

A STUDY ON FINANCIAL INCLUSION AND FINANCIAL LITERACY AMONG TRIBES IN S.T COLONY, NILAMBUR

Ashima sabu

Assistant Professor

Department of Commerce

Fathima Arts and science college, Moothedam, Nilambur, India

ashimasabu123@gmail.com

Abstract : Access to finance for poor and vulnerable groups is essential for economic growth, poverty alleviation, and social upliftment. Financial inclusion refers to the provision of affordable financial services to those traditionally excluded, while financial literacy involves the awareness and skills to make informed financial decisions. This study examines the level of financial inclusion and financial literacy among the tribal community in S.T Colony, Nilambur, Malappuram district, Kerala. A descriptive research design was employed, using primary data collected through structured interviews with 45 tribal respondents. Statistical tools such as Karl Pearson's correlation coefficient, t-tests, and ANOVA were applied. Findings indicate a gap between financial awareness and usage of financial services, highlighting the need for targeted financial literacy programs and improved access to banking services.

Keywords: Financial Inclusion, Financial Literacy, Tribes, Nilambur, Kerala.

Introduction

Access to financial services is a critical factor for economic development, particularly among marginalized communities. Financial inclusion ensures that individuals can access savings, credit, insurance, and remittance services at affordable costs. However, in many rural areas, including tribal settlements, access remains limited due to geographical, socio-economic, and educational barriers. The tribal community in S.T Colony, Nilambur, represents a socially and economically excluded group facing challenges in accessing and utilizing financial services. Financial literacy plays a crucial role in empowering such communities to make informed financial decisions.

Literature Review

Prior research indicates that financial exclusion often stems from physical barriers, lack of awareness, and socio-economic constraints (Kempson et al., 2000). In India, initiatives by the Reserve Bank of India and the Government aim to promote financial inclusion, yet tribal populations remain underserved (Leeladhar, 2005). Studies have highlighted that increasing financial literacy can significantly enhance the impact of inclusion programs (Basu, 2006; Shetty, 2006). However, barriers such as illiteracy, cultural isolation, and lack of trust in formal institutions persist, particularly in tribal areas.

Objectives

1. To study the financial literacy of tribals in S.T Colony, Nilambur.
2. To determine the extent of financial inclusion of tribals in S.T Colony, Nilambur.
3. To analyze the saving habits and money management practices of tribal people.

Hypotheses

H0: There is no significant relationship between monthly income and level of financial awareness.

H1: There is a significant relationship between monthly income and level of financial awareness.

Research Methodology

The study adopted a descriptive research design. Primary data was collected from 45 tribal respondents belonging to three tribal clans in S.T Colony, Nilambur, using a structured interview schedule. Secondary data was sourced from journals, books, newspapers, and prior research. Convenience sampling was used. Statistical analysis involved Karl Pearson's correlation, t-tests, ANOVA, percentages, and charts.

Results and Discussion

To study the financial literacy of tribals

Table 1: Recording of Financial Transactions

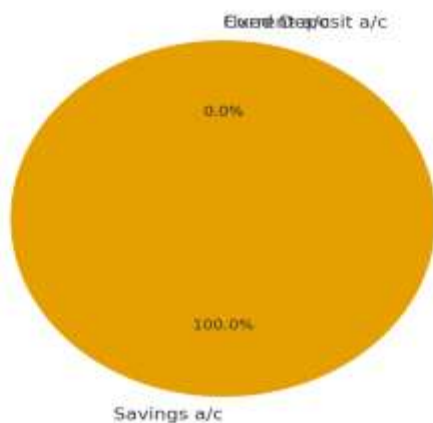
Recording of Transactions	Frequency	Percentage
Recording both income & expenditure	7	15.6%
Not recording anything	38	84.4%
Total	45	100%

Interpretation:

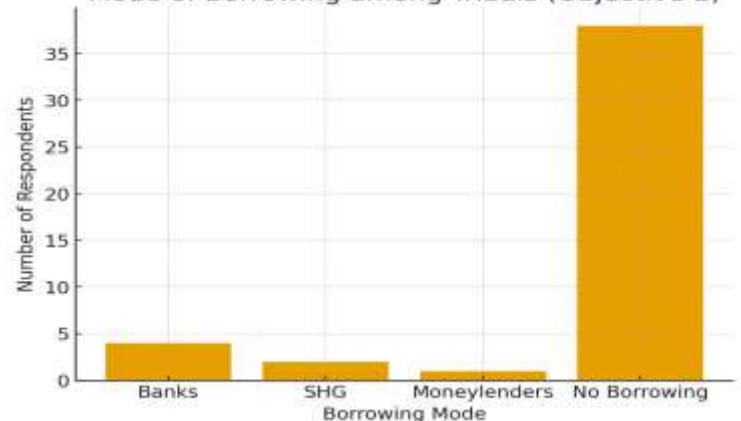
Most respondents (84.4%) do not record their daily financial transactions, indicating low financial literacy. Only 15.6% keep track of both income and expenditure. This reflects poor money management knowledge among the tribals.

To find out the extent of financial inclusion of tribals in S.T Colony Nilambur.

Bank Account Ownership among Tribals (Objective 2)



Mode of Borrowing among Tribals (Objective 2)



Interpretation:

The analysis shows that while all respondents have access to savings accounts, the actual utilization of financial services such as borrowing remains very low. This indicates that financial inclusion is present at the basic level but not fully achieved in terms of active participation.

To analyze the saving habits and money management practices of tribal people**Saving Habits & Money Management**

Aspect	Category	Frequency	Percentage
Purpose of Savings	Personal Needs	40	89.9
	Future Needs	5	11.1%
	Education / Std. of Living	0	0%
Regularity of Savings	Daily	6	13.3%
	Monthly	37	82. 2%
	No Savings	2	4.4%
Money Management Responsibility	Male	35	77.8%
	Female	10	22.2%
	Both	0	0%

Interpretation:

The findings reveal that the majority of tribals save mainly for personal needs (88.9%), with very few considering future-oriented purposes. Most savings occur on a monthly basis (82.2%), while a small section saves daily or not at all. Money management within families is largely male-dominated (77.8%), with limited involvement of women. Overall, saving habits are present but are short-term and basic, reflecting low financial planning and limited gender participation.

Correlation between monthly income and level of financial awareness.

		Monthly income	Level of financial awareness
Monthly income	Pearson correlation	1	-.621**
	Sig(2 -tailed)		.000
	N	45	45
Level of financial awareness	Pearson correlation	-.621**	1
	Sig(2 -tailed)	.000	
	N	45	45
** correlation is significant at the 0.01 level(2-tailed)			

INTERPRETATION:

This table-shows the correlations between monthly income and level of usage of financial services. There is a significant negative relationship between monthly income and level of usage of financial services ($r = -.621$ & $p < .01$). The result indicates that monthly income of the respondent increases, level of usage of financial services decreases. Both the variables shows significant negative correlations.

Result

The study revealed that financial literacy among the tribal community in S.T Colony, Nilambur, remains significantly low. While inclusion at the basic level exists, actual utilization of services is minimal. Saving practices are short-term and need-based. Financial decision-making is mostly controlled by men, limiting women's involvement. The negative correlation between income and awareness highlights the need for targeted financial education.

Conclusion

The study revealed that financial literacy among the tribal community in S.T Colony, Nilambur, remains significantly low, with 84.4% of respondents not maintaining any record of income or expenditure. While all respondents had savings accounts, the actual utilization of financial services such as borrowing, insurance, and digital banking was minimal, reflecting only a basic level of financial inclusion. Saving practices were present but largely short-term and need-based, with 88.9% saving primarily for personal requirements rather than education or long-term security. Financial decision-making was found to be male-dominated, limiting women's participation in money management. Statistical analysis showed a significant negative correlation ($r = -0.621$, $p < 0.01$) between monthly income and financial awareness, indicating that higher income did not correspond with greater financial service usage. These findings highlight the urgent need for financial literacy programs, better accessibility to financial products, and community-based awareness initiatives to enhance inclusion and empower the tribal population.

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