

“ROLE OF KUDUMBASHREE IN FINANCIAL INCLUSION”

**A PROJECT REPORT SUBMITTED TO THE UNIVERSITY OF CALICUT IN
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE
DEGREE OF MASTER OF COMMERCE.**

SUBMITTED BY

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DECLARATION

I **ANUPAMA R** hereby declare that the project report titled **“ROLE OF KUDUMBASHREE IN FINANCIAL INCLUSION”** is a bonafide work done by me and is submitted to the University of Calicut in partial fulfillment of the requirements for the award of the degree of Master of commerce. I also declare that the report has not been submitted by me for the award of degree, diploma or other similar title of any university.

GOVERNMENT COLLEGE, CHITTUR
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CERTIFICATE

Certified that this project is a bonafide work carried out by ANUPAMA R and is submitted to the University of Calicut in partial fulfillment of the requirements for the award of the degree of Master of Commerce.

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Certified that **ANUPAMA R** 4th semester M.COM student in this department has worked on the project titled **“ROLE OF KUDUMBASHREE IN FINANCIAL INCLUSION.”** for a period of 21 days from the 2nd week of April 2015 under my supervision and guidance. This has not been previously submitted for the award of any degree, diploma or any other similar title. This project is submitted for the Degree of Master of Commerce.

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INTRODUCTION

INTRODUCTION

Finance has become an essential part of an economy for development of the society as well as economy of nation. For, this purpose a strong financial system is required in not only in under-developed countries and developing countries but also developed countries for sustainable growth. Through Financial inclusion we can achieve equitable and inclusive growth of the nation. Financial inclusion stands for delivery of appropriate financial services at an affordable cost, on timely basis to vulnerable groups such as low income groups and weaker section who lack access to even the most basic banking services.

Financial Inclusion refers to a process of providing the financial products/services to weaker section of the society at affordable cost. It is delivery of financial services to poor people and low-income group at reasonable price. In other word, financial inclusion is access of safe, easy and affordable financial services to financially disadvantaged people. People may be financially included through Commercial Banks, Regional Rural Banks (RRBs), Insurance services, Post Office Saving Banks (POSB). Planning Commission (Government of India) has targeted the Faster Inclusive Growth in Twelfth Five Year Plan (2012-17)¹. In order to achieve the inclusive growth, Government of India has launched several development and employment programmes such as MGNREGS, Development of Women and Children in Rural Areas (DWCRA), Swarnajayanti Gram Swarajgar Yojana (SGSY) especially for women development, National Rural Health Mission (NRHM) etc. Financial inclusion is one of the major areas, on which government is paying attention to achieve the inclusive growth. An inclusive financial system is necessary to reduce informal financial system where people borrow money from neighbours, relatives, and village money-lenders by paying high rate of interest. In the rural area, large number of population does not have bank account, insurance schemes and other financial services. Thus, there is need of inclusive financial system that will facilitate financial services efficiently to financially excluded people at affordable cost. Financial excluded individual/households cannot be expected for financial inclusion without inclusive financial system. Inclusive growth is much needed to include common people into the orbit of development. Social and economic justice can be provided only with the inclusion of hitherto excluded deprived section of people. Lot of measures was undertaken by the Government of India and Reserve bank of India together to mitigate the problem of financial exclusion. It leads to particularly, development of all sections of people. To achieve this multi-model approach was adapted. Service Area approach, priority sector lending. Differential rate of interest, Lead Bank Scheme, issue of

General credit card and Kisan credit card and so on help to overcome financial hassle to get credit from formal institutions. In this direction emergence of Self Help Groups (SHGs) and SHG- Bank Linkage Programme help extensively to strengthen the poor specially women folk. SHGs play a vital role to improve the socio-economic condition of women folk by developing thrift habit and providing micro finance in times of need and also encouraging micro entrepreneurs.

Women the basic unit in the family and she is shouldering all most all the responsibilities in the family. But she has to suffer inequalities and harassment all the phases of her life, from the womb to tomb. If we go through the history, in Vedic period the women enjoyed more or less equal status that of men. But in the post Vedic period and British period we can see the total disintegration of the status of women. In the independence and pre independence period so many laws and legislations were implemented for the development of women by the effort of social reformers. The constitutional provisions and legal measures provide a conducive atmosphere for the development of women in the society. The educational status of women improved followed by health status, race, age at marriage, permitted widow remarriage, reduce in mortality rate, morbidity and improved life expectancy but the economic development of women become a dream, especially the women from Below Poverty Line families. The 73rd constitutional amendment gives us the power of decentralization and gives us an opportunity for economic development.

Kudumbashree is the flagship programme of Kerala state Govt. for poverty eradication which provides 2,34,756 self-employment opportunities to women Below Poverty Line, which has succeeded in making a significant dent on poverty in the state. The Kerala state Poverty eradication mission implemented the Kudumbashree programme by organizing the poor, by creating community based structure of women below poverty line with focus on self-help demands led over by available resources under the leadership of local Government. This programme covers the entire rural area of about 1, 35,572 neighbourhood groups, 13,199 area development societies, 991 community development societies. Kudumbashree is the largest micro finance institution in Kerala. It mobilizes a sum of 376.06 cores as thrift and disburses a credit to its members. The thrift and credit societies at neighbourhood group level motivate and facilitate the poor to save and provide them with cost effective and easy credit. The poor families bring in small sums according to their capacity, pool them together for a corpus and take back loans to meet their immediate needs without depending on money lenders. Poverty eradication and women empowerment are the widely discussed topic all over the world. It has been acknowledged by innumerable studies that the social and economic

empowerment of women has a significant positive impact on the poverty eradication and economic development of the country. Therefore, the government of India has implemented various schemes to reduce poverty, for empowering poor women and to promote gainful employment. Even though Kerala State is well-known for its egalitarian policies in terms of healthcare, redistributive actions and social reforms, and its health indicators close to those of high-resource countries despite a poor per-capita income, it is not clear whether socio-economic disparities in terms of life expectancy are observed.

Initiated in 1998, Kerala is the first state in India to have adapted the Microfinance programme paraphrased as “Kudumbashree” as a part of the decentralisation effort of the state. It seeks to bring the poor women folks together to form the grass root organisation to help enhance their economic security. The main aim of Kudumbashree is to wiping out absolute poverty from the state through concerted community action under the leadership of Local Self Government. The Kudumbashree initiative has succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future. Micro finance is the most grass root level activity of Kudumbashree, the binding force of the NGH. Each NGH has operational flexibility in respect of its micro finance operations, within a board frame work the various activities taken up by Kudumbashree under micro finance are:

1. Thrift and credit operations
2. Linkage banking
3. Matching grant
4. Interest subsidy for linkage loans
5. KAASS
6. Digitization of MIS and repayment info system

Kudumbasree allow voluntary savings; the funded surplus amount is used for intra-group lending. They help poor by providing need based financial services. Micro finance, especially provision of thrift and credit services using bank linkage appears to have proved its viability. Thrift and Credit activities at the level of NHGs promote saving habit among the poor and help them access loans for both consumption and investment purposes. These Thrift and Credit Societies play a significant role in channelising rural savings for the poverty eradication programme of Kudumbashree.

1.2 STATEMENT OF PROBLEM

When the financial requirements become unavoidable, people can't wait for safe lenders. This is the opportunity where the cut throat money lenders and finance companies tighten their clutches. Hence the financial exclusion of the poor from the formal banking sectors for lack of collateral and the unavailability of safe lending sources makes most of the poor borrowers the prey of the money lenders and aloof from formal banking practices. Lack of capital is a serious constraint to the development of poor women in rural and urban areas who find little or no access to credit. Credit can help women take up farm and allied activities such as milk cattle, poultry or independent small enterprises, enabling them to the opportunities created by the process of development.

The study is aimed at measuring the role of kudumbashree in financial inclusion. It also examines and identifies the reasons of joining kudumbashree, level of awareness among respondents, benefits derived by respondents and the satisfaction level respectively. The title of the research problem was framed as follows

“Role of kudumbashree in Financial Inclusion”

1.3 OBJECTIVES OF THE STUDY

1. To identify the major factors influencing the members to join kudumbashree.
2. To examine the level of awareness of financial products and services among members of kudumbashree.
3. To assess the level of usage of financial products and services .
4. To examine the benefits derived by the members of kudumbashree.
5. To examine the level of satisfaction on the financial services among kudumbashree.

1.4 SCOPE OF THE STUDY

Micro credit for women has been the mantra that has worked like nothing else in pulling the poor women out of poverty and empowering them wherever it was introduced. The Government of Kerala launched Kudumbashree with the active support of government of India and NABARD for wiping out the absolute poverty from the state within a period of 10 years through micro finance.

The financial sector reforms begun in 1992 have been systematically moving away from the social objectives of the banking sector, shifting its focus from mass banking to super class banking. It is in this context the term financial inclusion gains importance. Only two to five percent of the 500 million poorest household in the world have access to institutional credit of which women receive a small share. The researcher is aiming to study about the role of Kudumbashree in the channelising rural savings among the poor especially the women. Also aims at identifying the role of Kudumbashree in the women empowerment.

So the in-depth study has been used to examine the level of awareness of various banking procedures, service providers, different financial products and services and their usage; examine the benefits derived by members by joining kudumbashree. It also studies the satisfaction level towards the services of banks. Considering the important role of kudumbashree in financial inclusion, a detailed study is found to be relevant and imperative.

1.5 RESEARCH METHODOLOGY

The present study is descriptive and analytical in nature. The study attempt to examine the level of awareness and uasge of financial products and services among the members of kudumbashree. It identifies the benefits derived by the members and their level of satisfaction towards the financial services.

1.6 DATA SOURCE

The study makes use of primary and secondary data. The primary data were collected from members of kudumbashree of three wards in Elappully Panchayath by using interview schedule. The secondary data relating to kudumbashree were obtained from the publications of Elappully panchayath, journals, news papers and websites.

1.7 RESEARCH APPROACH

Survey research using a well-structured interview schedule for selected members of Kudumbashree of Elapully Panchayath, Palakkad was adopted in this study.

1.8 PERIOD OF STUDY

The research is conducted for a period of 21 days from second week of April 2015

1.9 RESEARCH INSTRUMENTS

A well structured interview schedule was prepared with the objective of collecting information from members on the awareness and usage of the financial products and services, benefits derived by the members and their level of satisfaction on the financial services.

1.10 THE POPULATION

The population of the study is 340 kudumbashree units in Elappully panchayath of Palakkad district.

1.11 SAMPLE SIZE

The primary data collected from 90 respondents, were stated in details to identify the exact of variation in the responses. As many as 80 statements relating to variables affecting awareness and usage of the financial products and services, benefits derived by the members and their level of satisfaction on the financial services were used for determining the sample size.

1.12 METHOD OF SAMPLING

There are number of kudumbashree units in Elappully Panchayath. Three wards and 90 members were taken at random for the study. A sample size of 90 members was fixed statistically to represent the whole population.

Table 1.1 Allocation of sample size as to members

SL No	Destination	Sample out of 90
1	Ward No: 3	30
2	Ward No:18	30
3	Ward No:19	30

1.13 TYPE OF ANALYSIS

Bi-variable analysis is used for establishing relationship among the variables under study.

1.14 TOOLS USED FOR ANALYSIS

1.14.1 K Sample Friedman Test

Friedman test is a non parametric test that compares two or more variables. This test first ranks the value in each from low to high. The ranks assigned by the respondents for the variables are averaged and tested to find out whether the mean rank is significant or not. In this study this non parametric test is applied for testing the variations of rank preferences of respondents towards the factors that influenced to join kudumbashree.

1.14.2 Mann-Whitney Test

The Mann- Whitney test is the more popular of the two independent sample tests. It is one of the most powerful of the non parametric test for comparing two populations. It is used to test the null hypothesis that two populations have identical distribution functions against the alternative hypothesis that two distribution functions differ only respect to location (median) if at all. The Mann Whitney u test does not require the assumption that the difference between two samples is normally distributed. In many applications the Mann Whitney u test is used in place of the two sample independent t-tests when the normality assumptions are questionable. This test can also be applied when the observations in a sample of data are ranks, i.e. ordinal ranking data rather than direct measurements. In the study it is used to assess the factors that influence the respondents to join kudumbhasree.

1.14.3 One-Way ANOVA

One way ANOVA is used to determine whether there are any significant differences among means of three or more independent groups (population). It is a way to test the equality of three or more mean at one time by using variance test. Here it is used to test the variation in the mean of the benefits derived by joining kudumbhasree such as economic, personal, family and social benefits.

1.14.4 Two-Way ANOVA

In statistics, the Two-Way Analysis of variance (Two-Way ANOVA) test is an extension of One-Way ANOVA test that examines the influence of different categorical independent variables on one dependent variable. While the One-Way ANOVA measures the

significant effect of one independent variable, the Two-Way ANOVA is used when there are more than one independent variable and multiple observations for each independent variable. The Two-Way ANOVA can, not only determine the main effect of contributions of each independent variable but also identify if there is a significant interaction effect between the independent variables. In this study the ANOVA model is applied to test the education and occupation wise variations on the awareness about procedures, service providers, products and services and usage of financial products and services.

1.14.5 Kruskal Wallis Test

The Kruskal Wallis test is a non parametric test equivalent to one way ANOVA and an extension of Mann Whitney u test. It explores the outcome of a single dependent variable across three or more distinct groups of a categorical independent variable. Compared with parametric tests there are very few assumptions and restrictions for the test. The only restriction for the dependent variable is that the data must be on at least ordinal ranking scale. The independent variable must be categorical and be represented by at least three distinct groups: no one can appear in more than a group at a time. The test is most likely to be used if the dependent variable data are not normally distributed and or those data are ordinal. The Kruskal Wallies test examines outcomes by comparing how the scores are ranked across the groups (as opposed to comparing mean scores in an independent one way ANOVA). Here the test is used to test the mean rank of satisfaction level of respondents on the attitude and behaviour of banks staffs, timely availability of loans, processing time, facilities at the counter and services of the bank.

1.15 LIMITATIONS

- The reliability of the study is restricted to the data provided by the respondents
- Sample study is based on 3 wards and hence the findings cannot be generalized.
- The Cooperation of respondents is very much required for a survey based research. The cooperation of few respondents did not come up to the expectations.

CHAPTER 2

REVIEW OF LITERATURE

The important studies related to financial inclusion are

Shihabudheen N Jan 2014¹: The micro financing programmes not only helps in financial inclusion but it also promotes the banking habits, saving behaviour and better financial utilization among the poor. The Kudumbashree movement in the study is seemed to have influenced in making the poor aware of bank linkage programmes, better utilization of the finances and in participating the collective process of self-help groups. If the poor is provided with at least the micro credits to meet their immediate needs of consumption, education, medicine, marriages etc. it would help them to come out of the shackle of poverty.

Uma .H.R, Rupa.K.N 2013¹⁰: The number of bank accounts, credit availed and repayment of credit showed positive increase with the membership of SHGs. The Global Financial Inclusion Data base (2012) found that the women are particularly disadvantaged, when comes to the access to financial services. Only 37per cent of women in developing countries have bank account, where as 46per centof men do. The relative gender gap in formal account ownership is highest in South Asia.41per centof men and 25per centof women have an account. SHGs are mainly women groups help them to enter formal financial system and thereby become socially and economically empowered.

PallaviChavan and BhaskarBirajdar 2010²:“Micro finance and Financial Inclusion of women: An Evaluation: Financial inclusion has been defined as the “provision of affordable financial services” to those who have been left unattended or under-attended by formal agencies of the financial system. These financial services include “payments and remittance facilities, savings, loan and insurance services”. Micro finance has been looked upon as an important means of financial inclusion in India. As already discussed, the Indian concept of micro finance encourages access of SHGs to banks both as means of savings and providers of loan services. However, going a step further, we can say that micro finance has to act proactively not just as a means of financial inclusion and also has to work towards reducing dependence of poor borrowers on various informal sources of credit that are often notorious for the onerous terms at which they offer credit. An effective financial inclusion is possible only with the accomplishment of the second. The significantly limited scale and spread of micro finance in India. The continued dependence of women members belonging to mature SHGs on informal sources corroborates the point made earlier regarding the spread of micro finance. The high interest rates on SHG loans also points towards the affordability of micro finance for the poorer borrowers who in effect are expected to have a

very high rate of return from their business ventures in order to just cover the interest cost. Hence, the observations made in this note reflect the considerable scope for micro finance to evolve as a means of financial inclusion that is accessible and affordable for the excluded groups/regions and that can help loosen the grip of informal sources of finance and bring the excluded sections permanently into the ambit of formal finance.

K. B. Nidheesh July 2009³: Kudumbashree became the lifeline to many of the poor women in the state of Kerala. Resultantly, the women of the state have become active participants in the planning and implementation process of various ant poverty programmes. By participating in various income generating–cum developmental activities, the morale and confidence of women become very high. Women who were regarded as voiceless and powerless started identifying their inner power, their strength, opportunities for growth and their role in reshaping their own destiny.

Guha and Gupta 2005⁴: Microfinance should be considered an interlinking vehicle between financial inclusion and improving standard of living. There should be deliberate platform to improve the income and earning of the member through participative productive activities.

MahendraVarman.P. 2005⁹:“Impact of Self-Help Groups on Formal Banking Habits”, makes a modest attempt to examine whether there is any association between the growth of SHGs and the increase in female bank deposit accounts and whether SHGs have a tendency to influence account holding in formal banks. In the process, the paper tries to trace the socio-economic factors that determine deposit and credit account holdings in formal banks among individuals and households. The analysis also reveals that being a member in SHGs, and more importantly, having leadership experience in SHGs greatly influences the bank account holding. Leadership experience in SHGs would also improve an individual’s banking habits.

K. Manoharan Nair and Girija B 2005¹³:“Micro Finance – The New Development Paradigm for Poverty Eradication and Women Empowerment” states that experience has shown that many of the poverty alleviation programmes through organized credit channels have not achieved the required success. Hence to bridge the gap between the demand and supply of funds in the lower rungs of rural economy, the micro finance schemes of NABARD have made a smooth foray into the role played by micro finance in eradicating poverty and empowering women to manage the enterprises.

Rajashekar 2005⁵: In most cases women tend to use the micro financing for the consumption smoothening, the inference of which may be that the poor find it difficult in

MeenakshiMalhotra 2004¹²:“Empowerment of Women” (in 3 volumes), deals with the issues leading to empowerment of women with particular reference to rural women. Volume one deals with issues like gender inequalities in labour market and in entrepreneurship. Volume two focuses on micro finance options for women empowerment. It looks into micro credit schemes for rural women and micro finance movement in India. Third volume describes the various programmes introduced to empower women and bring them into the orbit of development network

Mohammed Seik (et al) 2004¹⁴: The rural context women’s control over ownership of land can play an important role not only in economic betterment but also in terms of social and political empowerment as land is the symbol of political power and social status. Micro credit programmes have to be visualized in the context of new global economic order in liberalization, globalization and privatization policies which have led to job losses in the formal sector decline in social sector spending and growing unemployment. In this scenario the last option left for poor women is self-employment, which micro credit aims to promote. He concluded that since the efficiency of micro credit programmes is not independent of other developmental interventions, it could at best be one of the components of wider developmental agenda.

ArchanaSinha 2004¹⁵:“Micro Finance for Women’s Empowerment; A Perspective”, puts forward a debate on micro credit for discerning policy-makers, researchers and development practioners. She says that understanding the viability of micro finance requires a comprehensive analysis from the right perspective. Micro finance can contribute to solving the problem of inadequate housing and urban services as an integral part of poverty alleviation programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low-income borrowers without imposing unbearably high cost of monitoring its end use upon the lenders. According to her a promising solution is to provide multipurpose loans or composite credit for income generation, housing improvement and consumption support.

Anderson et al 2002⁸: Corpus resources of the group have influenced the socio economic activities leading social capital formation through training and self-learning apart from mere financial transaction

Ojaha 2001⁷: Strong social mobilization should be the basic principle of microfinance based activities. The self-help groups with strong social bondage help in administering hassle free self-employment activities.

Jaya Anand 2000⁶: The participation in the micro financing activities helps the poor in maintaining a more stable income than they are not part of the micro financing activities. The most striking advantage is the thrift component, which has totally relieved the group members from the money lender.

Gurumoorthy 2000¹¹: Empowering women contributes to social development. Economic progress in any country whether developed or underdeveloped could be achieved through social development. The self-help group disburses micro-credit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of the rural women are fulfilled totally through the self-help groups. SHGs enhance equality of status of women as participants, decision makers and beneficiaries in the democratic economic, social and cultural spheres of life. SHGs also encourage women to take active part in socio-economic progress of our nation financing their daily transactions.

Laxmi R. Kulshrestha 2000¹⁶:“Micro Finance: The New Development Paradigm for Poor Rural Women”, points out that lack of capital is a serious constraint to the development of rural women. Often, the barriers like legal provisions, loan policies and procedures make credit inaccessible to women. Studies have shown that credit can help women to take up farm-allied activities and the income generated from credit given to women can be expected to be spent for well-being of the household. This novel innovative approach of micro finance emphasises financial intermediation with self-sustainability of institutions.

CHAPTER 3

THEORETICAL FRAMEWORK

3.1 KUDUMBASHREE: A PROFILE

Kudumbashree, the State Poverty Eradication Mission which is now the largest women empowering project in the country was launched by the government of Kerala in 1998 for wiping out absolute poverty from the state within a period of ten years through concerted community action under the leadership of LSG formed and empowered by the 73rd and 74th amendments of the Constitution of India. The slogan of the Kudumbashree is *“Reaching out to families through women and reaching out to community through families.”* Built around three critical components; micro-credit, entrepreneurship and empowerment, the Kudumbashree programme has altered lives of economically backward women in the state, changed their perception, built their confidence, boosted their morale, rediscovered them economically, socially and politically.

Kudumbashree was conceived as a joint programme of the Government of Kerala and NABARD implemented through Community Development Societies (CDSs) of Poor Women, serving as the community wing of Local Governments. Kudumbashree is formally registered as the "State Poverty Eradication Mission" (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. It has a governing body chaired by the State Minister of LSG. There is a state mission with a field officer in each district. This official structure supports and facilitates the activities of the community network across the state. Kudumbashree differs from conventional programmes in that it perceives poverty not just as the deprivation of money, but also as the deprivation of basic rights. The poor need to find a collective voice to help claim these rights. The grassroots of Kudumbashree are Neighbourhood Groups (NHG in short) that send representatives to the ward level Area Development Societies (ADS). The ADS sends its representatives to the Community Development Society (CDS), which completes the unique three-tier structure of Kudumbashree. Today, there are 2.58 lakhs NHGs, over 19,700 ADSs and 1072 CDSs in Kudumbashree. It is this network that brings women to the Grama Sabhas and helps them bring the needs of the poor to the attention of the local governments. The Community Development Societies are also very active in Government programmes and play significant roles in development activities ranging from socio-economic surveys and enterprise development to community management and social audit. Though its efforts to engage women in civil society in development issues and opportunities, Kudumbashree in association with the local self-government of Kerala is charting out new meaning and possibilities for local economic development and citizen centric governance.

3.2 HISTORY OF KUDUMBASHREE:

The big bang decentralization of Kerala came in two bursts in transfer of powers to local governments. First in October 1995 when the decision to transfer most of the development institutions to local governments along with staff was taken and the second in August 1996 when the decision to transfer about a third of State Plan resources to local governments was announced and the People's Plan Campaign launched. Alongside it was decided to universalize the Anti-Poverty Programme of the State under the name of "Kudumbashree". The concept of Kudumbashree sought to match the energy of the self-help group movement with the need for a community platform to interface with local self-governments. This anti-poverty programme had evolved through a long phase of experimentation. The Urban Basic Services for the Poor (UBSP) implemented in Alappuzha Municipality in 1992 focused on a community based and participatory approach to planning and implementing poverty reduction programme. This was when the 9 point index for identifying families at risk of poverty was first evolved. The promise of the initiative prompted Government to pilot the approach in Malappuram district of Kerala, in November 1994 under the Community Based Nutrition Programme (CBNP implemented with UNICEF support). Almost simultaneously universal coverage of the programme was decided upon for urban areas in December 1994. The formal launch of Kudumbashree was on May 18th 1998. The Kudumbashree network developed across the state in three phases. By March 2002, the entire state was brought under the Kudumbashree network.

3.3 THE MISSION STATEMENT:

Kudumbashree believes that poverty is a multi-phased phenomenon. Hence, it has adopted a holistic approach to tackle multiple manifestations of poverty and this approach is equivocally stated in the mission statement of the project, which goes like this.

"To eradicate absolute poverty in ten years through concerted community action under the leadership of Local Self-Governments, by facilitating organisation of the poor for combining self-help with demand led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty holistically."

Through Kudumbashree the convergence of ideas, resources and material and dovetailing of all antipoverty programmes of various departments of the State as well as Central Government are envisaged.

Centrally sponsored Urban Poverty Alleviation Programme (UPA), SJSRY (Swarna Jayanthi Shahari Rozgar Yojana) was implemented in Kerala by Kudumbashree in place of State Urban Development Agency (SUDA) in other States. State level and District level monitoring is done by Kudumbashree and at Urban Local Body level, planning and implementation is done by the UPA Cell under the leadership of Project Officer, Community Organisers and Volunteers.

3.4 OBJECTIVES

The State Poverty Eradication Mission (SPEM), known as 'Kudumbashree', has certain stipulated objectives behind its formation. The objectives of Kudumbashree Mission fall into two categories: specific and general.

3.4.1 SPECIFIC OBJECTIVES

To put in one simple sentence, the specific objective of Kudumbashree is the 'eradication of absolute poverty from the State of Kerala by 2008'. Obviously the task ahead is not as simple as the sentence sounds. The means, approach and methods for the realization of the goal are of paramount importance.

To attain the goal, the holistic development of the poor families through self-help, people's participation and group action should be achieved. This is sought to be achieved through the following measures.

1. Identification of the poor families through risk indices based surveys, with the active participation of the poor and the communities to which they belong.
2. Empowering the poor women to improve the productivity and managerial capacities of the community by organising them into Community Based Organisations (CBOs).
3. Encouraging thrift and investment through credit by developing CDSs to work as informal banks of the poor.
4. Improving incomes of the poor through improved skills and investment for self-employment.
5. Ensuring better health and nutrition for all.
6. Ensuring basic amenities like safe drinking water, sanitary latrines, improved shelter and healthy environment.

7. Ensuring a minimum of 5 years of primary education for all children, belonging to risk families.
8. Enabling the poor to participate in the decentralization process through the CDS, as it is a sub-system of the local body, under which it works.

To achieve the specific objectives of the Mission, several auxiliary objectives have to be pursued methodically. These objectives can be classified as the general objectives of the Mission.

3.4.2 GENERAL OBJECTIVES

The very motto of Kudumbashree Mission is based on women empowerment; 'reach out to the family through women, reach out to the community through family'. Naturally, the empowerment of women through community-based organisations is counted as the first and foremost objective of the mission.

a) Empowerment of Women through Community Based Organizations.

Status of women in the society is still secondary and their role in developmental process is deplorably marginal. Apart from social taboos and lack of awareness and exposure, exploitation of women is taking place in different walks of life. The Project proposes to enable and enlighten the women to realize their own latent potentials, and strengthen them to contribute to the development of their families and community. The empowerment of women is sought to be achieved through the CDS strategy, which is an exclusively women-managed programme. Frequent group meetings, sharing of experience and training are expected to broaden their outlook. Improved economic status of the women gained through CDS thrift and self-employment will boost their status in their own families and community. The enlightened, income-generating women will refuse to accept poverty as their destiny. Once they realize their collective strength, they will fight poverty and atrocities against them most valiantly.

Community Based Organizations will be the tools and devices to bring about these changes among women folk of the poor class. One woman from every identified poor family will be made a member of a Neighbourhood Group (NHG). The NHGs will be federated into ward level Area Development Societies (ADS) and ADSs will be federated into

town/panchayat level Community Development Societies (CDSs). Thus this three tier CDS system of poor women will be coming up all over Kerala. These organizations and their activities will empower the poor women of the State to fight against poverty and social evils.

b) Thrift and Credit Operations and Informal Banking

The CDS system will promote thrift habit among the poor women and encourage them to use the pooled resources to meet the immediate needs of the members. The CDS will therefore start functioning as informal bank of the poor women. If the resources in any NHG are enough to encourage loan for income generating activities, these loans will be appraised and sanctioned. All operations relating to thrift collection and loan sanctioning will be transparent and take place only in group meeting.

Kudumbashree Mission understands and accepts the resourcefulness of the poor in terms of finance, skills, entrepreneurship and overall managerial capabilities. In connection with the thrift and credit operations and informal banking, NHG members will be given ample training in community finance management.

c. Decision Making by the Poor

Kudumbashree mission believes in encouraging community-based bottom up planning. The ultimate aim is to hand over the decision-making and implementation power to the empowered women. At NHG level, micro-plans are made, based on the analysis of local problems with the aim of removing the risk factors for reducing their impact. NHG plans will be consolidated into ward level plans (mini plans), which will finally be integrated to form 'action plan' of the CDS. CDS will be empowered for bottom up planning, implementation and monitoring and can directly approach and receive funds from the Government, UNICEF, NABARD, banks and other donors. The CDS and ADS will maintain bank accounts and will be directly responsible for implementation of planned activities at panchayath/ward and NHG level. Now, there is the practice of maintaining bank accounts by the NHGs themselves.

d. Convergent Community Action

Apart from the latent potential and will of the community itself, initiatives, resources, programmes and commitment of various governmental organizations, non-governmental organizations and local governments are expected to converge through the CDS system. The

CDS would function as an extended arm of the government and local bodies, for the implementation of various programmes. Social Welfare Programmes directed at poor in the areas of education, literacy, health, human resources development, empowerment of women, skill up gradation, vocational training, eradication of social evils, environmental improvement and such other areas will be implemented through the CDS system.

e. Micro Enterprises and Income Generation Activities

Income generation is one of the prime responsibilities of every Kudumbashree NHG. In each NHG an Income Generating Volunteer (IGV) is entrusted with this responsibility. It is the duty of IG volunteers to explore the possibilities, which would help and boost the income generating activities of the group. The IG volunteer will identify all potential agencies; departments and organizations engaged in the promotion of self-employment activities. She will also interact with NABARD and commercial banks, in connection with mobilising of finance.

Kudumbashree intends to promote and encourage micro-enterprises and micro-entrepreneurship among poor women. The project envisages the forming of at least one flourishing micro-enterprise in every NHG to ensure the sustainable economic development of the individual, group, families, community and the State. Linkage of the NHGs with linkage banking programme of NABARD, providing loans to all houseless families of the State, providing sanitary latrines in every household of the State, and the preparation and implementation of special programme packages for the development of scheduled castes and scheduled tribes are also the objectives of the mission.

3.5 KUDUMBASHREE-MODE OF OPERATION

The Community Based Organization is the lifeblood of “Kudumbashree”. The grass root level poor women are organized through Neighbourhood Groups (NHGs) consisting of president, secretary, infra-structure volunteer, community health volunteer and income generation volunteer with 20 - 40 women. The Neighbourhood Groups (NHGs) are coordinated at ward level through Area Development Society (ADS) by federating 8 to 10 NHGs. To coordinate the activities at the Panchayath level there is the apex body called Community Development Society (CDS), which is heading the Area Development Societies (ADSs). The NHG members used to meet once in a week in one of the member’s house. The

members, who meet together, discuss their problems and make joint effort to find solutions to their grievances with the support of the functional volunteers. This would bring up interpersonal feelings among the members and would generate supportive attitude to build confidence among them. Apart from this, they practice small savings through thrift which should be used to create productive assets. The 'micro-plans' are prepared at the NHG meetings and the formulated plans would be sent to ADS for scrutiny and finalization to form the 'mini-plans'. After consolidating the 'mini-plans' by judicious prioritization at the CDS meeting a 'sub-plan' is formed to become the anti-poverty programme of the Local Self Government. The formulation of micro, mini and sub-plans help facilitate the poor women households to participate in planning process as a major stake holder. The local self governing body monitors the implementation of the 'plans' and thereby proper linkage, coupled with autonomy is ensured in the participatory system of planning for poverty alleviation. The first spark of women based participatory approach for poverty eradication came out in Alappuzha Municipality in Alappuzha District in Kerala in 1993 when the Community Development Society of the poor women came into being as part of the implementation of the Community Based Nutrition Programme (CBNP) and the Urban Basic Service Programme (UBSP) with the assistance of UNICEF.

3.5.1 NEIGHBOURHOOD GROUPS (NHGS)

Neighbourhood group is the association of 20 to 40 women members, belonging to high risk families. They elect women from among themselves as Resident Community Volunteer, another one is selected as President of the NHG and the three others are selected as Community Volunteers, each of whom has specific responsibilities viz., health, and infrastructure and income generation. They are, therefore, designated as Community Health Volunteer, Community Infrastructure Volunteer and Community Income Generating Volunteer. The Community Health Volunteer is responsible for all the health related activities of the NHG like immunization, maternal care, child care, nutrition and propagation of ideas like cleanliness, hygiene, etc. The Community Infrastructure Volunteer is in charge of the basic infrastructure needs of the NHG such as housing, sanitation, drinking water, drainage, etc. The Community Income Generation Activity Volunteer looks after the income generating activities of the NHG. She has to identify all potential agencies, departments and organizations to be engaged in promotion of self-employment activities. She also liaises with the National Bank for agriculture and Rural Development and commercial banks on behalf of

the NHG. Proper training and orientation are given to the above volunteers in their respective areas. Each NHG prepares an action plan on the basis of the needs of the member households of the NHG and such plans are called Micro Plan of the NHG.

The lowest tier constitutes the Neighbourhood Group (*Ayalkoottam* in Malayalam) consisting of 20-40 women members selected from the poor families. Meetings are convened on a weekly basis in the houses of NHG members. In the meeting, the various problems faced by the group members are discussed along with suggestions for improving the situation. Sometimes Government officials are invited to the meeting for explaining the schemes implemented by them.

Activities and Responsibilities of NHG's

In the weekly meeting all members bring their thrift, which will be collected and recycled, to the system by way of sanctioning loans. Micro plans are also prepared after taking stock of the situation in each Neighbourhood Group from among the poor women five volunteers are selected for undertaking various functional activities.

1. Community Health Volunteer looks after various health- related aspects of the group members including children, women and the aged. Convergence of various programmes undertaken by Health and Social Welfare Departments are also carried out under the leadership of the Community Health Volunteer.
2. Income generation activities volunteer carry out the collection, consolidation and maintenance of books of accounts and registers in connection with thrift mobilisation is looked after by this volunteer. Necessary training is imparted by NABARD for increasing their capability.
3. Infrastructure Volunteer takes the lead in tackling the Infrastructural backwardness of the group with the help of various ongoing governmental programmes. She will liaison with the local bodies and acts as a catalyst for local development.
4. Secretary records the proceedings of the meeting and make necessary follow up including team building.
5. President chair the weekly meetings and impart necessary leadership and guidelines to the group members.

3.5.2 AREA DEVELOPMENT SOCIETIES (ADS)

Area Development Societies at the ward level are formed of 10 - 15 NHGs and the five member committee of the all the NHGs constitutes the governing body of the ADS. The ADS has a Chairperson, a Vice chairperson and 7 other members. The Community Organizer of the Municipality acts as the Member Secretary of the ADS. The ADS integrates the micro plans of the NHGs and after discussion and scrutiny a consolidated action plan is prepared and is known as Mini Plan.

Area Development Society, the second tier, is formed at ward level of Panchayath/ municipality by federating 10-15 NHGs. Area Development Society functions through general body and governing body. As general body consists of the President, Secretary and 3 sectoral volunteers such as Health, Income Generation and infrastructure volunteers of federated NHGs, governing body constitutes President, Secretary and five members elected from among the general body.

An important feature of ADS is its linkage with local government (Panchayath or municipality/corporation) to ensure their activities in tune with the policy framework of the former. In the case of gram panchayath, the member of the respective ward is the patron of the ADS. In municipalities/corporations, a separate *Monitoring & Advisory Committee* is constituted with ward Councilor as Chairperson.

Activities and responsibilities of ADS

ADS coordinate and monitor the operations of NHGs in the respective wards of local government. It evaluates the thrift and credit operations of each NHG and provides proper guidance. It identifies individual and group ventures that can be set up by NHGs and provide training. It also facilitate in getting banking linkages after grading them based on the strength of each NHG. In some cases, the certificate of ADS is required to avail loan facility under government / bank scheme. For example, it is the responsibility of ADS to examine the application for availing loan under Bhavanashree (Housing) scheme. ADS consolidates micro plan at ward level by incorporating the project ideas of each NHG. In fact micro plans are integrated as mini plans at the ADS level. Other activities of ADS include the formation and activation of *Balasabha and Teenage clubs*. The executive committee of ADS meets every month to evaluate the activities and integrate the records of members, activities and accounts

of all the NHGs in the respective ward. It has to report various activities of each NHG and submit their relevant documents related to finance and administration to Community Development Society (CDS).

3.5.3 COMMUNITY DEVELOPMENT SOCIETY (CDS)

Community Development Society is the apex body at the town level and is the coordinating agency for programme implementation. Chairpersons, vice chairperson and Members of all the ADSs form the General body of the Community Development Society. A Project officer of the Municipality acts as the member Secretary of the Community Development Society. The Community Development Society has a President, Vice President and seven other members elected from the general body of the CDS to form the committee of the CDS. The committee and the member secretary constitute the governing body of the CDS. The Community Development Society monitors the programmes undertaken by the ADSs on monthly basis and takes steps to improve the implementation of the programmes. Various developmental programmes initiated under Community Development Society and the Area Development Societies include training programme for women to start income generating units, water supply, conduct of health education camps, construction of dual pit latrines undertaking micro enterprises, rising of pathways and cultural programmes, etc. The Participatory modeling under Community Development System brought the poor women in Alappuzha to the mainstream of the social life. They began to participate in the development process with greater enthusiasm. The NHGs were encouraged to meet as many times as possible. It provided them an opportunity to sit together and discuss their common problems to find out solutions. The poor women n belonging to the high risk families become empowered and seldom accept poverty as their destiny. They proved beyond any doubt that they could identify their own problems. They learned the meanings of 'self-help' and 'self-respect'. The united and empowered women fought against poverty quite valiantly and effectively poverty alleviation programmes began to deliver the goods through participation for the first time in history.

Community Development Society (CDS), a registered body under the Charitable Societies Act is formed by federating various ADSs at the Panchayath/Municipal/ Corporation level. As in the case of ADS, the CDS has also a general body and a governing

body. General Body consists of all the Chairpersons and Governing Body members of ADS along with Resource Persons and Officers of the Local Body who are involved in implementing various Poverty Alleviation and Women Empowerment Programmes. The Governing Body consists of President, Member Secretary and five selected Committee Members. The President will be elected whereas the Member Secretary is the Project Officer of Urban Poverty Alleviation Programmes. Other government officials and representatives of Resources Persons are nominated to the Governing Body. As in the case of ADS, CDS has also strong linkage with the Panchayath or municipality/corporation. The President of the gram panchayath is the patron of the CDS. The standing committee Chairperson (welfare), all women members of the panchayath and the Secretary of the gram panchayath are ex-officio members of the CDS. The Block Panchayath member/Members of the respective Block division/divisions are also ex-officio members of the CDS. A monitoring & advisory committee at municipality/corporation level is constituted with Mayor/Municipal Chairperson as Chairperson and the Municipal Secretary as the convener.

Activities and responsibilities of CDS

It monitors the thrift and credit activities of NHGs at panchayath or municipal level. The executive meeting of CDS evaluates and appraises the various activities of Kudumbashree and takes necessary measures to improve the operations. It takes loan and disburses to each NHG or its members under bank linkage scheme and *Bhavanashree* scheme. It identifies uncultivated land and facilitates the lease farming under *Harithasree* programme. It ensures the annual auditing of all the NHGs and ADSs. It initiates activities in identifying entrepreneurs for starting micro enterprises and assists in developing their project ideas. It explores the possibilities for making facilities under schemes of various government, semi government and non-government agencies available to NHGs. It takes lead in organizing *Balasabhas* and *Teenage Clubs*. It coordinates the activities of ADS.

3.6 ORGANIZATIONAL SET UP:

The organizational structure at the state and district levels which coordinates the activities of Kudumbashree in the field is as follows.

1. Governing Body & Executive Committee- Apex bodies which control various activities of the mission
2. State Mission - Co-ordinates all the activities of the mission at state level
3. The District Missions- Co-ordinate various activities of the mission at district level.

3.7 MICRO FINANCE ACTIVITIES:

Micro Finance (MF) is the most grassroots level activity of Kudumbashree, the binding force of the NHG. Each NHG has operational flexibility in respect of its MF operations, within a broad framework. The various activities taken up by Kudumbashree under MF are:

1. Thrift and credit operations.
2. Linkage Banking.
3. Matching Grant.
4. Interest Subsidy for Linkage Loans (new scheme).
5. KAASS.
6. Digitization of MIS and repayment Info System (new scheme).

Kudumbashree has positioned accountants in each CDS to keep track of the multifarious MF Activities of the CDS. Very often, in addition to the activities listed above, the CDS might have taken on need based MF products, on their own (such as cooking gas loans). The activities of the CDS are subject to review and facilitation in the Evaluation Committee at LSG level.

3.7.1 MICRO CREDIT:

Kudumbashree plays a vital role in enhancing the financial status of the less privileged women in the State through its thrift and credit societies. These societies facilitate them to save and provide them with cost-effective and easy credit. The savings of the women are pooled together and given out as loans to the most deserving. These loans have been used for purposes ranging from covering hospital expenses to meeting working capital needs for micro enterprises. The Community Development Societies facilitate bank linkages for farming, micro housing and micro insurance. They also serve as the delivery point for skill up gradation and market development support to micro enterprises.

3.7.2 THRIFT AND CREDIT:

The NHGs of Kudumbashree double up as thrift & Credit Societies to encourage the poor to save and to provide them cost effective and easy credit. The function of thrift and credit is the core activity of the neighbourhood group (NHG), and forms the basis of the weekly meetings of the NHG. Accounts are scrupulously maintained and are subject to

annual audit by KAAS, Kudumbashree home grown audit and account support service. The amount of loan and the priority of disbursement are decided by the NHG. The repayment is collected weekly during routine NHG meetings. The total thrift collected by NHGs in the state comes to ` to **Rs 1041 Crore** and the internal loans generated are to the tune of ` **Rs 4591Crore** (as on November 2011). Details are reported in the monthly meetings by the CDS.

3.7.3 BANK LINKAGE:

The Bank Linkage programme has helped NHGs to augment their existing resources collected through thrift. The efficiency and effectiveness of the NHGs are verified on the basis of some objectively verifiable and easily identifiable parameters. NABARD has developed a 15-point index for rating NHGs on the basis of which they will be allowed to link with various banks under the Linkage Banking Scheme. The total amount which has been mobilized under linkage banking is ` **Rs 970 Crores (current live linkage)** and **72621 NHGs** have availed of the loans. The linkage loans may be raised directly by the NHG or as bulk loan through the CDS.

3.7.4 MATCHING GRANT:

Matching Grant is an incentive provided to NHGs. This grant linked to amount of thrift mobilized, performance of NHG in the Grading and loan availed from banks. An amount of 10per cent of the savings of the NHG subject to a maximum of Rs 5000/- is provided as matching grant to each NHG. The grant is released based on their assessment rated using a 15-point grading criteria developed by NABARD. In order to avail Matching grant a NHG must have passed the grading and availed loan from bank. In case of SC/ST NHGs, matching grant will be provided if the NHG has passed grading. Availing bank loan for a SC/ST NHG is not compulsory in order to be eligible for matching grant.. As on 30.11.2011, total of 54,569 NHGs have availed of Matching Grant facilities and the Mission has disbursed Rs 26, 19,66,554 under this scheme to these NHGs.

3.7.5 INTEREST SUBSIDY

The interest subsidy scheme is a new initiative by the Government of Kerala to enhance the affordability of formal credit. As per the scheme, all commercial and cooperative banks that are prepared to lend to Kudumbashree NHGs under the linkage banking programme at 9per cent or below, will be participants in the scheme. The CDS would be raising the claim with the banks and the amount would be dispersed to a designated nodal branch by Kudumbashree State Mission in the case of commercial banks and to the concerned cooperative banks/societies by the district missions in the case of cooperative institutions. The interest subsidy would be provided as annual installments to the banks. One highlight of the scheme is the inclusion of joint liability groups for farming in the ambit of the scheme. Around 10099 groups (1737 Joint Liability Groups and 8362 Neighbourhood Groups) have benefited from the scheme. Kudumbashree Mission has been able to disburse Rs 399, 41,025.35 under this scheme to various NHGs and JLGs.

3.7.6 KAASS

The Kudumbashree Accounts & Audit Service Society, a home grown enterprise to ensure proper account keeping in the community network. Each district has been furnished with a KAASS team that has been drawn from commerce graduates and is guided by professional chartered accountants. These teams have been facilitating management of accounts at the NHG, ADS and CDS levels, and pointing out to defects and rectification where ever needed. They function as a concurrent audit mechanism as well, giving inputs to the mission teams about capacity building requirements for financial management. There are over 350 members in 43 KAASS groups across the state. The new byelaws provide for internal auditors from within the community network. These internal auditors will be capacitated by KAASS.

3.7.7 FINANCIAL LITERACY CAMPAIGN

Kudumbashree programs cover about 37 Lakhs families organized under 2.02 Lakhs NHGs through 1061 CDSs. All NHGs have bank accounts through which members of NHGs have access to savings and credit services of banks. The NHG is acting as intermediary between banks and ultimate beneficiary. At NHG level, it is observed that there is lack of knowledge about banks procedures, misconceptions regarding interest rates and lack of awareness about banking ombudsmen etc. Kudumbashree has chalked out a comprehensive

Financial Literacy Campaign in order to provide a platform for NHGs to be aware of and benefit from formal banking services.

3.8 FINANCIAL INCLUSION

In India a majority of population especially at the bottom of economic pyramid, those mainly include poor, backward, women and people of rural and distant places remain without access to formal financial services. Lot of exclusion can be seen among States, Sectors, Regions and communities. The development with exclusion cannot achieve social justice. The Growth strategies cannot succeed without the commitment to equality of opportunity, giving everyone a fair chance to enjoy the fruits of growth. Unlike developed nations, where there are bank branches everywhere, banking services in India leave out nearly half the 1.2 billion population, putting poor people at the mercy of moneylenders who charge usurious interest for emergency loans for sickness or routine purchases such as buying seeds. Just 145 million of India's 247 million households have access to a bank account, census figures show. According to the World Bank, 73 percent of farmers have no formal source of credit.

The concept 'Inclusive Growth' gained much importance as the solution to problem of financial exclusion. Eleventh five year plan (2007-2012) advocates for inclusive growth. This is to reduce poverty and other disparities and raise economic growth. Inclusive growth can be achieved by focusing on expanding regional scope of economic growth. Expanding markets and expanding equity in the opportunities for the next generation of Indian citizens, no matter whom they are and where they live. Financial Inclusion is a powerful tool to achieve inclusive growth. In the simplest terms, financial inclusion means providing access to basic financial services at affordable prices, a pre-requisite for ushering in inclusive growth. Growth needs to be sufficiently inclusive if its benefits have to be shared among all or else the growth process itself shall be jeopardized and derailed. Financial Inclusion has the potential to contribute substantially towards 'inclusive growth'. Access to financial services allows the poor to save money outside the house safely, prevents concentration of economic power with a few individuals and helps in mitigating the risks that the poor face as a result of economic shocks. It is now widely acknowledged that financial exclusion leads to non-accessibility, non-affordability and non-availability of financial products. In other terms, financial inclusion is an explicit strategy for accelerated economic growth and is considered to be critical for achieving inclusive growth in the country. As per a World Bank report financial inclusion, or broad access to financial services, is defined as an "absence of price or non price barriers in the use of financial services." It recognizes the fact that financial

inclusion does not imply that all households and firms should be able to borrow unlimited amounts or transmit funds across the world for some fee.

In India, this issue was addressed by the Committee on Financial Inclusion, chaired by Dr. C. Rangarajan, Government of India, 2008.2 As per the committee, the essence of financial inclusion is in trying to ensure that a range of appropriate financial services is available to every individual and enabling them to understand and access those services. The committee provided a working definition which reads as follows: *“Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.”*

Therefore, financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low- income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Financial inclusion has become one of the most critical aspects in the context of inclusive growth and development. The concept of financial inclusion and its implementation has come a long way since the last two decades and the results are also quite fair. There have been much technological advances that have transformed the banking industry from traditional brick –and-mortar infrastructure like staffed branches to a system supplemented by other channels like automated teller machines, debit and credit cards, internet banking, online money transfer etc. The moot point, however, is that access to such technology and services are restricted to only certain segments of the society. There is a growing divide, with an increased range of personal finance options for a segment of high and upper middle income population and a significantly large section of the population who lack access to even the most basic banking services. This is termed as **“Financial exclusion”**. Financial exclusion can be geographical exclusion, exclusion on the grounds of charges, exclusion due to ignorance & also self-exclusion.

3.8 CAUSES OF FINANCIAL EXCLUSION.

Some of the important factors responsible for financial exclusion are given as under

1. Terms & conditions.

Different types of terms & conditions imposed by the bankers often deter people with low income & rural areas from opening bank account. In Canada, USA, France & India strict regulation is imposed on Opening balance & Minimum balance required for an account. This

often goes beyond the budget of the low income people. Another area of obstacle is the conditions relating to the use of accounts. In Belgium for instance, accounts have been closed by banks because customers either use them too little or withdraw money too often.

2. Identity Requirements.

Primary requisite of opening bank account is identity proof & witness. People mostly from rural areas don't have driving license or passport. In many cases, wrong information are given in their ration cards & voter I-cards, which make them illegible as proof. This problem is rife with the refugees & slum dwellers.

3. Psychological & cultural barriers.

Rural people & low income people think transacting through banks is a cumbersome affair & banks charge highly. Sometimes they think that services offered by the banks are not meant for them. Such type of "Self exclusion" is far more important than direct exclusion by banks refusing to opening accounts. In England the Pakistani & Bangladeshi communities face religious barriers to banking, because, accounts overdrawn (even if inadvertently) is harmful under Islamic law.

4. Bankers' approach.

Bankers' attitude towards the rural folk & the marginalized mass is also not conducive. Sometimes these people are distracted by difficult financial terms used by the bankers & sometime by the apathetic attitude of the bankers. Absence of banks in the vicinity of rural area is also one of the causes of exclusion.

Who are the excluded?

The financially excluded sections largely comprise of:

- Marginal farmers
- Landless labourers
- Self-employed and unorganized sector enterprises
- Urban slum dwellers
- Migrants
- Ethnic minorities and socially excluded groups
- Senior citizens and women, etc.
- Large pockets of population in North East, Eastern, and central regions of India.

3.9 THE NEED FOR FINANCIAL INCLUSION

Despite witnessing substantial progress in financial sector reforms in India, it is disheartening to note that nearly half of the rural households even today do not have any access to any source of funds- institutional or otherwise. Hardly one-fourth of the rural households are assisted by banks. Hence the major task before banks is to bring most of those excluded, i.e. 75per cent of the rural households, under banking fold. But the task is not so easy since they are illiterate, poor and unorganized. They are also spread far and wide. What is needed is to improve their living standards by initiating new/increased economic activities with the help of banks, NGO"s and local developmental agencies. So there is a need for the formal financial system to look at increasing financial literacy and financial counseling to focus on financial inclusion and distress amongst farmers. Indian banks and financial market players should actively look at promoting such programs as a part of their corporate social responsibility. Banks should conduct full day programs for their clientele including farmers for counseling small borrowers for making aware on the implications of the loan, how interest is calculated, and so on, so that they are totally aware of its features. There is a clearly a lot requires to be done in this area.

3.10 BENEFITS OF FINANCIAL INCLUSION

Financial inclusion has many benefits. Following are some of the benefits summed up.

- It paves the way for establishment of an account relationship which helps the poor to avail a variety of savings products and loan products for housing, consumption, etc.
- An inclusive financial system facilitates efficient allocation of productive resources and thus can potentially reduce the cost of capital.
- This also enables the customer to remit funds at low cost. The government can utilize such bank accounts for social security services like health and calamity insurance under various schemes for disadvantaged. From the bank's point of view, having such social security cover makes the financing of such persons less risky. Reduced risk means more flow of funds at better rates.
- Access to appropriate financial services can significantly improve the day-today management of finances. For example, bills for daily utilities (municipality, water, electricity, telephone) can be more easily paid by using cheques or through internet banking, rather than standing in the queue in the offices of the service.

- Transfer of money can be done more safely and easily by using the cheque, demand draft or through internet banking.
- A bank account also provides a passport to a range of other financial products and services such as short term credit facilities, overdraft facilities and credit card. Further, a number of other financial products, such as insurance and pension products, necessarily require the access to a bank account.
- Lastly, the Employment Guarantee Scheme of the Government which is being rolled out in 200 districts in the country would bring in large number of people through their savings accounts into the banking system.

3.11 SELF HELP GROUP AND FINANCIAL INCLUSION

The SHGs approach was introduced in 1992 to include the vulnerable groups such as poor people and low income group who were excluded from financial services and informal financial system. The SHG is a group of people belonging to same socio-economic conditions; they are associated for eradication of poverty. These people are often residing in same location. The SHGs make a common fund and open a group's bank account for doing a small business and to fulfill livelihood requirement of the groups. Women members of SHGs are encouraged to save amount of rupees within range of approximately Rs. 20 to Rs. 100 per month. Non-Government Organizations (NGOs), Regional Rural Banks (RRBs) are playing a vital role in promoting the SHGs in India. The government is monitoring and implementing several wage employment and economic developments such as Mahatma Gandhi National Rural Employment Scheme (MGNRES), Swarnjayanti Gram Swarojgar Yojana (SGSY) through District Rural Development Agencies (DRDA). SGSY was launched by the Union Ministry of Rural Development with effect from April 1, 1999 which was replaced Integrated Rural Development (IRD) and its allied schemes. The main objectives of SGSY are to cover all aspects of self-employed activities such as SHGs and to provide financial assistance and subsidies to Below Poverty Line (BPL) families. Therefore, SGSY is making very key role in promoting the SHGs for greater access of financial inclusion. The SHGs have given a life-line to the women in villages for their social and economic development. Social and economic developments both are playing a significant role for the growth of women in society. The SHGs are playing very significant role in access to financial services by working women of groups. Women members of SHGs can get loan under the scheme of SGSY through DRDA.

3.12 PROBLEMS IN MICRO CREDIT SCHEMES

Kudumbashreemicro credit is facing some problems also. There is no proper follow up or monitoring mechanism to ensure that the loan is used for the declared purpose. The results of the study reveal that around 15 percent members who take loan from Thrift and Credit Society as well as from banks through bank linkage programme do not use the fund for the purpose for which the loan is availed. The other major problem faced by the Kudumbashree units are the low participation in the weekly NHG's meeting so it will affect thrift collection and the repayment of the internal loan. A minority group of Kudumbashree members are not receiving the internal loans because they are afraid of the overdue. Even though the micro credit is an easy way to avail loans when urgency arise, it also faces some problems.

3.13 KUDUMBASHREE WOMEN AND FAMILY

A noteworthy feature of KDMS programme is the support and cooperation extended by the family members. While sparing their time, otherwise meant for the family, to the KDMS activities, a sincere cooperation from husband, father, brothers and children is very much needed. All the respondents have received whole-hearted support and cooperation from the family members. All the respondents have clearly acknowledged the receipt of the support from the family which is a good sign of a positive impact of the programme on the family.

3.14 SOCIAL EMPOWERMENT OF POOR WOMEN:

About 99.5 percent members of the Kudumbashree reported that their morale and confidence have increased substantially. Capacity of the poor women of the panchayath in several areas has gone up considerably. According to 92.1 percent of respondents, Kudumbashree members have acquired skills, knowledge, and confidence and leadership qualities substantially. It is very interesting to note that about 67 percent women got opportunity to understand banking operations and acquired confidence in visiting banks and availing banks facilities. The results of the sample survey reveal that 94 percent of the

respondents reported that status of women in families has also improved after they became the members of Kudumbashree. And everyone with full hearted says participation in Kudumbashree make women self – empowered. Every Kudumbashree members are proud to say they belong to Kudumbashree. From their opinion Kudumbashree is a light to the society, participation in the Kudumbashree help them to come front to the society.

CHAPTER 4
ANALYSIS AND INTERPRETATION

The study is aimed at measuring role of Kudumbashree in financial inclusion.. The measurement of role of Kudumbashree is presented in different dimensions like on reasons to join Kudumbashree; awareness on various banking procedures, service providers, financial products and services and their usage; benefits derived from Kudumbashree; satisfaction level on banking services . The reasons for joining Kudumbashree is analysed using Freidman test and Mann Whitney test. The awareness level is analysed using two way ANOVA, benefits derived using One way ANOVA and the satisfaction level using the Kruskal Wallies test.

The analysis is presented in six parts

1. Sample profile
2. Reasons to join Kudumbashree
3. Awareness level of members
4. Average use of financial products and services
5. Benefits derived from Kudumbashree
6. Satisfaction level of members towards banking services.

Table 4.1 SAMPLE PROFILE

	CATEGORY	FREQUENCY	PERCENTAGE	CUMULATIVE PERCENTAGE
Age	35	27	30	30
	36-40	19	21.1	51.1
	41-50	25	27.8	78.9
	51	19	21.1	100
Marital Status	Married	90	100	100
Category	APL	61	67.8	67.8
	BPL	29	32.2	32.2
Educational Qualification	Illiterate	6	6.7	6.7
	Secondary	62	68.9	75.6
	Higher Secondary	8	8.9	84.4
	Degree & Above	14	15.6	100
Occupation	Agriculture	2	2.2	2.2
	Govt-Pvt Employees	13	14.4	16.7
	Daily Worker	21	23.3	40
	Self Employed	9	10	50
	House Wife	45	50	100
Experience In Kudumbashree	3 YEARS	28	31.1	31.7
	4-5 YEARS	41	45.6	76.7
	6 YEARS	21	23.3	100
Information About kudumbashree	Neighbours	35	38.9	38.9
	Panchayath Staff	10	11.1	50
	Bank Staff	12	13.3	63.3
	Kudumbashree mem	33	36.7	100
Ward No	3	30	33.3	33.3
	18	30	33.3	66.7
	19	30	33.3	100

Data source : primary data

The above table exhibits the profile of the sample respondents selected for the study. The majority of respondents (78 per cent) belong to the age group less than 51. It is observed that all of the respondents are married. The category wise classification shows that out of 90 respondents 68 percent belongs to APL category. Education-wise qualification reveals that majority of the respondents (69 per cent) have secondary education. As to occupation majority (50 per cent) of the respondents are house wives followed by daily workers (23.3 per cent) and the remaining comprising of govt-private employees (14.4 per cent), self employed (10 per cent) and agriculture (2.2 per cent). The classification of the sample based on the experience in kudumbashree shows that majority of the respondents (76.7 per cent) have experience less than or equal to 5 years. The table shows that the majority of respondents (75 per cent) have obtained information about Kudumbashree from their neighbours and other Kudumbashree members.

4.2 FREIDMAN TEST

Following are the main factors that influenced respondents to join Kudumbashree to obtain credit, To find fund for unexpected contingencies, As a source to meet domestic expenses, Empowerment, For promoting savings, For employment opportunities, To interact with others and Access to bank credit which otherwise was not possible

Friedman test is used to find out the major factors that influenced the respondents to join Kudumbashree and test the following hypothesis too

H0: there is no difference in the factors that influenced respondents to join Kudumbashree

H1: there is difference in the factors that influenced respondents to join Kudumbashree

Table 4.2.1

Mean ranks obtained for the factors that influenced to join Kudumbashree

Reasons To Join	Mean Rank	Rank
To obtain credit	4.12	6
Fund for unexpected contingencies	4.37	4
To meet domestic expenses	2.56	8
Empowerment	5.85	2
Promoting savings	5.54	3
Employment opportunities	3.11	7
Interaction with others	6.22	1
Access to bank credit	4.22	5

The mean ranks obtained for the factors that influenced to join Kudumbashree are stated above. The lower the ranks, the higher will be the influence. The factors with higher mean scores are given better ranks and factors with lower mean scores are given lower ranks As per table given that the highest factor that influenced the members is Interaction with others (mean rank 6.22), followed by Empowerment (mean rank 5.85).

Table 4.2.2 Friedman Test

Test Statistics	
N	90
Chi-Square	261.201
Df	7
Asymp. Sig.	0.000**

Source: Primary Data

* Significant at 5% level of significance

The chi-square statistics provides a value of 261.201, which is significant at 5 percent level of significance ($0.000 < 0.05$). Therefore, the null hypothesis of “no difference in the factors that influenced the respondents to join Kudumbashree” is rejected. It is inferred that Interaction with others is the main factor that influenced the respondents to join Kudumbashree. This indicates the variation in the factors that influence the members to join Kudumbashree

MANN-WHITNEY TEST

Mann Whitney test is used to find out the major factors that influenced the respondents to join Kudumbashree and test the following hypothesis too

H0: there is no difference between APL and BPL category in their median responses on factors that influenced respondents to join Kudumbashree.

H1: there is difference between APL and BPL category in their median responses on the factors that influenced respondents to join Kudumbashree

Table 4.2.3

Descriptive statistics on factors that influenced to join Kudumbashree

Reasons to join	N	Mean	Std. Deviation
To Obtain Credit	90	3.97	1.033
Fund For Unexpected Contingencies	90	4.08	.939
To Meet Dom Exp	90	3.17	1.292
Empowerment	90	4.73	.515
Promoting Savings	90	4.50	.546
Employment Opportunities	90	3.51	1.030
Interaction With Others	90	4.91	.286
Access To Bank Credit	90	4.00	.948
Category	90	1.32	.470

Source: Primary data

TABLE 4.2.4

Factors that influenced to join kudumbashree

Factors	Mean Rank		Sum of Ranks	
	APL	BPL	APL	BPL
N	61	29	61	29
To obtain credit	42.88	51.02	2615.50	1479.50
To find fund for unexpected contingencies	43.98	48.69	2683	1412
To meet domestic expenses	45.63	45.22	2783.50	1311.50
Empowerment	44.42	47.78	2709.50	1385.50
For promoting savings	42.49	51.83	2592	1503
For employment opportunities	43.05	50.66	2626	1469
To interact with others	43.60	49.50	2659.50	1435.50
Access to bank credit	41.69	53.52	2543	1552

The table of descriptive statistics shows that the interaction with others is the most influencing factor for joining Kudumbashree (Mean value 4.91). The mean ranks obtained for the factors that influenced to join Kudumbashree are stated above. The lower the ranks, the higher will be the influence. As per table given that the BPL category is highly influenced by the factors Interaction with others (**mean rank 49.50**), and access to bank credit (**mean rank 53.52**) to join Kudumbashree. While the hypothesis for interaction with others and access to bank credit are rejected as the respective ‘p’ values are **0.042** and **0.033** respectively ($p < 0.05$), the hypothesis for other sources are not rejected as the ‘p’ values are 0.129, 0.385, 0.944, 0.439, 0.70 and 0.142 ($p > 0.05$). Therefore it can be concluded that, based on the category there is significant difference among APL and BPL in the preference in relation to the factors that influenced to join Kudumbashree i.e. access to bank credit and interaction with others.

4.3 Opening of bank account

Pie chart has been used to analyse the number of respondents having a personal account with bank and when did they open their account.

TABLE 4.3
WHEN DID YOU OPEN THE ACCOUNT

	Frequency	Percent	Cumulative percent
Before joining Kudumbhasree	10	11.1	11.1
After joining Kudumbhasree	80	88.9	100

Source: primary data



The pie chart above reveals that 100 per cent of the respondents have a bank account and majority of them (88.9 per cent) have opened their account after joining Kudumbashree.

4.4 Level of awareness

4.4.1 Two-Way ANOVA of awareness about the procedure by educational qualification and occupation

The variations of awareness with regard to educational qualification and occupation are analyzed with Two-Way ANOVA and the output is presented in table

Table 4.4.1.1 Educational Qualification wise Estimated marginal means

Educational qualification				
Dependent Variable: AWARENESS ABOUT PROCEDURE				
EDUCATIONAL QUALIFICATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Illiterate	2.826	.354	2.121	3.530
Secondary	3.439	.203	3.035	3.843
Higher Secondary	3.657	.321	3.018	4.297
Degree & Above	4.611	.593	3.432	5.791

Source: Primary Data

TABLE 4.4.1.2 Occupation wise estimated marginal means

Occupation				
Dependent Variable: AWARENESS ABOUT THE PROCEDURE				
OCCUPATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Agriculture	2.668	.551	1.571	3.764
Govt-Pvt Employees	3.919	.588	2.750	5.088
Daily Worker	3.102	.252	2.601	3.604
Self Employed	4.455	.313	3.833	5.077
House Wife	4.022	.220	3.584	4.459

Source: Primary Data

TABLE 4.4.1.3 Two-Way ANOVA (AWARENESS ABOUT THE PROCEDURES)

Tests of Between-Subjects Effects					
Dependent Variable: AWARENESS ABOUT THE PROCEDURE					
Source	Type I Sum of Squares	Df	Mean Square	F	Sig.
Educational qualification	1316.190	4	329.048	639.360	0.000**
Occupation	14.081	4	3.520	6.840	0.000**
Error	42.201	82	.515		
Total	1372.472	90			

Source: Primary Data

*Significant at 5% level of significance

To test the mean variations of the scores for awareness about procedures among respondents based on educational qualification and occupation, Two-Way ANOVA is used. It is found that Educational qualification wise and occupation wise variations of the mean scores are statistically significant at 5 percent level of significance (Value of F 639.360 and 6.840, Df 4 and 4 with $p=0.000$ and $0.000 < 0.05$). The table reveals that there is significant difference among the selected respondents based on educational qualification and occupation as to the awareness about procedures. Therefore it can be inferred that respondents with different educational qualification and different occupation have difference in their level of awareness about the procedures. The higher mean score for “Degree and above” (Mean value 4.611) signifies that they are highly aware about the procedures and occupation wise the higher mean score for “self employed signifies” (Mean value 4.455) that they are having better awareness on procedures.

4.4.2 Two-Way ANOVA of awareness about the service providers by educational qualification and occupation

The variations of awareness with regard to educational qualification and occupation are analyzed with Two-Way ANOVA and the output is presented in table

Table 4.4.2.1 Educational Qualification wise Estimated marginal means

Educational qualification				
Dependent Variable: AWARENESS ABOUT SERVICE PROVIDERS				
EDUCATIONAL QUALIFICATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Illiterate	3.379	.332	2.719	4.040
Secondary	4.046	.190	3.668	4.425
Higher Secondary	3.844	.301	3.245	4.443
Degree & Above	4.897	.556	3.791	6.002

Source: Primary Data

Table 4.4.2.2 Occupation wise estimated marginal means

Occupation				
Dependent Variable: AWARENESS ABOUT THE SERVICE PROVIDERS				
OCCUPATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Agriculture	3.543	.517	2.515	4.571
Govt-Pvt Employees	4.101	.551	3.005	5.197
Daily Worker	3.943	.236	3.473	4.414
Self Employed	4.475	.293	3.892	5.059
House Wife	4.145	.206	3.735	4.555

Source: Primary Data

Table 4.4.2.3 Two-Way ANOVA (AWARENESS ABOUT THE SERVICE PROVIDERS)

Tests of Between-Subjects Effects					
Dependent Variable: AWARENESS ABOUT THE SERVICE PROVIDERS					
Source	Type I Sum of Squares	Df	Mean Square	F	Sig.
Educational qualification	1591.230	4	397.807	879.671	0.000**
Occupation	1.953	4	.488	1.080	0.372
Error	37.082	82	.452		
Total	1630.265	90			

Source: Primary Data

*Significant at 5% level of significance

Two-way ANOVA is used to test the mean variations of the scores for awareness about service providers among respondents based on educational qualification and occupation. It is found that Educational qualification wise variations of the mean scores are statistically significant at 5 percent level of significance (Value of F 397.807, Df 4 with $p=0.000 < 0.05$) and occupation wise it is not statistically significant ($p 0.372 > 0.50$). Therefore it can be inferred that respondents with different educational qualification have difference in their level of awareness about the service providers. The higher mean score for “Degree and above” (Mean value 4.879) signifies that they are having better awareness on service providers.

4.4.3 Two-Way ANOVA of awareness about the products and services by educational qualification and occupation

The variations of awareness with regard to educational qualification and occupation are analyzed with Two-Way ANOVA and the output is presented in table

TABLE 4.4.3.1 Educational Qualification wise Estimated marginal means

Educational qualification				
Dependent Variable: AWARENESS ABOUT PRODUCTS AND SERVICES				
EDUCATIONAL QUALIFICATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Illiterate	3.312	.329	2.657	3.968
Secondary	3.872	.189	3.496	4.248
Higher Secondary	3.753	.299	3.159	4.348
Degree & Above	4.786	.552	3.689	5.883

Source: Primary Data

TABLE 4.4.3.2 Occupation wise estimated marginal means

Occupation				
Dependent Variable: AWARENESS ABOUT THE PRODUCTS AND SERVICES				
OCCUPATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Agriculture	3.472	.513	2.452	4.493
Govt-Pvt Employees	4.042	.547	2.955	5.130
Daily Worker	3.408	.235	2.941	3.875
Self Employed	4.587	.291	4.008	5.166
House Wife	4.145	.205	3.738	4.552

Source: Primary Data

Table 4.4.3.3 Two-Way ANOVA (AWARENESS ABOUT THE PRODUCTS AND SERVICES)

Tests of Between-Subjects Effects					
Dependent Variable: AWARENESS ABOUT THE PRODUCTS AND SERVICES					
Source	Type I Sum of Squares	Df	Mean Square	F	Sig.
Educational qualification	1477.098	4	369.274	828.608	0.000**
Occupation	9.145	4	2.286	5.130	0.001**
Error	36.544	82	.446		
Total	1522.787	90			

Source: Primary Data

*Significant at 5% level of significance

Two-Way ANOVA is used to test the mean variations of the scores for awareness about products and services among respondents based on educational qualification and occupation. It is found that Educational qualification wise and occupation wise variations of the mean scores are statistically significant at 5 percent level of significance (Value of F 828.608 and 5.130, Df 4 and 4 with $p=0.000$ and $0.001 < 0.05$). The table reveals that there is significant difference among the selected respondents based on educational qualification and occupation as to the awareness about products and services. Therefore it can be inferred that respondents with different educational qualification and different occupation have difference in their level of awareness about the products and services. The higher mean score for “Degree and above” (Mean value 4.786) signifies that they are highly aware about the products and services and occupation wise the higher mean score for “self employed” (Mean value 4.587) signifies that they are having better awareness on various financial products and services.

4.4.4 Two-Way ANOVA of awareness about the usage of products and services by educational qualification and occupation

The variations of awareness with regard to educational qualification and occupation are analyzed with Two-Way ANOVA and the output is presented in table

TABLE 4.4.4.1 Educational Qualification wise Estimated marginal means

Educational qualification				
Dependent Variable: AWARENESS ABOUT THE USAGE PRODUCTS AND SERVICES				
EDUCATIONAL QUALIFICATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Illiterate	2.708	.442	1.828	3.587
Secondary	3.187	.253	2.683	3.691
Higher Secondary	3.776	.401	2.978	4.574
Degree & Above	4.545	.740	3.073	6.017

Source: Primary Data

Table 4.4.4.2 Occupation wise estimated marginal means

Occupation				
Dependent Variable: AWARENESS ABOUT THE USAGE OF PRODUCTS AND SERVICES				
OCCUPATION	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Agriculture	2.807	.688	1.437	4.176
Govt-Pvt Employees	3.947	.734	2.488	5.407
Daily Worker	2.614	.315	1.988	3.241
Self Employed	4.393	.390	3.616	5.169
House Wife	4.009	.275	3.463	4.555

Source: Primary Data

Table 4.4.4.3 Two-Way ANOVA (Awareness about the usage of products and services)

Tests of Between-Subjects Effects					
Dependent Variable: AWARENESS ABOUT THE USAGE OF PRODUCTS AND SERVICES					
Source	Type I Sum of Squares	Df	Mean Square	F	Sig.
Educational qualification	1189.791	4	297.448	370.750	0.000**
Occupation	26.502	4	6.625	8.258	0.000**
Error	65.787	82	.802		
Total	1282.080	90			

Source: Primary Data

Significant at 5% level of significance

Two-Way ANOVA is used to test the mean variations of the scores for awareness about the usage of products and services among respondents based on educational qualification and occupation. It is found that Educational qualification wise and occupation

wise variations of the mean scores are statistically significant at 5 percent level of significance (Value of F 370.750 and 8.278, Df 4 and 4 with $p=0.000$ and $0.000 < 0.05$). The table reveals that there is significant difference among the selected respondents based on educational qualification and occupation as to the awareness about the usage of financial products and services. Therefore it can be inferred that respondents with different educational qualification and different occupation have difference in their level of awareness about the usage of financial products and services. The higher mean score for “Degree and above” (Mean value 4.545) signifies that they are highly aware about the products and services and occupation wise the higher mean score for “self employed” (Mean value 4.393) signifies that they are having better awareness on the usage of various financial products and services.

TABLE 4.5 FREQUENCIES

PRODUCT /SERVICE	CATEGORY	NO OF TIMES
Deposits	Less Than/=5	24
	6 TO 8	21
	9 TO 10	25
	Greater Than/=11	20
Loans	0 Time	9
	1 Time	24
	2 Times	36
	3 Times	21
Insurance	0 Time	35
	1 Time	17
	2 Times	37
	3 Times	1
ATM	Less Than/=5	25
	6 To 9	11
	10 To 15	29
	Greater Than/=16	25
Locker Facilities	0 Time	34
	1 Time	1
	2 Times	32
	3 Times	4
	4 Times	19
Cheque	0 Time	32
	1 Time	10
	2-3 Times	32
	4 & Above 4 Times	16
Demand Drafts	0 Time	43
	1 Time	7
	2 Times	25
	3 Times	14
	5 Times	1

The above table exhibits the use of different financial products and services by the respondents on an average in a year. The majority of respondents (73.3 per cent) deposits money with banks more than five times in a year. The table reveals that 60 per cent of the respondents use ATM services more than 10 times in a year. The table shows that majority of respondents are using the services like loans, insurance, locker facilities, cheque, demand drafts 2-3 times in a year on an average.

4.6 ONE WAY ANOVA

The benefits derived by the respondents by joining Kudumbashree is analysed with One way ANOVA to test the statistical significance of difference in the mean scores.

The hypotheses in this regard can be stated as follows

H0: There is no significant difference in the mean scores obtained for variables related to benefits derived by joining Kudumbashree based on their occupation.

H1: There is significant difference in the mean scores obtained for variables related to benefits derived by joining Kudumbashree based on their occupation.

TABLE 4.6.1 DESCRIPTIVE ANALYSIS

	Agriculture	Govt/Pvt Emp	Daily Workers	Self Employed	House Wife
No of resp	2	13	21	9	45
Benefits	Means				
Economic benefits	4	3.42	4.48	4.20	4.16
Personal benefits	4	4.88	4.61	5	4.93
Family benefits	4.17	3.21	4.27	3.78	3.87
Social benefits	4.38	3.85	4.01	4.31	4.23

Source: primary data

TABLE 4.6.2 ANOVA TABLE

		Sum of squares	Df	Mean square	F	Sig.
Economic benefit	Between groups	9.273	4	2.318	7.429	0.000**
	Within groups	26.523	85	.312		
Personal benefits	Between groups	3.126	4	.782	8.374	0.000**
	Within groups	7.934	85	.093		
Family benefits	Between groups	9.356	4	2.339	4.767	.002**
	Within groups	41.710	85	.491		
Social benefits	Between groups	2.167	4	.542	2.156	0.081
	Within groups	21.358	85	.251		

Source: Primary Data

Significant at 5% level of significance

The results of one way ANOVA for the variables economic benefits, personal benefits and family benefits based on the occupation of the respondents gives ‘f’ values of 7.429, 8.374 and 4.767 respectively, which are found to be significant at 5 per cent level ($p < 0.000$, 0.000 , $0.002 < 0.05$). Hence the null hypothesis is rejected. In case of social benefits with corresponding F value of 2.156 is not found to be significant at 5 percent level ($p > 0.081 > 0.05$). Hence the null hypothesis is not rejected. This implies that there is difference in the mean scores obtained for the variables stated above based on occupation.. As regards the economic and family benefits the self employed has the highest mean value(Mean value 4.48 and 4.27) which means they are deriving higher economic and family benefits by joining kudumhashree. The higher mean score for self employed (Mean value 5) signifies that they derive more personal benefits by joining Kudumbashree.

4.7 KRUSKAL WALLIES TEST

Following are the factors that indicate the level of satisfaction on the Financial Services

1. Attitude and behavior of bank staff
2. Timely availability of loans
3. Processing time
4. Facilities at the counter
5. Service of the bank

Kruskal Wallis test is used to find the level of Satisfaction and to test the following hypothesis

H₀: There is no difference in the satisfaction level of respondents on the financial services of among Occupation category

H₁: There is difference in the satisfaction level of respondents on the Financial Services among Occupation category

TABLE4.7.1 Descriptive statistics on factors that indicates level of satisfaction

DESCRIPTIVE STATISTICS					
	N	Mean	Std. Deviation	Min	Max
Attitude & behaviour of bank staff	90	4.56	.705	2	5
Timely availability of loans	90	4.41	.820	1	5
Processing time	90	4.07	.614	2	5
Facilities at the counter	90	4.36	.812	2	5
Services of the bank	90	4.30	.678	2	5
Occupation	90	4.89	1.293	1	6

Source: primary data

TABLE 4.7.2 KRUSKALWALLIES TEST- RANKS

Ranks			
	OCCUPATION	N	MEAN RANK
Attitude and behavior of bank staff	Agriculture	2	31.25
	Govt/ Pvt employees	13	29.08
	Daily worker	21	44.50
	Self employed	9	50.17
	House wife	45	50.41
Timely availability of loans	Agriculture	2	33.25
	Govt/ Pvt employees	13	61.50
	Daily worker	21	48.62
	Self employed	9	40.83
	House wife	45	40.90
Processing time	Agriculture	2	21.50
	Govt/ Pvt employees	13	47.65
	Daily worker	21	53.88
	Self employed	9	37.06
	House wife	45	43.72
Facilities at the counter	Agriculture	2	15.00
	Govt/ Pvt employees	13	61.27
	Daily worker	21	45.79
	Self employed	9	42.33
	House wife	45	42.80
Service of the bank	Agriculture	2	37.00
	Govt/ Pvt employees	13	37.38
	Daily worker	21	54.21
	Self employed	9	32.72
	House wife	45	46.71

Source: primary data

TABLE 4.7.3 KRUSKAL WALLIES TEST- TEST STATISTICS

CHI-SQUARE					
	Attitude & Behavior Of Bank Staff	Timely Availability Of Loans	Processing Time	Facilities At The Counter	Services Of The Bank
Chi-Square	10.928	9.335	7.655	10.004	7.628
Df	4	4	4	4	4
Asymp. Sig.	0.027*	0.053	0.105	0.040*	0.106

Source: Primary Data

*Significant at 5% level of significance

The descriptive statistic table shows that the Attitude and Behavior of bank staff s has the highest mean value (4.56). The mean rank table depicts that house wives are highly satisfied with the attitude and behavior of bank staff (**Mean value 50.41**) and the GOVT/PVT employees are highly satisfied with the facilities at the counter (**Mean value 61.27**). The hypothesis for the attitude and behavior of bank staff and facilities at the counter are rejected as the '**p**' values are **0.027 and 0.040** respectively. The hypotheses for other factors are not rejected as the 'p' values are 0.53, 0.105 and 0.106 respectively. Therefore it can be concluded that based on occupation there is significant differences among the satisfaction level of respondents on the attitude and behaviour of bank staff and the facilities at the counter.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

5.1.1 Demographic profile

. The majority of respondents (78 percent) belong to the age group less than 51. It is observed that 100 percent of the respondents are married. The category wise classification shows that out of 90 respondents 68 percent belongs to APL category. Education-wise qualification reveals that majority of the respondents (69 per cent) have secondary education. As to occupation majority (50 per cent) of the respondents are house wives followed by daily workers (23.3 per cent) and the remaining comprising of govt-private employees (14.4 per cent), self employed (10 per cent) and agriculture (2.2 per cent). The classification of the sample based on the experience in kudumbashree shows that majority of the respondents (76.7 per cent) have experience less than or equal to 5 years. The table shows that the majority of respondents (75 per cent) have obtained information about Kudumbashree from their neighbours and other Kudumbashree members.

5.1.2 Factors that influenced to join kudumbashree

1. Out of the different factors that might have influenced to join Kudumbashree, the interaction with others is the most influencing factor. Here the mean rank variation of all factors is statistically significant in the output of **Friedman Test**, where the interaction with others has higher mean rank of **(6.22)**. Further this mean rank variation is statistically significant at 5 per cent level of significance (**value of Friedman test Chi-Square test 261.201 with $P=0.000<0.05$**).
2. **Mann Whitney test** is used to find out the major factors that influenced the respondents to join Kudumbashree By using Mann Whitney Test it is found that based on the category there is significant difference among APL and BPL in the preference in relation to the factors that influenced to join Kudumbashree i.e. access to bank credit and interaction with others. The BPL category is highly influenced by the factors Interaction with others (**mean rank 49.50**), and access to bank credit (**mean rank 53.52**) to join Kudumbashree.

5.1.3 Bank Account

It is observed that 100 per cent of the respondents have a bank account. The majority of respondents (88.9 per cent) opened their bank account after joining Kudumbashree.

5.1.4 Level Of Awareness

1. The awareness of members about the banking procedures among the selected respondents shows that members having education Degree & above and self employed have better awareness. The mean score variation of the responses of selected members on awareness about banking procedures is statistically validated by applying **Two-Way ANOVA** in which the F value and its corresponding probability level statistically significant at 5 per cent level of significance(**value of F 639.360 with P=0.000<0.05, F 6.840 with P=0.000**).
2. The awareness of members about the service providers among the selected respondents shows that members having education Degree & above have better awareness. The mean score variation of the responses of selected members on awareness about service providers is statistically validated by applying **Two-Way ANOVA** in which the F value and its corresponding probability level statistically significant at 5 per cent level of significance(**value of F 397.807with P=0.000<0.05**).
3. The awareness of members about the various financial products and service among the selected respondents shows that members having education Degree & above and self employed have better awareness. The mean score variation of the responses of selected members on awareness about various products and services is statistically validated by applying **Two-Way ANOVA** in which the F value and its corresponding probability level statistically significant at 5 per cent level of significance(**value of F 828.608 with P=0.000<0.05, F 5.130 with P=0.001**).
4. The awareness of members about the usage of various financial products and service among the selected respondents shows that members having education Degree & above and self employed have better awareness. The mean score variation of the responses of selected members on awareness about usage of various products and services is statistically validated by applying **Two-Way ANOVA** in which the F value and its corresponding probability level statistically significant at 5 per cent level of significance(**value of F 370.750 with P=0.000<0.05, F 8.278 with P=0.000**).

5.1.5 Average use of products and services

It is observed that the majority of respondents (73.3 per cent) deposits money with banks more than five times in a year. It is found that 60 per cent of the respondents use ATM services more than 10 times in a year. It is also observed that the majority of respondents are using the services like loans, insurance, locker facilities, cheque, and demand drafts 2-3 times in a year on an average.

5.1.6 Benefits derived by joining Kudumbashree

The results of **one way ANOVA** for the variables related to benefits derived by joining kudumbashree based on the occupation of the respondents gives '**f**' values of **7.429, 8.374 and 4.767** respectively, which are found to be significant at 5 per cent level (**p 0.000, 0.000, 0.002 < 0.05**). This implies that there is difference in the mean scores obtained for the variables stated above based on occupation. As regards the economic and family benefits the self employed has the highest mean value (**Mean value 4.48 and 4.27**) which means they are deriving higher economic and family benefits by joining kudumbashree. The higher mean score for self employed (**Mean value 5**) signifies that they derive more personal benefits by joining Kudumbashree.

5.1.7 Level of satisfaction

The level of satisfaction has been analysed using **Kruskal Wallies** test and it is seen that the Attitude and Behaviour of bank staffs has the highest **mean value (4.56)**. The mean rank table depicts that house wives are highly satisfied with the attitude and behaviour of bank staff (50.41) and the GOVT/PVT employees are highly satisfied with the facilities at the counter (61.27). It is found that based on occupation there is significant differences among the satisfaction level of respondents on the attitude and behaviour of bank staff (**p 0.027**) and the facilities at the counter (**0.040**).

SUGGESTIONS

1. There are some personal problem for respondents like lack of proper guidance, proper and timely guidance must be provided to them according to their needs. Officials related to kudumbashree should conduct awareness programmes about the
 - Banking procedures
 - Service providers
 - Financial products and services
 - Usage of financial products and services
2. Bank employees should be able to maintain a good relationship with the Kudumbashree members.
3. Education plays a prominent role in the empowerment of women. As majority of the respondents and their spouses are having an educational qualification of higher secondary, sufficient opportunities must be provided to them in the form of seminars, conferences etc., to impart additional knowledge on various issues related to them.
4. Eradication of illiteracy is the first step towards empowerment of women. Still there are NHG members who do not have even primary education. Efforts must be made by the authorities to give them primary education like Jyothirgamaya Project in Nilambur Panchayath which provides primary education to its population in the age group 15-50
5. Of the various benefits, economic benefits are of utmost significance. But the level of economic benefits attained by the respondents is relatively low. Therefore, more efforts should be made by the authorities to enable the members to become more economically empowered. Moreover, steps must be taken by the authorities to start more income generating activities by each and every NHG.

CONCLUSION

Financial Inclusion is critical to the process of development of the economy. It plays a crucial role in the alleviation of poverty and in the all round progress of the nation. Organisation of women into Kudumbashree is an effective way to achieve financial inclusion.

Palakkad district is famous for its agricultural traditions and culture, Elappully Panchayath is also rich in this tradition. Elappully Kudumbashree members represent their Kudumbashree units as “*bank at doorstep*”. Kudumbashree has now liberated poor women from the clutches of private money lenders. Banks that initially hesitant to provide financial assistance to women from poor families have changed their attitudes as Kudumbashree effectively strengthened the Community Based Organizations. Now banks have started to compete with each other offering special services to attract the accounts of the Kudumbashree NHGs. Poor women are now in a comfortable position to avail bank loans on easy terms and conditions. The Kudumbashree members got opportunity to understand the banking operations and acquired the confidence to visit the bank and availing the ban

It is evident from the present study that the Kudumbashree project in Kerala has been instrumental in the economic, political, social/cultural, personal and familial empowerment of members. In spite of the different constraints and challenges, the Kudumbashree project has the potential to transform the entire economy of the State.

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APPENDIX

ROLE OF SHG/NHG IN FINANCIAL INCLUSION

INTERVIEW SCHEDULE

1. Age:years

2. Marital status: Married Unmarried

3. Category: APL BPL

4. Educational qualification:

Illiterate Secondary Higher secondary Degree and above

5. Occupation:

Agriculture Business GOVT.-PVT employees

Daily worker Self employed House wife

6. How long have you been a member of SHG/NHG?years

7. How did you come to know about SHG/NHG?

Neighbours Panchayath staff Bank staff SHG/NHG members

8. Ward no:.....

9. The following table illustrates the major factors that might have influenced you to join SHG. You are requested to score the factors. [Please tick] (5-Very high, 4-High, 3-Neutral, 2-Low, 1-Very low)

SL.NO	FACTORS	5	4	3	2	1
9.1	To obtain credit					
9.2	To find fund for unexpected contingencies					
9.3	As a source to meet domestic expenses					
9.4	Empowerment					
9.5	For promoting savings					
9.6	For employment opportunities					
9.7	To interact with others					
9.8	Access to bank credit which otherwise was not possible					

10. Do you have a personal account with bank? Yes No

11. If yes, when did you open the account?

Before joining SHG/NHG After joining SHG/NHG

12. You are requested to score the level of awareness on the following (5-Very high, 4-High, 3-Neutral, 2-Low, 1-Very low)

SL NO	FACTORS	5	4	3	2	1
12.1	Awareness about the procedure					
12.1.1	Opening a bank account					
12.1.2	Depositing money					
12.1.3	Taking a loan					
12.1.4	Dealing with cheque and DD					
12.1.5	Transferring fund					
12.1.6	Obtaining ATM card					
12.2	Awareness about the service providers					
12.2.1	Service providers					
12.2.2	Locality					
12.2.3	Working hours					
12.2.4	Rate of interest					
12.2.5	Repayment schedule					
12.2.6	Consequences of non repayment					
12.2.7	Minimum balance requirement					
12.3	Awareness about the products and services					
12.3.1	Deposit account					
12.3.2	Interest on deposits					
12.3.3	Loans					
12.3.4	Interest on loans					
12.3.5	Insurance					
12.3.6	Zero balance accounts					
12.3.7	Subsidies					
12.3.8	Matching grants					
12.3.9	Thrift and credit operations					
12.3.10	Linkage banking					
12.3.11	ATM/debit cards					
12.3.12	Cheque book					
12.3.13	Fund transfer					
12.3.14	Locker facility					
12.3.15	Credit card					
12.4	Awareness about the usage of products and services					
12.4.1	ATM/debit card					
12.4.2	Insurance					
12.4.3	Pay in slip					
12.4.4	DD					
12.4.5	Cheque					

13. Indicate how much you are using the following products and services on an average in a year

SL.NO	PRODUCTS/SERVICES	NO OF TIMES
13.1	Deposits	
13.2	Loans	
13.3	Insurance	
13.4	ATM	
13.5	Locker facilities	
13.6	Cheque	
13.7	DD	

14. You are requested to score the following benefits derived by joining SHG/NHG (5-Very high, 4-High, 3-Neutral, 2-Low, 1-Very low)

SL NO	FACTORS	5	4	3	2	1
14.1	Economic benefits					
14.1.1	Increase in access to finance					
14.1.2	Increase in saving habits					
14.1.3	Increase in assets					
14.1.4	Ability to redeem the debts					
14.1.5	Ability to take decision on use of money					
14.2	Personal benefits					
14.2.1	Better exposure					
14.2.2	Improvement in self esteem					
14.2.3	Improvement in skills and abilities					
14.2.4	Improvement in confidence and initiatives					
14.2.5	Improvement in communicative abilities					
14.3	Familial benefits					
14.3.1	Improvement in children's educations					
14.3.2	Improvement in standards of living					
14.3.3	Improvement in medical care					
14.4	Social benefits					
14.4.1	Increased participation of social activities					
14.4.2	Ability to start own business					
14.4.3	Improvement in social status					
14.4.4	Improvement in social interactions					

15. The following factors indicates the level of satisfaction on the financial services, you are requested to score the factors (5-Very high, 4-High, 3-Neutral, 2-Low, 1-Very low)

SL NO	FACTORS	5	4	3	2	1
15.1	Attitude and behaviour of bank staffs					
15.2	Timely availability of loans					
15.3	Processing time					
15.4	Facilities at the counter					
15.5	Service of the bank					

