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Access to Institutional credit among Schedule Tribes in Telangana – A case study of Shankarpally Mandal in Ranga Reddy District.

S.Kannan

Abstract

The persistence and dominance of non-institutional financial sources in the rural credit is a major concern in India, particularly among the Scheduled Tribes households. In this context, present study focuses on the penetration of credit flow among the tribal household in Telangana. The study covers both macro and micro-level perspective of access to institutional and non-institutional sources among the tribal households. The macro-level and micro-level analysis portrays that they depend upon non-institutional credit mainly from money lenders and relatives. Further, borrowing from money lender makes them to lose their rights on selling their farm products on their own, which leads to falling in debt trap. The study suggest that formal financial institutions should develop more flexible products and services to meet the income and expenditure pattern of the tribal households, to come out of the debt trap.

Keywords:

Tribal;
Borrowings;
Money lender;
expenditure;
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1. Introduction

Borrowing money (or going for credit) to manage the various livelihood aspects is one of the critical condition for the Tribal households. The various livelihood activities that tribal people conduct typically include agricultural cultivation, daily wage labour (farm and non-farm labour), forest collection/hunting, fishing, animal husbandry, etc.., The livelihood aspects in the form of food grains, food items (fish, meat, milk, vegetables, fruits, etc.,) and fuel wood directly fulfill the food need of the household. While the need for other non-food items like clothing, soap, footwear, medicine, celebration of festivals and to conduct important (life cycle) ceremonies they require money. When their income is not sufficient and lack of poor savings to manage the non-food items they start approaching the financial agencies to borrow money. A large number of formal and informal financial agencies lend money to tribals for their short and long term needs. The formal agencies include Cooperatives, Regional Rural banks, Scheduled Commercial Banks, Non-banking financial institutions, Self-help groups, Microfinance institutions and other government agencies. The informal sources comprise money lenders, friends, relatives, traders/shop keepers, employers and others. Access and use of appropriate financial resources is the key to the enhancement of the level of economic wellbeing (Deepak Kumar Mishra, 2008). Holding a bank account, approaching formal financial agencies for borrowing money, access to insurance and pension system, which are vital for the people to protect themselves from vulnerabilities. With the banks and governments insisting on the use of bank routed transaction methods in the name of taming mushrooming presence of black money, holding bank accounts and owning modern transaction devices have become growingly indispensable (Shinde, 2014). The need for opening bank account and transactions through bank account were more emphasized by the government among all section of the population. As Schedule Tribes use money for effecting transactions, they must have also come into contact with the banks. Although there may be variations in the extent to which the tribes have got connected with the banks and their purpose, the proportion of people holding bank account was increased in the recent past in general among Schedule Tribes (Pradeep Kumar, 2017). However, holding just bank account would not suffice to the requirement of financial inclusion, nor does it help much in tackling the issue of financial vulnerability of households particularly the tribal households. Low income people need credit of small amount and that too for a short time. The use of credit probably helps balance the daily or weekly mismatch that occurs in their household budgeting process. When they confront with an income shock or employment shock, they need credit to stretch out their necessary expenditure. The real question is whether the banks or other lending agencies can meet these types of credit requirements of the tribes. Formal banks are averse to lending to the poor income people despite them being their customers by way of opening accounts. Formal banks put many restrictions and conditions before the borrower most of which are not adhered to the borrowers. Apparently informal players are active in the rural credit market grab the lion’s share of the credit requirements of the low income people like the tribes (Veena Basin, 2013). Their presence is most felt in areas where financial literacy is low and people live in completely poor conditions. They perpetuate the pathetic living conditions of poor people in rural areas and pocket whatever little earnings or savings they make. The reliance on informal financiers for credit requirement involves far reaching ramifications. The real financial vulnerability of people especially the low income and economically deprived communities like the tribes stems from their incessant dependence on the informal sources of finance.

Obviously, the socially and economically disadvantaged segment of society particularly the Scheduled Tribe is likely to be incapacitated in many ways when they are deprived of access to basic financial services (Basu 2006).Further, the studies conducted by scholars (Vinay Kumar 2010; Sharma et al. 2007; Rao 1978; Ramiah 1981;) posted that most of the time they approach informal financial agencies for their household requirements. The major question comes to the scholarly discussion about the type of difficulty they are facing in accessing the formal financial agencies for their credit requirement, which is safe, secure and protects them from the exploitation of the informal financial agencies. In this backdrop, the present study has examined the penetration of agricultural and non-agricultural credit flow and has identified the determinants of institutional credit at the tribal household level in Telangana through macro and micro level analysis.

1.2 Financial Exclusion

In the process of economic development in the nation, many individuals/communities are not mobilized themselves. There are many reasons, particularly illiteracy, less awareness about the government procedures and schemes, middleman intervention in the socio-economic and financial transactions, etc., when we discuss from the point of exclusion, the individual/groups/communities are not accessible to resources. Many communities particularly, Schedule Caste and Schedule Tribe were excluded socially, economically and financially (Murugan and Manimakalai, 2019). On the basis of the constitutional provisions (Article 46), many committees were appointed to access their needs and conditions. On the basis of the recommendations many schemes and programmes were implemented to bring social, economic, political and financial inclusion in the society. To some extent these communities are politically and educationally included through reservation. However, due to their socio-economic backwardness, they are financially backward. The major reason is non-utilization of banking facility. Majority of the population, particularly among Schedule Tribe they remains vulnerable in the clutches of the money lenders. Because of poverty, low-income and illiteracy, they find it difficult to overcome their situation. Non-existence or not adequate banking facility in the rural areas is the major reason for them to depend upon the money lenders.

Many scholars and agencies accepted that developing financial sector and improving access to financial services accelerate economic growth and helps achieve inclusive growth (Satyasai, 2012). When we discuss about inclusive growth it is little more than just the benefits reaching the targeted population equitably and evenly. It refers participation of all sections and regions of the society in the history of growth and reaping the fruits of growth. To achieve inclusive growth at the macro level, financial inclusion at bottom level is very important. Financial inclusions includes safe savings, appropriately designed loans for poor and low-income households and for micro, small and medium sized enterprises. Further, appropriate and conducive insurance payments services can help people to enhance incomes and manage risks to come out of the poverty. It also includes facilities for easy transactions at banks for receiving and repaying the loans. Thus an easily accessible small loan facility, a savings bank account and an insurance policy can make a great difference to poor and low income family. The better financial services enables the poor to have better nutrition, housing, education for children and better health care services and overall it improves the standard of living (Meghana Ayyagari and Thorsten Beck, 2015). Thus financial inclusion can act as an effective instrument to alleviate poverty among the population, particularly among the Schedule Tribe. With this background, the present study analyses as to what extent Schedule Tribe in the rural areas included to accessing credit from institutional sources.

1.3 Institutional Credit

The introduction of institutional credit in rural areas seems to have been promoting equity and encouraging small land holder's access to formal credit and save them from the grip of moneylenders. The institutional financial services can be in the form of access to certain institutions such as banks, cooperatives, regional rural banks, non-banking finance companies, credit unions, micro finance institutions, and insurance companies or in terms of functions that institutions perform or series they provide such as payment services, savings or loans. The institutional credit access in rural areas was strengthened by the Government of India since the country got independence by nationalization of major banks and establishment of cooperation agricultural societies. Nevertheless, the access to institutional credit became a dream for the major rural population. By appointing various committees the situation was analyzed and measures like establishment of Lead Bank Scheme, direct lending for the priority sector's, banking sector's linkage with the government-sponsored programmes targeted at the poor, Differential Rate of Interest Scheme, the Service Area Approach, the SHG-Bank linkage programme, Special Agricultural Credit Plans, and Rural Infrastructure Development Fund (RIDF) schemes were introduced to enhance the flow of credit to the rural sector. These initiatives have had a positive impact on the flow of rural credit. However, the share of institutional credit in the rural areas has increased enormously in several states, but in some states such as Andhra Pradesh (41.6%), Bihar (28.9%), Jharkhand (44.9%), Manipur (33.7%) and Rajasthan (46.1%), it continues to be low and was less than 50 percent in 2013 (Anjani Kumar 2017, 31). The persistence of informal credit has serious implications and raises many questions on the functioning of institutional credit mechanism.

1.4 Non-institutional Credit

The non-institutional rural credit constitutes around 40 percent of total credit in India (NSSO, 70^{th} round, 2013). The important sources of non-institutional credit are money lenders, merchants, advances from landlords, relatives and friends. The interest charged by them is usually very high. Sometimes the land or other assets are kept as collateral. Further, money lending has been the widely prevalent profession in the rural areas. The money-lenders charge huge rate of interest and mortgage the property of the cultivators and in some cases even the peasants and members of his family are kept as collateral. Sometimes, the agents give credit on the hypothecation of crops which when harvested is used to repay loans. The credit from relatives are generally used for meeting personal expenditure. They never charge any rate of interest. However, the percentage of access to such credit is very less.

Most of the discussions on the issue of rural credit are, by and large, swayed by perceptions and empirical validation of the changes taking place in the rural credit market is often lacking. Also, empirical studies on the characteristics of borrowers from institutional sources are few and the factors which determine the choice of credit sources have not received much attention among the academia and policymakers. An empirical analysis of rural credit delivery at the micro level and determinants for access to institutional credit would be useful in understanding the behaviour of borrowers. This will also help in reorienting the credit policies and programmes for a better credit flow. Against this back-drop, the present study has examined the penetration of agricultural and non-agricultural credit flow and its determinants among the tribal household in Telangana.

1.5 Schedule Tribes in Telangana

Telangana is a newly formed state in India with a geographical area of 1,12,077 square kilometers and located on the Deccan Plateau and lies in the southern region of India.. It is the twelfth largest state in terms of area in India. The Schedule Tribe population is distributed in all the districts of Telangana State. The scheduled Tribes or otherwise referred as original inhabitants (Adivasis) portrayed as one of the most economically deprived and marginalized groups when compared with the other segment of the population. They live in remote and isolated regions and engage in primitive occupations, animism and nomadic habits. They constitute about 9.34% of the total population or 31.77 lakh in Telangana State (Statistical Year Book of Telangana State, 2015). About 89.05% live in rural areas and 10.05% live in urban areas. Their literacy rate is 49.51 as against state literacy rate of 66.46. Their proposition to total population is higher in the districts like, Mahabubabad (37.80%), BhadradriKothagudem (36.66%), Adilabad (31.6%) and KumuramBheem (25.91%). There are 32 Tribal groups living in the State which include 4 PVTGs (Particularly vulnerable Tribal Groups) viz., Kondareddies, Chenchus, Kolams and Thoties living in Khammam, Mahabubnagar, Nalgonda, Ranga Reddy, Adilabad Districts. The dominant tribal groups in the State are Lambadas with a population of 20,46,117, Koyas – 4,86,391, Gonds – 2,97,846 and Yerukalas – 1,44,128. Among these tribes, Chenchus are considered as primitive as those who lived in Stone Age (Dyavanapalli Satyanarayana, 2014) .However, the present study analyzes the Schedule Tribes in Shankarpally Mandal of the Ranga Reddy District.

1.6 Schedule Tribes in Shankarpally Mandal

Shankarpally Mandal comes under the administration of Chevella Revenue Division of Ranga Reddy District of Telangana State. As per the census report of 2011, there are two tribes existing in this Mandal. The Lambada/Banjaras/Sugalis and Yerukula tribe. They constitute 3.2 percent of the total population of the Mandal. The short description about the tribe is adopted from Dyavanapalli Satyanarayana's book on "***Tribes of Telangana***" (2014) is as follows:

Lambada Tribe: The Lambadas are a scheduled tribe inhabiting throughout the states of Telangana and Andhra Pradesh. They are also known as Sugalis and Banjaras (According to the SC & STs (amendment) Act 1976, the Telangana region Banjaras / Lambadas are recognized as Scheduled Tribes). The lambada are the largest tribe in Telangana. Their population according to 2011 Census is 1718 (which constitute 82% of the total population) in Shankarpally Mandal. Lambadas live in exclusive settlements of their own called Tandas, usually away from the main village, tenaciously maintaining their cultural and ethnic identity. The Lambada Thanda or settlement is the smallest territorial unit of organization represented by the family members of the Lambada Tribes. There are five Tandas in Shankarpally Mandal.

1. Vallabharayuni Gutta Tanda (Kondakal village)
2. MokilaTanda (Mokila village)
3. KakarlakuntaTanda (Maharajpet village panchayat)
4. PonnaguttaTanda(Maharajpet village panchayat)
5. IrriguttaTanda(Maharajpet village panchayat)

Yerukula Tribe:Yerukula tribe is found throughout Telangana. They call themselves 'Kurru'. They are called 'Yerukula' after their women's traditional profession of fortune telling (Erukachepputa). The population of Yerukula tribe according to 2011 Census is 367 in Shankarpally Mandal. The Yerukula tribe has a dialect of its own which is called 'Yerukulabasha' or 'Kurrubasha' or 'Kulavatha'. It is derived from Dravidian languages, mostly Telugu, Tamil and Kannada.

The Yerukula tribe is divided into a number of functional and endogamous subdivisions and each such sub-division is named after the commodity, which they traded in and the occupation they adopted. The sub-divisions are Dabba Yerukula (those who make baskets from split bamboo), Yeethapullala (Date twigs) 'Yerukula (those who make baskets from wild date leaves), KunchapuriYerukula (those who make weaver's combs), ParikamuggulaYerukula (sooth sayers and beggars), Karivepaku (curry leaves) Yerukula(hawkers of curry leaves), Uppu (salt) Yerukula (salt hawkers). They are found in Tangutoor, Gopularam, Janwada, Proddutur and Kondakal villages.

2. Research Method

The access to financial services can be measured in the form of access to certain institutions such as banks, cooperatives, non-banking finance companies, credit unions, micro finance institutions, and insurance companies or in terms of functions that institutions perform or series they provide such as payment services, savings or loans or credit. A large number of formal institutional agencies are involved in the disbursement of credit to agriculture and non-agricultural activities. However, the persistence of money lenders in the rural credit requirement is still a major concern. In this backdrop, the present study has examined the penetration of agricultural and non-agricultural credit flow and has identified the determinants of institutional credit at the tribal household level in Telangana through macro and micro level analysis. For macro level analysis the data collected from Statistical Year Book and Social Development Report of Telangana State (2017) to understand the credit flow among the schedule tribes.

For micro level analysis on the access to institutional credit facility among schedule tribes in comparative perspective, three villages were chosen from Shankarpally Mandal (having tribal population of 2085, which constitute 3.19% to the total population) of Ranga Reddy District in Telangana State.Shankarpally Mandal is one of the 27 Mandal in Ranga Reddy district of the Indian State of Telangana. It is under the administration of Chevella Revenue Division and has its headquarters at Shankarpally.

Table-1Village selected for the present study

S.No.	Name of the villages having schedule tribe population	5/10/15 km radius	Total tribal population	Total no of households	Banks, ATMs, and Post office.	No. of Selected Household in each selected villages
	Villages within 5 km radius					
1	**Shankarpally**	**0**	**70**	**18**	**Bank –4 ATM – 5 PO- 1**	**15**
2	Singapur	02	6	1	Nil	
3	Ramanthapur	05	1	1	Nil	
4	Mahalingapuram	05	11	2	Bank -1 ATM-1	
	Villages within 10 km radius					
1	Yervaguda	06	33	18	Nil	
2	Yelwarthy	06	15	4	Nil	
3	Mokila	07	918*	213	Bank – 3 ATM – 2	
4	**Tangutoor**	**10**	**52**	**35**	**Nil**	**15**
5	Donthanpalle	10	12	3	ATM -2	
	Villages within 15 km radius					
1	Parveda Khalsa	11	13	3	Nil	
2	Parveda(chanchalam)	11	7	1	Nil	
3	**Maharajpet**	**11**	**491***	**78**	**Nil**	**15**
4	Kondakal	12	309*	61	Nil	
5	Gopularam	12	28	9	Nil	
6	Proddutur	13	29*	8	Nil	
7	Kothapalle	15	46	11	Nil	
8	Janwada	18	44	9	Nil	
	Total	**-**	**2085**	**475**	**Bank – 8 ATM - 10**	**45**

Source: District Census Handbook, Ranga Reddy District,
* indicates the population of the Banjara/Lambada tribes

There are 26 revenue villages in the Shankarpally Mandal in which one village is uninhabited. Out of 25 villages, tribal hamlets are found in 17 villages. There are seven banks in Shankarpally Mandal (see Table 1 for details). Out of seven, four are Commercial Banks, two are Private Banks and one Regional Rural Bank. The villages selected for the present study are highlighted in bold letters (see Table 1). One of the villages situated nearby Mandal office (within radius of 5 km), another village a little far away from the Mandal office (within radius of 10 km) and the third village far away from Mandal office (within and above the radius of 15 km). From each village all the available Schedule Tribe households with the criteria of resident of that particular village for stipulated period of time (at least for the period of two census years) were included for the study. Semi structured interview schedule was used to collect from the head of Schedule Tribe households. The collected information was analyzed by using comparative analysis between the villages and Tribes through simple tables and percentages.

3. Results and Analysis

3.1 Access to Institutional credit in Telangana by Tribal household – Macro level analysis

The macro level analysis on access to Institutional credit in Telangana by Tribal households covers various aspects such as whether they are holding bank account, access to institutional and no-institutional credit, average loan outstanding per household and purpose of loan. The major information was gathered from Telangana Social Development report 2017. A bank account is prerequisite for accessing institutional credit from commercial banks and cooperative societies by a credit-seeking household. The data reveals that in Telangana, 77.3% of the household had bank accounts in 2012-13 (see Table 2).

Table 2 proposition of household with bank accounts in Telangana (2012-13)

Social group	Rural	Urban	Total
ST	**75.2**	64.1	72.8
SC	60.5	78.0	65.5
OBC	77.3	79.4	78.1
Others	80.6	92.5	88.5
Total	73.7	82.3	77.3

Source: Telangana Social Development Report 2017, page.67

Among social groups, Schedule Castes (SCs) in rural areas and Schedule Tribes (STs) in urban areas reported a low level of bank accounts in the state. The most of the development schemes focused on rural areas and the proposition of the population of STs Concentration is more in rural areas. The Schedule tribe population constitutes 31.78 lakhs (9% to total population of the state and among them 89 percent lives in rural areas), however in case of Schedule Caste constitute 54.08 lakhs population (15% to total population of the state and among them 75 percent stays in rural areas)

Analysis of data pertaining to access to households to credit reveals that in Telangana, 70.7 percent households have access to and are accessing credit from all sources (see Table 3). However the access to institutional sources is relatively lower at 45.1 percent, than that of non-institutional sources at 57.8 percent. Among all the sources, money lenders still play a dominant role in facilitating the credit needs of the households (50.6%) in Telangana. The institutional sources such as commercial banks reach only 16 percent of households while the reach of cooperative societies is only 9.3 percent.

Table 3 Proportion of households who borrowed from different credit agencies (2012-13)

Credit Agency	Social group				Total
	ST	SC	OBC	Others	
Cooperative societies	10.4	6.3	10.4	8.5	9.3
Commercial banks	17.4	11.1	15.9	20.0	15.9
SHGs-Bank linked	18.2	29.5	26.9	14.6	24.4
Other institutional agencies	1.9	2.6	4.7	2.2	3.6
Total institutional agencies	38.3	43.7	49.1	37.3	45.1
Money lenders	54.1	58	53.4	33.1	45.1
Input suppliers	0.4	0.3	0.1	0.1	0.1
Relatives/friends	2.1	11.4	9.3	6.7	8.6
Total non-institutional agencies	54.9	68.1	61.0	39.2	57.8
All sources	70.7	78.2	72.9	56.4	70.7

Source: Telangana Social Development Report 2017, page.71

The social group analysis reveals that STs and SCs report relatively lower access to credit from institutional sources, leading to higher dependency on non-institutional sources, especially moneylenders. This dependence on non-institutional sources has adverse impacts because of the well-known fact of higher and exploitative nature of interest rates charged by moneylenders. Interestingly, across social groups, there is a significant dependence on money lenders. The overall picture reveals a significant dependence on money lenders for all groups, with STs, SCs and OBCs accessing upwards of 50 percent from money lenders and with others accessing almost 33 percent.

The purpose of loan indicates how disbursed loans are utilized by households, whether for production or non-production purposes (see Table 4).

Table 4 Proportion of total loan amount across purposes, Telangana (2014)

Purpose of loan	Social group				Total
	ST	SC	OBC	Others	
Farm expenditure	29.8	19.2	16.1	7.6	12.7
Non-farm expenditure	11.6	2.7	12.7	41.3	26.2
Household expenditure	32.3	20.1	23.2	34.6	28.4
Housing	17.6	20.1	23.2	34.6	28.4
Medical treatment	5.1	6.5	6.0	0.4	3.2
Education	1.6	7.0	1.5	2.4	2.4
Repayment of debt	0.1	1.3	0.6	0.4	0.5
Financial investment expenditure	0.4	0.9	0.1	0.2	0.2
Others	1.5	10.5	10.0	2.6	6.1
All	100.0	100.0	100.0	100.0	100.0

Source: Telangana Social Development Report 2017, page.77

The data indicates that expenditure on housing constitutes the major purpose for which loans are taken (28%). Followed by non-farm expenditure (26%) and household expenditure (20%). What would be interesting to explore is the relation between the duration of the loan and the purpose for which loans are taken. The above data reveals that household expenditure dominates the purpose for which loans are taken, especially by SCs and STs. The social development report further clarifies that if the share of loans taken from money lenders is high and the rates of interest higher than institutional sources, then the longer the duration, the higher the debt burden. Also, unlike institutional sources, non-institutional sources such as money lenders may not find it lucrative to park their money on long duration loans. By the analysis of macro level data, it reveals clearly the non-institutional finance dominating the credit market of the socially marginalized community. It is necessity to explore the micro level study of their credit requirement and access to the agencies for credit.

3.2 Access to Institutional credit in Telangana by Tribal household – Micro level analysis

For a scientific and empirical analysis of rural credit delivery, one needs to examine at the micro level. Such an analysis would be useful in understanding the reasons for approaching one type of credit institution as opposed to others by groups of borrowers. This will also help in reorienting the credit policies and programmes for a better impact. From the macro level analysis, it can be understood that tribals have access to banks but the question comes here, for what purpose. Whether they approach the bank for savings or to benefit from government schemes or credit requirements. In order to understand this aspect, the credit facility requirements and purpose of borrowing money are taken into consideration. For this purpose empirical micro-level analysis is carried out among 45 Schedule Tribe households in the three selected villages of the Shankarpally Mandal of Ranga Reddy District.

Table 5 Socio- economic condition of the respondents in the study area

Villages / Variables	Category	Shankarpally	Tangatur	Maharajpet
Age	21-45	10 (66.6%)	3 (20%)	6 (40%)
	46-60	5 (33.4%)	6 (40%)	9 (60%)
	61 and above	0 (0%)	6 (40%)	0 (0%)
	Total	15(100%)	15 (100%)	15 (100%)
Sex	Male	11 (73.3%)	12 (80%)	12 (80%)
	Female	4 (26.6%)	3 (20%)	3 (20%)
	Total	15(100%)	15 (100%)	15 (100%)
Education	Not educated	7 (46.6%)	12(80%)	9 (60%)
	Primary	2 (13.4%)	4 (20%)	6 (40%)
	Intermediate	6 (40%)	(0%)	(0%)
	Total	15(100%)	15 (100%)	15 (100%)
occupation	Cultivator	0 (0%)	6 (40%)	3 (20%)
	Agri. labor	6 (40%)	3 (20%)	6 (40%)
	others	9 (60%)	6 (40%)	6 (40%)
	Total	15(100%)	15 (100%)	15 (100%)
Land size	No land	12 (80%)	3 (20%)	0 (0%)
	Less than 1 acre	3 (20%)	6 (40%)	3 (20%)
	1-3	0 (0%)	6 (40%)	12 (80%)
	Total	15(100%)	15 (100%)	15 (100%)
Possession of livestock	Yes	11 (73.3%)	6 (40%)	12 (80%)
	No	4 (26.6%)	9 (60%)	3 (20%)
	Total	15(100%)	15 (100%)	15 (100%)

The data was collected form the heads of the households. The analysis of the socio-economic variables (see Table 5) shows that the respondents are in the age groups of 23 to 75 and it was categoriesed for the purpose of analysis into three groups. In Shankarpally and Maharajpet they are in the productive age group and most of them are male members. With regards to the literacy of the respondents, most of them are illiterate, except in Shankarpally village (See Table 5). The census information on literacy also indicates that literacy level at Shankarpally village (72) is higher when compared to Thangatur village (58) and mahrajpet village (59). As the Mandal headquarter is situated in Shankarpally village, awareness and access to education is more prominent.

In Shankarpally Mandal, agriculture was the most labor absorbing field for their regular income. However, it is not more a profitable occupation. Introduction of various developmental programmes by government and emergence of new industries in the locality have given an alternative source of livelihood for the villagers. The rural non-farm sector has become a major source of livelihood for the poor households. It has become a primary source of income and employment for many of tribal households. The analysis reveals that significant proposition of the population is moving to non-farm occupations like working as daily as well as monthly wage laborers in educational institutions, become auto drivers, working as security in industries, etc. The women folklore selling the vegetables in evening market situated in Shankarpally, Mokila and Maharajpet village. The proposition of the household holding land among schedule tribes is more when the distance from headquarters is more. For lambadas, they live in Tandas, so they possess agricultural land allotted by the state government referred as Lavanipatta land. Most of them grow jowar, paddy, vegetables and flowers. The analysis of livestock reveals that majority of them possess livestock except household in Tangatur village as they moved to non-farm occupations. Lambada possess cows, buffaloes and goats. Yerukula possess goats and pigs at higher level.

Table 6 Holding of bank account and purpose

Villages / Variables	Category	Shankarpally	Tangatur	Maharajpet
Bank account	Yes	15 (100%)	15 (100%)	12(80%)
	No	0 (0%)	0 (0%)	3 (20%)
	Total	15(100%)	15 (100%)	15 (100%)
Name of the Bank	Telangana Garmin Bank	5 (33.3%)	15(100%)	10 (83.4%)
	Andhra bank	5 (33.3%)	0	1 (8.3%)
	Corporation bank	0	0	0
	State bank of India	5 (33.3%)	0	1 (8.3%)
	Canara Bank	0	0	0
	HDFC Bank	0	0	0
	ICICI Bank	0	0	0
		15(100%)	15 (100%)	12 (100%)
Purpose of bank account	Govt. schemes	2 (13.4%)	2 (13.4%)	3 (25%)
	Gas subsidy	7 (46.6%)	9 (60%)	3(25%)
	SHG-Link	4 (26.6%)	3 (20%)	3 (25%)
	Business and Savings	2 (13.4%)	0 (0%)	2 (16.7%)
	Loan	0 (0%)	1 (6.7%)	1 (8.3%)
	Total	15(100%)	15 (100%)	12 (100%)

The micro level analysis reveals that the irrespective of villages, most of them have the bank account in order to utilize the government schemes. Very few of them opened the account for loan and saving purpose (see Table 6). Most of them access regional banks as the state government welfare schemes are distributed through regional rural banks. Telangana Grameen Bank situated in the center of the Mandal, which is easy to access to the household to approach the bank. Respondents opened bank account for the purpose of utilizing welfare measures and subsidies provided by central and state governments. The central government schemes like gas subsidy and state government schemes like self-help groups, farmer's subsidy scheme, etc. Very few people are accessing the bank for agricultural loan purpose. It shows that institutional finance sources are available but they are not accessing it. The question comes over here is that if they do not require institutional financial source or it has complex procedure to get the loan amount sanctioned.

Table 7 Households having credit, Sources of credit and purpose of credit

Villages / Variables	Category	Shankarpally	Tangatur	Maharajpet
Having credit	Yes	15 (100%)	12 (80%)	15 (100%)
	No	0 (0%)	3 (20%)	0 (0%)
	Total	**15(100%)**	**15 (100%)**	**15 (100%)**
Sources of credit	Institutional	4 (26.6%)	3 (25%)	4 (26.6%)
	Non-institutional	11(73.4%)	9 (75%)	11 (73.4%)
	Total	**15(100%)**	**12 (100%)**	**15 (100%)**
Purpose of credit	Farming	0 (0%)	1 (8.3%)	1 (6.7%)
	Household expenditure	2 (13.3%)	2 (16.7%)	2 (13.3%)
	Marriage	4 (26.6%)	2 (16.7%)	4 (26.6%)
	Medical	2 (13.3%)	2 (16.7%)	3 (20%)
	Others	7 (46.6%)	5 (41.6%)	5 (33.4%)
	Total	**15(100%)**	**12 (100%)**	**15 (100%)**

In spite of the existence of the banks in Mandal headquarters and also in a few villages, Schedule Tribes depend upon non-institutional credit mainly money lenders and relatives. The table (see Table 7) on the utilization of credit facility, its sources and purposes reveal that all the respondents have in one or other forms borrowed money from some sources for their various needs. Except a few, most of them depend upon the non-institutional financial sources for their credit requirements. The purpose of access to institutional credit facility is to get subsidy and government schemes. The purpose of access to non-institutional credit facility is easy to get loan, immediate access, working with landlords, etc., Further, borrowing from money lender deprives of the right to sell his farm products on his own, which leads him to fall in debt trap. In the study area most of them are small farmers, so their access to non-institutional credit is higher. Women have access to micro credit finance through regional rural banks (Telangana Grameen Bank). However, they utilize it for farming purpose or children's education. Further, discussion with tribal households on accessing institutional finance for credit requirement reveals that the procedure for applying loan and time-taken to receiving the loan, filling of forms, visit of the officer to village, everything makes the process complicated. They are not highly literate population and giving surety is another issue.

However, except a few almost everyone borrows money from the non-institutional sources. The major reasons for borrowing money is household and marriage expenditures, health and unexpected expenditures. Most of them borrow from the upper caste people and they charge higher rates of interest. Further, informal discussion with the tribal households reveals that for emergency purpose, they cannot approach the bank, the village people are well known to them so they immediately provide money for their needs. Furthermore, schedule tribes are working in the agricultural land belonging to the upper caste people and they cannot borrow money from others.

4. Conclusion (10pt)

Although the element of financial exclusion can be seen in any social group. It is very acute in case of the marginalized and the weaker sections like the scheduled tribes. The problem of financial exclusion is multidimensional and cannot be separated from the much broader issues of social and economic exclusion. Since tribes as a social group have been historically deprived of basic economic and social entitlements, their exclusion from the financial system is intertwined with many factors. In this backdrop, the present study has examined the credit requirement at the tribal household level in Telangana through macro and micro level analysis. The macro level analysis on access to institutional credit support assessed through the holding of bank account, sources of credit facility, rate of interest for loan, duration and security for the loan. Majority of them have bank account (75%), however, the proportionate of the household utilizing non-institutional credit facility with high rate of interest (22%) is higher among schedule tribes in Telangana. They borrowed for household expenditure on long term duration of payment by providing personal security. This call for micro-level explorations that enable comprehension of the linkage between purpose of loan, source of loan and type of security against which loans are provided to the schedule tribes.

The distance from the Mandal headquarter really plays a major role in terms of literacy and access to bank. The micro level analysis reveals that the irrespective of villages most of them have the bank account in order to utilize the government schemes. Most of them opened the account for loan purpose only. In spite of the existence of the banks in Mandal headquarters and also in few villages, Schedule Tribes depend upon non-institutional credit mainly money lenders and relatives. The main purpose of access to formal banks is to get subsidy and government schemes. The purpose of access to non-institutional credit facility is easy to get loan, immediate access, working with landlords, etc., Further, borrowing from money lender deprives of the right to sell his farm products on his own, which leads him to fall in the debt trap.

The study suggests that in general, rural population has fear to approach the banks for loan due to procedures and surety purposes. Educating the head of the tribal households on bank loan process and by simplifying the process with which they can understand is a major solution. The separate simplified process for tribal loan facility needs to be developed to increase their access to institutional credit. Further, formal financial institutions should develop more flexible products and services to meet the income and expenditure patterns of the tribal households. Customer service centers can be established in the remote villages on alternative days so as to cover all the remote villages. Judicial action against money lenders needs serious attention to protect the tribal from their clutches. Literacy programme for household heads on various schemes on tribal welfare and skill development for alternative employment through audio-visual methods will improve the prevailing situation. Though micro-finance has come as a new tool for women to ensure proper inclusiveness with sustainability, has not reached all the tribal households.

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