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A Study on Financial Inclusion among Tribal People of Chhaygaon Revenue Circle, Kamrup

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Abstract

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. Despite India boasting economic growth rates higher than most developed countries in recent years, a majority of the country's population still remains unbanked. Financial Inclusion is a relatively new socio-economic concept in India that aims to change this dynamic by providing financial services at affordable costs to the underprivileged, who might not otherwise be aware of or able to afford these services. Global trends have shown that in order to achieve inclusive development and growth, the expansion of financial services to all sections of society is of utmost importance. Tribal people constitute a vast majority of financial excluders in the country. Out of total population in Kamrup District of Assam 12% ST People(as per Census 2011).Such access is especially powerful for the tribal groups as it provides those opportunities to build savings, make investments, deposit, loan, bank overdraft facilities, and awareness. The study has tried to investigate the status of the financial inclusion of tribal people in Chhaygaon Revenue Circle.

Keyword: Financial, Service, Inclusion, Savings, Economic.

1. Introduction: Financial inclusion is a concept of making available banking/financial services to a vast section of low income groups and weaker section at a affordable price. It means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. Access to a transaction account is a first step toward broader financial inclusion since it allows people to store money, and send and receive payments. Financial access facilitates day-to-day living, and helps families and businesses plan for everything from long-term goals to unexpected emergencies. As accountholders, people are more likely to use other financial services, such as credit and insurance, to start and expand businesses, invest in education or health, manage risk, and

weather financial shocks, which can improve the overall quality of their lives. Financial inclusion is important priority of the country in terms of economic growth of the society.

Definition of Financial Inclusion: Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by cost in a fair and transparent manner by mainstream Institutional players.(RBI Definition) According to UNITED NATIONS, "A financial sector that provides 'access to credit for all "bankable" people and firms and to savings and payments services for everyone. Inclusive finance does not require that everyone who is eligible use each of the services, but they should be able to choose use them if desired.

There is a long history of financial inclusion in India. It has traditionally been understood to mean opening new bank branches in rural and unbanked areas. Nowadays, however, financial inclusion is seen to be something more than opening bank branches in unbanked areas to take formal financial services across the length and breadth of the country. As per census 2011, 58.7% households availing banking services in India. The expansion of the horizon of financial inclusion can be done through various initiative needs to be taken by banking system, financial regulators and government.

Some of Regulatory steps taken by RBI in this regard-

- Basic Savings Bank Deposit Account (BSBDA); where no requirement for minimum balance and no limit on the number of deposits while restriction on withdrawal to 4.
- Relaxation in KYC guidelines.
- Use of extensive technology in Banking.
- Opening of branches in unbanked rural area.
- Licensing of differential banks like payment Bank and Small Bank.

As on 30th September, 2016 a total 1,38,850 branches of commercial Banks are functional which includes 2,257 branches in Assam.(Source: RBI)

Some of the Schemes Launched by Government of India to promote financial inclusion is:

- PMJDY(Pradhan Mantri Jan Dhan Yojana)
- Pradhan Mantri Suraksha Bima Yojana
- Pradhan Mantri Jeevan Jyoti Bima Yojana.
- Atal Pension Yojana
- Kisan Credit Card(KCC), etc

As on 28th October 2015, a total of 19.02 crore accounts have been opened under the PMJDY

Benefits of Financial Inclusion:

- It offers potential for increasing banking business by bringing more and more customers to bank.

- It seeks to improve the standard of living of vast majority of poor persons.
- It enhances the number of bankable customers.
- It can bridge the Urban-Rural divide.
- It boosts the growth of banking business.

1.1 Review of Literature: Achintan Bhattacharya (2011) has considerable the study argues in favour of revenue generating bank led model of financial inclusion simply because once the basic business issues are addressed, it is expected that banks will themselves discover the golden path that tend to converge with the Government's objectives of Inclusive Growth while conforming to the prudential guidelines of reserve bank of India. It is also suggested to evolve not only a delivery model with a long term perspective, but also an economically viable revenue model for financial inclusion married holistically to the overall business plans of banks, priced in the same way as infrastructure pricing is done for the products which are custom made for the poor with in-built risk mitigating, livelihood enhancing measures, and, as the case may be, particularly for micro-loans, based on joint liability instead of collateralized legal procedures.

Mandira Sarma (2012)⁵ in his study revealed that the promotion of an inclusive financial system is a policy priority in many countries. While the importance of financial inclusion is widely recognized, the literature lacks a comprehensive measure that can be used to calculate the extent of financial inclusion across economies. This dissertation attempts to fill up this research gap by proposing a multidimensional index of financial inclusion.

Dr. Prasanta Sarmah and Dr. Horen Goowalla (2014) in their study "Financial inclusion on daily wage earners in tea Garden of Assam: Challenges and Remedial Measure" concluded that financial inclusion has made inroad among the daily wage earners of tea industry. The pace or speed of inclusion may not be a robust one but a humble beginning is made which is bold, powerful and purposeful. Most of the tea gardens are located in remote places and the distance to the nearest bank is one of the major hurdles to these workers to reap the benefits of financial inclusion.

Mr. C. Annamalai (2014) in his study "Awareness of financial inclusion in tribal people in Dharmapuri District" stated that the financial inclusion awareness of tribal people community region after its implementation, through the scheme had a strong social mission of financial inclusion, the mission had not been fully translated into satisfactory action on the ground that the scheme was not fully included. Still half of the tribal people not getting awareness of banking services specially.

Nishi Borgohain (2016) in her study "Financial Inclusion in Assam- An overview" stated that Assam has performed poorly in comparison to India the extent of financial inclusion and the survey data and statistics of banks/other institutions on various dimensions of financial inclusion while expose some significant aspects of the success/failure of financial inclusion drive, when seen individually these fail to give a wholesome picture. Overall, empirical evidence indicates not only limited financial access but also unequal access across households.

1.2 Objectives:

The objectives of the study are:

1. To find out the extend of financial inclusion among the tribal people of south kamrup.
2. To study the banking habit among the people
3. To examine the awareness level of tribal people about financial products and services.
4. To identify the major sources of information about financial products and services.

1.3 Scope of the Study: The study explores to the intensity of financial inclusion among tribal people. The target group includes unemployed/house wife, agriculturalists, Government employees, Non –Government employees and people engaged in business. Banking habits and awareness about financial products and services come within the purview of the study. The target groups are tribal people residing in Chhaygaon Revenue Circle in Kamrup District.

1.4 Research Methodology: The study was carried out as a descriptive one. Both primary and secondary data are used for the study. In order to collect the primary data, a convenient sampling method was followed. Primary data are collected from a sample of 80 respondents belonging to different occupational groups of tribal people residing in Chhaygaon Revenue Circle by administering a structured questionnaire. Secondary data which are used for the purpose of analysis are taken from various published sources of books, journals, newspapers, various websites and other related publications.

1.5 Significance of the Study: Despite India boasting economic growth rates higher than most developed countries in recent years, a majority of the country's population still remains unbanked. Financial Inclusion of tribal people of rural area is a comparatively low. Global trends have shown that in order to achieve inclusive development and growth, the expansion of financial services to all sections of society is of utmost importance. Empirical evidence shows that Financial Inclusion leads to Economic Growth. To have an inclusive growth we need to bring the under-developed regions of the country at par with the developed regions

The present study is useful to find the banking habit of tribal people and awareness level of tribal people towards various financial products and services. Further, researchers can use this paper in order to carry further studies which will bring into light of different new dimension.

1.6 Limitation of the Study:

The study undertaken by the researcher suffers the following limitation:

1. The sample taken for the study may not be true representation of the population.
2. The study has been conducted during a very short span of time.
3. The results may vary according to the opinion expressed by the respondents
4. The study is restricted to Chhaygaon Revenue Circle of Kamrup district.

2. Analysis and Interpretation of Data:

2.1. Respondents having Bank account

| Sl. No. | Bank A/C | No. of Respondents | Percentage |
|---------|---------------------|--------------------|------------|
| 1 | Having Bank A/C | 72 | 90 |
| 2 | Not Having Bank A/C | 8 | 10 |
| 3 | Total | 80 | 100 |

Source: Primary data

The table shows that out of 80 respondents 72 respondents have bank account. And only 8 respondents do not have bank account.

2.2. Type of Bank Accounts Preferred by the Respondents:

| Sl. No. | Bank A/C | No. of Respondents | Percentage |
|---------|--------------------|--------------------|------------|
| 1 | Savings | 72 | 80 |
| 2 | Recurring | 12 | 13 |
| 3 | Time/Fixed deposit | 6 | 7 |
| 4 | Total | 90 | 100 |

Source: Primary data

Note: One respondent can have more than one type of bank account at a time

It is clear from the table that majority of the respondents (80%) prefer Savings Bank Account because of easy convenience. Followed by 13% of the respondents prefer Recurring Deposits. 7% of the respondents like to invest their funds in Time deposit.

2.3 Savings Habit of the Respondents:

| Sl. No. | Category | No. of Respondents | Percentage |
|---------|--------------|--------------------|------------|
| 1 | Yes | 32 | 40 |
| 2 | No | 48 | 60 |
| 3 | Total | 80 | 100 |

Source: Primary data

It was found that 40% of the respondents save money, 60% of the respondents said that they don't have enough money that can be saved.

2.4. Reasons for opening a bank account

| Sl. No. | Reasons | No. of Respondents | Percentage |
|---------|---|--------------------|------------|
| 1 | For receiving the remuneration of MGNREGA Programme | 18 | 25 |
| 2 | For making deposits and availing loans | 32 | 44.44 |
| 3 | For getting any subsidies from Govt. | 10 | 13.89 |
| 4 | For receiving scholarships | 10 | 13.89 |
| 5 | Others | 2 | 2.78 |

| | | | |
|---|--------------|-----------|------------|
| 6 | Total | 72 | 100 |
|---|--------------|-----------|------------|

Source: Primary data

From the above table it is found that 25% respondents have opened their bank account for receiving remuneration of NREGA programme, 44.44% respondents opened their bank account for making deposits and availing loans, 13.89% for receiving scholarship, 13.89% for getting subsidies and 2.78% respondents for other reasons opened their bank accounts.

2.5. Respondents having savings Avenues other than Bank:

| Sl. No. | Category | No. of Respondents | Percentage |
|---------|--------------|--------------------|------------|
| 1 | Yes | 31 | 38.75 |
| 2 | No | 49 | 61.25 |
| 3 | Total | 80 | 100 |

Source: Primary data

It is clear from the table that 38.75% respondents have other savings avenues other than bank. Majority of respondents do not have other savings avenues other than bank.

2.6. Avenues of savings other than banks of the respondents

| Sl. No. | Avenues | No of respondents | Percentage |
|---------|---------------------|-------------------|------------|
| 1 | Post office savings | 14 | 37.84 |
| 2 | Life insurance | 15 | 40.54 |
| 3 | Mutual funds | -- | -- |
| 4 | Others | 8 | 21.62 |
| 5 | Total | 37 | 100 |

Source: Primary data

Note: One respondent have more than one avenues of saving other than banks at a time

From the table it is clear that majority of the respondents prefer Life insurance as an avenue of savings other than banks. 40.57% respondents prefer Life insurance as an investment. Post office saving (i.e. 37.84%) also preferred by the respondents as savings other than banks. No one respondent prefer Mutual funds as avenues of savings as they don't aware about Mutual fund.

2.7. Financial Products and Services Awareness among Respondents

| Sl. No. | Option | No. of Respondents | Percentage |
|---------|-----------|--------------------|------------|
| 1 | Very high | 3 | 3.75 |
| 2 | High | 13 | 16.25 |
| 3 | Average | 34 | 42.5 |
| 4 | Low | 18 | 22.5 |
| 5 | Very low | 12 | 15 |

| | | | |
|---|--------------|-----------|------------|
| 6 | Total | 80 | 100 |
|---|--------------|-----------|------------|

Source: Primary data

It is evident from Table 3.16 that majority of the respondents are not highly aware of the financial products and services offered through the banking system. Only 20 percent of the respondents have above average level of awareness.

2.8. Sources of Information about Financial Products and Services

| Sl. No. | Sources | No. of Respondents | Percentage |
|---------|---------------------|--------------------|------------|
| 1 | Newspaper | 13 | 16.25 |
| 2 | Television | 25 | 31.25 |
| 4 | Friends & relatives | 30 | 37.5 |
| 5 | Radio | 12 | 15 |
| 6 | Total | 80 | 100 |

Source: Primary data

The table shows that friends & relatives and television are the major source of information about financial products and services. Newspaper and radio also provides information about financial products and services to a certain extent.

Findings:

1. The study reveals that the maximum (90%) of the respondents have bank account and 10% respondents have not bank account.
2. Through the analysis the majority of the respondents (72%) prefer Savings Bank Account because of easy convenience. Followed by 12% of the respondents prefer Recurring Deposits. 6% of the respondents like to invest their funds in Time deposit.
3. Study found that majority of the respondents i.e. 60% said that they don't have enough money that can be saved. Only 40% of the respondents have savings habit.
4. From the analysis it is found that majority of the respondents prefer Life insurance as an avenue of savings other than banks. 40.75% respondents prefer Life insurance as an investment. Post office saving (37.84%) also preferred by the respondents as savings other than banks. No one respondent prefer Mutual funds as avenues of savings as they don't aware about Mutual fund.
5. The analysis found that friends & relatives and television are the major source of information about financial products and services. Newspaper and radio also provides information about financial products and services to a certain extent.
6. Majority of the respondents are not highly aware about financial products and services. Only 20% respondents are aware above average.
7. Majority (44.44%) of respondents are opened bank account for making deposits and availing loans and 25% respondents use of zero balance accounts for getting MGNREGA wages.

Conclusion and Suggestion: Financial inclusion is a fundamental cornerstone of economic and social development. Still half of the tribal people not getting awareness of banking services. It is observed that there are many financially excluded people in the study area that must have to be brought under the purview of financial services for the upliftment of these people. The Government, financial regulator and bank is performing well in reducing financial exclusion and at the same time promoting financial inclusion in many regions. However it has to cover as many areas as possible. It has been able to provide banking services to the unreachable in the rural areas which is an achievement in the area of financial inclusion. If every person of the society takes advantage of the financial services than only the society can become economically strong and independent. A financially independent society can be possible only if every section of the society can be provided with the benefits of financial services. From the above study, it is concluded that there is need to educate and take more steps to make tribal community a part of financial inclusion

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