Chapter 8

Conclusion Summary of Findings and Recommendations

Kudumbashree is one of the largest women empowerment projects in the country. It covers more than 50 per cent of the households in Kerala. It is launched by the Government of Kerala in 1998 to eradicate poverty from the State. It functions through concerted community action under the leadership of local self governments. This anti-poverty programme had evolved through a long phase of experimentation. It had created a well knit net work of women in every village, town and city of Kerala. Kudumbashree is envisaged as a mission, a process and a delivery mechanism for the poor. Kudumbashree differs from conventional programmes in that it perceives poverty not just as the deprivation of money, but also as the deprivation of basic rights. It is based on three critical components viz. micro-credit, entrepreneurship and empowerment. The project has succeeded in addressing the basic needs of the less privileged women in the State. It provides them with a more dignified life and a better future.

This study seeks to highlight the performance of the project in the State and also its positive impact on empowerment of the poor women consequent upon their membership in the project.

The study has been undertaken primarily to analyse the operating system of Kudumbashree project in Kerala and to examine the benefits achieved by its members. However the following are the specific objectives of the study.

1. To examine the structure and administrative aspects of the Kudumbashree project.
2. To study the problems associated with the maintenance of records and accounts of NHGs.
3. To identify the factors which determine the general health of the NHGs.
4. To examine the thrift-credit and linkage banking operations of the Kudumbashree project.
5. To examine the working of the micro enterprises undertaken by the Kudumbashree project.
6. To measure the extent of empowerment achieved by the members of the project.
7. To offer suggestions on the basis of the findings of the study.

The present study is an empirical one based on survey method. Data for the study have been collected from both primary and secondary sources. The primary data were collected from ordinary members and leaders of NHGs. For collection of data two different interview schedules were developed after making a pilot study in the southern region. For the selection of the sample, a multi-stage random sampling technique was used. In the first stage, universe of the study is divided into three regions: Southern region (Thiruvananthapuram, Kollam, Pathanamthitta and Alappuzha districts), Central region (Kottayam, Idukki, Ernakulam, Thrissur and Palakkad districts) and the Northern region (Malappuram, Kozhikkode, Wayanad, Kannur and Kasargode districts). As the second stage, one district with the highest number of NHGs in each region concerned ie. Thiruvananthapuram of southern region, Palakkad of central region and Kasargode of Northern region, was selected. Finally a sample of 100 NHGs and three respondents, consisting of two ordinary members and one office bearer per sample NHG, were selected from each district on random base. Hence the samples for the study include 300 NHGs and 900 respondents, consisting of 600 ordinary members and 300 leaders.

The secondary data were collected from various publications of State Planning Board, State Poverty Eradication Mission, and Districts Kudumbashree Mission. Books, articles, working papers, study reports, websites etc. were also used.

The primary data collected were edited, classified and analysed with the help of computer by using SPSS keeping in view the objectives of the study. For analysis of data, mathematical tools like averages, ratios and percentages, statistical tools like Chi-square test, Z test, F test, t test, Fisher’s exact test and spearman’s rank correlation and logistic regression analysis were used.

This chapter is presented in three divisions viz.
Division 1 Conclusion

This part presents the conclusions of emerged from the various chapters.

In chapter two an attempt is made to present the studies and reports conducted in the topic by different individuals, agencies and institutions. The objective of literature review is to understand the present status of Kudumbashree project in the state of Kerala and to identify the research gap. The available literature is presented in a simple and lucid style in the chronological order.

Chapter three discussed the historical background and evolution of Kudumbashree project. It gives an outline of the key features, objectives, community based organisational structure, coverage, and important programmes of the project. The management and control of Kudumbashree Mission and the role of Kudumbashree as a decentralizing agency are also given in the chapter.

Chapter four explored in detail the general functioning and management of NHGs. The analysis with regard to membership, leadership in the management of NHGs, weekly meeting, record maintenance and group audit was carried out to evaluate the performance of the units. The effectiveness of the membership was analysed on the basis of several sub variables like size of membership, poverty status of members, caste composition of members, drop out of members and reasons for drop outs. As leadership rotation is a pre-condition for ensuring livelihood in the NHG functioning, it was analysed on the basis of the number of times the reconstitution took place and also the age of the prevailing committees. Besides, the mean number of members who occupied the leadership position was also examined. As the project aims at empowerment of women exclusively belonging to BPL families, their involvement in the management process was also analysed. Caste wise representation in the leadership positions was another area of concern.
To analyse the effectiveness of the meeting that determines the quality, vibrancy and sustainability of NHGs, the variables used are regularity of meeting, duration of meeting, attendance level in the meeting, participation level in the decision making process and practice of reading minutes. Proper maintenance and updating of books of accounts as also other essential records being an integral part of the successful running of NHGs, their quality has been examined. Audit being another important area of concern for strengthening the group activities, the audit coverage and nature of audit exercised by the NHGs were analysed. The study highlighted several shortcomings in the general functioning and management of the NHGs. Most of the NHGs were found to deviate, at varying levels, from the guidelines stipulated by the Kudumbashree Mission.

Chapter five analyzed the thrift-credit operations of the NHGs based on four variables viz. thrift operations, internal lending, linkage banking and utilization of corpus fund. The study concluded that the Kudumbashree had been successful in facilitating the poor to save. It was particularly evident from the mean thrift balance of the NHGs. The efficiency of the thrift operations was examined by using various sub variables like volume of thrift savings, weekly thrift rate, default in payment of weekly thrift, withdrawal of thrift and practice of depositing weekly savings into the bank. The internal lending facilitated cost-effective and easy credit to the poor. The progress in this segment was also found remarkable as evident from the mean cumulative internal loan. Besides the mean cumulative internal loans, the other factors considered for measuring the efficiency of the intra-loaning activities of the NHGs were rate of interest on internal loans and arrear of loan repayment. Moreover the various options provided to the internal loan defaulters were also analysed. As regards linkage banking, a quite disappointing picture was revealed. The status of NHGs in regard to linkage and mean amount of loan was examined for the purpose. On examining the effectiveness of the corpus fund utilization, a favorable picture was noticed. For the purpose, the velocity of internal lending and the level of idle funds were considered. The study revealed several unwarranted practices associated with the thrift-credit operations that hindered the progress of the project.
Chapter six analysed the performance of the micro enterprise units operated under the project. The study clearly found that though micro enterprise scheme has evolved as a means of poverty alleviation, it had not so far developed as a popular device to serve the purpose. On examining the units, it was revealed that they are heterogeneous in nature in terms of their type, investment pattern, age, activity, nature of permanency and place of business. The performance evaluation was carried out type wise, activity wise, subsidy support wise and district-wise. The variables used for the study were guidance for formation of micro enterprises, amounts of investment, annual sales turn over, profit, employment generated and problems and constraints. The analysis revealed the failure of several units in attaining the sales turn over and profit as envisaged by the project. The units were found to suffer various problems and constraints that make them inefficient and non-viable. The most common problem was insufficient infrastructure facilities.

Chapter seven analysed the impact of Kudumbashree project on its members. The participation of the poor households in the project resulted in their empowerment both in the economic and non-economic dimensions. The economic impact was proved from the analysis of the thrift-credit operations in chapter five. Moreover, the micro enterprise activities analysed in chapter six also highlighted the economic impact accrued to the members of the project. The variables used in this chapter for analyzing the non-economic impact are mobility, recognition in family, recognition in community, interaction with outsiders, knowledge about women’s rights, access to sanitation facility, spousal and family relationship, skills development, nutrition awareness, access to government schemes, community participation, health awareness and access to health services, decision making power, confidence and political awareness. The study revealed positive changes in all those empowerment indices at varying levels. It was also found that region is the leading and most significant predictor that influenced positive qualitative changes in various dimensions in the lives of the members, followed by nature of membership and educational qualifications. Region influenced a great majority of the empowerment indices, while nature of membership and educational qualifications influenced two each. Moreover it was found that the relative impact among the different categories of respondents, based on membership duration,
caste and region, are similar. However, the nature of impact as between ordinary members and leaders differ significantly.

Division 2 Findings

The major findings emerged from the analysis of the primary data are presented below.

Chapter 4 - Assessment of NHGs

Size of membership

NHGs without ideal membership size were found to exist. NHGs with too small membership size of nine and also with too large membership size of 68 are functioning. Moreover the average size falls below the minimum as prescribed by the Kudumbashree project.

Poverty status of members

The criteria for membership in regard to poverty status are overlooked in all the NHGs. None of the NHGs is functioning exclusively with BPL members. On the other hand NHGs exclusively with APL members are operating. Moreover, the APL category represents nearly one fourth of the total membership. Significant variations in the poverty status of members were revealed among different categories of NHGs, based on membership size and district of operation.

Caste of members

The study revealed that majority of the Kudumbashree members belong to OBC category. In regard to the caste of members, highly significant variations were observed across the different categories of NHGs, based on age, membership size and district of operation.

Drop out of members

A lion’s share of NHGs (77 per cent) has experienced the problem of drop out of members. It is also noticed that the difference in dropouts according to age
and region are highly significant. The drop out rate is exceptionally high in Kozhikkode district.

**Reasons for drop out**

The most common reason for dropping out of members was migration as the majority of the NHGs reported it. However the leading cause is found to be the conflict among the members.

**Rotation of leadership**

In several cases failure in effecting leadership rotation as stipulated by Kudumbashree Mission is noticed. It is evident from the fact that 21.9 per cent and 41.1 per cent of more than 4 year old NHGs and 2-4 year old NHGs respectively continue to function with the initially constituted committee. The difference in this regard among different categories of NHGs based on age and district of operation is found to be highly significant.

**Poverty status of leaders**

An unhealthy picture is observed in regard to the poverty status of members who assumed the role of leaders ever since the formation of the NHGs. Even a disproportionate presence of APL category in the committee is noticed. The BPL category does not assume the leadership position at par with their membership size in the NHGs. Wide variation do exist in regard to the poverty status of leaders.

**Caste of leaders**

The general category is found to have an upper hand in the management of the NHGs. They have occupied 31.1 per cent of the leadership positions as against their membership size of 25 per cent. The NHGs failed to accommodate both the SC/ST and OBC categories in the managing committee at par with their membership size.

**Regularity of meeting**

A great majority of NHGs are regularly conducting the meeting as scheduled. No significant age wise and region wise difference in this regard is
noticed. However, the variations among different categories based on size of NHGs are highly significant.

**Duration of meeting**

A substantial number of NHGs failed to ensure reasonable duration for its weekly meetings. Even namesake meetings lasting for less than 30 minutes were noticed. The difference in the duration of meetings among different categories of NHGs based on membership size was found to be highly significant.

**Attendance level of weekly meeting**

The attendance levels of the weekly meetings are unsatisfactory. A substantial number of NHGs revealed a low level of attendance of less than 65 per cent. Moreover, NHGs with an average attendance level of less than 50 per cent in the weekly meetings are also operating. Of the total NHGs, 19.4 per cent alone showed a satisfactory level of 80 per cent and above. The study further revealed that there is significant variation in regard to the level of attendance among the different categories of NHGs based on membership size and district of operation.

**Participation of members in the decision making process**

The level of active participation of the members in the decision making process is found to be quite discouraging. An overwhelming majority of NHGs failed to ensure a satisfactory level of participation of members in the decision making process. Among the districts, relatively better position was found to exist in Thiruvananthapuram district.

**Mode of decision-making**

The mode of decision making in the weekly meetings is very encouraging. In all, except 3.7 percent, NHGs the decisions are taken on consensus.

**Reading of minutes**

A quite substantial number of NHGs (35.3 per cent) are not following the practice of recording and reading the minutes of the meeting. This is particularly common among the old aged NHGs. Almost two-third of the NHGs in Kozhikkode
district failed in regard to the maintenance and reading of minutes. Moreover, significant regional variations were also observed in this regard.

**Discussions of social issues or community problems**

The practice of discussing social issues/community problems, a symbol of vibrancy of NHGs, is absent in most of the NHGs (72.7 per cent). This discouraging scene is found to be common irrespective of the age and membership size of the units. However, significant regional variation exists in this regard.

**Maintenance of mandatory records**

Astounding results were found in regard to the maintenance of mandatory records. Nearly 80 per cent units failed in maintaining all the mandatory records as updated. Irrespective of the age, membership size and region of operation of NHGs, this unfair practice is prevailing. There is not even a single mandatory record that is being maintained properly by all the units. None of the registers, except individual passbook, is found to be maintained properly even by half the sample units. Moreover, NHGs without maintaining one or more of the mandatory records are also found functioning. The non-maintenance was found highest in the case of monthly-consolidated accounts followed by Samahritha register, loan register, membership register, minutes book, individual passbook and financial register. No significant variation was noticed in regard to the maintenance of loan register, samahritha register and monthly consolidated accounts across different categories of NHGs based on age, membership size and district of operation. As regards the membership register, significant variation based on membership size, exist. Region wise significant difference was found in regard to the maintenance of financial register, membership register and individual passbook. Age wise difference in regard to individual passbook is also significant.

**Audit**

The audit practices that prevail among the NHGs are not encouraging. Of the sample NHGs, 16.7 are operating without any audit. No age wise and membership size wise significant difference exists in this regard. However significant variations were found out across the regions. Moreover, regular audit is
not a common practice among the NHGs that maintained their accounts audited. Only 9.6 per cent NHGs in this category registered regular annual audit.

Chapter 5 – Thrift Credit Operations

Thrift mobilisation

NHGs have proved as effective financial intermediaries to the poor households in inculcating saving habits among them. They mobilized substantial savings from the poor members. The cumulative savings of NHGs vary from Rs.15060 to Rs. 162000 with a mean of Rs.40953. The study highlighted significant difference in the mean cumulative thrift savings of NHGs based on their age, membership size and region of operation.

Weekly thrift rate

A hike in the average weekly thrift rate was observed. It can be reckoned as an index of successful working of NHGs and a clear indication of the growing confidence of the members in the project. The present weekly thrift rate varies from Rs. 10 to Rs.30 with a mean rate of Rs.12.7 as against the initial rate of Rs.10 to Rs. 25 with a mean rate of Rs.11.2. There is no significant difference in the present as well as initial weekly mean savings rate across the different categories of NHGs based on age, membership size and district.

Thrift arrear

Majority (51.3 per cent) of the NHGs suffers the problem of thrift arrear and there is no significant difference across the different categories of NHGs based on their age, membership size and district of operation in this regard. The average number of defaulters goes on increasing in consonance with the age of NHGs. This problem is more in large sized NHGs with more than 20 members. Among the districts, the mean number of defaulters was found to be the lowest in Palakkad. The amount of thrift arrear varies from Rs.60 to Rs. 19650. A positive correlation seems to exist between the age of NHGs and mean arrear of thrift savings. The variation in the mean arrear according to age of NHGs and region of operations is significant.
Withdrawal of thrift

Withdrawal of thrift is a common phenomenon among the NHGs. Majority of sample NHGs (80.3 per cent) reported the withdrawal. There exists significant difference in regard to the withdrawal of thrift savings among the different age categories of NHGs. The tendency is very acute among the older NHGs with more than four years old. The tendency of withdrawal is almost uniform among NHGs with different membership sizes. Palakkad had a better performance in retaining the NHGs without thrift withdrawal. The region wise difference is proved to be very significant. There is significant difference in the average number of members registering withdrawal of thrift savings among the different categories of NHGs based on age, membership size and region. This is exceptionally high among the older NHGs with more than four years of age. Large sized NHGs with more than 20 members are in the forefront in this respect. Among the districts, it is found to be the least in Thiruvananthapuram district. The mean withdrawal of thrift savings of older NHGs with more than four years of age was as high as Rs.19364 as against Rs.6955 in case of NHGs with 2-4 years of age and Rs.1300 in case of NHGs with less than 2 years of age. This unwarranted practice was exceptionally high in case of large sized NHGs with more than 20 members in comparison to NHGs with less than 15 members and 15-20 members. Among the districts, Kozhikkode registered top position in this regard. There is significant difference in the mean amount of thrift savings withdrawn among the different categories of NHGs based on age, membership size and region.

Remittance of weekly collection into the bank

Of the sample NHGs, 33.7 per cent alone are strictly following the guidelines of the Kudumbashree Mission in regard to the remittance of weekly collections regularly into the banks. The study further revealed that 3.3 per cent NHGs are operating even without any bank remittance. Old aged units are more prompt in the bank remittance. There exist significant variations among different categories of NHGs, based on membership size and district in regard to the practice of weekly remittance to the bank.
Volume of internal loans

The NHGs appeared as effective financial intermediaries to cater the credit needs of their members through intra-loaning operations. Their role in this arena is proved remarkable. The cumulative internal loans of sample NHGs vary from Rs. 18750 to Rs. 10,24,500 with a mean of Rs. 1,94,955. There is significant difference in regard to the mean cumulative amount of internal loan among the different categories of NHGs, based on age, membership size and district of operation. Among the districts, Palakkad showed an exceptionally lower mean cumulative loan of Rs. 1,22,867 as against Rs. 2,22,850 in Thiruvananthapuram and Rs. 2,39,149 in Kozhikkode districts.

Interest rate of internal loans

The interest rate is not uniform among the NHGs. The study identified few units that are charging exorbitant rate of interest on internal loans. The terminal interest rate varies from 6 per cent to 36 per cent per annum as against the initial rate of 6 per cent to 48 per cent. The common rate prevailing at present is 12 per cent per annum as against 24 per cent initially. There is significant difference in the terminal as well as the initial interest rate across the different categories of NHGs, based on membership size and district. Age wise significant difference in the initial interest rate was also found. However there is no age wise significant difference in the terminal interest rate.

Internal loan repayment performance

Internal loan repayment performance is not satisfactory. Nearly 70 percent NHGs are suffering the problem of arrear of loan repayment. There are wide variations in regard to the presence of internal loan repayment arrear among the different age categories of NHGs. However no such difference is found according to the membership size and district of operation of NHGs. The number of internal loan defaulters varies from one to 18 with a mean of 4.6. The mean internal loan defaulters were found to increase in consonance with the age and membership size of NHGs. However age wise variation alone was found significant. There is significant variation in the mean internal loan arrears of NHGs according to age, size and district of operations. Among the districts, the problem of internal loan
arrear is relatively more in Kozhikkode both in terms of mean number of defaulters and mean amount.

**Options to defaulters of internal loans**

NHGs provide various options to the defaulters to overcome the problem of loan repayment arrear. Extension of the period of the loan without imposing any fine is the most common option provided. The other options in the order of importance are extension of the period with fine, granting new loans to pay off the old loans, adjusting the arrear against the annual interest due to the defaulters and setting aside the arrears against the thrift balance of the defaulters. The study highlighted that the variations among the different categories based on age of NHGs, membership size of NHGs and district of operation are highly significant.

**Linkage banking**

As regards the linkage banking operations of the NHGs, the picture is not encouraging. Nearly two-thirds of the NHGs (62.3 per cent) remain without linkage. Moreover, membership size wise and district-wise significant variations in this regard are noticed. On examination of the mean cumulative linkage loan of NHGs, it was found that it goes on increasing in conformity with the increase in the age of NHGs and size of NHGs. Relatively higher amount was seen in Thiruvananthapuram district.

**Corpus fund of the NHGs**

NHGs are functioning with substantial corpus fund represented by accumulated thrift, undistributed interest on intra-loans and bank deposits, financial assistance from government agencies and unspent balance of miscellaneous receipts like subscription from members, admission fee received from members and fines recovered from members. The study highlighted effective utilization of corpus fund. It is clear from the fact that a lion’s share of the corpus fund remains as internal loans. The idle fund of the NHGs is comparatively nominal and a major portion of the same is found to have deposited with the banks. However in isolated cases the group leaders were found to retain very large sums as high as Rs.36450.
Velocity of internal lending

The study showed very poor performance in the recycling of group funds in several cases. However one third of the NHGs have marked a better VIL of four times and above.

Chapter 6 – Micro Enterprises

General profile of Micro enterprises

Though micro enterprise scheme has evolved as a means of poverty alleviation, it had not so far developed as a popular device to serve the purpose. The general profile of the micro enterprise units reveals that majority (64 per cent) is at the infancy stage of less than 2 years of age and group enterprises are the common type representing 74 per cent of the total. Enterprises that run jointly with more than ten members constitute 46 per cent of the total units. Majority (60 per cent) of the units was found to be outside the subsidy bracket and those without fixed shop constitute 58 per cent of the total units. Food processing sector is found to be the most common type and Palakkad, the leading district of conducting micro enterprises.

Guidance for formation of Micro enterprises

As regards the guidance, it was found that majority (56 per cent) started functioning without any guidance. All, except one, individual enterprises started without any guidance while majority of the group enterprises obtained guidance. Majority of the units with subsidy (63.6 per cent) obtained guidance. All the units under the notebook making, direct marketing and hotel and outdoor catering sectors were found to have started their activities with guidance. Palakkad district outperformed in rendering guidance for the formation of micro enterprises in comparison to Thiruvananthapuram and Kozhikkode districts.

Agency Guided

CDS leaders were prominent in guiding the formation of micro enterprises. They have exclusively guided the group enterprises. Of the units guided by CDS leaders, 87.5 per cent were subsidy backed up units. Among the different sectors,
the guidance of CDS leaders was high in the garments and tailoring sector. Their role as a guiding agency is found to be exceptionally high in Palakkad district in comparison to Thruvananthapuram and Kozhikkode districts.

**Volume of capital**

The capital of the micro enterprises varies between Rs. 20,000 to Rs. 3,75,000. Of the total units, 50 per cent has a capital investment of less than Rs. 50000 each, while those with Rs. 150000 and above constitute 10 per cent units. None of the individual enterprises has an investment of Rs. 25000 or above and the mean investment of the group enterprises are nearly four times as that of individual enterprises. All the units that have an investment of Rs. 100000 and above are operating with subsidy and the mean investment of subsidy backed up units are nearly four times as that of the units without subsidy. Food processing sector is operating with relatively lower capital, while units under the notebook making sector have the highest mean capital followed by direct marketing and hotel and outdoor catering sectors. There are significant variations across the different categories of micro enterprise units in regard to mean capital investments based on type of enterprises, subsidy support of the enterprise and activities of the enterprises.

**Sources of capital**

Internal loans, linkage loans, subsidy, revolving fund and owned funds are the sources of capital for micro enterprises. Of the total units, 26 per cent alone make use of internal loans as a source of capital. As against this, majority (72 per cent) of the units have availed linkage loans. Significant variations exist in regard to mean linkage loan of the micro enterprise units across the different categories, based on type of enterprises, subsidy support of the enterprise, activities of the enterprises and region. Notebook making units rank top in regard to the mean subsidy investment, while food processing units stood in the last place. Majority of the units (58 per cent) did not get any revolving fund assistance and the mean revolving fund investment of the group enterprises are nearly three times as that of the individual enterprises. No significant difference exists between units with subsidy and those without subsidy in regard to the mean revolving fund
investment. Among the different sectors, none of the notebook making units obtained revolving fund assistance. There is significant difference in the revolving fund investment across the various categories of enterprises based on the nature of activities and region. As regards mean owned fund investment, significant difference was found to exist between individual and group enterprises. However no significant variation, based on subsidy, activities and region is noticed. Among the different sectors, notebook making sector ranks top in regard to the mean subsidy investment. Palakkad leads first in regard to the mean subsidy investment in comparison to Kozhikkode and Thiruvananthapuram. However no significant difference is found to exist across the regions.

**Annual sales**

None of the individual enterprises achieved the minimum annual sales as envisaged by the Kudumbashree project. The performance of the group enterprises is also not encouraging. Units with subsidy have performed better in comparison to those without subsidy. A noticeable difference was found to exist among the units engaged in different activities. None of the units in Thiruvananthapuram district registered the annual sales in conformity with the target of the project. The study highlighted a significant difference in the mean annual sales of micro enterprise units, based on the nature of activities undertaken.

**Annual profit**

A substantial number of micro enterprises are not earning the minimum profit targeted by the project. Majority of the units were found to earn an annual profit in between Rs.10000 and 25000. The mean annual profit of group enterprises are nearly three times as that of individual enterprises. As between units with and without subsidy, the mean annual profit of the former category is nearly double as that of the latter category. Among the different sectors, it was the maximum in the notebook making sector and the lowest in the food processing sector. The mean annual profit in Kozhikkode district was nearly double as that of the Thiruvananthapuram district.
Net Profit ratio

Of the total units, 10 per cent are earning only a very negligible net profit ratio of less than 10 per cent and 8 per cent units, the highest ratio of 40 per cent and above. The majority of individual enterprises have earned a mean N/P ratio of 20-30 per cent as against 20-30 per cent in the case of group enterprises. As between units with and without subsidy, the majority of the former category earned an N/P ratio of 20-30 per cent as against 30-40 in the latter category. Food processing, garments and tailoring and notebook making sectors attained an N/P ratio of 10 per cent and above. Majority of the units in Kozhikkode and Thiruvananthapuram districts attained an N/P ratio of 20-30 per cent, while majority in Palakkad attained 30-40 per cent. The mean N/P ratio of individual enterprises is little higher than that of the group enterprises. The study disclosed more or less an identical picture as between units with and without subsidy. Notebook making sector scored the highest mean N/P ratio, while direct marketing sector, the least. Among the districts, Thiruvananthapuram stood at the top in this regard while Kozhikkode, at the bottom.

Return on investments

The returns on investment of micro enterprise units are exceptionally high. It was found that 58 per cent units have an ROI of 50 per cent and above. The individual enterprises have a higher ROI in comparison with the group enterprises. As between units with and without subsidy, relatively a higher ROI was registered by the latter category. Among the different sectors, food processing sector ranks first, while direct marketing sector stood the last. Palakkad won the first position in regard to the highest ROI.

Employment generation

Micro enterprises offered employment opportunities at varying levels. They have provided full time and part-time self-employment as well as employment to outsiders. Majority of the units provided employment opportunities to a limited number of persons ranging from one to five. Of the total units, 26 per cent facilitated full time self-employment opportunities and the rest, part time self
employment. Moreover, 12 per cent of each category provided full time and part-time labour.

Chapter 7 – Analysis of Empowerment

The involvement of the members in the project leads to a positive change in different spheres at varying levels. The positive impact in the order of magnitude are increased mobility, interaction with outsiders, confidence level, involvement in the affairs of the community, skill development, decision making power, recognition in family, recognition in community, better spousal and family relationship, political awareness, access to government schemes, knowledge about women’s right, health awareness and access to health services, nutrition awareness and access to sanitation facility. However, except in the domain of mobility, interaction with outsiders, involvement in the affairs of the community, development of skills, decision making power and confidence level, the impact is found negligible.

The duration of membership made no difference in the impact except in the domain of health awareness and access to health services. As between leaders and ordinary members, significant difference was observed in regard to recognition in family and recognition in community. Significant variations are also found to exist among different caste categories in the domains of recognition in family, interaction with outsiders, skill development and community participation. The study observed significant regional difference in almost all the domains except access to sanitation facility, spousal and family relationship, nutrition awareness and access to health services.

The most significant impact was found in the domain of confidence level followed by mobility and interaction with outsiders and the least in the case of access to sanitation facility.

There is no significant variation in the relative importance of the impact among various categories of respondents based on membership duration, caste and region. However the study revealed significant difference as between the ordinary members and leaders. Further analysis revealed that the region is the leading
predictor of empowerment, followed by nature of membership and educational qualifications.

**Division 3 Recommendations**

Based on the findings of the study the following recommendations are made to improve the performance of Kudumbashree project.

1. As regards the membership of the NHGs, the Kudumbashree project stipulates the ideal size to be 15-40. But the actual membership ranges between 9-68. As the average size is much less than the stipulated one, there is every possibility of the micro finance operations becoming inefficient. Therefore there should be a proper mechanism for ensuring the membership size exactly in tune with the regulations laid down. Hence steps should be taken to reorganize the NHGs with ideal membership size by transferring the excess members from the large sized NHGs or otherwise.

2. The Kudumbashree project is meant for the upliftment of the poor and therefore the membership is left open to BPL families only. However in actual practice due to political or other reasons, APL families were also found admitted as members. In this context it is interesting to note that there is not even a single NHG with all of its members hailing exclusively from BPL families. On the other hand, NHGs exclusively with APL members are found functioning. Moreover, the APL category constitutes nearly one-fourth of the total membership resulting in the denial of opportunities to the poor for their upliftment as envisaged by the project. This unhealthy situation should be corrected to realize the actual vision of the project.

3. Drop out of members happened to be a common phenomenon among the NHGs and a lion’s share of NHGs has experienced this problem. The identification of internal conflict as the common and leading reason for this acute problem of drop out appears to be the most interesting factor noticed in this regard. As the very purpose of the
project cannot be achieved without the unity of the members, the existence of internal conflict should be viewed very seriously. Hence effective mechanism for solving this problem should be devised at the earliest. Moreover timely intervention of the Kudumbashree officials is advised to settle the issue. Effective measures should be adopted to reduce or even to wipe out the problem of drop outs. One measure that is suggested to arrest the alarming rate of drop out is to postpone the settlement of the amount due to the dropped out members for a minimum period of two years. The dropped out member should also be disqualified from becoming the members of any other unit without the permission of the State Poverty Eradication Mission.

4. A noticeable number of NHGs failed in effecting the change of leadership as stipulated by the Kudumbashree project. It is surprising to note that nearly 22 per cent of the more than four years old NHGs are functioning with the initially constituted committees. This will affect the liveliness of the NHG functioning adversely and will also lead to domination by few influential members. Moreover the non-rotation restricts the scope for social empowerment to majority of members. To avoid this unfair situation, members should be motivated to shoulder the leadership position on a rotation basis. Imparting effective training to members to inculcate the leadership qualities is equally important. Over the years, annual leadership rotation is suggested to realize the full potential of the project.

5. Social empowerment of the poor women is one of the major concerns of the project and it provides various avenues to the members for achieving this objective. The assumption of leadership role in the NHGs acts as a mechanism for improving their capabilities and thereby enhances their social empowerment to a marked extent. However an unhealthy practice is noticed in regard to the election of the role-holders. A significant number of APL members got elected as the leaders of NHGs ever since their formation, while the BPL category does not assume leadership positions even at par with their
membership size. This being a serious issue should be addressed with immediate effect. APL members should not be permitted to occupy the key posts of the secretary and the president at any rate to materialize the real vision of the project.

6. The analysis of the effectiveness of weekly meeting has shown astounding results. There are NHGs that function even without holding regular weekly meetings. Moreover a substantial number of NHGs are conducting only name-sake meetings. The lower attendance rate in the meetings, discouraging level of participation of members in the decision making process, short duration of meetings and also the non-observance of the legal obligation of recording and reading the minutes in the meeting are the unhealthy practices which need immediate attention. Hence it is suggested that the relevance and necessity of the systematic and effective conduct of the weekly meetings should be properly convinced to the members by the officials at the higher levels. Mock meeting of participants from different NHGs at CDS level should be arranged by the District Mission to exhibit the effective /standardized mode of conducting meetings. The Mission Officers and other staff members should make surprise visits in the NHG meetings selected on a random basis. Moreover there should be a system of timely reporting of the non-conduct of weekly meetings, if any, to the State Poverty Eradication Mission through ADS, CDS and District Missions and remedial action should be initiated at the state level to tackle the problem. These processes will certainly improve the quality of the weekly meetings that is inevitable for making the NHGs healthier, vibrant and sustainable.

7. Proper maintenance of records is inevitable for judging whether the NHGs followed the guidelines of the Kudumbashree project in admitting the members and also for ensuring financial discipline. It is equally important for watching and controlling the activities of the leaders. Moreover it gives a vivid picture of the thrift-credit
operations of the NHGs particularly the member-wise status of thrift and loan on any date. On account of the above and similar other reasons maintenance of records occupies utmost importance in the working of NHGs. However an unfair practice is found prevailing among the NHGs in this regard. It is quite surprising to see that none of the mandatory records is kept properly by all the units. A lion’s share of NHGs failed in keeping the mandatory books and registers updated. In several cases individual Pass Books are found to be kept under the safe custody of office bearers, a practice that should be avoided. All these call for the immediate interventions of the State Poverty Eradication Mission. The Mission is advised to make use of the voluntary services of Women Study Units at the college level in fulfilling the desired goal of proper maintenance of records. Besides, compulsory training should be imparted in the area of maintenance of records to all the NHG members.

8. Regular audit is essential for ensuring transparency in the affairs of the NHGs and thereby strengthening the group activities. The absence of a healthy system of audit will give rise to misappropriation of funds, unfair practice of granting loans to non-members, non-remittance of weekly collections in the bank etc. In spite of the importance attached to the regular audit, the practice prevailing in this regard is not satisfactory. Hence strict measures like charging fines, immediate recovery of revolving fund assistance already granted, if any, denial of financial assistance of any kind, getting the accounts audited compulsorily through the involvement of the Mission by charging fees, rejection of the renewal of registration, putting the units under black list etc. should be exercised against the defaulting NHGs.

9. Withdrawal of savings acts as a serious set-back to the efficient functioning of the NHGs. Hence mechanisms to discourage the practice of withdrawal should be devised. Guidelines should be framed for the withdrawal and it may be permitted only in extra-
ordinary situation and that too with the permission of the CDS in compliance with the guidelines.

10. To ensure financial discipline, the office bearers are bound to remit the weekly collections in the bank on the same day of collection itself or on the following working day. But in actual practice it is not observed. This unhealthy practice leads to the accumulation of huge funds in the hands of office bearers resulting in its misutilisation for their personal gain. Besides it may also result in loss of interest that could have been earned and misappropriation of funds. Therefore regulatory provision should be incorporated to fine the defaulting office bearers and also to recover penal interest from them for the delayed period of remittance.

11. One of the objectives of microfinance operations is to make available cost-effective and easy credit to the poor. However few NHGs are found charging exorbitant rate of interest on internal loans. This is not a fair practice and is against the true spirit of the project that need be avoided. In no case NHGs should be allowed to charge interest at a rate higher than the one proposed by the Mission from time to time. Strict guidelines in this respect should be issued and penal measures against the NHGs that deviate from the guidelines should be introduced and exercised without fail.

12. The linkage banking operations are not satisfactory. A lion’s share of the NHGs remains unlinked to banks or other financial institutions for meeting the credit requirements of the members. The reasons for under utilisation of linkage banking facilities should be analysed and adequate measures to popularize the scheme should be innovated. This is particularly important in the present context of increased credit demands of the members that cannot be satisfied fully. Imparting education to the members through the involvement of banks, in this regard is suggested as one of the measures for promoting linkage banking operations. Measures for promoting fellowship and bonding
among the members should also be devised for the purpose as the scheme involves joint responsibility for repayment.

13. One of the major objectives of the project is to provide avenues for income generation to the members and thereby achieve economic empowerment. Though the project introduced micro enterprises scheme as a means for attaining this objective, it has not developed as a popular device among the NHGs. As a result the income generation through the project remains as an unattained objective for large number of the members. The non-fulfillment of this objective may make the project unattractive and futile to the members and it may even induce the members to quit the project thereby affecting its very existence. Hence the Mission with the support of various government agencies should initiate urgent steps to start the micro enterprises by the NHGs that are in existence for a minimum period of four years. Effective creation of awareness among the members is also inevitable for the purpose.

14. Imparting guidance for the formation of ideal enterprise is a pre-condition for the success of the scheme. However the Mission failed to make arrangements for this facility to the majority of units thereby making their formation even without any preparation and systematic evaluation of the project report. For ensuring the viability, stability and profitability of the enterprises, the compulsory preparation of the project report and evaluation of the project under the supervision of the Kudumbashree Mission is suggested.

15. No new micro enterprise unit should be started without conducting market surveys. The availability of the resources in the locality should be considered for the start up. The market demand for the products should also be considered. Moreover, the line of business should be designed only after considering the requirements of the infrastructure facilities and also its availability. The Kudumbashree Mission should make arrangements for area-wise market surveys all over the state for getting similar other information as a pre-start up assistance. Through
the market surveys it should identify the line of business best suited for each area, particularly the unexplored sectors, if any. Based on such surveys NHGs should be encouraged and guided to exploit the prevailing opportunities.

16. Different units dealing the same line of business/products at the local self-government level can make arrangements for centralized purchasing, centralized production etc, so that uniformity in the quality of the products can be assured and economies of large scale production can be reaped. Necessary steps should be taken to trade exclusively the standardized products and that too under the brand name of Kudumbashree. Proper mechanism should be developed for assessing the quality of Kudumbashree products and also for their branding. Government should take special interest in popularizing the Kudumbashree products through different media.

17. A substantial number of micro enterprises are not earning the minimum annual profit targeted by the project mainly because of the lower turn over. Hence sales promotion techniques suitable for the Kudumbashree products should be developed. For the purpose the Mission should seek the services of experts and professionals in the industrial and business fields. Provision for central sales depot should be made at local self-government level either free of cost or at nominal rent. Annual sales target may be fixed and CDS should monitor the units to achieve the goals. Seasonal exhibitions may be arranged under the initiative of CDS and local self-governments to realize the turnover in tune with the target fixed.

18. The major areas of concern that may lead to social empowerment of members should be identified and Mission should give special attention to those areas. Based on the identified areas, periodical awareness programmes, discussions, debates, workshops, trainings etc. can be arranged under the leadership of resource persons drawn from different walks of life. Suitable measures should also be devised to promote and enhance the social involvement of the members that
may lead to both women empowerment and community development. Moreover, appropriate mechanism should be developed for the periodical evaluation of the extent of empowerment achieved and also for initiating speedy remedial action, if needed, to achieve the goals. The formation of an Empowerment Evaluation Cell at the state level to serve the purpose is also suggested.

19. Most of the NHGs deviate at varying levels from the guidelines stipulated by the State Poverty Eradication Mission. It undermines their quality resulting in the non-attainment of the full potential of the project. The prevailing monitoring system is quiet inadequate as evidenced from the existence of the non-observance of the guidelines by the NHGs. Hence effective and continuous monitoring mechanisms should be introduced to watch and guide the working of the NHGs so as to realize the vision of the project as envisaged.

20. As in any other organization, over the years the NHGs are expected to graduate from infancy stage to stabilisation stage and finally to maturity stage. Once they reach the maturity stage it would be possible for them to exploit the full potential of the project. However the performances of several NHGs with the longest age duration are found to be weak in several respects. It can be reckoned as a symptom of the deteriorating interests of the members in the affairs of the NHGs that hinders the progress of the project. Hence special care should be given to the NHGs with longest age duration so as to ensure their sustainability and also to transform them matured enough to yield the full potential of the project.

21. The NHGs are at different stages of growth and development and hence the nature and level of guidance, support, control and monitoring needed are also different. No uniform strategy, as applicable to all the NHGs, can be devised to serve the purpose. Hence grade-wise grouping of NHGs, based on selected indices, should be made periodically and different strategies should be
exercised to different categories depending upon the general requirements of each category.

Related topics for further research

1. Problems and prospects of micro enterprises under the Kudumbashree project.
2. A comparative study of microfinance operations under different agencies in Kerala.
3. A comparative study of empowerment through the Kudumbashree project in rural and urban areas.
4. Role of linkage banking in Kudumbashree project