

CHAPTER II

SHARPENING OF THE CONCEPT: MICROFINANCE, KUDUMBASREE, SELF HELP GROUPS (NHG) AND WOMEN EMPOWERMENT

The democratic development paradigm has been changing now a days due to the emergence of such ideas that, economic democracy instead of political democracy, participation instead of representation, empowerment instead of welfare ,micro approaches instead of macro approaches, inclusion instead of exclusion and more development operations by the civil society instead of government. All these new ideas of democratic development models are together associated with the system of microfinance. So almost all developing countries are implementing the system of micro financing to deepen and strengthen the democratic systems by providing an economic space for the vulnerable sections of people or the people at the grass root level. In India it is also true that the implementation of micro finance system redefining the meaning and nature of our democracy and strengthen the democratic culture. Kerala is the best example for the successful implementation of microfinance system through SHGs. Even though there are different types of micro financing is existing in Kerala the most notable and efficient one is the microfinance system operated by the Kudumbasree. Kudmbasree is operating through SHGs and these groups are known as Neighbourhood Groups (NHGs). This chapter brought forward the theoretical foundations of women empowerment through microfinance system of Kudumbasree.

MICROFINANCE AN OVERVIEW

Poor and disempowered people across the world have been connected with money lenders who provide easy access to credit but at a higher interest. The cost of interest generally ranges from 36 per cent to as high as 120 percent. There are two main approaches to financing the poor viz., the poverty lending approach that focuses on reducing poverty through credit that are funded by donors and patrons, government and other concessional dispensations. Many organizations using the

poverty lending approach do provide credit to poor borrowers at low cost. But in the long run, these are very institutions are not sustainable primarily because their interest rates on credits are just too low for their full cost recovery. Except for mandatory savings required as a precondition for receiving a loan, savings is not a significant part of the poverty lending approach. In contrast, the financial systems approach focuses on commercial financial intermediation for the economically active poor and reasonable and an affordable cost. Their credit portfolio is financed by savings, commercial debit and for profit investment in varying proportions. Commercial financial intermediation is not advocated to poor people who are badly malnourished, in poor health and without any skill or ability. Undernourished and starving borrowers, if given credit, will use it to buy food for themselves and their dependants. People who starving and hungry need food, shelter, medicine, skill training and an opportunity for employment. People are never completely satisfied on any need level, but a reasonable amount of gratification of first priority need. However, it has to be noted that the primary goal of both the poverty lending approach and the financial systems approach is providing financial services to the poor people.

Despite the vast expansion of formal credit system in India, the dependence of the poor particularly in the rural sector on the money lenders continues in many areas especially for meeting the emergent requirements of the family. Such dependence is more pronounced in the case of marginal farmers, landless labourers, petty traders and rural artisans belonging to the socially and economically backward classes and tribes and also the dalits. For a variety of reasons, credit flow to these marginalized sections of the Indian society has not come to be institutionalized. Apart from the social exclusion, the most germane fact is that is the difficulty in dealing effectively and economically a large number of small borrowers who require credit frequently and in small quantities.

WHAT IS MICROFINANCE

The Microcredit Summit 2007 defines microcredit as the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. It has proven as an effective and popular measure in the on going struggle against poverty, enabling

those without access to lending institutions to borrow at affordable interest rates and start small business. The key implication of microcredit is in its name itself 'micro'. A number of issues come to mind when 'micro' is considered: The small size of the loans, small size of savings, the smaller frequency of loans, shorter repayment periods and amounts, the micro/local level of activities, the community-based proximity of microcredit, etc. Hence microcredit is not the solution, but is a menu of options and enablement that has to put together, a la carte, based on local conditions and needs. With current explosion of interest on microcredit issues, several developmental objectives have come to be associated with it, besides that of only 'credit'. Of particular importance is savings as an end in itself, and as a guarantee for loans. Microcredit has been used as an 'inducer' in many community development activities, as an entry point in a community organizing programme and as an ingredient in larger education/training exercises.

The Reserve Bank of India has defined microfinance as provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards. Microfinance Institutions are those that provide these facilities. The Virtual Library on Microcredit takes microcredit beyond the confines of 'money' and declares in its conceptual framework that microcredit is as much about money as it is about information. Microcredit is one way of reaching the poor and has demonstrated its effectiveness. A major concern of microfinance is to increase penetrative outreach so that credit can be institutionalized and a large number of people can benefit through improved access to credit for enabling them to raise their income level and thereby improve their living standards.

The positive aspects of formal financial system are that under this system, microfinance is available for income generating activities at low rate of interest with easy and periodical repayments and moratorium period. But at the same time, microfinance from formal financial system is not easily available. It has complex legal and operational procedures. The problem is exacerbated by the limited influence of poor people who require microfinance. The poor people are unable to inform formal markets about their creditworthiness or about demand for savings,

services and loans. It is irony that those who hold power do not understand the demand and those who understand demand do not hold power.

The Nobel Committee has put poverty on the international agenda awarding the Peace prize to the Bangladeshi micro-credit pioneer, Prof. Muhammad Yunus, and his Grameen Bank. In its citation, the Committee said: “Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means. Across cultures and civilizations, Prof. Yunus and Grameen Bank have shown that even the poor can work to bring about their own development.” The Bangladesh experience has shown that programmes that empower women at the bottom can make a real difference to the quality of life of the poor even under conditions of mass deprivation. This is reflected in the steady progress made by Bangladesh over the past two decades on the human development front. In a way, this represents a culmination of the growing recognition of micro-credit as an instrument of poverty alleviation, the world over. Thirty years ago, the concept of micro-credit was unknown. Since then, its role in poverty alleviation and of the weaker sections has gained recognition in many developing countries and even in a few developed ones. Today, it is active in more than 100 countries and is said to have helped more than 100 million people take their steps to reduce poverty.

A significant feature of the microfinance movement in India is that it has relied heavily on the existing banking infrastructure, in the process obviating the need for new institutional set-up. Most of the leading practitioners of microfinance activities follow the Grameen model. Banks lend micro-credit through self-help groups (SHGs) and to local micro-finance institutions (MFIs) that have contact to small villages. India’s bank –SHG link programme is now the biggest in the world.

WHY MICROFINANCE

The term micro gained prominence recently in socio-political, economic sphere of human life. Due to the ineffectiveness of macro approaches in different walks of life, both the Government and society has been replacing it by micro approach. The political decentralization process has fragmented the political power and reached political power to the grass root level of the society which will be enable the common people accessible to the politics and administration. The real

meaning of the political decentralization is the micro administration or a stable administration at the grass root level, which will bring a stable micro economy. So it can be otherwise called as micro politics, micro administration, micro economy, micro planning and now finally it is micro democracy. The sense and meaning of micro is to the basic unit of society in the form of administration, services, economic resources and opportunity. The micro approach in this respect considers and includes the whole people of society for their subsistence and survival, socially, economically and politically. Actually this is due to a modern trend and change in democratic operations of the modern developing countries. The responsibilities of modern democratic Governments have been extending up to the survival and subsistence of its people. The macro approach of administration and economy has not been meeting this requirement. Macro approach is highly centralized. But the centralized approach keeping the people away from the administration and economy. At the same time we need inclusion and accessibility. The process of planning which is the key to economic development is also at the micro level after decentralization process .So it is a paradigm shift from macro to micro due to decentralization for more inclusion. Micro financing is also such an opportunity to make avail such financial facilities for the people at the grass root level with the help of the civil society, NGOs, MFIs, and banks.

IS THERE A DEMAND FOR MICROFINANCE

India has one of the largest networks of bank branches in the world, but the hundreds of millions of poor in the country are largely out of it. Banks were nationalized three and a half decades ago with the hope and promise that their products and services would reach the poor. But that goal is not even close to being met today. With 52,000 commercial bank branches, 14,522 branches of regional rural banks and 100,000 cooperative bank branches, the country is teeming with the institutions that should be able to meet the credit needs of the people. But if you are poor, you're also probably out of luck with the banks; it is tough persuading them to even let you open a bank account. The consequences have been devastating. Consider these numbers: 75 million households on India depend on moneylenders to meet financial needs; almost 90 % people in rural India have no access to insurance;

50million households are landless and need small credit to start some economic activity. And even families earning Rs. 4000-5000 a month in urban areas spend huge portions of their earnings to service their ever continuous debt.

But out of necessity and enterprise, those locked out of the banking world have found a way out. It is called microfinance---the extension of small loans to individuals who are too poor to qualify for traditional bank loans, as they have no assets to be offered as guarantee. In India, micro finance has worked largely through self-help groups (SHGs). Predominated by women, these are formed with simple rules – save, accumulate and give loans to each other. Globally, it is slowly proving one of the most effective strategies to neutralize poverty. According to Christina Barrineau, Chief Technical Adviser for the International Year of Microcredit 2005, a United Nations Initiative to expand microcredit opportunities, the figures for worldwide microcredit vary widely, from 70 million to 750 million outstanding. After almost three decades, the microfinance movement has created a global network of tens of millions of women entrepreneurs and growing sub-classes of sophisticated business women who are helping to reduce poverty.

According to Alex Counts, President of Grameen Foundation USA, a microfinance organization in Washington, microfinance is now reaching 80 million families, 90% of the borrowers being women and that's just the tip of the iceberg in terms of demand. Nancy Lindborg, President of the Washington office of Mercy Corps states that while microfinance has long been a strategy to alleviate destitution among women, they also had the broader purpose of pumping up local economics “by helping to support a vibrant, small-business sector. But not all that much money is available for the new wave of larger loans. Grameen Bank, which has provided credit to 3.7 million borrowers across the globe, 96 percent of them females, has increased the size of some loans, Counts said. The problem is that social service agencies that aim to eradicate poverty feel that their job is done if they help poor women create thriving, if tiny, business, he said.

Can a mere 500 rupees change a life? This sounds unbelievable, as prices spiral by the by day. But in numerous villages in India, this miracle is quite real; millions of poor women are today using small loans to rewrite their present and

future. Many of them have not even seen the corridors of a primary school, but are using common sense to propel their entrepreneurship and group business activities. Dr. C. Rangarajan, Chairman, Economic Advisory Council of the Government of India, points out, "Microfinance can aid employment and sustain households giving them opportunities they never had before." It is called micro credit with good reason. The size of the loan is typically small. The borrower is usually battling against poverty. The repayment schedule is simple and short. And, the activity for which the loan is taken is often of a small nature.

But poor women, who are in the forefront of the microfinance movement, use the small loans to jumpstart a long chain of economic activity from this small beginning. As they have enormous pride in their integrity, they repay the loans quickly and reliably, not wanting to be noticed as defaulters. Then, they begin again, this time with a bigger loan- and keep expanding their profit base until they do not need the loans any longer. Microfinance has given women in India opportunity to become agents of change. The movement has made them more confident than ever helping them to explore new horizons and new dreams. The most active states in India in the context of paradigm shift in microfinance are the three southern states viz., Kerala, Andhra Pradesh and Tamil Nadu. Other states where such self-help groups are making a dramatic difference are Karnataka, Himachal Pradesh and Uttaranchal. Sheila Dikshit, Chief Minister of Delhi, says: "Microfinance will be the future mantra for alleviation of poverty. I have met women who say that 500 to 800 rupees makes all the difference as it dramatically changes their standard of life."

With a view to facilitating smoother and more meaningful banking with the poor, a pilot project for purveying micro credit by linking the Self-Help Groups (SHGs) with banks was launched by NABARD in 1991-1992 with a view to facilitating smoother and more meaningful with the poor. RBI had then advised commercial banks to actively participate in this linkage programme. The scheme was next extended to RRBs and co-operative banks. The number of SHGs linked to banks aggregated 461,478 as on March 31, 2002. This translates into an estimated 7.87 million very poor families brought within the fold of formal banking services as on March 31, 2002. More than 90% of the groups linked with banks are exclusive

women groups. Cumulative disbursement of bank loans to these SHGs stood at Rs.1026.34 crores as on March 31, 2002 with an average loan of Rs.22,240 per SHG and Rs.1,316 per family. As regards model-wise linkage, while Model I, viz. directly to SHGs without intervention/facilitation of any NGO, now accounts for 16% , Model II, viz. directly to SHGs with facilitation by NGOs and other formal agencies amounts to 75% and Model III, viz. through NGO as facilitator and financing agency represents 9% of the total linkage. While 488 districts in all the states and union territories have been covered under this programme, 444 banks including 44 commercial banks (including 17 in the private sector), 191 RRBs and 209 co-operative banks along with 2,155 NGOs are now associated with the SHG- bank linkage programme. While the SHG- bank linkage programme has surely emerged as the dominant microfinance dispensation model in India, other models too have evolved as significant microfinance purveying channels.

According to the World Bank World Development Report 1999/2000, in 1998, about 1.2 billion people, i.e., 24 percent of the population in developing and transition economies lived on less than \$1 a day. The full magnitude of the demand for microfinance has begun to be understood only recently. During the second half of the 20th century, credit for agriculture has generally been accorded very high priority. However, the huge demand for credit from self-employed micro-entrepreneurs has been ignored by the financial sector. Until the 1980s, the presence of informal micro-enterprises like the street and pavement sellers, home units, petty shops and tiny businesses, and small transport operators were generally perceived by the policymakers and the economists to be result of economic dysfunction and aberration. Given this perspective, the response of the government was to focus on improving the management of the formal economy, thereby increasing its absorbing capacity. This approach it was thought would enable low income and unemployed people to become integrated into the formal sector. The result was that the huge informal sector in many countries remained essentially invisible in government plans and budgets, in economists' model, in banks, portfolios and in national policies. Yet these micro-enterprises provide a regular income stream for the poor people. They create employment; provide cheap food, clothing, transportation and a means for an honourable and decent living.

Since the mid-1980s, many developing countries have improved their macro-economic management. On the one hand, the successive failures of state sponsored public sector enterprises had forced the governments to tighten their spending and on the other hand, the demand for low cost goods and services produced by the informal sector increased as the agricultural technologies and policies changed and the rural income substantially improved. In this context, policy makers in some countries re-examined their approach to informal enterprises viewing them not as a problem for the economy but rather as an important tool to mitigate current

Without significant participation from large lending institutions, although microfinance in India has been growing, millions of poor people both in rural and urban areas are yet to be touched by magic. The Socio-political system is yet to see its potential fully. But social workers and social engineers have seen what it can do. Points out Vijay Mahajan, Managing Director, BASIX, a NGO in Hyderabad that works in the area of microfinance for women: “The real innovation in the financial sector will come from microfinance institutions. It is an early phase, but it is very exciting phase”. Adds Dr. Rangarajan, “The challenge is to organize self-help groups and organize the poor. Funds are not a problem. Funds are available with the banking system.”

Organizing the poor certainly is one challenge, but additionally women have to be put into the loop of a sustainable livelihood through microfinance or the benefits won't arrive. Also, microfinance is not a panacea by itself; it could help eradicate poverty only if it is complemented with other measures like health care, literacy, women's rights and micro-enterprise management. Points out Vyas: “We have to reach out to 370 million workers but we have reached just 5 million. We have to link microfinance activity with sustainable livelihood levels and we need to build an integrated approach weaving in vocational training, health care and capacity building.” So, the need is to invest in land, water, livestock, infrastructure and human development. That is why microfinance in India will ultimately have to livelihood financing.

As the anecdotal evidence supporting microfinance grows, there is now mounting hope that it can be large scale poverty alleviation tool. Says Vipin Sharma,

Programme Officer, Microfinance, CARE India: “The big challenge for the microfinance sector in India, is to scale microfinance up, as it is an integral part of strategy for poverty alleviation.” There is also fresh political will to see this happen. Vinod Rai, Additional Secretary, Finance, points out: “The Finance Minister in his last budget statement said that Rs.200 crores would be given to the National Bank for Agriculture and Rural Development for capacity building of micro finance institutions as the government was keen to encourage them and help them grow. As many as 40 million households could be assisted with amounts of around Rs.30,000 crores.” Mathew Titus, Executive Director, SA-DHAN, an NGO based in New Delhi, feels that a fund of Rs.200 crores could provide equity support for development of microfinance institutions all over India.

THE APPROACH

In the 1990s, microfinance was marked by a major debate between the two leading views: the poverty lending approach and the financial system approach. The poverty lending approach concentrates on reducing poverty through credit often provided with complementary services like skill training and up gradation, literacy development, providing health, nutrition, family planning, etc. Under this approach, government funded and donor funded credit is provided to poor borrowers at below the market rate of interest. The goal is to reach as much poor people as possible and especially the extreme poor-the poorest of the poor- with credit to help overcome poverty and gain employment. Expect of mandatory savings required as a precondition for receiving a loan, savings is not a significant part of the poverty lending approach. Bangladesh’s Grameen Bank is the leading example of the poverty lending approach.

The financial system approach emphasizes large scale outreach to the economically active poor and focuses on institutional self-sufficiency. Several Nationalised Banks in India, the Private Sector Banks and the old generation Banks predominantly from the South India are the forefront of the financial systems approach. It is true that everyone involved in Microfinance shares a basic goal: to provide credit and savings to thousands and millions of poor people in a sustainable manner. Everyone wants to reach the poor and at important. It is true that thousands

of poor people on a long-term basis in multiple and competing institutions require a financial system approach. The Banking system in India has demonstrated that broad outreach to economically active poor people can be achieved through financial system approach and the commitment of these institutions to eradicate poverty had to be recognized. The banking system in India has contributed to a great extent to the true democratization of capital.

The microcredit summit held in Washington in 1997 developed a charter stating that just like food, credit is a human right. However, the author refuses to recognize character on the premise that food is a universal right and credit is not. Not all poor people in our country need credit. Most of them do not have the ability to place the finances to produce the use within a reasonable time and does not have the wherewithal to repay the credit. For the poorest of the poor, other poverty alleviation tools are more needed and will be more effective. If credit were a human right, the poverty lending approach would not enable the right to be widely exercised. For many of the world's poorest people, it would be more effective to use donated funds to provide food, drinking water, medicine and an opportunity for employment rather than give them credit and put them in debt and further misery. It has to be noted that the institutions following the poverty lending approach tend not to focus on mobilizing voluntary savings but rather on obtaining subsidized funds from governments and donors to finance their portfolios.

Micro financing is the micro level provisions for credit, investment and insurance with mainstream banking and other social financial service facilities without collateral securities and any other conditions put forward by the financial institutions either from NGOs and GONGOs. Microfinance enables poor and excluded sections of the society who do not have an access to formal banking to build assets, livelihood and income. But micro financing is not a magic solution that will propel all of its clients out of its poverty. Nevertheless studies have demonstrated that microfinance is really benefiting the poor households a lot.^{2*}

Microfinance can be defined as the provision for financial services to low income clients, poor households both in urban and rural areas who are not generally bankable. According to CGAP microfinance can be defined as the supply of

loans, saving and other basic financial services to the poor. ACCION defines microfinance as banking and /or financial services targeted to low and moderate income businesses or households, including the provisions of credit.

In the International Year of Microcredit 2005,”microfinance was referred to as loans, savings, insurance, transfer services and other financial products targeted at low-income clients.”

Poor section of people living in poverty, like everyone else, need a diverse range of financial products and services to sustain their livelihood, productive finance to run their businesses, build assets positions for both production and consumption, and to protect themselves against risks and uncertainties. Financial services needed by the poor include working capital loans, consumption ,credit and savings , pensions , insurance ,provident funds, money transfer services etc.

Microfinance products include micro saving, microcredit, micro insurance, remittance and other products like pension, provident fund etc. Microfinance refers to providing a gamut of high quality financial products and services to the poor section of the society.

Theoretically microfinance means all type of financial products and services used and /or required by poor section of the society who mostly do not have access to formal financial institutions and are more accessible to the informal financial market. Practically, microfinance refers to small -scale financial services offered to poor people by institutions, organizations and enterprises who aim to their sustainability and profitability along with reducing the poverty of their clients.

According to Brett Mathew (Mathwood Consulting Company), there are several types of microfinance products used by poor households. These microfinance products are based on the types of needs of poor people. The needs of the poor section of the society are:

1. Cost of burials, healthcare, replacement cost after natural disaster.
2. Retirement (for self or parents), migration, farm equipment, wells, home upgrade, self-insurance etc.

3. Irrigation, transportation, livestock, microenterprise, home renovation, schooling and education etc.
4. Food security, health treatment, festivals and social obligations, emergencies etc.
5. Sending money to family at home and away, microenterprise working capital etc.
6. Meeting urgent family disasters like sickness, crop failure, payoff money lenders etc.
7. Microenterprise working capital, livestock, sewing machine, radio, bikes etc.
8. Housing wells, irrigation systems, boats, motor bikes etc.

The microfinance products against the above needs are insurance plans, pension plans, long term deposits, and medium term deposits, short term deposits fund transfer and cheque, emergency loans, shortterm, long term loans.

In India the MFI are not providing all types of microfinance products and some of the MFIs provide products like:

1. Production loans, mostly the income generating loans including working capital and long term business investment.
2. Emergency loans under and after disasters to meet the cost of replacement.
3. Housing loans to purchase land for house construction, renovation of house, construction of the house etc.
4. Savings includes short-term savings, saving accounts, monthly savings, weekly savings etc.
5. Insurances like agricultural insurance, health insurance, life insurance, livestock insurance, house insurance, insurance against business etc.,
6. Remittance services.
7. Non-financial services like social intermediation (group of formation and financial education to prepare client to access financial services), business

development services (mentoring group members, market linkage to strengthen the operations of the borrower's business) and social services (basic health care, family planning, adult literacy etc.)

The need for microfinance also could be for increasing the income growth and living standards, and diversity from subsistence agriculture to processing, manufacturing, construction, trade, transport and services. All NGO-based microfinance intermediaries provide credit products. Also, some of the MFIs provide insurance products along with credit products under a partnership model where the intermediaries collaborate with an insurance company and the insurance company provides the insurance products to the clients of the NGO-based intermediaries.

PRINCIPLES OF MICROFINANCE

1. MFI trust clients for credit and clients trust MFI for saving: While loan disbursement MFIs trust clients for the repayment of their loan. MFIs understand the return on investment, repayment capacity and risk bearing ability of the clients for the production loans. At the same time, while mobilizing saving, it's the clients who trust the MFIs for their saving. Clients need an MFI for the saving that is trustworthy, stable and at the same time clients should be assured that their savings are secure.
2. Microfinance not only development but also an integrated part of financial sector in India: In India, microfinance is considered as concern of donors, charity organizations, Government development programmes. But microfinance programme meets the financial needs of the vast majority section of people who are poor and do not have an access to formal banking. Thus, microfinance is not only acting as a development tool but also meeting financial system.
3. Financial sustainability of MFIs depends upon delivery mechanism: Financial sustainability of microfinance depends upon the level of outreach of the products and services. The cliental base and outreach of the microfinance institutions depends upon their disbursement capacity and

delivery mechanism. More and more people can access the microfinance products if the MFI has a strong delivery mechanism.

4. Microfinance develops local financial institutions: Micro finance is based on local level intervention for saving mobilization of savings, extension of credits, provision of insurance, and provision for payment transfer and other products. These products and services can efficiently and effectively be delivered by creation of local level institutions. Local NGOs can act as intermediary between clients and microfinance wholesalers like banks and insurance companies. At the same time, the intermediaries develop local level institutions like groups, federations etc. for disbursement of microfinance products. Sustainable microfinance operation can be ensured by development and effective performance of these local institutions.
5. Microfinance is not microcredit but variety of financial products: Most of the people have the wrong assumption that microfinance is nothing but microcredit, and microcredit is the appropriate tool for societal upliftment and poverty alleviation. But only microcredit cannot bring a positive change in the socio-economic status unless microcredit is provided along with saving, insurance, money transfer etc. Poor people need a wide range of financial products and services like credit, saving, insurance, payment transfer, provident fund pension etc. The provision of the mentioned wide range financial products and services will not solve the problem unless the products and services are flexible, accessible and reasonably priced. Microcredit coupled with other financial and non-financial products will serve as a package for development.
6. Access to microcredit depends upon the rate of interest and repayment period: Poor peoples' preferences for the microcredit are dependent on the rate of interest and repayment period. For better outreach and increase in client base of MFIs, the rate of interest of the loan meant for lending should be higher than the bank rate but lower than the informal sources of finance. By no chance, the designing of the interest rate of the capital meant for lending should exceed the interest rate of capital sourced from local non-

institutional sources. The moment, the interest rate of micro loan is equal to or more than the interest rate of non-institutional sources like local moneylender; there is a switch over of institutional microfinance clients to non-institutional sources due to the advantages of the non-formal financial sources. The repayment period of the capital meant for lending should be customized as per the cash-flow of the clients otherwise it will lead to non-willful defaults.

7. Subsidized capital competes with private sector capital: When there is too much subsidized capital inflow into the financial market, particularly into the microfinance market, the private sector capital in the microfinance sector is impacted negatively due to sharp and direct competition. These subsidized capitals over power the private sector in the microfinance sector. The result could be too much client drop and willful defaults from the private sector microfinance institutions.
8. Saving is not only a source of fund but also a liability for MFIs: The general assumption is that the saving from clients is the source of fund for the microfinance institution in the provision of loan (as perceived in general banking theory). The saving mobilization by MFIs from clients is prone to various risk factors like internal Fraud, loan defaults (loan given out of the money mobilized from saving) and other security measures.
9. Provision of few well-structured microfinance products than the provision of too many structured microfinance products: MFIs should avoid providing too many customized products and should rather focus on well-structured products which can target maximum number of clients. Providing too many structured products may create complexity and confusion on the operation of MFIs.
10. Savings should be mobilized not only from the poor but also from public: For long term sustainability, MFIs should not focus on the poor for mobilize savings rather they should focus on general public along with poor .This will help MFI to address many small savers .The cost of mobilizing saving from poor is very high and expensive for MFI and it can be compensated or

subsidized from the profit earned from saving mobilization from public. The cross subsidization

INFORMAL MONEY-LENDERS

Informal money- lenders provide loans to the poor in many developing countries. They may be local traders, zamindars or the landlords, pawn brokers, commodity wholesalers and employers. While it is true that the informal commercial credit market works efficiently, satisfies demand and helps the poor, they typically charge very high interest rates to low income borrowers. The reason for the high interest rate is hotly debated but the evidence for the high rates is definitely unmistakable. In addition to the above, the transaction costs of obtaining a loan are normally higher for a poor borrower who obtains credit from a commercial bank than from an informal money-lender.

WOMEN AND MICRO FINANCE SYSTEM

The most excluded section of the society economically is the women population of the country. The socio economic status of women in our society is very poor even after the implementation of decentralization .Now a days, at the same time the status of women is considered as one of the most important indexes of total development. It is in 70's a board policy debate targeting women and their status as the criteria of welfare in the socio-economic sector regarded as critical agents for development . But, later the Governments especially in economic areas and women under Government programmes were limited. The natural economic development of women was too slow and the Government interference also was too dilatory. So the Government changed its policy from welfare provisions to empowerment. The strategy of empowerment means, the survival and subsistence of women through channelizing their own resources, and make use of this, the Government is directly providing such opportunities through different policies and programmes. As a result of this, the concept of welfare states was replaced by the empowerment strategy. Among different attempts to empower women, the first effort taken by the Government of India was the preparation National Perspective Plan 1988, which was a strategy for integrating women into the main stream. Then "Shramshakti"(1988), a comprehensive report of the National Commission for self-

employed Women and Women in the Informal Sector ,examined related issues concerning women workers in the informal sector and made valuable recommendations for improving their status.

The Non-Governmental Organizations are another potentially powerful organizations promoting women's issues and helping to strengthen them socially and economically. The main areas of operation of NGOs are the social and economic development of women rather than men. For this purpose the NGOs provide better education, occupational training providing income generating sources and financial accessibility all over the world as well as in India. The tool used by both Government and NGOs for empowerment of women is the micro financing.

MICROFINANCE AND WOMEN EMPOWERMENT

In the remote past women were considered as only household workers and mere child bearers. Men were treated as only one in charge of household activities as he was only earning member in the family. This rule was commonly applicable for both divide and joint families. "Udyogam Purush Laxanam". Those days have gone now, there is a lot of change in the status and role of Indian women in social, political, economic and educational aspects.

Nowadays women showing her ability in each and every sector especially of the economy. Women finds pleasure in independent living and more associated with economic independence. The spread of education both formal and informal awakened the women community to get equal justice in society.

Women required to play an active role in economic development along with men in each and every economic activity with her qualities like punctuality, sincerity, discipline, tolerance etc. So it will be effective to channelize and concentrate the resources of women and utilize it to make a strong India. In this study on self-help groups microfinance the researcher found that 100% of members are women only. So it felt like analyzing the status and role of women in economic development.

Pandit Nehru wrote: "to awaken the people it is the women who should be awakened. Once she is on the move the family moves, the nation moves he further adds that the building India as a Nation will also be judged by the position of Indian

women". The World Bank reports and the world conference on women declare that women are the central theme to the poverty alleviation efforts. In terms of educational, economic, social and political firmly bring that a new paradigm of development process in our country.

Janaki R Krishnan quoted women as molders of Nation's destiny and they seek integration into the national mainstream to equal partners in progress and development. 1. So the elaborative study on women empowerment in India is very essential to evaluate National development.

Dr. R. Shashikumar has identified women from different angles women population is the half of Indian population, 55% of women are literate and 25% of women are working in India a women is an equally efficient factor for development process but underutilization of this precious resource. For O.D. Heggade, the gender inequality is a result of the wide spread practice of gender bias in different parts of the world and perhaps the gender bias and inequality is as old as the human civilization process. Amartya Sen has identified seven types of gender inequalities

1. Mortality inequality- the mark variation in expectancy and mortality rate of women.
2. Natality in equality - sex based selective abortion and missing women.
3. Inequality in basic facility - denial and deprivation of basic facilities like education t, training etc.
4. Special opportunities inequalities- denial of higher technical and professional education.
5. Professional inequalities--- discrimination in appointments and promotions.
6. Ownership in inequality--- no ownership of property and assets is given to women.
7. Household inequality--- discrimination in household and society.

CONCEPT OF WOMEN EMPOWERMENT

Women empowerment is not very easy to define to empower means to authorize hence women empowerment means to authorize the women. The concept of women empowerment was first brought in lime light in international women's conference in Nairobi at 1985.

DIMENSIONS OF WOMEN EMPOWERMENT

It is multifaceted nature –social, cultural, political and economic and educational dimensions are more relevant for the study. According to the study of H. Geetha and O.D. Heggade (5) there are various dimensions of women empowerment as given below.

1. Cultural empowerment.

Redefining gender rules and norms.

Recreating cultural practices, customs, rituals, symbols etc.

2. Social empowerment of women.

Social leadership in community action.

Action for entitlement rights.

Social induction or identity.

Literary skills.

3. Economic empowerment.

Attaining economic security ownership of productive aspects and means of production.

Entrepreneurship skills.

4. Political empowerment.

Equal access and increased participation in political power structure.

Equal opportunities to associate and involve in voluntary organizations, trade unions, NGO's and institutions of education and training.

NEED FOR WOMEN EMPOWERMENT

Since women comprise the majority of the population below the poverty line and they are the poorest among the poor. There is need for women empowerment

through poverty eradication programmes. It would be women-oriented with special targets for women, e.g. self-help group, for eradication of poverty.

Many studies indicate that the gender inequalities inhabit the economic development of developing and backward communities. So the women empowerment may enable the society to achieve gender equality. K. Amrutha and V.N. Rajkumar assert that¹ globalization has presented new challenges for the realization of the goal of women's equality through widening economic disparities particularly in rural areas hence there is need for designing of strategies to enhance the capacity of women and empower them to meet the negative social and economic impacts of globalization process.

Most of the studies on women empowerment stress the need for women empowerment in a nutshell as empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural and environmental security among all people and when empowerment is a critical part of sustainable development. Further they added that women empowerment at the individual level help to build a base for social and political changes along with economic changes and economic empowerment of women enhances women's status in their families and societies.

MEASURERS TO ASSESS WOMEN EMPOWERMENT

United Nations Development Fund for Women (UNEFEM) has suggested the criteria for measurement of women empowerment which are:

- i. Economic participation of Women: It is necessary to eradicate poverty among women to raise household income and to encourage economic development. Women's presence in work force in appropriate quantity.
- ii. Economic Opportunities: Opportunities for women given in high level jobs.
- iii. Political Empowerment: Equitable representation of women in political decision making structure at domestic, village, national and international levels.

- iv. Educational Attachment: Equitable representation of women in formal and informal education at all level.
- v. Health and Well-being: Like men, women should have access to sufficient nutrition, health care and reproductive facilities.

By using these paradigms or indicators, the women empowerment index can be constructed thereby the extent of women empowerment can be measured to explain the stage of development of the countries.

PROGRAMMES AND PROCESS OF WOMEN EMPOWERMENT

The various experts on women empowerment studies have been observed that the world community and its public organizations like UNO and World Bank were ready to protect the women interests and as a result of it there were world women conferences at Mexico, Copenhagen, Nairobi and Beijing to mobilize the women of different social strata, race, income and educational level to unite and negotiate for a new polity, economy and society based on equality and without exploitative patriarchal order.

In India, various efforts have been made for women empowerment before and after independence. Neera Desai and M. Krishnaraj aptly identified the efforts made for women empowerment during pre-independence period in India as:

- i. The founder of 'Brahma Samaj' RajaRam Mohan Roy succeeded in getting passed the 'Prevention of Sati in 1829 and raised the voice against 'child marriage' and 'Purdah System'.
- ii. Ishwar Chandra Vidyasagar pleaded for widows' remarriage and educating women and ultimately got success in getting passed 'Widow Remarriage Act in 1856.
- iii. Maharshi Karve established 'Nandubai Damodar Thackersy University for Women at Poona in 1916
- iv. Maharshi Dayananta Saraswathi started the 'Arya Samaj' and always advocated equal rights to women.

- v. Swami Vivekananda established 'Sri Ramakrishna Mission and gave importance to women education and self-dependence.

Likewise the Indian reformers like Dadabai Navaraji, Gopal Krishna Gokhale, Mahatma Gandhi, Nivedita, Annie Basant, Margaret Cousins, Sarojini Naidu and others have also tried for women empowerment in India.

In the post-independence period, the Government of India through its five year plans, policies and programmes tried its best to empowering of women in various fields.

As stated by O.D. Heggade "the task of gender empowerment was taken up more seriously with many policy initiatives during the Ninth plan period compare to earlier plan periods. Employment and Human Resource Development (HRD) aspects of women empowerment have received greater emphasis during the Ninth plan period." In 2001, the National Policy for Empowerment of women emphasized on policy initiatives includes:

- a) Creating and environment through positive economic and social policies for development of women
- b) Allowing the de-jure and de-facto enjoyment of all human rights and fundamental freedoms by women par with men in all spheres political, economic, social cultural and civil.
- c) Providing equal access to participation and decision making for women in social, political and economic life of the nation.
- d) Ensuring equal access to women to health care, quality education at all levels, career and vocational guidance, employment, equal remuneration, occupational health and safety. Social security etc.
- e) Strengthening legal system aimed at the elimination of all forms of discrimination against women and girl child.
- f) Mainstreaming a gender perspective into development process.
- g) Strengthening women organizations.

In the further observed that the Government of India has made certain new commitments to empower women during the Tenth Plan Period (2002-07) which are:

- i. Social Empowerment of Women through basic minimum services programmes to help women to reduce their household drudgery.
- ii. Economic Empowerment of Women by creating women capabilities through skills and training programmes, employment and income generation programmes.
- iii. Gender justice through abolition of gender discriminations of all forms and enabling the women to enjoy all kinds of human rights on equal basis with men.
- iv. The gender justice comprises the programmes like arresting Ever declining sex-ratio, Eradication of Sex-Related Harmful Practices, Eliminations of Discriminatory Feeding Practices and Increasing Access to Health, Education and Employment and Adoption of Gender-Budgeting i.e. providing opportunity to women to share public resources.

NATIONAL POLICY APPROACH FOR WOMEN EMPOWERMENT

It is well known fact that the principles of gender equality is enshrined in the Indian Constitution, in its Preamble, Fundamental Rights and Directive Principles of State Policy. The Indian Constitution not only grants equality to women but also empowers the States to adopt measures for women was welfare approach till the end of Fourth Plan. From Fifth Plan onwards the approach was changed from welfare to women development.

As highlighted in various research studies on women, the empowerment of women has been recognized as the central issue in determining the status of women. To safeguard the rights and legal entitlements of women, the Government of India start up the 'National Commission for Women' in 1990 through the enactment of an Act of Parliament. In 1992 and 1993, 73rd and 74th amendments were made to the

Indian Constitution which have provided reservation of seats to women in local bodies like Panchayats and Municipalities.

To improve the status of women in society, the following celebrations are being celebrated throughout the country are:

Celebrations for women

- Women's Day: March 8th every year
- Women's Week: March 1st every year
- Women's Year : 1975
- Women's Decade : 1975-1985
- National Policy on Women Empowerment 2001.

To empower the women, Government has introduced following programmes:

- A separate Department of Women and Children at centre 1985.
- Support to Training and Employment Programme (STEP)
- National Commission on Women 1992
- Convention of Elimination of all forms of Discriminations Against Women (CEDAW): 1993
- Rashtria Mahila Kosh: 1993
- Indira Mahila Yojana: 1995
- Development of women and Children in Rural Areas (DWCRA): 1982-83
- Integrated Rural Development Programme (IRDP)
- Mahila Samridhi Yojana: 2001
- Balika Samridhi Yojana: 2001
- Swyam Sidha-Self-Help Group (SHG): 2001

Further, for rehabilitation of the women in different circumstances like Devadashis, Basavis, Jognis, Prostitutes, destitute-women, widows etc. the Government has introduced an innovative programme called 'SWADHAR' in the Tenth Plan.

To resume The Government through its various policies pertaining to empowering women society, economically and psychologically have set the dawn of liberation which is slowly overtaking the womankind. The role of mass media and widespread education shows the empowerment of women is not far off.

FIVE YEAR PLAN MEASURES TO WOMEN EMPOWERMENT

The Planning Commission has used different approaches to improve conditions of women under five year plans. In the first four Five Year Plans the concept of women development was mainly welfare oriented. In 1953, the Governments setup the 'Central Social Welfare Board' to undertake welfare measures through the voluntary sector during First Plan (1951-56) for women development, Second Plan (1956-61) encouraged the women to organize into Manila Mandal grass-root level for the development of women. During Third, Fourth plan and other Interim plans (1961-74) gave high priority to education to women and they also undertook the measures like maternal and child health services, nutrition etc. These programmes were purely women welfare programmes.

In the Fifth Plan (1974-78), it had shifted in approach from welfare to women's development. In the Sixth plan (1980-85), there was a land mark in the history of women's development. It is in the history of development planning at the first time during the plan period women's development was recognized as one of the developmental sector and included in the Sixth Plan Document. The Sixth Plan adopted three pronged a multi-disciplinary approach giving thrust on health, education and employment of women.

The Seventh Plan (1985-90) gave promotion to beneficiary-oriented programmes for women in different developmental sectors.

The Eighth Plan (1992-97) focused on women as equal partners and participants in the developmental process. Hence, the Eighth Plan shifted its approach from 'development' to 'women empowerment.'

The Ninth Plan (1997/2002) adopted 'Women Component Plan' as one of the major strategies. At the first time women's groups from around the country were involved by the plan in a consultative process. The plan also aimed at to create conducive environment for women empowerment through policies and programmes intending to extend legislative, institutional and financial support to women at various level.

The Tenth Plan (2002-07) translated gender commitment into budgetary commitment i.e. equal opportunities to women in sharing public resources.

The Eleventh Plan (2007-12) ensures that at least 33% of the direct and indirect beneficiaries of all Government schemes are women and child and more specifically the plan intends *to* promote self-employment among rural women through self-help group programmes.

The total plan outlays on development of women and children increased from Rs. 4 crores in First Plan to Rs.3932/- crores during 2005-06 and 2007-08 budget allocated Rs. 22282/- crores for women's development.

CHALLENGES AND PROBLEMS OF WOMEN EMPOWERMENT

It has been aptly observed by the studies on women empowerment that there are good numbers of heartening developments of women's development in the country. The main cheering facts are:

- (i) Women's participation in decision-making at various levels is increased in the country from primary level to national level,
- (ii) The health and nutrition status of women is improved. Women have better access to health care and nutrition.
- (iii) Women's role in consultation in planning process is improved a lot
- (iv) Women have become budgetary component

However, the women empowerment process is facing several challenges and problems:

- (i) Lack of motivational, managerial and behavioural competences,
- (ii) Absence of mentoring and women role models
- (iii) Lack of collateral security
- (iv) Lack of proper training and knowledge
- (v) Over dependence on intermediaries
- (vi) Family, lifestyle and role conflict In India, Non-Governmental Organizations (NGOs) and Governmental Organizations (GOs) interaction on women issues has been very marginal and token. There is also lack of political will and popular support for empowering women through policy changes. The women reservation Bill ascertains this reality. There is no clarity of meaning of the concepts like women welfare, women development, women empowerment and gender justice hence all these concepts are interchangeable.
- (vii) To sum-up, however, since woman is considered as a partner in development process, she must be empowered socially, culturally, educationally, economically, politically and psychologically through legislations, policies and programmes.

SELF HELP GROUPS: AN INNOVATIVE WOMEN EMPOWERMENT PROGRAMME IN INDIA

In rural India, the poorest among the poor are women. In this context it is also said that there is feminization of poverty in India.

In the words of Mahatma Gandhi, "the very spirit of India lives in her villages so there is need of redressal of every grievance of the every village wherein the main component is rural woman* Therefore the strong India can be built only through the strengthening of rural women through providing them autonomy at all levels in all fields. Rural woman must be the master of her choices and opportunities

Poverty is deep-rooted in rural India right from the days of British rule started in India-Rural poverty has become contagious malady that spreads easily everywhere, anywhere and all time or any time in the country.

In rural India women disempowerment is the cause as well as effect of poverty so there is need for to break the vicious circle of women-poverty through the empowerment of women by the programmes and supports of Non-Governmental Organizations (NGOs) and Government Organization (GOs).

In my study on self-help groups I have ascertained that the self-help group is an innovative anti-poverty programme. So I felt that the rural women be empowered through the strengthening of self-help group movement with the support of national policies and programmes to reduce the incidence or head-counts of rural poverty to the negligible extent, if not possible to root it out completely. As 'poverty thy name is women' and so 'empowerment thy name is woman'. The women empowerment is as good as rural empowerment. The women are the pivot of all socio-economic activities in rural area. The solution to rural poverty definitely starts with the empowerment: of rural women.

CONCEPT OF SELF-HELP GROUP (SHG)

Self Help Groups are an alternative. They are a vehicle for very poor people to build up some savings. Through mutual support, they can provide members with small loans for business purposes or in times of financial stress (ILO 2006). The 'Self-Help Group' (SHG) is an informal organization of up to 20 persons from the poorer section of the village society, organized, owned, operated and controlled by the members, based on solidarity, reciprocity, common interest and resource pooling. H.H .Uliveppa and M.N, Siddalingappanavar defined self-help groups in a more précised words as "A Self-Help Group is a voluntary informal group of homogeneous rural poor, whose members pool savings and re-lend within the group on need basis. These groups have common perception of need and impulse towards collective activity. These groups promote savings among members and used the pooled resources to meet the emergent needs of members including the consumption needs." Many have contended that it is an Informal organization of homogeneous poor people means the people in the group should be living in poor socio-economic

conditions and they should be from same caste or class or category and place. The poor may be urban or rural; male or female or of any lower economic and social status.

These poor people have no easy access to institutional credit so they pool their saving through the group and re-lend that pooled fund to the needy members by charging low rate of interest. The borrower members use the fund for both productive and consumption purposes. In this context it is aptly explained that the self-help group is a micro-finance institution of the rural credit delivery system. But self-help group is not only the micro finance agency but also the agency of socio-economic development of the poor. Therefore Janaki R. Krishnan says "Self-Help Group is a voluntary non-Governmental organization consisting persons of common interest. Its main object is to improve economic and social status of its members with a thrust on thrift and credit management."

Government of India having realized the power and potential of self-help group approach in alleviating the poverty has started mobilizing the poor women into self-help groups. Further it is also realized the fact that the self-help group is the right approach to achieve rural development through empowering the rural poor women. So N.A. Krishnamurthy and D. Sasi Kumar rightly remarked as "SHGs are concerned with development of women in all respects along with a sound knowledge about their rights and duties. Women are to be given more exposure in social, economic political, educational and technical aspects"

In the context of rural development within the framework of the development of the country, it is resumed that a self-help group is an informal association of rural poor women, who have come forward voluntarily to work for their own economic, social and democratic development. It provides the rural poor with the means of economic and entitlements. In more precise way, the self-help group is the appropriate approach to empower the rural poor women who are the paradigm of rural development through eradication of rural poverty in particular and sustainable development of the country in general.

FEATURES OF SELF-HELP GROUP

The more comprehensive concept of Self-Help Group serves to underline the principle, "of the people, by the people and for the people." The elaborative studies on Self-Help Groups have analyzed the main features of Self-Help Groups as:

- (i) It is built on participants own internal resources.
- (ii) It is a voluntary informal association of homogeneous or common group who have common needs and problems.
- (iii) Its size of membership varies between 10 -20 members,
- (iv) Rules, goals and objectives of the Self-Help Group are well known to its members (v) An external facilitator like NGOs, may facilitate the formation and activation of the group but its members control it
- (viii) The groups usually create a common fund by contributing their small savings on a regular basis.
- (ix) Most of the groups by themselves or with the help of facilitators evolve flexible system of working and managing their pooled resources in a democratic way
- (x) Every member of the group participates in decision making.
- (xi) The members of the group meet periodically to discuss and decide the matters and sanction loans to the members. In the matter of limited resources, claims will be settled by consensus.
- (xii) Collective responsibility of the entire member to repay the loan borrowed from outside sources.
- (xiii) It may be registered or unregistered group.

GUIDING PRINCIPLES OF SELF-HELP GROUPS

Following guiding principles are formulated to regulate the functioning of the Self-Help Groups and the groups should keep them in view:

- I. Generally the Self-Help Group may consist of 10 to 20 members

- II. The members should belong to the families below the poverty line.
- III. The members are bounded by group management norms.
- IV. There should be regular meeting weekly or fortnightly; it should function in democratic way; members are free to exchange the views and members should participate in decision making,
- V. Meetings should be conducted as per agenda. The group should collect the minimum voluntary savings amount from all the members regularly in group meeting and so collected fund is called 'Group Corpus Fund' The group corpus fund should be used to advance loans to the members according to the group norms related to loan sanction, repayment schedule and interest rate.
- VI. All the members should participate in decision making.
- VII. The group should maintain simple basic records such as Minute Book, Attendance register, Loan Register, General Ledger, Cash Book, Bank Pass Book and Individual Pass Books. There must be transparency in Book keeping and maintaining of records.

FORMATION OF SELF-HELP GROUP

Non-Governmental Organizations (NGOs), Social Workers, Health Workers, Village Level Workers, Informal Association of local people, Development Oriented Government Departments Banks, Formers' Clubs under Vikas Volunteer Vahini (VVV) programmes of NABARD and other development institutions would help the poor to form self-help groups.

As observed A. A. Raheem and M.A Jamal 75% of Self-Help Groups have been formed by NGOs and they are continuously supported by NGOs. These SHGs formed by NGOs are not only for access to bank loans but also to achieve other development goals through joint actions like education, health, family planning, access to land and water, forming a social movement of women etc. Further they contended that the banking system also formed financial Self-Help Groups to help the group members to get access to banking services like savings and credit to improve their economic conditions. And similarly, some community based

organizations like farmers' club, local bodies and field level workers of Government agencies also formed the Self-Help Groups as strategy to fight poverty in India.

In India, over 90% of SHGs are being promoted by development agencies and NGOs.

CATEGORIZATION OF SELF-HELP GROUPS

On the basis of nature, function, structure and formation of Self-Help Groups, generally, they may be categorized as:

(I) Gender based classification:

We can classify the Self-Help Groups into three types viz.

- (i) Women Self-Help Groups (WSHGs): Only women are the members. There are more popular groups all over the country. They are made more concentrative on rural development programmes
- (ii) Men Self-Help Groups (MSHGs): Only men are the members of the group. These groups are not so popular in the country because the male members always engaged in one or other work and they use to go outside the village.
- (iii) Mixed Self-Help Groups (MXSHGs): Men and Women from homogeneous group are the members of the group. But as there are always clashes or conflicts among such members on decision making these groups cannot survive.

(II) Linkage-Programme based SHGs:

We can classify the Self-Help Groups into three types on the basis of their linkage with the type of programme:

- (i) Self-Help Groups with Banking Linkage Programmes: These groups are formed by the NGOs or the banks to enable the poor to have easy access to institutional credit. They act only as micro-finance institutions.
- (ii) Self-Help Groups with Development Linkage Programmes: Government Organizations (GOs) or the Government Departments actively form Self-Help Groups to carry out their developmental programmes like urban

development, rural development, irrigation development, public health, forest development etc.

- (iii) Self Formed Self-Help Groups: Some enthusiastic persons of the same class or category voluntarily form their own group for mutual help and to carry-out some work or programme for their betterment socially, economically politically and culturally.

(III) Location- Based Self-Help Groups:

If the group is located in urban area it is called Urban Self-Help Groups or if it is located in rural area, it is called Rural Self-Help Groups.

STRUCTURE AND ORGANIZATIONAL SET-UP OF SHGs

A good Self-Help Group should have its structure and organizational set-up as:

- (a) Homogeneous Membership: The members of the SHG should be from same socio-economic background. There must be common taste and preference.
- (b) No Discrimination: Among members there should not be any discrimination based on caste, religion or political affiliations,
- (c) Small Membership: The group size should be ideal comprising of 15 to 20 members
- (d) Regular Attendance: There should be regular' attendance of members in meetings and decision-making,
- (e) Transparency: All financial and non-financial transactions should be transparent,
- (f) Set of Bye-laws: The Self-Help Group may discuss and finalize a set of bye-laws indicating rules and regulations, objectives, functions, powers etc. of the group, animator, representatives and members.
- (g) Thriftiness: The member should be inculcated with the habit of regular savings which helps to build up strong common fund.

- (h) Utilizing savings for loaning: The group should utilize the so saved common fund for loaning to the needy members. The borrower should repay the loan interest as per schedule,
- (i) Administrative Set-up of SHGs: For efficient and smooth management of the Self-Help Group, the group members elect two or three representative like Animator, representative-1 and representative-2, who are rotated periodically. The member pays monthly subscription to meet administrative expenditures. Usually members monthly saving ranges between Rs.50 to 100.

OBJECTIVES AND FUNCTIONS OF SELF HELP GROUP

O.D. Heggade, H. Geetha, H. Uliveppa, Siddalingappanavar and others all have aptly and generally observed in their studies on the various aspects of Self-Help Groups in India that the basic objective of the Self-Help Groups is to act as the forum for the members, the poor, to provide space and support to each other, N.A. Krishnamurthy and K.M Suresh have keenly observed the basic objectives the Self-Help Groups as "It also enables the members to learn how to incorporate and work in a group environment... provides savings mechanism. It also provides a cost-effective delivery mechanism for small credit to its members" Moreover, the basic objectives of the Self-Help Groups are:

- (i) To promote the habit of 'Self-Help-Mutual Help' approach and attitude among the poor, particularly among the rural, women.
- (ii) To enable the poor, including rural poor women, to participate in the mainstream of the developmental activities.
- (iii) To promote entrepreneurship among poor, more particularly among rural women.
- (iv) To promote saving and investment habits among the members.
- (v) To promote and facilitate credit linkage with credit institutions like bank and thereby lending loans to members on easy terms.
- (vi) To empower the women socially, politically and economically.

(vii) Solving the individual personal problems of members.

In addition to these basic objectives, the Self-Help Groups perform various functions. As found out by the earlier researchers, the main functions of the groups are:

- (i) Strengthening confidence, capacity building and imparting skills
- (ii) Increasing income of the group as well as members
- (iii) Enhancing investment in human capital through training, workshop etc.
- (iv) Improving quality of life through better practice of health and hygiene
- (v) Mobilizing of human capital, financial and other resources for overall development
- (vi) Acting as linkage with banks for easy access to credit.
- (vii) Establishing linkage with the developmental agencies of the Government as a part of the development process.
- (viii) Maintaining transparency in every aspect and transactions of the group.
- (ix) Retaining of members
- (x) Empowering of members and
- (xi) To build common fund slowly and systematically.

Moreover, it is a general remark passed on the general observation on the function of Self-Help Groups all over India is that the Self-Help Groups are functioning as the agent of development at grass-root level and as primary units in the process of development of the country.

AN ASSESSMENT OF ROLE OF SHGS IN WOMEN EMPOWERMENT

The recent studies on development issues, endorsed aptly that the sustainable development can be made possible by making women an equally important paradigm of the development process. Thence the more stress has been given on the empowerment of women, particularly rural women by our planners. The Self-Help

Groups movement in the country made the mission of women empowerment successful everywhere.

Vigneshwar Swami, Girija Srinivas, K.Sivachithappa and others have made certain general observations on the components of women empowerment through Self-Help Groups studies. No doubt Self-Help Group movement is a group approach to empower the women in rural as well as in urban area, particularly the women from households below the poverty line. The most identified Self-Help Groups role in empowerment of women are:

First of all, the Self-Help Groups provide the poor women the access to economic resources like money and herby they enable the women to spend them on productive and consumption needs.

Moreover, the Self-Help Groups enable the women to participate in decision-making on economic and financial issue like family financial needs, supplementing of family income, consumption pattern, rising of loan, sale and mortgage of assets etc. Besides, the Self-Help Groups enhance the economic and social status of women at family and society level.

In addition to that the groups give the women the opportunities of self-development through imparting them education, training and the practical knowledge. Working in the group is an opportunity for women to develop her.

Other than that the Self-Help Groups enable the women to participate in socio-political decision making at local level through their participation in village Gram Sabha, Panchayat meetings, and political activities.

Over and above, the groups change the woman from housekeeper to organizer, manager, and decision-maker. Women learn skill and ability from the group activities.

Last but not the least, the groups change the outlook of the women. As it brings unity and integrity among the members, it avoids or removes any type of disparities like caste, religion, language, age, etc. It improves general welfare of family and community.

Kudumbasree An Introduction

Kudumbasree is the poverty eradication and women empowerment programme implemented by the State Poverty Eradication Mission (SPEM) of the Government of Kerala. The name Kudumbasree in Malayalam language means 'prosperity of the family'. The name represents 'Kudumbasree Mission' or SPEM as well as the Kudumbasree Community Network. What is commonly referred to as 'Kudumbasree' could mean either the Kudumbasree Community Network, or the Kudumbasree Mission, or both.

Kudumbasree was set up in 1997 following the recommendations of a three member Task Force appointed by the State government. Its formation was in the context of the devolution of powers to the Panchayat Raj Institutions (PRIs) in Kerala, and the Peoples' Plan Campaign, which attempted to draw up the Ninth Plan of the local governments from below through the PRIs.

Kudumbasree has a three-tier structure for its women community network, with Neighbourhood Groups (NHGs) at the lowest level, Area Development Societies (ADS) at the middle level, and Community Development Societies (CDS) at the local government level. The community structure that Kudumbasree accepted is the one that evolved from the experiments in Alappuzha Municipality and Malappuram in early 1990s.

Kudumbasree community network was extended to cover the entire State in three phases during 2000-2002. The Kudumbasree network by 15th March 2017 had 2,77,175 NHGs affiliated to 19,854 ADSs and 1073 CDSs with a total membership of 43,06,976 women. Kudumbasree membership is open to all adult women, limited to one membership per family.

In 2011, the Ministry of Rural Development (MoRD), Government of India recognised Kudumbasree as the State Rural Livelihoods Mission (SRLM) under the National Rural Livelihoods Mission (NRLM).

Kudumbasree Community Network

Kudumbasree is essentially a community network that covers the entire State of Kerala. It consists of a three tier structure with Neighbourhood Groups (NHGs) as primary level units, Area Development Societies (ADS) at the ward level, and Community Development Societies (CDS) at the local government level. It is arguably one of the largest women's networks in the world. While the community network is formed around the central themes of poverty eradication and women empowerment, its main features include democratic leadership, and support structures formed from the 'Kudumbasree family'.

Neighbourhood Groups (NHG)

Neighbourhood Groups (NHGs) are the primary units of the Kudumbasree community organization. Ten to twenty women from a neighbourhood form a NHG. The membership, structure, and functions of the NHGs are bound by the byelaws of Kudumbasree CDS.

Membership

Membership is open to all adult women, and limited to a single membership per household. If a woman leaves the NHG, another woman from the family can be given membership. Even though membership is limited to one woman per family, other women can also participate in the discussions held at the NHG; they can also attend the training and development programmes that the NHG or ADS organizes.

All the poor families are to be members of the NHG formed in that neighbourhood; the economic state of families – whether they are poor or not – is decided based on the standards that the government fixes from time to time.

While membership is open to women of all families, the benefits under government programmes or programmes of other agencies including financial assistance meant for poor families and families belonging to Scheduled Castes (SC) and Scheduled Tribes (ST) are limited to women from families belonging to these categories. Women whose families have come out of Below-Poverty-Line (BPL) status after taking membership can continue with the membership.

Special NHGs can be formed for the people with impaired speech and hearing, visually challenged persons, physically or mentally challenged persons, people who have been tested HIV positive (or AIDS affected), and destitute families. These NHGs are to be formed with the permission of the government and once formed, will enjoy the same status as any NHG.

Special NHGs can be formed for Scheduled Tribe (ST) communities. If necessary, special ADS covering such special NHGs can also be formed with the permission of the State Mission. Special NHGs can also be formed for mothers of mentally-challenged children or those living with people with special needs.

Women Self-Help Groups formed under central and State government schemes such as *Swarnajayanti Gram SwarozgarYojana* (SGSY) are accorded the same status as that of NHGs under the Kudumbashree community network and affiliated to the CDS subject to the following conditions.

1. Such groups agree to abide by the Kudumbashree byelaws.
2. The groups democratically elect their Executive Committees.
3. The groups open bank accounts before applying for affiliation.
4. The groups agree to accept the leadership of local governments.
5. The groups accept the right and authority of the local governments and CDS in examining the utilisation of the funds that the local governments or CDS allot to the groups.

Activity groups for taking up economic/ business activities are formed by drawing in members from one or more NHGs; these members will continue to hold their memberships in the respective NHGs and continue to function as other members of the NHGs. The activity groups, however, can claim support under eligible programmes including subsidies.

Membership is given to any woman from the neighbourhood desiring membership in a NHG subject to agreeing to work with the NHG, accepting the byelaws. Once a woman gets membership, she signs in the Membership Register of the NHG.

NHG Structure

The NHG general body includes all its members. NHG elects a five members Executive Committee consisting of the following positions.

- i. President
- ii. Secretary
- iii. Volunteer (Income generation)
- iv. Volunteer (Health and Education)
- v. Volunteer (Infrastructure)

Every NHG elects its Executive Committee in special 'election general body meeting' in which only members can participate.

Either president or secretary of an NHG has to be compulsorily a member of a poor (BPL) family. Members from APL families can assume both the roles only in case of absence of members from BPL families. Eligibility for election to the position of president and secretary is limited to two consecutive terms.

NHG - Functions

- Regular weekly meetings; secretaries of NHGs are expected to keep updated minutes-books showing details of all meetings.
- Running thrift and credit scheme; NHGs decide on an amount which members should bring for weekly meetings. This money is added to a thrift account. NHGs run an internal lending programme using the money thus saved.
- Maintaining bank account: Every NHG opens a bank account operated jointly by the president and secretary of the group; NHGs can open savings accounts in nationalised, commercial or cooperative banks. All receipts including those of savings are deposited in the bank account on the next working day.

- Account keeping and records: NHG keeps minutes-book, membership register, finance register, consolidation register, passbook, documents relating to affiliation, and other files in formats prescribed by the Mission.
- Participation in *Gram Sabha* and general neighbourhood group meetings: NHGs take part in the *Gram Sabha* and related meetings.
- Working with local governments: NHGs work closely with the local governments in its general administration, planning, and plan implementation.
- Gender awareness: NHGs take up studies and awareness programmes on gender and women empowerment.
- Social audit: NHGs ensure participation in *Gram Sabha* to facilitate social audit.
- Social action: NHGs take initiative to organise *Balasabha* and similar other programmes.
- Implementation: NHGs plan and implement programmes proposed by the State government and Kudumbasree State and district Missions.
- Basic units of CDS: NHGs work as the basic units of CDSs in realizing the objectives of CDSs.
- Bank linkage: NHG establish bank linkage and avail loans for onward lending to members.
- Training: NHGs organize training programmes to equip members in running thrift and credit and micro enterprises.

Weekly Meetings

In the meeting which decided on the formation of a neighbourhood groups, decisions are taken on the day and time for weekly meetings. NHGs are expected to hold the weekly meetings at the houses of members in rotation. All members are to attend meetings regularly; even though a quorum of 75% attendance has been fixed for meetings, 100% attendance is expected.

Thrift and Credit

In the weekly meetings, members deposit the pre-fixed thrift amount with the secretary and get the corresponding figure entered in the passbook and signed. NHG can issue small loans from the group's savings to its members as per requirement. All decisions are to be taken by consensus or through majority support. All loans are subject to decision of the NHG.

The weekly thrift amount for members is fixed as equal to the weekly savings that the poorest member of the NHG can afford to make. Even though this is the general rule, NHGs may decide to allow reasonable levels of variation in the weekly thrift amount among members. Members who do not have source for savings at all are exempted from weekly savings. However, the exemption is not applicable for membership fee.

In the case of those who have been exempted from weekly savings, their exemption does not prevent them from availing subsidies, financial assistance, and other support provided by the government and other agencies.

Once an NHG is formed, it works for three months with regular meetings and savings by members before it starts internal lending. Loans are approved by consensus or majority decision by the group after examining the demands by members put forward in weekly meetings. It is the prerogative of the group to decide on priority. NHG charges interest on loans at rates decided by the group.

Members are expected to keep high level of discipline in repaying their loans in instalments as fixed by the NHG. In case of default in repayment, the NHG could resort to the following methods.

- Motivating the members to make repayment; CDS members may visit the group to discuss the matter.
- Charging penal interest from defaulters.
- Effecting repayment from the defaulting member's savings.
- Legal steps

In exceptional circumstances when NHGs face financial crisis due to factors beyond their control, CDS may consider steps to support the NHG.

Bank Linkage

NHGs initiate steps to establish bank linkage on completing six months of functioning with regular meetings and savings. The NHGs undergo grading to qualify for bank linkage. Once an NHG is linked with banks, it can avail loan and use the funds to lend to its members. For loans extended to members out of bank loans, repayment terms are fixed based on the repayment requirements of the bank.

Funds

NHGs have their own working fund generated from entry fee, membership fee, and monthly subscription, interest on internal lending, penal interest, donations, and grants. All the funds are included in the accounts of the NHG and money is kept in the bank account.

“There were different kinds of social organisations in existence across Kerala at the time of Kudumbasree's formation. Kudumbasree saw deprivation as a binding factor for women to come together. It (deprivation) is a stronger binding factor than caste, creed, or religion”.

Area Development Society (ADS)

Area Development Society (ADS) is the middle tier of the Kudumbasree community organisation. ADS is formed at the ward level of the local governments. There is a one-to-one correspondence between the wards and ADSs except for the tribal ADSs which are formed with special permission of the government.

In a Gram Panchayat, the ward member is the patron of the ADS. Similarly in Municipalities and Municipal Corporations, ward councillors are patrons of the ADSs. In places where ward development committees exist, ADS works as its sub-committee. ADS is not a registered legal entity.

Membership

All the NHGs within the operational boundary of an ADS that are affiliated to the CDS automatically become members of ADS as well. An NHG can have membership in only one ADS; in rare cases where an NHG has members from more than a ward, the NHG decides on which ADS to take membership in.

ADS is formed if there are at least two Neighbourhood Groups (NHGs) in a ward of a local government. In case a ward has only one NHG, till the time another NHG comes up there, it is affiliated to the ADS in the adjacent ward.

ADS Structure

ADS form its general body is constituted by the presidents, secretaries, and the three volunteers (concerned with income generation, health and education, and infrastructure) of all the neighbourhood groups in its operational area.

ADS has a seven-member Executive Committee elected from its general body. There are three office bearers, elected from among the members of the Executive Committee:

1. ADS chairperson
2. ADS vice chairperson
3. ADS secretary

An individual cannot hold any of the above three positions for more than two consecutive terms.

In addition to the seven members of the Executive Committee, the following ex-officio members are part of the ADS general body and Executive Committee.

ICDS/Anganwadi worker

Saksharata Prerak

Two experienced members co-opted to the Executive Committee from among the former office bearers as per the decision of the current Executive Committee.

Junior Public Health Nurse working in ward.

The size of the Executive Committee has been limited by byelaw (2008) to 15. The Executive Committee after assuming, office decides on the ex-officio members to be included in the committee in the very first meeting itself, so that the latter can start attending the second meeting onwards.

The ADS Executive Committee from among the members of the committee selects three volunteers:

1. Volunteer (Income generation)
2. Volunteer (Health and Education)
3. Volunteer (Infrastructure)

The Executive Committee also decides on the individual responsibility of members in monitoring and supervising NHGs.

ADS - Functions

Functions of ADS include monitoring of NHGs and providing them support on activities including setting up and running micro enterprises. It works as the mid-tier of the community structure and takes a role in information dissemination. They play a development role as directed by the government as well as local governments. ADSs work closely with local governments at ward level. As Gram Sabha is held at the ward level in Kerala, ADSs have important role in conducting them. See Annexure 1 for further details.

ADS – Funds

ADS has its own fund. ADS is entitled to 25% of the annual subscription charges that the CDS gets from the NHGs. Proceeds from ADS activities such as those relating to Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and any other donations or contributions approved by the CDS add to the ADS's working fund. ADS keeps its funds in a bank account jointly operated by the chairperson and secretary; all expenses are made subject to the approval of the Executive Committee.

Community Development Society (CDS)

Community Development Society (CDS) is the apex body of the three-tier Kudumbasree community organisation. It functions at the local government level, in both rural and urban areas. While typically there is a CDS per local government, there can be more CDSs for urban government institutions with relatively large number of NHGs and ADSs.

Objectives

1. To work towards women empowerment, local economic development, and poverty eradication through the three-tier community organisation consisting of Kudumbasree Neighbourhood Groups (NHGs), Area Development Societies (ADS), and Community Development Society (CDS).
2. To look after the expansion of the NHG network, coordination and monitoring of NHGs and ADSs within the local government area.
3. To work as a voluntary apex collective for the social, economic, cultural, and intellectual development of Kudumbasree NHGs.
4. To function as a community monitoring agency in the preparation of development plans of the local governments as well as in their implementation and monitoring.
5. To participate in the activities for strengthening of local self-government institutions and for good governance.
6. To participate in activities relating to strengthening local level planning and for quality improvement.
7. To take part and provide leadership in development planning in areas such as local economic development, poverty eradication, Women Component Plan (WCP), women empowerment, and good governance.
8. To plan and implement local development activities for livelihood enhancement in general and poverty eradication and women's welfare

programmes in particular as entrusted by the local self-government institutions.

9. 10. To provide leadership to NHGs in efficient conduct of thrift and credit programme.
10. To link NHGs with government departments, development agencies of the government, financial institutions and other relevant agencies, help them in availing shares of cooperative institutions, making deposits, and availing credit with the objective of improving the economic independence of the people of the area in general and the NHGs in particular.
11. To encourage and support NHG members in finding self-employment opportunities and managing initiatives in self-employment.
12. To provide training to member families for social and economic empowerment.
13. To take up and implement programmes for local economic development.
14. To engage in activities for ensuring the rights of mentally or physically challenged persons, marginalised sections, and children, and work towards ensuring social justice for them.

Membership

In the case of CDS, members are NHGs, and mode of membership is affiliation of the NHG with the CDS. As per the CDS byelaw (2008), every women Neighbourhood Group within the operational area of a CDS, which agrees to 'abide by the CDS byelaws', and 'functions under the auspices of local governments and as per the guidelines of central and State governments and Kudumbasree Mission' is eligible for affiliation.

The NHG seeking affiliation fills up an 'affiliation form' and submits it to CDS through ADS. The NHG is liable to pay an affiliation fee and annual subscription at rates fixed by the State government. NHG gets an 'affiliation certificate' on completing the process for affiliation. Each NHG has a unique

‘affiliation number’, which is recorded in the ‘affiliation certificate’. CDS keeps an ‘affiliation register’ with details of affiliated NGOs.

Only the Kudumbasree women NHGs working under the auspices of the local government are eligible for affiliation. Other women Self-Help Groups promoted by any government agency or local self-government institutions should be brought into the Kudumbasree CDS structure before affiliating them.

CDS – Structure

The upper limit for the number of ADSs that can be affiliated to a CDS is 30; when there are 31 or more ADSs, more CDSs are formed. The CDS general body is composed of all the members of the seven-member Executive Committees of all the ADSs within the local government area (or the operational area of the CDS if there are more CDSs).

CDS Executive Committee consists of one representative of every ADS within its area. The number of members in the Executive Committee is equal to the number of ADSs.

Executive Committees of all the ADSs hold special meetings to elect their representative to the CDS Executive Committee. The Executive Committee of the CDS selects two office bearers – Chairperson and Vice Chairperson. An individual can hold either of these positions only for a maximum of two consecutive terms of three years each.

In addition, the member secretary is the ex-officio member of the Executive Committee. The local government nominates an appropriate official as member secretary as per the directions of the State government. Typically it is the Assistant Secretary of the Gram Panchayat who would be nominated as the CDS member secretary. In places where there is no Assistant Secretary, the Panchayat may nominate Village Extension Officer (VEO) to the post.

Other ex-officio members of the CDS Executive Committee and general body are:

Five women ward members / councillors nominated by the local government.

Two experience former office bearers of the CDS, selected by the current Executive Committee.

In addition to the two ex-officio members typically selected by the Executive Committee in its first meeting after election, CDS can bring in appropriate officials as invitees to the committee. Each member of the Executive Committee gets the responsibility of an ADS; this is allotted in the first meeting of the committee. Volunteers (for income generation, health and education, and infrastructure) are also selected in the first meeting.

As per the CDS bye-laws, proportionate SC/ST participation is to be ensured in the general bodies and Executive Committees of CDS and ADSs.

CDS – Functions

As the third tier of the community network, CDS has the responsibility to monitor the activities of the NHGs and ADSs affiliated to it. In addition, CDS works as a local government level entity of women and works closely with local governments in development programmes. The role of CDS has been institutionalised in the processes for plan formulation and implementation at the local governments. CDSs have capacity building and awareness building roles; they also have a definite role in women empowerment.

CDS – Funds

Kudumbasree CDS has a working fund of its own. Entry fee/ affiliation fee, annual subscription, donations, grant received from government, the three-tier local government, other organisations, individuals, and financial institutions, earnings from economic activities, and incomes from regular activities are added to the working fund.

CDS keeps its savings account in a nationalised, commercial, or cooperative bank. The account is jointly operated by the chairperson and member secretary subject to approvals and decisions by the Executive Committee.

Evaluation Committee

Evaluation Committee is formed at the local government level with the president or chairperson of the Local Self-Government Institution as chairperson. CDS chairperson is the secretary of the Evaluation Committee; the CDS member secretary is its convenor. In municipal corporations with more than one CDS, the corporation council decides on the secretary and convenor of the Evaluation Committee.

It is the responsibility of the local government to form the Evaluation Committee along with conducting elections to the CDS Executive Committee.

The Evaluation Committee has the following members; the size of the committee is 25 for rural and 40 for urban local governments.

1. Secretary of the local government
2. CDS chairperson(s)
3. The women ward members/ councillors nominated to the CDS by the local government
4. Department heads and programme heads under the local government
5. Two former CDS office bearers who are ex-officio members of the CDS
6. The three volunteers of the CDS (income generation, health and education, infrastructure)
7. Representatives of financial institutions
8. Chairpersons of Welfare Standing Committee and Development Standing Committee of the local government
9. All the members of the local government Steering Committee (the committee consisting of the chairpersons of all the Standing Committees), and convenors of the five Standing Committees of the CDS (Thrift and Credit, Micro Enterprises, Social Development, Infrastructure, Employment Guarantee Scheme).

Evaluation Committee – Roles and Responsibilities

1. **Monitoring of CDS Action Plan:** Monitoring of implementation of various poverty eradication schemes by the CDS against the CDS action plan and providing support for rectifying deficiencies, course correction, and leadership wherever required.
2. **Strengthening of CDS:** Supporting and strengthening CDS as the main agency for planning and implementation of poverty eradication schemes of the local government, government agencies, and quasi-government agencies. The Evaluation Committee is also expected to encourage CDS in democratic decision making and efforts in women empowerment.
3. **Coordination and Back-stopping:** Working as the coordinating agency for the action plans in sectors that CDS associates with in local level development programmes within the local government's jurisdiction. Evaluation Committee is expected to ensure that the services of the officials and resources available within the institutions transferred to the local governments are available to the CDS for programme implementation.
4. **Linkages:** Helping CDS in accessing the services of experts, techno-economic agencies, and voluntary organisations.
5. **Micro Enterprise Promotion:** Supporting CDS in exploring opportunities for promoting micro enterprises for local economic development and in finding market for the products of micro enterprises.

Kudumbasree Mission

Kudumbasree Mission refers to the State Poverty Eradication Mission (SPEM) of the Government of Kerala. It is a registered society under the Travancore Cochin Literary, Scientific and Charitable Societies Act 1955.

Mission Statement of Kudumbasree

‘To eradicate absolute poverty in ten years through concerted community action under the leadership of local governments, by facilitating organisation of poor for combining self-help with demand-led convergence of available services and

resources to tackle the multiple dimensions and manifestations of poverty holistically’.

Roles and Functions of the Mission

The Mission looks after the overall implementation of the poverty eradication and women empowerment programme across the State. It provides guidance and direction to the programmes as per the government policy. The Mission takes the lead in ensuring convergence of the community network with local self-government institutions. It also works as the platform for partnerships with government departments at the district and State levels.

The Mission’s functions include the expansion and promotion of the community network. It supports programmes in economic and social empowerment through financial and technical assistance. The mission also works towards enhancing women’s citizenship and agency through women empowerment programmes.

The Mission - Governance and Administration

Governance of the Mission is with the Governing Body chaired by the Minister for Local Self-Government, Government of Kerala. Principal Secretary, Department of Local Self-Government is the vice chairperson and the Executive Director of Kudumbasree Mission is its convenor. The Governing Body has representatives of the three layers of PRIs, different government departments, the State Planning Board, State Women’s Commission, and NABARD as members.

Members of the Governing Body

Minister for Local Self-Government, Government of Kerala – Chairperson, Principal Secretary, Department of Local Self-Government – Vice Chairperson, Representatives of mayors, municipal chairpersons, District Panchayat presidents, Block Panchayat presidents, Gram Panchayat residents, District Collectors. Secretaries to Government of Kerala, Finance, Local Self-government, Social Welfare, SC and ST Welfare, Health and Family Welfare, General Education Directors of Panchayat and Urban Affairs Member Secretary, State Planning Board

Chief General Manager, National Bank for Agriculture and Rural Development (NABARD)

Chairperson, State Women's Commission, Two nominees of the State government, There is an Executive Committee to oversee the Mission's administration. The Principal Secretary, Department of Local Self-Government is its chairperson and the Executive Director of Kudumbasree Mission is its convenor. The Executive Committee, unlike the Governing Body, consists mainly of officers.

Members of the Executive Committee

Principal Secretary, Department of Local Self-Government – Chairperson, Director of Panchayats, Representative of the Department of Finance, Director, Urban Affairs, Commissioner for Rural Development, Nominee of the State Government, Executive Director, Kudumbasree – Convenor.

The Mission Structure

The Mission structure consists of the State Mission and 14 District Missions. The State Mission is structured into three divisions – Systems Support, Organisation and Social Development, and Livelihood Development.

District Mission Coordinators head the District Missions; there are Assistant Mission Coordinators under them looking after different thematic areas.

Support Structures

The Mission has different types of community support structures for various programmes ranging from development of community network to enterprise promotion. Members of these support structures are either Kudumbasree members or members of 'Kudumbasree family'. Kudumbasree Mission selects and mentors these members through different processes including training programmes and practice.

Resource Persons (RPs): The primary role of Resource Persons is capacity building at various levels. There are General RPs and Special Focus RPs; Special Focus RPs specialise on thematic areas such as Urban Projects, Gender, and Children.

Training Groups: The Mission has set up Training Groups for providing various training programmes in a range of themes including organisation management and enterprise development.

Micro Enterprise Consultants (MEC): MECs are a pool of community professionals trained for providing business development services to micro enterprises.

Café Management Team: This is a training enterprise that provides specialist training in catering, hospitality management, and restaurant management.

Kudumbasree Accounts and Audit Service Society (KAASS): KAASS provides accounting and auditing services to Kudumbasree community network.

Kudumbasree Programme Domains

Kudumbasree, with its central objectives of poverty eradication and women empowerment, has three strategic domains in which programmes are formulated and rolled out through the community network. The three programme domains are:

Economic Empowerment

Social Empowerment

Women Empowerment

Economic Empowerment

Programmes on the economic Empowerment domain envisage helping the women members and group start and run enterprises. Kudumbashree believes that the spread and growth of such enterprises are critical for local economic development.

The key programmes in Economic Empowerment are:

Micro-Finance

Collective Farming

Livestock Farming

Micro Enterprises

Market Development

Value Chain Based Strategies

Collectives and Consortiums

Social Empowerment

Social empowerment programmes focus on inclusion. There are sections of the poor that are left out of the fold of development programmes including those of the Kudumbashree network. There are sections that are even too weak to be part of the community network. Social Empowerment programmes are steps towards ensuring the inclusion of such vulnerable sections. Major programmes are the following. Destitute Identification and Rehabilitation, Rehabilitation of Mentally Challenged Persons Children's Programmes.

Women Empowerment

Women Empowerment programmes are for the women of the community network. These programmes aim at transforming the community network into an agency of women for their overall empowerment and development. Some of the important initiatives include the following. Gender Self Learning Programme Programmes for Elimination of Violence against Women Interest Subsidy Scheme for Housing Urban Poor (IHSUP). Kudumbasree Mission's role in the urban development and poverty alleviation programmes included the following. Facilitation and sensitisation, Staffing, including hiring of expert services, Empowering urban local governments including Municipal Corporations and Municipalities, Project design, Training Community interface management and mobilisation, Project monitoring.

This study being confined to the women empowerment through self-help groups in Kottayam district of Kerala. For this six panchayaths had been selected as the samples and from each panchayaths three Kudumbasree self-help groups which consists of twenty members had been selected as the case study. Kottayam has a history of 20 years of Kudumbasree activities. It has a good track record of performance under PRI. In Kerala half of the population is women. This must be

counted as one of the most important work force, but unfortunately due to the traditional nature of the society, this potentiality of women were undermined. But the system of Kudumbasree offered them a platform to move and several opportunities for improvement by channelizing their own human resources. It has played a major role in enhancing women's entry into public space. It is clearly noted that the demerits of centralized economic structure can be easily overcome by the participative decentralized economic structure. Moreover the non-benefitted people at the grass root level will be organized and it will boost the bargaining power and the capacity of the women population coming under the vulnerable section.

This study covers different types of empowerment they gained from Kudumbasree activities. First of all the study examined the effect of formal training and education they received from the SHG/NHG activities. Likewise the non-formal, informal education and training they got from the NHG activities also examined. Then it is to be find out the extent of socio political and economic empowerment of the NHG members in the study area. Further the study seeks to investigate into the major problems of NHG operations, and the unique programme of self-help group bank linkage, objectively. The study analyses how far the women at the grass root level in Kottayam district has empowered through the self-help group system and will this empowerment lead to a system of economic democracy or to strengthen the existing democracy by offering the an economic space, poverty eradication and the means of survival and subsistence for the poor women. Primarily it is to be observed that the social, political and economic inclusion will be possible through this system that is why they are getting an open space for socio political life and economic accessibility and availability. The study had been conducted with the help of a systematically designed questionnaire and participative observation.

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