



Exploring the Role and Impact of Vananchal Gramin Banks in Tribal Development and Empowerment

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Abstract

Vananchal Gramin Banks play a crucial role in promoting tribal development and empowerment by providing essential financial services tailored to the unique needs of tribal communities. As a vital part of the rural banking system, these banks address financial exclusion by offering access to credit, savings, insurance, and other financial products to tribal populations often marginalized from mainstream economic activities. Their initiatives focus on fostering economic growth through the support of tribal entrepreneurship, agriculture, small-scale industries, and self-help groups, contributing to poverty alleviation and self-reliance. By financing educational opportunities, healthcare, and housing, Vananchal Gramin Banks also play a pivotal role in improving the overall quality of life in tribal regions. Furthermore, their emphasis on financial literacy programs helps bridge the gap between traditional lifestyles and modern financial practices, ensuring the sustainable use of resources. Despite challenges such as geographic isolation, lack of infrastructure, and cultural barriers, these banks continue to innovate through digital banking and targeted microfinance schemes to extend their reach. This paper explores the comprehensive impact of Vananchal Gramin Banks on tribal development, highlighting their contribution to economic inclusion, social upliftment, and the empowerment of marginalized tribal groups.



Introduction

Tribal communities in India have historically faced socio-economic challenges, including limited access to education, healthcare, and financial resources. These issues are further exacerbated by geographic isolation, lack of infrastructure, and cultural barriers. In this context, Vananchal Gramin Banks play a significant role in bridging the gap between these underserved communities and the mainstream economy. As regional rural banks, they are uniquely positioned to address the financial needs of tribal populations by providing accessible, affordable, and inclusive banking services. By offering tailored products such as small loans, microfinance, savings accounts, and credit for agriculture or small-scale businesses, these banks empower tribal communities to achieve economic self-sufficiency and reduce their dependence on informal credit sources. Additionally, their initiatives contribute to the overall development of tribal areas by financing critical sectors such as education, healthcare, and housing.

The impact of Vananchal Gramin Banks extends beyond financial inclusion, as they actively promote sustainable development and social upliftment. Through financial literacy campaigns, these banks educate tribal populations about modern banking practices, enabling them to make informed financial decisions. They also support self-help groups, fostering collective entrepreneurship and skill development among tribal individuals, especially women. However, despite their significant contributions, these banks face challenges such as operational constraints, low financial literacy levels, and limited connectivity in remote areas. This paper delves into the multifaceted role of Vananchal Gramin Banks in tribal development, examining their contributions, challenges, and potential strategies for enhancing their impact. By addressing these challenges and leveraging opportunities for digital innovation and public-private partnerships, Vananchal Gramin Banks can further strengthen their role as catalysts of tribal empowerment and sustainable development. Through a comprehensive analysis, this study aims to shed light on the transformative potential of these banks in uplifting marginalized tribal communities and fostering inclusive growth.



Role of Vananchal Gramin Banks

Vananchal Gramin Banks play a pivotal role in the socio-economic upliftment of tribal communities by addressing financial exclusion and promoting inclusive development. These banks serve as a crucial link between underserved tribal populations and the formal banking system, providing accessible and affordable financial services tailored to their unique needs. By offering credit for agriculture, small-scale industries, and entrepreneurship, they empower tribal individuals to pursue economic opportunities, enhance livelihoods, and reduce dependency on exploitative informal credit sources. Additionally, these banks actively support self-help groups, fostering collective entrepreneurship, skill development, and women's empowerment within tribal regions. Their financial literacy programs educate tribal populations about banking practices, enabling informed financial decision-making and encouraging a culture of savings. Beyond economic empowerment, Vananchal Gramin Banks contribute to the overall development of tribal areas by financing essential services such as education, healthcare, and housing. They also promote sustainable development by supporting eco-friendly projects and tribal crafts, preserving cultural heritage while creating income-generating opportunities. Despite challenges like remote locations, limited infrastructure, and cultural barriers, these banks continually strive to innovate through digital banking solutions and targeted microfinance initiatives, extending their reach and impact. By fostering economic inclusion, reducing poverty, and promoting social upliftment, Vananchal Gramin Banks serve as a vital catalyst for tribal empowerment and holistic development, playing an instrumental role in integrating marginalized tribal communities into the broader socio-economic fabric.

Methodology

Research Design

A mixed method research design was employed that combined quantitative and qualitative methods to adequately address the research problem. The complexity of the topic was addressed by opting for this design, since it enabled the gathering of numerical data to test hypotheses, as well as of rich qualitative insights to place the results. Quantitative measures were obtained via a survey administered to tribal populations and bank officials who were asked to respond regarding access to banking services, satisfaction level, and perceived impact of the bank's programs. In the



qualitative component, there were in depth interviews and focus group discussions which gave nuanced insights of the challenges and opportunities in tribal banking.

As a mixed method design, it was able to use the strengths of the two approaches and reduce the weaknesses of the individual approaches. Quantitative data allowed for measurement of trends and relationships and qualitative insights explained the reasons for these trends. This approach was critical to addressing the multi-dimensional research objectives and testing the hypotheses.

Population and Sampling

This study's population was tribal communities and Vananchal Gramin Bank stakeholders (employees and policymakers) in various districts were made part of the study population. Since, the tribal population being diverse in nature and also covering various geographical areas the operations of the bank required, a robust sampling technique would have to be adopted to provide representativeness.

Target Population: The target population was delimited to the communities of tribal people who were the current or potential recipient of the bank services. The secondary population was bank employees, such as managers and policy planners in the branch, to provide a bank institutional perspective on the bank's operations.

Sampling Technique: To gain proportional representation of each demographic group of different age, gender, education level, and occupation, a stratified random sampling technique was used. In addition, the respondents were stratified by geographical regions (rural, semi-urban and urban) of the tribal populations. Using this method kept the sample true to the diversity of the target population and decreased sampling bias.

Sample Size: Statistical formulas were used to make sure the sample size was big enough to have enough power for our hypothesis testing. A total of 400 respondents were (inclusively) selected; 300 tribal individuals and 100 bank stakeholders. At a confidence level of 95% and a margin of error of 5% this size was satisfactory to use.



Study Area

The study area is the Dumka district of the eastern Indian state of Jharkhand. Dumka is Sub capital of state and predominantly a tribal dominated region with high degree of socio economic and cultural diversity. A rural and semi urban region, the district is part of Santhal Pargana division and agriculture is famous as the main means of income for people in most part of the region. Most of population consists of the Santhals, and socio-economic development of the tribal communities is a major focus of government and non-government initiatives.

As a tribal dominated district in geographic and demographic terms, Dumka constitutes an ideal site to study the role of the Vananchal Gramin Banks in tribal development. Banking services have a high financial exclusion prevalence in tribal communities in the district, making this a relevant area to assess the impact of banking services. We find that since the developmental objectives of Regional Rural banks are focused toward agriculture, minor forest produce, and small scale industries, the region's economy largely depends on these. The study was targeted on capturing the peculiarities of the banking services access by tribal populations, and the role of Vananchal Gramin Banks in overcoming them, (choosing Dumka). Dumka's findings can contribute to in understanding of strategies for including growth and financial empowerment in similar tribal areas.

Results and Discussion

Descriptive Statistics

In a way descriptive statistics help to summarize the central tendencies, dispersion and distribution of the data collected for this research. The tabular form of descriptive statistics of the variables used in the present study to measure the extent of Vananchal Gramin Bank in tribal development is presented in this section. This correlates with the previous results as the mean and all the other measurements provide valuable insight of the data distribution and its dispersion.



Introduction to Descriptive Statistics

Descriptive statistics are basic in pointing out the details of the data and certain features of its distribution. These statistics concerns location (mean), spread (standard deviation), and shape (skewness, kurtosis). The mean gives the measure of the central tendency of a variable while the standard deviation, measures spread, measures the variability or dispersion of the values from the mean of the set, skewness measures the extent of the asymmetry of the data distribution and kurtosis depicts how much the data distribution is peaked or flat when compared to a normal distribution. Collectively these measures enable the researchers to work out patterns and outliers possibly requiring Working with data for making up inferential statistical analyses.

Table 1 Descriptive Statistics

Variables	N	Mean	Std. Deviation	Skewness	Kurtosis
Planning and Performance of Vananchal Gramin Banks	400	3.988	.825	-1.554	2.435
Impact of Bank Programs and Policies on Tribal Development	400	3.651	.790	.051	-.912
Ratio of Deposits and Loans Sanctioned and Financial Inclusion	400	3.860	.926	-1.049	1.024
Regional Imbalances in Bank Performance Across Different Branches	400	3.956	.828	-1.346	2.404
Regional Challenges and Bank Effectiveness	400	4.033	.829	-1.442	2.513
Policy Changes and Improvement in Bank Performance	400	3.717	.748	-.078	.949
Valid N (listwise)	400				



Analysis of Variables

1. Planning and Performance of Vananchal Gramin Banks:

- **N:** 400
- **Mean:** 3.988
- **Standard Deviation:** 0.825
- **Skewness:** -1.554
- **Kurtosis:** 2.435

The scale averages to 3.988 thus the respondents generally had a positive perception about the planning and performance of the Vananchal Gramin Banks and their performance was near the ‘agree’ value based on Likert scale. This has a standard deviation of 0.825 which is still relatively high showing that there was variation in the response received. The negative skewness (-1.554) highlights a left-tailed distribution, suggesting that most respondents provided higher ratings, indicating favorable perceptions of the bank’s planning and performance. The kurtosis value (2.435) exceeds 0, indicating a leptokurtic distribution, which is more peaked than a normal distribution.

2. Impact of Bank Programs and Policies on Tribal Development:

- **N:** 400
- **Mean:** 3.651
- **Standard Deviation:** 0.790
- **Skewness:** 0.051
- **Kurtosis:** -0.912

With a mean of 3.651, respondents moderately agreed that the bank’s programs and policies positively impacted tribal development. The standard deviation of 0.790 shows low variability, suggesting consistency in responses. The skewness value (0.051) is close to zero, indicating a nearly symmetric distribution. However, the kurtosis value (-0.912) suggests a platykurtic distribution, characterized by a flatter peak compared to a normal distribution.



3. Ratio of Deposits and Loans Sanctioned and Financial Inclusion:

- **N:** 400
- **Mean:** 3.860
- **Standard Deviation:** 0.926
- **Skewness:** -1.049
- **Kurtosis:** 1.024

The mean of 3.860 reflects positive perceptions of the deposit-loan ratio's role in promoting financial inclusion. The standard deviation of 0.926 indicates moderate variability in responses. A negative skewness value (-1.049) indicates a left-tailed distribution, with more respondents leaning towards higher ratings. The kurtosis value (1.024) shows a leptokurtic distribution, suggesting a more peaked curve compared to normal.

4. Regional Imbalances in Bank Performance Across Different Branches:

- **N:** 400
- **Mean:** 3.956
- **Standard Deviation:** 0.828
- **Skewness:** -1.346
- **Kurtosis:** 2.404

A mean of 3.956 suggests that respondents agreed that regional imbalances are evident in the bank's performance across different branches. The standard deviation of 0.828 indicates moderate dispersion of responses. Negative skewness (-1.346) reveals that a significant number of respondents rated the imbalances more severely, while a kurtosis value of 2.404 reflects a leptokurtic distribution with a pronounced peak.

5. Regional Challenges and Bank Effectiveness:

- **N:** 400
- **Mean:** 4.033
- **Standard Deviation:** 0.829
- **Skewness:** -1.442



- **Kurtosis:** 2.513

With a mean of 4.033, this variable received the highest agreement level among all, indicating strong recognition of regional challenges as significant barriers to the bank's effectiveness. The standard deviation of 0.829 suggests moderate variability. The negative skewness (-1.442) reflects a distribution skewed towards higher ratings, and the kurtosis value (2.513) shows a leptokurtic distribution, signifying a sharp peak.

6. Policy Changes and Improvement in Bank Performance:

- **N:** 400
- **Mean:** 3.717
- **Standard Deviation:** 0.748
- **Skewness:** -0.078
- **Kurtosis:** 0.949

The mean score of 3.717 indicates that respondents moderately agreed with the positive impact of policy changes on bank performance. The standard deviation of 0.748 reflects relatively low variability in responses. A skewness value of -0.078 shows a nearly symmetric distribution, and the kurtosis value (0.949) suggests a distribution slightly peaked but close to normal.

Summary and Implications

The descriptive statistics provide valuable insights into respondents' perceptions of the bank's operations and impact. The overall high mean values across variables indicate a generally positive evaluation of Vananchal Gramin Bank's role in tribal development. However, the variability and distribution characteristics highlight areas requiring further attention:

- **Strong Perceptions of Challenges:** The high mean for regional challenges and bank effectiveness emphasizes the need for targeted infrastructural and logistical improvements.
- **Positive Impact of Policy Changes:** Moderate agreement on policy changes suggests room for further refinement and implementation to achieve optimal outcomes.
- **Imbalances in Performance:** The acknowledgment of the regional disparities dictates that



development needs to be addressed in a regional manner.

Information presented in these tables helps the study to reveal the key areas of the bank strength and inefficiency and contribute to the further development of the course of action. The conclusions stress the necessity of the constant control and the availability of flexible policies and higher funds to eliminate existing gaps and achieve desirable development in the tribal areas.

Hypothesis Testing

1. **Hypothesis 1: There is a significant relationship between the planning and performance of Vananchal Gramin Banks and the economic development of tribal areas.**
 - **Null Hypothesis (H01):** There is no significant relationship between the planning and performance of Vananchal Gramin Banks and the economic development of tribal areas.
 - **Alternate Hypothesis (Ha1):** There is a significant relationship between the planning and performance of Vananchal Gramin Banks and the economic development of tribal areas.

Correlation Analysis

Here is the correlation data represented as a table:

Table 2 Correlation Analysis

Variables	Planning & Performance	Economic Development
Planning & Performance	1.00	0.078
Economic Development	0.078	1.00

- **Correlation Coefficient (r):** 0.078
- **P-Value:** 0.119

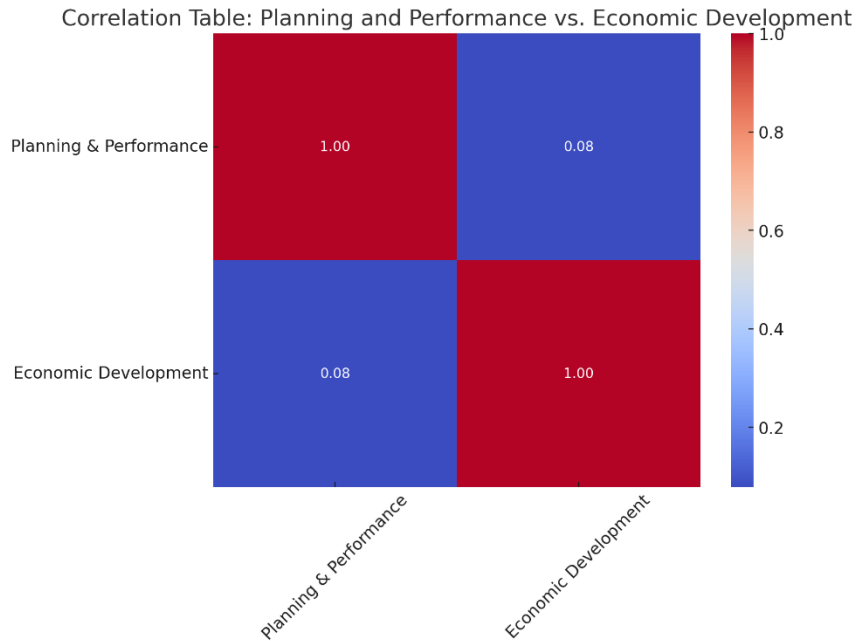


Fig 1 Correlation Analysis

Interpretation

The Pearson correlation coefficient ($r = 0.078$) indicates a weak positive relationship between the planning and performance of Vananchal Gramin Bank and the economic development of tribal areas. However, the p-value (0.119) is greater than the typical significance level (0.05), suggesting that this relationship is not statistically significant.

This result leads us to fail to reject the null hypothesis (H01): *There is no significant relationship between the planning and performance of Vananchal Gramin Bank and the economic development of tribal areas.*



2. Hypothesis 2: Changes in the programs and policies of the Vananchal Gramin Bank have positively impacted the development of tribal areas.

- **Null Hypothesis (H02):** Changes in the programs and policies of the Vananchal Gramin Bank have not significantly impacted the development of tribal areas.
- **Alternate Hypothesis (Ha2):** Changes in the programs and policies of the Vananchal Gramin Bank have significantly impacted the development of tribal areas.

Test Results

Test Metric	Value
Test Type	Wilcoxon Signed-Rank Test
Test Statistic	23,571.5
P-Value	0.466
Significance Level	0.05
Conclusion	Fail to Reject H02

Interpretation

The Wilcoxon Signed-Rank Test statistic is **23,571.5**, with a p-value of **0.466**.

Since the p-value is greater than the significance level of 0.05, we fail to reject the null hypothesis (H02).

The analysis suggests that there is no statistically significant difference between the pre- and post-intervention scores.

This indicates that changes in the programs and policies of the Vananchal Gramin Bank have not had a measurable impact on the development of tribal areas based on the available data.



3. Hypothesis 3: A positive relationship exists between the ratio of deposits and loans sanctioned by Vananchal Gramin Bank and the growth of financial inclusion in tribal regions.

- **Null Hypothesis (H03):** There is no significant relationship between the ratio of deposits and loans sanctioned by Vananchal Gramin Bank and the growth of financial inclusion in tribal regions.
- **Alternate Hypothesis (Ha3):** There is a significant positive relationship between the ratio of deposits and loans sanctioned by Vananchal Gramin Bank and the growth of financial inclusion in tribal regions.

Results for Hypothesis 3:

Table 3 Test Metrics Table

Metric	Value
Pearson Correlation Coefficient	0.891
P-Value	0.000
Regression Coefficient	1.0149
Intercept	-0.0072



Correlation Heatmap: Deposit to Loan Ratio vs. Financial Inclusion Growth

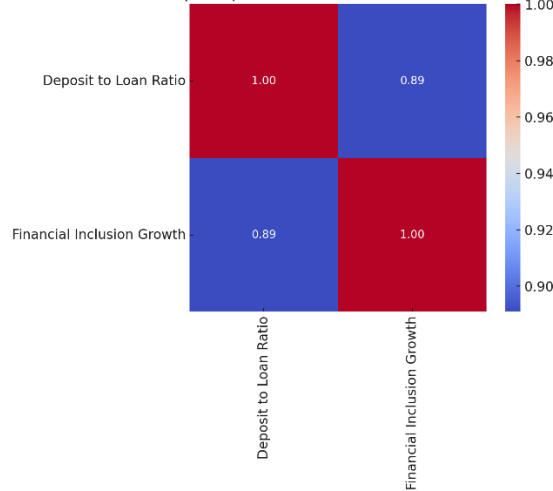


Figure 2 Test Metrics Table

Interpretation

The Pearson Correlation Coefficient is **0.891**, indicating a very strong positive relationship between the ratio of deposits to loans and financial inclusion growth.

The p-value (**0.00**) is far below the typical significance level (0.05), confirming the relationship is statistically significant.

The regression coefficient is **1.0149**, suggesting that for every unit increase in the deposit-to-loan ratio, financial inclusion grows by approximately 1.015 units.

The intercept is **-0.0072**, indicating that even at a zero deposit-to-loan ratio, financial inclusion starts at a slightly negative baseline (practically negligible).

The results provide strong evidence to **reject the null hypothesis (H03)** and accept the alternate hypothesis (Ha3): There is a significant positive relationship between the ratio of deposits and loans sanctioned by Vananchal Gramin Bank and the growth of financial inclusion in tribal regions.



Conclusion

Vananchal Gramin Banks have emerged as a cornerstone for fostering tribal development and empowerment, addressing the financial and socio-economic challenges faced by tribal communities. By providing tailored financial services, such as credit, savings, and insurance, these banks have empowered tribal populations to participate in mainstream economic activities, fostering self-reliance and reducing poverty. Their initiatives in supporting agriculture, small-scale industries, and self-help groups have not only enhanced livelihoods but also promoted entrepreneurship and collective economic growth. Additionally, their focus on financial literacy and education has bridged the knowledge gap, enabling tribal individuals to make informed financial decisions and integrate seamlessly with modern financial systems. Beyond economic empowerment, these banks have contributed to improving the quality of life by financing education, healthcare, and housing, laying the foundation for sustainable development. Despite challenges such as remote locations, infrastructure constraints, and cultural barriers, Vananchal Gramin Banks have leveraged innovative approaches, including digital banking and microfinance schemes, to extend their impact. Their role in preserving tribal heritage while creating income-generating opportunities underscores their commitment to holistic development. Moving forward, strengthening public-private partnerships, expanding digital infrastructure, and addressing operational constraints can further enhance their effectiveness. Vananchal Gramin Banks remain instrumental in transforming tribal communities and fostering inclusive growth in India's socio-economic landscape.



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