Three years; Bank linkage of Rs 8500 crores

2.92 lakhs Kudumbashree Neighbourhood Groups (NHGs) are there in our state, with 43 lakhs women as members. Banks are providing linkage loans without any security deposit to Kudumbashree Neighbourhood Groups for meeting various needed of NHG women, especially for developing livelihood. Government is giving interest subsidy and making this loans available at an interest rate of 4% for the groups. Issuing loan with this subverted interest rates lead to for economic empowerment of NHG members and thereby helping us realise local economic development.

During 2016, we examined the details of the NHGs who had availed this linkage loans and it was identified that some NHGs hadn’t made use of this opportunity. We also realized that a few of the members had borrowed money from private money lenders with an interest rate higher than 24%!
At this point, we launched a campaign to educate the NHG members about maintaining financial prudence. The focus of our campaign was that - since bank loan is available at 4% interest, that too without giving any collateral, why depend on other institutions and individuals for loans? Why not avail linkage loan at subsidised rate from banks? 2.27 NHGs had made use of this opportunity till date, after our campaign! Yes, within these three years we were able to reach upto 78% bank linkage.

During 2016-17, linkage amount of Rs 2032.5 crores was availed by 59,634 NHGs. During 2017-18, loan of Rs 2335 crores was availed by 77,711 NHGs and during 2018-19, linkage amount of Rs 4132 crores was availed by 1,03,211 NHGs. Within these years, Rs 8500 crores was availed by all the NHGs together as bank loan. We hope that, more than 80,000 NHGs would avail bank loan of more than Rs 3000 crores in 2019 - 20. As most of these loans are of 3 years tenure, we hope that after 2019-20 there would remain only 10 % non-linked NHGs.

Through this micro finance activity, we were able to help NHG members from the exploitation of the local money lenders and private micro finance companies who charge high interest rates. Further the loans help our members to avail money for their needs and livelihood initiatives. 99% of the women who availed loans are repaying the same promptly. We are proud that it is because of this trust that they had built over these years that, bank loan of Rs 8500 crores was made available.

Kudumbashree had also bagged the Best Performance Award constituted by the Kerala Regional office of National Bank for Agriculture and Rural Development (NABARD) for promoting bank linkage during July 2019.