

# Muttathe Mulla

Muttathe Mulla was launched to put an end to the exploitation of private money lenders who used to exploit poor people with huge rate of interest leading them to the trap of debt forever. The private money lenders used to exploit the illiterate common women financially and they were mentally tortured severely as well. The concept of Muttathe Mulla was evolved as a solution to resolve this issue and thereby to put an end to this situation. The idea itself revolutionized the whole scenario of the private money lending system. The idea was piloted in Palakkad at first and was scaled up all across the state. Let us see how this programme worked out and how the District Mission of Palakkad made it happen.

## **What is Muttathe Mulla?**

'Muttathe Mulla' is a new programme being implemented by Kudumbashree in association with the Co-operative Department. It aims at putting an end to the exploitation of private money lenders who exploit poor people with huge rate of interest leading them to debt trap. The programme was initially started under the leadership of Mannarkkad Co-operative Bank of Palakkad district in 2018 and then it was extended all over the Palakkad district. Later Muttathe Mulla' was scaled up to the entire state of Kerala.

The private money lenders reach directly to individual households and lend money to the needy. As this service of reaching to the doorsteps helped people save their time from visiting banks resulting in borrowing of money from them without bothering about the huge interest rate. It is known that the interest rate is even upto 24%. This led to debt trap in some of the cases, resulting in huge financial crisis for the family. 'Muttathe Mulla' was introduced to solve this issue and make available bank loans for the needy at nominal interest rates, at the doorsteps. As per this scheme, Co-operative banks give loans upto Rs 10 lakhs to Kudumbashree Neighborhood groups (self-help groups). They provide money to the needy (from this 10 lakh) at 12% interest and when the amount is repaid on time, 3% amount is given to the NHGs as an

earnings for this financial service and entrepreneurship. When the programme was piloted, good responses were received from the NHG members. 901 NHGs from Palakkad district has availed upto Rs 10 lakh each from various Co-operative Banks as over draft. Yes! within a short time, Rs 78.89 crores was disbursed to the NHGs through banks. Using this money, NHGs have given loans of Rs 81.2 crores to the needy people. Now Kudumbashree is scaling up this novel scheme to the entire state, and is expecting a social change of reduction in exploitation by private money lenders. Further by making the finances available for various urgent needs and for the livelihood initiatives of common people, it is hoped that Kudumbashree will be able to make a surge in local economic empowerment through our 'Muttathe Mulla.

### **How it was evolved?**

The concept itself was put forward by the Mannarcaud Rural Service Cooperative Bank Limited. Shri. M. Purushothaman, Secretary, Mannarcaud Rural Service Cooperative Bank Limited was the one who put forward the idea of initiating a new scheme like Muttathe Mulla for saving the common people of Palakkad from the exploitation of private finance practitioners. On studying the financial scenario in their locality, they identified that the rate of suicides was increasing at the western regions of Palakkad district. They studied about the reason behind this and identified that it is due to their financial burden. For studying the same an informal survey was done at Thenkara Panchayath of Palakkad district. The statistics were also studied and it was identified that the interest the common people had to pay for taking loans from such financial institutions was much higher, even upto 24%. The people from the financially backward community were the ones who were suffering of this exploitation. They used to lend money from the private financial practitioners to get their immediate needs done and they didn't bother about the repayment and the exploitation behind that because of their ignorance.

Though they did not have the repaying capacity, they had the mentality to repay the loans. The private finance practitioners used to exploit this mentality of the common people over there. The bank thought about what can be done to put an end to this exploitation. As the bank have rules and other conditions, it was not possible for the bank to act like the private practitioners and put an end to that situation. They thought again and again deeper and deeper. They

realized that they have to apply the same strategy but in a bit different way. The bank may appoint agents for the task. But it is not practically possible because of the rules of the bank. Then arose the concept of delinking. For that the bank did not had to think about another option as the Mannarcaud Service Co-operative Society Bank had good relationship they have with Kudumbashree. The bank had even bagged the award for giving the maximum loans to Kudumbashree NHGs in Kerala.

The bank had green channel relationship with Kudumbashree as the Kudumbashree members used to repay their loans regularly. And the bank was sure of the trustworthiness of the Kudumbashree NHGs. So, the Kudumbashree could act as the right alternative for this with the same strategy. The bank didn't have to think about yet another option. The bank had conducted a loan mela for Kudumbashree and within three days Rs 3.60 crores was given to Kudumbashree members as loan. The loan was given the loan 12 % interest and they decided to give the loan at 9% interest.

The bank had made a strategy that if Rs 10 lakhs was given to each NHGs, and the NHGs may lend loans of Rs 1,000 to Rs 25,000 each to one person. The private institutions were following weekly repayments and the bank also followed the same. During the time being, the frame work of the progarmme done. Then arise the need of naming the scheme and it was named as 'Muttathe Mulla' meaning the jasmine in the courtyard. The programme worked. And then, the concept was explained to the Department of Co-operation, Government of Kerala in detail and the department appreciated the concept. Following that it was decided to do a detailed survey in the Ward 9 of Thenkara Panchayath. There were 23 Kudumbashree units in the ward. they were briefed about the concept and the realistic statistics was received from there. The debt of that ward altogether was around Rs 65 lakhs. And we came to know more about the seriousness of the issue.

Later, it was decided to make a pilot study and started piloting the same in 2018. The project was regularly monitored and on finding the same successful, it was decided to extend the concept across Palakkad district. The bank had even made a mobile app to monitor the activities of Muttathe Mulla regularly.

## **Phases of Implementation**

There were various phases in implementation of this programme. At first, the project was piloted in Thenkara Panchayath and later all across the district and on finding it successful, it was extended to all across the state.

When the project was extended to all across the Palakkad district, the Palakkad District Mission had made notable interventions for implementing Muttathe Mulla in the district level. The meetings of various banks were called.

At first a high level meeting of Joint Registrar, District Mission Coordinator, District Bank General Manager and Secretary of pioneering bank internalized the concept and chart out action plan and procedures. Then selected one bank from each taluk for primary initiation. A Joint meeting of department staff of co-operative sector, District Mission staff and secretaries of selected banks were called. Later a subcommittee was formed to decide the modalities including documentation and processing. Following that, a district level work shop was organized for department staff, CDSs and banks for the sensitization of the programme. A Joint meeting of bank, CDSs and Panchayaths were called at the CDS level. The selection of NHGs followed and orientation was given to Kudumbashree NHGs. It was then followed by the submission and sanctioning of loans. Later a Joint Review was held at Taluk level and District level. Then Block level review was held @ block level by Kudumbashree by NHG office bearers. Then declaration of money lender free Grama Panchayaths -Mankara and Nalleppilly. The project was actually launched after survey conducted by Kudumbashree at the district level about the level of influence of money lenders in all CDSs.

The success of the programme itself is because of the proper and efficient planning and thorough monitoring of the District Mission of Palakkad. The District Mission had succeeded in implementing the project and taking it up to the next level.

### **Scaling up to the state level**

On finding the project, successful and understanding the scope of extending it to other areas of the state, the project was later scaled up to the state level. The project is progressing in other districts as well saving the common women from the exploitation of the private financial practitioners. The scheme has therefore revolutionized the whole scenario and is hopefully bringing in positive bringing in better results from other districts of Kerala state as well. A concept budded from Palakkad is growing all across the state.