

**Relevance Of Implementation Of Financial Inclusion Among Tribal Groups
Of Jharkhand: A Study On Paharia Tribe**

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Abstract:

Tribal are the aboriginals of a nation. They are the closest to soil people yet neglected in many ways. Few of the tribes do not prefer to get civilized; they keep themselves away from the modernization to preserve their originality and thus suffer many bottlenecks in daily life. On the other hand, majority of the tribes have opened up and so they have tasted the glimpse of the development and have learned the ways to make live easy living. They are being taken special care and attention for the purpose of their development. One of the main pillars of development is economic or financial development of the nation and the individual citizen of the nation. Access to financial assistance whenever needed is thus their key requirement. But for a country with large population, people from various economic level, different community and mindset it is challenging to provide individual assistance. Hence Initiative was taken to find a way where everyone can avail and access the opportunity as well as providing assistance will be streamlined. Such initiative was referred as Financial Inclusion.

The concept of Financial Inclusion is to provide equal opportunities to each and every citizen to access and receive the benefits of financial services. Government has taken Initiative to include majority of population into this Financial Inclusion program. In 2005, V.G Reddy, the then Governor of India, first proposed this concept of financial inclusion, soon it caught momentum and with dedicated pilot campaign to build awareness and motivate the general people. India has successfully achieved 100% financial inclusion in Himachal Pradesh, Kerala and Puducherry, Other states also excelled in the process. But the actual success of any program is accessed when it is observed in ground level. Whether they actually receive the benefits or its just they have bank account is questions to ponder. Tribal groups, specifically primitive tribes of Jharkhand, have very low literacy rate thus it is very tough for them to understand the importance of this important concept. This study focuses on one such tribe where people of the tribe do have bank account but hardly aware about the benefit and ways to access the financial services, though they are entitled to receive benefits. Thus, an attempt is made to access the success or relevance of the implementation of financial inclusion in this paper.

Keywords : Financial Inclusion, PGT, Paharia, Development, Tribal groups, Schemes, Financial Instruments

Introduction:

Modernization have yet not being able to touch a segment of people among Aborigines. These aborigines are the native people and are also known as Tribal people. There are nearly 705 tribal groups, referred as Scheduled Tribes by government, found in India with total tribal population being 10.43 crores [1]. Out of 705, 75 tribal groups are regarded as PVTG (Primitive Vulnerable Tribal Group), characterized by economic backwardness, geographical isolation preferably live in hills or forests etc, persisting primitive characteristics and nature, resistant to change or accept modernization, stringent in preserving their own distinct culture, low literacy rate and declining population[2]. These PVTG people are most of the times deprived of the benefits of schemes made available to the tribal groups at a large. The main reason behind this is the ignorance of the PVTGs and the developed tribal groups draw out the majority of the fund. Jharkhand has quite a good section of PVTGs (Fig. 1). This paper focuses mainly on one such PVTG namely Paharia (Sauda Paharia) [3].

One of the main pillars of development is economic or financial development of the nation and the individual citizen of the nation inclusive of these PVTG people. Access to financial assistance whenever needed is thus they key requirement. Availability of loan for generating new source of income or financial assistance to maintain the present income, Financial assistance to acquire modern technology and machinery etc are few examples where people gets benefited when they have access to financial assistance from Government. But for a country with large population, people from various economic level, different community and mindset it is challenging to provide individual assistance. Thus, government takes initiatives to develop schemes and float them targeting the general people. Government is well aware about the conditions of the Tribal communities; hence take special attention in their development by providing specific financial schemes and assistance for them. Hence Initiative was taken to find a way where everyone can avail and access the opportunity as well as providing assistance will be streamlined. Such initiative was referred as Financial Inclusion. This paper tries to give a glimpse of how relevant the implementation of Financial Inclusion is among one of the PVTG segment: Paharia.

Objective of the study:

The broader objective is mainly to portray the condition of a particular section of community and draw attention towards them and find ways for their financial development through financial inclusion.

- ✓ To understand the Financial Inclusion concept, instruments, schemes
- ✓ To throw light on schemes pertaining to tribal section specially targeting PVTG
- ✓ To understand their financial background along with literacy and other aspects
- ✓ To assess the awareness of Paharia people about financial schemes available
- ✓ To identify the gap and reason out, where financial inclusion failing among them
- ✓ Suggest recommendations for creating effective awareness and development of this tribe

Financial Inclusion, Instruments and other development schemes:

Financial Inclusion is considered as a global indicator of development. For a nation, maximum financial inclusion seals major societal well-being, development and progress. The enthusiasm of spreading banking among general people for their benefit began in India since nationalization of banks in 1969 and 80's but to reach out to masses was started since 2005 by the government. In 2008, Dr. C.Rangarajan coined the importance of the Financial Inclusion and put forward policies, steps, objectives, relevance and definition of the same.

Financial Inclusion is defined as “the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. The main aim is to provide financial services to every individual and household. The financial services are depicted in the figure below :

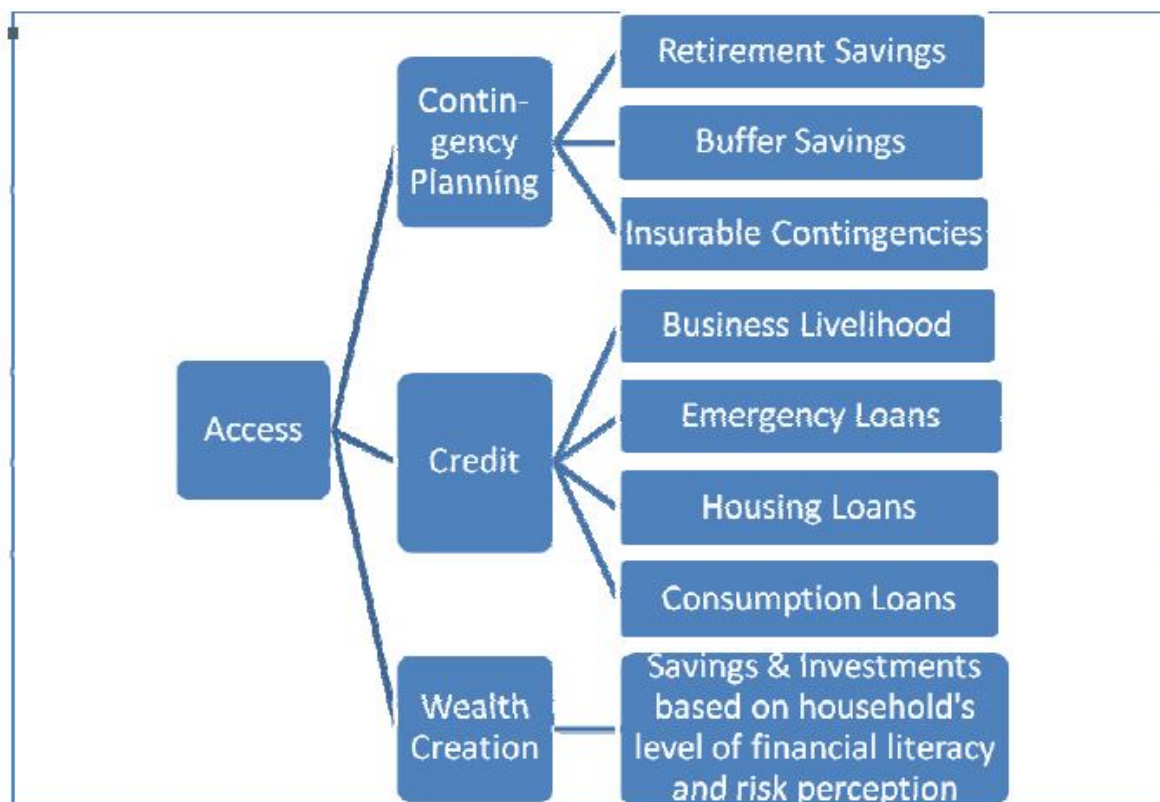


Fig.1 (Financial services access)

The felt need of financial inclusion raised by C.Rangarajan committee was based on the fact that financial exclusion was prominent in agricultural sector. Merely 27% of farmer household can avail formal credit sources and 73% of farmer households lack to access the formal credit sources and overall nearly 51.4% of farm households could not access credit facilities from both formal and informal sources [4][5]. Financial exclusion has a negative cascading effect on the economic progress of nation. Thus it was essential to reduce the exclusion to a large extent for betterment in the future.

After decades of independence with so much development and advancement in every sphere of the nation, still nearly 40% of people are not having bank accounts and is deprived of basic financial services and assistance. Thus the financial inclusion initiatives were taken towards bridging the gap between all sections of people in terms of financial services. The initiatives are thus as follows:

- Basic Savings Bank Deposit Accounts (BSBDA) – this was primarily aimed to bring the low income groups under the banking sector and creating a banking habit. The key

elements of BSBDA are any person above age 10 can open an account with nil or less amount as deposit but with a KYC form. Services by the bank are free like cheque book, ATM etc.. Apart from BSBDA there is BSBDA –Small account (BSBDAs) for them who do not have KYC. There are other benefits as well [6].

- Use of technology in banking operations. Making it a click away.
- Opening bank branches in different rural areas including and focusing on villages.
- Recruiting banking facilitator and business correspondents for helping people who are not accustomed to banking operations.
- Providing license to Payment banks etc [7].
- Relaxed KYC norms
- Creating Financing Literacy centers
- Encourage Initiatives like training in dairy farming, rural crafting etc.
- Giving scope and assistance for self help groups etc.
- Keeping track on over all process.

The major objectives of financial inclusion are:

- To provide financial services and products such as deposits, fund transfer services, loans, insurance, etc. at economic price
- To build and maintain financial sustainability to ensure the less fortunate people have certainty of funds.
- To have competitive practice amongst institutions to offer financial assistance in affordable rates to help the customers receive at best price and have ample options.
- To increase awareness and financial literacy about the benefits of financial services among the underprivileged sections of the society with low economic stability.
- To create customized financial products and solutions suitable according to the need, preference etc of the underprivileged people of the nation.
- To bring in digital financial solutions for the economically weak people of the society.
- To introduce mobile banking & financial services in order to reach the poorest people living in extremely remote areas of the country.

Based on these objectives government have tailored different schemes specifically for the weaker section of the society. Out of which Credit Enhancement Guarantee Scheme and Venture Capital Fund for Scheduled Castes are solely meant for the tribal economic stability. The financial Inclusion Schemes are as follows [8]:

- Pradhan Mantri Jan Dhan Yojana (PMJDY)
- Atal Pension Yojana (APY)
- Pradhan Mantri Vaya Vandana Yojana

- Stand Up India Scheme
- Pradhan Mantri Mudra Yojana
- Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- Sukanya Samridhi Yojana
- Jeevan Suraksha Bandhan Yojana
- Credit Enhancement Guarantee Scheme (CEGS) for Scheduled Castes (SCs)
- Venture Capital Fund for Scheduled Castes under the Social Sector Initiatives
- Varishtha Pension Bima Yojana (VPBY)

Financial and socio-cultural background of Paharia Tribe :

One among the few primitive tribal groups in Jharkhand is the Saudiya Paharia, the paharia adivasis. The tribal groups are in generally called Adivasi, since 1930 [9]. The term means ancient residents. These Primitive groups and other tribal people are those who dwelled in the soil of the nations from a very old era. Thus their culture, conducts, rituals, beliefs, social status, social rules and norms are far different from other mainstream people. They basically prefer to dwell in the hilly areas or isolated areas far from modern civilization. This distance has made them remain close to nature but far from development. They hardly have any progressive mentality and are not aware of the modern world. Paharia tribe, the primary subject of this study, is one of such segment who are far from civilization.

The name Paharia came from their way of existence, they majorly live in the hilly areas of Sunder Pahari, Rajmal hill areas. Many of them if search of food, though have descended from the hills and live in plain lands near the hills. Previously they were mainly hunter gatherers. As time passed they got themselves into fishing, wood collecting, seeds trading and shifting cultivation. They have also tried hands on cultivating vegetables potato and other leafy vegetables. These cultivations are majorly for their consumptions. The things that they presently trade at local markets which occur once a week in a distant place are seeds, woods, handicrafts like mats etc. Economically they are quite weak, their average earning per month is Rs. 100. The more they live near hills the more economically they are down. In few areas they trade with the travelers as well. This includes trade with commodities, food and even prostitution at times.

In general they are of shy nature and follow strict rules to not go beyond their community but very few of them got married in other communities but the groom has to stay with them in their community. They are the deprive section of the society in many ways as they have high resistance to change and people from urban areas and other areas. The literacy rate is very low thus they are easy to be exploited by fraudulent people and local money lenders. This community is mainly women driven. The food habit, presently observed is very poor, Rice being the staple food with potato and leafy plants and wild fruits are in their diet. They do not even meet up the daily calorie requirement of the rural calorie standard. They majorly suffer from malnutrition,

arthritis, malaria, body pains, etc. They still believe in their own herbal medicines but again they do prefer to visit doctors at emergency and take medication.

As paharia tribe is low in literacy and earnings all the awareness programs and other initiatives do not have any impact on them. They solely focus on availability of food for themselves. Thus this becomes very challenging for the government to get them financially included. Though many programs run and they avail majorly the Mamta Bahan pariseva during child birth as they get money out of it.

This being the background of the tribe the study was conducted to assess the actual scenario of financial inclusion in few villages of Boarijhore Block of Jharkhand , where majority of sauriya paharia resides.

Research Methodology:

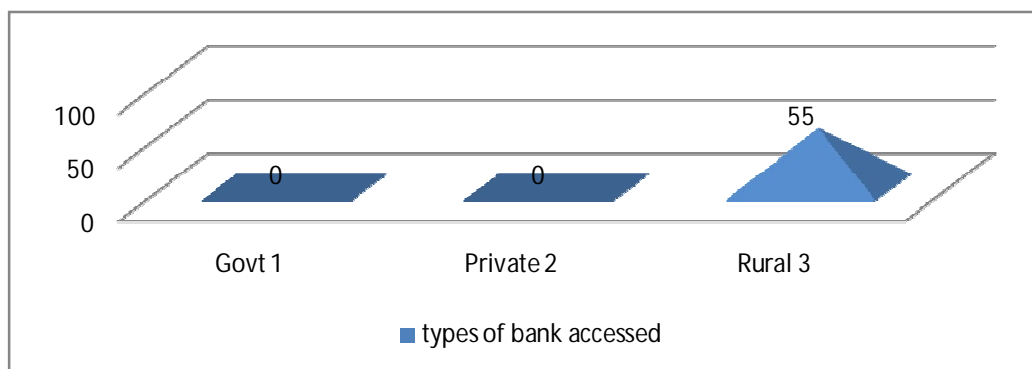
The study has been conducted on 6 villages of nearly 7 -10 houses from the block Boarijhore in Godda District of Jharkhand where majority of Sauriya Paharia resides. Godda is an important part of Jharkhand due to coal mines in Rajmahal Hills in Lalmatia area. Total population of Godda district is 1311382, the block Boarijhore has schedule tribe population as 67590 where 30 different tribes are recorded. Out of them Paharia tribe has total three types Mal Paharia, Pahariya and Sauria Paharia . Our study is on Sauria Paharia having population of 5698. Godda was marked as the most backward district by Indian Government and ranked as 250 out of 640 and thus receives grants from Backward Regions Grant Fund Programme (BRGF)[10].

The Godda district consists of 9 blocks or Mandals out of which 2 blocks are inhabited widely by Sauriya Paharia Tribes along with others. One among those two is Boarijhore. The villages studied were Talbaria, Anamu, Kasamu, Bador, Chhota Boarijhore, Dobri. The primary data was collected through survey with structured questionnaire containing 14 questions on financial knowledge and awareness. To derive more information and better understanding interview was also conducted. The language they speak is Malto [11] thus an interpreter was arranged from a NGO – Sathee, who works in those areas to aid communication. The Secondary information was collected from different websites.

Data Analysis:

The basic financial condition of Paharia tribe is very challenging. During survey they communicated their income varies between Rs.150 to 250 per month. It is highly difficult for them to maintain livelihood and save money at the same time. Along with that they have a very low literacy rate which in-turn pose hindrances in availing or understanding the schemes available. This segment portrays their general saving habits, and access to financial inclusion instruments.

1. Bank account access

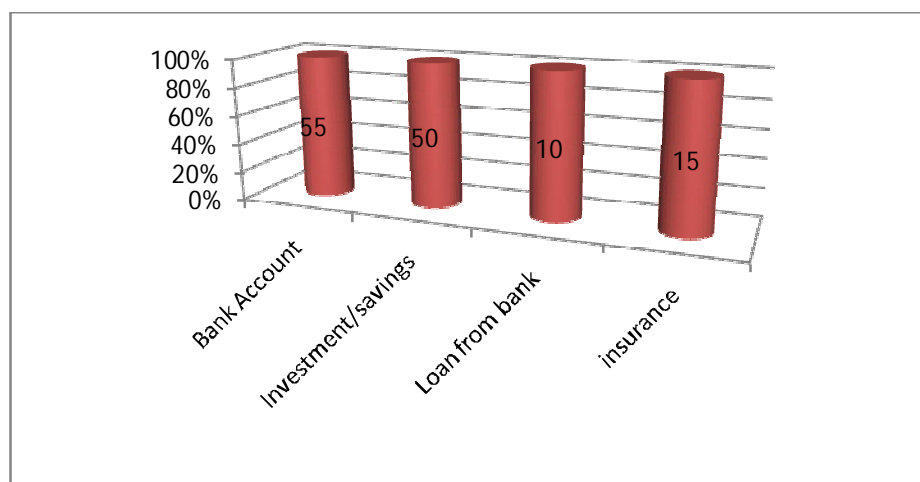


(Fig. 1 Percentage of people visit different type of banks)

Interpretation-

It is observed in the survey that there is only rural bank operating in that area which is approximately 7 kms away from the villages surveyed, as reported by the villagers. Even being far, 55% of people access the rural bank and have account.

2. Awareness and accessibility of basic financial instruments

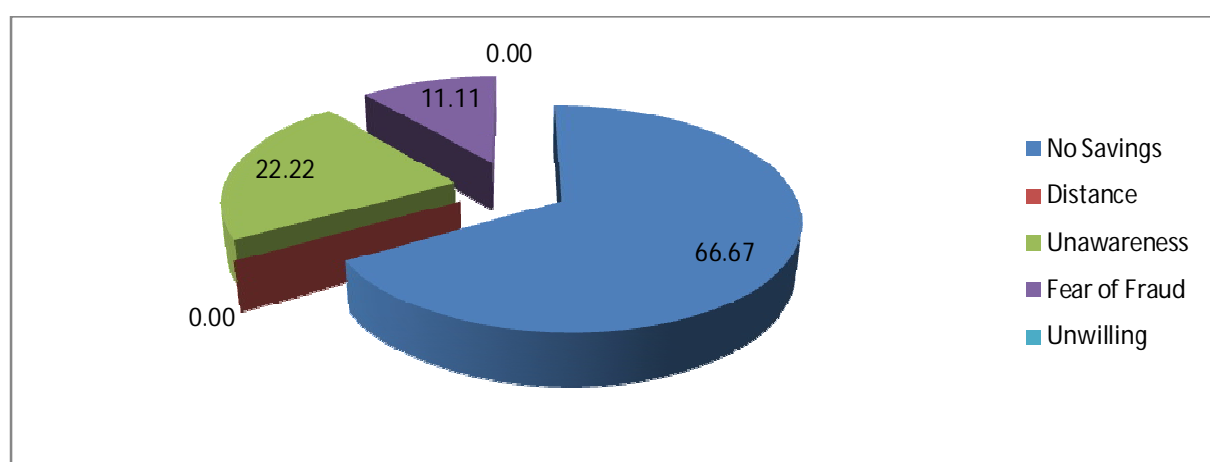


(Fig.2.1 Percentage of people access and aware of financial instruments)

Interpretation –

55% of paharia tribals are aware and understands the meaning of bank functions. 50 % of them are aware of the meaning of investment and savings. Very few of them understand bank loans and insurance.

3. Reasons for lack of awareness and accessibility of basic financial instruments

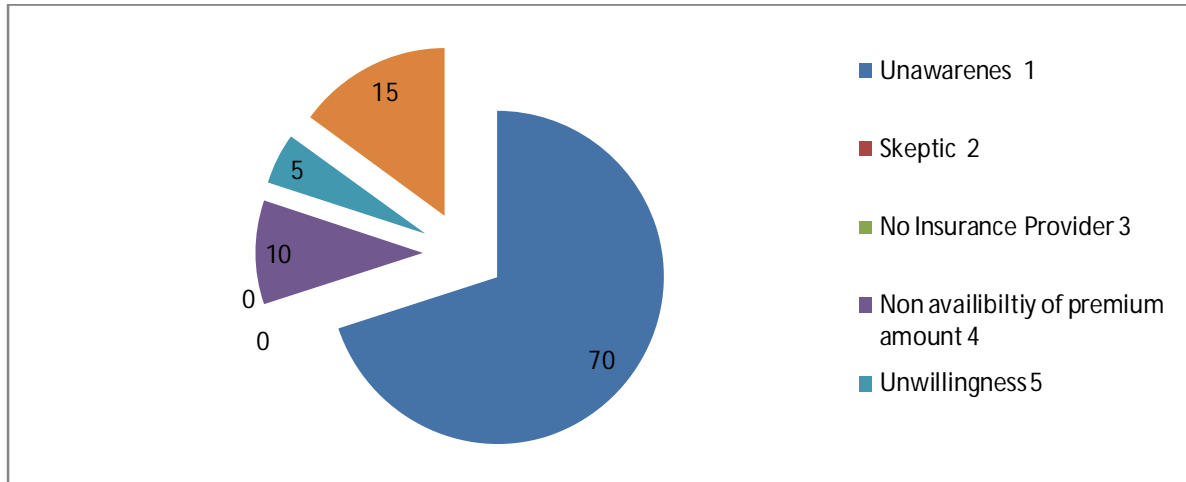


(Fig.- 3 Reasons for failing access of Financial Inclusion Instruments)

Interpretation –

From figure 3 the reasons behind not accessing Financial Inclusions are, 1st they don't have money to save i.e. no savings amount. Secondly, they are unaware about the concepts of financial services, benefits and its actual functioning and how much credible they are i.e. 22.22%. The fear of being cheated is another prominent reason i.e 11.11 %.

4. Insurance policy penetration

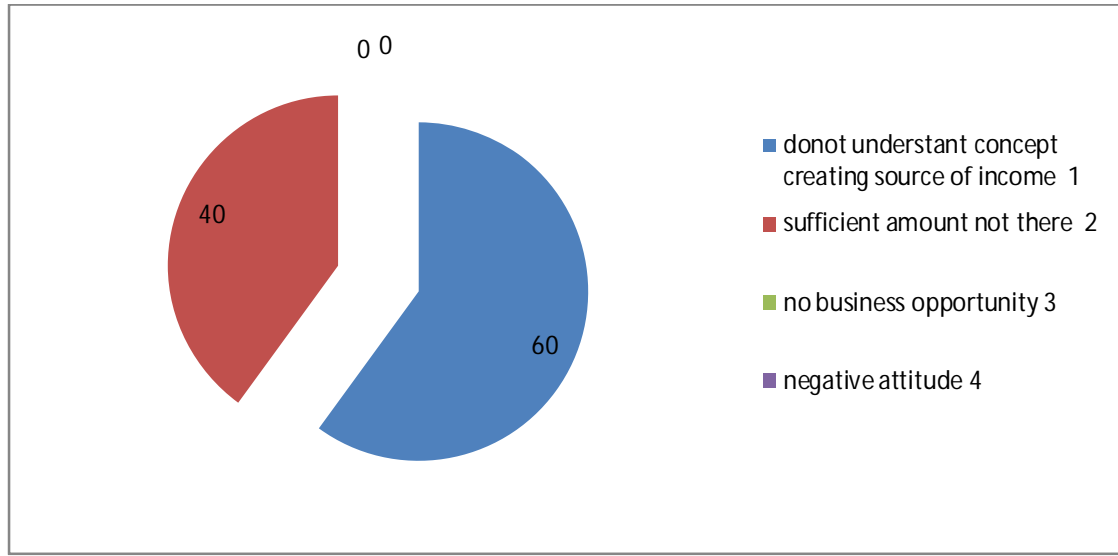


(Fig. 4 Reasons for no insurance policy)

Interpretation –

The major reason for failure in insurance penetration, among Paharia tribe, is unawareness. Being detached from outer world and low educational background, they do not get necessary information about insurance and its benefit. Even many educated people lack the knowledge of insurance. 70% of them support unawareness and lack of understanding as the reason. 10 % of them reasoned lack of steady income to take insurance policy. The fear of fraud is the reason for 15% of them. 5% of them are unwilling to not only get insurance done rather to merely know the concept.

5. Provision for Bank loan and creating source of income

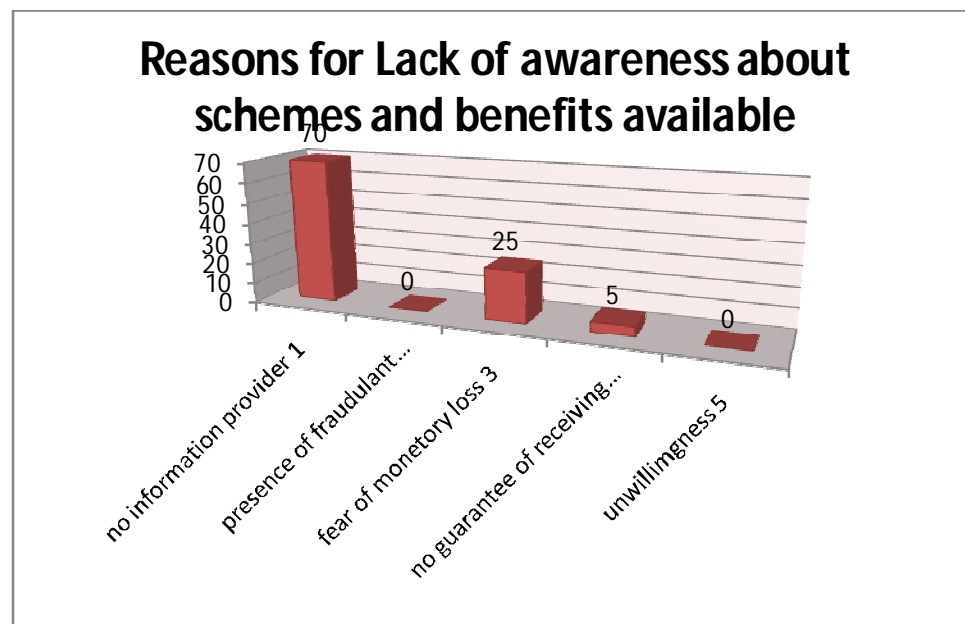


(Fig. 5 Reasons for not accessing bank loan)

Interpretation –

Availing bank loan for creating a source of income is quite helpful to improve financial condition. Governments float different schemes in this genre to assist the needy. In buying live stock or opening shop or retailing of any product or setting up small scale industries the bank loans are beneficial. But is it found that 60 % people in the village have no understanding of the concept and benefits and also how to avail it.. Other 40 % who at minimum understands do not have sufficient do not have fund to think about a greater earning source. Negative attitude toward it due to lack of knowledge and education made them deprived of the benefits. They fear any novelty.

6. Lack of awareness on Financial schemes and benefit



(Fig. 6 Reasons for lack of awareness about schemes and benefits)

Interpretation –

Different financial schemes are floated in order to provide assistance to the economically weaker section to include them in accessing financial services as per financial inclusion motto. Despite the efforts and programs, many people are still excluded from the system. Lack of awareness is the main reason and also low literacy rate. Paharia tribe being backward and far from mainstream world, has nearly no understanding of the schemes and benefits. 70 % of the people opine that there is no information provider who can be trusted and can provide information. Following this other two reasons as stated are monetary loss and no guarantee in receiving benefit, since they do not get full information and transparency about the process they lack the trust. For them monetary loss is a crucial factor.

Findings :

From the above analysis and interview during survey, it is found that:-

- The Financial Inclusion Rate among Paharia tribe is less.
- The main reasons for this are – lack of education, fear of being exploited, trust issue, lack of credible information provider, lack of financial base made their thoughts restricted to daily survival.

- As per interview during survey many of them opines that educated people from cities cheated them monetarily. They assured them to help them get some benefit given the government if they give certain amount to register their name.
- Fake people have approached them as persons in charge for the schemes and have provided misinformation
- Many times benefits do not reach them directly.
- The numbers of programs that are supposed to happen in the village, do not take place.
- Despite having such cheap insurance schemes, specially targeting weak section, available by the government they do not have any idea about it. They generally fear this. Lack of information is making them far from deriving benefit.
- At times officials behave in biased way towards them. They are not listened to while other educated persons are given priority.
- Distance of the bank makes them reluctant to visit it.
- Sheer poverty and lack of money make them vulnerable to lucrative offers made by moneylenders as they get cash easily from them.
- Lack of patience and unwillingness to understand financial terms and tools and benefits.
- Fall prey to manipulative individuals easily and trust them with money for getting a scheme benefit which is actually free for them.

Recommendation:

To actually make the financial inclusion relevant in practical among this section of people the following measures needs to be taken.

- Improve the literacy rate by opening free quality school at each village with teachers who will not only teach kids but also will voluntarily contribute to develop the village.
- To diligently conduct programs on financial awareness by people of their community, if possible, or by efficient persons who will ensure easy understanding of the financial aspects and benefits.
- To conduct programs to make them aware how to differentiate between accrual government initiatives and employees and other frauds.
- If possible, initially, to get them into habit of saving aiding them with grants such that they can have few amount excess after, at minimum, accessing food and basic needs.
- Providing them easy access to ideas and assistance regarding cattle farming, honey making i.e. skills that they are used to with.
- To draw their attention towards school and programs free food should be provided.

- Above all there should be a team of government officials responsible for each village , who will supervise the effect of such programs periodically and if needed may be capable of changing strategies.
- This section should not be treated as outcasts rather a very potential resource and thus nurture them in such way.

Conclusion :

From this paper it is well understood that the exact implication and relevance of Financial Inclusion is not yet prominent in many sectors of the society at large. In many areas it is merely in white and black. Paharia Tribe is an example of such area where it has not infiltrated in true sense. Many other tribal areas are prevalent, which was not considered in this study, if studied more vivid picture of the relevance of Financial inclusion would have been received.

In this world of kinesis, development and nurturing is required in every segment in every stratum. Financial Inclusion is one such tool that can help in bringing about this change in much less times with higher effectiveness. Not only the responsibility lies with the government but also the general people, different NGOs etc should come forward to voluntarily participate in making the financial inclusion concept relevant for every one across the nation.

Limitation and Future Scope:

To study this kind of primitive tribe is quite challenging due to firstly, their location inaccessibility. They preferably stay in isolated areas which are in general tough to explore fully. Secondly, they put an invisible barrier around for the strangers, which is tough to penetrate. They generally have trust issues with people from outside their community and do not want to open up their minds and respond to questions. Thirdly, language is one of the major hindrances. This study had solely considered one particular block and few villages, more insights can be drawn if the area of study is broadened and even crosses boundaries of Jharkhand. Time was a factor, more vivid study calls for more days to spent with them and observe them closely if possible.

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