



## SIGNIFICANCE OF KUDUMBASREE MISSION KERALA AS A MICRO FINANCE PROGRAMME

### Abstract

*The micro finance programme was first initiated in Bangladesh in 1976 with the promise of providing credit to the poor without collateral, alleviating poverty and unleashing human creativity and endeavour of the poor people. The kudumbasree Mission of Kerala serves as a microfinance programme among the women household's .the informal banks will instil collective decision –making capability among the poor women. A task Force on Micro –finance recognized in 1999 that micro –finance is much more than micro –credit, stating 'provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi –urban and or urban areas for enabling them to raise income levels and improve living standards e members of kudumbasree comprises the members from economically poor families .they mobilize small amount of weekly deposits and allows small loans to the members.*

**Key words:** Micro Finance, Kudumbasree, Saving

### Introduction

Kerala is a small state in the southern part of India. But it has gained international of the peculiarities of Kerala's development experience is that there is not much gender difference in social development compared to other states in India .it can be argued that the Kerala model owes its genesis to Kerala women. Micro finance is now considered as a solution to many problems faced by the women in Kerala, especially emancipation from low economic and social status. Many microfinance institutions and programmes (MFI/PS) have been launched in Kerala by different agencies. A programme as 'Kudumbashree' has come up under government auspices. The People 's plan campaign initiated during the Ninth Five Year plan period saw women self-help groups as micro level organisation for developing political participation and empowerment of women.

### Micro finance

Microfinance means the provision of small –scale financial products and services to the poor micro finance is of ancient origin in India. According to SEWA Bank, India 'poor women do not have a basic instinct for saving. They can and do save, if motivated and facilitated. Majority of the poor, particularly women, are economically active. SAWA Bank provides saving products to fulfil the clients demand and to meet the clients future expenses on

- Education of the children
- Marriage of the children
- Social rituals
- Celebrations and festivals
- Pilgrimages
- Regular and unexpected expenses which may be incurred during the old age
- Emergency situations like accidents, illness, and natural calamities
- Purchasing and repairing of house.

(1)Traders and moneylenders have traditionally pro-voided micro credit to the rural poor but charged exorbitant rates of interest, which led to consider – able hardship and impoverishment of

borrowers; and later this resulted into debt trap, bonded labour, and illegal and force of entitlement on properties.

(2) Loan sizes are very small.

(3) Target users –self –employed, micro entrepreneurs and low –income households.

(4) Loan products are provided for income generation, enterprise development and also for community use.

(5) Most terms and condition for microcredit loans are flexible and easily understood and location specific.

(6) Microfinance interventions act as a tool for socio –economic development of poor people as well as a business proposition for microfinance institutions.

(7) Microfinance includes entire gamut of small –scale financial products and services meant for the poor and section of people with no access to formal banking.

### **Kudumbasree as a women development programme**

Kudambashree was started by the Government of Kerala in 1998 with the dual purpose of women empowerment and poverty Alleviation Today Kudambasree has been transformed into a thriving social unit consisting of 2,17,677 neighbourhood group comprising of 38 lakh family members ,19,773 Area development Society and 1072 CDS Community Development Society. It is widely accepted that economic participation of poor women is the solution for many of the problems they face. Economic participation of women is both a reward on its own and a major influence for social change in general.

(1) Family without colour television

(2) No regularly employed person in the family

(3) Presence of mentally or physically challenged person or chronically ill member in the family, and

(4) Socially disadvantaged groups such as SC/ST

(5) No sanitary latrine

(6) No house or dilapidated house

(7) No access to safe drinking water within 15 meters radius.

### **Review of literature**

(1) The first seeks to characterize micro lending programmes along a continuum of goals anchored by sustainability ,given by the repayment rate and depth of lending capacity on one end, and outreach ,given by the degree to which the programme alleviates poverty and attendant problems (health, fertility ,education, nutrition and the like )and community welfare(Field and pande,2008).

(2) The early research on the effectiveness of program outreach focused on the use of loan funds for consumption versus investment by borrowers. Given that the ability to engage in entrepreneurial activity is predicated on a minimal level of human capital health, competence, personal motivation and drive, knowledge and so on, it is expected that part of the use of microloans would be devoted to increasing household human capital (Elahi and Demopoulos, 2004).

(3) The most common methods in the research employed surveys or used data from surveys taken by programme administrators with regression analysis to report model fit .Later studies employed panel data and the appropriate regression techniques to correct for obvious problems related to programme, and region fixed effects (Tenikue and Sureda, 2008)

## **Kudumbasree as a Microfinance programme**

Women receive a disproportionately small share of credit from banking institutions. In Latin America and the Caribbean, women constitute only seven to ten per cent of the beneficiaries of credit programmes. A study of 38 branches of major banks in India found that only 11 percent of the borrowers were women. Many Microfinance institutions have targeted women who live in households having very little or no assets. These MFI have significantly increased women's security, autonomy, self – confidence and status within the household by providing opportunities for self –employment. Microfinance managed and utilised by women borrowers themselves has the greatest impact on poverty reduction. Over a decade of banking with the Grameen Bank, women as loan managers are less likely to remain poor, as most of them will be out of poverty after a few loan cycles.

### **Importance of the study**

Economic freedom is the most important tool and method for the women empowerment .Micro finance plays a critical role in proving loans and crating saving habits among women. This study going to evaluate how far microfinance helps the women for their economic empowerment.

### **Objective of the study**

To find out whether microfinance influences the economic development of women.

### **Methodology and data source**

Information was collected through both primary and secondary data were collected from Kudumbashree members of vathykudy panchayathof I dukki District using questionnaires and direct enquiry method secondary data were collected from published books, report, periodicals, websites', etc. Comparative analysis of their economic conditions were undertaken –pre –Kudumbashree and post Kudumbashree period to test whether there is change in the income level of kudumbasree members.

### **Kudumbasree in Vathykudy Grama Panchyayath Idukki District**

Idukki is the second largest District in the state of Kerala, it came into existence on 26<sup>th</sup> anuary, 1972. Vathykudy Grama Panchayath it has a total area of 16.67 sq.km. And total population of 47,005.in this panchayat, economic participation of women is low. Women fell prey to moneylenders who lent money at exorbitant rates of interest.

### **Data Analysis**

Data collected from members of Kudumbasree of Vathikudy Panchayath are analysed hereafter. The study is aimed to know the impact of Microfinance to the kudumbasree members in the VatikudyPanchayat. For the purpose 100 members were taken for the study. one of the peculiar feature of this simple is the 96 percent of workers under study are in the age groups 25 years to 35 years.

### **Demographic Details of the Sample under study is depicted in Table -1**

<b>Marital</b>	
<b>Status</b>	<b>Percentage of Respondents</b>
Married	92
Unmarried	5
Divorced	3
<b>Qualification</b>	
Illiterate	7
Up to SSLC	50
Pre-degree /plus Two	37
Graduate	4
Diploma \other	2

<b>Economic Status</b>	
<b>Category</b>	<b>Percentage of Respondents</b>
APL	16
BPL	84

The study reveals that the 92 present respondents are married, 5 percent are unmarried and remaining 3 percent are divorced. It is revealed that the 50 percent of the respondents are Up SSLC, 37 per cent have pre-degree or plus two qualification and there are 7 illiterates, and 4 are graduate found under this study. The economic status of the respondents are classified as APL and BPL and among the respondents 84 percent belong to BPL category and APL household are 16 percent only.

### **Income and savings**

The income and saving basis of the respondent of the survey are made clear from the table -2 and table -3 below.

**Table 2, Annual income and saving (Before becoming a Kudumbasree)**

<b>Annual income (in Rs)</b>	<b>Percentage of Respondents</b>	<b>Saving(%) Respondents</b>
<5000	70	13
5000-10000	15	2
10000-20000	13	0
>20000	2	0

Source; Survey data

The above Table 2 shows that 70 percent of the respondents are below Rs. 5000\ -group , Rs 5000-10000 and 10000-20000 income group comes 15 and 13 percent each and remaining 3 percent earns above Rs. 20000\ - the data also reveals that only 13 percent have saving Less than Rs,. 5000\ -.

**Table 3, Annual income and saving (After becoming a Kudumbasree)**

<b>Annual income (in Rs)</b>	<b>Percentage of Respondents</b>	<b>Saving(%) Respondents</b>
<5000	20	64
5000-10000	65	30
10000-20000	9	5
>20000	6	1

Source; Survey data

The above Table 3 reveals that after becoming a kudumbasree member, the income of the respondents have been increased. According to the table-3 respondents have the annual income shows that 65 percent of the respondents have the annual income , Rs 5000-10000 and 10000-20000 income group comes 9and 6 percent each and remaining 6 percent earns above Rs. 20000\ - the data also reveals that 64 percent have saving Less than Rs,. 5000\ -.

The income of the respondent is revealed by the above Tables and the Source of their income is present in the following Table -

**Table 4 Source of income**

Source of income	Percent of respondent
Kudumbasree activities	95
Other income	2
MGNREGS	3

Source; Survey data

From the study is know that the income source of 95 percent of income earned from kudumbasree. The negligent potion of income 2 and 3 percent are from other income and MGNREGS income respectively.

**Table 5, Number of loners**

Nature of loan	Percent of respondent
SHG loan	93
Other loan	7

Source; Survey data

Table 7 it is know that of the 93 per cent have taken loan from SHG Kudumbsree and only 7 percent has loan from other sources.

### Findings

- It is found that finance improved the literacy levels of the respondents are also improved their awareness on child education
- The major portion of the household expenses expenses can be met by their income
- Majority of the members are BPL families
- most of the members are of SSLC\PDC qualification
- the annual income and savings are increased due to aKdumbasree

### Conclusion

Kudumbasree income contributed a major part of the family income, economic participation of poor women is, by itself, a reward for them, but also serves as a major influence for social change .As employment opportunities all over the world are decreasing due mainly to rapid technological changes. Entrepreneurship is seen as the only way to lift women out of poverty.in most case microfinance programmes offer a combination of services and resources to their clients in addition to usual credit for self –employment also this is an effort to provide a bridge between formal financial markets and the informal groups in the formal microfinance initiatives.

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Lecture

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