

CHAPTER II

REVIEW OF LITERATURE

Extensive literature review supports the researcher in understanding the research topic's concept, relevance to the present-day context and provide a potential scope for conduct of a study through identifying research gap that prevailed in the past study. Literature review support a study in building a theoretical and in framing questionnaire need for collection of primary data. Literature collected for the study are grouped and summarized into different topics of discussion.

2.1 Financial Inclusion in India

2.2 Role of Banks in Enhancing Financial Inclusion

2.3 Empowerment of Tribes through Financial Inclusion Programmes

2.4 Socio-Economic Status of Tribal Community in Tamil Nadu

2.1 FINANCIAL INCLUSION IN INDIA

Financial inclusion is positively related to the sustainable development plans of the economy conveys **Pushp et al., (2023)** based on the data collected from 16 regional states and one Union territory. The authors also stated that the Government use internet as a tool for promotion of financial inclusion activities. Government have initiated various promotional programmes to enhance the financial inclusion programmes.

Kapoor and Mohandas (2023) documented progress of financial inclusion activities in different regions in India. The Southern states and Union territory have recorded fast growth in the financial inclusion activities. At the same time financial inclusion in BIMRU Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh and North Eastern states are observed to have lower financial inclusion index.

Chauhan (2022) claims that the primary agenda of financial inclusion is wide accessibility of wide range of financial products and services to the remote hailing and vulnerable section of the population. Technology advancement in banking sector support the policy makers and banks to achieve targeted financial inclusion.

Kumar and Jeyaprabha (2022) established in a descriptive study among 480 rural people living across the Tamil Nadu to assess the effect of financial inclusion on the upliftment of rural people. The study disclosed that financial inclusion has highly supported the State Government of Tamil Nadu in upliftment of the life the rural people in India.

Kumar et al., (2021) conducted a comparative study between China and India on the development and achievement of financial inclusion with the technology support. The authors mentioned that both the countries have taken meticulous efforts in achieving their financial inclusion goals. China has effectively utilised its financial instruments in achieving its financial inclusion goals. Comparative of financial inclusion revealed that China has achieved 79 per cent of adults in the financial inclusion, whereas, India's index stands at 53.90 per cent.

Singh and Pushkar (2019) article assessed the role of digitalisation of financial operation in enhancing financial inclusion in India. The authors claim that though digitalisation have enhanced financial inclusion activities in India, still the author believes that much of policy and regulation changes have to be made to achieve the target of 100 per cent inclusion.

Karmakar (2019) highlighted the prime reasons for prevalence of financial exclusion in the country and the means through banks can bring in unbanked population into regular stream of utilising banking services. The author mentioned that through active participation of SHGs activities, through NGOs (Non-Governmental Organisation), through MFI (Micro-Financial Institutions), other institutions and right use of technology advancement banks are reaching the target of financial inclusion.

Importance of financial inclusion for the economic and social development of the nation was discussed by **Potluri and Sulochana (2018)**. The author mentioned that financial inclusion ensures sustainable development of the nation, its empowers and realization of self-sufficiency of the under prevailed segment of the population.

Ghosh and Vinod (2017) focused to analyzed the influences of gender on Financial Inclusion. The study makes an interface between respondent's gender and financial inclusion practices in India. The article concluded that there prevails a huge gap exists between the use of Financial Inclusion by males and females. The researcher found that the majority of males are utilising the services of financial inclusion than females. Only 8 per cent of the female respondents depend on formal financial products and 6 per cent of the females depend on informal financial services in the study area.

Jain (2016) discussed that the financial inclusion initiatives started in India along with the nationalization of banks in 1969. Government of India has taken number of policy related initiative in promotion of financial inclusion activities. PMJDY (Prime Minister Jan Dhan Yojana) announced no frill (zero balance) accounts brought in a large segment of unbanked people into banking preview.

Manjunath and Rao (2015) opined that large number of the rural and urban masses in the country are not financially inclusive as they do not have access to the banking services, credit or insurance facilities. For Indian Government achieving 100 per cent financial inclusion is a taunting task. To achieve the target of financial inclusion banks, have to undertake research to identify the ways in which they can offer affordable and low-cost banking services to the unbanked people.

Kumar and Kumar (2015) analysed the initiatives undertaken by RBI and Government of India in the promotion of financial inclusion in India. But it was observed that these initiatives were not a satisfactory one. There should be effective co-operation needed from the part of banks and Government to achieve the objectives of FI in India. The synergetic work of these institutions will make financial inclusion a huge success.

Kushalakshi and Raghurama (2014) examined on the progress of financial inclusion, initiatives taken by RBI and Government of India and its challenges. The RBI and GOI have been continuously trying to implement Financial Inclusion over the last few decades. Some of the initiatives taken by RBI/GOI to eliminate the financial exclusion and bring more and more people under the financial services network are: 'No-Frills' Accounts, Simpler KYC Norms, Business Facilitator (BF) and Business Correspondent (BC) Models, Financial Literacy Program (FLP), General Credit Card (GCC), Financial Inclusion Plan, Simplified branch authorisation, Use of promotion of ICT (Information and Communication Technology) in banking and Creation of funds for financial inclusion. The authors deduct that coordinated action between the banks, the Government and other related institutions to facilitate access to bank accounts amongst the financially excluded.

Archana (2013) attempted to assess the main reason for discrimination in the growth of financial services in rural and urban regions across India. The researcher pointed out that the role of financial institutes is inevitable in offering financial services i.e., in reaching the vulnerable and poor sections of society but banking services are not evenly spread in the

country it has failed to provide to the needs of rural masses adequate financial services like: opening of bank accounts, provision of micro credit, selling insurance products in term of offering etc., at a reasonable cost.

Bhanot et al.,’s (2012) explored the factors that are crucial in determining the extent of financial inclusion meet in the North East States in India. The study aimed to provide suggestive measures for banks to tap unexplored markets. Banks and policy makers should work in close co-ordination to spread financial information as those efforts are seen to be directly impacted in inclusion, thereby providing new business opportunities to banks.

Chattopadhyay (2011) stated that even though there are great improvements in banking services and sector, a complete success is not achieved yet. The study collected data on IFI (Index of Financial Inclusion) for Kolkata, West Bengal, Kerala, Maharashtra and Karnataka and concluded that there is a high IFI in Kolkata (0.50) Kerala has a successful financial inclusion compared to Maharashtra and Karnataka. The research work claimed that in West Bengal 38 per cent of total respondents do not hold a bank account due to insufficient income levels. Rural population in study areas depends more on private money lenders to satisfy their need for money. The main reasons for FE (financial exclusion) prevailing in this state is owed to the imbalance between demand and supply of proper banking services.

Rangarajan Committee (2008) defined the financial inclusion as the process of encouraging the poor, unorganized sector employees and neglected section of the people in society to actively participate in formal banking process. That in turn ensure them ease, safe and timely access to financial services including credit to the under privileged section of people.

2.2 Role of Banks in Enhancing Financial Inclusion

Reasons identified for financial exclusion and the strategic steps taken by the banks in influencing unbanked population to open and operate bank account was assessed by **Khandare (2022)**. The author reported that lower literacy rate, lower earning, lack of awareness among the rural people and remote location of villages are identified as the reasons for higher financial exclusions. In spite of numerous steps taken by Government still large segment of Indians especially, farm labours, village artisans, unorganised sector workers and tribal people. The authors stated that financial inclusion measures are taken by Government

through credited various financial benefits through banks, that directly influences common man to open bank accounts and enroll themselves under the supervision of formal banks.

Maity and Sahu's (2020) examined the efficiency of public sector banks in financial inclusion during pre and post introduction of PMJDY. The envelopment analysis was used to measure the efficiency of the banks towards financial inclusion for the periods, 2010–2011 to 2013–2014 as pre-introduction and 2014–2015 to 2017–2018 as post-introduction phase. It is found that overall average efficiency towards financial inclusion increases significantly during post-phase, though all the public sector banks are not performing equally. A significant variation in efficiency level between them and even between the two periods was proved. Further banks have huge opportunity through enhancing technical efficiency with the same quantity of input which will help to achieve the target of financial inclusion.

Mixed reactions of financial inclusion activities on the economy of India were brought out by **Kumar (2019)**. It was reported that the number of commercial banks operating in India has reduced from 169 to 155 banks between the years 2010-2015. Similarly, the regional rural banks numbers have reduced over a period of time. On the other hand, the deposits and credits lend by the banks have increased between the year 2010-2015. Number of ATM have raised to 1,00,000. This documented the growth in technology-based banking services in the country.

Rakhecha and Tanwar's (2018) assessed the role of banks in financial inclusion i.e., in offering financial services to informal section and major steps taken by the RBI (Reserve Bank of India) towards enhancing financial inclusion. The paper documented that between the years 2013-16 1,15,320 bank outlets across the country, totalling the bank outlet as 3,84,000. In the year 2013-14 60.90 million people have started their bank deposits, 6.2 million KCC (Kisan Credit Cards) were issued, RBI had reduced the Cash Reserve Ratio and REPO rate on lending for enhancing more credit lending by the banks.

Iqbal and Sami (2017) examined the impact of financial inclusion on growth of the economy over a period of seven years. Secondary data is used which has been analysed by multiple regression model as a main statistical tool. Results of the study found positive and significant impact of number of bank branch and Credit deposit ratio on GDP of the country, whereas an insignificant impact has been observed in case of ATMs growth on Indian GDP.

Birla (2016) assessed the role of commercial banks in financial inclusion, initiatives taken by Government to promote financial inclusion and its impact on the economy. The study documented rise in the number of commercial banks across urban, semi-urban and rural regions. Deposits holding habits among low-income segment, deprived section of the people has increased. NABARD (National Bank for Agricultural Development) and RBI have taken number of policies for promotion of financial inclusion initiatives. Initiative taken by the Government towards financial inclusion have rendered a mixed reaction i.e., both increase in economic performances and unsatisfactory performance of financial agencies.

Sachdeva et al., (2015) made an attempt to understand the role of commercial banks in increasing the financial inclusion in India. The initiatives of PMJDY has greatly supported the banks in opening of fresh accounts all over the country. It is stated that only through effective Governance of banking practices and through adoption of right instrument financial inclusion targets could be achieved by the banks.

Raihanath and Pavithran (2014) assessed the role of commercial banks in financial inclusion activities. It is revealed that as the nation haven't achieved 100 per cent financial inclusion target banks are suggested to actively conduct financial literacy (awareness) among the common public, offer their credit counselling, banks have to effectively utilise BC (Business Correspondent) BF (Business Facilitator) and KYC (Know Your Client) models to bring more unbanked people into the encloser of financial inclusion.

Issues faced in achieving 100 per cent financial inclusion by the banks was assessed by **Gandhi (2013)** The traditional banking practices were found be highly inadequate to meet the financial inclusion goal of the nation. Therefore, the banks are suggested to adopt highly innovative and out-of-box solutions to resolve the problems encountered with the implementation of financial inclusive activities. With the social responsibility banks have to develop various models of financial inclusion programmes focusing different segment of the unbanked populations.

Tiwari (2012) assessed nature of issues faced by the tribal women flock belong to the Pardhi community in Maharashtra and portion of Madha Pradesh in access to the formal financial services. It is also revealed that tribal women face issues in access to financial services as they are triple layer of social restrictions, red tape and illiterate. The banks are suggested to encourage women to participate in the SHGs (Self-help Group) activities that

could support them to get access to the main stream of banking services and they could be financially empowered.

According to **Sharma (2008)** financial inclusion means offering and access to the safe, transparent, affordable and equitable financial services by all segment of people in a society. As banks are the prime medium of financial inclusion its active operation in various geographical terrains determines nature of financial inclusion or exclusion prevails in a country.

2.3 Empowerment of Tribes through Financial Inclusion Programmes

Piyasa Mal & Nandita Saikia (2024), the study emphasized on the Tribal women share the same social and familial responsibilities as their male companions. The study examines whether matrilineal tribal women from Meghalaya are more empowered than patrilineal tribal women from Assam. The study adopts a quantitative approach based on secondary source of data to assess the empowerment levels of matrilineal and patrilineal tribal women. The authors also revealed that the matrilineal societal lineage provides a means of descent rights from mother to daughter, this does not necessarily translate to an improvement in overall empowerment across all aspects of life. The research's has revealed that women from both societies have demonstrated empowerment in the domain of decision-making. While comparing the empowerment levels between matrilineal and patrilineal tribal women, it appears that the former is more empowered, and this difference remains significant even after controlling for other variables. In the social independence empowerment domain, which includes education level, newspaper reading and economic empowerment, women from both societies were poorly empowered. Empowerment for the tribal women is an interplay of lineage structure, tradition, geography and socioeconomic conditions. Policymakers can address socioeconomic disparities for women from both societies by implementing skill-building and social support networks for women.

Rodriguez, Z. (2022), The researcher emphasized the importance of Mahatma Gandhi National Rural Employment Guarantee Act on the empowerment of tribal women. Results from this analysis indicate several changes to women empowerment within districts due to uptake of MGNREGA employment by tribal women. As people take up employment through MGNREGA across districts, and differentiating employment uptake by gender, they found that the demand for both credit and savings increases for women, while remaining

unchanged or decreasing for men. The researcher also highlighted that positive increases to women empowerment across districts due to MGNREGA employment.

Adivasis' living in two blocks of West Bengal (Hirbandh and Ranibandh) belong to eight villages (160 samples) were surveyed by **Sarkar (2022)** to understand nature of financial inclusion adopted at remote/backward regions. The survey results conveyed that almost all the tribal households hold minimum of one bank accounts, mostly for availing Government benefits are credited in their accounts. Financial illiteracy and in access to the far located bank branches are understood as the issues faced by tribal household that hinder their active financial inclusion scheme's adoption.

Rubini and Mangayarkaras (2021) conducted a study with 110 Toda tribal women to assess the nature of empowerment they have realized over the years. The socio-economic status assessment revealed that empowerment of Toda women is purely depended on their educational status, most of the tribes are keep themselves away from the modern-day life-style practices. Tribal women in Niligiri districts faces issues in access to education, occupation, owning financial liberty and access to the banking services.

Mukherjee, S., & Jana, S. K. (2021) This case study investigates the relationship between financial inclusion and tribal empowerment in the Bankura district of West Bengal, India. It analyzes the impact of various financial inclusion interventions on income generation, poverty alleviation, and social inclusion among tribal communities. The study provides valuable insights into the mechanisms through which financial inclusion can contribute to the empowerment of tribal respondents.

Jegadeeshwaran and Basuvaraj (2020) listed the financial inclusion achieved by the 32 districts in Tamil Nadu. The authors listed financial inclusion stated that the urban metro city Chennai is ranked first in financial inclusion, Ramanathapuram district, Perambalur, Thiruvannamalai and Tiruvarur have achieved next places. The district like Salem, Tirunelveli and Tirupur districts are ranked at the last positions in term of financial inclusion i.e., in terms of both deposit accumulation and credits offered by the banks. In the process of financial inclusion, the issues of urban poor were not addressed effectively, only a portion of population in the state ae financially inclusive and rests are unbanked.

Ramanujam et al., (2020) examined the impact of financial inclusion on the life of the tribals in Kerala. Samples needed for the article were collected from 1107 tribal people (i.e., Wayanad (381) Idduki (369) and Trivandrum (357)). Data were collected from samples on five dimensions of financial inclusion benefits (i.e., sociability of the tribal community, innovation adoption in offering financial products, technology adoptions related to reaching unbanked population, exposure of tribal to the media and building tribals literacy towards financial risk). The study identified the prevalence of differences between existence of financial inclusion among the urban and rural tribes. The demographic status (age, education, income and their personality) of the tribes significantly influences their financial inclusion standpoint.

Bharadwaj, S., & Pati, A. (2020) The case study investigates the role of financial inclusion in promoting tribal development in Odisha, India. It assesses the effectiveness of various financial inclusion initiatives and policies in improving access to financial services and fostering economic empowerment among tribal respondents. The study provides valuable insights into the challenges and opportunities for advancing financial inclusion in tribal areas.

Samanta and Nanda (2019) with a strong belief that financial literacy will be a tool for financial empowerment of tribes in Odisha conducted a study among 700 tribes belong to Koraput district, this will succeed 412 back samples and they concluded that technology supports the tribal people to understand and gather information about the modern banking products and services (net banking, mobile banking, usage of debit or credit card etc.,).

Osmani, S. R. (2019) Financial Inclusion and Tribal Empowerment: A Study of Tribal Communities in Odisha, India. This study explores the relationship between financial inclusion and empowerment among tribal communities in Odisha, India. It examines how access to formal financial services impacts the economic status and autonomy of tribal respondents. The findings highlight the importance of tailored financial inclusion strategies in enhancing the livelihoods and socio-economic empowerment of tribal populations.

Nandru and Rentala (2019) assessed that whether due to the geographical proximity, availability and ease access to the banking services, affordability and usage of financial services ensures financial inclusion among the Primitive Tribal Groups (PTGs) in India. A study conducted among 520 PTGs concluded that financial inclusion ensures the social-economic empowerment of the tribal people living in this country.

Level of financial inclusion achieved by the Paniya tribes living in Kannur district, Kerala was studied by **Sayoojkumar (2018)**. The study was conducted among 100 tribal people, 86 per cent are operating bank accounts. As majority of the Paniya tribal people are farm labours they hardly spare excess money to save, they are found to be financially illiterate and lack information about the operations of formal financial institutions, that hindered them from actively engaging in financial inclusion programmes. About 75 per cent of the bank account holders from Paniya tribes are observed to be satisfied with their banking operations.

Financial inclusion among two Odisha tribes (Bolangir and Mayurbhanj) was assessed by **Sahoo et al., (2017)**. With the base of data collected from 300 tribal people, it was concluded that 71.70 per cent of tribals are not financially inclusive as they do not have bank account. At the same time 70.70 per cent of the tribal women are not enrolled in SHGs and 97.70 per cent of the two tribal groups people do not have post-office saving accounts. It is found that education level of the tribes, their participation in MGNREGs, land-owning power of the tribes and their annual income level determines the level of financial inclusion achieved among the tribes.

Guha et al., (2017) attempted to explore nature of financial practices of tribal communities in Jhabua district of Madhya Pradesh and presents a microfinance model which could be suitable in the Jhabua context. It is observed that through adoption of effective financial inclusion model i.e., through creating awareness about formal financial services, by creating grain banks to protect the agrarian community during non-cropping seasons, supporting in reduction of crop production cost and through creating access to the NABARD and banks the tribes could be made financially inclusive.

Arunmozhi (2016) assessed the tribal community living in Nilgiris district on their awareness towards financial inclusion programmes. Based on an empirical survey conducted among 639 tribal people it was concluded that 70 per cent of the tribal people have opened a bank account in the recent years, 52.90 per cent of tribes are aware of non-frill bank account operation and 38 per cent of the samples are MGNREGs (Mahatma Gandhi National Rural Employment Guarantee Schemes). The tribal people are not much educated and their income level are very low, that influences their financial inclusion adoption practices. Tribal communities in general are found to be unaware of financial inclusion schemes, especially in Nilgiris District.

A study conducted among 50 tribals (Bhils, Garasia and Damors) living in the hilly slopes of Dungapur district, Rajasthan by **Rai and Soni (2016)** to assess the nature of financial empowerment of tribals have realised through micro-financing activities. The authors commented that offering of financial inclusion programmes to the rural people have developed their confidences and encouraged them to adopt modern financial practices, make their children literate, enhance their skill and on the whole have succeeded in their empowerment

2.4 Socio-Economic Status of Tribal Community in Tamil Nadu

Denisia et.al., (2022), assessed nature of socio-economic transformation experienced by the paliyar tribes of Kodaikanal region. Data collected among 1000 times commented that the tribals life style is observed to be very rigid and mostly associated with their native culture. However, due to migration of tribals to the urban region for education, job and for settlements brought in transformation i.e., positive change in their social and economic status.

Chenna Krishnan (2021) attempted to identify the reasons for the poor socio-economic status of tribals in Tamil Nadu. A survey was conducted among 50 tribal households belonging to Dharmapuri district and it was found that the socio-economic status of the tribals were lower than general public as majority of them were peasants and scuttles. Tribals community belonging to there hills live in BPL (Below Poverty Line) and there is a greater need to enhance their education, income and health services access.

Nature of steps taken for the socio-economic empowerment of tribal community in Tamil Nadu was the study concept of **Yoganandham and Suganya (2019)**. The State Government of Tamil Nadu has framed number of policy and social development initiatives for the upliftment of tribal communities of the state. Yet, certain policies and development initiatives were not fruitful, as there are number of loopholes exists in implementation or bringing the policies into action. Thus, the issues of tribal empowerment remain a big challenge for the Government.

Chakraborty, P., & Mitra, A. (2019) This study explores the impact of financial inclusion on tribal empowerment in the Bankura district of West Bengal, India. It assesses the accessibility, affordability, and usage of financial services among tribal respondents and evaluates the effectiveness of government policies and programs in promoting financial

inclusion and socio-economic empowerment. The findings contribute to the literature on financial inclusion and tribal development.

Singh, P., & Tripathi, A. (2018) This researchers examines the nexus between financial inclusion, livelihood opportunities, and tribal development in Uttar Pradesh, India. It investigates how access to financial services influences income generation, asset accumulation, and overall well-being among tribal respondents. The study underscores the importance of integrating financial inclusion into broader development agendas to empower tribal communities.

Need for enhancement of the socio-economic and political rights of tribes living in Tanjavur was studied by **Kumar (2018)**. Due to disintegrated and isolation status of the tribes act as a major hindrances in socio economic empowerment and offering them political rights.

Archana Prasad (2017) The author has written about the struggle of Warli tribals from Talasari and Dahanu tehsils of Palghar district. And emphasizes the problems of these people especially on Krishi-related issues like Kisan Sabha, feudalism, and landlordism. This struggle has been penned down by the author about these Warli tribes for the purpose of their survival and their self-esteem. The researcher has taken many interviews of Kisan Sabha activists; they have shared that, till date, they were doing their struggle which they had started in 1945. These tribals have taken part in the movement; they actively participated in the struggle and raised their voices but their histories have been eliminated by many other academic historians. The author has compiled her four years of research in this book. It is one of the records of the most remarkable movement that has influenced the building of a strong class-based tribal leadership.

Reach of socio-economic justice among the tribes in Kalrayan hills of Salem district was explored by Jayakumar and **Palniyammal (2016)**. Majority of the tribes of Kalrayan hills are less educated, so they earn very income of Rs. 5000-Rs. 10000 and they are working farm labourers or agriculturists.

Status of tribal families in pachamalai was recorded in the micro-level study of **Nazeer (2015)**. Tribes hailing from Thuraiyur taluk, Pachamalai are found to be mostly uneducated and live in poverty, as 50 per cent of the tribes are agri-land labours and 25 per

cent collect forest materials, and they hardly earn Rs. 1000 to Rs. 2000 per month. These tribal community are not enrolled as beneficiaries of Government schemes, so they do not actually receive benefits offered by State Government for the tribes of Tamil Nadu.

Padmavathi and Ramadas (2014) studied the socio-economic status of selected tribes in Tamil Nadu. Data collected from 705 Irula community families revealed that tribe belong to different religion (Hindu, Muslim, Christianity and other beliefs) live in the different parts of Tamil Nadu. The article recorded that Irula tribal community of Tamil Nadu faces number of issues that impact their socio-economic condition as they are found to be deprived from access to formal education and most of them are poor as they work as farm labours.

Research Gap

Detailed to the past-literature supported the researcher in understanding nature of issues prevails in the past studies. Is there is a dearth of literature addressing the matter of financial inclusion measures adopted towards bringing tribal communities into formal banking ambit.

In India the bank function as a mobilization of saving and allocating credit for production and investment. The reserve bank of India has used financial inclusion programmes to gauge the performance of banks under their financial inclusion initiative. The financial inclusion for tribal households are far from their reach out due to their inability to access and utilize the availability of financial inclusion programme formally due to limited extension of such services to reach the tribal households. In spite of measures taken by the Government through community based micro finance as an instrument of Financial Inclusion and inclusive growth still exists unserved tribal population.

Literature's on nature of benefits realized by the tribal respondents after they are financially included and their socio-economic empowerment through financial inclusion initiatives. Identified research dearth provoked researcher to conduct of this study, that aims to analyses the empowerment of tribals through financial inclusion who are living Nilgiris district .