

Microfinance as A Way to Meet the Daily Expenditure of Women: A Study Among Kudumbasree

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Abstract

Microfinance became a leading and effective strategy for poverty alleviation with the potential for far reaching impact in transforming the lives of poor people. Microfinance can facilitate the achievement of the national policies that target poverty reduction, empowerment of women, assisting vulnerable groups and improving standards of living. Studies have been shown that Microfinance plays critical role in development. It enables the very poor households to meet their most basic needs and protect against risks. Kudumbashree is an effective MFI to support economic development. So the poor people can become more empowered especially women by joining Kudumbashree programme. The study analyze different purpose of women to meet the daily expenditure It points out that the need of the Kudumbashree units in the economic development.

Key Words: Micro Finance, Group Savings, Kudumbasree

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I. INTRODUCTION

Microfinance is a financial service of small quantity provided by Financial Institutions to the poor. These financial services may include savings, credit, insurance, leasing, money transfer, etc. That is any type of financial services, provided to customers to meet their normal financial needs: life cycle, economic opportunity and emergency with the only qualification that transaction value is small and customers are poor.

As point out by the former UN secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005), “sustainable access to Microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs.

The microfinance was prompted in India to overcome poverty, increase income and enhance well being of the poor. But most of the Indian Microfinance Institutions only focus on microcredit and their high lending rate and loan shark type behaviour credited problems. An alternative to the commercial model of Microfinance is the Kudumbashree programme initiated in 1998 by the Government of Kerala. It focuses for overall development of the family

In the words of the former Prime minister Shri Atal Behari Bajpai, “group savings and group action can remove the curse of money lenders. Since the whole system is organized transparently, the thrift and savings can become informal banks for the poor and of the poor”.

II. KUDUMBASHREE- A MICROFINANCE PROGRAMME IN KERALA



The kudumbashree is a comprehensive poverty alleviation programme in Kerala focuses primarily on microfinance and micro enterprises. These poor women oriented Self Help Group programme is a unique one. The spark of the community based, women oriented, participatory approach to poverty eradication occurred in Alappuzha Municipality in 1993 through Urban Based Self-Employment Programme (UBSP) with the assistance

of UNISEF.

In 1998 State Government with the support of Central Government and NABARD setup an establishment called State Poverty Eradication Mission or Kudumbashree. The Prime Minister Shri A.B Vajpayee inaugurates the programme. The Kudumbashree Programme was extended through three stages (2000 June, 2001 September, 2002 March), on the basis of this Kudumbashree CDS was launched in all gramaPanchayath. At last in 2010 Kudumbashree was launched in Edamalakudi Tribal Panchayath.

As on 2012, Kudumbashree has covered 3,653,655 families through 211,578 NHGs, 18,183 ADSs and 1,061 CDSs in Kerala. Kudumbashree provided 4,956.11 cores as internal loan and the balance of thrift savings is 1,666 cores. The Kudumbashree used 1,399 cores as linkage loan.

III. SCOPE OF THE STUDY

Women empowerment is considered as an important responsibility of every government. Till recently very little attention has been given to empowerment and sustainability issues. Women's access to savings and credit gives them greater economic role in decision making, thereby optimising their own and households welfare. So the poor people can become more empowered especially women by joining kudumbashree programme. It points out that the need of the kudumbashree units in the area where the poor people are reported lower.

The study related to purpose of Kudumbashree unitsto help the women for meeting day today activities and find out the problems in their units help to find out the key factor which enhance this field and give suggestions for betterment.

IV. LITERATURE REVIEW

Kudumbashree is a unique poverty eradication mission of the state of Kerala. Many studies have so far conducted in relation with Kudumbashree and self-help groups in differentparts of our country. A brief view of the studies so far conducted is given below.

Gurumoorthy (2000) reveals that empowering women contributes to socialdevelopment. 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.

Kenneth Kalyani, Seena P.C (2012) reveals that economic development is the base for other development. Collective effort has been recognized as tenets of women empowerment. Through women empowerment leads to sustainable social development. Economic development of women leads to better living status in the family, educational, nutritional, and the health needs of the children were well satisfied. Economic independence through Kudumbashree improved the social participation of its members and the Kudumbashree NHG movement is supporting for social empowerment of poor women flock.

Sanjay Kanti Das (2012) in his study indicated that SHG-Bank Linkage of micro finance programme has a profound influence on the economic status, decision making power, knowledge and self worthiness of women participants of SHG linkage programme in Assam.

MeenakshiMalhotra (2004) , in her work entitled, "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.

Jaya S. Anand (2002), in her discussion paper titled "Self-Help Groups in Empowering Women: Case Study of Selected SHGs and NHGs", gives a review of progress of Self Help Groups. She has attempted to examine the performance of selected SHGs and NHGs and to assess its impact, especially the impact of micro credit programme on empowering women. It has been clearly established that delivering credit alone may not produce the desired impact. The supporting services and structures through which credit is delivered, ranging from group formation and training to awareness-raising and a wide rangeof other supporting measures are critical to make the impact of group activity strong and sustainable.

V. OBJECTIVES OF THE STUDY

- To study the impact of microfinance on women empowerment through kudumbashreeunit.
- To analyze the purpose of microfinance to meet the day today expenses of the women
- To study the purpose of obtaining microfinance by members in kudumbashree units.

- To identify problems and constraints of kudumbashree units.
- To give further suggestions for the empowerment of women through kudumbashree units.

VI. RESEARCH METHODOLOGY

The study is designed on a descriptive study conducted in Kerala based on both secondary and primary data. Primary data collected from members of the Kudumbashree units in convenient sampling method. Secondary data collected from published books, magazines, journals, websites, reports and periodicals of Kudumbashree units, etc. Rural Finance Sector, edited by Tamal Data Chaudhuri, published by ICFAI University Press. Tables, graphs and charts are used to present the data.

VII. DATA ANALYSIS AND INTERPRETATION

This chapter deals with analysis and interpretation of data collected with the help of questionnaire and interview schedule. The present study is intended to analyze the impact of microfinance through kudumbashree and problems related with kudumbashree unit in Kerala. The data is analyzed and presented in the form of table with necessary interpretation along side. Various type of statistical methods are used for analysis of data. This analysis is supplemented by explanation, tables, and diagrams.

NUMBER OF MEMBERS IN THE UNIT

In the study numbers of members are categorized as below 10 members, 10-15 members, 15-20 members, more than 20 members. The following table shows the details regarding number of member in the units.

Number of Members in the units

Number of members in the unit	Number of KDS units	Percentage
Below 10 members	20	20
10-15 members	35	35
15-20 members	30	30
More than 20 members	15	15
Total	100	100

Source: primary data

Based on the above table 20% of units are included below 10 members. But, majority 35% units are include 10-15 members.

STATUS OF LOAN RECOVERY

Here, the sample units are studied on the basis of status of loan recovery. The status of loan recovery categorized the study as: -Less than 25%, 25-50%, 50-70%, 70-90%, more than 90%. The following table shows the status of loan recovery in KDS unit.

Status of loan recovery

Status of loan recovery	Number of KDS units	Percentage
less than 25%	2	2
25%-50%	3	3
50%-70%	10	10
70%-90%	30	30
More than 90%	55	55
Total	100	100

Source: Primary data

From the above table, 55% of units are very good in status of loan recovery; they recovered more than 90% of loan. 30% of units are in good position, they recovered 70% - 90% loan amount. The remaining 15% of units are unsatisfactory. The figure: 4.1 show the data are graph.

Status of loan recovery



PURPOSE OF OBTAINING MICROFINANCE BY RESPONDENTS

This part analyzes to know the purpose of obtaining loan by the members from kudumbashree units. The following table shows preference of members for obtaining loan in various purposes. The weighted average is used to rank the purpose.

Purpose of obtaining microfinance by members

Sl.No	Purpose	Always(5)	Frequently(4)	Occasionally(3)	Rarely(2)	Never (1)	Score	Weighted average	Rank
1	Day to day expenditure	-	4	8	17	71	145	1.45	VII
2	Children's education & welfare	7	36	23	18	16	300	3	I
3	Medical expenditure	4	21	48	19	8	294	2.94	II
4	Children's marriage	-	-	-	18	82	118	1.18	IX
5	Housing	-	8	32	54	6	242	2.42	III
6	Promote/ start business	-	5	26	9	60	176	1.76	VI
7	Providing electricity, drinking water, sanitation facility, etc	-	7	34	46	13	235	2.35	IV
8	Repayment of loan	-	-	-	18	82	118	1.18	IX
9	Purchase of household items	-	-	18	75	7	211	2.11	V
10	Others	-	-	3	18	79	124	1.24	VIII

The above Table shows responses of sample members with regards to various purposes of obtaining loan. From the above table we can interpret that majority of the members are taking loan for children's education and welfare (Rank I, weighted average 3). The next purpose of obtaining loan is for medical expenditure (Rank II, weighted average 2.94). the least preference for obtaining loan is for children's marriage.

VIII. FINDINGS

- Mainstream of members are obtained microfinance for the purpose of children's education and welfare.
- Educated members have mostly taken microfinance for the purpose of children's education and welfare.
- The study founded that lack of capital is the main problem in most of the unit.
- The study founded that 65% of unit have more than 100000 accumulated savings in a year.
- The majority 55% of the unit have more than 90% of loan recovery.
- The purpose of microfinance is very much effective to the Women.

IX. CONCLUSION

Microfinance has emerged as a very important sector in India. Microfinance interventions are well recognized world over as an effective tool for poverty alleviation and improving socio-economic status of poor people. Most effective and efficient MFI is the kudumbashree programme initiated by the Kerala government. Microfinance through kudumbashree considered as the tool for rural development by empowering poor women

and improving living status of the poor. The area where the poor people living lot needs the more kudumbashree units for their development and wellbeing. The microfinance helps the members to come out of the indebtedness from outside loan, increase the living status through increased income and increased savings, and empowered by engaged in income generating activities. Micro enterprise under kudumbashree helps in developing and entrepreneurial culture in society and increasing better living capacity of the poor. Microfinance through kudumbashree is very much useful to the women for meeting their day today expenses with an effective manner.

In the study area the members mainly adopt microfinance for the purpose of children's education and medical expenditure. The government must play eventually role for the promotion of kudumbashree units. Lack of sufficient capital is the main problem in KDS units.

X. SUGGESTIONS

- A sincere effort should be made by kudumbashree mission and local government to extend expertise in identification of income generating activities suitable to the local conditions and allocate more resources to such activities.
- The kudumbashree mission must consider microenterprise as the most important instrument for creating employment and income to the poor women.
- Close monitoring and follow up on the effective utilization micro credit.
- More awareness campaigns can be conducted for micro credit, micro thrift, microinsurance and other product on a wide base.
- Innovative steps can be promoted by the kudumbashree with the help of government to reach the unreached poor.
- The product of kudumbashree units needed to be competitive in the market.
- The government can provide market for kudumbashree's product.
- More research activities are needed to be carried out to assess the impact of microfinance through kudumbashree to enable the policy makers and programme implementers to formulate an universal approach to empower the women.

LIMITATIONS OF THE STUDY

- The study is based on sampling techniques, so there is a chance of sampling error.
- The study was conducted and data collected within a short period which may affect in getting the reliable data.
- There is a chance of exaggerated information provided by the respondents.
- The study covered only in small geographical area.
- Sample is limited to 100 respondents in Kerala only.

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