

## **WOMEN EMPOWERMENT AND MICRO FINANCE IN KERALA**

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### **ABSTRACT**

The subject of micro-finance is considered as significant and emerging trend in the present scenario for the empowerment of women. Micro finance programmes are promoted as an important strategy for women's empowerment. Micro finance builds mutual trust and confidence between bankers and rural poor to encourage banking in a segment of population where formal financial institutions usually find difficult to reach. The present paper examines the economic impact of micro finance beneficiaries and whether the economic empowerment has resulted in the generation of a set of self reliant women. The study shows about the positive impact of the development programme of Kudumbashree, a micro financial institution in Kerala, India.

**Key words:** Micro finance, Empowerment, Kudmbashree, Economic impact.

### **INTRODUCTION**

Empowerment refers to increasing the economic, political, social, educational, gender, or spiritual strength of individuals and communities. Real empowerment occurs only when rights can be legitimately claimed and are universally acknowledged. Empowered women and girls have a truly transformative role to play in their communities but they are rarely afforded the opportunities that will allow them to fulfill their enormous potential."Around the world, healthy, educated, employed and empowered women break poverty cycles - not only for themselves, but for their families, communities, and countries too." Women all over the world are challenged by a number of obstacles that restrict their ability to play significant roles in their communities and the broader society. For a long time they have lagged far behind men in key socio-economic indicators that place them at a huge disadvantage. Two thirds of the 774 million adult illiterates worldwide are women, the same proportion for the past 20 years and across most regions, according to the United Nations' World's Women 2010: Trends and Statistics Women are less likely to have access to land, credit, decent jobs even though a growing body of research shows

that the achievement of gender equality has enormous socio-economic ramifications. Occupational segregation and gender wage gaps continue to persist in all parts of the world.

### **OBJECTIVES**

- To know the extent of micro credit management knowledge of women in kudumbashree
- To examine whether the women in Kerala are empowered through micro finance
- To assess the financial literacy of women in Kerala.

### **IMPORTANTS OF THE STUDY**

Micro Finance (MF) is the most grassroots level activity of Kudumbashree, the binding force of the NHG. Each NHG has operational flexibility in respect of its MF operations, within a broad framework. This innovation helped the poor especially women to gain the better access to credit facilities and ultimately in promoting micro level savings and credit self help groups. Financial literacy is the ability to understand how money works in the world: how someone manages to earn or make it, how that person manages it, how he/she invests it (turn it into more) and how that person donates it to help others. A positive relationship normally exists between financial literacy and poverty alleviation. Financial literacy can break the cycle of poverty while the people associated with below poverty line (BPL) have been supplied with micro credit to support their lives.

### **RESEARCH METHODOLOGY**

The study is designed on a descriptive study conducted in Kerala based on both secondary and primary data. Primary data collected from the peoples in selected area. Secondary data, which is already published, collected from published books, magazines, journals, websites, reports and periodicals of Consumer fed, etc. Sample size was fixed to a number of 100. Population of the present study is the women of kudumbashree in Kerala. Convenient sampling method is used for collecting data. The respondents were selected on the basis of convenience. A well structured questionnaire is used for collecting primary data. Various tools are used to analyses the data such as ANOVAs, F-test, Correlation, Weighted average, Percentage method.

### **THEORETICAL ASPECT**

#### **Empowerment**

Is the process of obtaining basic opportunities for marginalized people, either directly by those people, or through the help of non-marginalized others who share their own access to these opportunities. Empowerment also includes encouraging, and developing the skills for, self-sufficiency, with a focus on eliminating the future need for charity or welfare in the individuals of the group. This process can be difficult to start and to implement effectively.

#### **Micro finance**

Is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services.” Microfinance sector has grown rapidly over the past few decades. Nobel Laureate Muhammad Yunus is credited with laying the foundation of the modern MFIs with establishment of Grameen Bank, Bangladesh in 1976. Today it has evolved into a vibrant industry exhibiting a variety of business models. Microfinance Institutions (MFIs) in India exist as NGOs (registered as societies or trusts), Section 25 companies and Non-Banking Financial Companies (NBFCs). Commercial Banks, Regional Rural Banks (RRBs), cooperative societies and other large lenders have played an important role in providing refinance facility to MFIs. Banks have also leveraged the Self-Help Group (SHGs) channel to provide direct credit to group borrowers. With financial inclusion emerging as a major policy objective in the country, Microfinance has occupied centre stage as a promising conduit for extending financial services to unbanked sections of population. At the same time, practices followed by certain lenders have subjected the sector to greater scrutiny and need for stricter regulation.

### **NEED FOR MICROFINANCE**

According to the latest research done by the World Bank, India is home to almost one third of the world’s poor (surviving on an equivalent of one dollar a day). Though many central government and state government poverty alleviation programs are currently active in India, microfinance plays a major contributor to financial inclusion. In the past few decades it has helped out remarkably in eradicating poverty. Reports show that people who have taken microfinance have been able to increase their income and hence the standard of living. About half of the Indian population still doesn’t have a savings bank account and they are deprived of all banking services. Poor also need financial services to fulfill their needs like consumption, building of assets and protection against risk. Microfinance institutions serve as a supplement to banks and in some sense a better one too. These institutions not only offer micro credit but they also provide other financial services like savings, insurance, remittance and non-financial services like individual counseling, training and support to start own business and the most importantly in a convenient way. The borrower receives all these services at her/his door step and in most cases with a repayment schedule of borrower’s convenience. But all this comes at a cost and the interest rates charged by these institutions are higher than commercial banks and vary widely from 10 to 30 percent. Some claim that the interest rates charged by some of these institutions are very high while others feel that considering the cost of capital and the cost incurred in giving the service, the high interest rates are justified.

### **THE DETAILS OF WHICH ARE AVAILABLE FROM THE GOVERNMENT WEBSITE ON KERALA WOMEN**

- Kerala has a high female literacy rate of 86.2%, a low IMR of 13 (against the national average of 80) a favorable sex ratio of 1032 female/1000 male, low MMR 0.8/1000, High Life Expectancy ratio 74 female/70 male etc., just to mention a few. But in spite of all these achievements the conspicuous absence of women in the public domain remains as a paradox of the Kerala model of development.
- The economic marginalization of women in the development process has drawn considerable attention during recent years. While the female work participation rate in India increased from 19.7% to 22.7% between 1981 and 1991, in Kerala the ratio declined from 16.6% to 15.9% during the same period. The incidence of unemployment among females in the State is higher than that among males by 5 times in rural areas and 3 times in urban areas. Unemployment in Kerala is severe and is estimated to be 3 times larger than of India.
- The sexual division of labour has resulted in the concentration of women in low paying unorganized sectors such as agricultural labour, cottage and traditional industries and selected service sectors. Despite the powerful trade union movements, equal wages for equal work still remains a mirage and gender discrimination at the work place is widely prevalent.
- The marginalization of women in the economic process and lack of control over resources have been major impediments in improving the status of women.
- The violence against women and incidence of sexual harassment continue to increase (number of registered crimes increased from 1862 in 1991 to 4937 in 1996).
- Despite the general progressive political environment in the State, active involvement of women in various leadership levels is virtually lacking.

### **KUDUMBASHREE**

It launched by the Government of Kerala in 1998 for wiping out absolute poverty from the State through concerted community action under the leadership of Local Self Governments, Kudumbashree is today one of the largest women-empowering projects in the country. The mission aims at the empowerment of women, through forming self-help groups and encouraging their entrepreneurial or other wide range of activities. The purpose of the mission is to ensure that the women should no longer remain as passive recipients of public assistance, but active leaders in women involved development initiatives. The programme has 37 lakh members and covers more than 50% of the households in Kerala. Built around three critical components, micro credit, entrepreneurship and empowerment, the Kudumbashree initiative has today succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future. Literal meaning of Kudumbashree is prosperity (shree) of family (Kudumbam).

Kudumbashree was conceived as a joint programme of the Government of Kerala and NABARD implemented through Community Development Societies (CDSs) of Poor Women, serving as the community wing of Local Governments. Kudumbashree is formally registered as the "State Poverty Eradication Mission" (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. It has a governing body chaired by the State Minister of LSG. There is a state mission with a field officer in each district. This official structure supports and facilitates the activities of the community network across the state. 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. The poor need to find a collective voice to help claim these rights. The grassroots of Kudumbashree are Neighbourhood Groups (NHG in short) that send representatives to the ward level Area Development Societies (ADS). The ADS sends its representatives to the Community Development Society (CDS), which completes the unique three-tier structure of Kudumbashree. Today, there are 1.94 lakhs NHGs, over 17,000 ADSs and 1061 CDSs in Kudumbashree. Briefly, Kudumbashree functions at the weekly neighborhood group meetings, women deposit savings, and the collective savings which in turn provide the basis for small loans. In order to qualify as a member of the Neighborhood Group (NHG), the women's household must be "poor". For identifying risk families i.e., a household is considered poor if it demonstrate four or more of the following nine risk factors.

1. No land or less than 5 cent of land
2. No house or dilapidated house
3. No sanitary latrine
4. No access to safe drinking water within 15 meters radius.
5. Women headed household, presence of a widow, divorce, abandoned women unwed mother.
6. No regularly employed person in the family.

7. Socially disadvantaged groups such as SC /ST
8. Presence of mentally or physically challenged person or chronically ill member in the family.
9. Families without colour television.

## **EMPIRICAL ANALYSIS**

### **AWARENESS ABOUT BANK LOAN**

This table examines the awareness of women about facilities and loan provided by banks in Kerala

| AWARENESS ABOUT LOAN             | RESPONSES |            | PERCENT OF CASES |
|----------------------------------|-----------|------------|------------------|
|                                  | NUMBER    | PERCENTAGE |                  |
| awareness about gold loan        | 86        | 56.60%     | 97.70%           |
| awareness about agriculture loan | 12        | 7.90%      | 13.60%           |
| awareness about education loan   | 10        | 6.60%      | 11.40%           |
| awareness about house loan       | 44        | 28.90%     | 50%              |
| Total                            | 152       | 100%       | 172.70%          |

Source: primary data

This table explains that 56% of the respondents are aware about gold loans provided by banks in Kerala and only 28% of the respondents are aware about house loan. And very low percent of women are known about the agricultural loan and education loan.

### **AWARENESS ABOUT DIFFERENT RATE OF INTEREST ON DEPOSIT**

This table explains about awareness of women about different rate of interest on deposit.

| RESPONSES | FREQUENCY | PERCENTAGE | CUMUATIVE PERCENTAGE |
|-----------|-----------|------------|----------------------|
| Yes       | 10        | 10         | 10                   |
| No        | 90        | 90         | 100                  |
| Total     | 100       | 100        |                      |

Source: primary data

It is clear from the table that 90 % of respondents are aware about different rate of interest on deposit. Rest of them is not aware about interest on deposit.

### **FINANCIAL LITERACY OF THE WOMEN IN KERALA**

This is to examine the Basic financial literacy of. This includes the account with bank, type of account, monthly savings etc...

|                      | Category             | frequency | Percentage |
|----------------------|----------------------|-----------|------------|
| account with bank    | Yes                  | 54        | 54         |
|                      | No                   | 46        | 46         |
| type of bank account | current account      | 4         | 8          |
|                      | savings bank account | 18        | 92         |
|                      | fixed account        | 0         | 0          |
| type of bank         | commercial bank      | 6         | 12         |
|                      | cooperative bank     | 42        | 84         |
|                      | post office savings  | 2         | 4          |
| monthly savings      | less than 500        | 12        | 24         |
|                      | 500-1000             | 28        | 56         |
|                      | 1000-5000            | 9         | 18         |
|                      | above 5000           | 1         | 2          |

Source: primary data

Majority of the 54% members have account with bank. Regarding the type of bank account, 92% having savings bank account and 8% have current account, none have fixed deposit.

84% of members having account with cooperative bank only 12% have account with commercial bank, 4% include post office savings.

## **CONCLUSION**

Kudumbashree as a comprehensive programme aims at the alleviation of poverty. It is participatory poverty reduction programme focusing on women empowerment through convergence of resources and community action. It encompasses thrift and credit alternatives, micro enterprises several income generating activities and a wide range of welfare activities. Basic financial literacy, no doubt, is a pre requisite for bringing the bottom of the pyramid to the main stream. The financial inclusion efforts in India on its much towards double digit growth in the immediate future have ‘financial literacy’ as one its core means. The micro finance efforts in the country can ensure its ultimate objective only if the financial literacy among women members of BPL families (who are members of formal women group) in one of the panchayat in the most literate state in Kerala. Unfortunately the outsourced informal non professional support from some other sources has not an efficient level. There for, the inferences from the study necessitate the need for increasing the financial literacy level of members of the women groups is UN compromising as women groups are considered as a strong channel of financial inclusion.

Kudumbashree incomes contributed a significant portion of the entire income. Economic impact is there but a major cause for the increase in family incomes may be due to a rise in income of other family members or other sources. Of course there is economic betterment. These being the economic indicator which points to positive impact of the development programme of

Kudumbashree, certain other facts need to be recounted. This includes the dimension of motivation aspiration, overcoming the fear of authority, confidence in once on abilities, autonomy in the use of resources in households and participation in decision making in the households.

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[www.kerala.gov.in](http://www.kerala.gov.in)

[www.womenictenterprise.org](http://www.womenictenterprise.org)

