Chapter 8

FINDINGS AND CONCLUSION

8.1 Introduction

Financial exclusion has assumed unparallel importance in recent times thanks to financial inclusion strategy of government and RBI towards materializing the broad objective of ‘faster and inclusive economic growth’ as enshrined in the 11th and 12th plan documents. Although elements of financial exclusion can be seen in any social group, it is very acute in the case of marginalized and weaker sections like the scheduled tribes. The problem of financial exclusion is multi dimensional and cannot be separated from the much broader issues of social and economic exclusion. Since tribes as a social group have been historically deprived of basic economic and social entitlements, their exclusion from the financial system is intertwined with many factors. Any strategy to address the problem of financial exclusion has to be based on these aspects.

Kerala has been hailed as a state, which has gone far ahead of other states in terms of many social sector indices like education and health. However, there have been many outliers of Kerala development. One of the main outlier is its tribal community the development of which has not kept pace with the development that the general population has attained. This is partly because of the age-old deprivation that the schedules tribes have been subject to over a long period. Like many tribe communities across India, tribes in Kerala have also been deprived of basic physical and human entitlements. Against this background, this study was undertaken with the objective of analyzing the problem of financial exclusion among the tribes in Kerala and its association with their socio-economic and cultural circumstances. As is well known, tribes in Kerala are not alike in all aspect of development. Different communities of tribes differ in many respects of
development and the possession of entitlement like land (Rajasenan, 2009). Keeping this in mind this study also ventured into analyzing the inter-tribal variation in financial exclusion among the four selected tribe communities viz., Kurichya, Kuruma, Paniya, and Adiya. Of these, the first two belong to the forward tribes and latter are backward tribes (Rajasenan, 2009). All these four tribes are non-primitive tribe communities. Apart from this, the influence of the participation of tribes in much celebrated employment programme MGNREGP and the SHGs has been examined in this study.

The present study adopted triangulation approach combining both quantitative and qualitative tools of research. For quantitative analysis, samples were chosen using the Probability Proportional to Size Sampling (PPS) technique. In proportion to the total size of household of each tribe community, the study chose 261 Paniya, 59 Adiya, 76 Kuruma, and 104 Kurichya as the sample household units. Besides descriptive and inferential statistical tools, the study also made use of Focus Group Discussion to go deep into more aspects of financial exclusion. The present study is a combination of descriptive and explanatory approach.

The study also touched upon different concepts pertaining to the problem of financial exclusion like ‘access’ and ‘use’ of finance, passive and active exclusion, involuntary and voluntary exclusion which are contextually important in this study. The theoretical underpinning of the problem of financial exclusion was discussed with implications on the tribes. The study also provided a brief account of the history of exclusion especially financial exclusion and evolution of the exchange economy and finance. The analysis of data on NSSO’s 48th and 59th round and the survey of small borrowal account by the RBI apparently showed that among the different social groups the STs have been the most financially excluded. NSSO revealed the picture of exclusion from the point of formal credit market indebtedness of tribe households whereas the survey of small borrowal accounts by RBI threw light on the exclusion of tribes and other marginalized communities form the ambit of the bank accounts. The percentage share of STs in the small borrowal account has been dwindling over years and the same is the case with the percentage share in the total among outstanding in the small borrowal accounts.
8.2 Findings and Observations

The first objective of study was to analyze the socio-economic and demographic profile of tribes, which are very important in any analysis of tribal issues. Gender wise analysis corroborates the fact that tribe communities are male dominated. In this study, 70 percent of tribe households turned out to be male dominated. Among the tribe communities, Kurichya is predominantly male dominated community whereas Paniya, the backward tribe, is the least male dominated tribe. From the discussion with the key informants about the economic and social condition of the Paniya tribe, it could be understood that the chief reason for Paniya being comparatively less male dominated is attributed to the increasing tendency among the Paniya males to indulge in excessive alcoholic consumption. Some have expressed fears that if this excess alcoholic consumption goes unchecked, in the near future the community will have been existingusihed from the tribe map of Kerala. Regarding the marital status, the study has found some undesirable trend like growing magnitude of divorce in the case of Paniya and Adiya whereas the condition remains almost healthy for both Kurichya and Kuruma tribes. The mean age of the tribe has been found to be around 48 while most of them come in the category of age 45-59. Another social aspect with regard to the tribes is the relatively less family size. The study has found that the average family size hovers around four, which reveals that tribe households have become ‘nuclear’ as in the case of general trend that is visible in Kerala. Education being an important tool of empowerment of any social group, the study went deep into the level of educational attainment that each household has attained. Since this is a household level survey, the study considered the highest level of education that any member of the households has attained as the education relevant for the households. Based on this, the study has found that the average education attainment of tribes stood at seventh standard. The study revealed considerable variation among the tribe communities in respect of the level of educational attainment.

Housing has been a crucial issue as far as the tribes are concerned. Many schemes for housing have been implemented by the government over years to address the problem of homelessness of tribes. Regarding the housing tenure, the study found that most of the tribe lives in ‘owner occupied’ houses. Nearly 35 percent of the tribes reported that they live in houses provided by the government. It must be understood that the ‘owner occupied’ houses have also been constructed with the financial assistance of the
government. As far as the structure of the house is concerned, it has been found that most of the houses are pucca houses as they have been built under the supervision of government officials and promoters. Nevertheless, the key informants have raised the concern about the maintenance of such houses since tribes especially the Paniya are lazy and uncared about the maintenance of houses. In the case of occupation, an overwhelming majority of tribes are agricultural wage laborers. The availability of alternative employment is a crucial issue for tribes. Since gainful employment opportunities in the agriculture sector disappear as the agriculturists have lost interest in cultivation, the tribes find it difficult to get gainful alternative employment avenues. Since they lack skill, they are seemed unfit for many other jobs. This labor market constraint appears to have put much pressure on the life of tribe. Besides this, the traditional livelihood sources have also been disappearing owing to socio-economic changes. It is in this respect a scheme like MGNREGS becomes more relevant for tribe community. MGNREGS has come out to be the most significant subsidiary occupation as far as the tribes are concerned. The over reliance on MGNREGS is a pointer towards the fact that tribes have no alternative gainful employment opportunities. Moreover, from the discussion it becomes obvious that tribes are averse to move to other areas in search of job. They are very much bounded by their life in colonies. Added to this, it has been found that most of the tribes are unskilled in any particular job. They are merely physical workers. The labour market immobility also has narrowed employment avenues for tribes.

The labour market participation requires some more elaboration since integration with the labour market has been acclaimed to be an important way of ensuring their inclusion in economic activities. Most of the tribes, it has been revealed, are engaged in the primary sector where agriculture is the prime activity. Secondary and Tertiary sector employment are relatively low. Using the Chi-square tests, the study has found significant variation among the tribe communities with regard to the sector of employment. Among the tribes, the Paniya is heavily depended on the primary sector whereas the tertiary sector dependence of Kuruma, a forward tribe, is relatively high. As far as the formal/informal employment is concerned, the study has revealed that the dependence of tribe on the informal sector, which provides little social security measures for workers, is abysmally high at 85 percent. Apart from this with regard to labour market attributes, the study has also unearthed the fact that more than 60 percent of the tribe are engaged in farm
activities and the presence of Paniya, a backward tribe, in the farm sector has been found to be abysmally high compared to other tribe communities.

Land, as has been well documented in the tribal literate, has an undeniable place in all issues related to the tribes. Perhaps thanks to the land distribution policy of the government, most of the tribes posses land, but interestingly nearly half of them posses only less than .05 acres which apparently shows the impact of the government intervention in land distribution. Unsurprisingly, Kurichya tribes hold large size of land running into .50 and 2 acres, as they are the main landowners among the tribes in Wayanad. Near to 70 percent of Paniya, hold only less than .05 acres of land, which reflect their economic backwardness. The holding of more land by the Kurichya tribe has not reflected on their income since the mean income of this tribe group hovers around only Rs.1774, slightly more than that of the Paniya tribe. This is partly because of the tendency of underreporting among the Kurichya tribe. The mean income of all tribes taken together stood at Rs.1951. The ANOVA test has proved that there is significant difference among tribes with respect to the income. Notable is the fact that mean expenditure of tribe communities far exceeds their income showing that they survive on inadequate income.

In the sixth chapter, the researcher attempted to analyze the extent, nature and the causes of financial exclusion among the tribes in detail. As far as the question of exclusion of banking is concerned the study has found that the only five percent of tribes have been excluded. This is perhaps due to the aggressive inclusion strategies that have been pursued by the banks under the direction of the RBI. It is interesting to note that the extent of banking exclusion is the least among the Kuruma tribe, a forward tribe and the most among the Paniya tribe, a backward tribe. Many household have opened their account for MGNREGS work (around half of the tribes have MGNREGS account) and only a little more than 25 percent of tribes have savings banks account. Understanding the impact of MGNREGS, the researcher went into measuring the extent of banking exclusion without MGNREGS account and found that 53 percent of tribes have been excluded from having bank accounts. This clearly underlined the importance of MGNREGS in making tribes banking included. Further, Paniya is the most vulnerable tribe as nearly 70 percent of them have been excluded without MGNREGS account. It does point out the fact that for a community like Paniya which has been historically
deprived of assets like land and still facing many socio-cultural issues, has had to rely on
government run programmes to become banking included. This pinpoints the relevance of
the interventionist policies of government. Although all categories of banks are
functioning in the area, most of the tribe households have opened accounts with the
nationalized banks. Regarding the reasons for taking accounts, more than half of the tribe
cited MGNREGS as the main reason. Interestingly, a little less than 30 percent have
opened account on their own decision. As far as the cause of exclusion from bank
accounts is concerned, most of the tribes have suggested that they own no account
because of reasons attributed to them (Self Exclusion).

Holding just an account does not matter unless they use it for different purposes.
Gauging into these aspects the study has found disappointing results. The tribes no longer
regard bank account as medium to save money, which is evident from the fact the most of
the tribes have only minimum mandatory balance in their passbook. Moreover, using the
ANOVA tests the study has found significant difference among the tribe communities
with regard to the balance kept in their accounts. While Paniya on an average keeps very
less amount Kuruma keeps comparatively better balance in the passbook. In the realm of
technical exclusion from the banks, the study has revealed that 93 percent of tribes do not
have ATM cards and among those who hold it, most of them have not used it even for
once partly because they do not know how to use it and partly they never feel the need of
using it. Another important facility that comes with a bank account is the chequebook,
and the present study has found that near about 94 percent of tribes do not enjoy this
facility. Looking at the alternative sources of saving the study has found that near about
60 percent of tribes prefer to keep money with them, and this tendency is more visible
among the Paniya whereas low in the case of Kuruma. Investing in chit funds has also
found to be popular among the tribes. The tendency of tribes to keep money with
themselves is a clear outcome of the lack of financial literacy.

The next aspect of financial exclusion the study attempted to focus was with
regard to the exclusion from the credit. Since access to credit is a prerequisite for one to
sail through the troubled waters of life, it is inevitable that there must be a mechanism to
provide adequate and timely credit at reasonable interest rates. Using the NSSO yardstick
of measuring indebtedness the study found that 47 percent of tribes have been excluded
from the credit market (both formal and informal) as against only 5 percent being
excluded from having bank accounts. Tribe wise analysis reveals that indebtedness is high among the Kuruma tribe whereas it is low among the Adiya tribe. Paniya and Adiya, two backward tribes, appear to have been ‘severely’ excluded from the credit market owing to their social and economic backwardness. As far as the source of indebtedness is concerned, the study found that more than 60 percent of tribes have been indebted to informal sources, which is a cause of worry. Further, the informal indebtedness has been found to be high among the Paniya and Adiya communities, which obviously is a repercussion of their socio-economic backwardness. The study has found that there is significant difference among the tribes with regard to their source of indebtedness. Cooperative banks have been the main source of indebtedness for tribe communities. As regards, the informal sources of credit majority of tribes relied on moneylenders, and the dependence on ‘relational source’ of informal credit has been found to be less. Tribes, despite the presence of banks and cooperatives largely depend on moneylenders for credit because moneylenders and tribes know each other very well, breaking the hurdle of ‘information barrier’ in the process of credit delivery (Llanto, 1989). The possibility of information asymmetry acts as a barrier between the banks and the tribes.

Regarding the use of credit, the study has revealed that relatively more percent of tribes borrow money to repay the current debt. This is nothing but a paradoxical situation of the ‘cycle of indebtedness’ which is an unabated problem found among the low income and disadvantaged communities (Bridges & Disney, 2004). The only solution to break this cycle is the transfer of real resources to the disadvantaged communities along with the strategy of making them included in the financial system. Next to the repayment of current debt, tribes have sought credit for meeting current household expenditure. Among the tribe communities it has been found that the Kuruma community uses comparatively less credit for current household purpose, which indicates the relative financial discipline that this community exhibit. Thus, tribal households appear to have been putting their credit mainly for unproductive purposes, which of course might have forced tribes to remain in economic backwardness for long periods. It calls for designing strategies to enhance the quality of credit offered to tribes.

Regarding the exclusion from the formal credit market, the study has revealed that around 80 percent of tribe households have been excluded from the formal credit market. Nevertheless, of these, more than 60 percent of tribes have been ‘passively excluded’
whereas a little more than 15 are ‘actively excluded’ (Sen, 2000). As regards the reason for not seeking credit from formal sources, the study has found majority of tribe households citing fear of refusal as the most prominent reason. Lack of collateral has also been suggested as the factor, which deters one from seeking formal credit. Interest rate appears to have played insignificant role in making tribe households averse to seeking formal credit showing that demand for credit from tribes is interest inelastic. Lack of collateral and the fear of refusal are cited to be the main reasons for not seeking formal credit by both the Kurichya and Kuruma tribes. The same is almost the case with Adiya and Paniya tribes. Another important aspect was the alternative source of credit for the tribes. Obviously, the majority of the tribal household regard knocking the door of moneylender as the best alternative source of credit notwithstanding all inconveniences and complexities associated with it. Next to moneylender is the ‘relational sources’. Borrowing from the current employers/shoppers is also prevalent among the tribes, which may lead to the situation of ‘un-free labour’ among tribes (Srivastava & Chaturvedi, 1989). Quite interestingly, a little less than ten percent of tribal household prefer to choose SHGs and ‘any other sources’ as the alternative source of credit. Interestingly, using the Chi-square analysis the study has found no significant difference among tribes with regard to their alternative source of credit.

After bank accounts and access to credit, the study considered the extent of exclusion of tribes from the insurance, a necessary financial service for social groups like the tribes who face intermittent shocks in income and employment. The study has found that nearly 40 percent of tribe household has been excluded from having insurance. The Chi-Square Test has shown than there is significant difference among the tribe communities with regard to the status of having insurance. The study further found that about more than half of the tribes have availed life insurance policies. The Paniya tribe mostly holds health insurance policies, which are mandatorily given by the government. As regards the insurance service providers, the presence of LIC has been widely felt in the study area owing to the work of agents among the tribe households. It is interesting to observe that frequent demand by agents and the mandatory requirement from the government are the two reasons, which have pursued tribes to avail of insurance. Moving to the exclusion of tribes from the pension system, the study has found that an overwhelming percent of tribes have been excluded. Tribes in the study area mainly receive agricultural labour pension, old age pension, widow pension and service pension
also. Interestingly, relatively more households from the Paniya tribe hold pension. This is because among the Paniya tribe the recipients of agricultural labour and widow pensions are relatively more. As far as the ‘any other pension’ is concerned which includes the service pension also more recipients are found among the Kuruma tribe.

Having discussed the extent of financial exclusion and the inter-tribal variation among the tribes the study has analyzed the influence of socio-economic-cultural factors on financial exclusion. For this, a four-degree financial exclusion has been developed: Fully Included, Marginally Excluded, Severely Excluded, and Fully Excluded. Based on this the study has found that around 28 percent of tribe households are fully included, 40 percent are marginally excluded, 28 percent are severely excluded and only around 4 percent are fully excluded. The study has revealed that Kuruma is the least financially excluded tribal community and Paniya is the most financially excluded tribal community. The most severely financially excluded community is Adiya while Kurichya is the most marginally financially excluded community. Using the Chi-square Test the study has also found that there is significant difference among tribe communities with regard to the degree of financial exclusion. Thus, it is obvious that the Kuruma community, a forward community, has gone much ahead of other communities in respect of access to financial services. Another forward tribe, Kurichya, has more marginally excluded households. It does mean that these two tribe communities have been freed from the problem of financial exclusion to a certain extend thanks to their better socio-economic position visa a visa with the backward tribes. In contrast to this, the Paniya tribe has more households being financially excluded and Adiya tribe has more severely excluded households from the financial system. In addition, what is to be born in mind is the fact that these communities have been deprived of basic entitlements for a long period which has naturally resulted in their exclusion from the financial system as well. Apart from this, considering the influence of NREGS on financial exclusion a degree of financial exclusion sans NREGS account has also been analyzed and found that 11.4 are then fully included, 23.4 percent are marginally excluded, 44.6 percent are severely excluded and 20.6 are fully excluded. Obviously, when the NREGS is taken out of the measurement of financial exclusion the percentage of fully excluded has gone up, showing the influence of NREGS in determining the financial inclusion/exclusion status of tribe households.
The study has found gender as significantly influencing the degree of financial exclusion among the tribes. For instance, while 83 percent of male head households have been fully included 94 percent of female-headed households have been fully excluded. The Chi-square Tests has also proved that there is significant association between the gender and the degree of financial exclusion. Like gender, marital status also has influence on the extent of the financial exclusion among the tribes. Regarding the ownership of land, the study has found that the mere ownership of land does not have any influence on the degree of financial exclusion whereas the size of land owned by the tribe households significantly influences the extent of financial exclusion. For instance, among those holding more than 2 acres of land, 60 are fully included and none is fully excluded whereas among those holding less than .05 acres of land only a little more than 24 are fully included and nearly 5 percent are fully excluded. The Chi-square tests have also proved that there is association between the size of land owned by the tribes and their degree of financial exclusion. Apart from this, the study has revealed that the land use pattern also influences the degree of financial exclusion. But, the housing characteristics of tribes viz. housing tenure and structure of the house has been found to be not influencing the degree of financial exclusion. Education has been proved an important factor determining the extent of financial exclusion among the tribes. The households having better educational attainments appear to have been mostly included in the financial system, and the Chi-square test done with this respect has turned out be significant at 5 percent level. Since skills are indispensable to be effectively and gainfully included in the labour market, the study has analyzed the influence of skill on financial exclusion and found that as skill improves the chances of demanding and possessing financial products enhances. Likewise, skill and education, income has undeniable importance in determining the extent of financial exclusion among the tribes. The study has corroborated that as the tribes moves to higher income ladder they appear to have possessed more financial products and freed from the problem of financial exclusion.

Unsurprisingly, the sector of occupation has influenced financial exclusion of tribe communities. Among those employed in the tertiary sector, majority are fully included. This stands testimony to the fact that movement of labour to the tertiary sector increases the possibility of having more financial products. The Chi-Square tests have also proved that there is association between the sector of occupation and the degree of financial exclusion among the tribes. Among the other labour market characteristics, the
formal/informal employment appears to have influenced the degree of financial exclusion. Among the formally employed more percentage of tribes are fully included while among the informally employed more tribes are marginally and severely excluded from the financial system. Nevertheless, it is evident from the Chi-square tests that farm/off farm employment does not appear to be influencing the degree of financial exclusion.

As regards the cultural factors influencing financial exclusion the study has considered the freedom enjoyed by the individuals in choosing education, job and in spending money. The study has found that the above said three kinds of freedom have significantly influenced the degree of financial exclusion. With regard to the other two cultural attributes viz. the source of food and type of cooking fuel used, while there is no influence as far as the former is concerned the latter appears to be influencing the degree of financial exclusion among the tribes. Regarding the family system of tribes, the study has found that this has significant influence on the degree of financial exclusion. The study has also revealed that 63 percent of tribes have membership in SHGs. It has been found that there is association between the SHG membership and the degree of financial exclusion. As far as the participation of tribes in NREGS is concerned, nearly 73 percent of tribes are working under the NREGS, and NREGS has significant influence on the extent of financial exclusion.

8.3 Conclusion

To sum up, it is evident from the study that the problem of financial exclusion prevails among the scheduled tribes. Most of the tribal households have been ‘severely’ and ‘marginally’ excluded from the financial system. Moreover, there exists inter-tribal variation in financial exclusion among the tribe communities that have come under this study. Kuruma and Kurichya, the forward tribes, have shown better condition as far as the access and use of financial services are concerned compared to Paniya and Adiya, the two backward tribes. The study has found that the problem of financial exclusion is closely associated with the socio-economic and cultural characteristics of tribes. Largely these characteristics have alienated them from land and other means of production, which have exchange value in a market economy. Any inherent skills or capabilities they posses did not seem to have any exchange value and hence they continued to be excluded from the mainstream. Looking from this point of view, the current drive towards financial
inclusion appears to be a ploy of the market to integrate them to the consumer market through the purchase of their labour power and marketable skills.

Another disheartening thing is that although most of the tribes have been ‘banked’, they appear not to have been using the banking services on expected lines, a case of ‘unfair inclusion’. They hold bank accounts irrespective of whether they demand it or not. Since socio-economic variables influence the problem of financial exclusion, it is imperative that the solution lies in real resource transfer to the tribes so that they can be empowered to demand financial services. What is going on now is a supply side institution led financial inclusion strategy, which ends with just giving a bank account to the tribes without equipping them with assets and empowering them with skills. More perplexing is what the tribes would do with the account if they have no resources to be transacted through the account. Thus, the supply side institution led financial inclusion strategy does not appear to be sustaining in many ways. The tribes must have resources including land and skills to demand financial services, and there should be transformation in their occupational structure, which is now predominantly primary sector oriented giving them little ‘surplus’ to engage in the financial sector. Hence, it calls for addressing the real economic problems of tribes through the fair distribution of land and building up of skills necessary to adapt them to the emerging labour market, before attempting to bracket them as the financially included by way of opening an account.
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Works Cited


