



AN ANALYSIS OF THE REACH OF FINANCIAL INCLUSION IN TRIBAL COMMUNITIES: EVALUATING THE IMPACT OF INDIAN GOVERNMENT SCHEMES ON SOCIO- ECONOMIC DEVELOPMENT

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Abstract

Financial inclusion alludes to endeavors to make financial items and administrations available and reasonable to all people and organizations, no matter what their own total assets or organization size. Financial inclusion strives to eliminate the hindrances that avoid individuals from taking part in the financial area and utilizing these administrations to work on their lives. It is likewise called comprehensive finance. Financial inclusion can mean a ton of things. By and large, financial inclusion might allude to yet isn't really restricted to the accompanying financial, monetary, or enterprising concepts. Despite India's accomplishments in the worldwide economy, significant segments of the populace are under unfortunate strata, particularly the people who are living in country and tribal regions. They stay poor from birth to death, significant reason behind is they can't get to financial institutions and accordingly can't partake in banking, acquiring, and saving. This study engaged to study the reach of financial inclusion with reference to schemes of Indian government to promote the socio economic status of the tribal community.

Key Words: *Financial Inclusion, Development, Economy, Artificial Intelligence.*

Introduction

Financial inclusion refers to the process of making formal financial services—such as banking, credit, insurance, and savings—accessible to a larger proportion of the population at affordable costs, with the objective of ensuring that all individuals, including those in remote, rural, or underserved areas, can participate in economic activities and improve their financial well-being. In the context of India, financial inclusion is considered a key driver for reducing poverty and promoting equitable growth across all sections of society (Sharma & Tripathi, 2025)¹. Gopalakrishnan (2022)² found that SHGs in rural Kerala significantly improved access to banking services, savings habits, and financial literacy among rural households, reducing dependence on informal lenders. Similarly, Jain and Aggarwal (2017)³ highlighted that SHGs drive both financial independence and social transformation in rural India, empowering women while fostering community cohesion, though challenges remain in literacy and sustainability. Reddy and Reddy (2015)⁴ observed that SHG participation among tribal households in Andhra Pradesh reduced reliance on informal moneylenders and enhanced access to microloans and

¹Sharma, R., & Tripathi, P. (2025). *Financial inclusion in India's tribal belt: Empirical evidence from demand side and supply side determinants. International Journal of Research*, 12(6).

²Gopalakrishnan, S. (2022). *Financial inclusion in rural Kerala: A case study of Cheriyanadu Panchayath. ShodhKosh: Journal of Visual and Performing Arts*, 3(2), 1131–1135.

³Jain, M., & Aggarwal, A. (2018). *Self-Help Groups: Driving financial independence and social transformation. Universal Research Reports*, 5(1), 723–729.

⁴Reddy, K. R., & Reddy, T. C. S. (2015). *Indebtedness and financial inclusion among the tribals: An experience of woman self-help group member households in Andhra Pradesh. The Microfinance Review*, 7(1), 1–19.

savings schemes. Recent advancements in financial technology (FinTech), such as digital payments, mobile banking, and online banking platforms, have accelerated financial inclusion by enabling people in remote areas to access banking facilities without physical branches (EY & CII, 2024). Government schemes—including the Pradhan Mantri Jan DhanYojana (PMJDY), MUDRA loans, and related financial inclusion programs—have further expanded financial access, enhanced savings and credit outreach, and strengthened socio-economic participation among underserved populations (Ministry of Finance, 2025).

Objectives of the Study

The main objectives of the study are following:

1. To verify the schemes of Indian Government to promote Financial Inclusion among tribal community.
2. To analyse the challenges of extending financial assistance to the tribal community.
3. To find out the future prospects of socio economic status of the tribal community.

Research Methodology

The study is entirely based on the secondary data and the data are collected through published sources like text books, journals, magazines and through the blogs and articles published in websites.

Review of Literature

Several studies highlight that structural and socio-economic determinants critically shape financial inclusion outcomes in tribal areas. Sharma and Tripathi (2025) examined both demand-side and supply-side factors affecting financial inclusion in India's tribal belt, identifying barriers such as limited financial service penetration and low literacy levels that hinder tribal access to formal finance. Their findings suggest targeted policy measures including increased financial literacy programs and expanded banking infrastructure to address these gaps and foster socio-economic inclusion among marginalized tribal households.

Research on financial inclusion among scheduled tribes underscores the role of literacy and awareness in enhancing engagement with financial mechanisms and government schemes. Kurussiveettil and Kanniammal (2024) explored how literacy levels among scheduled tribes in Kerala influence awareness and usage of the Pradhan Mantri Jan DhanYojana (PMJDY); the study found a positive correlation between higher literacy and greater financial inclusion, suggesting that literacy initiatives are critical complements to governmental financial inclusion schemes.

Barriers such as social exclusion, inadequate infrastructure, and geographic isolation have been documented as persistent impediments to financial inclusion among tribal populations. Biswal and Jha (2024) investigated financial inclusion at the intersection of social exclusion among Juang tribes in Odisha, showing that lack of connectivity, basic services, and institutional support significantly slows the uptake of formal financial services in such communities. This research points to the need for integrated policy frameworks that address both financial and social dimensions of inclusion.

Quantitative assessment tools can reveal nuanced patterns of inclusion across tribal communities. Reshma and Kanniammal (2025) developed a **Multidimensional Financial Inclusion Index (MFII)** to measure financial inclusion levels among scheduled tribes in Kerala, taking into account supply- and demand-side indicators. Their results show that while some tribal groups make moderate progress toward financial inclusion, others remain underserved due to low human development indicators and

limited accessibility to financial services, highlighting the uneven reach of government schemes and the importance of data-driven policy adjustments.

Schemes of Indian Government to promote Financial Inclusion

Financial Inclusion is a significant need of the Public authority. The target of Financial Inclusion is to stretch out financial administrations to the huge until now un-served populace of the country to open its development potential. The Public authority started the Public Mission for Financial Inclusion (NMFI), in particular, Pradhan Mantri Jan DhanYojana (PMJDY) in August, 2014 to give widespread financial administrations to each unbanked family, in view of the core values of banking the unbanked, getting the unstable, subsidizing the unfunded and serving un-served and under-served regions.

Pradhan Mantri Jan DhanYojana (PMJDY)

Hon'ble State head reported Pradhan Mantri Jan DhanYojana as the Public Mission on Financial Inclusion in his Freedom Day address on fifteenth August 2014, to guarantee extensive financial inclusion of the multitude of families in the nation by giving general admittance to banking offices. Under this, an individual not having an investment account can open a record without the necessity of any base equilibrium and, in the event that they self-ensure that they don't have any of the formally substantial reports expected for opening an investment account, they might open a little record.

Accordingly, PMJDY offers unbanked people simple admittance to banking administrations and mindfulness about financial items through financial proficiency programs. Likewise, they get a RuPay charge card, with inbuilt mishap protection front of ₹2 lakh, and admittance to an overdraft office upon good activity of record or record of a half year. Further, through State leader's Government managed retirement plans, sent off by the Hon'ble Top state leader on ninth May 2015, all qualified record holders can get to their ledger's very own mishap protection cover under Pradhan Mantri Suraksha BimaYojana, extra security cover under Pradhan MantriJeevanJyotiBimaYojana, and reliable least benefits to supporters under Atal Annuity Yojana.

Pradhan MantriJeevanJyotiBimaYojana (PMJJBY)

The PMJJBY is accessible to individuals in the age gathering of 18 to 50 years having a ledger who give their agree to join/empower auto-charge. Aadhar is the essential KYC for the financial balance. The existence front of ₹2 lakh is for the one year time frame stretching from 1st June to 31st May and is inexhaustible. Risk inclusion under this plan is for ₹2 lakh in the event of death of the guaranteed, because of any explanation.

The premium is ₹436 per annum which is to be auto-charged in one installment from the supporter's financial balance according to the choice given by him at the latest 31st May of every yearly inclusion period under the plan. The plan is being presented by the Extra security Company and any remaining life guarantors who will offer the item based on comparative conditions with essential endorsements and restrict with banks for this reason. As on 30.06.2022, combined enrolment is over 13.11 crore under PMJJBY.

Pradhan Mantri Suraksha BimaYojana (PMSBY)

The plan is accessible to individuals in the age bunch 18 to 70 years with a their ledger agree to join/empower auto-charge at the latest 31st May for the inclusion time frame 1st June to 31st May on a yearly restoration premise. Aadhaar would be the essential KYC for the ledger. The gamble inclusion under the plan is ₹2 lakh for unplanned passing and full handicap and ₹1 lakh for halfway inability.

The premium of ₹20 per annum is to be deducted from the record holder's financial balance through 'auto-charge' office in one installment. The plan is being presented by Open Area General Insurance Agency or some other General Insurance Agency who will offer the item based on comparable conditions with essential endorsements and restrict with banks for this reason. As on 30.06.2022, total enrolment is over 29.01 crore under PMSBY.

Pradhan Mantri Mudra Yojana (PMMY)

The plan was sent off on 8th April, 2015. Under the plan a credit of upto ₹50,000 is given under sub-conspire 'Shishu'; between ₹50,000 to ₹5.0 Lakhs under sub-plot 'Kishore'; and between ₹5.0 Lakhs to ₹10.0 Lakhs under sub-conspire 'Tarun'. Advances taken don't need securities. These actions are pointed toward expanding the certainty of youthful, instructed or talented laborers who might now have the option to try to turn out to be first era business people; existing private companies, as well, will actually want to grow their exercises. As on 20.08.2021, ₹16,22,203 crores have been authorized in 30.7 crores accounts.

Stand-Up India Plan

Legislature of India sent off the Stand-Up India conspire on fifth April, 2016. The plan works with bank advances between ₹10 lakh and ₹1 crore to no less than one Booked Caste (SC)/Planned Clan (ST) borrower and something like one lady borrower for each bank office for setting up greenfield endeavors. This endeavor might be in assembling, administrations or the exchanging area exercises united to farming. The plan which is being carried out through undeniably Booked Business Banks is to help something like 2.5 lakh borrowers. The plan is functional and the advance is being reached out through Booked Business Banks the nation over.

Pradhan Mantri Vaya Vandana Yojana (PMVVY)

The 'Pradhan Mantri Vaya Vandana Yojana (PMVVY) has been sent off by the Public authority to safeguard old people matured 60 years or more against a future fall to their greatest advantage pay because of dubious economic situations, as likewise to give government managed retirement during advanced age. The plan is carried out through the Life coverage Partnership of India (LIC) and open for membership upto 31st Walk, 2023.

Special Schemes of Indian Government to promote Financial Inclusion among tribal community:

National ST Finance and Development Corporation (NSTFD C) under Ministry of Tribal Issues; Govt. of India gives financial assistance via delicate advances for money producing exercises for monetary development to booked tribes hopefuls. The NSTFDC loanschemes are carried out through state channelizing organizations, select PSU Banks, RRBs and different institutions. Sponsorships might be accessible to the recipients under different plans of various branches of the state legislatures.

Term Advance Plan

NSTFDC gives Term Advances to feasible specialty units costing up Peaks 50.00 Lakhs. Delicate advances under the plan are extended up to 90 % of the unit cost and the equilibrium is met via advertiser's contribution, subsidy and edge cash credits. Interest charged is between 6 to 10 % contingent upon measure of advance. The advances are furnished with ban period and are to reimbursed inside 5 to 10 years according to extended gets back from the units.

Table No 6.1.1 Term Advance Plan

Name of Scheme	Quantum of Loan perperson	Interest to SCA	Interest from Beneficiary	Repayment Period
TermLoan	UptoRs.5.00 Lakhs	3	6	5-10years
TermLoan	Above Rs 5.00LakhtoRs10.00 Lakhs	5	8	5-10years
TermLoan	Above Rs.10.00LakhstoRs. 45.00Lakhs	8	10	5-10years

Source: Ministry of Tribal Affairs

Adivasi Mahila Sashaktikaran Yogna (AMSY)

This is an exclusive scheme for the economic development of scheduled tribe women. Under the scheme, NSTFDC provides loan upto 90% for units for unit cost upto Rs.2.00 Lakhs. Loans under the scheme is extended at highly concessional rate of interest of 4% p.a.

Table No 6.2.1 Adivasi Mahila Sashaktikaran Yogna

Name of Scheme	Quantum of Loan perperson	Interest to SCA	Interest from Beneficiary	Repayment Period
AMSY Term Loans For Women	Rs1.80 Lakhs	2	4	5-10 years

Table No 6.3.1 Adivasi Mahila Sashaktikaran Yogna

Name of Scheme	Quantum of Loan perperson/SHG	Interest to SCA	Interest from Beneficiary	Repayment Period
Micro Credit Scheme for SHGs	Rs5.00Lakhs	3	6	5years

Source: Ministry of Tribal Affairs

MicroCreditSchemeforSHGs

This exclusive scheme for tribal SHGs cater to small loan requirements of ST members. Under the scheme, loans up to Rs 50,000/- are provided per member and maximum Rs 5.00 Lakh per SHG.

Marketing Support Assistance

NSTFDC provides financial assistance to institutions engaged in procurement and marketing of MFPs and other tribal products to meet their working capital requirements.

AdivasiShikshaRinnYojana(ASRY)

This scheme provides soft loans to tribal students to meet expenditure for pursuing technical and professional education including doctorate courses. Loans up to Rs. 10.00 Lakhs per eligible family is provided at concessional rate of interest of 6 % per annum. Ministry of HRD Government of India provides interest subsidy for this scheme whereby no interest is payable by a student during the course period and one year or 6 months after getting the job as the case may be.

Table No 6.5.1 Adivasi ShikshaRrinn Yojana

Name of Scheme	Quantum of Loan per person/SHG	Interest to SCA	Interest from Beneficiary	Repayment Period
ASRY for Education	Rs. 10.00 Lakhs	3	6	5 years after completion of course

Source: Ministry of Tribal Affairs

Conclusion

The continuous propaganda that comprehensive development could be achieved essentially somewhat with the assistance of banks offering records to until recently unbanked isn't however realistic as it seems to be seen to be. The genuine inclusion of distraught individuals like tribes into the monetary system becomes acknowledged provided that proper financial institutions start meeting the credit prerequisites of these individuals once they take accounts which certainly bring about alleviating the hazard of abundance reliance on casual players. Perceiving the need to safeguard the socio-social texture of tribal networks and highlighting their part in country fabricating, the producers of the Constitution of India made unique arrangements for the security of tribal culture and the development of Booked Tribes. These incorporate the preservation of their language, script and other social components, guaranteeing their instructive interests, giving financial defends and making strides for political empowerment. The focal point of Government has been generally development of STs and to carry them at standard with different networks in the country. Government has made different strides for the development of tribal.

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