A STUDY OF FINANCIAL INCLUSION AND FINANCIAL LITERACY AMONG THE TRIBAL PEOPLE IN WAYANAD DISTRICT IN KERALA

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INTRODUCTION

Access to finance, especially by the poor and vulnerable groups, is an essential requisite for employment, economic growth, poverty alleviation and social upliftment. Financial inclusion means the provision of affordable financial services by the formal financial system to those who tend to be excluded. Financial inclusion will enable the poor and the rustics of our country to open a bank account to save and invest, to borrow and to repay, to insure and to take part in the credit. This will enable them to break the chain of poverty. In the Annual Policy Statement of the RBI (2005-06), policies were made to encourage banks to provide extensive banking services to the unbanked mass of the country. Even though there are people who desire the use of financial services, but are denied access to the same. The financially excluded sections largely comprise marginal farmers, landless labourers, self employed and unorganized sector enterprises, ethnic minorities, socially excluded groups, senior citizens and women. In this scenario, the need for financial literacy is become more important than ever before as it determines the success of financial inclusion programmes of every country. Both developed and developing countries, therefore, are focusing on programmes for financial literacy education. Financial literacy means the ability of a person to understand financial matters. In other words it means the awareness, knowledge and skills of individuals to make decisions about savings, investments, borrowings and expenditure in an informed manner. In India, the need for financial literacy is greater because a large section of the population still remains out of the formal financial setup. With a view to increase the level of financial literacy the Reserve Bank of India has undertaken a project titled ‘Project Financial Literacy’. The objective of this project is to disseminate information regarding the central bank and general banking concepts to various target groups, including, school and college going children, women, rural and urban poor, defense personnel and senior citizens. Even then, a large segment of the population is still excluded from the purview of formal financial setup due to the lack of financial literacy.

STATEMENT OF THE PROBLEM

The Indian financial sector has shown tremendous growth in volume and complexity during the last few decades. Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that the financial institutions have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic financial services. Reserve Bank of India and Central Government are making efforts to study the causes of financial exclusion and designing strategies to ensure financial inclusion of the poor and disadvantaged. The reasons may vary from country to country and hence the strategy could also vary but all out efforts are being made as financial inclusion can truly lift the financial condition and standards of life of the poor and the disadvantaged. The present study aims to analyse the extent of financial inclusion and level of financial literacy among in tribal people in Wayanad district in Kerala. The study also focuses on the role of some government schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme, Micro credit facility etc in promoting financial inclusion among the tribal people.

REVIEW OF LITERATURE

A large volume of research studies are available on financial inclusion and financial literacy. Some of these studies are conducted in India while others are overseas studies. Very limited studies are available in the Kerala context especially in relation tribal people. A brief review of available studies in the area is given below. The review is presented in two parts such as review of literature related to financial inclusion and review of literature related to financial literacy.

Review of literature related to financial inclusion

Kempson et al. (2000)[1] identified the range of physical and geographical barriers to financial inclusion factors that can contribute to financial exclusion for different products and individuals under certain circumstances. There are a number of 'dimensions' or 'forms' of financial exclusion that have been identified. The critical dimensions of financial exclusion include: (i) access exclusion- restriction of access through the process of risk management (by financial services providers); (ii) condition exclusion - conditions attached to financial products which make them inappropriate for the needs of some segments of population; (iii) price exclusion- some people can only gain access to financial products at prices they cannot afford; (iv) marketing exclusion - some people are effectively excluded by targeted marketing and sales; and (v) self-exclusion - people decide not to opt for a financial product because of the fear of refusal to access by the service providers.

Leeladhar V (2005)[2] opined in his lecture that a holistic approach on the part of the banks in creating awareness about financial products, education, and advice on money management, debt counseling, savings and affordable credit will require for addressing financial exclusion. In his opinion Technology can be a very valuable tool in providing access to banking products in remote areas and ATMs cash dispensing machines can be modified suitably to make them user friendly for people who are illiterate, less educated or do not know English.

According to United Nations (2006)[3] said that many developing countries need to design appropriate strategies for increasing access to financial services by all segments of the population. Those countries must also turn their strategies into effective policy measures and implementation plans. Therefore, the multiple stakeholders must work together to design these strategies and determine the best ways to organize their implementation. However, an effort entails the co-operation of the range of governments, financial institutions, civil society organizations, development partners, and the private sector. And also it requires all stakeholders to ensure that adequate attention is focused on financial inclusion over the long term.

Aditya P (2007)[4] pointed out that HDFC Bank has a deeply felt commitment to financial inclusion and has been the pioneer in using the business correspondent model to achieve this purpose. In his opinion a dedicated team of specialized and trained officers across the country are working exclusively on the various initiatives of the bank on financial inclusion.

According to World Bank (2008)[5] Access to finance eases the external financing constraint that prevents firms' expansion. Low access also leads to increased income inequalities, poverty, and low growth rates. Thus access to finance and an inclusive financial system which caters for all groups of people has been advocated as a means to reduce inequalities and poverty in developing countries

Mandira Sarma and Jesim Pais (2008)[6] analyzed the history of the concept of financial inclusion in India. The concept was started in the years of 1904 as Co-operative movement, and then it gained momentum in 1969 when 14 major commercial banks of the country were nationalized and lead bank scheme was introduced shortly thereafter From the that year the majority of bank branches were opened in large numbers across the country and even in the areas which were hitherto being neglected. However, there is a severe gap in financial access which needs special attention. So many studies have proved that lack of inclusion or rather exclusion from the banking system results in a loss of 1 per cent to the GDP. Thus, the RBI concluded that the financial inclusion is not just a socio-political imperative but also an economic one and realized the gravity of the problem. Finally the Reserve Bank of India made the Mid Term Review of Monetary Policy (2005-06), urged the banks to make financial inclusion as one of their prime objectives.

Collins (2009)[7] studied more than 250 financial diaries of low income individuals in Bangladesh, India, and South Africa. Their findings show that each household uses at least four types of informal financial instruments (such as interest free loans and informal savings clubs) in a year, with the average being just under ten. This suggests that low income individuals do need access to financial services, and the existence of barriers that prevent their use of formal sector services. There are many complex factors that prevent rapid progress towards the goal of financial inclusion. In the UK, the Financial Inclusion task force (which monitors access to basic banking services) has differentiated between supply and demand side factors of financial exclusion, in its action plan for 2008-2011. The supply side factors include non-availability of suitable products, physical barriers, and non-eligibility on account of documentation issues. On the demand side, financial literacy and financial capability are regarded as important factors by the task force. While financial literacy refers to the basic understanding of financial concepts, financial capability refers to the ability and motivation to plan financials, seek out information and advice, and apply these to personal circumstances.

Demirguc-Kunt (2010)[8] observed that, “Without inclusive financial systems, poor individuals, and small enterprises need to rely on their personal wealth or internal resources to invest in their education, become entrepreneurs, or take advantage of promising growth opportunities”

Mandira Sarma (2010)[9] has proposed an Index of Financial Inclusion (IFI) – a measure similar to the well known development indexes such as HDI, HPI, GDI and GEM. The IFI can be used to compare the extent of financial inclusion across different economies and to monitor the progress of the economies with respect to financial inclusion over time. For example, subject to availability of data, it can be used to measure financial inclusion at different time points and at different levels of economic aggregation (village, province, state, nation and so on).

Dr. Reena Agrawal (2011)[10] observed that financial exclusion is a serious concern among SC, ST, OBC and women households as well as small businesses, mainly located in semi-urban and rural areas. The main Consequences of financial exclusion being financially excluded the absence of access to bank accounts and other saving opportunities result in lack of savings, low investments and lack of financial planning, then it becomes difficult in gaining access to credit getting credit from informal sources at exorbitant rates results in increased unemployment due to lack of self – employment opportunities as well as higher incidence of crime etc. Therefore, small business may suffer due to loss of access to middle class, and higher-income consumers, higher cash handling costs, delays in remittances of money, lots of reliance on private money lenders for small credits. He concluded that financial exclusion not only widens the ‘Rich-Poor divide ’, it also leads to ‘Social Exclusion’.

Review of literature related to financial literacy

Catherine et al. (2006)[11] analysed in their paper the Australian Aboriginal experiences of money and money management with a focus on cultural identity and financial literacy. Their study revealed that cultural identity shapes money management practices.

Annamaria Lusardi and Olivia S. Mitchell (2008)[12] examined the factors central to women’s retirement planning, relying on a purpose-designed module they have developed for the 2004 Health and Retirement study (HRS) on planning and financial literacy. In this module, they have inserted several questions that measure basic levels of financial literacy, as well as questions to assess how respondents plan and save for retirement. Their research shows that older women in the US have very low levels of financial literacy, and the majority of women have undertaken no retirement planning. Furthermore, financial knowledge and planning are clearly interrelated: women who display higher financial literacy are more likely to plan and be successful planners.

Lisa J. Servon and Robert Kaestner (2008)[13] analyzed a demonstration program mounted by a major bank to understand whether access to information and communications technologies, combined with financial literacy training and training on how to use the Internet, can help low- and moderate-income individuals in inner-city neighbourhoods be more effective financial actors. While quantitative analysis turns up few significant program effects, qualitative work implies that implementation issues likely compromised the effectiveness of the program. There was evidence of a potential link between information and communications technologies and financial literacy. In their opinion, overall, urban low- and moderate-income individuals are interested in becoming technologically and financially literate and an intensive intervention may enable these goals.

Sonia B (2008)[14] conducted a case study on financial literacy among university students in Australia. Her study concluded that while Australian university students have a satisfactory level of general financial literacy. In her opinion there are particular areas where the students scored low which need to be addressed. It is also found that low financial literacy is associated with students with certain demographic characteristics.

Lewis Mandell and Linda Schmid Klein (2009)[15] examined the differential impact on 79 high school students of a personal financial management course completed 1 to 4 years earlier. They used a matched sample design based on a school system's records to identify students who had and had not taken a course in personal financial management. Their findings indicated that those who took the course were no more financially literate than those who had not. In addition, those who took the course did not evaluate themselves to be more savings-oriented and did not appear to have better financial behaviour than those who had not taken the course.

William B. et al. (2010)[16] investigated the effects of a financial education program on high school students' knowledge of personal finance. A comparison of pre-test and post-test scores achieved on a reliable and valid thirty-item instrument suggested that the *Financing Your Future* curriculum increased financial knowledge across many concepts. The scores increased regardless of the course in which the curriculum was used and across student characteristics. The assessment contributes to the growing literature showing that a well-specified and properly implemented program in financial education can positively and significantly influence the financial knowledge of high school students.

Leora F. Klapper et al. (2012)[17] opined that ability of consumers to make informed financial decisions improves their ability to develop sound personal finance. In their study, they used a panel dataset from Russia, an economy in which consumer loans grew at an astounding rate - from about US$10 billion in 2003 to over US$170 billion in 2008 – to examine the importance of financial literacy and its effects on behaviour. The survey contained questions on financial literacy, consumer borrowing (formal and informal), saving and spending behaviour. They studied both the financial consequences and the real consequences of financial illiteracy. Even though consumer borrowing increased very rapidly in Russia, the authors find that only 41% of respondents demonstrate understanding of the workings of interest compounding and only 46% can answer a simple question about inflation. They observed that financial literacy is positively related to participation in financial markets and negatively related to the use of informal sources of borrowing. Moreover, individuals with higher financial literacy are significantly more likely to report having greater availability of unspent income and higher spending capacity. They pointed out that the relationship between financial literacy and availability of unspent income is higher during the financial crisis, suggesting that financial literacy may better equip individuals to deal with macroeconomic shocks.

SIGNIFICANCE OF THE STUDY

Financial literacy is considered as an important factor that promotes financial inclusion. Due to the importance of financial literacy Reserve Bank of India and Central Government are undertaking many projects and programmes to make the people financially literate. Even then many of the individuals are unfamiliar with even the most basic economic concepts needed to make sensible saving and investment decisions. This has serious implications for saving, retirement planning and other financial decisions. In this scenario a study that covers these issues will be significant. So the present study focuses on the extent of financial inclusion and level of financial literacy among a socially excluded group, that is, tribal people in Wayanad district in Kerala. Wayanad distict is selected because it is a tribal area and it stands first in the case of adivasi population when compared to other districts of Kerala.

OBJECTIVES

The main focuses of this study are-

1. To find out the extent of financial inclusion among the tribal people in Wayanad district in Kerala
2. To observe the day to day money management among the tribal people in Wayanad district in Kerala
3. To analyse the level of awareness among the tribal people with regard to various financial terms
4. To evaluate the ability of the tribal people to select the appropriate financial products or services
5. To analyse role of some government schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme, Micro credit facility etc in promoting financial inclusion and
6. To check is there any difference exist among important sub groups of tribals in Wayanad with regard to the extent of financial inclusion and the level of financial literacy.

HYPOTHESES OF THE STUDY

On the basis of objectives framed for the study, the following hypotheses have been framed.

Hypothesis-1

H_0 1: There is no significant difference in the level of financial inclusion among different sub groups of tribal people.

H_1 1: There is significant difference in the level of financial inclusion among different sub groups of tribal people.

Hypothesis-2

H_0 2: There is no significant difference in the level of financial literacy among different sub groups of tribal people.

H_1 2: There is significant difference in the level of financial literacy among different sub groups of tribal people.

METHODOLOGY

The present study is designed as a descriptive one. The necessary data has collected from both secondary and primary sources.

SOURCES OF SECONDARY DATA

Secondary data needed for the study has been collected from the following sources.

1) Journals.

2) Subject-specific books.

3) Magazines.

4) Newspapers.

5) Studies undertaken by various research institutions.

SOURCES OF PRIMARY DATA

The mains source of data for this study is primary source. Tribal people are the informants of the study. The primary data were collected from the tribal people of the three taluks of Wayanad district - Mananthavady, Sulthan Bathery and Vythiri. For collecting the data from the respondents, a structured interview schedule was used.

SAMPLE DESIGN

In the present study, the sample selection is done in two stages. Sample selection has been made by applying Purposive sampling method. At the first stage, the researcher has selected one village each from three taluks in Wayanad district such as Mananthavady, Sulthan Bathery and Vythiri. In the second stage, 50 respondents each were selected from three major communities of tribals such as Paniyas, Kurichyas and Adiyas. Altogether there are 150 respondents who represent the various communities of tribal people in Wayanad District.

RESEARCH INSTRUMENT USED

Field survey is conducted to gather primary data from respondents. For this purpose researcher has developed an interview schedule to collect the required data from tribal people.

METHOD OF CONTACT

Undisguised personal interview method is used for collecting data from tribal people.

TOOLS OF DATA ANALYSIS

Data analysis has been done by using appropriate mathematical and statistical tools such as Percentage, Simple Average, Standard Deviation and test of significance such as ANOVA and chi-square test.

LIMITATIONS OF THE STUDY

1- The study is limited to Adiya, Kurichya and Paniya community and does not include other tribal communities.

2- Since purposive sampling is used for selecting respondents, all the limitations of purposive sampling will be there.

CHAPTERISATION

The whole study is divided in to five chapters. First chapter is the introduction chapter comprises of a brief description of the concept of financial inclusion and financial literacy, objectives of the study, statement of the problem, review of literature, relevance of the study, hypotheses, methodology, sources of data, sample design, research instrument used, method of contact, tools of data analysis and limitations of the study.

The second chapter deals with a detailed discussion of the concept of financial inclusion and financial literacy. Salient features of financial literacy, Attributes required for financial literacy and Need for financial inclusion in India are also included in this chapter.

The third chapter includes a description of tribal people in Wayanad. The profile of selected tribal communities is also given in this chapter.

The fourth chapter is meant for the primary data analysis with regard to financial inclusion and financial literacy. The various financial services used by the respondents, their money management, reasons for opening a bank account etc, are analysed here. A brief profile of the respondents is also presented in this chapter.

Fifth chapter is the last chapter which includes summary, major findings of the study, a brief conclusion to the study and some useful suggestions.

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CHAPTER II

FINANCIAL LITERACY AND FINANCIAL INCLUSION

FINANCIAL LITERACY

A number of definitions of financial literacy exist in the literature. Basically 'financial literacy' refers to the knowledge and understanding of financial concepts there by resulting in the ability to make informed, confident and effective decisions regarding money. Financial literacy can be interpreted broadly or narrowly. In a broader perspective, financial literacy can be stated as "understanding of economics and how economic conditions and circumstances affect household decisions" (Worthington, 2006). A narrow definition of financial literacy focuses on "basic money management tools such as budgeting, saving, investing and insurance" (Natalie, Newton and Chrisann, 2010). It is the narrow view of financial literacy that is particularly relevant to individual decisions concerning financial matters.

Different interpretations of financial literacy have been used in financial literacy studies resulting in no uniform definition. A number of studies have used financial literacy interchangeably with other names like financial capability, financial empowerment, debt literacy, financial knowledge, and economic literacy. Definitions used by major studies focus on knowledge and ability to make informed judgments to reach an intended outcome such as lifetime financial security and the skills required to realise those outcomes.

At the very outset, it is necessary to distinguish between the general and specific meaning of the term financial literacy. The terms 'financial' and 'literacy', both of which are used to represent a myriad of issues that can easily lose their relevance when used. According to Collins Dictionary and Thesaurus1, the word 'finance' relates to the words 'economic', 'business', 'commercial', 'monetary', 'fiscal' and 'pecuniary', each of which has its own meaning. 'Literacy', according to the same dictionary, basically means or is synonymous with the ability to read and write; education, learning and knowledge. When these words are combined to form the single term, 'financial literacy', a whole new dimension emerges, which encompasses more than the individual terms listed. Widdowson and Hailwood2 (2007) in their Article 'Financial literacy and its role in promoting a sound financial system', state that "for some, financial literacy is a wide-ranging concept, incorporating an understanding of economics and how household decisions are affected by economic conditions and circumstances while for others, it means focusing quite narrowly on basic money management skills – budgets, savings, investment, insurance".

But what does financial literacy mean to the marginalised people who are at the bottom of the economic pyramid in developing countries. Is financial literacy a relevant concern to them? This study is an attempt to prove theoretically and empirically that financial literacy is much more relevant in the case of marginalised people and can be improved through financial education. Financial literacy is a broad concept that includes both financial information and financial behaviour and it is relevant for all people regardless of their wealth or income. Literacy is being defined as the condition or quality of being literate, especially the ability to read or write. Literacy is an indicator of general well being of a person or a country. High literacy is a symptom of better quality of life as well as development. Financial literacy is different from general literacy. The terms 'illiterate' and 'illiteracy' are commonly used by academics, activists and lay people alike, and are not used to stigmatise individuals but to encapsulate the fact that they cannot read or more specifically write in any language. It is not universally believed that 'illiterates' lack good oral communication skills, mental arithmetic, general knowledge or the ability to think and participate in community and political activities. So, to label someone as 'illiterate' is basically a statement of fact, i.e. she/he cannot write. Concern about financial literacy has increased in recent years, and many countries have embarked on programmes and other research initiatives to introduce and enhance financial literacy among their people. According to Braunstein and Welch (2002) financial literacy, or the lack thereof, has gained the attention of a wide range of banking corporations, government agencies, educational institutions, consumer and community interest groups, and other organisations. In USA, studies on financial literacy were conducted, among others, by Cutler (1997), Chen and Volpe (1998), and the National Council on Economic Education (NCEE 2004). In the UK, financial literacy surveys were conducted, among others, by Schagen and Lines (1996) and the Financial Services Authority (FSA 2006). While these studies mostly investigated financial literacy levels among the general public and university students, a study by Joo and Garman (1999) focused on the relationship between personal financial wellness and worker job productivity. According to a study on the financial literacy of US working adults, Volpe, Chen and Liu (2006), found that working adults are not knowledgeable about personal finance topics. The consistent themes running through various definitions of financial literacy include:-

(1) Being knowledgeable, educated, and informed on the issues of managing money and assets, banking, investments, credit, insurance, and taxes,

(2) Understanding the basic concepts underlying the management of money and assets; and

(3) Using the knowledge and understanding to plan, implement, and evaluate financial decisions.

Salient Features of Financial Literacy

i. Financial knowledge

Financial literacy is concerned with financial knowledge. To some authors, it is a specific form of knowledge (Hilgert, Hogarth and Beverley 2003) regarding financial products and services.

ii. Application of knowledge

Financial literacy involves use of the financial knowledge which has acquired. Financial literacy is acquired through practical experience and active integration of knowledge. Knowledge influences behaviour or action.

iii. Personal ability

Financial literacy is purely a personal quality. It is the ability to evaluate and make judgments on financial matters affecting day to day life of a person.

iv. A determinant of household well being.

Empirical studies prove that there is a strong association between financial literacy and household wellbeing.

v. Managing money

People cannot live without money. Hard earned money should effectively be utilized. Financially literate person knows well about managing his money so as to make life smooth.

vi. Attitude

Attitude of a person about money has an important impact on his/her financial literacy. Attitude towards money, life style, social status, formal financial education etc influences personal financial literacy and thereby future prospects.

vii. Measurement

Measurement of financial literacy is not simple as that of measuring general literacy. The methods of measurement varies according to the socioeconomic back ground of the people whose financial literacy is studied, i.e., rich or poor either urban or rural.

viii. Universality

Financial literacy concepts are applicable to all sections of the society, rich or poor either in developed or developing or underdeveloped nations

Attributes Required for Financial Literacy

The research report by Capuano and Ramsay (2011) gives attributes required for financial literacy. The attributes are linked together to form a complete picture of financial literacy.

- Knowledge of financial information and core competencies
- which are understood;
- which can be communicated;
- that can be applied;
- with experience and skills;

- knowing where to go for independent and trustworthy help when necessary;
- with the ability to assess long term and short term goals, to make informed judgments and to plan and make decisions relating to finance;
- with confidence and motivation to take action;
- in a way that can be measured by knowing the core competencies of financial literacy;
- where a decision is considered in light of its context, such as economic conditions or forecasts;
- in an environment that allows the opportunity to acquire and exercise financial literacy skills;
- and the action results in positive outcomes;
- Thereby increasing lifetime wellbeing.

FINANCIAL INCLUSION

The emerging trends in financial inclusion have gained growing attention among developing countries Policymakers and central bankers from around the world. The Emerging economies enhanced interest towards economic growth with specific interest on the factors that lead to higher savings and investments, which have been viewed as important determinants of economic growth (Anita Gardeva and Elisabeth Rhyne., 2011).The present pattern for savings, and investment, has been developed with the objective to address the hypothetical and empirical issues and to steer the design of enhanced policies and improvisations of methodologies in practice. Although India has made improvement in financial inclusion in the past few years, but IMF Financial survey shows that "India lags behind with other emerging nations in financial inclusion by a significant margin" (Nair, 2012) Financial inclusion can be described as the delivery of banking and other financial services at affordable costs to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is essential for an open, inclusive, and efficient society. Banking services are in the nature of public services. As such it is essential that availability of banking and payment services to the entire population without discrimination is adopted as one of the prime objectives of public policy. Therefore, all countries have widely acknowledged the fact that improving the access to financial services is a very effective strategy for development of rural areas. Hence, it is important that financial inclusion of the excluded households of rural areas is being accorded high priority by the governments in the developing countries. The Financial inclusion policies across the country confirm developed financial systems to be correlated with lowered inequality and less significant financial exclusion (Report of the Committee of Financial Inclusion, GoI, 2008; Rakesh Mohan, 2006). If the policies are restructured the system of financial markets will prove to make more sustainable results than temporary ripples by levying grants and subsidies. According to the World bank report, if financial market frictions are not addressed, redistribution approach for equality may have to be endlessly repeated, which could result in damaging incentives to work and save" (World Bank ,2007). "Enhanced access to banking and other livelihood services accelerates economic growth and also influences other evils like inequality of income and poverty" (HM Teasury, 2007). According to the World Bank report (2008) "Financial inclusion, or broad access to financial services, is defined as an absence of price or non price barriers in the use of financial services. It also asserts that financial inclusion does not necessarily provide for borrowing of unlimited funds for all households and firms for a nominal fee. The report also restated that the creditworthiness of the customer when providing financial services needs to be necessarily verified. Similarly "the 'access to' and 'use of' financial services has to be demarcated by the policy makers, here access essentially refers to the supply of services, whereas use is determined by demand as well as supply" (World Bank, 2008). But also keeping in concerns, exclusion can also be effected when the non-users of formal financial services voluntarily or involuntarily exclude themselves from access. However, the predicament of financial inclusion lies with the 'involuntarily excluded', who are denied access in spite of demanding financial services. The Committee on Financial

Inclusion clearly emphasised on financial inclusion that "to ensure a range of appropriate financial services that should be made available to every individual and also enable them understand and access those services. Other than the regular form of financial services, it may also comprise a basic no frills banking account for receiving and sending payments, basic savings products that suits the pattern of cash flows of a poor household, money transferring facilities, insurance (both life and non-life) among others" (Government of India, 2008). According to Asia-Pacific Economic Cooperation (John D Conroy,Julius Caesar Parreñas,Worapot Manupipatpong, 2009) the emerging economies, especially those at the bottom of the economic pyramid, are those who live very far from the socio-economic and political development in rural areas and women who remain without access to financial services. "This proposition holds true even today, reasons that are behind this are related to poverty, unemployment and unequal distribution of income. Same reasons are applicable now but the circle of poverty is now the result of inadequate availability of capital" by Skoch. Hence, the economic development and its growth, both are necessary to accumulate the sufficient resources and adequate capital is needed to approve. Therefore, Finance is the life blood for any economies, and without it a country can never flourish. The Modern economic theory and practice has created a framework for thinking about the drivers of economic growth and the efficient use of such drivers. No longer centred on investment in physical capital, new growth theory encompasses the increasing returns arising from the "non-rivalry" of ideas, which interacts with population and human capital, as well as the pivotal role of institutions (World Bank, 2009).

Need for Financial Inclusion in India

- India needs to be conscious on poverty alleviation, especially among vulnerable groups,
- Equitable economic growth through improvements in livelihoods, decent employment opportunities, food security
- Financial Inclusive (FI) mobilizes savings that promote economic growth through productive investment.

- FI promotes financial literacy of the rural population and hence guides them to avoid the expensive and unreliable financial services.
- This helps the weaker sections to channelize their incomes into buying productive resources or assets.
- In the situations of economic crisis, the rural economy can be a support system to stabilize the financial system. Hence, it helps in ensuring a sustainable financial system.
- Financial inclusion supports both economic efficiency and equity and self reliance,
- Unrestrained access to public goods and services is an essential condition of an open and efficient society.

CHAPTER III

TRIBES IN WAYANAD

Kerala holds a unique position in the tribal map of India. According to the 2011 census, the Scheduled Tribe population in Kerala is 484839 constituting 1.45% of the total population.

Every district in Kerala has some tribal population. They are found significantly in the districts of Wayanad, Kannur, Kozhikode, Palakkad and Idukki**.** These districts are having 80% of the tribal population in Kerala. However, the main tribal communities are in the taluks of North Wayanad, South Wayanad, Mannarghat, Devikulam and Thodupuzha. As per the 2011 census, the highest number of Scheduled Tribes has been recorded in Wayanad (151443) and the lowest in Alappuzha (6574).

Wayanad is primarily a rural district, in which 96.2 per cent of the total population lives in villages. None of the talukas have a sizable urban population. However it is to be noted that in the context of Kerala, there is no perceptible difference between rural and urban areas in terms of demography or facilities, as there has always been historical rural-urban continuum with respect to demography, economy and development. Kalpetta (district head quarters), Sulthan Bathery and Mananthawady are the three major business towns of the district. Due to its proximity to Mysore and Kozhikode, along with the fact that the highway passes through the district, people from Wayanad are found moving to both these cities for business and commerce, and also for other employment opportunities.Wayanad District of Kerala State, India is located in the southern tip of Deccan Plateau lying close to Western Ghats. It is a quiet place where scenic beauty, wild life and tradition matters. This land has a history and mystery, culture and social epistemology yet to be discovered. It is located at a distance about 76 k.m. from the sea shores of Calicut in the Western Ghats. This hill station is full of plantations, forest and wild life. Wayanad has a history of bloody wars between Vedar Kings and Kottayam Rajas. The war between Pazhassy Raja (Kerala Varma) of Kottayam and Tippu Sulthan of Mysore came to an end with the death of Pazhassy Raja in 1805. The name Wayanad is believed to have derived from the word Vayal- Nadu - The land of paddy fields. It is the least populated district of Kerala but holds largest number of tribal population. Wayanad is famous for its rich tribal heritage. Approximately four lakh tribes living in Kerala state but half of this population is from Wayanad only. It is believed that these tribes were the original inhabitants of this area. Tribal communities (Adivasis) and non-tribal communities are the two main groups in Wayanad.

The Tribal population in the district is found in remote and inaccessible areas. They depend on casual labour in agriculture, plantation work and forestry for survival, since they have little or no land. The absence of land holdings, education and health facilities is acute amongst the tribal community.The native Adivasis mainly consist of various sects of Paniyas, Kurichiyas, Adiyas, Kurumas, Ooralis, Kattunaikkas etc. The Kurichyar is the most developed among them. They are small land owners, whereas the members of other tribes are mostly labourers. Tribal people have their own special life styles, culture, customs, traditions and religious practices. Tribals do not have a written script. Their history can be traced only through their oral tradition and religious practices. As a result of the changes taking place, even their practices are becoming extinct. Now-a-days many tribal s blindly follow the modern culture. A**s** a result they are losing their unique culture, land, language, etc. They have become a minority community exploited by others.

PROFILE OF SELECTED TRIBAL COMMUNITIES

In the present study only three major tribal communities in Wayanad district such as Paniyas, Kurichyas and Adiyas are taken in to consideration. A brief profile of these selected tribal communities is given in the following pages.

PANIYAS

Paniya tribes are the major tribal community of Wayanad. The word Paniya means worker in the regional language Malayalam. Among the tribal people Paniya tribe have worked as bonded labourers by the land lords in ancient period. Curly hair, thick lips and dark complexion are the physical appearance of these people. The main occupation of these tribes is to work in the field of land owners. They worked as slaves in the ancient period. Most of the people of this community engaged with agricultural works but some of them engaged in Tea and Coffee estates and constructional works. Paniya tribes live together in colonies. Their settlement comprises of rows of small huts constructed with bamboo with thatched roofs. Paniya tribes of Wayanad district speak Paniyan language. It is a combination of Malayalam and Kannada but some of the words are independent. They choose their life partners from their tribe only. The Paniya marriage is usually arranged by parents of bride and groom. During the marriage ceremony as part of the ritual, sixteen coins and new dresses are given to the bride. Monogamy is common practice among them. The paniya tribes have a lot of religious practices. They worship banyan tree and Bhagavathi with great reverence. They also believe in spirits.

KURICHYAS

Kurichyas of Wayanad has a great martial tradition. They were expert in archery. They constituted the army of Kerala Varma Pazhassi Raja, the king of Kottayam, who fought against the British East India Company in several battles. The descendents of those warriors are still expert archers. They were the first migrants into the plateau and start farming. Kurichya raise several cash crops like pepper. They eat meat in addition to the crops they grow. The Kurichya tribes claim themselves superior to all other Hindu tribes. They choose their life partners from their tribe only. We cannot see any beggars among them. They live in family groups. They always purify themselves by bath before entering to their houses when they come back from journey. They never take food from other castes except Brahmin and Nair. The head of the family is called Pittan.

ADIYAS

The Adiya tribe is also one of the slave tribe communities in Wayanad. These tribes are known as ‘Ravulayar’ traditionally. The word Adiya means slave in local language Malayalam. Gadhika is a kind of traditional dance performed by them. They choose their life partners from their tribe only and as per customs Bride price is given to the parents of the bride by groom on the occasion of their marriage.

Polygamy and Divorce is practiced among them. Head of the community is called Commikaran or Perman.

CHAPTER IV
DATA ANALYSIS AND INTERPRETATION

In this chapter the level of financial literacy and financial inclusion of the tribal people are analyzed. Their money management, ability to make comparison before selecting a particular financial service, their level of usage of various financial services and reasons for opening a bank account are also analysed. Profile of respondents is also shown here.

PROFILE OF THE RESPONDENTS

The selected 150 respondents include people belong to various tribal communities such as Paniyas, Kurichyas and Adiyas. A profile of the respondents on the basis of gender, age, education, occupation and income is presented below.

Gender wise distribution of the sample

It can be noticed from table 4.1 that 52% of the total respondents are males and 48% are females. It is same in case of Adiya community. In case of Paniya community 44% are males and 56% are females. Gender wise classification of Kurichya community shows that 60% of the respondents are males and remaining 40% are females.

Table 4.1

Gender wise distribution of the sample

Gender	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Male	26	52.00	22	44.00	30	60.00	78	52.00
Female	24	48.00	28	56.00	20	40.00	72	48.00
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

Age wise classification of the sample

Age wise classification of the respondents shows that 48.67% of the total respondents belong to the age group of 25-55 years, 28.67% belong to the age group of Below 25 years and 22.66% belong to the age group of 55 years & above. It can be noted from table 4.2 that 4.00% of Adiya people, 56.00% of Paniya people and 26.00% of Kurichya people belong to the age group of Below 25 years. 52.00% of Adiya people, 20.00% of Paniya people and 74.00% of Kurichya people belong to the age group of 25-55 years and 44.00% of Adiya people, 24.00% of Paniya people belong to the age group of 55 years & above. No Kurichya people come under the age group of 55 years & above.

Table 4.2

Age wise classification of the sample

Age (in years)	**Adiya**		**Paniya**		**Kurichya**		**Total**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Below 25	2	4.00	28	56.00	13	26.00	43	28.67
25-55	26	52.00	10	20.00	37	74.00	73	48.67
55&Above	22	44.00	12	24.00	0	0.00	34	22.66
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

Educational Qualification wise distribution of the sample

Table 4.3 shows the Educational Qualification wise distribution of the sample. It can be observed from the table that 38.00% of the total respondents have no formal education. 35.30% belong to the education category of 5th std-10thstd, 18.00% of them are educated up to Up to 5thstd, 6.00% of them belong to the education category of 10th std- Degree and only 2.70% of them belong to the education category of Degree – PG. 52.00% of Adiya people and 62.00% of Paniya people have no formal education. But all respondents belong to Kurichya community have formal education. 24.00% of Adiya people, 22.00% of Paniya people and 8.00% of Kurichya people are educated up to Up to 5thstd. 16.00% of Adiya people, 16.00% of Paniya people and 74.00% of Kurichya people belong to the education category of 5th std-10thstd. 18% of Kurichya people belong to the education category of10th std- Degree and no Adiya and Paniya people belong to this category. 8% of Adiya people belong to the education category of Degree – PG and no Paniya and Kurichya people belong to this category.

Table 4.3

Educational Qualification wise distribution of the sample

Educational Qualification	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
No formal education	26	52.00	31	62.00	0	0.00	57	38.00
Up to 5th std	12	24.00	11	22.00	4	8.00	27	18.00
5th std-10thstd	8	16.00	8	16.00	37	74.00	53	35.30
10th std-Degree	0	0.00	0	0.00	9	18.00	9	6.00
Degree - PG	4	8.00	0	0.00	0	0.00	4	2.70
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

Occupation wise distribution of the sample

Occupation wise classification of the respondents shows that 78.00% of the total respondents are daily wage earners, 10.67% of them have private job and 10.00% of them do not have any job. This category of people includes students, house wives and other persons who do not have any job. Government employees constitute only 1.33% of the total respondents. 88.00% of Adiya people, 96.00% of Paniya people and 50.00% of Kurichya people are daily wage earners. 4% of the respondents of Adiya community have government job but no respondents from Paniya and Kurichya community have government job. 8.00% of Adiya people and 24.00% of Kurichya people have private job. But it is nil in case of Paniya community. 4% of the respondents of Paniya community do not have any job. It is 26% in case of

Kurichya people because the number of students from Kurichya community is more than that of other tribal communities.

Table 4.4

Occupation wise distribution of the sample

Occupation	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Daily wage	44	88.00	48	96.00	25	50.00	117	78.00
Govt job	2	4.00	0	0.00	0	0.00	2	1.33
Pvt job	4	8.00	0	0.00	12	24.00	16	10.67
No job	0	0.00	2	4.00	13	26.00	15	10.00
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

Income wise classification of the sample

Table 4.5 shows the income wise classification of the respondents. It can be observed from the table that 86.67% of the total respondents have a monthly income of below Rs.5000. 12% of them have a monthly income between Rs. 5000-10000 and 1.33% of them have a monthly income of Above Rs.10000. 68.00% of Adiya people, 100.00% of Paniya people and 92.00% of Kurichya people have a monthly income of below Rs.5000. 28.00% of Adiya people and 8.00% of Kurichya people have a monthly income between Rs. 5000-10000. 4% of Adiya people have a monthly income of Above Rs.10000.

Table 4.5
Income wise classification of the sample

Monthly Income (In Rupees)	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Below 5000	34	68.00	50	100.00	46	92.00	130	86.67
5000-10000	14	28.00	0	0.00	4	8.00	18	12.00
Above 10000	2	4.00	0	0.00	0	0.00	2	1.33
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

RECORDING OF DAILY INCOME AND EXPENDITURE

Table 4.6 shows the practice of recording of income and expenditure of families in a day by the respondents. It can be noted from the table that 6.00% of the total respondents records only incomes and none of them records their daily expenditure. 23.33% of them records both income and expenditure and 70.67% of them not records anything. 18% of the respondents from Kurichya community records only incomes and they do not record their daily expenditure. The respondents from other Paniya community neither records income and nor records expenditure. They do not have the practice of recording. 12.00% of Adiya people and 58.00% of Kurichya people have the practice of recording both income and expenditure.

88.00% of Adiya people and 24.00% of Kurichya people do not have the practice of recording both income and expenditure.

Table 4.6
Recording of income and expenditure

Recording of daily transactions	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Recording of income only	0	0.00	0	0.00	9	18.00	9	6.00
Recording of expenditure only	0	0.00	0	0.00	0	0.00	0	0.00
Recording of both	6	12.00	0	0.00	29	58.00	35	23.33
Not recording anything	44	88.00	50	100.00	12	24.00	106	70.67
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

RESPONSIBILITY OF MONEY MANAGEMENT IN THE FAMILY

Table 4.7 shows the responsibility of various members for money management in the family. In case of 62.00% of the total respondents, male members in the family are responsible for the money management. In case of 21.33% of the total respondents, female members in the family are responsible for the money management. But in case of remaining 16.67% of the total respondents, the money management in the family is done by both male and female members. In case of 56.00% of Adiya people, 72.00% of Paniya people and 58.00% of Kurichya people, male members in the family are responsible for the money management. But 40.00% of Adiya people, 16.00% of Paniya people and 8.00% of Kurichya people opined that female members in their family are responsible for the money management. Both male and female members are jointly doing money management in their family in case of 4.00% of Adiya people, 12.00% of Paniya people and 34.00% of Kurichya people.

Table 4.7

Responsibility of money management in the family

Responsibility of money management	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Male members	28	56.00	36	72.00	29	58.00	93	62.00
Female members	20	40.00	8	16.00	4	8.00	32	21.33
Both male and female members	2	4.00	6	12.00	17	34.00	25	16.67
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

LEVEL OF FINANCIAL LITERACY

The level of financial literacy among the tribal people is analysed in terms of their awareness with regard to various financial terms. Their degree of awareness is measured on a three point scale such as high awareness, average awareness and low awareness. The result of the analysis is presented in table 4.8. It can be observed from the table that no respondent have high awareness with regard to various financial terms. The respondents have average awareness about various financial terms such as Bank deposits, Bank loans, ATM and Cheque. They have low awareness about the remaining terms. Their awareness level is higher with regard to the term ‘Bank deposits’ and awareness level is lower with regard to the term ‘Stock market’. The result of ANOVA presented in table 4.9 reveal that there is significant difference in the literacy level of various tribal communities with regard to all financial terms. While looking at the overall financial literacy, the tribal people have a low level of financial literacy. Among the various tribal communities, Kurichya people have comparatively higher literacy followed by Adiya people. The level of financial literacy is very low among Paniya people.

Table 4.8
Level of financial literacy

Various financial terms	**Adiya**		**Paniya**		**Kurichya**		**Total**	
	Mean	**S.D.**	**Mean**	**S.D.**	**Mean**	**S.D.**	**Mean**	**S.D.**
Bank deposits	2.3200	0.5047	1.3000	0.5440	2.6400	0.5481	2.0867	0.5323
Bank loans	2.2400	0.5014	1.3000	0.5440	2.5400	0.5997	2.0267	0.5484
ATM	1.8400	0.8889	1.1700	0.4819	2.1800	0.9267	1.7300	0.7658
Credit cards	1.2600	0.6312	1.0200	0.4352	1.3100	0.6773	1.1967	0.5812
Cheque	1.5400	0.8889	1.1700	0.4819	2.2400	0.7602	1.6500	0.7103
Insurance	1.6400	0.8514	1.1700	0.4819	2.0200	0.8204	1.6100	0.7179
Shares and debentures	1.2000	0.4949	1.0000	0.0000	1.3600	0.6627	1.1867	0.3859
Mutual funds	1.1200	0.4352	1.0000	0.0000	1.4400	0.7866	1.1867	0.4073
Pension schemes	1.6000	0.7559	1.1000	0.3031	1.5800	0.8401	1.4267	0.6330
SHG	1.5600	0.5771	1.1600	0.3703	1.6400	0.8172	1.4533	0.5882
Stock market	1.1200	0.4352	1.0000	0.0000	1.2600	0.4431	1.1267	0.2928
Consumer rights	1.2800	0.5361	1.0000	0.0000	1.2900	0.7365	1.1900	0.4242
Overall	**1.5600**	**0.6251**	**1.1158**	**0.3035**	**1.7917**	**0.7182**	**1.4892**	**0.5489**

(Source: Primary data)

Table 4.9
Result of ANOVA - Level of financial literacy

Variable	Sum of Squares	Degrees of freedom	Mean sum of squares	F value	P value
Bank deposits	66.040	2	33.020	116.401	.000
Bank loans	57.720	2	28.860	95.464	.000
ATM	30.653	2	15.327	24.442	.000
Credit cards	4.053	2	2.027	5.810	.004
Cheque	39.720	2	19.860	37.228	.000
Insurance	17.693	2	8.847	16.280	.000
Shares and debentures	3.253	2	1.627	7.134	.001
Mutual funds	5.173	2	2.587	9.602	.000
Pension schemes	12.413	2	6.207	13.601	.000
SHG	49.013	2	24.507	64.607	.000
Stock market	1.693	2	0.847	6.585	.002
Consumer rights	15.613	2	7.807	28.224	.000

(Source: Primary data)

RESULT OF HYPOTHESIS TESTING – ONE

Even though there are differences in the level of financial literacy among various communities or sub groups of tribal people, it is important to know whether these differences are statistically significant or not. So a hypothesis was fixed with regard to the level of financial literacy among different sub groups of tribal people**.** ANOVA has been applied to test this hypothesis. The result shows that there is significant difference in the level of financial literacy among different sub groups of tribal people as the P Value is less than 0.05. So the null hypothesis is rejected and alternative hypothesis is accepted.

Table 4.10

Result of Testing of Hypothesis 1 using ANOVA

Null Hypothesis	Level of Significance	Degrees of freedom	F Value	P value	Result
There is no significant difference in the level of financial literacy among different sub groups of tribal people	95%	2	45.10	0.000	Null Hypothesis is rejected as the P value is less than 0.05.

(Source: Primary data)

LEVEL OF FINANCIAL INCLUSION

In the present study the level of financial inclusion is calculated on the basis of the usage of financial services by the respondents. If they are using any of the financial services such as Bank, Insurance, Mutual Funds, SHG, Pension Funds, Financial Market, Post Office Deposits and Non Banking Financial Services, they are treated as financially included and if they are not using any of the financial services, they are treated as financially excluded. The result of the analysis is presented in table 4.11. It can be noticed from the table that 93.33% of the total respondents are financially included and the remaining 6.67% of them are financially excluded. When looking at the community wise analysis, it can be noted that all respondents of Kurichya community are financially included. The level of financial inclusion is 96.00% among Adiya community and 84% among Paniya community. So the level of financial inclusion is higher among Kurichya people and lower among Paniya people.

Table 4.11

Level of financial inclusion

Level of financial inclusion	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Financially included	48	96.00	42	84.00	50	100.00	140	93.33
Financially excluded	2	4.00	8	16.00	0	0.00	10	6.67
Total	50	100.00	50	100.00	50	100.00	150	100.00

(Source: Primary data)

RESULT OF HYPOTHESIS TESTING – TWO

Even though there are differences in the level of financial inclusion among various communities or sub groups of tribal people, it is important to know whether these differences are statistically significant or not. So a hypothesis was fixed with regard to the level of financial inclusion among different sub groups of tribal people**.** Chi-Square test has been applied to test this hypothesis. The result shows that there is significant difference in the level of financial inclusion among different sub groups of tribal people as the P Value is less than 0.05. So the null hypothesis is rejected and alternative hypothesis is accepted.

Table 4.12

Result of Testing of Hypothesis 2 using ‘Chi-Square Test’

Null Hypothesis	Level of Significance	Degrees of freedom	Chi-Square value	P value	Result
There is no significant difference in the level of financial inclusion among different sub groups of tribal people	95%	2	11.143	0.004	Null Hypothesis is rejected as the P value is less than 0.05.

(Source: Primary data)

LEVEL OF USAGE OF VARIOUS FINANCIAL SERVICES

Table 4.13 shows the level of usage of various financial services by the respondents. It can be noticed from the table that 92.00% of the total respondents are using Banking facilities, 40.67% are associating with Self Help Groups, 29.33% of them have Insurance coverage, 34.67% of them are using non banking financial services, 20.67% of them have post office savings, 6.67% of them are associating with any of the pension funds and 2.67% of them are associating with financial markets. No respondents are using the Mutual Fund schemes. 96.00% of Adiya people, 80.00% of Paniya people and 100.00% of Kurichya people are using Banking facilities. 48.00% of Adiya people, 8.00% of Paniya people and 32.00% of Kurichya people have Insurance coverage. 84.00% of Adiya people, 30.00% of Paniya people and 8.00% of Kurichya people are associating with Self Help Groups. 20.00% of Adiya people are associating with any of the pension funds and 8% of them are associating with financial markets. But no respondents from Paniya community and Kurichya community have access to pension schemes and financial markets. 32.00% of Adiya people, 6.00% of Paniya people and 24.00% of Kurichya people have post office deposits. 32.00% of Adiya people, 32.00% of Paniya people and 40.00% of Kurichya people are using non banking financial services.

Table 4.13

Level of usage of various financial services

Various financial services	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Bank	48	96.00	40	80.00	50	100.00	138	92.00
Insurance	24	48.00	4	8.00	16	32.00	44	29.33
Mutual Funds	0	0.00	0	0.00	0	0.00	0	0.00
SHG	42	84.00	15	30.00	4	8.00	61	40.67
Pension Funds	10	20.00	0	0.00	0	0.00	10	6.67
Financial Market	4	8.00	0	0.00	0	0.00	4	2.67
Post Office Deposits	16	32.00	3	6.00	12	24.00	31	20.67
Non Banking Financial Services	16	32.00	16	32.00	20	40.00	52	34.67

(Source: Primary data)

PERIOD OF ASSOCIATION WITH VARIOUS FINANCIAL SERVICES

Table 4.14 shows the period of association with various services by the respondents who are using various financial services. It can be noticed from the table that 24.29% of the total respondents who are using various financial services are in association with various financial services for less than one year. 58.57% of them have been associating for 1 – 3 years and 17.14% of them have been associating for 3 – 6 years. No persons have been associating for more than six years. Community wise analysis shows that 35.42% of Adiya people, 13.00% of Paniya people and 8.00% of Kurichya people are in association with various financial services for less than one year. 43.75% of Adiya people, 27.00% of Paniya people and 68.00% of Kurichya people have been associating for 1 – 3 years and 20.83% of Adiya people, 2.00% of Paniya people and 24.00% of Kurichya people have been associating for 3 – 6 years.

Table 4.14
Period of association with various financial services

Period	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Less than 1 year	17	35.42	13	13.00	4	8.00	34	24.29
1-3 years	21	43.75	27	27.00	34	68.00	82	58.57
3-6 years	10	20.83	2	2.00	12	24.00	24	17.14
More than 6 years	0	0.00	0	0.00	0	0.00	0	0.00
Total	48	100.00	42	42.00	50	100.00	140	100.00

(Source: Primary data)

SOURCES OF INFLUENCE IN SELECTING FINANCIAL SERVICES

Table 4.15 shows the sources of influence in selecting financial services by the respondents who are using various financial services. It can be noticed from the table that 49.29% of the total respondents who are using various financial services are influenced by the employees or agents of the institution. 65.00% of them are influenced by their friends or family members and the remaining 10.71% are influenced by advertisements in various media. 79.17% of Adiya people, 64.29% of Paniya people and 8.00% of Kurichya people are influenced by the employees or agents of the institution. 95.83% of Adiya people, 16.67% of Paniya people and 76.00% of Kurichya people are influenced by their friends or family members and 4.17% of Adiya people, 30.95% of Paniya people are influenced by advertisements in various media. But respondents from Kurichya community are not influenced by advertisements.

Table 4.15
Sources of influence in selecting financial services

Sources of influence	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Employees or agents of the institution	38	79.17	27	64.29	4	8.00	69	49.29
Friends or family members	46	95.83	7	16.67	38	76.00	91	65.00
Advertisements in various media	2	4.17	13	30.95	0	0.00	15	10.71

(Source: Primary data)

COMPARISON BETWEEN VARIOUS FINANCIAL SERVICES

It is important to know the ability of the tribal people to compare one financial service with other services for choosing the right service which is suitable to them. So the respondents who are using various financial services were asked to mention whether they have made comparison between various financial services at the time of selecting these services. The result of this analysis is presented in table 4.16. It can be noticed from the table that 54.29% of the total respondents who are using various financial services were not compared one financial service with other services for choosing the right service which is suitable to them. But 31.43% of them were compared one financial service with other services. Community wise analysis shows that all respondents belong to Paniya community, 95.83% of Adiya people and 16.00% of Kurichya people were not compared one financial service with other services. But 84.00% of Kurichya people and 4.17% of Adiya people were compared one financial service with other services for choosing the right service which is suitable to them.

Table 4.16

Comparison between various financial services

Comparison	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Compared	2	4.17	0	0.00	42	84.00	44	31.43
Not compared	46	95.83	42	100.00	8	16.00	76	54.29
Total	48	100.00	42	100.00	50	100.00	140	100.00

(Source: Primary data)

SUITABILITY OF THE FINANCIAL SERVICES

Table 4.17 shows the opinion of the respondents who are using various financial services regarding the suitability of the financial services i.e., whether the respondents are sure about the suitability of the financial service or not. It can be observed from the table that 50.71% of the respondents are sure about the suitability of the financial service that is opted by them. But 49.29% of them are not sure about the suitability of the financial service that is opted by them. Community wise analysis shows that 45.83% of Adiya people, 7.14% of Paniya people and 92.00% of are Kurichya people sure about the suitability of the financial service that is opted by them. But 54.17% of Adiya people, 92.86% of Paniya people and 8.00% of Kurichya people are not sure about the suitability of the financial service that is opted by them.

Table 4.17

Suitability of the financial services

Suitability	Adiya		Paniya		Kurichya		Total	
	No.	%	No.	%	No.	%	No.	%
Sure about the suitability	22	45.83	3	7.14	46	92.00	71	50.71
Not sure about the suitability	26	54.17	39	92.86	4	8.00	69	49.29
Total	48	100.00	42	100.00	50	100.00	140	100.00

(Source: Primary data)

REASONS FOR OPENING A BANK ACCOUNT

In this study, if people have a bank account is treated as financially included. So it is important to know the various reasons that persuaded them to open a bank account. It would be beneficial to know the various factors that are responsible for the increase of the level of financial inclusion. For this purpose the respondents were asked to give ranks to various reasons mentioned in the schedule on the basis of priority. The reasons were ‘For making deposits and availing loans’, ‘For receiving the remuneration of NREG Programme’, ‘For getting any subsidies from Government’ and ‘For receiving scholarships’. The mean and standard deviation were calculated after assigning score to these ranks. The result of this analysis is presented in table 4.18. It can be noticed from the table that the main reason for opening a bank account is ‘For receiving the remuneration of NREG Programme’ as it got the highest mean score of 2.94 and S.D. of 1.1771. The second important reason is ‘For making deposits and availing loans’ with a mean of 2.77 and S.D. of 1.2699 followed by ‘For getting any subsidies from Government’ with a mean score of 1.93 and S.D. of 0.9419. The least important reason is ‘For receiving scholarships’ as it got the lowest mean score of 1.69 and S.D. of 1.1109.

Community wise analysis shows that as far as the Adiya people are concerned, the main reason for opening a bank account is ‘For receiving the remuneration of NREG Programme’ as it got the highest mean score of 3.48 and S.D. of 0.9947. The second important reason is ‘For making deposits and availing loans’ with a mean of 1.92 and S.D. of 0.6952 followed by with a mean score of 1.93 and S.D. of 0.9419. The least important reasons are ‘For getting any subsidies from Government’ and ‘For receiving scholarships’ with a same mean score of 1.72 and S.D. of 0.9267.

As far as the Paniya people are concerned, the main reason for opening a bank account is ‘For receiving the remuneration of NREG Programme’ as it got the highest mean score of 2.54 and S.D. of 1.5414. The second important reasons are ‘For getting any subsidies from Government’ and ‘For receiving scholarships’ with a same mean score of 1.66 and S.D. of 1.2554. The least important reason is ‘For making deposits and availing loans’ as it got the lowest mean score of 1.5 and S.D. of 1.1294.

As far as the Kurichya people are concerned, the main reason for opening a bank account is 'For making deposits and availing loans' as it got the highest mean score of 2.36 and S.D. of 0.7494. The second important reason is 'For receiving the remuneration of NREG Programme' with a mean of 2.3 and S.D. of 0.8631. The least important reasons are 'For getting any subsidies from Government' and 'For receiving scholarships' with a same mean score of 1.7 and S.D. of 1.1473.

Table 4.18

Reasons for opening a bank account

Reasons	Adiya		Paniya		Kurichya		Total	
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.
For receiving the remuneration of NREG Programme	3.48	0.9947	2.54	1.5414	2.3	0.8631	2.94	1.1771
For making deposits and availing loans	1.92	0.6952	1.5	1.1294	2.36	0.7494	2.77	1.2699
For getting any subsidies from Govt	1.72	0.9267	1.66	1.2554	1.7	1.1473	1.93	0.9419
For receiving scholarships	1.72	0.9267	1.66	1.2554	1.7	1.1473	1.69	1.1109

(Source: Primary data)

CHAPTER V
SUMMARY, FINDINGS, CONCLUSION AND SUGGESTIONS

This chapter focuses to give a summary of the study, major findings of the study, a conclusion and some useful suggestions.

SUMMARY

Access to finance, especially by the poor and vulnerable groups, is an essential requisite for employment, economic growth, poverty alleviation and social upliftment. Financial inclusion means the provision of affordable financial services by the formal financial system to those who tend to be excluded. Financial inclusion will enable the poor and the rustics of our country to open a bank account to save and invest, to borrow and to repay, to insure and to take part in the credit. This will enable them to break the chain of poverty. In the Annual Policy Statement of the RBI (2005-06), policies were made to encourage banks to provide extensive banking services to the unbanked mass of the country. Even though there are people who desire the use of financial services, but are denied access to the same. The financially excluded sections largely comprise marginal farmers, landless labourers, self employed and unorganized sector enterprises, ethnic minorities, socially excluded groups, senior citizens and women. In this scenario, the need for financial literacy is become more important than ever before as it determines the success of financial inclusion programmes of every country. Both developed and developing countries, therefore, are focusing on programmes for financial literacy education. Financial literacy means the ability of a person to understand financial matters. In other words it means the awareness, knowledge and skills of individuals to make decisions about savings, investments, borrowings and expenditure in an informed manner. In India, the need for financial literacy is greater because a large section of the population still remains out of the formal financial setup. With a view to increase the level of financial literacy the Reserve Bank of India has undertaken a project titled ‘Project Financial Literacy’. The objective of this project is to disseminate information regarding the central bank and general banking concepts to various target groups, including, school and college going children, women, rural and urban poor, defense personnel and senior citizens. Even then, a large segment of the population is still excluded from the purview of formal financial setup due to the lack of financial literacy.

The Indian financial sector has shown tremendous growth in volume and complexity during the last few decades. Despite making significant improvements in all the areas relating to financial viability, profitability and competitiveness, there are concerns that the financial institutions have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic financial services. Reserve Bank of India and Central Government are making efforts to study the causes of financial exclusion and designing strategies to ensure financial inclusion of the poor and disadvantaged. The reasons may vary from country to country and hence the strategy could also vary but all out efforts are being made as financial inclusion can truly lift the financial condition and standards of life of the poor and the disadvantaged. The present study aims to analyse the extent of financial inclusion and level of financial literacy among in tribal people in Wayanad district in Kerala. The study also focuses on the role of some government schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme, Micro credit facility etc in promoting financial inclusion among the tribal people.

Financial literacy is considered as an important factor that promotes financial inclusion. Due to the importance of financial literacy Reserve Bank of India and Central Government are undertaking many projects and programmes to make the people financially literate. Even then many of the individuals are unfamiliar with even the most basic economic concepts needed to make sensible saving and investment decisions. This has serious implications for saving, retirement planning and other financial decisions. In this scenario a study that covers these issues will be significant. So the present study focuses on the extent of financial inclusion and level of financial literacy among a socially excluded group, that is, tribal people in

Wayanad district in Kerala. Wayanad distict is selected because it is a tribal area and it stands first in the case of adivasi population when compared to other districts of Kerala.

The main focuses of this study are-

1. To find out the extent of financial inclusion among the tribal people in Wayanad district in Kerala
2. To observe the day to day money management among the tribal people in Wayanad district in Kerala
3. To analyse the level of awareness among the tribal people with regard to various financial terms
4. To evaluate the ability of the tribal people to select the appropriate financial products or services
5. To analyse role of some government schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme, Micro credit facility etc in promoting financial inclusion and
6. To check is there any difference exist among important sub groups of tribals in Wayanad with regard to the extent of financial inclusion and the level of financial literacy.

On the basis of the above objectives, the following hypotheses have been framed.

H_0 1: There is no significant difference in the level of financial inclusion among different sub groups of tribal people.

H_1 1: There is significant difference in the level of financial inclusion among different sub groups of tribal people.

H_0 2: There is no significant difference in the level of financial literacy among different sub groups of tribal people.

H_1 2: There is significant difference in the level of financial literacy among different sub groups of tribal people.

The present study is designed as a descriptive one. The necessary data has collected from both secondary and primary sources. Secondary data needed for the study has been collected from the following sources.

1) Journals.

2) Subject-specific books.

3) Magazines.

4) Newspapers.

5) Studies undertaken by various research institutions.

The mains source of data for this study is primary source. Tribal people are the informants of the study. The primary data were collected from the tribal people of the three taluks of Wayanad district - Mananthavady, Sulthan Bathery and Vythiri. For collecting the data from the respondents, a structured interview schedule was used.

In the present study, the sample selection is done in two stages. Sample selection has been made by applying Purposive sampling method. At the first stage, the researcher has selected one village each from three taluks in Wayanad district. In the second stage, 50 respondents each were selected from three major communities of tribals such as Paniyas, Kurichyas and Adiyas. Altogether there are 150 respondents who represent the various communities of tribal people in Wayanad District.

Field survey is conducted to gather primary data from respondents. For this purpose researcher has developed an interview schedule to collect the required data from tribal people. Undisguised personal interview method is used for collecting data from tribal people.

Data analysis has been done by using appropriate mathematical and statistical tools such as Percentage, Simple Average, Standard Deviation and test of significance such as ANOVA and chi-square test.

The main limitations of the study are: 1)the study is limited to Adiya, Kurichya and Paniya community and does not include other tribal communities and 2) Since purposive sampling is used for selecting respondents, all the limitations of purposive sampling will be there.

The whole study is divided in to five chapters. First chapter is the introduction chapter comprises of a brief description of the concept of financial inclusion and financial literacy, objectives of the study, statement of the problem, review of literature, relevance of the study, hypotheses, methodology, sources of data, sample design, research instrument used, method of contact, tools of data analysis and limitations of the study.

The second chapter deals with a detailed discussion of the concept of financial inclusion and financial literacy. Salient features of financial literacy, Attributes required for financial literacy and Need for financial inclusion in India are also included in this chapter.

The third chapter includes a description of tribal people in Wayanad. The profile of selected tribal communities is also given in this chapter.

The fourth chapter is meant for the primary data analysis with regard to financial inclusion and financial literacy. The various financial services used by the respondents, their money management, reasons for opening a bank account etc, are analysed here. A brief profile of the respondents is also presented in this chapter.

Fifth chapter is the last chapter which includes summary, major findings of the study, a brief conclusion to the study and some useful suggestions.

FINDINGS

1. Majority of the respondents do not have the practice of recording their incomes and expenditures. This practice is higher among the respondents belong to Kurichya community when compared to other tribal communities.
2. In the case of majority of families, male members are responsible for money management. But in case of some other families, female members are responsible for money management. In case of some other families, money management is done by both male and female members. It shows that female people are involved in the decision making on financial matters.
3. The level of financial literacy of tribal people is low. Among the various tribal communities, Kurichya people have comparatively higher literacy followed by Adiya people. The level of financial literacy is very low among Paniya people. The differences found in the level of financial literacy among various communities of tribal people are statistically significant.
4. Most of the total respondents are financially included and only a small percentage of them are financially excluded. When looking at the community wise analysis, it can be noted that all respondents of Kurichya community are financially included. The level of financial inclusion is 96.00% among Adiya community and 84% among Paniya community. So the level of financial inclusion is higher among Kurichya people and lower among Paniya people. The differences found in the level of financial inclusion among various communities of tribal people are statistically significant.
5. The analysis of the level of usage of various financial services by the respondents shows that majority of the total respondents are using banking facilities. Mutual Funds, Pension Funds and Financial Markets are not much popular among the respondents.
6. Majority of the respondents are associating with various financial services for 1 – 3 years. It implies that they are financially included recently.
7. The analysis of the sources of influence in selecting financial services by the respondents who are using various financial services shows that majority of

them are influenced by their friends or family members. The influence of advertisements in various media is comparatively less than that of friends or family members and employees or agents.

8. The result of this analysis of the ability of the tribal people to compare one financial service with other services shows that majority of the total respondents were not compared one financial service with other services for choosing the right service which is suitable to them.
9. The result of the analysis of suitability of financial services shows that nearly half of the total respondents are not sure about the suitability of the financial service that is opted by them.
10. The main reason for opening a bank account is ‘For receiving the remuneration of NREG Programme’ followed by the reason ‘For making deposits and availing loans’. The third important reason is ‘For getting any subsidies from Government’ and the least important reason is ‘For receiving scholarships’. So it can be inferred that NREG Programme has a great role in increasing the level of financial inclusion among tribal people in Wayanad.

CONCLUSION

Financial literacy is considered as an important adjunct for promoting financial inclusion and ultimately financial stability. Because of this reason, government authorities are giving much attention to financial literacy programmes. But the problem is that these programmes are not making any impact among a large segment of the population which is socially and economically back warded. The present study reveals that the tribal people are poorly informed about various financial products and practices. This is troubling because financial illiteracy may stunt their ability to save and invest for retirement, undermining their wellbeing in old age. Even though it is very happy to know that some government schemes like NREG Programme, Micro credit facility etc have influenced the tribal people to a large extend. Majority of the tribal people have bank account due to the reason that the remuneration under NREG Programme is paid through the individual bank account of the beneficiaries of this scheme. It shows that if a scheme is properly introduced, it will definitely make some desired results. So the governmental agencies have to re-design the financial literacy programmes in such a manner to reach the rural mass.

SUGGESTIONS

1. Government agencies and NGOs may undertake financial awareness programmes among the tribal people to increase their financial literacy. That will be helpful to bring a practice of recording of incomes and expenditures among them.
2. Banks, Insurance companies and other financial service providers may concentrate more on the tribal people because they are not yet fully financially included. It will help the agencies to increase their customer base.
3. Authorities may take necessary steps to include financial literacy programmes in the school curriculum. It will help to mould a financially educated new generation.
4. While undertaking any tribal development programmes, more focus may be given to Paniya community because they are far behind than other tribal communities by all means.

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APPENDIX

INTERVIEW SCHEDULE FOR RESPONDENTS

Name:

Gender: Male ☐ Female ☐

Age (In years): Below 25 ☐ 25-55 ☐ 55&above ☐

Educational Qualification: No formal education ☐ Up to 5thst ☐ 5thstd-10thstd ☐ 10th std- Degree ☐ Degree – PG ☐

Occupation: Daily wage ☐ Govt job ☐ Pvt job ☐ No job ☐

Monthly Income (In Rupees): Below 5000 ☐ 5000-10000 ☐ Above 10000 ☐

Recording of daily transactions: Recording of income only ☐ Recording of expenditure only ☐ Recording of both ☐ Not recording anything ☐

Responsibility of money management: Male members ☐ Female members ☐ Both male and female members ☐

Knowledge about various terms

Various financial terms	High Awareness	Average Awareness	Low Awareness
Bank deposits			
Bank loans			
ATM			
Credit cards			
Cheque			
Insurance			
Shares and debentures			
Mutual funds			
Pension schemes			
SHG			
Stock market			
Consumer rights			

Usage of various financial services

Various financial services	Using	Not using
Bank		
Insurance		
Mutual Funds		
SHG		
Pension Funds		
Financial Market		
Post Office Deposits		
Non Banking Financial Services		

Period of association with various financial services: Less than 1 year ☐ 1-3 years ☐ 3-6 years ☐ More than 6 years ☐

Sources of influence in selecting financial services: Employees or agents of the institution ☐ Friends or family members ☐ Advertisements in various media ☐

Comparison between various financial services before selection: Compared ☐ Not compared ☐

Suitability of the financial service: Sure about the suitability ☐ Not sure about the suitability ☐

Reasons for opening a bank account:

Reasons	Rank
For receiving the remuneration of NREG Programme	
For making deposits and availing loans	
For getting any subsidies from Govt	
For receiving scholarships	