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### **Vulnerability of Tribes Exposed to Informal Source of Finance: A Study of Non-Primitive Tribe Households**

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#### **ABSTRACT**

This paper looks into the financial vulnerability of tribes exposed to informal source of finance. As is well known, informal finance entails many negativities which push their clients, mostly poor and low income, into a vicious circle of debt trap, and often tied them to the suppliers of informal finance for long. The study makes use of the Household Vulnerability Index (HVI) to quantify the vulnerability of households exposed to the informal sources of finance. Based on the HVI index, households are categorized into three groups: Coping Level Households (CLH), Actual Level Households (ALH) and Emergency Level Households (ELH). The study found that only 18 percent of tribe households are CLH while 41.5 percent of households are ELH. In Paniya community nearly 60 per cent of households fall under ELH category.

**KEYWORDS:** Financial Vulnerability, Non-Primitive Tribe Households, CLH, ALH and ELH, Triangulation, Adiya, Kuruma, Kurichya and Paniya Communities.

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## INTRODUCTION

Finance has assumed indomitable importance in the present day monetized exchange economy. It is obvious that for the low-income, socially and economically disadvantaged segments viz. the tribes, Dalits and Unemployed women the problem of access to finance becomes even more precarious as the formal financial channels like the banks appear to be averse to offer financial services to them in quick response to their demand, citing an array of seemingly one-sided plausible reasons<sup>1</sup>. Consequently, the poor and the low income people like the tribes often find informal financial sources as the last and first resort to address the problem of their credit requirements. This over reliance on informal sources of finance bears the risk of making them trapped in a vicious circle of indebtedness, creating untoward consequences on their economic and social condition. Recent data by both RBI and NSSO sheds light on the increasing reliance of people on informal sources of finance<sup>2</sup>. Against this background, it would be appropriate to look into the extent to which the poor and the disadvantaged communities like the tribes have become vulnerable to informal sources of finance to meet their financial requirements. Apart from this, the present study also probes into the inter-tribal variation in financial vulnerability.

## RESEARCH METHODOLOGY

The present study employs quantitative investigation involving mainly data collection, analysis, and Focus Group Discussion (qualitative too) for the research work. This method of combining two or more methods in research endeavours is known as '*triangulation*'<sup>3</sup>. In this study, both primary and secondary data have been employed. Primary data is collected through the interview method and the secondary data have been collected from various sources. For this study, cluster sampling has been employed to choose the right number of sample households. As the study intends to make an inter-tribe variation in household financial vulnerability, effort has been made to collect samples from different locations where each tribe community is most concentrated. As the Manathawady and the surrounding places are home to majority of Kurichya and Paniya households, samples for both communities have been taken from these places while Kuruma and Adiya samples have been collected from Sultan Batheri. Using stratified random proportionate sampling, in total 246 sample households have been chosen giving proportionate preference to each tribe community. Kurichya households and Paniya households were respectively chosen from the Edavana and Panamaram Grama Panchayats. Selected households from each tribe community took part in the Focus Group Discussions.

## ON VULNERABILITY

Vulnerability in simple parlance can be defined as the proneness of individuals or communities to various risks or shocks that arise from their exposure to desirable or sometimes undesirable conditions. In the words of Gillamount “vulnerability means the risk of being harmed, wounded (negatively affected) by unforeseen events, in general and in economics as well”<sup>4</sup>. Vulnerability particularly socio-economic vulnerability differs based on socio economic status of affected people. Low socio-economic status entails high vulnerability and vice versa<sup>5</sup>. Vulnerability is a wider umbrella term and its canvass surpasses the theoretical boundaries of what we normally define as ‘poverty’ and ‘social exclusion’. Vulnerability does not have to be referred to the current economic and social condition of people prone to adverse risks in life. It is ‘about exposure to risks’, rather than the current risks that a person is being confronted with. Therefore, while poor and excluded are definitely vulnerable people, ‘not all vulnerable people are poor and excluded’<sup>6</sup>. Simply speaking, vulnerability refers to the proneness of people to adverse shocks in life. It is undeniable that every shocks in life let it be shocks emanating from ill health or prolonged hospitalization has an economic consequence reflected either in a fall in the number of working hours that the individual would have put in had he not been affected or a decline in net worth that he might have run down to meet the hospital bills. In either condition as he crosses the boundary built around him given his ‘shock absorption level’, he may have to seek finance from different avenues which can be formal or informal. As for an average individual or household speedy disbursement of finance from formal sources viz. banks may appear to be not too easy, and hence, he is left with probably one choice that is informal sources. Thus it is obvious that reliance of people/household on informal sources of indebtedness arises from multiple shocks in their life.

## MEASURING VULNERABILITY

Having discussed the socio economic characteristics of the tribe households, now we enter into the crux of our work the measurement of financial vulnerability. A few of the aspects in the construction of the measurement of vulnerability have been discussed at length in the methodology part of this work. Based these yardsticks of financial vulnerability, we have three kinds of households facing vulnerability:

***Coping Level Households (CHH)***: there are households placed in financial vulnerable conditions but they are able to cope with that, and have all capabilities to come out of the vulnerable conditions. These households are able to adjust with the changing circumstances and hence they are likely to survive financial vulnerability without any external support. To put in another way, CHH

can become resilient to financial vulnerability even with their internal endowments be it physical or financial. Hence, these households do not require any specific institutional interventions to ameliorate the problems of vulnerability.

**Acute Level Households (ALH):** these are households which are badly hit by their financial vulnerability and are dispossessed of their assets to keep themselves away from financially vulnerable conditions. These households need support from various corners to get rid of their vulnerability. In short, these households are distressed and have to seek external help to save themselves from vulnerable conditions. Hence, institutional interventions can play a vital role in the case of ALH.

**Emergency Level Households (ELH):** this is a tragic condition where the household does not have any remote possibility to come out of their financial vulnerability. Only with the sophisticated application of suitable measures and devices like direct support or take over, they can be returned to normalcy. These households are on the threshold of being fallen into poverty trap, and if not attended with directly helpful apparatus, they are likely to be trapped into financial vulnerability for a fairly long period which takes them to precarious life conditions.

## EXTENT OF VULNERABILITY

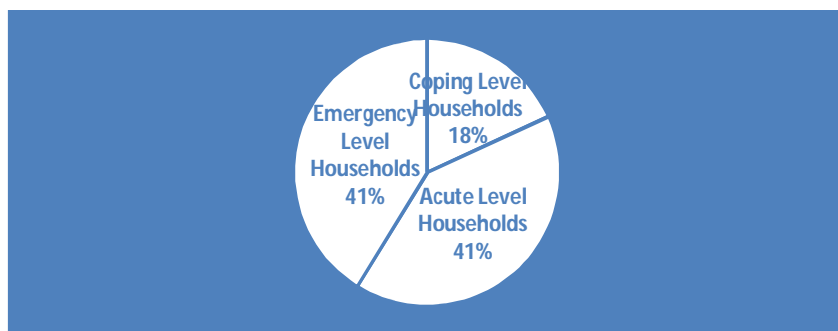
Having analysed the categorization of vulnerability households into three groups, now it is interesting to look at the extent of vulnerability among the tribe households under this study.

Table No.1 Degrees of Vulnerability

Degrees of Vulnerability	Percent	Cumulative Percent
Coping Level Households	18.3	18.3
Acute Level Households	40.2	58.5
Emergency Level Households	41.5	100.0
<b>Total</b>		

Source: Primary Data, 2018

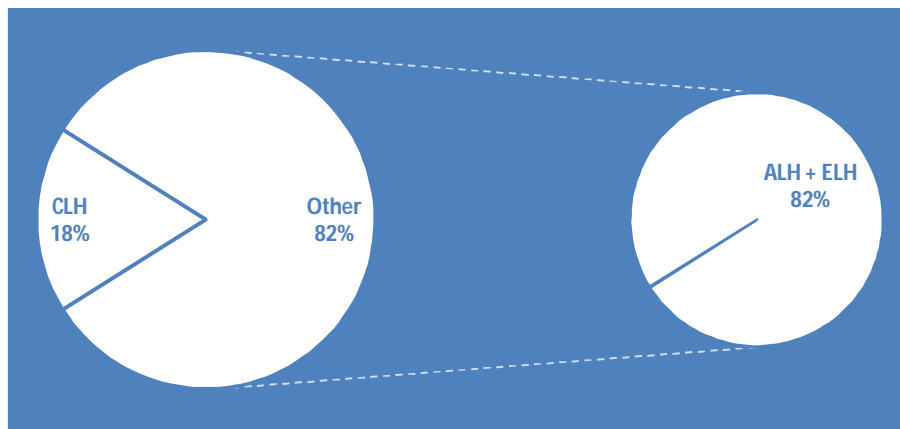
Figure No.1 Degrees of Vulnerability



Source: Primary Data, 2018

Unsurprisingly, only 18 per cent of tribe households could cope with the vulnerability conditions whereas 41.5 per cent of households are emergency level households (Table No.1 and Fig No.1). What is more disheartening is the fact that Acute Level Households (ALH) and Emergency Level Households (ELH) putting together account for 82 per cent of tribe households (Figure No.2). This unquestionably raises serious concerns about the vulnerability that tribes are subject in the present conditions where all efforts have been made to free them of many social and economic entangles.

Figure No.2 Vulnerability: CLH and ALH plus ELH



Source: Primary Data, 2018

Since the present study intends to examine the tribe level variation in vulnerability, it is pertinent to look into how different communities vary themselves in respect of their vulnerability conditions. Among the tribe communities that come under our consideration, it is interesting to see that in Paniya community nearly 60 per cent of households fall under ELH category showing the intensity of vulnerability that this tribe community has been subject to whereas Kuruma, one of the forward tribe communities in Wayanad District of Kerala, has the distinct credit of having the highest per cent of households coming under the CLH category (Table No.2). Among the Kurichya, a land owning tribe community in the District, it is quite embarrassing to observe that only 19.6 per cent of households are CLH. More embarrassing is the fact that Adiya community, one of the backward tribe communities, shares the status with the Kurichya. ALH households are more found in the Kurichya community followed by the Adiya. Hence, we summarise the result as follows:

- Paniya Community has the highest number of ELH Households
- Kuruma Community has the highest number of CLH Households
- Kurichya Community has the highest number of ALH households followed by Adiya

**Table No.2 Tribe Wise Distribution of Vulnerability**

Vulnerability Levels	Tribal Community Wise Distribution of Respondents				Total
	Kurichya	Kuruma	Paniya	Adiya	
Coping Level Households	19.6	48.8	6.6	21.6	18.3
Acute Level Households	54.3	29.3	34.4	54.1	40.2
Emergency Level Households	26.1	22.0	59.0	24.3	41.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Primary Data, 2018

**Table No.3 Chi-Square Tests: Association between Tribe Community and Degrees of Vulnerability**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	54.638 <sup>a</sup>	6	.000
Likelihood Ratio	51.433	6	.000
Linear-by-Linear Association	6.506	1	.011

Source: Primary Data, 2018

Now, is interesting to see whether there exists any association between the extent of vulnerability and the tribal community to which the households belong. Applying a Chi-Square Test to probe into this influence, it could be observed that (Table No.3) there exists a prima facie undisputable association between the type of tribe community and the degree of vulnerability. At a glance, the data unfolds that while CLH and ALH households are more concentrated in the forward tribe communities viz. Kurichya and Kuruma, more ELH households, and to a greater extent ALH households, (especially in the case of Aidiya) flock together under the two backward tribe communities viz. Paniya and Adiya. It evidently brings forth the fact that as a household happens to be in the forward tribe community, its chances of being bracketed as CLH or ALH gets raised and vice versa. For instance, Paniya, the most backward tribal community, has nearly 60 per cent of its households being categorized as ELH. Having said this, the outcome does not appear to be unusual because forward tribes, because of their virtue of being considered as ‘forward’, do possess natural, human, social and physical capital to withstand normal shocks that occur in their life. On the contrary, in the case of ‘backward’ tribe communities viz. Paniya and Adiya, as they are backward in terms of possessing relatively low amount of natural, human, social physical capital, are forced to remain as more vulnerable to most of the shocks that come in the wake of their life, and as a fallout of this they continue to live under the miserable socio economic conditions. In this study, we intend to affirm our argument that instead of trying to address issues after they have occurred, it would be advisable to devise strategies to build or rebuild resilient capacity among the tribe households so that given a shock in life they do not again fall into the trap of abject poverty and socio economic discomforts which further intensify their financial vulnerability.

## FINDING AND OBSERVATIONS

The first objective of the study was to analyse the extent of vulnerability among the tribe households. The study found that only 18 per cent of tribe households could cope with the vulnerability conditions whereas 41.5 per cent of households are emergency level households. What is more disheartening is the fact that Acute Level Households (ALH) and Emergency Level Households (ELH) putting together account for 82 per cent of tribe households. In Paniya community nearly 60 per cent of households fall under ELH category whereas Kuruma community has the distinct credit of having the highest per cent of households coming under the CLH category. Hence, we summarise the result as follows:

- Paniya Community has the highest number of Emergency Level Households
- Kuruma Community has the highest number of Coping Level Households
- Kurichya Community has the highest number of Acute Level Households followed by Adiya

To sum up, it is obvious from this study that majority of tribe households hailing from the non-primitive tribal communities in the Wayanad District has been financially vulnerable and their dependence on informal sources of finance has aggravated the problem of their vulnerability. Among the Tribe communities, the extent of vulnerability is the least in the case of Kuruma Tribe, a forward tribe community. On the other hand the extent of vulnerability is the highest among the Paniya Tribe which is a backward tribe community. The fundamental socio economic characteristics of tribes play an important role in making the household vulnerable to different circumstances. The study also calls for designing strategies to increase the resilience of Tribal communities so that any shock in their life, income or employment shocks do not make them further vulnerable to external changes.

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