

---

## **Performance and Sustainability of Kudumbashree Neighbourhood Groups in Kerala: An Empirical Analysis**

**K.V. Praveen and A. Suresh\***

### ABSTRACT

Using data from the field survey and secondary sources, the study attempts to analyse the empowerment of women in Kerala through Kudumbashree. Kudumbashree is initiated by the Government of Kerala as the state poverty eradication mission in the year 1998. At present, more than 41 lakh women in Kerala have been brought under the umbrella of Kudumbashree, which accounts to about 23 per cent of the total female population of the state. Out of the total membership, highest share is constituted by the general category, followed by OBC, SC and ST respectively. Districts with greater share in linkage loan possess greater share in count of micro enterprises also. More than 61 thousand Joint Liability Groups practice collective farming in a total area of 35 thousand hectares. More than 66 per cent of the neighbourhood groups (NHGs) in the sample were involved only in micro-finance, and the rest undertook some other entrepreneurial activities. The younger section of the society participated more in the Kudumbashree activities. Among all the NHGs, more than 75 per cent had members among whom more than half lie below poverty line (BPL). More than 80 per cent of the NHGs avail credit from the banks and scheduled commercial/ nationalised banks which form the major source of credit. Logit regression analysis indicated that sustainability was positively and significantly affected by the share of BPL members in total members, per cent of members availing loan and the amount of loan outstanding per member.

**Keywords:** Kudumbashree, Sustainability, Performance, Logit model

**JEL:** Q14, Q12, J16, J43

### I

### INTRODUCTION

Women constitute half of the world population, but their role in economic development is largely undermined. Often women are also considered as deterrents to development. The “Decade for Women” (1975-85) announced by the United Nations was the original among the attempts to bring women to the centre stage (Ghodsee, 2010). The policies for development that followed, began to acknowledge women as capable for productive processes (Kalyani and Seená, 2012). Comprehension on the importance of participation of women in all sectors have resulted in deliberate attempts for upliftment of the status of women. In India, an innovative, Self Help Groups (SHGs) approach for the welfare of women is gaining popularity recently. Being a social movement with the mentorship of the Government, SHGs are now an integral part of the rural India (Moses, 2011).

---

\*Scientist and Senior Scientist respectively, Division of Agricultural Economics, Indian Agricultural Research Institute, New Delhi.

Triggered by the institutional innovations in participatory development of women, the government of Kerala initiated the state poverty eradication mission “Kudumbashee” in the year 1998 (Suneetha, 2004)). This innovation towards women centric poverty reduction was implemented through Local Self-Governments. It targets to provide women required information, create awareness, build up their capacity, enhance their confidence, provide them an opportunity for better social security and empower them physically, socially, economically and politically (Shihabudheen, 2013).

The evolution of Kudumbashree mission can be traced back to the year 1987-88, when the UNICEF and Government of India jointly ventured to kick off the poverty alleviation programme entitled Urban Basic Services (UBS) in Kerala. Government of Kerala also joined hands later through its financial contribution when the programme was renamed as Urban Basic Services for the Poor (UBSP) in 1992. The positives that emerged out of this programme inspired the government to commence the Community Based Nutrition Programme and Poverty Alleviation Project (CBNP and PAP) in 1994 under UNICEF assistance in the Malappuram district. The programme was of universal nature, covering both, rural and urban areas. Apace with the decentralisation experiments and transfer of power to local governments during the period 1995-96, it was decided to universalise the anti-poverty programme of Kerala under the title “Kudumbashree” in the year 1998. The three tier network structure of Kudumbashree plays a crucial role in the performance of the programme. At the basic level is the neighbourhood groups (NHGs), consisting of 10-20 members including 5 office bearers. The NHG office bearers constitute the second level known as the Area Development Societies (ADS), and also select 7 executive members. At the apex is the panchayat level Community Development Societies (CDS) formed by the ADS executives.

Understanding the performance, pattern of empowerment, and sustainability of Kudumbashree NHGs can assist in improving the current know-how and institutional mechanisms involved in empowering women. Keeping this in mind, this paper undertakes the district level analysis of the performance of the Kudumbashree NHGs and the profiles of a sample of NHGs with respect to the member characteristics. Further, the paper identifies the factors affecting the sustainability of the NHGs from the Palakkad district of Kerala.

## II

### DATA AND METHODOLOGY

The study uses both, primary as well as secondary data. Secondary data is collected mainly from the office of District Kudumbashree Mission, and the annual reports of Kudumbashree. The primary data using pre-tested schedules were collected from the respondents by personal interview method in the Palakkad district of Kerala during the year 2014. Chittoor block from the district was purposively selected for

data collection, since the concentration of the women participating in Kudumbashree is higher in this block. A list of NHGs from district Kudumbashree mission coordinator was collected. Based on this, a random sample of 56 NHGs were selected for data collection using lottery method. Tabular analysis and descriptive statistics were used to find out the performance whereas logit model was fitted to analyse the sustainability.

## III

## RESULTS AND DISCUSSION

*Performance of Kudumbashree – District Level Analysis*

The spread of Kudumbashree in the state is presented in Table 1. At present, more than 41 lakh women in Kerala have been brought under the umbrella of Kudumbashree. The network consists further of 2.6 lakh NHGs, which federate into 20 thousand ADS and further to more than one thousand CDS. Thiruvananthapuram has the highest share of NHGs (11.05 per cent) among all the districts, whereas Kozhikode leads in the membership share (11.41 per cent). While considering the membership share, the network of Kudumbashree can be said to be spread better in Kozhikode, Thiruvananthapuram and Malappuram districts. The share of Kudumbashree members in female population is the highest in Idukki, followed by Kozhikode and Wayanad. Scope exists, thus, to improve its spread in the districts like Malappuram, Palakkad, Ernakulam and Kollam, where the share of members in female population is comparatively low. Overall membership is least in Wayanad, Pathanamthitta and Idukki districts.

TABLE 1. REACH OF KUDUMBASHREE IN KERALA  
(per cent share in total)

District (1)	CDS (2)	ADS (3)	NHG (4)	Member details				Total (9)	Share in female population (10)
				Gen (5)	SC (6)	ST (7)	OBC (8)		
Alappuzha	7.37	6.90	7.54	7.00	1.53	8.71	5.26	7.52	27.73
Ernakulam	9.42	9.34	8.02	8.05	3.48	7.86	9.11	8.11	20.06
Idukki	4.94	4.08	4.70	4.76	13.17	3.13	5.78	4.17	30.82
Kannur	8.12	8.45	7.23	2.52	9.24	9.42	6.09	7.72	23.66
Kasargode	3.92	4.09	3.95	1.76	15.09	4.96	3.32	4.33	26.23
Kollam	7.00	7.19	7.95	7.35	1.71	8.04	4.90	7.07	20.94
Kottayam	7.28	6.54	5.87	5.35	4.90	5.56	6.75	5.81	23.75
Kozhikkode	7.84	7.72	10.37	8.26	3.48	12.45	11.06	11.41	29.05
Malappuram	10.26	11.72	9.27	10.72	2.94	5.63	19.96	9.74	18.60
Palakkad	8.96	8.69	7.83	10.73	7.65	7.39	4.13	7.03	19.92
Pathanamthitta	5.41	4.70	3.69	5.76	1.99	4.51	1.12	3.79	24.55
Thiruvananthapuram	7.74	7.97	11.05	13.59	7.20	12.07	8.14	11.21	26.81
Thrissur	9.33	10.13	9.06	12.99	1.49	8.51	9.58	9.22	23.11
Wayanad	2.43	2.48	3.48	1.15	26.14	1.76	4.80	2.87	28.38
Total	100	100	100	100	100	100	100	100	23.66

Source: Kudumbashree, 2014; Government of India, 2014.

Out of the total membership, about 61 per cent is constituted by the general category, followed by OBC (24.48 per cent), SC (12.82 per cent) and ST (1.82 per cent). Among all the districts, the participation of SC is highest in Wayanad, whereas that of ST and OBC are the highest in the districts of Kozhikode and Malappuram respectively. Within four years of its commencement, the entire state of Kerala was brought under the network of Kudumbashree. It is currently spread across all grama panchayats of the state and more than 90 per cent of the panchayat wards. The extent of spread of Kudumbashree can be assessed from the fact that almost one in every two households and more than 23 per cent of the total females in Kerala now participate in the activities of Kudumbashree. Thus, Kudumbashree now serves as a viable option to channelise developmental programmes and schemes.

Through its micro finance activities, Kudumbashree promotes the thrift mobilisation at the NHG level which acts as easy and cost effective source of credit for them. Thrift and credit societies are set up for this within the NHGs. Bank Linkage Programme, a scheme implemented for those NHGs which is operational for at least 6 months, amplifies the effect of thrift. At present, more than 2 lakh NHGs are availing the benefits of Bank Linkage Programme, while 1 lakh earn the matching grant through prompt repayment. The linkage loan which was about Rs.155 crores in the year 2008-09 has increased several times in a period five years to reach the present value of Rs. 3495 crores. Similarly, the matching grant provided to the NHGs also show a drastic growth from Rs.3 crores to Rs.33 crores during this period. Table 2 shows the relation between the bank linkages and the count of micro enterprises. Districts with greater share in linkage possess greater share in count of micro enterprises also. Thiruvananthapuram, Ernakulam and Palakkad are few districts that perform better in these aspects. At present 36163 Kudumbashree micro enterprises

TABLE 2. ACHIEVEMENTS OF KUDUMBASHREE

District (1)	NHGs linked (2)	Linkage loan (3)	NHGs availing matching grant (4)	Matching grant (5)	<i>(per cent share)</i>		
					Micro enterprises count (6)	Area under group farming (7)	Members in group farming (8)
Alappuzha	7.70	9.82	8.23	7.85	8.77	7.33	10.39
Ernakulam	10.91	6.62	11.69	10.36	13.04	20.45	9.01
Idukki	4.54	7.90	4.83	5.19	6.12	11.28	13.30
Kannur	7.45	5.74	10.44	11.07	7.27	3.67	6.18
Kasargode	4.21	2.57	7.44	7.21	3.54	8.55	6.29
Kollam	8.21	10.68	7.74	6.98	6.43	4.76	6.07
Kottayam	3.28	3.77	3.17	2.83	4.01	10.09	4.48
Kozhikkode	7.89	5.42	6.98	7.01	4.52	4.23	7.30
Malappuram	8.68	8.25	4.20	4.30	7.90	4.98	7.06
Palakkad	8.84	8.48	6.00	5.93	10.96	8.54	3.89
Pathanamthitta	3.30	4.30	3.18	3.26	3.83	4.23	5.03
Thiruvananthapuram	12.86	13.43	14.29	15.57	11.08	10.09	7.40
Thrissur	8.54	9.03	6.66	7.27	9.54	15.36	7.16
Wayanad	3.59	4.00	5.14	5.17	3.00	4.21	6.42
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Kudumbashree, 2014.

exist in Kerala. Collective farming or lease land farming is another major Kudumbashree initiative with a dual objective of improving the livelihoods of the poor and food security. More than 61 thousand JLGs practice collective farming in a total area of 35 thousand hectares. The key achievement, however is, the success of JLGs in bringing fallow lands under cultivation. Ernakulam, Thrissur and Idukki could involve higher share in area and members in collective farming compared to the other districts.

#### *Profile of the Sample NHGs from Palakkad District*

The profile of the sample NHGs suggests that the average number of members per NHG in the sample is around 15 (Table 3). The number of years of operation of NHGs shows that maximum number of NHGs in the sample has been operating for more than five years. This suggests the existence of experienced NHGs in the sampling area and that the NHGs have passed through the initial tough phase when the chance of NHGs becoming dysfunctional is high. The average number of years of operation for all NHGs is 4.80. Survey results revealed that 76 per cent of the NHGs in the sample were able to retain all of its members from the period of formation till date. Only, a 3.16 per cent decrease in the membership was observed over the entire period. None of the groups have reported an increase in the membership. Inability of the NHGs to improve the membership may be due to the fact that, a single group is permitted to provide membership for a maximum of 20 only. Women from the same area who are interested to join Kudumbashree may further formulate new NHGs. All the NHGs in the sample were involved in micro-finance. Through this, the Kudumbashree mission targets to economically empower the rural women through

TABLE 3. PROFILE OF THE SAMPLE NHGs

Particulars (1)	Value (2)
Mean number of members	15.89
Standard Deviation of number of members	3.25
<i>Distribution of NHGs by number of years of operation (number)</i>	
<=2 years	11 (19.64)
2-5 years	22 (39.28)
>=5 years	23 (41.07)
<i>Pattern of change in membership from the year of formation till date(number)</i>	
NHG's able to retain all members	43 (76.78)
NHG's unable to retain members	13 (23.21)
Overall change in number of members (per cent)	-3.16
<i>Activity wise classification of NHGs</i>	
NHG's involved in only micro finance	37 (66.07)
NHG's involved in micro finance along with one other entrepreneurial activity	17 (30.35)
NHG's with multiple activities	2 (3.57)

*Source:* Authors' estimates based on field survey.

*Note:* Figures in parentheses are the per cent values.

developing their thrift behaviour. About two-third of the NHGs in the sample were involved only in micro finance, whereas the remaining NHGs undertook other entrepreneurial activities. Out of this 4 per cent of the groups were involved in multiple activities.

#### *Distribution of Sample NHGs by Member Characteristics*

The distribution of the sample NHGs by socioeconomic characteristics of the members is presented in Table 4. The average age of the members is found to be just above 41 years, which suggests the higher participation of younger section of the society in the Kudumbashree activities. In terms of distribution of members by social groups, the percentage of NHGs exclusively formed by scheduled caste (SC), scheduled tribe (ST) and other backwards classes (OBC) totalled 76.79. NHGs with members only from the general category were found to be much less common than the other among the surveyed units. This suggests that people from the disadvantaged classes are more involved in Kudumbashree programmes.

TABLE 4. DISTRIBUTION OF NHGs BY MEMBER CHARACTERISTICS

Particulars (1)	Value (2)	Particulars (3)	Value (4)
<i>Distribution by age</i>		<i>Distribution by credit availability for NHGs</i>	
Average age of members (years)	41.46	Not availing any credit	21.43
Average age of leader (years)	39.41	<= 1 lakh	21.43
<i>Distribution by caste of members (per cent)</i>		1-2 lakh	41.07
Only SC/ST/OBC	76.79	> = 2 lakh	16.07
Only general	3.57	<i>Distribution by bank linkage of NHGs</i>	
Mixed	19.64	Scheduled commercial/ nationalised bank	66.07
<i>Distribution by literacy level of members (per cent)</i>		Cooperative bank	17.86
< 50 per cent passed matriculation	62.5	Gramin bank	16.07
>50 per cent passed matriculation	37.5	<i>Distribution by loan availed by members</i>	
Leader passed matriculation	96.42	Per cent of members availing loan	58.03
<i>Distribution by members falling BPL (per cent)</i>		Average loan availed by members (Rs.)	2857.56
<50 per cent members falling BPL	25	Outstanding loan per member (Rs.)	1346.9
>50 per cent members falling BPL	75		

Source: Authors' estimates based on field survey.

The results of the study of literacy level of NHG members indicated that, all the members were literate. However, only 37.5 per cent of the NHGs had members among whom, more than half have passed matriculation. Among all the NHGs, more than 75 per cent had members among whom more than half lie below poverty line (BPL). Another interesting fact is that, 80 per cent of the NHGs avail credit from the banks. While, the majority of NHGs enjoy a credit of 1 -2 lakhs, less than 17 per cent avail more than 2 lakhs. Scheduled commercial/nationalised banks are the major sources of credit. About 58 per cent of the members avail loan which averages to nearly three thousand.

As noted earlier, 34 per cent of the NHG members in the sample practiced several income generating activities. Among the entrepreneurial activities, textile shop and weaving units was the favourite since more than 30 per cent of the members ventured into it (Figure 1). This was followed by tailoring units (25 per cent), Grocery and snack shop (17 per cent), and canteen related activities (15 per cent). Even though less, more than 6 per cent of the members took up agriculture related activities.

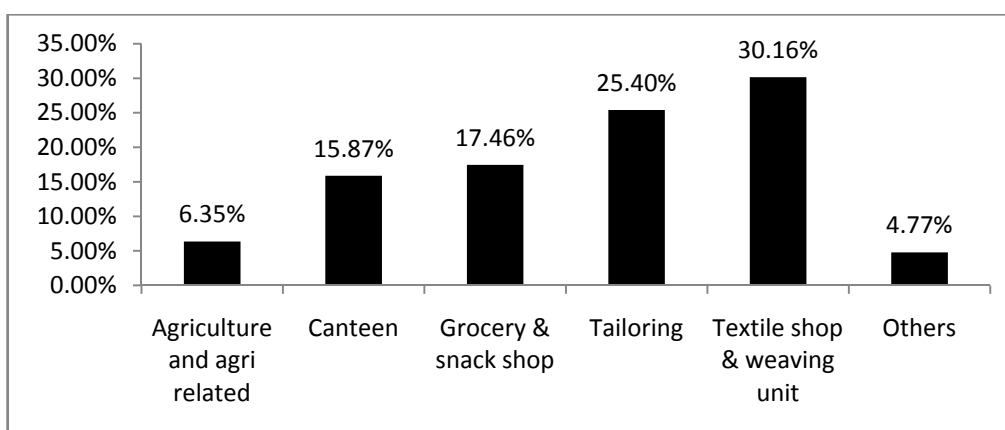


Figure 1. Distribution of Income Generating Activities Undertaken by NHGS (per cent)

#### *Sustainability of Kudumbashree NHGs in Palakkad District*

The result of the logit analysis to determine the factors affecting sustainability of the NHGs in the sampling area is presented in Table 5. A sustainable NHG would perform well over a long period of time, and is dependent on the socio-economic development of the members (Parida and Sinha, 2010). Current ratio was taken as the indicator of sustainability, which is the dependent variable. After discussion with the NHG members and the district coordinator of the Kudumbashree mission, NHGs with current ratio of 0.5 or more were considered as sustainable and those with current ratio less than 0.5 were considered to be not. From the model summary, -2 log likelihood is 28.115, which indicates that model is of good fit. Per cent of members BPL, per cent of members availing loan and outstanding loan per member were found to be the major factors that affect the sustainability positively and significantly. The probability indicated by last column in the Table 5 (Exp (B)) for percent of members in BPL was 1.038 which suggests that due to one per cent increase in the members in BPL, the probability for the NHG to be sustainable will increase by 0.038. Similarly due to one per cent increase in the members availing loan, the probability for the NHGs to be sustainable will increase by 0.089, and due to one rupee increase in the outstanding loan per member it increases by 0.003. It

might be because the BPL households would be more important in sustaining the NHGs. The bank loan would provide the requisite capital for the operation of the groups. The higher share of outstanding loan in fact points to the larger capital involvement and better sustainability.

TABLE 5. SUSTAINABILITY OF NHGs (LOGIT MODEL)

Variables (1)	Coefficients (2)	S.E. (3)	Sig. (4)	Exp (B) (5)
Age of the NHG	-0.212	0.246	0.388	0.809
Number of members	0.071	0.214	0.741	1.073
Number of activities	-0.069	1.046	0.947	0.933
Share of BPL members (per cent)	0.037	0.021	0.075	1.038
Share of members availing loan (per cent)	0.085	0.033	0.009	1.089
Outstanding loan per member	0.003	0.001	0.012	1.003
Share of SC/ST/OBC members (per cent)	-0.263	0.233	0.259	0.768
Constant	16.908	22.683	0.456	2.204E7

*Source:* Authors' estimates based on field survey.

## IV

## CONCLUSION

Participation in the activities of the Kudumbashree can act as an important instrument for the upliftment of the rural women. The study has examined the performance and sustainability of the Kudumbashree NHGs. The analysis is based on the primary data collected from the field survey in Palakkad district of Kerala and secondary data from various published sources. At present, more than 23 per cent of the total females in Kerala participate in the activities of Kudumbashree. The programme promotes the thrift behaviour of its members through which they become eligible for bank linkage. The districts that avail higher amount of linkage loan also operate more number of micro enterprises. Collective farming undertaken by the members in a total area of 35 thousand hectares attempts to elevate agriculture to a higher level by bringing more fallow lands under farming. Even though, several entrepreneurial activities are undertaken by the Kudumbashree members, micro finance is the most popular one. The weaker sections of the society participated more in the sampling area compared to the general category. About 80 per cent of the NHGs enjoyed availing of credit from the banks. About 34 per cent of households practises some income generating activities. The per cent of members BPL, per cent of members availing loan and outstanding loan per member positively and significantly affected the sustainability of the NHGs. More importantly, the spread of Kudumbashree in the region enables the women in making prompt socio-economic decisions, earn better by aggregating the limited resources, inculcate the banking habit, and infuse self belief in them.



## REFERENCES

- Ghodsee, K. (2010), "Revisiting the United Nations Decade for Women: Brief Reflections on Feminism, Capitalism and Cold War Politics in the Early Years of the International Women's Movement", *Women's Studies International Forum*, Vol.33, pp 3-12.
- Government of India (2014), "Primary Census Abstract". Office of the Registrar General and Census Commissioner, Available at <http://www.censusindia.gov.in/pca/default.aspx>, Viewed on 27-05-15.
- Kalyani, K. and P.C. Seena (2012), "Socio-Economic Changes of Women through Kudumbasree –A Study from Puthenvelikkara (Gp) of Kerala State, India", *International Research Journal of Social Sciences*, Vol.1, No.2, pp.1-7.
- Kudumbashree (2010), *Annual Administrative Report 2009-10*, Available at <http://www.kudumbashree.org>, Viewed on 05-05-2015.
- Kudumbashree (2014), "Report of the Kudumbashree State Mission", Kudumbashree State Mission, Thiruvananthapuram.
- Moses, Emerson V.J.R. (2011), "Women Empowerment through SHGs: A Micro Study", *International Referred Research Journal*, Vol.2, No.16, pp.25.
- Parida, P.C. and A. Sinha (2010), "Performance and Sustainability of Self-Help Groups in India: A Gender Perspective", *Asian Development Review*, Vol.27, No.1, pp.80-103.
- Shihabudheen, N. (2013), "What is Right and Wrong with Kudumbashree: the Field Experiences", *International Journal of Humanities and Social Science Invention*, Vol.2, No.5, pp.9-21.
- Suneetha, K. (2004), *Scaling up Kudumbashree Collective Action for Poverty Alleviation and Women's Empowerment*, Discussion Paper No. 180, International Food Policy Research Institute, FCND, Washington D.C., U.S.A.