

## CHAPTER - V

### SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

Empowerment of tribal respondents on financial inclusion refers to the process of equipping individuals from tribal communities with the knowledge, skills, resources, and access to financial services necessary to make informed financial decisions, improve their economic well-being, and participate actively in the formal financial system.

The term Empowerment in the perspective of tribal communities refers to giving members of tribal communities the information, tools, resources and access to financial services they need to make wise financial decisions, enhance their financial security, and actively engage in the formal financial system.

The major objective of the study is to analyse the empowerment of tribal respondents through financial inclusion. Based on the main objective the following objectives were framed.

1. To assess the awareness of financial inclusion among select tribal respondents
2. To analyze the access to financial inclusion activities among select tribal respondents
3. To examine the benefits derived from financial inclusion by the select tribal respondents
4. To understand the problems faced by the select tribal respondents related to financial inclusion
5. To examine the factors influencing financial inclusion among select tribal respondents
6. To determine the effect of financial inclusion on the empowerment of select tribal respondents

#### **5.1 Demographic and Socio-Economic Profile of the Tribal Respondents**

- Gender wise distribution showed that 54.05 percent of the select tribal are male.
- Age of the tribal respondents showed that 25.24 percent were in age group of 36-40 years. 17.86 percent of the select tribal were under the age group of 46-50 years.
- Educational status of tribal respondents resulted that 46.90 percent of the respondents have completed their school level education only. Nearly 33.33 percent of the tribal respondents were illiterate, it is to be noted that still education is not reached to the

unreached tribal respondents, it hinders their social, economical and financial empowerment.

- 32.62 percent of the sample respondents were engaged in agriculture activity and 23.57 percent were agricultural laborers. Still tribal respondents were engaged in their formal agricultural activities for their livelihood.
- With regard to marital status of tribal respondents, 76.67 percent of the tribal respondents are married, 17.62 percent are unmarried.
- 55.24 percent of tribal respondents are in nuclear family and 44.76 percent of are living in joint family.
- 39.29 percent of the tribal respondent's family members were up to two to four members.
- 43.10 percent of the tribal respondents family consist of 2-4 members, most of the the tribal family members were engaged in income generating activities.
- 38.33 percent of the respondent's monthly income of the family was upto 10,001-20,000. 28.09 percent of the tribal respondent's income was upto 5000-10000.
- With regard to the regional location 33.10 percent were located in Panthalur. 20.24 percent of the sample tribal respondents were located in Gudalur, 18.57 percent were located in Udthagamandalam , 19.29 percent were located in Kotagiri , seven percent were located in Coonoor and only two percent were located in Kundah .
- The total sample of tribal respondents belong to sub-sector of the Irular (20.71 percent), Kota (17.61 percent), Paniya (17.14 percent), Toda (15.95 percent), Korumba (15.71 percent) and Kattunayakan contributes 12.85 percent respectively.

#### **5.1.1 Banking Practices among Tribal Respondents**

- Majority of tribal respondents (83.81percent) were having savings bank account, 11.42 percent were having no frill saving account. Nearly five percent were having current account. All the tribal respondents are having at least one bank account, it helps them to involve in financial inclusion activities.
- Majority of the tribal respondents (71.19 percent) were having only one bank account, 25 percent of them were maintaining two bank accounts and nearly two percent of

tribal respondents were having three bank accounts and another two percent holds more than three bank accounts.

- Majority of the tribal respondents (88.57 percent) were opened bank account before implementing Jan Dhan Yojana and remaining 11.43 percent of them have opened their bank account after implementing Jan Dhan Yojana.
- Majority of the tribal respondents (83.33 percent) gained knowledge about financial inclusion through bank staff and remaining 16.67 percent of them gained information about financial inclusion through NGO's, insurance agent and other financial institutions.

## **5.2 Awareness on Financial Inclusion among Tribal Respondents**

Before opening the first bank account by the tribal respondents their awareness towards banking operations were studied, and the responses were ranked based on the mean value arrived in order to determine the true status of awareness on financial inclusion among the tribal respondents in the study area.

- 39.29 percent of tribal respondents are more aware of Government benefits remitted through banks.
- 37.14 percent of tribal respondents are well aware of bank's linkage with SHG's, DIC and NGO's .
- 32.8 percent of tribal respondents were well aware of availing life or health insurance and pension schemes.
- Before entering into the stream of financial services the respondents were fully aware of Government benefit scheme that were distributed through banks, which ranks first with a mean score of 4.04.
- Prior to financial services the respondents were aware of with bank linkages with SHG/DIC/NGO which ranks second with a mean score of 3.99, from which the tribal respondents can obtain financial services at their doorsteps.
- Tribal respondents are aware of banking operations in general, before financial services which ranks third with a mean value of 3.76.

- The tribal respondents were not aware of ATM/Debit card services which ranks eighth with a mean score of 2.11.
- Majority of respondents were found to be unaware of the use of smartphones for digital payments. The tribal respondents have a poor educational background and use fewer technologies overall, they were least aware of the additional services offered by the bank, such as digital, mobile, and internet banking which ranks ninth with a mean score of 2.10.
- The type of deposits offered by banks were unknown to the tribal respondents before entering into financial services which ranks tenth with a mean score of 1.97.
- Majority of respondents were found to be unaware of the use of smartphones for digital payments. The other financial inclusion services offered by the Government and financial organizations were unknown to the tribal respondents. They were least aware of types of deposits offered by the banks, due to lack in knowledge about banking and financial services.

### **5.3 Awareness towards Banking Operations after Entering into the Financial Services among Tribal Respondents**

- Majority of tribal respondents (53.33 percent) had a strong understanding about general banking operation.
- Majority of the tribal respondents (53.33 percent) were well-versed on the kinds of bank accounts that are accessible after financial inclusion.
- 42.86 percent of the tribal respondents were highly aware of type of Government benefits that are transferred through banks.
- Rankings were assigned to determine the level of understanding regarding banking operations among tribal respondents after entering into financial inclusion stream, based on the mean score computed. The variable “types of bank accounts that are available” got first place with a mean score of 4.44. The “nature of Government benefits” sent through banks is placed second with a mean value of 4.25. Banking operations in general were ranked third with a mean score of 4.22.

### **5.3.1 Difference among Awareness on Banking Operations Before and After entering into Financial Services of Tribal Respondents**

Paired t test was applied to test whether there is a mean difference exist among tribal respondents awareness on banking operations before and after entering into financial services .

Tribal respondents awareness on banking procedures varied before and after financial inclusion programs. Six elements show a statistically significant mean difference when the mean awareness of banking operations among tribal respondents is compared before and after entering into financial services. It includes Banking Operation in General (.000), Types of Accounts offered (.000), ATM/Debit card services (.005), Government benefits remitted through banks (.001), Availing Life or Health Insurance /pension Subscriptions promoted through Banks (.016), Other services (Digital/Mobile /online Banking Services) (.066) respectively.

There is no statistically significant mean difference exist between tribal respondents awareness on banking operations before and after entering into financial services for the variables such as Types of Credit Offered by Banks (.764), Types of Deposits offered (.811), Services Offered (Other than Deposits /Loan) (.228) and Bank's Linkage with SHGs/DIC/ NGOs (.204). As a result, the tribal respondents were familiar with banking operations after entering into the stream of financial services.

### **5.4 Access to Financial Services and its Utilisation among Tribal Respondents on Financial Inclusion**

- 47.14 percent of the tribal respondents had linkages with Commercial banks for savings.
- 46.9 percent of the tribal respondents were linked with Local post office.
- 40 percent of the tribal respondents had linked with Co-operative societies which supports for their agricultural activities.
- About 33 percent of the respondents had linked with Non-Governmental Organizations.

#### **5.4.1 Access to Digital /Electronic Payment Modes by Tribal Respondents**

- Majority of the tribal respondents 50.48 percent were using digital/electronic payment modes.
- 49.52 percent of them were not actively using digital payment.
- The study cleared that 50 percent of the tribal respondents were using digital/electronic payment modes and the remaining 50 percent of the tribal respondents had no experience of using digital payment mode.

#### **5.4.2 Avenues of Digital /Electronic Payment Utilized by Tribal Respondents**

- 34.43 percent of the tribal respondents were using digital payments to remit their billing UPI payments.
- 23.11 percent of tribal respondents use Business correspondence to withdraw cash.
- 15.09 percent of tribal respondents use Kissan Credit Card for payments at the fertilizer shops as digital payments to purchase fertilizer from shops since most of them were agriculturist.

#### **5.4.3 Socio-Economic wise Comparison of Access to Financial Institutions among Tribal Respondents**

To identify the significant difference between access to financial institutions by the tribal respondents based on their demographic variables ANOVA test were applied.

- There is a significant association that exists between gender and access towards financial institutions by the Tribal respondents.
- There is a significant association that exist between the age of the tribal respondents and access towards financial institutions by the Tribal respondents. ➤ There is a significant association that exist between the educational qualification of the tribal respondents and access towards financial institutions by the tribal respondents.
- There is a significant association that exist between the occupation of the tribal respondents and access towards financial institutions by the tribal respondents.
- There is a significant association that exist between earning members of the family and access towards financial institutions by the Tribal respondents.

- There is a significant association that exist between regional location of the tribal respondents and access towards financial institutions.
- There is a significant association that exist between community of the tribal respondents and access towards financial institutions.

Therefore the null hypothesis ( $H_0$ ) is rejected and the tribal respondent's access towards various financial institutions for financial inclusion exist significantly.

### **5.5 Benefits Derived from Financial Inclusion by Tribal Respondents**

- Before financial inclusion, majority of tribal respondents (47 percent) relied on moneylenders for their financial needs.
- 33 percent of the tribal respondents ask their friends for monetary help when they need money.
- 12 percent of them rely on local traders for their daily survival.
- The respondents mostly relied on locally accessible sources before financial inclusion because they were unaware of the official financial agencies for their loan requirements. These lenders also charge extremely high loan rates.
- After financial inclusion 40 percent of tribal respondents were borrowed from bank led Self Help Groups.
- 26 percent of the tribal respondents borrowed money from NBFC's (non-banking financial companies).
- 24 percent of them borrowed credit from NGO's.
- Six percent of them were borrowed from RRB's (Regional Rural Banks).
- Tribal respondents began to become financially included as a result of their accessing official financial institutions for their credit needs after financial inclusion measures.
- Majority (63.80 percent) of the respondents stated that 'Easy Access to financial Services' is the primary benefit derived through financial inclusion.
- 51.90 percent of the respondents stated that 'Amount borrowed at low rate of Interest'.

- 49.04 percent of the respondents stated that ‘Avail Digital Financial Services’ another important benefits derived out of Financial Inclusion.
- 44.04 percent of the respondents stated that they enjoyed the benefit of ‘Entrepreneurial Opportunities’.
- 40.95 percent of tribal got the benefit of ‘Community Engagement’.
- 32.38 percent of the tribal respondents enjoyed ‘Financial Security’ benefit.
- 24.76 percent of the tribal respondents gained ‘Wealth Generation’ benefit.

### **5.5.1 Amount Borrowed by the Tribal Respondents Before and After Financial Inclusion**

- Before financial inclusion majority of the tribal respondents (67 percent) borrowed amount upto ₹ 25000.
- Before financial inclusion 29 percent of the tribal respondents borrowed money upto ₹ 25001-75000.
- After financial inclusion, 35 percent of the tribal respondents borrowed credit upto ₹ 75,001-1,25,000 after financial inclusion. The borrowing capacity of the tribal respondents increased drastically after financial inclusion.

After financial inclusion the borrowing capacity of the tribal respondents was increased, 27 percent of the respondents borrowed upto 1,25,001-2,00,000.

### **5.5.2 Purposes of Raising Credits from Formal Financial Agencies by the Tribal Respondents**

#### **Economic Activities**

Majority of the tribal respondents borrowed loans from various financial institutions mainly for agricultural purpose to procure inputs, agricultural equipment’s etc., which would be useful for their productive purpose ranked first among economic activities with a mean score of 4.63

#### **Wealth creation and Skill Development**

Tribal respondents utilizes the funds for repayment of household debt with a mean score of 4.46 which ranks first.

## **Improvement in Standard of living**

Majority of the tribal respondents raised credit from various financial institutions to meet social, financial needs with a mean score of 4.45 which ranks first among improvement of life standard and social empowerment.

Majority of the tribal respondents raised credit from formal financial agencies for agriculture purpose (buying inputs /equipment/machinery), to repay household debt and to meet expenses for the business development. All these measures would lead to upliftment of the tribal respondents.

### **5.6 Financial Inclusion among the Tribal Respondents**

The descriptive analysis showed that majority of the tribal respondents got access to banking financial services (95.33 percent), got accessed to micro /mobile ATM facilities (92.67 percent), access to household credit (90.33 percent), universal access to various financial services (89 percent) and promote efficiency in conduct of banking operation, access to bank loans for business development (88.33 percent).

The tribal respondents experienced freedom from local money lenders (86.33 percent), got option of access to multiple credit window (agencies), got access to smart card facilities (85.33 percent), able to get Government benefits credited to their bank account (85 percent) and able to get grievance redressal and got MGNREGS wages credited (82.33 percent).

Majority of tribal respondents got access to banking financial after financial inclusion and which leads to their social upliftment.

#### **5.6.1 Factor Determining Financial Inclusion among Tribal Respondents**

The outcomes realized by the tribal respondents from the financial inclusion is factorized.

The factor labeled as “Financial Literacy and Access To Banking Services”. This factor highlights the access to banking services, access to various financial institutions, ability to carry out of banking operation, access to bank loans for business development, access to household credit, gained financial literacy, timely access to banking services, micro /mobile ATM facilities and access to debit card by the tribal respondents. It explained 34.551 percent of the variation in access to banking services among tribal respondents.

The Factor “Easy Access to Tribal Welfare Scheme” which reveals the tribal respondents have easy access to self-help groups, tribal welfare scheme, access to kisan credit card, MGNREGs wage scheme, pension schemes and access to credit card. This factor was titled as. It explained 26.085 percent of the variation in access to banking services among tribal respondents.

The factor which reveals the tribal respondents access to various digital payment services like able to make digital payment, access to bank branches for deposits, access to mobile /digital banking services, access to insurance, access to UPI services. This factor was titled as “Digitization Benefits”. It explained 24.493 percent of the variation in access to banking services among tribal respondents.

### **5.7 Problems Faced by the Select Tribal Respondents**

- Majority of the tribal respondents (89.45 percent) were heavily indebted due to increases in credit value obtained through informal lending sources which was ranked first with a mean score of 9.84.
- Majority of the tribal respondents (86.09 percent) suffered from high interest rate charged on external borrowing which was ranked second with a mean score of 9.47.
- Majority of the tribal respondents suffered from the negligent approach by formal financial agencies (79.27 percent) and ranks third with a mean score of 8.72 before their involvement in financial inclusive measures.
- Majority of respondents believed that inadequate infrastructure development was a major issue that they had to deal, which ranks sixth with a mean score of 6.03.
- One significant obstacle that the tribal respondents had to overcome was the distance they needed to travel to receive banking services (75.73 percent), which ranks fourth.
- Lack of financial advice was the problem faced by the tribal respondents (63.64 percent).
- Majority of tribal respondents (54.73 percent) said they didn't have enough money for savings alternatives which ranks seventh with a mean score of 6.03.
- The majority of tribal respondents (54.82 percent) said that they had trouble in getting formal credit because of the hilly region they faced problem in access to financial institutions.

### **5.7.1 Key Challenges faced by the Tribal Respondents**

- Rotated component factor analysis was carried out to identify the key challenges faced factors which influence the tribal respondents. Before doing the factor analysis, the KMO and Bartlett's test was applied to get the reliability and validity of the key challenges faced by tribal respondents before financial inclusion.
- Five factors were identified namely, "Being neglected by formal financial institutions", "inaccessibility to formal financial institutions", "lack of infrastructure to access the financial services", "regional and occupational hindrance" and "Economic Exclusion". Being neglected by formal financial institutions means tribal respondents experienced difficulties including high interest rates on external borrowings, high level of debt due to huge borrowing from informal financial sectors.
- Inaccessibility to formal financial institutions explains remote access to banking, financial institutions and lack of financial advice.
- Lack of infrastructure to access the financial services means absence of infrastructure development and inadequate saving alternatives to the tribal respondents.
- Regional and occupational hindrance refers to trouble in getting formal credit because of the hilly region they faced problem in access to financial institutions. Economic Exclusion refers to problems due to loss of valuable assets pledged the threats from local money lenders. These five factors accounted for 82.96 percent on the challenges faced by tribal respondents before entering into the financial services.

### **5.8 Economic Independence, Social Participation and Financial Decision Making of the Tribal Respondents**

- Economic Independence of tribal respondents after financial inclusion are closely linked with their decisions related to savings with a mean score of 4.152, increase in household expenditures with a mean score of 3.145, increase in Wealth Creation with a mean score of 3.083 and increase in Socio-Economic Status of the tribal respondents with a mean score of 2.125. Leads to Economic Empowerment of the tribal respondents.
- Social Participation of the tribal respondents after financial inclusion, the variable right to preserve identity and culture of the tribal respondents are closely linked with Social Participation with a mean score of 3.680 which ranks first among other

variables. The variable, Access to Education and Health care is linked with Social Participation with a mean score of 3.125, ranks second, Financial Inclusion has changed your personality and life style is linked with Social Participation with a mean score of 3.014 which ranks third and participation in decision making at local bodies is linked with Social Participation with a mean score of 2.724 which ranks fourth and overall it leads to Social Empowerment of Tribal respondents.

- Financial decision making of the tribal respondents after financial inclusion is closely linked with increase in ownership of assets with a mean score of 4.800 which ranks first among other variables, timely repayment of debt is an another factor which is linked with financial decision making with a mean score of 4.600 which ranks second, the variable access to investments avenues is linked with a mean score of 3.800 which ranks third and the variable increase in income generating activities with a mean score of 3.667 ranks fourth. The financial decision making leads to Financial Empowerment of tribal respondents.

## **5.9 Determinants of Empowerment of Tribal Respondents on Financial Inclusion**

### **H<sub>01</sub>: Socio-economic Variables and Financial Inclusion Initiatives do not Influence the Economic Empowerment of Tribal Respondents**

The independent variable education, occupation, No. of earning members, monthly income of the family. Financial inclusion perspective (i.e) Access to banking services, Loans/credit availed, Direct benefit scheme, Financial Inclusion of the tribal respondents had influenced 56.6 percent of variation on their Economic Empowerment.

### **H<sub>02</sub>: Socio-economic variables and Financial Inclusion Initiatives do not Influence the Social Empowerment of Tribal Respondents**

The contribution of socio-economic variables, financial inclusive perspective towards tribal respondents Social Empowerment were found to be highly significant which indicates overall contribution of all independent variables to the dependent variable was 46.1 percent as indicated by  $r^2$  value.

### **H<sub>03</sub>: Socio-economic variables and Financial Inclusion Initiatives do not Influence the Financial Empowerment of Tribal Respondents**

The Socio-economic variables, Financial Inclusive perspective towards tribal respondents Financial Empowerment were found to be highly significant which indicates

overall contribution of all independent variables to the dependent variable was 58.7 percent as indicated by  $r^2$  value.

**H<sub>04</sub>: Socio-economic variables and Financial Inclusion Initiatives do not Influence the Overall Empowerment of Tribal Respondents**

The Overall contribution of socio-economic variables, financial inclusive perspective towards tribal respondents Overall Empowerment were found to be highly significant which indicates overall contribution of all independent variables to the dependent variable was 51.2 percent as indicated by  $r^2$  value.

**5.10 CONCLUSION**

The empowerment of tribal people could be kept as a long term development goal in India. The policy makers must implement financial inclusion tool to include the tribal people into the stream of financial beneficiaries. The Government of India should enables financial inclusion services to include the tribal respondents to access the banking, financial institutions and digital payment services and involve them in income generating activities. The tribal should be relieved from the clutches of money lender and unauthorized lenders. It is observed from the present study that agriculture is the main income generating activities among tribal people. So the financial institutions must focus on the financial products tailored to improve the agricultural activities.

In the present study the tribal respondents are holding a bank account for receiving the benefits from the Government schemes, pension schemes, MGNREGRA etc. Merely holding a bank account by the tribal will not result in complete financial inclusion. Awareness, access, usage and deriving benefit out of the inclusive programmes result in empowerment of tribal. The major reason for financial exclusion among the selected tribal respondents are lack of education, technology illiteracy, low income, poor infrastructure, unique culture & heritage, geographical isolation they could not able to adopt the financial inclusive measures. In order to remove the barriers the policy makers should pave attention on the underdeveloped tribes by giving proper financial literacy, training, and infrastructure to improve their standard of living which leads to social, financial and economic empowerment of the whole tribal community.

## **Suggestions and Recommendations**

- ✓ The demographic and socio-economic profile indicate the low profile of the education and income and it hinders their financial inclusion by uplifting their knowledge through financial literacy.
- ✓ The tribal respondents will be able to effectively engage in various spheres of Financial Inclusion.
- ✓ In spite of having bank accounts all the tribal respondents and awareness of the basic banking services the utilization of financial services is very low. Hence the bank serving the tribal population had to educate about the various existing and prospective banking products.
- ✓ It is also essential to suggest banking products suitable to the needs of tribal respondents. There is a scope for Tribal Respondents to approach the various formal financial institutions other than banks.
- ✓ Each financial institutions have its agenda for reaching people in the underprivileged segment of society, provided that tribal respondents gain confidence in approaching those institutions so that utilization of financial services will improve.
- ✓ On entering into the financial stream the tribal respondents had realized the importance of formal financial institutions for borrowing loans for various purposes. This could be enhanced through the capacity building of tribal respondents in operation of financial services.
- ✓ The funds borrowed from formal financial institutions for their betterment by involving in economic activities, skill development and preserving their own unique culture.
- ✓ The tribals are having unique craftsmanship so the Government should provide proper training to develop their skills and to set up small scale business.
- ✓ The NGO's can set up Training centers in the tribal areas to involve the tribal into the financial inclusive measures.
- ✓ Financial hub can be establish in the tribal regions to encourage the tribal communities for easy access.

### **To the Government**

- ✓ Implement financial literacy programs specifically designed for tribal communities, considering their unique cultural and linguistic contexts and can implement simple technology solutions that are user-friendly for those with limited digital literacy.
- ✓ Establishment of financial inclusion hubs in tribal areas to centralize services and resources. Efforts should focus on improving access to basic services, enhancing economic opportunities, and ensuring active participation of tribal communities in development processes would lead a complete empowerment of the tribal community
- ✓ Improve infrastructure, such as roads and communication networks, to make banking and other services more accessible.

### **To the Financial Institutions**

- ✓ Establish banking outlets and mobile banking units.
- ✓ Introduction of new financial products that cater the needs of tribal communities.
- ✓ MFIs to operate in tribal areas and offer products tailored to the needs of tribal communities, such as small loans for agriculture, handicrafts, or small businesses.

### **To the NGO's**

- ✓ NGO's should support and promote SHGs to provide micro-loans and savings opportunities and ensure these groups have access to financial training and support.

### **Scope for Future Studies**

- ❖ A study on Inter-tribe variations between tribal groups can be conducted.
- ❖ A comparative study on Southern and Northern regions among tribal can be conducted.
- ❖ A study on Tribal Entrepreneur- problems and prospects can be conducted.