A STUDY ON FINANCIAL INCLUSION OF THE PANIYA TRIBAL COMMUNITY IN KANNUR DISTRICT, KERALA

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ABSTRACT

Financial inclusion refers to the process of ensuring access to affordable, appropriate, and timely financial products and services for all sections of society, particularly vulnerable and low-income groups. It encompasses the availability, accessibility and effective usage of formal financial systems by every member of the economy, including socially and economically marginalized communities. Tribal populations, as the indigenous inhabitants of India, have made significant contributions to the country's cultural heritage, history and traditions. However, despite numerous constitutional safeguards and welfare measures intended to protect their rights and promote their development, tribal communities continue to experience social and economic exclusion. The present study aims to assess the level of financial inclusion among the Paniya tribal community residing in Kannur District of Kerala. A total of 120 respondents were selected through random sampling for the study. The research examines the extent of access to and utilization of formal financial services among the Paniya tribes and highlights the existing gaps in financial inclusion. The findings of the study are expected to contribute to policy formulation and the design of targeted interventions aimed at enhancing financial inclusion among marginalized tribal populations.

Keywords: *Paniya Tribe, Vulnerable Groups, Financial Inclusion, Financial Services, Tribal Communities.*

INTRODUCTION

Financial inclusion is the process of ensuring access to affordable, timely and appropriate financial services for all sections of society, particularly those who have traditionally remained excluded from the formal financial system. It aims to unlock the growth potential of marginalized populations by providing access to a broad range of financial products and services, including savings accounts, credit facilities, insurance, remittance services and pension schemes. The ultimate objective of financial inclusion is to achieve inclusive economic growth by integrating all segments of society into the mainstream financial system. Financial inclusion plays a vital role in mobilizing savings, facilitating investment, reducing poverty, and promoting socio-economic development. Access to banking and financial services at an affordable cost enables individuals to improve their livelihoods, manage financial risks and participate more effectively in economic activities. Since banking services are considered a public good, ensuring their availability to all citizens without discrimination is essential for promoting equitable development and social justice. Therefore, the inclusion of marginalized and vulnerable groups in the formal financial sector has become a significant policy priority in India. Among the socially excluded groups, tribal communities continue to experience limited access to formal financial institutions due to factors such as geographical isolation, low literacy levels, inadequate infrastructure, socio-cultural barriers and lack of financial awareness. Despite several government initiatives aimed at enhancing financial inclusion, many tribal populations remain outside the ambit of organized financial services.

The Paniya tribe is one of the prominent Scheduled Tribe communities in Kerala and is recognized as one of the most socio-economically disadvantaged tribal groups in the state. Although the exact origin of the Paniya tribe remains uncertain, some scholars suggest links with African ancestry based on their physical characteristics, such as dark complexion, curly hair, and thick lips. Traditionally, the Paniyas have led a simple lifestyle with limited material needs, primarily focusing on basic necessities such as food, clothing and shelter. Most Paniya households reside in settlements commonly referred to as colonies, consisting of clusters of huts constructed using locally available materials such as bamboo, cane, and thatched roofs. Educational attainment, healthcare accessibility and awareness of modern economic opportunities among the Paniya community remain relatively low. Their consumption patterns are predominantly centred on essential food items, while expenditure on durable consumer goods and household assets is minimal.

Socio-economic challenges such as poverty, low levels of education, dependence on wage labour, social exclusion, discrimination and limited access to productive resources continue to hinder the overall development of the Paniya community. These factors also affect their participation in the formal financial system, making financial inclusion a critical area of concern. Understanding the extent of financial inclusion among the Paniya tribal community is therefore essential for designing effective policies and interventions aimed at improving their socio-economic well-being and promoting inclusive development. The Paniya community accords relatively low priority to formal education and awareness regarding the long-term benefits of modern education and its potential economic advantages remains limited. Illiteracy continues to be a major challenge among the Paniyas and is widely regarded as a significant factor contributing to their socio-economic backwardness. School dropout rates at the primary and secondary levels are considerably high, reflecting the educational disadvantages faced by the community. Many parents exhibit limited motivation towards educating their children, while younger members often prefer to remain within their settlements and engage in traditional occupations and livelihood activities.

The educational status of women within the Paniya community is particularly concerning, despite the widely recognized role of female education in fostering social and economic development. Low levels of educational attainment among women further reinforce the cycle of poverty and marginalization experienced by the community. Health awareness among the Paniyas is also relatively low, and medical assistance is often sought only during advanced stages of illness. Common health problems prevalent among the community include fever, respiratory infections, communicable diseases, and skin-related ailments. Limited access to healthcare facilities and inadequate health awareness contribute to their poor health outcomes.

Recognizing the socio-economic vulnerabilities of the Paniya tribe, the government has introduced various development initiatives aimed at improving their living conditions. One such intervention is the Aralam Farm Project, implemented to enhance the socio-economic empowerment of tribal households. Under this programme, selected Paniya families were allotted one acre of land in the Aralam Farm area with the objective of promoting sustainable livelihoods, improving income levels, and facilitating their overall development

REVIEW OF LITERATURE

Yuvasubramaniyan C. and Athul V. (2025) examined financial inclusion initiatives for tribal communities in Kerala, emphasizing the role of public sector banks. The study found that low awareness, technological constraints, language barriers and socio-cultural factors limited the utilization of formal financial services and recommended community-based financial education and collaborative efforts among stakeholders.

Yatheen et al. (2024) investigated the financial vulnerability of SC/ST communities in India. The study identified low financial literacy, limited education, inadequate employment opportunities and restricted access to financial services as major causes of economic insecurity, suggesting enhanced financial education and inclusive policy interventions.

Eahambaram C. et al. (2024) analysed financial inclusion among tribal communities with respect to access to banking services and awareness of government initiatives. The study observed that increased banking access promoted savings and credit usage but highlighted the need for greater financial awareness to achieve meaningful inclusion.

John Singarayar S. et al. (2022) studied the role of financial inclusion in the socio-economic development of the Katkari tribe in Maharashtra. The findings revealed low awareness and limited use of formal financial services, with many households depending on informal moneylenders, indicating the need for stronger financial literacy programmes.

Nirmal Sabu et al. (2017) assessed Kerala's achievements in financial inclusion through initiatives such as FI@School, Kudumbashree and social security pension schemes. The study concluded that although Kerala has made substantial progress, certain marginalized groups still face barriers in accessing and effectively utilizing financial services.

RATIONALE OF THE STUDY

The Paniya tribe is one of the most socio-economically marginalized tribal communities in Kerala and continues to experience social exclusion, poverty and limited access to formal financial services. Promoting financial inclusion among the Paniya community can encourage savings behaviour, improve access to institutional credit, and facilitate the effective delivery of government welfare benefits and subsidies. In this context, the present study attempts to examine the status of financial inclusion among the Paniya community in Kannur District, Kerala.

OBJECTIVES OF THE STUDY

- To examine the socio-economic profile of the Paniya tribal community in Kannur District, Kerala.
- To assess the status of financial inclusion and the level of awareness regarding banking and financial services among the Paniya tribal community in Kannur District, Kerala.

METHODOLOGY

The study focuses on the Paniya community, one of the largest tribal groups in Kannur District, Kerala. The community primarily depends on manual labour for livelihood and exhibits low levels of income and living standards. The study is based on both primary and secondary data. Primary data were collected from 120 respondents selected through random sampling from eight tribal colonies located in four villages like Manathana, Kelakam, Aralam and Ayyankunnu, where the Paniya population is concentrated. Data were gathered using a structured interview schedule. Secondary data were collected from journals, reports, books, government publications and online sources. Percentage analysis was employed to examine demographic characteristics, levels of financial inclusion and respondents' awareness of financial products and services.

Table 1: Socio-Economic Profile of Respondents

Socio-Economic Variables	Respondents	Manathana (N=30)	%	Kelakam (N=30)	%	Ayyankunnu (N=30)	%	Aralam (N=30)	%
Gender	Male	15	50	16	53.3	12	40	14	46.7
	Female	15	50	14	46.7	18	60	16	53.3
Age	Below 25	9	30	10	33.3	8	26.7	10	33.3
	26–35	8	26.7	8	26.7	11	36.7	9	30
	36–45	5	16.7	5	16.7	5	16.7	6	20
	46–50	5	16.7	4	13.3	3	10	3	10
	Above 50	3	10	3	10	3	10	2	6.7

Education	Illiterate	2	6.7	2	6.7	3	10	2	6.7
	Primary	14	46.7	15	50	14	46.7	12	40
	High School	10	33.3	9	30	8	26.7	11	36.7
	Higher Secondary	2	6.7	3	10	3	10	4	13.3
	Graduate	2	6.7	1	3.3	2	6.7	1	3.3
Source of Income	Small Business	1	3.3	2	6.7	1	3.3	1	3.3
	Permanent Job	2	6.7	3	10	4	13.3	2	6.7
	Labour	25	83.3	22	73.3	18	60	24	80
	Farmer	2	6.7	3	10	7	23.4	3	10
Monthly Family Income	Below ₹3,000	4	13.3	5	16.7	6	20	5	16.7
	₹3,000–₹6,000	16	53.3	14	46.7	15	50	16	53.3
	₹6,000–₹9,000	8	26.7	8	26.7	7	23.3	7	23.3
	Above ₹9,000	2	6.7	3	10	2	6.7	2	6.7

(Source: Primary Data)

Interpretation

Table 1 presents the socio-economic characteristics of the 120 respondents selected from the Paniya tribal community in Manathana, Kelakam, Ayyankunnu and Aralam villages of Kannur District. The gender distribution reveals a relatively balanced representation of male and female respondents across the study area. Female respondents constitute a slightly higher proportion in Ayyankunnu (60.0%) and Aralam (53.3%), while the gender ratio is almost equal in Manathana and Kelakam. With respect to age, the majority of respondents belong to the younger age groups, particularly those below 35 years. This indicates that the Paniya tribal population is predominantly youthful and forms a potentially productive workforce. Respondents aged above 50 years constitute only a small proportion of the sample.

The educational profile shows that most respondents have completed only primary-level education. The proportion of illiterate respondents remains noticeable across all villages, while very few respondents have attained graduate-level education. This reflects the low educational attainment and limited access to higher education among the Paniya community.

Regarding the source of income, labour work is the primary occupation of the majority of respondents in all villages. A comparatively small number of respondents are engaged in farming, permanent employment, or small business activities. This demonstrates the heavy dependence of the community on daily wage labour and unskilled employment opportunities.

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The income distribution indicates that most households earn between ₹3,000 and ₹6,000 per month. A significant number of families also fall below the ₹3,000 income category, while only a small proportion earn above ₹9,000 per month. This highlights the economically vulnerable condition of the respondents and their limited earning capacity. Overall, the socio-economic profile reveals that the Paniya tribal community is characterized by low educational attainment, dependence on manual labour and low household income levels, which may affect their access to and utilization of formal financial services.

I. Financial Inclusion Status of Respondents

The status of financial inclusion among the selected respondents is discussed below.

Table 2: Details of Bank Account Holders

Particulars	Manathana (N=30)	%	Kelakam (N=30)	%	Ayyankunnu (N=30)	%	Aralam (N=30)	%	Total	%
Yes	26	86.7	26	86.7	27	90	25	83.3	104	86.7
No	4	13.3	4	13.3	3	10	5	16.7	16	13.3
Total	**30**	**100**	**30**	**100**	**30**	**100**	**30**	**100**	**120**	**100**

(Source: Survey Data)

Interpretation

Table 2 depicts the distribution of respondents based on possession of bank accounts. It is evident that a large majority of the respondents, accounting for 104 respondents (86.7%), possess bank accounts, indicating a considerable level of financial inclusion among the Paniya tribal community. In contrast, 16 respondents (13.3%) do not have bank accounts and remain outside the formal banking system. The highest proportion of bank account holders is observed in Ayyankunnu (90.0%), followed by Manathana and Kelakam (86.7% each), while Aralam records the lowest percentage (83.3%). Overall, the findings suggest that banking penetration among the respondents is relatively high; however, a small segment of the population still lacks access to basic banking facilities.

Table 3: Level of Awareness among Respondents regarding Financial Services

Nature of Financial Services	Level of Awareness	Manathana (N=30)	%	Kelakam (N=30)	%	Ayyankunnu (N=30)	%	Aralam (N=30)	%	All Area (N=120)	%
Savings and Deposits	Not Familiar	12	40	13	43.3	16	53.3	15	50	56	46.7
	Just Familiar	18	60	17	56.7	14	46.7	15	50	64	53.3
Passbook and Cheque	Not Familiar	15	50	16	53.3	14	46.7	16	53.3	61	50.8
	Just Familiar	15	50	14	46.7	16	53.3	14	46.7	59	49.2
Loans and Interest Rate	Not Familiar	22	73.3	24	80	25	83.3	24	80	95	79.2
	Just Familiar	8	26.7	6	20	5	16.7	6	20	25	20.8
ATM Services	Not Familiar	17	56.7	17	56.7	18	60	22	73.3	74	61.7
	Just Familiar	13	43.3	13	43.3	12	40	8	26.7	46	38.3
Insuran	Not	25	83.	27	90	28	93.	27	90	107	89.

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ce	Familiar		3				3				2
Product s	Just Familiar	5	16. 7	3	10	2	6.7	3	10	13	10. 8

Source: Survey Data

Interpretation

Table 3 presents the level of awareness among respondents regarding various financial services offered by banks. The findings indicate that awareness is relatively higher in relation to savings and deposit products, with 53.3 per cent of respondents being familiar with these services. However, nearly 46.7 per cent remain unfamiliar with such products.

Regarding passbook and cheque facilities, about 49.2 per cent of respondents are familiar with their usage, whereas 50.8 per cent possess limited or no knowledge. Awareness concerning loans and interest rates is considerably low, as 79.2 per cent of respondents are not familiar with these services, while only 20.8 per cent have some understanding.

Similarly, awareness of ATM services is inadequate among the respondents. About 61.7 per cent are not familiar with ATM operations, and only 38.3 per cent have basic knowledge regarding their use. The lowest level of awareness is observed with respect to insurance products, where 89.2 per cent of respondents are not familiar with the various insurance schemes offered by banks, and merely 10.8 per cent possess some knowledge about these services. Overall, the findings reveal that although respondents exhibit moderate awareness regarding savings and deposit facilities, their understanding of loans, ATM services and insurance products remains poor. This highlights the need for targeted financial literacy programmes and awareness campaigns to enhance financial inclusion among the Paniya.

FINDINGS

- The study reveals that the Paniya tribal community is predominantly youthful, with a majority of respondents belonging to the age group below 35 years, indicating the presence of a potentially productive workforce.
- Educational attainment among the respondents is low, as most have completed only primary education, while only a negligible proportion have attained higher secondary or graduate-level education.
- Labour work is the principal source of livelihood for the majority of respondents, and most households earn between ₹3,000 and ₹6,000 per month, reflecting their economically vulnerable condition.
- Financial inclusion in terms of bank account ownership is relatively high, with 86.7 per cent of respondents possessing bank accounts, whereas 13.3 per cent still remain outside the formal banking system.
- Awareness regarding financial services is uneven among the respondents. While more than half of the respondents are familiar with savings and deposit facilities, awareness of loans, interest rates, ATM services and insurance products remains considerably low.

SUGGESTIONS

- Special financial literacy programmes should be organized in tribal settlements to improve awareness about banking services, digital transactions, credit facilities, insurance products and government-sponsored financial schemes.
- Banks should conduct regular outreach activities, awareness camps and financial counselling sessions in tribal colonies to enhance the utilization of financial products and services.
- Government agencies and financial institutions should encourage income-generating activities, skill development programmes and self-employment opportunities to improve the economic status of the Paniya community.
- Digital banking awareness initiatives should be strengthened by providing practical training on the use of ATM cards, mobile banking applications and other electronic payment systems.

- Greater emphasis should be placed on promoting insurance coverage and social security schemes among the tribal population to reduce their vulnerability to economic and health-related risks.

CONCLUSION

Financial inclusion has emerged as an important instrument for promoting inclusive growth and reducing socio-economic disparities among marginalized communities. The findings of the study indicate that although a majority of the Paniya tribal respondents possess bank accounts, their awareness and utilization of various financial services remain limited. The community continues to face challenges such as low educational attainment, dependence on manual labour, low household income and inadequate knowledge of modern financial products. Awareness is comparatively higher regarding savings and deposit facilities, whereas familiarity with loans, ATM services and insurance products is significantly low. Therefore, strengthening financial literacy initiatives, improving access to banking services and promoting the effective use of financial products are essential for achieving meaningful financial inclusion among the Paniya tribal community. Enhanced collaboration among banks, government agencies and local institutions can contribute significantly to the socio-economic empowerment and overall development of this marginalized population.

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