to the Kurumba Community. The Muduga have their own distinct cultural customs, which include customary songs, dance, and ceremonies. They observe holidays according to their cultural customs.

The Muduga language spoken by the Muduga people is a Dravidian language. But because of their connections with other communities and because of government programmes, majority of Muduga people are now fluent in Malayalam, Kerala's official language. The Muduga were traditionally recognised for their forest-based subsistence practices, which included limited cultivation, hunting, and gathering. Nonetheless, they have been impacted by modifications to government regulations and land usage, much like other indigenous tribes. Many have made the switch to wage labour like the MGNREG scheme, and settled agricultural lifestyles. The Muduga people of Attappady are involved in agricultural pursuits, growing crops such as Raggi, Maize, and Vegetables. Some work on construction sites, in local enterprises, or as farm labourers. Like many other indigenous tribes, the Muduga Scheduled Tribes suffer difficulties with socioeconomic development, and access to basic utilities, healthcare, and education. The Muduga people's living conditions have been improved by addressing these issues and collaborating with the

Kerala government and the Central Government. Several welfare and development initiatives have been put in place by the government with the goal of raising the standard of living for the Muduga and other tribal people in Attappady. Housing, healthcare, education, and skill development are all included in these programmes.

### **1.3.3 Kurumba**

Attappady, a region in the Western Ghats that is steep and wooded, is home to the Kurumba people. Karnataka, Tamil Nadu, Andhra Pradesh, and Telangana are home to the Kurumba caste, which are the Indian states. They make up the smallest tribal group in Attappady with a total population of 2551 (Male – 1295, and Female – 1256) as per the 2011 Census and the third-dominating caste clump in Karnataka. Kurumbar is another term for the Kurumba community. The Kurumba language is a Dravidian language that is historically spoken by the Kurumba people. They may, however, also speak Malayalam, which is Kerala's official language, just like many other indigenous people. These people are shepherds by tradition, and they worked with sheep, goats, and cattle, raising mixed herds of these animals. The word Kurumba, which means shepherd, comes from the word “kuri”, which means sheep. For many of them who live a nomadic lifestyle, shepherding is still their major employment today. The Kurumba people of Attappady make a living through a variety of occupations. This includes farming, which involves growing things like vegetables, maize, and Raggi. Some additionally labour in local enterprises, on building projects, in agriculture, or in MGNREG scheme. The Kurumbas descended from Neolithic agricultural settlements in South India that also raised cattle, according to their oral legends. According to oral traditions, some of these early agriculturalists who kept cattle spread out into other areas and swiftly adapted to sheep pastoralism, absorbing Mesolithic hunter-gatherers. Hunting-related rituals most likely originated from the hunter-gatherer’s assimilation into the Neolithic pastoralist society. Later on, these pastoralists virtually cut off ties to their villager forebears, interacting with them primarily via early hostility and assimilation. According to Nanjundaiah, the Pallavas were the ancestors of the Kurumbas. During the Middle-Ages, Kurumba troops took a vital role in the armies of the Deccan rulers. Kurumbas are said to have ethnic ancestry with the “Kuruvars of Sangam literature”. This is corroborated by the observation that, whereas Kurumbas worship Mailara/Mallanna, who is a representation of Murukan, and Kurumbattyavva, who is a

representation of Lord Murukan's wife, Valli. According to conventional wisdom, the Kurumbas established the Sangama dynasty, which in turn established the Vijayanagara Empire. As per the analysis of Maharashtra's religious traditions by scholar Ramchandra Chintaman Dhere: The historical records of South India make it abundantly evident that the royal dynasties of southern part descended from cowherd, pastor clans became Kshatriyas by assuming Yadu as their predecessor, claiming Moon heritage, and persistently maintaining their pride in being 'Yadavas'. A large number of South Indian dynasties, ranging from the Pallavas to the Yadavarayas, originated as Kurumba lineage pastoralist/cowherd communities.

They are divided into three sections: Hande, Hattikankan, and Unnikankan. The marriage ritual involves the tying of these bracelets. Hande Kurumbas wants to be referred to as Nayakas and asserts that he is in a better position than the other two. They played a significant role in the Hyder Ali and Ankusagari Poligar armies. Nayakas were soldiers who frequently rose to the rank of Inamdar. Oderu Kurumba is the name given to the Kurumba priest class. They wear the lingam and abstain from meat, thus in that way, they are similar to the Jangamas worn by the Lingayats. They belong to the Dhangar community in Maharashtra and are a sub-caste. The religious beliefs and rituals of Kurumbas and Dhangars are identical. Kurumbas is an easy way to refer to the Dhangars in southern Maharashtra who speak Kannada. They are separated into Kurumbas subdivisions known as Unnikankan and Hattikankan Dhangars. Vadad, the priestly class of Dhangars, is descended from Oderu, the priestly class of Kurumbas. They are just named and spoken differently than Kurumbas. Some Kurumbas started referring to themselves as Indra Sudra (the "chief Sudra") or Prathama Sudra (the "first Sudra") around the 1920s. The Kurumbas of Karnataka are categorised under the Indian system of reservations as Other Backward Class. Nonetheless, the group has been attempting to get a new classification as a Scheduled Tribe. The Kurumba community has been referred to as a non-dominant minority population due to its greater dispersion. In Karnataka, the Kurumba community numbers about fifty lakhs (five million), or 8–9% of the state's overall population of 6.5 crore (65 million).

Transhumance pastoralism, or traveling from one pasture to another with sizable flocks of sheep, was a custom among the Kurumba people. Weaving "kambli" used to be

a supplementary source of income. However, by the 20th century, it had mostly vanished. They have been relocating to agricultural land as pastureland has disappeared, some as tenants and others as landowners. Most Unnikankan Kurumbas are farmers, while major portion of Hattikankan Kurumbas engage in farming and dairy farming nowadays. However, some have symbiotic relationships with nearby farmers and sell sheep, goats, and cow excrement as well. The Kurumbas are predominantly Saivites, although they also worship other gods. They sacrifice goats and sheep and worship all the Grama Devatas. In the past, the Kurumbas observed parashe, a festival honouring their gods that was observed by Kurumba communities across an area. At this time, the Goravas, a saintly order devoted to Mailari Devaru, are established. In the course of the parashe, the idol of the temple is adorned with hoovu-vibhuti and cleansed in a river. A Kurumba pujari leads the ritual, while the Goravas sing hymns honoring the goddess. But by the 1920s, these festivities had mostly disappeared. The Kurumbas also erect shrines and place stones in honor of Iragaru, males who pass away single. Their deceased are buried. The Kurumba people have distinctive cultural customs that include songs, dances, and ceremonies. They have an extensive background and celebrate holidays according to their cultural customs. The Kurumba Scheduled Tribes suffer issues with socioeconomic development, healthcare, education, and access to basic utilities, just like other indigenous people. Numerous groups and government programmes aim to solve these issues and enhance the Kurumba people's quality of life. To raise the level of living for the Kurumba and other indigenous people in Attappady, the Kerala government has launched a number of welfare and development initiatives. These initiatives cover education, training, housing, and healthcare.

#### **1.4 Statement of the Problem**

Inclusive finance is the tool that is used to bridge the gap between “reached” and “unreached”. The reached section consists of the upper and middle class of society whereas the unreached consists of the lower class of the society, who can be deemed as the vulnerable section. To ensure inclusive growth, these “unreached” sections have to bring upward. This can be possible only through well-designed programmes and schemes. Through financial education, the vulnerable sections can gain financial literacy which is a pre-requirement to become financially included. Government Authorities, RBI, Financial Institutions, NBFCs, NGOs, etc., can actively be involved in remodelling educational

systems, and conducting workshops and training programmes on the financial issues faced by common people, especially the vulnerable groups in the hinterlands. It is anticipated that such an initiative adopted will assist people reach a better financial wellness (Grohmann et al., 2018). Banks have a significant part to play in enhancing Financial Literacy and thereby achieving Financial Inclusion. The gearing up of financial inclusion was high over the last decade on account of the ministerial initiatives besides the intensive administrative contribution like PMJDY, DBT, and introduction of RuPay cards etc, (Adetunji & David-West, 2019). Every family in India, especially those in rural and distant locations, is intended to have ingress to financial services through PMJDY. The programme focuses on three main goals: credit availability, financial literacy, and universal access to banking services. PMJDY has greatly decreased financial exclusion, encouraged savings, and facilitated government subsidy and welfare programme payments by creating bank accounts for individuals who had not previously had ingress to official banking services. Additionally, the programme has a vital role in advancing a cashless economy and ensuring that the advantages of different government initiatives are distributed to the most disadvantaged groups in society, helping to combat poverty and advance the economy. One of the biggest and most effective initiatives of its type in the world, PMJDY has significantly increased financial inclusion in India. Despite the fact that Government has evolved special strategies for financial inclusion, still there are people who are outside the circle of financial inclusion (Marimuthu & Mathan, 2015). Tribes are one among them. Since they remain forest dwellers, they lack equal opportunity for availing banking and other monetary services. Uneasiness in accessing monetary services and financial illiteracy are also considered major hindrances to financial inclusion.

Hence, this study strives to assess the degree of Financial Inclusion of the three tribal sub-sets of Attappady, which is the second largest and most backward tribal populated area of Kerala. The current study intends to measure financial literacy and knowledge of the benefits of PMJDY of select tribes of Attappady from the three sub-sets. Understanding the lack of awareness of PMJDY benefits and financial illiteracy, the study provides an awareness programme and also tries to find out the effectiveness of that programme. The study also undertakes to measure the impact of that programme on Financial Inclusion. This study investigates the following research questions.

- Are the Scheduled Tribes of Attappady financially literate?

- Does the three sub-sets of tribes of Attappady are financially included?
- Are the tribes aware of the benefits of PMJDY?
- Was the awareness programme on financial literacy and PMJDY, imparted to the three sub-sets of select tribes of Attappady effective?
- Does there exist any association between financial literacy and financial inclusion among the three sub-sets of Scheduled Tribes?
- What impact does this awareness programme have on the financial inclusion of the three sub-sets of tribes of Attappady?

### **1.5 Objectives of the Study**

The objectives are as follows:

- ❖ To analyse the financial literacy and financial inclusion among the select respondents of Scheduled Tribes.
- ❖ To analyse the awareness of PMJDY among the select respondents of Scheduled Tribes.
- ❖ To impart awareness programme on financial literacy and PMJDY for the select respondents of Scheduled Tribes.
- ❖ To examine the effectiveness of awareness programmes on financial literacy and PMJDY imparted to the select respondents of Scheduled Tribes.
- ❖ To analyse the relationship between financial literacy and financial inclusion among the respondents.
- ❖ To assess the impact of the awareness programme on financial literacy and PMJDY on financial inclusion among the respondents.

### **1.6 Research Hypotheses of the Study**

- ❖ H<sub>01</sub>: There is no significant difference between the financial literacy before and after the awareness programme among the three sub-sets of tribes.
- ❖ H<sub>02</sub>: There is no significant difference between the PMJDY awareness before and after the awareness programme among the three sub-sets of tribes.
- ❖ H<sub>03</sub>: There is no significant relationship between financial literacy and financial inclusion among the three sub-sets of tribes.

- ❖ H0<sub>4</sub>: There is no linear association between financial literacy, awareness about PMJDY Scheme utilities and financial inclusion among the three sub-sets of tribes.

### **1.7 Significance of the Study**

To guarantee the economy's sustainable expansion, the nation's planners and policymakers have been advocating for inclusive growth. It is crucial to uphold the financial inclusivity of marginalised individuals in this particular setting. As a result, the programme for financial literacy and inclusion has been acknowledged as an essential policy initiative to reduce social and economic disparities through the integration of marginalised individuals from all socio-economic classes into the official financial system, particularly the banking and insurance sectors. In emerging economies, financial inclusion has been acknowledged as a vital topic for significant policy and academic efforts. Greater ingress to monetary products and services supplied by institutions escalate monetary intermediation, which in turn causes to economic upsurge (Ozili, Ademiju, et al., 2023). It is suggested that FI through bank branch augmentation is successful in encouraging economic growth in impoverished religious nations, as bank branch expansion considerably enhances economic growth in religious countries despite an increasing poverty gap (Ozili, Lay, et al., 2023).

For comprehensive tribal development to occur, financial inclusion and infrastructure should work in tandem to guarantee that people have ingress to financial services and goods. The state of Kerala has undoubtedly moved a long way in ensuring the standard of living for its citizens, thanks to significant public interventions, social and policy interventions, and has even been dubbed the "Kerala Model." Even so, a number of groups remain outside of this circle, and Scheduled Tribes are one of them (Veluchamy & Lingaraja, 2020). Likewise, PMJDY is basically a successful scheme that improves financial inclusion but the ascendancy of the strategy on FI among Scheduled Tribes is still remaining as a question mark. Therefore, it is engrossing to scrutinise the problem of FI among the Scheduled Tribes in Kerala, which have faced several social and economic challenges such as on-going separation from their land and property and denial of access to essential infrastructures. To ensure that the development mantra of "faster and more inclusive growth" remains relevant, it is imperative that financial services are easily

accessible and that marginalised groups, like Scheduled Tribes, participate in them. Therefore, it is important from an academic and economic standpoint to do research on the Scheduled Tribes' financial inclusivity.

### **1.8 Limitations of the Study**

- The impact of PMJDY is measured from an economic aspect only; social aspect and empowerment aspects were not taken into consideration.
- The cultural factors that have a repercussion on financial literacy and inclusion were not taken into the study.
- This research is limited to the Scheduled Tribes who reside within the geographical boundary of Attappady Tribal Taluk. Thus the findings cannot be compared with Scheduled Tribes of other parts of the world with different socio-cultural features.

### **1.9 Plan of the Thesis**

This study is presented in five chapters

- First Chapter** This section introduces the topic, states the research problem, research hypotheses, objectives, significance, limitations, and plan of the investigation.
- Second Chapter** Second part elucidates the review of related literature. Reviews on financial inclusion, financial literacy, and PMJDY covering both international and national studies were included in this chapter.
- Third Chapter** This chapter gives an idea about the methodology used for the study.
- Fourth Chapter** Chapter four deals with data analysis. Analysis of data on financial inclusion and financial literacy of selected tribes were depicted and interpretations of results were given in this part.
- Fifth Chapter** The last chapter includes Findings, Suggestions, Conclusion, and Scope for further studies in this particular area.