



FINANCIAL VULNERABILITY: A CRITICAL STUDY ON THE SCHEDULED TRIBES IN INDIA

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ABSTRACT: Despite affirmative action policies, financial vulnerability among India's scheduled tribes (ST) remains an issue. These communities face significant economic challenges stemming from structural issues such as limited access to employment and educational opportunities. Due to educational inequality, they have lower levels of financial literacy, which affects their ability to make informed decisions. Due to limited employment opportunities, incomes are unpredictable, and limited access to financial resources exacerbates their financial precariousness. Discrimination and social isolation make these issues worse and contribute to a vicious circle of economic fragility. To solve this issue, a complete approach is required, one that incorporates targeted educational initiatives, improved job opportunities, and easier access to financial services.

KEY WORDS: Tribes, India, Financial, vulnerability, critical

INTRODUCTION: Inclusive growth is fundamental to developmental strategy in various economies. Following the implementation of economic reforms in the early nineties, there has been an increased emphasis on development and planning that focuses on improving human well-being and reducing inequalities while also promoting the growth of per capita income, particularly aimed at vulnerable social groups, such as STs. This well-being includes



personal achievements in education, employment, healthcare, nutritional standards, and essential services like electricity, water supply, sanitation, housing, etc., in addition to ensuring their civil rights and safeguarding them against atrocities or crimes. Article 366 (25) of the Constitution of India defines Scheduled Tribes as communities that are designated according to Article 342 of the Constitution. This Article stipulates that only those communities that have been officially recognized by the President through an initial public notification or a subsequent amending Act of Parliament will be regarded as Scheduled Tribes. Article 342 provides for specification of tribes or tribal communities or parts of or groups within tribes or tribal communities which are deemed to be for the purposes of the Constitution the Scheduled Tribes in relation to that State or Union Territory. In pursuance of these provisions, the list of Scheduled Tribes is notified for each State or Union Territory and are valid only within the jurisdiction of that State or Union Territory and not outside. The list of planned tribes specifically/UT specifically, and the community announced by the planned tribe in the state should not be like that in another state. Limited access to formal employment opportunities, education, and skill training stifles income output, endangering financial stability. Lack of knowledge, institutional limitations, and geographic limitations all lead to restricted access to official financial services, such as bank accounts and credit facilities. Their ability to participate in income-generating activities and maintain their financial well-being is hampered by social isolation and health issues. Reliance on unofficial revenue streams, such as moneylending and casual labour, usually leads to debt bondage and heightened financial vulnerability.¹ Such initiatives are critical for improving the lives of vulnerable communities and promoting long term economic empowerment. The key elements of financial vulnerability are also used to inform evidence-based policy initiatives for long-term socioeconomic development in these regions. Financial illiteracy is a major global concern despite numerous advancements in the financial markets, and it is closely linked to making poor financial decisions. A financially and socially marginalized segment of the population finds the situation extremely concerning because they are unable to pay financial advisors for wealth management services. The scheduled tribes' level of education, wealth, family structure, and Internet accessibility all significantly affect their financial ratings. It also found that the tribes' financial literacy is extremely low (Singh & Singh., 2023). Economic inequities have long existed for Scheduled Tribes (STs) throughout India's



diversified sociocultural terrain. Financial fragility is a complicated problem that affects these underprivileged groups and has historical, socioeconomic, and institutional components. Despite reserved seats in legislative bodies and targeted policies, the persistently low representation of SCs and STs in key bureaucratic positions and the limited impact of interventions suggest a persistent problem. This study intends to investigate in detail the nature, causes, and consequences of financial vulnerability among SCs and STs in India in order to offer theoretical insights that could direct more effective policies and interventions.²

OBJECTIVES:

1. The objectives of studying or addressing the financial vulnerability of Scheduled Tribes in India.
2. To assess the factors contributing to the ineffective utilization of budget allocations intended for the development of tribal communities in India.

HYPOTHESES

1. The hypotheses namely studying or addressing the financial vulnerability of Scheduled Tribes in India is not significant
2. The second hypotheses namely assess the factors contributing to the ineffective utilization of budget allocations intended for the development of tribal communities in India is not significant.

STATEMENT OF THE PROBLEM: One important socioeconomic issue in India that necessitates a thorough theoretical analysis is the financial vulnerability of STs. Despite constitutional guarantees and affirmative action policies, many communities still face economic barriers that negatively impact their overall well-being. The low proportion of STs in bureaucratic roles suggests a structural issue that extends beyond the legal system. Understanding the root causes of financial vulnerability and its various manifestations is necessary to develop focused solutions. Furthermore, in order to ascertain whether the current policies adequately address the complex interplay of historical, social, and economic factors



that contribute to the financial vulnerability of STs, a comprehensive evaluation of their efficacy is required.

RESEARCH METHODOLOGY: Research into Indian tribes' financial vulnerability is based on methods of studying table research, including an overview and analysis of existing literature, reports and data sources related to their economic situation. Source selection is based on the relevance and place of residence of information priorities regarding the tribe's economic status. Data on the differences between asset income and ownership are taken into consideration to identify important economic indicators. This methodology aims to gather and integrate existing knowledge about the financial issues facing tribes, and to provide a clear understanding of factors contributing to India's economic vulnerability.

VULNERABILITIES FACED BY SCHEDULED TRIBES IN INDIA: The tribal community has been driven to the absolute point of poverty due to a number of factors, including exclusion from income-generating activities, a lack of formal education, a lack of patronage politics, caste discrimination, poverty and migration, exploitation by money lenders, a marginal increase in income, a lack of infrastructure, unemployment, and a lack of financial literacy that leads to mismanaging money.³ There is a persisting income disparity in India, with high-caste Hindu households spending the most and Scheduled Tribes spending the least and disparity is driven by differences in education, land ownership, and other assets, as well as changes in the returns on these assets.³ With an emphasis on crucial aspects like employment, wages, and credit availability, the India Discrimination Report 2022 provided a thorough analysis of caste-based discrimination in India. Notable are the main conclusions drawn from the analysis. According to the report, Scheduled Tribes face more obstacles in obtaining regular, salaried jobs than their ST counterparts. Nonetheless, the observed disparity is comparatively mild and primarily attributable to differences in work experience and educational attainment. According to this nuanced viewpoint, resolving skill and educational gaps may greatly aid in the decrease of employment discrimination. Another important factor is wage disparities, with a sizable income difference between ST and ST people.⁴ According to the data, ST people typically only get half as much credit as people from forward castes. This striking disparity highlights blatant instances of discrimination in



official credit markets, calling for legislative actions to guarantee fair credit opportunities for all. A list of policy recommendations aimed at preventing discrimination based on caste is included in the report's conclusion. These include supporting laws that guarantee equal pay and working conditions, encouraging women to enter the workforce, giving all farmers access to credit, and guaranteeing that caste diversity is represented in both employment and income. These suggestions highlight the necessity of a comprehensive strategy to tackle the intricate problems caused by caste-based discrimination in many areas of Indian society.⁵

DETERMINANTS OF FINANCIAL VULNERABILITY IN TRIBAL COMMUNITIES IN INDIA: Understanding and lowering India's financial vulnerability is essential, particularly in view of the COVID-19 pandemic's problems. This intricate issue has several determinants, ranging from systemic factors to individual-level components. A thorough understanding of financial concepts guards against personal vulnerability. People who have a better grasp of finance are better able to make informed decisions and manage their resources. Alongside this is the importance of sound money management practices, such as emergency preparedness, saving, and budgeting.⁶

Those who are skilled in these areas are less likely to experience instability and are better equipped to handle financial difficulties. One more important characteristic that comes to light is impulsivity in financial conduct. Because less impulsivity is associated with decreased susceptibility, making deliberate decisions is crucial. The way that one behaves, including their level of discipline, patience, and risk aversion, greatly influences their financial results. Improving overall resilience becomes dependent on cultivating favourable financial behaviours. Financial vulnerability is further exacerbated by demographic variables. Factors such as age, level of education, and size of household have a significant impact. For example, there is a favourable correlation between financial well-being and education levels. This emphasizes the necessity of focused interventions determined by demographic factors. A further level of complexity is introduced by health and disability. Financial stability can be severely impacted by health shocks and disabilities. Sufficient health insurance and proactive steps are considered necessary to successfully reduce these risks.⁷ Clear disparities in income and asset ownership, which is crucial economic indicators, shows this economic hardship. The dimensions of ST vulnerabilities in the Indian context are as follows.



Wage disparities: There are notable wage differences between Tribes, and other caste groups. Scheduled Tribes are more likely than other castes to live in poverty, and disparity ratios rose across all states and throughout India between 1983 and 2000⁸.

Differences in entrepreneurial activity: Tribes and other caste groups also differ in their entrepreneurial activity. Compared to 33.1% for other caste groups, the percentage of impoverished Scheduled Tribe households was 49.2% and 50.3%, respectively⁹.

Asset and Land Ownership: Land distribution Tribes is often unequal and skewed. Rural Indian society is hierarchical and iniquitous, enmeshed in feudal ethos. Scheduled Tribes are among the most disadvantaged socio-economic groups in India, facing problems such as geographic separation, health and education issues, and economic backwardness.⁹

Possession of additional noteworthy assets: Apart from land ownership, other important possessions like wealth and income disparity also exacerbate Scheduled Tribes' economic vulnerability. When it comes to the percentage of wealth owned by any socio-religious group, the Hindu high castes (HHCs) hold the largest share. Due in part to the significant heterogeneity within the broadly defined caste groups, between caste inequalities accounted for roughly 13% of total wealth. In India, Scheduled Tribes' economic situation is defined by differences in asset ownership and income. Caste, religion, and regional variations are some of the factors that contribute to these disparities. Targeted policies and interventions are necessary to address these economic issues and advance social and economic equality for this marginalized groups.¹⁰

Political Representation: The representation of Scheduled Tribes (STs) and Dalits in Indian politics is still notably low, as evidenced by the disproportionately small numbers of these groups in important bureaucratic positions, even in spite of constitutional provisions for reserved seats and requirements for political parties to nominate ST candidates. A comprehensive approach is needed to address this issue, one that includes increased political consciousness, better access to jobs and education, and proactive efforts by political parties to nominate more ST candidates. This multimodal approach recognizes the complexity of the problem and strives for fair representation for Dalit and ST communities in order to establish a more inclusive political environment.¹¹



INEFFECTIVE UTILIZATION OF BUDGET ALLOCATIONS FOR TRIBALS IN

INDIA: Despite the constitutional and legal guarantees for the welfare of Scheduled Tribes (STs), such as the Tribal Sub-Plan (TSP), critics argue that the actual budget allocation is insufficient to tackle the wide-ranging issues faced by tribal communities, including poverty, illiteracy, poor health, and land alienation. Budget allocation for tribal welfare has been subject to substantial criticism over the years, with several areas highlighted as problematic in addressing the specific needs of tribal communities. These criticisms often focus on issues like inadequate funding, misallocation of resources, ineffective program implementation, and the lack of meaningful inclusion of tribal voices. The *National Commission for Scheduled Tribes (NCST)* in its various reports has pointed out that the funds allocated under TSP are not proportional to the population of tribal communities. According to the NCST's *Annual Report (2020)*, the allocation often falls short of meeting the developmental needs of these communities, leaving them underserved.¹²

TABLE-1

BUDGET ALLOCATION DURING THE LAST TEN YEARS OF THE TRIBALS IN INDIA

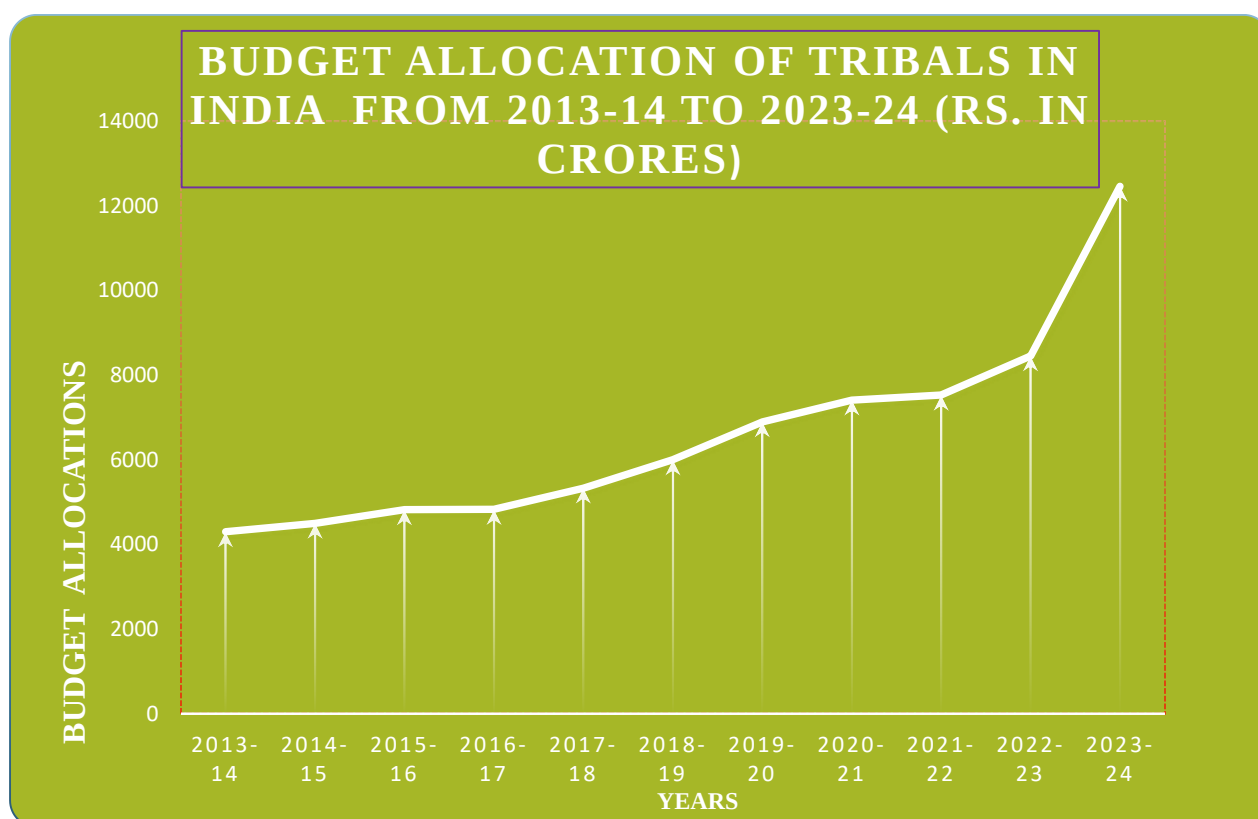
YEARS	BUDGET ALLOCATION (Rs. in crores)
2013-14	4295.9
2014-15	4497.9
2015-16	4819.2
2016-17	4826.5
2017-18	5329.3
2018-19	6000.0
2019-20	6894.9
2020-21	7411.0
2021-22	7524.8
2022-23	8451.9
2023-24	12461.8
CAGR (%)	11.24

Source: Tribal budget reports 2013-14 to 2023-24



The table-1 shows the Budget allocation during the last ten years of the tribals in India. The budget allocation of the Ministry of Tribal Affairs has been substantially increased from Rs.4295.94 crore in 2013-14 to Rs.12461.88 crore in 2023-24 i.e. an increase of around 190.01 %. The compound annual growth rate (CAGR) is **11.24%**. Even when adequate funds are allocated, there is often poor utilization, inefficiency, and mismanagement. The funds allocated to tribal development schemes are sometimes diverted for other purposes, or not fully utilized due to bureaucratic red tape and corruption. Figure-1 Shows the budget allocation during the last ten years of the Tribals in India.

FIGURE-1



HYPOTHESES TESTING

1. The hypotheses namely studying or addressing the financial vulnerability of Scheduled Tribes in India is a significant.



2. The second hypothesis namely assess the factors contributing to the ineffective utilization of budget allocations intended for the development of tribal communities in India is a significant.

FINDINGS OF THE STUDY: From 2013-14 to 2023-24, the budget allocation for tribals in India rose steadily from Rs. 4,295.9 crore to Rs. 12,461.8 crore, marking nearly a threefold increase. The most significant rise occurred in 2023-24, with an increase of over Rs. 4,000 crore from the previous year, indicating a strong policy push. While the period between 2015-16 and 2016-17 showed minimal growth, the overall trend remained upward, with a CAGR of 11.24%. Growth was moderate between 2013-14 and 2018-19, accelerating post-2019, likely due to shifting policy priorities and greater focus on social inclusion. The sustained rise reflects the government's commitment to bridging the development gap for tribal communities.

FUTURE IMPLICATIONS OF THE STUDY: The financial vulnerability of STs Remains unaddressed, it could hinder the nation's overall economic development. The lack of human capital in these communities, due to low education and skill levels, limits their participation in the broader economy. In the long run, this could contribute to national inequality and prevent India from reaching its full economic potential. Addressing these issues will require multifaceted interventions, including improving access to education, healthcare, financial resources, and better representation in governance and policy-making processes. Without meaningful progress in these areas, the financial vulnerability of STs is likely to continue into the future, with far-reaching consequences for both the communities and the nation.

CONCLUSION: Financial inclusion stands as a cornerstone for fostering economic development and social equity. While specific instances of financial inclusion policies for scheduled tribes in various nations may not be immediately evident, the underlying strategies and approaches mirror those implemented in India. Despite commendable efforts globally, challenges persist in achieving universal financial inclusion. Cultural nuances, varying socio-economic contexts and historical disparities necessitate nuanced approaches. Nevertheless,



these challenges also present opportunities for innovation and collaboration. Leveraging technology, adopting context-specific policies, and fostering inclusive financial ecosystems are among the strategies that can enhance the effectiveness of financial inclusion initiatives. The global pursuit of financial inclusion for scheduled tribes reflects a collective commitment to social justice and economic equity. While specific policies may vary, the underlying principles of empowering marginalized communities through education, employment, and access to financial services remain universal. As we navigate the complexities of global financial landscapes, continuous evaluation, innovation, and collaboration will be instrumental in refining policies and advancing the shared goal of financial inclusion on a global scale. Through these collective efforts, we can envision a future where economic empowerment knows no boundaries, and financial inclusion becomes an inherent right for all and it will be a lifeline to address financial vulnerability. Improving financial literacy encouraging responsible conduct and protecting households from economic shocks all become essential elements of an all-encompassing plan to mitigate financial risk. A holistic strategy can help India's financial landscape become more robust and stable by recognizing and addressing both individual and systemic problems.

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