CHAPTER SIX

SUMMARY AND CONCLUSION
Human society is a social entity and the co-operation among its members is inevitable for its existence. Man needs financial assistance for various reasons and the existing financial system facilitates the transfer of funds from savings surplus units to savings deficit units. It is a fact that most of all the financial institutions based on interest have the element of exploitation and the people who once visited such institutions are under the hidden trap of their business. The interest based financial institutions have widened the gap between the rich and the poor and they have a crucial role in the economic tragedy of the poor. In the economic history of human society, we see numerous financial adjustments based on human values and cooperation. Rotating Savings and Credit Associations (ROSCA), Chit Fund, Micro finance, Kurikalyanam and other Interest Free Financial Institutions are some of them. Such financial systems coordinated surplus units and deficit units and offered a cordial and equitable social structure which eased economic development.

The informal financial institutions like chit funds and money lenders failed to flourish in Malabar area due to various reasons. One of such reasons may be the active functioning of other indigenous systems like kurikalyanam. Therefore, the study of kurikalyanam is much relevant and useful.

For long years, it has been in existence in Malabar and almost all of the economic as well as social activities of the people of that region are influenced by it. However, with the onslaught of modern financial institutions, the systems like kurikalyanam receded to the background. Now we see only the relics of this system, which once was all-pervading. Nevertheless, it has not disappeared completely in the debris of the past. It still acts as a source of consolation in this interest–ridden financial set up. All modern
financial institutions are extending their help generously. But when one receives this help, he becomes under the complete control of these institutions and the repayment of the loan will be a lifelong process. And in case he fails to repay, all his assets will be confiscated and he finds refuge in committing suicide. In this God’s own country suicides of those who are in debt trap do not get even the proper news value.

Therefore, an alternative is necessary to save the society from the clutches of interest. Here, if we could regenerate the systems like kurikalyanam scientifically, it would bring a marvelous change in the present plight of the Kerala society. The evolution and rapid spread of microfinance in Bangladesh and the recognition through the Nobel Prize obtained by Muhammed Yoonus emphasizes this fact. In this context, an in-depth study regarding how far the systems like kurikalyanam has helped the bygone societies in their socio-economic field is relevant. The implementation of such a system in the modern society with modification and restructuring also should be looked into.

The present study analyses how far Kurikalyanam can be applied in the modern economy for the betterment of the society. More specifically we look into the nature, trend, impact and revival of Kurikalyanam in the economy and society of Kerala.

Though various studies have been conducted on indigenous and informal finance, most of them failed to recognize the financial arrangements based on human values and cooperation. The financial intermediation without interest or other elements of exploitation is out of their consideration. Though kurikalyanam and panampayat are discussed by some of the scholars they are not comprehensive in their structure, functioning and impact on the society. Hence the present study is a humble attempt to fill this gap.
Kurikalyanam is one of such financial systems that emerged and developed in the northern sides of Kerala and more than one century it has been in existence in the Malabar society. It is an ancient financial institution emerged and developed in Malabar. It has historical, economical and sociological importance.

The person who intends to conduct a Kurikalyanam informs his friends and relatives the date, time and venue through printed notices or letters. The invitees are served light refreshments. The invitee comes and gives a sum of money to the organizer. In the others’ turn he repays the amount along with some additional. Like this, all participants organise Kurikalyanam and participate in others’ function. Keeping proper records of transactions for future reference is very essential, both the organizer and participants maintain records of money received and paid. The usual season is the summer from January to May. It doesn’t have any written rules; still it functions smoothly on strong unwritten rules which guarantee the trustworthiness and sustainability of it.

The financial arrangement through Kurikalyanam cuts the roots of exploitation and helps to maintain a harmonious social set up. It mobilizes a lump sum amount without any difficulty. The amount need not be repaid in lump sum. It doesn’t have any type of rate of interest. There is no feeling of borrowing. All major activities of households can be financed by this. It encourages social commitment and mutual cooperation. Money is not kept idle instead it flows. It represents a need based economic system. Still it is not devoid of some notable disadvantages like high financial burden in peak season, difficulty in account keeping, multiplicity of needs, devaluation and never-ending liabilities and dues.
All the members of the society are protected and all their needs are satisfied. The responsibility belongs to the society as a whole. When one is in need or in trouble all are there with a helping hand in cash and kind. Neither extreme poverty nor economic dissatisfaction exists in that society. They know the need and deed each other. It is reported that in the areas where Kurikalyanam is prevalent the entire life of a man is moulded by it. A man starts his career by organizing a Kurikalyanam at his early age. Then onwards he is active in it by paying, receiving money and fulfilling all the basic needs. At the fag end of his life, he concludes all the transactions by clearing the dues and closing the accounts.

The economic as well as natural resources of a rural area are effectively allocated by Kurikalyanam. All individuals of that area participate in Kurikalyanam. And in one year some of them organize and mobilize a lump sum amount and utilize it for some specific purposes. Others postpone their needs to next years. Thus within a span of three to five years all can organize a Kurikalyanam and thus satisfy their needs. Thus the economic uses of scarce resources are realized.

Kurikalyanam has played a crucial role in the socio economic sphere of Malabar society. The economic condition of the members of the society, their saving pattern and mode of borrowing are influenced by it. All members of the society irrespective of religion, caste or socio-economic conditions, participate in Kurikalyanam. All age group actively participate in it and their age is normally distributed with mean age of 43 years. Almost 92 per cent of the participants are married, most of them have small families. Majority of them have only primary or secondary education. All the participants are employed in one or the other fields and they constitute government employees, retired
employees, self employed, business men, coolie workers and gulf migrants. The land ownership profile shows that the respondents constitute both landless and landlords. Almost 95 per cent participants live in the own houses. The types of house show that 59 per cent are concrete, 37 per cent are tiled and 4 per cent are thatched houses.

The participants of Kurikalyanam are scattered in all income and expenditure groups. The combined picture of both income and expenditure proves that the participants of kurikalyanam are not concentrated in any particular stratum. There are very poor families, middle class families and rich families. It is very interesting to consider that most of them are not in debt trap. Only a few of them have interest liability due to housing loan of government employees. The data prove that generally the participants of it do not make any considerable savings other than the payments in kurikalyanam. Through kurikalyanam the saving ratio ranges from 5 per cent to 40 per cent. There is no remarkable asset possessed by them. All these show that in the areas where this system is being practiced all people irrespective of religion, caste and economic background co-operate and participate in it.

The 300 respondents who have been surveyed conducted 1356 kurikalyanams altogether. That is on an average each participant has conducted five numbers. Large majorities (83%) of the total participants are very active in kurikalyanam and want to continue it for a long period.

The total amount collected by each participant through kurikalyanam ranges from Rs. 10000 to Rs.7 lakhs. 300 respondents altogether have collected an amount of Rs.5.1 crores. The present value of total amount accounts for Rs.9 crores. On an average each man has mobilised an amount of Rs.1.7 lakh. The amount mobilized in each
Kurikalyanam varies from Rs.500 to more than 2 lakhs. The cost of the programme varies from 5 per cent to 25 per cent of the total amount received. The purposes of mobilization of funds are different like house construction, procurement of land, marriage, loan repayment, job, agriculture and accumulation of saving. Usually the programmes are conducted at tea shops, houses and separate halls meant for the purpose. The number of participants varies from 100 to 750.

It is observed that Kurikalyanam functions as a poor man’s saving and it excels a banking system as the total transactions accounted for five crores without involving any rate of interest. It promotes social welfare and releases the society from the debt burden. It facilitates sharing of available resources and enhances social commitment and communal harmony. Kurikalyanam is an effective alternate financial system. It solves the financial problems of families and localities. The amount borrowed from the society through Kurikalyanam need not be repaid altogether. Ninety nine per cent of participants opined that it facilitates zero per cent interest loans. The amount paid has the elements of loan and investment. Raising money through this is not bad or irritating and it is recognized and agreed by all. All the needs of a man can be wholly or partially financed by this. Mobilization of ready cash is an important aspect of this system. Kurikalyanam facilitates circular flow of income and reduces the idle accumulation of income, and it is utilized fruitfully. Kurikalyanam encourages people to work hard, to maintain economic discipline and punctuality. Kurikalyanam acts as an alternative banking system and a social institution which connects all and bridges the gap between the rich and the poor. This system can never be annihilated by a single person. Kurikalyanam occupies the structure of a need-based economy.
Almost three fourth of the participants have no accounts with any other deposit schemes. They mostly depend on Kurikalyanam to make a saving. It is a compulsory saving as they are not free to withdraw from it. It is also considered as the poor man’s saving. But they consider payments in Kurikalyanam as part of their usual expenditure. By this they make some saving and deposit in the hands of society.

One important aspect of kurikalyanam is its social commitment; nearly 98 per cent of them opine that this system helps to keep up the social commitment and helping attitude. Another important social aspect of Kurikalyanam is communal harmony which is amplified by synchronizing various people from all religion and caste. Against the prejudgment 96 per cent of them opined that this system never caused for the expansion of dowry system. It was benefited to realize the dreams of poor girls getting married. Ninety seven per cent opine that it never encourages any bad habits.

Kurikalyanam differs from all other finance systems in terms, functions and services and impact. Though the process of collecting cash from many and giving it to one is similar in both kurikalyanam and Chit finance, limited number of subscribers, fixed period, equal instalments, and the presence of a foreman and lot system are some exclusive features of chit finance. Microfinance and interest free institutions are also maintain some similarities and dissimilarities with kurikalyanam.

In recent times the relevance of kurikalyanam is declining. Several factors like economic well being of the society, increasing economic disparity among the society, gulf boom, withdrawal of rich from participating it, alternative financing facilities, decline of social relation, loss of mutual trust, disintegration of need based economy,
inability of people to repay regularly, complicated procedure and account keeping etc. fastened the downswing of **kurikalyanam**.

From time immemorial theologians, philosophers, social thinkers, religious scholars, philanthropists public men and economists have been debating the ethics of interest. Modern economists like J M Keynes, Douglass, and Fischer argue for abolition of interest or lowering its rate to minimum. Interest is unjust and thus inexpedient. It is the destabilizing factor in the economy. It is detrimental to growth and development, a negation of distributive justice and heavily loaded in favor of rich class. It is exploitative in nature and creates a gulf between the rich and the poor. Interest distorts the signaling mechanism of price system through an unjust distribution of reward between the financier and entrepreneur, which brings about misallocation of resources and ultimately slows down the capital formation. Interest mars the development opportunities, causes depression and delays the recovery process. Interest stands in the way of fuller utilization of resources thereby creating unemployment in the society.

The harambee, (“working together for a common purpose”) concept embodies the ideas of assistance, joint effort, mutual self responsibility and community self-reliance. As such, it has been responsible for substantial developments in the provision of basic needs and social service facilities of Keneya. It has brought about near miracles especially in the country-side. The harambee movement stresses working together for the good of the community as a whole and individual person as well.
Resource mobilization theory has presented an alternative interpretation of social movements. A multifactored model of social movement formation is advanced, for resource mobilization, emphasizing resources, organization and political opportunities in addition to traditional discontent hypothesis (Craig Jenkins. 1983).

The rural economy of our country has plenty of resources. The economic needs and financial transactions of our rural economy can be restructured by the resource mobilization theory on the principles of interest free finance and kurikalyanam. For that, it requires some changes in the mind set and way of life of the society. Some of them are hereunder.

- Develop a socially committed mind and attitude in the society.
- Share the available resources for the maximization of social welfare.
- Maintain a harmonious and co-operative social structure.
- Treat interest as sin and keep away from giving and receiving it as possible.
- Limit the credit needs as possible.
- Familiarise the smooth functioning of Kurikalyanam and practice it.
- Limit the banking facilities only for productive purposes.

Preserving all these values and thus maintaining a cordial social order, the society can implement a co-operative economic order. For this, Kurikalyanam can be revived in the following manner.

- Institutionalise Kurikalyanam according to the modern requirements.
- Introduce Kurikalyanam in all localities as a social bank.
- Set up an agency (an executive body from the public) to take care of it.
- Make rules and regulations for the smooth functioning of Kurikalyanam.
- Identify with the rural resources and utilize it.
- Ensure the participation of all members of the society in it.
- Make investment schemes, productive avenues and employment opportunities.
- Generate a mutual fund from the fund mobilized through *Kurikalyanam*.
- The agency considers all the issues like education and health of the society.
- Maintain the trustworthiness among all members.
- Make sure the effective utilization of mobilized funds.
- Organize socio-cultural programmes to ease the tensions in the society.
- Make a pooled fund to meet the emergencies of the members.

The economy based on the principles of interest free finance system like *Kurikalyanam* can function in various forms.

The society accepts *Kurikalyanam* as the prime method of mobilizing fund. A social agency takes up the responsibility of it and enrolls all the members of the society in it. When one member is in need of money the agency undertakes the programme, fixes the date, informs all by a general announcement, arranges it, accepts the cash for him, records the accounts by suitable software and finally hands over the cash and accounts after deducting the operating cost. By this the complexity of account keeping and other procedures can be eliminated. All *Kurikalyanams* can be arranged through this agency in order to maintain suitable gaps between two functions that reduce the financial burden of people.
The society can make an investment mutual fund to undertake the productive activities and share the profit and losses equitably. A certain per cent of the fund mobilized through Kurikalyanam can be reserved for this purpose. Various productive ventures like agriculture, industry and service sector can be included in it. This can be on the basis of profit and loss sharing partnership (Graph 5.2).

The social agency can undertake some of the business activities for the society. When one is in need of one consumer durable or an asset the agency can supply it by its on capital at a mark up price. The price can be charged in full or in parts over future time period (Graph 5.3). The agency can procure the asset on behalf of the member and reach in a contract of leasing for a certain time period. When the contract period ends, the agency transfers the possession and right of the asset to the member (Graph 5.4).

All the members of the society can mobilize the fund, invest in productive ventures, and consume any commodity on the basis of mutual co-operation and help. Moreover a sustainable development pattern generates and the fruits of development can be enjoyed by the whole society equitably.

To conclude, Kurikalyanam, provides a model of resource mobilisation through mutual co-operation and trustworthiness among the society. The bygone societies of Malabar practiced it for a century and satisfied most of their basic needs. They could reduce the debt burden and kept away the exploitative money lenders. They treated money as a medium of exchange and enjoyed the merits of the humane finance system. Kurikalyanam can be revived and modified according to the needs of the time. On the basis of the principle of Kurikalyanam a comprehensive finance system can be developed. Reallocate the resources of the society on human values without interest
and channelize it in to the productive sectors by which the society as well as the economy attains the real economic prosperity. Further, Kurikalyanam provides a secular mode of finance and a big platform for community living. In the present situation where the human minds are disintegrated, it can help to strengthen the social relation. The social justification of Kurikalyanam is that through financial sharing and cooperation, the dream of an egalitarian society can be realized. Hence, this system should be re-emerged everywhere as it was in the historical past to encourage an all ‘inclusive society’. For that efforts must be taken by the community leaders.