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CHAPTER II
REVIEW OF LITERATURE

“A woman is the full circle. Within her is the power to transform, nurture and create”- Diane Mariechild.

II.1. Introduction

Review of literature pertaining to the study on “Empowering Women through Micro Financing and Micro Enterprising: A Study of Kudumbashree in Kerala” aims at critically reviewing and re-examining the earlier conceptual and empirical studies, the major methodological limitations, and direction for further research highlighted by the previous research with a view to identifying and defining the research gap to be addressed by the current research study.

Accordingly, this chapter classifies the review of literature under five broad categories: Human Development, Engendering Development, Micro Finance and Women Empowerment, Contribution of Entrepreneurship to Engender Development, Kudumbashree – a Kerala Model of Empowering Women.

II.2. Human Development

Human development is defined to include the formation of a wide range of ‘capabilities’, such as - improved health, education and skills and the way people make use of their acquired capabilities for leisure, productive purposes or being active in cultural and political affairs (UNDP: 1990). Capabilities include aspects of human agency-such as autonomy, civil and political liberty, self-respect and the ability to participate in decisions that affect one’s life (Sen, 1985).
Since human labour is the basis of all forms of production, human resources are unique in being both the ends and means of development. It is clear that investment in human well-being is not possible without economic growth; it is also the case that economic growth requires- and is intended to achieve- the health and well-being of people. “Development is no longer measured by the volume of marketed goods and services alone but by the extent to which human well-being is assured. So activities which contribute to the health and wellbeing of people would be recognized and valued as productive, regardless of whether they are carried out within the personalized relations of family production, the commercialized relations of market production or the bureaucratized relations of state production. Markets would take their place as simply one variety of institutional mechanisms through which human needs can be met, rather than as sole arbiter of ‘values’. Such an approach would promote both class and gender equity; Women particularly poor women, would take their place as key actors in the development process because of their contribution to human survival and wellbeing among those who have been most dis enfranchised by growth –dominated development Strategies” (Naila Kabeer, 2001).

II.3. Engendering Development

Development is being engendered to prevent endangering (Muraleedharan, 2009). As Yunus (2007) says, ‘If the goals of economic development include improved standard of living, removal of poverty, access to dignified employment, and reduction in inequality, then it is quite natural to start with women’.

The publication of Esther Boserup’s (1989) book “Women’s Role in Economic Development” focused women in new perspective. She challenged the stereotyped
assumptions of female domesticity and argued that ‘various colonial and post-colonial governments had systematically bypassed women in diffusion of new technologies, extension services and other productive inputs because of their misconceptions of what women did’. Women were recognized as economic actors and contributing to development process. She challenged the assumption that the benefits of development would automatically trickle down to the poor. She pointed out that women’s declining status is a clear indication of the contrary and that the few opportunities available to women in modern sector meant that they were bound to large extent to the subsistence and informal sectors.

The basic problem of development for women prior to 1975 was that policy makers did not ‘see’ women. Therefore, the first wave of official feminism within the international development agencies was to make women ‘visible’ as a category in development research and policy. This has come to be characterized as the WID (Women in Development Approach). The declaration by United Nations of the international year in 1975 and later the decade for women with the official themes of equality, peace and development signified the new visibility of WID in international forums.

An overview of how the Government of India looked at women in the context of development gives us a clear picture of changes in vision, strategies and programmes. The shift from viewing women as beneficiaries of welfare to involving women in their own empowerment has happened. Several factors have contributed to this, including international commitments, pressure from women’s groups and movements and also the factor of ‘efficiency’ that has contributed to hastening the development process. The Beijing Platform for Action and the review which has been taking place every 5 years (Beijing + 5 and +10) is one such case of
international process. The women’s movement in India has been instrumental in bringing about several legislative and policy changes.

Muraleedharan’s (2000) study says that in most development strategies participation and empowerment of women have emerged as an important goal. The primary objective of empowerment of women is to create more equitable and participatory structures in which women can gain control over their lives. Generally, women’s empowerment has been based on grass root initiatives that are designed to meet the special needs and interest of local women themselves.

Empowerment of woman is a process, a continuum of several interrelated and mutually reinforcing components. Historically Kerala has been quite different from the rest of the country in terms of indicators of women’s development (Economic Review, 2009).

Kerala has been considered relatively free from the conventional inhibitions against women’s education and employment and women owning property. The matrilineal forms of family which placed fewer restraints against women’s inheritance rights on the one hand and the early twentieth century social reforms which widened access to education across genders on the other hand, can be associated with this. The missionaries showed particular interest in the development of education of women irrespective of caste or creed. As many historians point out the result of spread of education was the rise in age of marriage. The birth and death rates also decreased. Freedom to remarry, to dress decently, to go for higher education and into employment etc., were the result of this early spread of education among women in Kerala. It was mainly women’s education, which reshaped and modernized the life of women and society in Kerala.
Yet gradually one can see a change in women’s position as is indicated by the decline in property rights of women, declining work participation rates, rise in dowry and other crimes against women and growing domesticity of women. Subsequent social and legal reforms were instrumental in sanctioning new forms of marriage, grounded in modern patriarchal relations. As Praveena Kodoth and Mridul Eapen (2004) explains in their paper “Discrimination against Women in Kerala: Engaging Indicators and Process of Well-being” an important part of this process was the abolition of matriliny and strengthening of patriarchy among matrilineal social groups.

When the UN Conference on Population and Development took place in Cairo, 1994 (ICPD) Kerala was put forward as the model for the third world. The reason was (besides the high social development in spite of low economic development) was the high status of women. The indicator of main interest in Cairo were obviously the decline of birth rate and the high level of survival among the born children, with a possible zero growth of the population in the year 2000. Most scholars viewed the high female literacy rate in Kerala as the single most important reason behind this demographic transition.

Kerala is the only state in India that has a dominance of women in the population (1084 to 1000) (Population Census, 2011). The women in Kerala live five years longer than men. The life expectancy at birth is 76.3 for female as against 71.4 for male.

Another interesting feature is that age at marriage in Kerala is 22, which higher than rest of India which is 18 (Economic Review 2002). Four years difference at that age can make considerable improvement concerning possibilities of choice, bargaining
power and mobility as well as finishing education. It also means that women give
birth at an older age to fewer children and the born children usually survive.

II.4. Micro Finance and Women Empowerment

The concept of micro finance is not new. Savings and credit groups that have
operated for centuries include the “Susus” of Ghana, “Chit Funds” in India, “Tanda”
in Mexico, “Arisan” in Indonesia, “Cheetu” in Sri Lanka, “Tonties” in West Africa,
and “Pasanaku” in Bolivia, as well as numerous savings clubs and societies found all
over the world.

Joseph Schumpeter (1934) has stressed upon the role of credit in breaking the so
called vicious circle of poverty, and Hicks (1969) too deals with the role of financial
intermediaries on growth and development.

Ever since 1976, when Prof. Mohammed Yunus of Bangladesh began experimenting
with micro-credit and women Self Help Groups (SHGs), to discuss, share their
problems, to start organized investment and hence an attempt to come out from
chronic poverty, it made a quiet revolution not only in Bangladesh but similarly
placed other countries ‘by empowering the poor women’. Micro Finance has
emerged as an alternative instrument for serving the segments of the population
considered “non-bankable” by formal banking institutions.

Sylvie Bossoutrot (2010) narrates the examples from global experience which shows
that micro finance providers vary from informal channels (membership-based
savings and credit associations) and semiformal (NGOs) to formal institutions
(banks). In 2003, a European Micro finance Network was established to support the
development of micro finance in Western Europe and promote self-employment in
response to growing unemployment levels. By end - 2004, the network included 28
organizations from 15 European Union (EU) member states. Since 1992, Poland has seen the redevelopment of a strong credit union movement uniting over one million members and offering a wide range of products including term deposits, long-term credits, housing loans, automated teller machine (ATM) and electronic payments services. Outside the region, a textbook example is that of Bank Rakyat Indonesia, (BRI) in Indonesia, where a new autonomous micro banking division of a large state-owned commercial bank was developed in the 1980s. By end-2004, BRI’s micro finance arm, known as the Unit Desa system, had built an extensive network of over 4,000 Unit bank offices and nearly 200 service posts nationwide, with over 80 of the networks concentrated in rural areas and small towns. By August 2004, the BRI Unit Desa system had 3.1 million outstanding borrowers with a total loan portfolio of about $1.9 billion and $2.9 billion worth of deposits in 30 million savings accounts.

Micro Finance Institutions (MFIs) change and develop as the scale and scope of their operations grow beyond the delivery of credit services to include savings, deposits and other financial services. To increase their autonomy and access new financial sources capable of supporting their growth strategy, a number of MFIs set out to obtain licenses as banks or nonbank financial institutions. This trend was initiated by BancoSol in Bolivia, which started as an NGO named Prodem in the 1980s and became a full-fledged bank in 1992 when the Bolivian Superintendency of Banks and Financial Entities approved the creation of BancoSol as a commercial bank. There have since been various examples of MFIs that through transformation from a semiformal institution to a formal intermediary have vastly increased their outreach and become sustainable. In the Philippines, for example, the Center for Agriculture and Rural Development (CARD) was established as an NGO in 1986. CARD had less than 500 clients in the early 1990s and has now over 55,000 clients in various
provinces. The key to CARD’s growth was its transformation in 1997 into a rural bank.

In her study, Sylvie Bossoutrot (2010) says, in Russia, micro finance has emerged as a mechanism to support self-employment and small-scale entrepreneurship primarily in trade and services, which developed in response to the transition and collapse of large state-owned enterprises of the early 1990s. While micro finance in the developing world emerged to address the needs of largely uneducated and semiskilled workforces, in Russia as in neighbouring transition countries, it emerged as a vehicle to support a well-educated class of “new poor” who turned to self-employment out of necessity.

Hasan Jamil (2012) analyses Microfinance in Jordan which was started in the mid-to-late 1990s, and is characterized by the presence of both market-oriented and subsidized credit providers. The “Achievement of Market- Friendly Initiatives and Results Program”, (AMIR) funded by USAID play a leading role in supporting a sustainable microfinance environment. AMIR program has provided funding, technical assistance, advocacy, and has engaged in broader economic development activities as well. The approved budget for the program over the years exceeded $70 million, with over $10 million specifically allocated to micro entrepreneur support.

USAID has launched another program which is, “Sustainable Achievement of Business Expansion and Quality” (SABEQ), but its microfinance component directly targets micro-enterprises. Other bilateral and multilateral organizations have been active in the sector, including IFAD (International Fund for Agriculture Development) that has also provided funding for NGOs and government providers for agricultural loans.
In Jordanian market, there are eight institutions working in the field of microfinance, many of them have been selected amongst best microfinance institution worldwide. For example, like Jordan Micro-Credit Company (Tamweelcom) which was rated one of the ten best microfinance institutions, worldwide, in 2007 and 2008 by the Micro Finance Index (MIX).

Nabiha Sayed (2009), analyses the basic structure of Grameen Bank's group-lending model through an examination of its general tenets, eligibility requirements, and services offered. In understanding this methodology, the author turns to adjustments made by Grameen Bank’s international replications. The study concentrates on the Kashf Foundation, one of the most successful micro-credit institutions in Pakistan, and both the environmental differences as well as the consequent institutional changes in the replication process. After elucidating the particularities of each model, the concepts of "success" and "empowerment" are critically examined to understand the aims of different replicating models. The study concludes with a view of success as something more than mere market penetration, as well as recommendations for how business strategies such as marketing and branding can be useful in enhancing outreach.

Indian Micro finance has come of age from the early steps taken in the later part of the decade 1990s. While the root of micro finance is usually traced to the establishment of the Shri Mahila Sewa Sahakari Bank (popularly known as Sewa Bank) in 1974, the growth picked up only in this century. Mysore Resettlement and Development Agency (MYRADA) were seen as one of the early innovators of the concept of Self Help Groups (SHG). It was only National Bank of Agriculture and Rural Development (NABARD) which saw the merits in this model of micro finance.
that it was accepted as a predominant model of achieving financial inclusion, by
government agencies (Sriram, 2012).

Micro credit as a tool of poverty alleviation and empowerment, particularly of
women has gained credence in development dialogue world over (Deshmukh-
Ranadive and Murthy, 2005). The group-based approach not only enables the poor to
accumulate capital by way of small savings but also helps them to get access to
formal credit facilities (Shylendra, 1998).

Malathy Ramanathan (2004) narrates the story of Shri Mahila Griha Udyog Lijjat
Pappad model, an attempt to make women economically self-reliant, thus paving the
way for their concurrent empowerment in the other facets of their lives. The
significant factor here is that Lijjat provides a beacon of light to the lower class
women in India, irrespective of their caste, religion or region, a path towards better
future. The capacity to earn one’s livelihood and the resultant self-confidence was
necessarily the first step in the ladder to empowerment.

Micro finance has evolved over the past quarter century across India into various
operating forms and found varying degree of success (Reddy, 2005). One such form
of Micro Finance has been the development of the self-help movement. Based on the
concept of ‘Self Help’ small groups of women have formed into groups and operate
a ‘savings first business model’ where by the members’ savings are used to funding
loans. The results of these SHGs are promising and have become a focus of intense
examinations as it is proving to be an effective method of poverty reduction. SHGs
can make women to contribute in the economy. It has changed the lives of many in
India. Group Power has been found to be a patent force in giving collective
empowerment and voice to the poor women in rural areas, but has not necessarily
empowered them beyond the confines of patriarchy (Smita, 2006). There is a long way to go before re-orientation of power relationships take place both in the household and at the societal levels. Therefore, empowerment of poor rural women will be possible only if they are trained and imparted skills for a certain employment (Sundari, and Geetha, 2000).

Centre for Micro Finance and Livelihood, (2009) in a survey in Arunachal Pradesh reported “though the Micro Finance through SHGs has a positive impact but due to low population density, lack of information and training etc. the progress of the movement is not up to the mark”. Rajendra and Raya (2010) reported that the micro finance through SHG have brought higher psychological and social empowerment than economic empowerment. The study reveals that there is a definite improvement of managerial skills, psychological wellbeing and social empowerment among rural women as a result of participating in SHG linkage programme in Tamil Nadu. Finally, Andhra Pradesh Mahila Abhivrudhhi Society APMAS, (2009) reported that SHG programme in the state of Assam resulted significant social and economic benefits and the study categorically mentioned that 75 per cent of the group members have experienced increase in saving habits and income, increase in access to formal credit and decline in family debts etc. Micro Finance through SHGs is an important tool for socio-economic empowerment of the poor, particularly women (Roy, 2011).

It is viewed that the movement of SHGs will transform through a process of transformation of individual selves and their empowerment from ‘disempowerment’ (Hariss, 2010).

Kamdar Sangeeta (2009) in her study reveals that micro finance has to combine with other activities for reducing poverty. End results are better when micro finance is combined with an overall development programme. She comments that when micro
finance is part of a programme which has a broader objective of developing livelihood activities; it positively reinforces empowerment of women. She concludes her paper with a note that micro finance activity should be a part of a more integrated approach which aims at inclusive growth and building incomes of vast majority and can be achieved through “equality of opportunity” in terms of access to resources and markets.

A study by Puhazhendi and Satyasai (2000) on the NABARD Impact Evaluation of SHGs covered by the bank linkage programme reveals the changes in socio economic conditions of 560 members of 223 SHGs in 11 states before and after their association with the SHGs. The study findings also reveal that social impact was found to be stronger in the case of groups promoted by NGOs than in groups promoted by banks. Other positive impacts experienced by SHG members related to increase in self-worth, communication skills, and desire to protest social evils, improved response to problem situations and a decrease in family violence. An increased access to various amenities such as water, health and sanitation, schools and markets is also indicated.

Increased access to credit for women leads to a sense of empowerment, as it brings forth a sense of self-worth and self-esteem at the individual level (Kabeer, 2001). It is now well recognised that economic contributions by women, made possible through credit access, result in an increase in security and welfare of the entire household.

Various studies have reported that microfinance through SHGs have significantly contributed to the empowerment of women and to gender equity (Puhazhendi and Badatya 2002; Puhazhendi and Satyasai 2000; Srinivasan 2000). However, these
studies — using higher rate of savings, borrowings, timely repayment of credit, promptness in attending SHG meetings and decisions by individual members as indicators of enhanced credit access, income generation and socio-economic empowerment of the poor — focus on the individual SHG members and their financial transactions within the SHG. This kind of an approach suffers from multiple deficiencies (a) the constraints of the parameters to reflect the wider financial behaviour of these individual SHG members at a household level (attribution problem) and (b) a restrictive/simplified perspective of the financial behaviour of the poor at a complex household level.

T.C. Chandrashekhar and S.C. Shrinivasan (2010) in their study state that microfinance can be a powerful instrument that initiates a cyclical process of growth and development. Microfinance activity improved access of rural poor to financial services both savings and credit. Increased access signifies overcoming isolation of rural women in terms of their access to financial services and denial of credit due to absence of collateral.

A study on South Asian Poverty Alleviation Programme (ASAP) in the state of Andhra Pradesh in India believes and functions on the three dimensions of women empowerment i.e. power to, power with and power within (Gulab, Chandrashekhar, 2009). The power to dimension of empowerment indicates the power of women to control their lives. This includes power to survive, control over their labour, and access to family labour, access to control over resources, freedom to move and interact, access to leadership positions, control over reproduction and control over body. The power with approach indicates the collective power of women members to negotiate their gender, caste, class and other interests vis–à-vis institutions of the market, the state and the community. This includes collective interventions in the
institution of family, community, market organisations and the state, including statutory local bodies. **Power within** indicates the strategic gender awareness – at the individual level that the ability of the women to challenge gender related attitudes and social norms in their own personal lives.

Ulveppa, Siddalingappanavar (2008) narrates the success story of Akkamahadevi Women Self Help Group in Bhootamnhatti, Belgaum District (Karnataka), which shows encouraging results. Women members expressed that there has been an overall increase in the purchasing power, income and standard of living of the family besides their own empowerment. It is clear that the SHG strategies positively contribute for the development of women and nation.

Indira M (2005) carries out a comparative analysis of two microfinance programmes in the district of Mysore (Karnataka) which differ according to their strategy and style of functioning. Both are state-led initiatives with the objective of women's empowerment: Mahila Samakhya (MS) is a quasi-central government programme and Shri Shakthi (SS) has been initiated by the DWCDRA (Department of Women and Child Development in Rural Areas). Whereas MS sees the goal of social SHGs being to create awareness and space for women and empowerment through transformation, SS addresses only the economic needs of the women by creating savings and credit groups. Her study shows that the participation of women in local government organizations helps to engender governance at the grassroots level (which is understood as a positive social externality). The results are systematically more positive in the case of the Mahila Samakhya program. She also points out several negative externalities: tension between men and women at the household and community level, limited reduction of the dependence on moneylenders, interference by political parties to influence the Anganwadi teachers in the Shri Shakthi program.
Lastly, she recommends the combination of awareness raising and microcredit because “enlightened self-interest” makes members come together and actively participate if microcredit is part of the empowerment program”.

A study carried out on Self Help Groups of Kanyakumari District, in the state of Tamil Nadu India, (Pazhani, 2008) concludes that participation in the SHGs enriched the empowerment of women with regard to employment, income, savings and repayment. Self confidence among the women also increased. According to the study, when the participation of women is high in the meetings, interaction with different officials, women are empowered to a certain extent.

Burra, Deshmukh, Ranadive and Murthy in their book titled Micro Credit, Poverty, and Empowerment – Linking Triad (ed, 2005) finds with the help of six case studies that micro credit has proven successful in alleviating poverty. It also emphasises that micro credit could address gender related poverty and empowering women. They have suggested framework for poverty alleviation and empowerment, knitting them together to draw their links with micro credit. This frame work and its use in analysis can serve as a basis for designing micro credit programmes that are more sensitive to poor and to women.

The majority of Micro- Finance Institutions (MFIs) lend only to women as it is believed that women are disadvantaged both socially and economically. It could be possible that women are chosen for these loans because of their non-migratory behaviour or for they being perceived as more family oriented and responsible compared to their male counterparts. Additionally, since micro finance necessitates attendance in weekly meetings, institutions trust women more than men as they are likely to be more “disciplined”. Then the question arises that if these are the reasons
for selecting women for loan disbursements, it is even more important to ask if providing loans to the poor women is resulting in women empowerment as suggested and followed by several MFIs in their mission statements (Laxmi, 2013).

Sriram (2010) critically examines micro finance movement in India. He says it has become a fairy tale turned into nightmare. According to him it was inevitable that the commercial model of microfinance in India, with its minimalist and standardized model of lending, would grow into a bubble and run into trouble. Many microfinance commercial organizations have entered the market in search of profits and are competing to lend to the poor. In the process they have put the "understanding" of the needs of the poor aside and have started chasing targets and numbers. For these institutions, the poor are not seen as human beings having individual identities and needs. Instead they are seen as data points that add up in their profit statements. The anxiety for growth is dictated by the fact that the investors in the market-based models are impatient and look for high returns - and then exit.

Microfinance is often presented, not only as an efficient tool to fight against poverty, but also as a means of promoting the empowerment of the most marginalized sections of the population, especially women (Isabelle Guérin, Jane Palier, 2005). However, reality has shown that the causal relation between microfinance and empowerment is neither linear, nor unequivocal and that it is even less systematic. The link between microfinance and empowerment is all the more subtle, and sometimes unforeseeable, as microfinance projects take place within an economic, socio-cultural and political context that is itself complex, evolutionary and which partially conditions the results obtained.
II. 5. Contribution of Entrepreneurship to Engender Development

The economic history of the developed countries tends to support the fact that the economy is an effect for which entrepreneurship is the cause (Khanka, 2004). Millions of people in developing countries produce diversity of goods in makeshift shops or engage in small trading and retailing activities (Otero and Rhyne, 1994). In India, women entry into business is a recent phenomenon. It is traced out as an extension of their kitchen activities to 3 Ps (Powder, Pickle, Pappad) manufacturing. At present, with growing awareness and spread of education over the years, women have started engrossing the modern activities like engineering, electronics and energy in spite of the social, economic and psychological barriers (Abdul Raheem and Prabhu, 2007).

Micro-enterprises are tiny businesses; most have one employee, the owner. Micro enterprise refers to an enterprise where investment in plant and machinery does not exceed Rupees 25 lakhs. Rural entrepreneurship means establishing industrial units in the rural areas. It is an effective means of accelerating the process of rural development. Micro Enterprise is a proven way to strengthen viable small businesses resulting in increased household income and savings and thus, alleviating the crunch of economic poverty (Biswas, and Sengupta, 2009).

In a study on the role of microfinance, entrepreneurship and sustainability in poverty alleviation in least developed countries Vincent (2004) concluded that microfinance and sustainable micro entrepreneurship in LDC’s have economic benefits and it affect the quality of life for the micro-entrepreneurs. Other than economic benefits, there are some special benefits of micro enterprise and micro finance development (Singh, 2002). Micro credit is promoting the small scale business enterprises and its
major aim is to alleviate poverty by income generating activities among women and poor.

Rangarajan (2005) stated that ‘If a serious impact on the economic conditions of the rural poor has to be made, a much larger flow of credit to support a much broader production base is required. Self-help groups (SHGs) have to graduate into promoting micro enterprises. Though micro enterprises are not a panacea for the complex problem and chronic unemployment and poverty in rural and urban areas, yet promotion of micro enterprises is a viable and effective strategy for achieving significant gains in income and assets for poor and marginalized people’.

Mentioning the importance of MSEs (Marginal and Small Enterprises) in India, Awasthi (2004) stated that ‘Micro and small enterprises (MSEs) constitute an important segment of the Indian economy. Besides providing employment to nearly 25 million persons, mostly belonging to the lower range of socio economic strata in the society, the sector helps the process of economic diversification, utilization of otherwise dormant resources, balanced regional development, production and demand for wage goods, equitable distribution of income, and widening the base of entrepreneurial supply’. Grosh and Somoleke (1996) tried to explore the potential of developing industrial sector from micro enterprise and stated that ‘an alternative line of thinking has focused on the informal or micro enterprise sector as a possible source of industrialization’.

It is reported that only 15 per cent of the matured SHG members had graduated to micro enterprises (Chowbey and Mishra, 2006). Difficulties in getting adequate credit, low level of awareness and lack of skills were the main reasons for not graduating to micro-enterprises. Those 15 per cent who had graduated to micro-
enterprises were still at the nascent stage and their business size was not economically viable. Micro-enterprise development and microfinance has been widely adopted as anti-poverty strategies in most of the developing countries. Micro enterprises have been accepted as the engine of economic growth and for promoting equitable development. Women owned businesses are one of the fastest growing sectors of micro-enterprises. Economic growth, stability and equity can be achieved significantly through micro-enterprises (Krishna, 2007).

The Self Help Groups (SHG), through micro enterprises development, is recognized as an important mechanism for empowering women. Micro enterprises in India lead to economic empowerment of rural women. This allows them to express and impose their views because if women make adequate economic contributions to the family, they are bound to be treated at par with men (Vasanhakumari, 2012).

II.6. Kudumbashree – A Kerala Model of Empowering Women

It is been called a “silent revolution” and for once that appellation seems to sit well on the shoulders of Kudumbashree, the women-oriented community-based poverty alleviation programme being implemented in Kerala by the State Government, with the active support of the Government of India and the National Bank of Agriculture and Rural Development (NABARD) (Kumar, 2008).

Kudumbashree experiment is built around three critical components – micro-credit, entrepreneurship and empowerment. Neighborhood groups, popularly known as NHGs, of women from poor families, identified on the basis of risk indices, have been formed all over the State. These women’s collectives implement the various projects of Kudumbashree. In the light of the fact that anti-poverty programmes seldom reach the marginalized destitute, Kudumbashree has formulated a specific
project with the assistance of the Central Government to reach out to the downtrodden and neglected all over the State. Over a hundred Panchayaths of the State have already come up with individual specific projects for destitute care and rehabilitation.

With the rise of neighbourhood groups (NHGs) at the sub Grama Sabha level known as Ayalkoottams, a new dimension to decentralisation and participation has been added in the state. Even though the formation of the NHGs is not mandatory, more and more Panchayaths are found to be favourably disposed to their formation thereby adding to growth in associational life in Kerala. Unlike many of the traditional organisations owing allegiance to political parties of which dense networks already exist, these new institutions are largely non-political, although not altogether free from the influence of dominant political groups (Chathukulam, John, 2002).

The role of women is vital and productive in state economy. The poor people of Kerala, especially women, have already accepted Kudumbashree as their own movement. It is envisaged as a process and delivery mechanism for the poor who gives importance to health, nutrition, education, employment and economic status and social improvement of a family (V. Girijadevi, 2006).

Nupur Tiwari (2009) reveals in her study on Kudumbashree initiative that financial security is the prerequisite for any empowerment and the Kudumbashree movement has helped women to stand on their own feet by giving them greater economic self-reliance through establishment of micro-enterprises and other income generating activities. Women share and discuss issues affecting their sources of income and livelihoods in the weekly meetings of NHGs. The Kudumbashree network also ensures that women are actively involved in planning and development processes as
they take part in preparing micro plans at the NHGs level and higher level plans through both ADSs and CDSs, which are then integrated into the poverty eradication plans of local governments. This combination of hard work, joint action, inventiveness, planning and active participation in local governance is the key to success.

Raghavan and Saleena (2005) examine the socio economic impact of Kudumbashree projects on the rural and urban poor in salvaging from deprivation and creating gender equity. The study overviews the projects under implementation and also analyze the participatory mechanism of community involvement in the anti-poverty programme by highlighting the cases of Alappuzha and Malappuram models being the genesis of multifaceted Kudumbashree mission. The study also presents extended Kudumbashree programmes under operations along with some new programmes being launched most recently.

The strategy of participation and empowerment adopted in Kudumbashree mission ensures sustainable livelihoods to a number of poor women the positive outcome, which a policy planner can always be enthused with (Raghavan, 2008).

Oommen (1999, 2008) in his study states that there is direct association between Kudumbashree and women’s empowerment. It is significant that SC/STs notably the later improved their ability to collectively bargain, plan projects and organize group activities besides improving their social position within their own groups and within the wider community. Besides this, nearly 91 per cent ST households and 82 per cent SC households, which are not covered under the Kudumbashree project, have not reported any increase in income or assets. There is general improvement in the borrowing capability for the majority of the poor. Kudumbashree has got an
impressive record of increasing self-confidence and general gender rights awareness building among women of Kerala.

The study raises certain issues as follows:

The criteria for the identification of the poor and non-poor must be revisited.

1. A group insurance programme to be evolved.
2. A major threat is multiple memberships.
3. Indebtedness is very high.

The study concludes by stating that Kudumbashree is a microfinance institution with a radical difference from its counterparts in the rest of the world and it has tremendous potential for enlarging freedom, and enhancing and widening the capabilities and choices of poor women in the state of Kerala.

The organizational behavior of Kudumbashree has properly stratified the women, who belong to the below poverty line category, and empowered them to take up lead roles in deciding the development fortune of the local region (Jayan, Sindhu, 2006).

Sarada Muralidharan (2007), Executive Director of Kudumbashree writes “The strength of the community based organization is the strength of its network – the lakhs of women who meet weekly to disburse thrift and credit. Mobilising them and their families into viable economic activity would first require strengthening of thrift and credit mechanism”.

Siwal (2008) in his study indicates that women are the agents of development, but with added earning capacities and the expectation that they will continue to play a
central role in providing social development, with innovative and flexible bureaucratic support. Kudumbashree has been successful in creating awareness among women about public services like Primary Health Centre, Integrated Child Development Services and Public Distribution System.

Emil Mathew (2005) in his study on significance of income generating activities under micro finance reveals on income generating activities conducted by micro finance groups in Wayanad district of Kerala. NGO led Micro finance groups and NHGs of Kudumbashree are taken for the comparative study. The study says that revolving fund of Kudumbashree acts as binding force to prevent the collapse of the group. Revolving funds are almost like grants and it is required to be repaid in case of the collapse of the group. It is intended to be used for productive purposes, but in some of the groups, the members share this fund among themselves in equal amounts. Some groups have added the revolving fund to the collective unit of the fund. The study observes that groups in initial stages lend for consumption purposes, as is an important need expressed by the members. Later it is suggested by the members that loan be used for productive purposes, as Income Generating Activities (IGA) enable the members to extra income.

Santosh Kumar (2010) on Kudumbashree linked micro enterprises in some parts of the Ernakulum District of Kerala reveals that the general and economic prospects of the enterprises along with the different problems confronted by the micro entrepreneurs. Average return on Investment (ROI) of around 16 per cent per annum in addition to full time and part time employment is quite rewarding. Market competition, improper management, scarcity of capital, poor technology is reported to be major hindrances in conduct of enterprises.
A study conducted by Suneetha Kadiyala (2003) on scaling up Kudumbashree reveals interesting facts of the programme. According to the study two factors initially constrained the scaling up process. The government initially wanted to include all women, not just those who are below the poverty line in the CDS structures. The negotiations between various stakeholders delayed the process by a year and half. Many local government bodies resisted strengthening of the CDS/ADS/NHGs, as they perceived them to be threat to their authority. This still continues to be a problem in many gram Panchayaths. The potential threats and tradeoffs include a shrinking focus on maternal and child health and nutrition issues with an increasing preoccupation with micro enterprise initiative.

Kudumbashree’s scaling up goes beyond increasing coverage. From primarily a pilot to improve nutritional status of mothers and children, it evolved into a multi sector poverty alleviation program, scaling up functionally.

Edward and Zakkariya (2007) explore the potential for the social marketing application for the community mobilization in the Kudumbashree programmes. The emphasis in the Kudumbashree enterprise programme was to encourage innovative business ideas rather than on the “tried and tested” ones. This paper draws information from the available literature and qualitative data collected through interaction with Kudumbashree officials and the NHG members. The study reveals some of the problems and challenges faced by Kudumbashree in the scaling up process can be solved by adopting social marketing approach. Social marketing is systematic application of marketing for social good. But the fact is that most of the entrepreneurs were first generation entrepreneurs and this should be kept in mind while implementing the Rural Micro Enterprise (RME) programme in the country.
The study concludes that many social marketing programmes need to be planned to develop and nurture various partnerships which are missing in Kudumbashree.

D. Ajit, R Sunil, K. Ravi Raman (2006) examine the high repayment rate based on a primary survey of households under the Kudumbashree in four villages in Kerala. The study found that repayment rates are relatively lower in non-agricultural activities because of the marketing problems, while it is relatively successful in the agricultural sector. The major findings are:

- The severe poor have comparatively lower repayment rate as compared with the moderate poor. This evidence shows that severity of poverty was not a significant factor to explain repayment behavior of households under Kudumbashree programme.
- The repayment record of those households who attend group meetings regularly is better than those with irregular attendance.
- NHG members are often found to be members of other microfinance programs as well.
- Cross borrowing situation could lead to a high repayment of their borrowings with the Kudumbashree programme. However, by availing cross financing, the financial indebtedness only worsens.

Louis Olivier Gervais (2008) also found that repayment rates are relatively lower in non-agricultural activities because of the marketing problems (resulting from the creation of non-tradable), while it is relatively successful in the agricultural sector. High repayment rates are found to be propelled by dynamic incentives like subsidies and the prospect of loan renewal. Finally, the study found that borrowers did considerable double-dipping (borrowing from other microfinance programs) and
borrowed from non-institutional sources. This raises questions about their real indebtedness.

L. Devi and P.P. Pillai (2005) chose to conduct a quantitative study of nearly 200 women beneficiaries of two microcredit programmes in order to compare the effectiveness of NGO-led (Society for Rural Improvement – SRI) and State-led (“Kudumbashree” program) initiatives for women's empowerment in Kerala. The major difference is style of functioning: the first one is a replica of the Grameen Bank of Bangladesh while the second is a State Government funded programme aiming at the empowerment of women through SHGs. After evaluating the economic impact of the two programmes, they finally built an Empowerment Index based on the respondent's answer to ten attitudinal questions relating to their self-esteem, self-confidence, autonomy and decision-making power. A majority of women beneficiaries reported a “high degree” of empowerment (a score above 70/100): 68 per cent in the case of Kudumbashree and 42 per cent in the case of SRI. Only for 27 per cent (SRI) and 11 per cent (Kudumbashree) of the women, the microcredit programme did not result in significant empowerment (a score up to 30/100). The main conclusion of their comparative study goes against some commonly held beliefs: the results are more convincing in terms of empowerment in the case of the governmental programme (Kudumbashree) than in that of the project carried out by the SRI NGO.

The text of B.V. Thampi (2007), based on a study of a confederation of SHGs, the Community Development Society (CDS) of Alleppey in Kerala, more particularly illustrates the economic dimension of empowerment. The author looks at the impact analysis of CDS in view of its main objective – to reduce poverty and provide
economic security to poor women – after six years of operation. Out of the women who have taken loans, 58 per cent reported they are not getting a steady income from the economic activities they set up. Among the 42 per cent who reported a steady income, only 25 per cent of the beneficiaries have seen a real improvement in their income. A further inquiry has been made to see the expenditure pattern of the enhanced income in the case of the 25 per cent: the major share of women's income is spent on household needs like food, medical care for the children and their education. According to the author, these findings indicated the culturally constructed roles of mothers and the reproduction of patriarchal values, i.e. the phenomenon of contextual empowerment. She also argues that the orientation of programmes towards women failed to see the social context in which women take up these economic activities. The income-generating activities set up with microcredit (for instance, poultry farming or garment making) are highly gendered. This finding, combined with a high proportion of enhanced income spent for the children, is found to be a disempowering factor.

Kudumbashree, a comprehensive SHG-based poverty eradication programme with partnership of local government and SHG is considered a unique programme (John, 2008). In comparison the study shows that in most of the Indian states, SHGs have been attaining a value over and above their professed role as they have great potential to function as a training field for women to enter local government. Hence, positive linkage between SHGs and local government needs to be forged through introducing Kudumbashree model in most of the Indian states.

Siwal (2009) writes about two aspects pertaining to gender relations are worthy of note. The first is increased respect for women. The second is the utilisation of the self-help groups as coalitions to protect, and seek redress for, women subjected to
gender-based violence. A change in approach towards women is distinctly visible at all levels. A positive change in terms of attitude and practices of mainstream financial institutions, government departments, weakening caste and religious barriers is notably conspicuous. There has been substantial reduction in turnover of local money lenders. In fact this is one of the major achievements of Kudumbashree programme.

The State Poverty Eradication Mission-Kudumbashree- launched by the Government of Kerala State in India is a massive poverty eradication programme in contemporary history (Raghavan, 2007). It has proved without any doubt that women empowerment is the best strategy for poverty eradication. Women who were regarded as voiceless and powerless started identifying their inner power, their strength, opportunities for growth, and their role in reshaping their own destiny. The process of empowerment becomes the beacon light to their children, their families and to the society at large. It opens new vistas in development history.

Jaya S. Anand (2008) in her study has shown that positive change has taken place in the attitude of beneficiaries. The study conducted in Nilambur block of Malappuram district reveals that micro finance programme has enabled the poor to take up micro enterprises by availing of credit without outsiders dictating to them as to how and for what projects the loan should be used. Self-perception which used to be low is now high because of attitudinal change in social outlook. The groups have provided a forum for women to express their concerns and articulate their aspirations for change and enabled them to see and know what is happening outside the house. Several groups have become centres for initiating social action against dowry system, alcoholism, illiteracy, and divorce. The author suggests that provision of credit may not produce desired impact. The credit plus programmes including group formation
and training to awareness raising and a wide range of other supporting measures are necessary.

Thrift and credit operations and micro enterprises have enhanced the economic status of the poor women in families and society. It is an unarguable fact that Kudumbashree Mission and its activities, including the planned capacity building exercise of the beneficiaries, have really improved the status of poor women in the urban and rural areas of the state (Gopika Somnath, 2008).

Research conducted by Mohanan Pillai and Shanta Pillai (2008) on integration of gender in policies relating to information and communication technology to empower socially excluded poor women as producers of this technology. In this context, this paper examines an interventionist ICT policy undertaken by Kudumbashree. The study clearly establishes that given the basic literacy of the state, engendering ICT for poor women is feasible, provided the right organisational support is given. Poor women through this programme have entered the lowest of IT enabled jobs. If this good beginning has to be sustained and poor women have to take advantage of the opportunities offered by the IT revolution, they should be helped to move to higher levels of activities with more intense training and organisational support. There is a need for continuous upgradation of skills and capacity building particularly in the context of the fast changing technology associated with the IT sector.

Chandrashekhar and Siva Prakash (2010) in their study agreed upon the view that the Women ICT initiative under the leadership of Kudumbashree has vast potential as a tool for empowering the poor women. The social and economic barriers could be effectively overcome through this innovative programme. This programme has made
an impression in the digital divide and in scripted the opening of the opportunities of
the information, communication and technology to the poor and socially rearward
women. The study indicates that at the basic literacy of the Kerala state, ICT for poor
women empowerment is feasible provided the right organizational support is given.
The Poor woman through this initiative have made an entry into the lowest
continuum of IT enabled jobs and also ensures minimum level of income adequate to
meet family needs. The study also indicates that as days pass the ICT enterprises are
facing difficulties to get adequate inputs/resources facing sustainability issues and
also various challenges like delay of payment, technological obsolesces and stiff
competition from the digital market etc.

Dhanya, M B and Sivakumar, P (2010) in their study noted one interesting feature of
the primary survey was that in the Yathrashree canteen units in Thiruvananthapuram
District of Kerala, when members of the group were individually interviewed, many
were not even aware of the capital in the beginning of the enterprise. Only the group
organizers could answer this question. This indicates lack of information among the
beneficiaries. Regarding the query of expansion of units, majority lacked motivation.
They were apprehending of the future of their own existing business. An enterprising
drive was found lacking among all the beneficiaries.

Kerala has an active political society compared to the rest of India. There is a high
degree of political activism, the consequences of which are subject to difference of
opinion. No single political party has been able to form a government of its own
since its formation of Kerala.

(Siwal, 2009) in his study states that it was told by the members, that there were
many incidents where political parties tried to push their agenda through their NHGs.
The party that spearheaded the Peoples Plan Campaign, the Kudumbashree, and the political parties have shown keen interest in having these groups packed with persons owing allegiance to their ideology.

Patel Vibuti (2008) in her study titled ‘Women’s Leadership in Micro Finance: Issues and Challenges’ reveals politicization acts on a decade old Kudumbashree by the newly formed Janasree, formed by the ruling party. Janasree is a parallel programme to the widely known decade-old Kudumbashree, involving women below the poverty line. Kudumbashree is supported by the Left Front. There is a threat to Kudumbashree and the Union-State relations from the launch of Janasree. The state government opposes any move for grant of Union government’s funds directly to Janasree, bypassing the state government or the local self-governments (LSGs).

Biju and Abhilash Kumar (2013) in their article report on the agitation that took place in Kerala in October 2012. It brings out an attempt of putting down a movement called Kudumbashree by increasing the interest rate on government loan from 4 per cent to 12 per cent and passing on the baton of women development to Janasree in all possible ways by the ruling party. The agitation was led by the All India Democratic Women’s Association (AIDWA) and supported by CPI (M) to protest the United Front (UDF) government’s decision to reverse the decision. To reverse the process of decentralization and de-bureaucratized development, affects a heavy cutback in the total plan outlay for the poverty eradication mission, and block resource devolution. Women showed their real empowered power and the government agreed to negotiate on the ninth day of agitation and signed the agreement in favour of the women’s demands.
To conclude in the words of Kumar (2008), it can be said that Kudumbashree represents a departure from the conventional, non-coordinated, income-based programs implemented in the past by different government agencies. The delivery cost of such conventional programs has been exorbitant, and worse, they are prone to under reporting and manipulation by both beneficiaries and officialdom. On the other hand, the philosophy of Kudumbashree is to view poverty as a multi-phased phenomenon that calls for a holistic approach to tackle its multiple manifestations.

II.7. Conclusion

Human labour is the basis of all forms of production; human resources are unique in being both the ends and means of development. Human Development is the basis of economic growth and engendering the development process leads to better development and prosperity.

Since the seventies, gender has become increasingly visible as an issue in development plans. Development planners became aware that women had been excluded from much of the benefits of development process. In response, a ‘Women in Development’ (WID) agenda was advocated, which aimed to increase local women’s involvement in the market economy and project activities. However, problems with this approach soon became apparent. Women were already working hard, particularly poor women, and women’s labour was already a part of the economy, although not necessarily recognized as such, or remunerated.

Micro finance activities in the world have laid foundation for eradicating poverty from the universe by passing the baton to the women. Micro enterprises activities act as an agent of development and growth and have been successful in reducing poverty and empowering women in the world. The world has been experimenting with micro
finance activities and has experienced success as well as failure. But the fact everyone agrees that micro finance and micro enterprise activity can diminish the level of poverty from the world.

Indian experience with her Self Help Groups was also not otherwise. Women enjoyed less freedom before joining micro finance activities. The 1980s and 1990s also saw development and rapid expansion of large minimalist poverty-targeted micro-finance institutions and networks like Grameen Bank, ACCION and Finca among others. In these organizations and others evidence of significantly higher female repayment rates led to increasing emphasis on targeting women as an efficiency strategy to increase credit recovery (Mayoux, 2005).

Within a short span of time, Kudumbashree has gained reputation and goodwill in the State and in the Country as well. The presence of Kudumbashree in every sphere of life in the state of Kerala is visible and it creates enhanced demand for public services, improvement in quality of public service and bottom up pressure for improvement in service delivery. It acts as a delivery mechanism and responds to urgent and imminent needs of the society during epidemics and natural calamities. Every emerging opportunity is grabbed and tamed for the poor. The strategy of participation and empowerment adopted in Kudumbashree mission ensures sustainable livelihoods to a large number of poor women- the positive outcome, which a policy planner can always be enthused with.

Kudumbashree model has been successful inspite of all the demerits associated with it. There are still several unexplored areas and the development programmes adopted in this model. Three Panchayaths taken for the study, indeed presents some wonderful development programmes to the world. The current research study intends
to present this exploration of these programmes through the field study undertaken in Thrisur District of Kerala.

II.8. References


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