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# **Analyzing the Effects of Financial Inclusion Initiatives on Socio Economic Status Among Primitive Tribal Groups in Mizoram**

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## **ABSTRACT**

All individuals and businesses, irrespective of socioeconomic status, must have access to financial services. The point of this essay is that financial inclusion is key to global development as it encompasses several components, challenges, and possibilities for transforming societies. Financial inclusion would mean granting every individual an opportunity to participate actively in the formal financial system. Financial inclusion allows them to save money better, borrow from the banks more effectively invest better and engage in risk management which leads not only to their improved finance but also unleashes their potential to exploit opportunities while improving their standards of living. The first point about financial inclusion involves accessibility to banking services. The purpose of this article is to examine whether financial inclusion initiatives help them access financial services, and financial literacy programs, become more financially stable and improve the overall well-being of primitive tribal communities in Mizoram. In this specific study, primary data was collected through a self-designed questionnaire using Google Forms, which was then distributed to the respondents.

**KEYWORDS:** Financial inclusion, Primitives tribal groups, Socioeconomic status, Financial services, Financial literacy.

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## **1.1 INTRODUCTION**

Financial inclusion, also called inclusive financing, is the availability of monetary services at low or no cost to disadvantaged and coffee-profit businesses of society, in preference to monetary exclusion. The Panel on Financial Integration looked at the core aspects of the integration of money. The Working Group saw a growing disparity, with an increased variety of personal financial alternatives for a part of the affluent, while a significantly bigger segment of the population lacked access to most fundamental services like banking. These individuals, particularly those who have minimal incomes, are unable to get traditional financial goods such as bank accounts, credit, remittances, payment services, and so on. The Committee felt that just holding a bank account or being in debt was not a trustworthy sign of financial inclusion.

It is important to note that promoting financial education and literacy is very important for ensuring that people can make financial decisions with knowledge. Financial literacy programs enable individuals to enhance their understanding of basic concepts such as saving, budgeting, and debt management which in turn helps them navigate the complexities of the finance world effectively. This also encourages responsible financial behavior and resilience against financial shocks. Perhaps one may assume that there are no challenges to achieving universal access to financial services although there has been a surge in benefits accruing from financial inclusion. The most significant obstacle is the lack of legal identification documents, particularly among Primitive tribal community like refugees or internally displaced persons. The absence of proper identification makes it difficult for one to open a bank account or get a loan thereby leaving him/her outside the formal economy. Also, gender imbalances still exist in accessing financial services as well as resources pertaining to them with women being mostly disadvantaged. Usually, cultural norms, legal restrictions and limited educational opportunities act as barriers towards women's economic participation thereby limiting their financial autonomy.

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## **2.1 REVIEW OF LITERATURE:**

**Thangasamy (2014)** acknowledged that in order to solve all of the issues the Northeast's impoverished population faces, financial inclusion in every state was necessary, as was hard effort and collaboration with institutions. The Northeast region's tiny population, weak infrastructure, poor communication, and issues with peace and order notwithstanding, he said, economic inclusion is an opportunity for everyone.

**Jha and Naik (2017)** conducted a study on financial inclusion and made recommendations for improving financial literacy, including switching from printed to audio and video formats and raising notice for rural regions.

According to **Raghuram Rajan (2017)**, Financial inclusion strives to make financial services available to individuals who currently lack access to them. It also works to expand financial options for those with limited access. Furthermore, it emphasizes financial education and safeguards for consumers to enable them to make wise financial choices. Financial inclusion is not just ethically important, but it also contributes to economic prosperity.

**D. Nandakumar (2017)** This article examines financial inclusion among PTGs in India, identifies obstacles to their access to financial services, and discusses policy implications for improving PTG financial inclusion.

**Prabhakar Nandaru and Satyanarayan Rental (2019)** This study explores how financial inclusion affects the socio-economic status of Particularly Vulnerable Tribal Groups (PTGs) in India. The findings indicate that financial inclusion can have a positive impact on the PTGs' socio-economic status by providing them with access to credit, banking, and insurance services. This access can help them increase their income, invest in livelihoods, and build resilience against unforeseen events.

## **2.2 RESEARCH DESIGN**

### **2.2.1 STATEMENT OF THE PROBLEM**

Financial inclusion aims to make financial products and services, like savings, loans, and insurance, available to everyone at reasonable prices and on time. In India, Primitive Tribal Groups (PTGs) face significant challenges due to isolation, limited access to resources, and low incomes. In Mizoram, PTGs are similarly marginalized. The lack of financial inclusion among PTGs in Mizoram has serious consequences. They struggle to access basic financial services like banking, loans, and insurance. This hinders their ability to start businesses, improve their living conditions, and handle financial emergencies.

### **2.2.2 OBJECTIVES OF THE STUDY**

- To examine the impact of financial inclusion initiatives on the social status of primitive tribal groups in Mizoram.
- To assess the challenges and barriers faced by primitive tribal groups in accessing financial inclusion initiatives.

### **2.3.3 RESEARCH METHODOLOGY**

The descriptive research design is used for analyzing the effects of financial inclusion initiatives on socioeconomic status among primitive tribal communities in Mizoram.

### **2.3.4 HYPOTHESES OF THE STUDY**

H<sub>0</sub>: There is no significant relationship between financial inclusion and social status of primitive tribal groups in Mizoram.

H<sub>1</sub>: There is a significant relationship between financial inclusion and social status of primitive tribal groups in Mizoram.

H<sub>0</sub>: There is no significant difference in the barriers faced by the primitive tribal groups in Mizoram.

H<sub>1</sub>: There is a significant difference in the barriers faced by the primitive tribal groups in Mizoram.

### **2.3.5 DATA COLLECTION METHOD**

For the research, primary sources were used to obtain the necessary information. These sources include observation, physical testing, mailed questionnaires, surveys, personal interviews, case studies, and focus groups. In this specific study, primary data was collected through a self-designed questionnaire using Google Forms, which was then distributed to the respondents.

### **2.3.6 SAMPLING DESIGN**

The population addressed in the present study consists of people from the Primitive Tribal community in Mizoram. 101 respondents were identified as sampling size. Area-Cum Judgemental sampling and Convenience sampling techniques were used to collect the data.

### **2.3.7 TOOLS FOR COLLECTION AND ANALYSIS**

To see if there was a significant difference in the variables, the hypotheses were examined using techniques such as Correlations and Chi-square.

## DATA ANALYSIS AND INTERPRETATION

### TEST 1: CORRELATIONS

**AIM:** To test whether there is a significant correlation between financial inclusion and social status of primitive tribal groups in Mizoram.

Null Hypothesis(H<sub>0</sub>):

There is no significant relationship between financial inclusion and social status of primitive tribal community in Mizoram.

Alternative Hypothesis(H<sub>1</sub>):

There is a significant relationship between financial inclusion and social status of primitive tribal community in Mizoram.

TABLE 1

**RELATIONSHIP BETWEEN FINANCIAL INCLUSION AND SOCIAL STATUS**

		financial inclusion	social status
financial inclusion	Pearson Correlation	1	.298**
	Sig. (2-tailed)		.003
	N	100	100
social status	Pearson Correlation	.298**	1
	Sig. (2-tailed)	.003	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### INTERPRETATION:

Analyzing Table1, the Pearson product correlation shows the difference between the financial inclusion and social status of PTGs. From the above table, the number of financial inclusion used and social status of the PTGs was found to be low positive and statistically significant ( $r=.298$ ,  $p<.005$ ). Hence, the Null Hypothesis is rejected and the Alternative Hypothesis is accepted.

### TEST 2 : CHI-SQUARE

**Aim:** To test the significant difference between the barriers faced by the Primitive Tribal Groups in Mizoram.

**Null Hypothesis (H<sub>0</sub>):** There is no significant difference in the barriers faced by the primitive tribal groups in Mizoram.

**Alternative hypothesis (H<sub>1</sub>):** There is a significant difference in the barriers faced by the primitive tribal groups in Mizoram.

TABLE 2

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	58.897 <sup>a</sup>	66	.720
Likelihood Ratio	59.216	66	.710
N of Valid Cases	100		

a. 87 cells (94.6%) have expected count less than 5. The minimum expected count is .13.

### INTERPRETATION:

Pearson Chi-Square Test shows a value of 58.897 with 66 degrees of freedom and an asymptotic significance (2-sided) of .720. This result is not significant at the .05 level, indicating a barriers faced by the primitive tribal groups in Mizoram. Likelihood Ratio Chi-Square Test has a value of 59.216 with 66 degrees of freedom, resulting in a significance of .710. This result suggests no significant association.

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**FINDINGS:**

- The majority of respondents have a bank account, with savings accounts being the most common type of account.
- Mobile banking is the most frequently utilized method for accessing financial services
- Financial inclusion has positively impacted the income levels of some respondents.
- Financial inclusion has positively impacted the social status of some respondents.
- Financial inclusion has a significant impact on the economic status of the PTGs in Mizoram
- There is no significant difference in the barriers faced by the primitive tribal groups in Mizoram

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**SUGGESTIONS:**

- Research the benefits of community-based financial institutions like self-help groups or community savings and credit unions, for fulfilling the financial inclusion and for enhancing the socio-economic development of the primitive tribal groups in Mizoram.
- Research the gender differences that exist in financial inclusion among primitive tribal communities in Mizoram. Look into obstacles that women experience in getting to and using financial services and see how to make financial inclusion interventions gender-sensitive.
- Understand the importance of traditional ways and unconventional methods for financial operations within original tribal communities of Mizoram. Elaborate on how these practices affect an individual's financial behaviors, savings, and investment and determine whether there are any bonds between these informal practices and formal financial inclusion measures.

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