Measuring Financial Inclusion Among Scheduled Tribes in Kerala: A Multidimensional Index Approach

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Abstract

This study measures the extent of financial inclusion among the Scheduled tribes of Kerala by applying a multidimensional financial inclusion index. The index adopts concepts from Sarma's Three-Dimensional Financial Inclusion Index, which was developed in the year 2008. Encouraging financial inclusion for Scheduled tribes is critical to promoting social integration, economic empowerment, and poverty reduction. FII indicates their degree of access to finance, engagement in formal economies, and ability to create resilience against economic risks. The Scheduled tribes in the Idukki district were subjected to a composite financial inclusion index that was calculated using the Inverse Euclidean Distance model. Through Convenience Sampling Method, 398 sample respondents were selected and interviewed in-person for the study. The computed index indicates that tribes are only moderately financially included. The primary reason behind this is that high-risk communities do not have enough financial institutions. The positive characteristics are high banking penetration and utilization, whereas the debatable factor is the insufficient number of official financial institutions. Intervention with more banking points, financial literacy campaigns, self-help group involvement, and cooperative societies can bring positive changes to the study area.

Key Words

Banking aspect, Kerala, Multidimensional Financial Inclusion Index, Scheduled tribes, Vulnerable sections

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