

FINANCIAL EMPORMENT THROUGH MICROFINANCE AND MICRO ENTERPRISES

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Introduction

India has a large network of formal financial system. But the majority of the rural poor have no access to bank credit because of various reasons. Due to this inability of the formal financial sector different NGOs encouraged rural poor to start informal groups for mutual help. Throughout history, people have formed groups with others who have something in common with them, and oppressed people have joined together to overcome the circumstances they face. In an effort to improve the effectiveness of efforts at reducing poverty, programs that fall under the broad rubric of “community driven development” (CDD) have recently seen great expansion.

There are certain beliefs that the poor households are too poor to save and therefore they do not need savings services and the poor cannot repay loans and hence there is a serious risk of default. The main hurdle faced by the traditional banks in this field was the comparatively high transaction cost in reaching out to a large number of people who required very small doses of credit at frequent intervals. The Self-help groups show us how unity or mutual help is strength in the present day situation. This study focuses on a large CDD program in the Kerala that is innovative in combining financial empowerment with micro-finance intervention. SHGs help poor people to discover themselves and attain economic independence. SHGs are started to provide credit to the poor people at their door step.

Microfinance is relatively a new branch of finance, which aims to promote self-sufficiency and economic development among people who don't have access to the formal financial sector. They do this primarily by extending small loans without the strict

requirements of collaterals. Usually they lend to poor and "unbanked," but they also include people who are not poor, but lack the credit from formal sector to start a new business or invest in the existing one. Microfinance in India is more of a women centric programme. It is extensively used in poverty eradication and women empowerment programmes.

Empowerment is a concept which varies from one individual to another; it is a way of life which can be achieved with two main things internal strength and external facilities. Internal strength comprises of self-motivation, self-esteem, self-worth and awareness. External facilities include education, health, protection from law, fundamental, rights, job opportunity, safe environment, credit, training, market facilities etc. Women empowerment is a multidimensional process which travels from many phases. Among all being economically independent is considered as most important, because economic dependence i.e., dependence on others for survival, itself is a hurdle in the pathway of women empowerment. As long as they depend on others for fulfilment of their daily needs or for lifecycle requirements, they are not able to emancipate themselves.

Micro-finance has been recognized worldwide as one of the new development tool for alleviating poverty through social and economic empowerment of the poor mainly women. Experiences of different anti-poverty and other welfare programs worldwide have proved that the key to success lies in the evolution and participation of community based organizations at the grassroots level. The concept of microfinance has been evolved for economic low income groups. The term microfinance refers to the provision of financial services to the low income people. The declaration of the microcredit summit held in Washington DC in 1997 defined micro credit programmes as those extending small loans to poor people for self-employment projects that generate income allowing them to care for themselves and their families (Declaration and Plan of Action, Micro Credit Summit Washington DC 1997)

Micro Finance is a comparatively new term in finance. It is reflective of at least two elements which are not captured by earlier debates and concerns on the subject of rural credit. These are:

(1) An emphasis on savings and other financial services apart from loans; and

(2) Professional management of small loans and savings programs as part of a perceived need for sound accounting, financial portfolio management and decision making for a microfinance institution

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 fulfil 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

In the beginning, SHGs are organized for savings mobilization and saving operation among the poor people and later, they started taking up income generating activities like agricultural, agro-processing and other micro-enterprises. RBI report on financial inclusion further emphasizes that SHGs are "the most potent initiative since

Independence for delivering financial services to the poor in a sustainable manner.” (Dr. C. Rangarajan, 2008.)

The union rural development minister Dr. Raghuvamsh Prasad Singh (2008) has stressed for a pro-active role for the SHG federations in the country in attaining the economic empowerment of the rural people; especially the people living below the poverty line.

SHG banking is programme that helps to promote financial transactions between the formal rural banking system which includes public and private sector commercial banks, regional rural banks and co-operative banks with the informal SHGs as clients.

Concept

The Concept of Microfinance “Microcredit is based on the premise that the poor have skills which remain unutilized or underutilized. It is definitely not the lack of skills which make poor people poor charity is not the answer to poverty. It only helps poverty to continue. It creates dependency and takes away the individual’s initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty.” (Muhammad Yunus, Expanding Microcredit Outreach to Reach the Millennium Development Goals, International Seminar on Attacking Poverty with Microcredit, Dhaka, Bangladesh, January, 2003) Microfinance companies are the financial institutions that offer small-scale financial services in both the forms – credit and savings, especially to the poor in rural, semi-urban and urban areas. These financial services are meant to help them in undertaking economic activities, mitigating vulnerabilities to income shocks, smoothening consumption, increasing savings and supporting self-employment. Microfinance is a broad term that describes banking and financial services provided by poverty-focused financial institutions (often referred to as microfinance institutions or "MFIs") to poor populations that are not being served by mainstream financial organizations.

Microfinance, as defined by the ILO, is an economic development approach that involves providing financial services through institutions to low income clients. According to The National Microfinance Taskforce, 1999, in India, microfinance is defined as provision of thrift, credit and other financial services and products of small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards. The poor stay poor, not because they are lazy, but they have no access to capital. Microfinance is a form of financial services specially designed for low-income collateral, poor households having no access of financial services from formal financial institutions (Arindam Laha & Kuri 2014).

Objectives of Microfinance Programme

The key objectives of microfinance Programme are as follows:

- To provide need based easy, pocket loans to poor individuals at relatively low interest rates without any collateral.
- To stop the exploitation of the poor caused by expensive informal credit.
- To finance economically and socially viable projects those cannot be financed otherwise to empower women within households as decision makers and in society as a development participant of the country.
- To create maximum self-employment opportunities and self-employed people, especially women's.
- Reduce poverty and improves the sustainable living standards

The overall aim of the programme is, to make the transition of poor from everyday survival to planning for the future or investments for the future and protects themselves from unexpected setbacks.

Poverty and gender disparity are the universally observed features of developing countries. To meet the scale of development they have to eradicate these evils. Till recently the development of a country was measured only on the basis of its growth rate,

now development has become more 'human centric', which depends on the quality of human resources of a country not on the mere quantity of production. International development agencies are inducing the developing countries to grow as 'smart economies' and implement policies in a way to achieve MDG. 'Country should develop with the development of its people', People's participation and contribution in the process of development is recognised. It took a long time to realise that if the gains of development have to go to the poor, then they must be individually and directly involved in the growth process. In this context, to implement the concept of inclusive and sustainable growth, to make India a self- sustained economy, many changes were made to the economy and many programmes and policies re developed and adopted, and microfinance was one such programme. The leading principle behind Microfinance programme was 'Trickle up effect' instead of 'Trickle-down effect'.

Investments, tax rebates and credit at the top level will develop the sectors of the economy and its fruit will reach the poor, is the theory of 'Trickledown effect' but reverse to this principle, microfinance aims to invest on poor individual and thereby taking the development at top level i.e., called 'Trickle up effect' or 'bottom up solution' as cited by Md. Yunus. So instead of investing in development projects it is better to invest directly on the poor and enable them to make themselves economically independent by undertaking income generating activities and thereby contributing to the income of the family and of the nation. India is one among the developing countries, who is following 'credit- led development' model for rural development and poverty eradication. Inspired by the success of the German and Dutch rural credit systems evolved 200 years ago under the Raiffeisen model. Credit cooperatives re first tried, and when they found inadequate to meet the challenges, Commercial banks and RRBs re roped in to focus on rural credit. When they have proved insufficient to meet the financial needs of poor, a new concept of group credit with social collaterals has entered the field. Microcredit is found as one such solution for the problem of rural credit. Owing to the importance of microfinance Govt. of India vide their notification dated August 29, 2000 have included 'Micro Credit/Rural Credit' in the list of permitted non-banking

financial company (NBFC) activities for being considered for Foreign Direct Investment (FDI)/Overseas Corporate Bodies (OCB)/Non-Resident Indians (NRI) investment to encourage foreign participation in micro credit projects. This covers credit facility at the micro level for providing finance to small producers and small micro enterprises in rural and urban areas.

The success rate of the Bangladesh Grameen model as "miracle cure" for global poverty, and women empowerment at international level has inspired India to think in the same direction. And the success of SHG concept adopted by MYRADA in Karnataka and SEWA in Gujarat has drawn the attention of NABARD towards the implementation of the SBLP Microfinance programme for rural development. From then micro finance has evolved as a need-based policy and programme to cater the credit needs of so far neglected target groups. The Self Employed Women's Association (SEWA), owned by groups of women engaged in petty trades, was established according to the co-operative principle in Gujarat in 1974. The earliest initiative in the area of micro finance in India is that of the SEWA model of providing banking services to poor women employed in the unorganized sector. Another approach was taken by the working women's forum (WWF), which started promoting working women's co-operative societies in Tamil Nadu in 1980; Shreyas in Kerala has been involved in micro finance operations since 1988 with the objective of promoting people's co-operatives, and habits of thrift among its beneficiaries, while also propagating the concept of self-managing people's banks. These are all working at state level, at the national level, the SHG movement gained momentum in 1986-87, when NABARD, in collaboration with the Mysore Resettlement and Development Agency (MYRDA), conducted inaction research project on the "saving and credit management of SHGs". In collaboration with some of the member institutions of the Asia Pacific Rural and Agricultural Credit Association (APARCA), NABARD undertook a survey of 43 NGOs in 11 states in India in 1988-89, to study the functioning of micro finance SHGs and the possibilities of their collaboration with the formal banking system. Both these research projects revealed encouraging possibilities, and NABARD initiated a pilot project called the SHGs Linked Project. Since then, NABARD

has promoted and monitored the SHG programme, provided funds for capacity building and innovation, and helped change policy to create an enabling environment. Ever since NABARD's 'SHG-Bank Linkage' model became a core strategy for rural development, it was incorporated in the Government of India's programme as well. It was included as a strategy in the anti-poverty and women empowerment programmes that are specifically designed to generate self-employment and wage employment in rural areas. The disbursement of micro finance through SHGs has proved that even the poor are bankable. Hence, micro finance through SHGs has evolved as an accepted institutional framework to provide financial services to the poor.

In recent years, women's empowerment has been acknowledged as a key variable of development in less developed countries. Focusing on women's empowerment in development is not only expected to benefit the women themselves, but is also believed to improve, through positive externalities, the overall life standard for their families and to strengthen their communities. Amongst these positive externalities of women's empowerment are: higher education levels; higher awareness of health issues; lower fertility rates; and higher political awareness all of these being important positive factors for development. It has thus been recognised that the interrelatedness between women's empowerment and development makes it difficult to proceed in one area without making corresponding changes in the other area, and also that neglecting women's empowerment and hindering women from reaching their full potential is consequently hindering economic and political development (Cheston and Kuhn 2002).

Where the credit markets have failed to meet the poor's need and, inversely, where the poor fail to meet the credit market's requirements, Microfinance has been developed as a source of credit for the poor in developing countries. Through group lending techniques where the group jointly are responsible for the management and repayment of each other's loans, it has been possible for poor, with no earlier credit history or collateral, to access credit. Often these programmes also focus on financial education and managerial control. On the basis of the arguments above to empower women through credit, a great part of the microfinance institutes around the world are targeting women as their clients

as “Access to credit and participation in income generating activities is assumed to strengthen women’s bargaining position within the household, thereby allowing her to influence a greater number of strategic decisions” (Cheston and Kuhn 2002).

Objectives of the study

The objectives of the present study are follows

1. To identify the income generating activities of Self Help Groups.
2. To understand the extend of financial empowerment through this groups

Methodology

The study is based on the primary data collected through interview schedule. Besides this various books, journals and publications are used to collect the information related to SHGs.

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 re selected on the basis of convenience. A well-structured questionnaire is used for collecting primary data

For data collection, both primary and secondary sources are used. On the basis of secondary sources and field experience, relevant research questions and issues pertinent to the study objectives re identified. A detailed methodology was prepaid for the study. Secondary data is collected from the texts, journals and websites of different organisations. Primary data is collected by questionnaire method. 150 households were selected.

Research design

The present research report is designed to be presented in four chapters. The first Chapter includes introduction to the research problem in hand, a review of the scope and importance of the problem, objectives of the research, methodology and research design.

The second chapter discusses the review of literature on the research topic. Review of literature on Micro Finance is explored.

Third chapter explains different models of microfinancing

Fourth chapter is an analysis of the research problem. Taking the 150 samples from three districts an attempt is done to find the answers to the research problem.

Fifth chapter summarises the summary and conclusions.

LIMITATIONS

This study is not far from limitations.

- The study was restricted to a limited area.
- Correct details relating to savings, loans, incomes etc. not obtained
- The study was based on samples. So all limitations applicable to sample study will also be applicable to present study.
- Some of the primary data gathered from the members are based on the memory recall method and, therefore, are subject to memory recall error.

Chapter II

Review of Literature

Studies Related to the Impact of Microfinance Programmes

The following is an attempt to compile and reviews of literature pertaining to the micro finance initiatives and studies exploring it. Microfinance has a very crucial role to play in the reduction inequitable distribution of income according to proponents of microfinance. UNCDF (2004) states that studies have shown that microfinance plays three key roles They are

- ◆ helps very poor households meet basic needs and protects against risks,
- ◆ is associated with improvements in household economic welfare,
- ◆ helps to empower women by supporting women's economic participation and so promotes gender equity.

Sen, 2008 defines Micro finance as the provision of thrift, saving, credit and financial services and products of very small amount to the poor's in rural, semi urban and urban areas for enabling them to raise their income level and improve their standard of living.

Bhole B. and Ogden S (2010). in their paper titled 'Group lending and individual lending with strategic default' had compared the presence of strategic default between group lending and individual lending. The paper concluded that unless group members could impose sufficiently strong social sanctions on their strategically default partners, or unless the bank used cross reporting mechanism, group lending can perform worse than individual lending. It was showed that when certain restrictions on group lending contract were relaxed then group lending yielded higher welfare than individual lending even in the absence of any social sanctions or cross reporting.

Vipin kumar, Monu chauhan, Ritesh kumar (2013) states that micro-finance can play a vital role in providing financial services to the poor and low income individuals. Microfinance is the form of a broad range of financial services such as deposits, loans, payment services, money transfers, insurance, savings, micro-credit etc. to the poor and low income individuals.

The study by Coleman (1999) found that the impact of group-lending on physical asset, saving, production, employment, expenditure on health care and education was

insignificant. The author attributed this meagre impact to small size of the loan being insufficient for investing in income-generating programme and the use of loan for consumption. There was positive impact on participants' high interest debt since they availed themselves of loans from money-lenders to repay their programme loan.

Brijesh Rupapara and Jitendra Patoliya (2012) described the history and meaning of microfinance and various terms related to microfinance. The objective of their research was to study the current activities, limitations and scope of microfinance institutions in India and lastly to develop a business model for MFIs. Based on the findings of the research, the authors suggested that rural economy must focus on rural infrastructure and economy so that it ensured there existed the activities that re required for financial assistance.

Otero (1999, p.10) states that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organisation building, enables people to move out of poverty (1999). By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society

Manish Kumar, Narendra Singh Bohra and Amar Johari (2010) states that India is second populated country in the world and around 70 % of its population lives in rural area. 60% of people depend on agriculture, as a result there is chronic underemployment and per capita income is only \$ 3262.. About 51 % of people house possess only 10% of the total asset of India which has resulted low production capacity both in agriculture (which contribute around 22-25% of GDP) and Manufacturing sector. Rural people have very low access to institutionalized credit from commercial bank

Dr. Prasann Kumar Das (2014) suggests that there is rise in the history and perspectives of rural credit in India in form of microfinance and there is need for improved governance to manage challenges for future so that socioeconomic growth is possible. It traces that the evolution of the microfinance revolution in India as a powerful tool for socio-economic development in rural India.

Ms. R. Sunitha Shree —suggests that microfinance institutions have shown a significant contribution towards the poor in rural, semi urban or urban areas for enabling them to raise their income level and living standards in various countries

Puhazendi and Badatya (2002) made an effort to explore the impact of microfinance channelised through SHG-Bank linkage programme in India. The analysis of the study was based on the primary data collected from 115 members from 60 SHGs in three eastern States, i.e., Orissa, Jharkhand and Chattisgarah. The study focused on the socio- economic conditions of the SHG members by comparing their pre and post SHG situations. It was found that SHG intervention significantly reduced availing of loans from the money-lenders and made a perceptible change in the loaning pattern, i.e., replacing consumption-oriented loans by production-oriented loans during post SHG situations.

Ramanunni (2005) studied the efficacy of micro enterprises as a tool for the economic development of the poor. The study was based on field surveys and case studies with purposely selected sample of micro entrepreneurs from Kerala. The finding of the study suggested that women-initiated micro enterprises re concerned largely with their survival rather than with making profit and business expansion.

Emil Mathew (2005) enquired into the significance of income-generating activities under microfinance programmes. The focus was on the performance of microfinance programmes initiated by Government and NGOs of Wayanad district in Kerala. This enquiry found that a majority of the members utilized the loans only for consumption purpose which created problem in the repayment of loan. In the absence of remunerative IGAs, peer pressure compelled the members to borrow money from other sources at the time of repayment. The study also brought out the factors determining its members to initiate income-generating programmes

Kamel Bel et al(2015)show that a country with higher MFIs' gross loan portfolio per capita tends to have low levels of Poverty Head Count Ratio and higher level of per capita, confirming the role of microfinance in poverty reduction at the macro level and that poorer countries need to focus more on the equalizing effects of microfinance.

Montgomery (2006) empirically analyzed the poverty impact of microfinance programmes in Pakistan. The analysis of the study revealed that participation in the Khushhali Bank's microcredit programme created positive impact on both economic and social indicators of welfare, as well as, income generating activities, especially, for the very poor participants in the programme. The study also exhibited the meagre impact of microfinance on consumption of both food and non-food of the poor households

A study by Gaiha and Nandhi (2007) on microfinance and empowerment explored the benefits of microfinance programmes. The study was based on the primary data collected from six villages in Maharashtra. The study focused on the key dimensions of women's empowerment – defined broadly as expansion of freedom of choice and action to mould their own lives. The study revealed that the poor utilized the loans largely for the health and education of their children and for production-related expenses. The authors criticized the targeting of microfinance through SHGs in terms of an income criterion and suggested for targeting in terms of other indicators of deprivation such as low caste, landlessness and illiteracy

Swain and Floro (2007) focused empirically on the effects of SHG-Bank linkage programme in India with special reference to vulnerability, poverty and risk in low-income households. The study developed a theoretical framework to examine the pecuniary and non-pecuniary impacts of SHG programme on the beneficiaries' earnings and empowerment and ability of the household to manage risk. The study highlighted that the SHG members have lower vulnerability as compared to a group of non-SHG members.

Konndo et al. (2008) made an in-depth analysis of the socio-economic impact of microfinance on rural households in Philippines. Based on the empirical data, the study

exposed that the majority of the participants re non poor in terms of official definition of poverty. The impact of microfinance on per capita income and expenditure was found to be regressive, i.e., a substantial positive impact was evident only among the wealthy households, while there was a negative impact on the poor households. The authors identified that ‘high cost and deficient programme loan’ prevented the poor borrowers from undertaking income-generating programmes.

A study by Jaya (2008) analysed in detail the performance of Self-help groups in Kerala. Based on the primary data, the study focused on the standard of living of member households in the pre and post SHG situations. The study found that the members utilized the loan for productive purposes, which in turn, generated more income and better standard of living among the poor. The author vied SHGs as an effective tool in empowering the poor women in Kerala

Ruby (2008) made an attempt to evaluate the role of Kudumbashree project in women empowerment though micro financing in Kerala. The study was based on the primary data collected from the districts of Alappuzha and Kottayam. The study has found that Kudumbashree project has been instrumental in the economic, political, social, personal and family empowerment of the poor in Kerala. The study acknowledged the role of the thrift and credit activities of Kudumbashree in inculcating saving habits among the poor and freeing them from the clutches of unscrupulous money-lenders

Sarkodie EE, Addai and Asiedu DK found out that The Bank of Ghana has the constitutional mandate to oversee the activities of all financial institutions in Ghana including the Microfinance institutions. An increase in the debt equity ratio increases the chances of survival of a firm by 1.055941. Current ratio and acid test ratio re statistically significant at 10 percent whilst debt equity ratio was statistically significant at 5 percent. The study implies that microfinance institutions should be mindful of the current ratio, acid test ratio and the debt to equity ratio.

National Council of Applied Economic Research in a study (2008) assessed the impact and sustainability of SHG-Bank linkage on the socioeconomic conditions of the individual members and their households in the pre SHG and post-SHG situations. The study covered six States from five different regions of India, namely, the south, west, east, central and north-east. The findings of the study showed that the SHG-Bank linkage programme substantially improved the access to financial services of the rural poor, produced positive impact on their socio-economic conditions and reduced poverty of SHG members and their households. The participation in microfinance programme also empowered women members significantly and led to increased self-confidence and positive behavioural changes

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Raghavan and Saleena (2008) in their study on micro-credit and empowerment examined the socio-economic impact of the Kudumbashree project on the rural and the urban poor in Kerala. The study focused on the participatory mechanism of community involvement in the anti-poverty programmes. It was found that the Kudumbashree project enabled the poor women of Kerala to become active participants in the planning and implementation process of various poverty alleviation programmes. The participation of the poor in various income-generating-cum-developmental activities promoted the morale and confidence of women, status of women in families and society and capacity of the poor women in several areas. The study was concluded by stating that strategic

participation and empowerment adopted in Kudumbashree project ensured sustainable livelihoods to many poor women in Kerala

Shetty (2008) went into the promise of microfinance programme in the financial inclusion of marginalized and vulnerable poor. Based on the primary data, the study shed light on the welfare impact of credit plus services of the microfinance institutions on the poor.

Research Gap

The survey of available literature revealed that several serious studies have been undertaken outside the State of Kerala focusing on the outreach and sustainability of microfinance and its impact on poverty and women empowerment. It is also found that only a few studies have been conducted on the impact of microfinance in Kerala and most of these studies dealt with the impact of microfinance on women empowerment. They acknowledged the role of microfinance in women empowerment and identified the channels through which it could be achieved. No serious study has so far been undertaken in Kerala relating to the poverty-alleviation capacity of the microfinance programme. This is the first endeavour in the State to analyse the impact of microfinance on poverty. Moreover, this study makes use of the econometric models in the analysis of the impact of microfinance programme. Thus, in the present study, an earnest attempt has been made to assess the impact of microfinance programme on poverty in Kerala.

Chapter III
Different models of Micro financing

Different models that evolved overtime used to provide micro finance are explained below

Bank Guarantee for loans

As the name suggests a bank guarantee is used to obtain loan from a commercial bank. Bank guarantee is a form of capital guarantee scheme. This fund can be used to finance various projects. This may be arranged externally or internally. Loans obtained may be given to a self-formed group.

Community Banking

This model of micro finance essentially treats the whole community as one unit and establishes semi-formal or formal institutions through which micro finance is dispensed. These institutions are formed by extensive help from NGOs and other organizations. These institutions may have savings components and other income generating projects included in their projects included in their structure. In many cases community banks are also part of the larger community development programmes which use finance as an inducement for action

Cooperative societies

A cooperative is an autonomous association of persons united voluntarily to meet their common economic social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Grameen Bank Model

In this model a bank unit is set up with a field manager and a number of bank workers covering an area of 15 to 22 villages. The managerial workers start by visiting villages to familiarizing themselves with the local people in which they will be operating and identify prospective clients, as well as explain the purpose functions and mode of operation of the bank to the local population.

Self Help Groups

SHGs are voluntary small group structures for mutual aid and the accomplishment of a special purpose. They are usually formed by peers who have come together for mutual assistance in satisfying a common need overcoming a common handicap or life disrupting problem and bringing about desired social and personal change. A SHG is defined as a self-governed, poor controlled informed group of people with similar socio economic background and having a desire to collectively perform for common purpose.

The initiators of such groups emphasize face to face social interactions and the assumption of personal responsibility by members. They often provide material assistance as well as emotional support. SHGs make different levels of forums to discuss various issues pertaining to the group members. These open forums and relationships among members increase the level of trust, group participation, collective action, mutual help network, generalized norms etc.

Self Help Groups and Micro Finance

SHGs means small, economically homogeneous and affinity groups of rural/urban poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community. SHGs are (i) a simple but effective method for the poor to help each other, (ii) a voluntary group of rural poor who face similar situations and problems : (iii) Encourages small savings (thrift) among members; (iv) Provides a forum for the members to solve their problems collectively: (v) Number of members are usually between fifteen and twenty.

KUDUMBASHREE IN KERALA

Kudumbashree which means prosperity of the family is the name of the women oriented; community based, State Poverty Eradication Mission of Govt: of Kerala. The mission aims at the empowerment of women through forming help groups and encouraging their entrepreneurial or other wide range of activities. The purpose of the missions to ensure that the women should no longer remain as passive recipients of public assistance, but active leaders in women involved development initiative. Kudumbashree project for poverty reduction launched on 17 may 1998

IMPORTANCE OF KUDUMBASHREE

Kudumbashree is a women centered initiative against poverty that has been in operation in the state of Kerala since 1998 in rural areas and since 2000 in urban areas. Kudumbashree differs from conventional programs in that perceive 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 claim these rights. Though its efforts to engage women in civil society in development issues and opportunities, Kudumbashree in association with the local self government of Kerala in charting out new meaning and possibilities for local economic development and citizen governance. The basic thrust of the program is women as they are more likely to be credit constrained, have restricted access to the wage labour market and have an inequitable share of power in household decision making.

PRINCIPAL OBJECTIVES OF KUDUMBASHREE

- Facilitating self-identification of poor families through a poverty risk index.
- Empowering the women of the poor strata to improve their individual and collective capabilities of organizing themselves in to NHGs.
- Encouraging thrift and investment through credit by developing community development society to work as informal banks of the poor.
- Improving incomes of the poor through upgrades of vocational and marginal skills and the creation of opportunities for self-employment and wage employment.
- Ensuring access to basic amenities like safe drinking water, sanitary facilities, improved shelter and healthy living environment.
- Promoting functional literacy among the poor and supporting continuing education.

ROLE OF KUDUMBASHREE

Kudumbashree believes that women have to play an important role in the promotion of family welfare. Kudumbashree believes that poverty is a multi-faced phenomenon. Kudumbashree plans to eradicate absolute poverty under the leadership of local governments through concentrate community action. It organizes the poor for combining self-help with the available services and resources to eradicate poverty. Kudumbashree uses the multi-dimensional concept to gauge poverty, rather than just judging via a short fall in income or consumption of a family. This methodology was introduced in an early 1990s under the pilot of the Urban Basic Services Program in Alleppey town. The Alleppey methodology is believed to be superior to the conventional head count ratio as it captures the multi-dimensional characteristics of poverty and a leads to the identification of the most vulnerable families.

STRUCTURE OF KUDUMBASHREE

- Kudumbashree ayalkootam (NHG)
- Kudumbashree ward samithy(ADS)
- Kudumbashree panchayat samithy(CDS)

The grass roots of kudumbasree are Neighborhood Groups that send representatives to the ward level area development societies. The ADS sends its representative to the community development Society, which completes the unique three tire structure of Kudumbashree. Today, there are 1.94 lacks NHGs, over 17000 ADSs and 1061 CDSs in Kudumbashree.

Kudumbashree program in Kerala comes under the Bank-SHG model where the social intermediary is a state government entity. The Kudumbashree program is classified as a Neighborhood Group. The main difference between SHG and NHG is that SHGs are non governmental, informal organizations promoted by voluntary agencies. NHGs are promoted by the government for the upliftment of the poor by bringing the activities of various departments into one umbrella. The Kudumbashree program is co-sponsored by

the Government of Kerala, local bodies and UNICEF. The origin of this program can be traced into the Urban Poverty Alleviation and Urban Basic Services Program which re launched during the 7th 5 year plan by the Kerala government that had a special emphasis on women and children. Kudumbashree is a women centered initiative against poverty that has been in operation in the state of Kerala since 1998 in rural areas and since 2000 in urban areas. The community development societies system act as a sub system of the local government and takes decentralization of power further down to the grass roots level. The program was initially implemented in the 13 towns in the districts of Alleppey and Eranakulam, and later extended during the 8th 5 year plan to 16 more towns and then to the entire Malapuram district. The coverage of the program was extended to all gramapanchayat in a phased manner in 2000-2001.

Table No.3.1 Progress of Kudumbashree program in Kerala: 1999-2006

Number of NHGs	Number of ADS	Number of families covered
1999-2000	7538	N A
2002-2003	113675	13423
2003-2004	125735	13766
2004-2005	147989	13262
2005-2006	167907	14574

Source: www.financialexpress.com

Over the years, the number of NHGs created under the Kudumbashree program raised from 7538 in 1999-2000 to 167907 to 2005-2006.

The Kudumbashree program is built on the facilitation and volunteer work of (a) Kudumbashree officials and (b) volunteers working at NHG, ADS and CDS levels along with the support of local government officials. Even though members of the Kudumbashree program and local government is paid by the respective governments but not counted in the social intermediation cost. The works done at the

three tier structure of Kudumbashree program contributes to the solidarity, cohesion, bonding of households are basically unremunerated. In fact, at the local level, they perform many of the banking functions as well and keep records at the bank branch level, customer support etc.

GENERAL ACHIEVEMENTS

Today Kudumbashree is one of the largest women-empowering projects in the country. The program 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 less privileged women, thus providing them a more dignified life and a better future. Literal meaning of Kudumbashree is prosperity (Shree) of family (Kudumbam). The grassroots of Kudumbashree are neighborhood groups (NGH) that send representative 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 NGHs, over 17,000 ADSs and 1061 CDSs in Kudumbashree. It is this network that brings women to the GramaSabhas and helps them bring the needs of the poor to the attention of the local governments. The Community Development Societies is also very active in Government programs and play significant roles in development activities ranging from socio-economic surveys and enterprise development to community management and social audit. Though its efforts to engage women in civil society in development issues and opportunities, Kudumbashree in association with the local self-government of Kerala is charting out new meaning and possibilities for local economic development and citizen centric governance.

JOINT LIABILITY GROUPS OF WOMEN FARMERS:-

Joint liability groups of women farmers are formed under the collective farming initiative to help women cultivators to access agricultural credit from the banking system. These joint liability groups are structured along with NABARD guidelines, and they

have to open bank accounts in the name of the joint liability groups. Joint liability groups are brought under the purview of Interest Subsidy Scheme of Kudumbashree (ISS). They become eligible for ISS when they avail agricultural loan from banks..

Around 1500 joint liability groups have availed loans so far. Paddy, bananas, vegetables like bitter gourd, snake gourd, cowpea, bottle gourd, ridge gourd, little gourd, lady's finger, amaranths, brinjal, chilly, cucumber and other crops like water melon, ginger, tapioca and pineapple re cultivated in 27270 hectares.

Through the collective farming program the twin benefit of poverty eradication food security and financial returns through agriculture and increased agricultural production are sought to be accomplished. Financial outflow for farming incentives for the year 2009-2010 was Rs 20.11 crore.

Collective farming is an initiative introduced by Kudumbashree to encourage cultivation by neighborhood groups. It is not only brings in significant changes in the lives of the poor but also helps to increase agricultural production by bringing fallow and cultivable waste land into agricultural use, and has significance as a food security measure. Women enter the program as cultivator as opposed to agricultural labour and control over the means of production and access to formal credit. It help in increasing the returns from farming. The program is being implemented in all districts with support of LSGs.

FINANCIAL ACHIEVEMENTS

Kudumbashree units, like other micro-credit programs, start with mobilization of thrifts. Each household contributes a minimum of Rs 10 per month, which form a basic of the savings pool of the NHG and these are normally deposited in a bank in the name of the NHG. The NHG volunteers for income generations collect thrift from members every week. The thrift raised by the NHGs is given back to its members as loan for meeting consumption purposes as well as for meeting contingent needs such as medical treatment, birth delivery, death, education of children, marriage, repayment of old debit, etc. The repayment of the loans along with the regular thrifts enlarge the working fund of SHGs.

Notwithstanding, the generated working fund may not be sufficient to meet all types of credit needs for all members. During this period, groups are expected to open a savings account with a financial intermediary in order to meet the growing demand for credit and especially to meet the needs of strengthening/diversification and starting of income generation activities (like micro-enterprises). NHGs act as an effective MFI and are the grassroots level unit of the poor women which promotes thrift among poor families.

Table No. 3.2 Progress of Kudumbashree program in Kerala

Year	Informal amount of thrift (in million Rs)	Amount of loan (in million Rs)
1999-2000	-	883.9
2002-2003	2210033	1634.9
2003-2004	2645369	2528.3
2004-2005	2923425	5330.1
2005-2006	3381764	6640.0

Source: www.financialexpress.com

The amount of thrift collected from households has increased from Rs.884 million to Rs. 6,640 million during the period- a nearly eight-fold increase. The amount of loan given to households has increased of a nearly 27-fold during the same period (from Rs. 561 million in 1999-2000 to Rs. 15352 million in 2005-2006). The velocity of the internal lending (credit to thrift ratio) has dramatically improved from 0.63 in 1999-2000 to 2.3 in 2005-2006. Similarly, purpose-wise, the share of consumption which was as high as 98% in 1998 fell to 12% by 2004 – indicating a shift towards income generation

schemes or micro-enterprises. The state government has claimed this program to be a huge success in terms of its coverage, repayment rates (95%) as well as its income and social impacts. Other states have evidenced interest in this program (like Rajasthan, Andhra Pradesh, Delhi) as a model of poverty alleviation and rural development. The success of this model along with the Micro-Credit Summit in New York in 1997 inspired the Kerala government to extend the program to the entire state, initially as the SHGs and later under the special program “Kudumbashree” program.

Once the NHG gets the approval of the bank, it is given a loan which can theoretically go up to eight times the thrift mobilized by the group. The Kudumbashree program has subsidy element which is back-loaded in the repayment schedule in the sense that members of NHGs receive the subsidy only after the full repayment of bank loans. This is presumably to prevent wilful defaults at the initial stage. The subsidy is subject to ceiling of Rs 100000 with a ceiling of Rs. 10000 per person for each family. In the event of default of loan by the group (which could be triggered by default of one or more of members), the group stand to lose the subsidy. This induces the non-defaulting members of the group to make-up for the defaults of individual members. The eligibility criteria for enjoying subsidy are that NHGs should have undertaken the relevant training provided by Kudumbashree/government.

In case a member defaults, she is often given some grace period to repay. The peer- pressure built by other group members is often so much that the defaulting member is often forced to borrow from other sources (like chit funds, moneylenders, other micro-credit unit etc.) to repay the loan taken from the group.

The bank-NHG-borrower model of Kudumbashree is most cost effective for the ultimate borrowers. Most of the time, on lending is done without any margins being loaded to the lending rates by the NHG. Even in cases where the NHG charges 1 to 2 percent margin, this money goes to the corpus fund of the NHG. In many NHGs, profits earned out of lending are distributed to the household members as dividends.

COMMUNITY PARTICIPATION

Another unique feature of Kudumbashree is the community participation in this anti-poverty program. The organization of the community is based on a three-tier structure. At the grassroots level, the poor are organized into NHGs that can rank up to 40 women members from different poor families, but generally count between 10 and 20 members. These households are usually from the same neighbourhood. In the event of some NHGs having more than 20 households, either a new NHG is formed or some household are encouraged to join other NHGs. The poor do not form groups on their own accord; rather they are initiated and coordinated by outsiders (either an NGO or an elected official of the local self-government) at the panchayat level and most often by Kudumbashree officials. Case in point, interviews revealed that many of the present day NHGs re found to be initially organized as SHG s (under banner of private NGOs) which later converted to NHGs under Kudumbashree, presumably to take advantage of the subsidy provided by the Kudumbashree program.

The participation of community based organizations in the welfare scheme and poverty eradication programs is proved to be successful in many countries. Bangladesh German Bank Model is an excellent example of people's participation in credit delivery and recovery. Linking formal credit institutions to rural poor through the intermediation of SHGs has been recognized internationally as an alternative mechanism for providing credit support to them.

The issue related to feminization of poverty, women self-help groups and the role of local government institution in poverty eradication have received the attention of social scientists. There are studies which reveal that the greatest burden of poverty and related problems fall on women. Like many other developing countries, India gives attention to micro credit scheme and SHGs to empower women as a strategy of poverty alleviation. In several countries micro credit program is complimented by non-financial services such as health-related services which become more effective in poverty and vulnerability reduction.

Chapter IV
ANALYSIS

4.1 Introduction

The chapter analyses the results of the data collected through sample survey. Three panchayaths were selected from three different districts. They are Kadanad panchayath from Kottayam district, Muttom panchayath from Idukki district and Mazhuvannoor panchayath from Ernakulam district. From those 150 households were selected, interviewed and data collected. The collected data is analysed in the present chapter.

Details of Sample Units

Table 4.1 Details of Sample Units

District	Panchayaths	Participants in SHGs	Non Participants	Total
Kottayam	Kadanad	30	20	50
Idukki	Muttom	42	8	50
Ernakulam	Mazhuvannoor	38	12	50
	Total	110	40	150

Source: Primary data

In the present study a total number of 150 households were selected from three panchayaths. The distribution of households is given in the above table.

Level of Education

Education is viewed as a powerful tool for social transformation'. It is an effective instrument for bringing about transformation in the attitudes and aspirations of people and also serves them to reach their full potential.

Table 4.2 Level of Education

Education	No Of respondents	
	Participants in SHG	Non-participants
illiterate	2(2%)	1(2.5%)
1-5 th	17 (15%)	15 (37.5%)
6 th - SSLC	73 (66%)	23 (57.5%)
Plus two	16(15%)	1 (2.5%)
Degree and above	2 (2%)	Nil
Total	110(100%)	40 (100%)

Source: Survey Data

The education level of respondents is given in the above table. Majority of the respondents are having Upper Primary to matriculate level of education.

Dependency Burden

The living condition of family to a greater extent depends upon the number of earning members and the dependents in the family. There is an inverse relation between number of the dependents and the standard of living of the family.

Table 4.3 Dependency Burden

No. of Dependents	Percentage of Participants in SHG	Percentage of Non-participants
0	6	1.3
1	18.4	5.3
2	37.6	32
3	26	33.4
4 and above	12	28
Total	100	100

Source: Primary data

The dependency burden among the non-participant households is comparatively higher.

Occupation

Occupation is an important factor in determining the level of family income and welfare. The distribution of occupation among the respondents are given in table No 3.4

Table 4.4 Participation wise Distribution of Respondents According to Occupation

Occupation	Percentage of Participants in SHG	Percentage of Non-participants
Agriculture	11	11
Animal Husbandry	18	5
Self-employed	39	21
Wage labourers	8	27
Unemployed	3	21
Housewives	21	15
Total	100	100

Source: Primary data

It can be observed that proportion of participant members working in the agriculture sector is comparatively low (11%). 21 percent of the non-participant members are unemployed.

This might be because of limited employment opportunities on account of their poor education and skill and also lack of proper guidance and support.

Household Income

Family income is taken as a principal measure of the standard of living of the family. One of the major motives behind the active participation of the poor in the microfinance programme is to improve their family income.

Table 4.5 Monthly Income of the Households

Family Income per Month (in Rs)	Percentage of Participants in SHG	Percentage of Non-participants
Upto 5000	26	35
5001-8000	32	40
8001-10000	24	16
Above 10000	18	9
Total	100	100

Source: Primary data

35 percentage of the non-participant households have monthly income below Rs. 5,000. This may be due to their lower resource ownership and lack of regular employment.

Details of Participation in Microfinance Programme

The following table shows years of participation in microfinance programmes. Longer duration of participation enables people to derive maximum benefits through their active involvement.

Table 4.6 Years of Participation in Microfinance Programme

Years of Participation	Percentage
Below 5 Years	3
5	8
6	10
7	4
8	12
9	16
10	15
Above 10	32
Total	100

Source: Primary data

Majority of the SHG Participants (32%) have above 10 years of participation in the microfinance programme.

Savings in SHGs

Microfinance encourages the habit of savings and facilitates its members to thrift regularly in their respective SHGs. The pooled amount is used to disburse small interest bearing loans among its members. The amount of borrowing by a member depends upon her

total savings in the group. The size of bank loan obtained by the group also depends on the accumulated savings of the group.

Table 4.7 Savings in SHGs by Microfinance Group

Saving Group in Rs.	Total
Upto 3000	7
3001-5000	40
5001-8000	27
8001-10000	16
Above 10000	10
Total	100

Source: Primary data

All the participant members have some savings in their respective groups. The proportion of clients having savings less than Rs 3,000 in SHG is very small. 53% of the participant members have savings more than Rs. 5000 in their groups.

Income Generating Activities

Easy access of credit gives opportunities for the participants to take up various types of economic activities with the objective of increasing their income. The activities undertaken by the clients are grouped into several categories.

Table 4.8 Income generating activities of SHGs

Activities	No. of Kudumbashree members
Agriculture	17
Chitty	22
Soap Oil	19
Bakery items	26
Candles	6
Handicraft	6
Pickles	14
TOTAL	110

The above given table represent the different kinds of income generating activities of SHGsselected to survey. 7 types of activities are done by these units. They are agriculture, chitty, soap oil making, candles, bakery item making, pickles, and handicraft. Most of the units (24%) are engaged in production of Bakery items.

Table 4.9 Product/service marketing methods of kudumbasree

No	Methods of Sales	No. of units
1	Local market	30
2	Door to Door sales	28
3	Nearby Towns	32
4	Wholesale Distributor	20
	TOTAL	110

Source: primary data

This table shows marketing methods of the Kudumbashree units. Sample members' uses different kind of methods for selling their products. 32 of the respondents are selling their products in nearby towns. 30 units are using local market for selling their product. Depending on wholesale distributor for sales have less priority. There are different kinds of marketing strategies used for selling their products. The most common method used for marketing is pamphlets. It is a short description about their products .It includes name of the product, ingredients, price etc. The merit of this method is that it can save time. Another method is word of mouth. Few units use sign boards.

Impact of Microfinance on Employment

The major objective of the microfinance programme is to create employment for the poor and the weaker sections of the society by empowering them to take up economic activities. It views income-generating activities as opportunities for providing gainful employment to the poor by which they can improve their income and standard of living.

Table 4.10 Occupation During Pre and Post Microfinance Periods

Category	Occupation					
	Pre-microfinance period			Post-microfinance period		
	Yes	No	Total	Yes	No	Total
Participants (Percentage)	35	65	100	100	Nil	100

Source: Primary data

It is interesting to note that majority of the respondents (65%) were unemployed during the pre-microfinance period. However, in the post-microfinance period, all of them could find some employment in the economic activities undertaken by them with the help of microfinance.

Impact of Microfinance on Savings

Under the microfinance programme, greater emphasis is given on savings which intended to inculcate the habit of savings among its clients. The philosophy of this programme is ‘savings first and credit next’. The borrowing capacity of its client is also determined by the total savings in the group.

Table 4.11 Household Savings During Pre and Post Microfinance Periods

Category	Household Savings					
	Pre-microfinance period			Post-microfinance period		
	Yes	No	Total	Yes	No	Total
Participant (percentage)	23	77	100	100	Nil	100

Source: Primary data

The data furnished in table 3.11 shows that 77 percent of the participant households had no savings in the pre-microfinance period. However, after the microfinance intervention, all the participant households were reported to have savings.

Table 4.12 Pattern of Savings of Microfinance Clients

Type of Savings	Percentage
SHGs	38
SHGs & Post office	22
SHGs & Chitty	21
SHGs, Post Office & Chitty	19
Total	100

Source: Primary data

It can be seen that in the post microfinance period 62 percent of the participant households have savings either in post office or chitty or both, apart from the savings in SHGs. These savings are made by the clients out of their earnings from the economic activity taken up.

Impact of Microfinance on Participation in Grama Sabha

Microfinance intervention helps its clients to strengthen the Panchayati Raj institutions through their active participation in 'Grama Sabha'. Their aspirations along with genuine demands can be voiced out in it and can be included in the local development plan of the Panchayat.

Table 4.13 Participation in Grama Sabha- Participation wise

Participation in Grama Sabha	Percentage of Households	
	Participant	Non-Participant
Yes	88.7	25.3
No	11.3	74.7
Total	100	100

Source: Primary data

Huge majority of the participating households (88.7%) take part actively in Grama Sabha, whereas, only 25.3 percent of the non-participating households participate in Grama Sabha.

Impact on Personal Lives of Microfinance Clients

It is interesting to examine the changes that the participation in microfinance programme has made in the lives of its clients.

The clients of microfinance were asked to indicate the level of improvement they achieved in the indicators of personal empowerment. The results of their responses are presented in the following table.

Table 4.14 Impact of Microfinance on Personal Empowerment

Type of Aspects	Level of Improvement			
	Significantly Improved	Improved	No Change	Total
social awareness	26%	67%	7%	100%
Leadership qualities	21%	74. %	5%	100%
Co-operative mentality	25%	69. %	6. %	100%
Decision-making capacity	27%	58. %	15%	100%
Self-confidence	20	67%	13%	100%
Social status	9 %	78%	13%	100%

Source: Primary data

It can be observed from the above table that improvements/significant improvements in their indicators of personal empowerment were reported by more than 90

percent of the microfinance clients. The highest rate of improvements/significant improvements was found by the clients on leadership qualities 95%. Significant improvement was reported highest by the clients on their Decision-making capacity.

Chapter V

Summary and Conclusions

Introduction

The studies in Micro finances reveals that microfinance programme has been very effective in delivering financial services to the poor and the vulnerable sections of the society who had no access to the formal banking services. As a consequence, the practice of availing loan by the participant households from money-lenders with exorbitant rate of interest is significantly reduced

Summary and findings

The summary and findings of the study are presented in the chapter

- Majority of the respondents are having Upper Primary to matriculate level of education.
- The dependency burden among the non-participant households is comparatively higher.
- It can be observed that proportion of participant members working in the agriculture sector is comparatively low (11%). 21 percent of the non-participant members are unemployed. This might be because of limited employment opportunities on account of their poor education and skill and also lack of proper guidance and support.
- 35 percentage of the non-participant households have monthly income below Rs. 5,000. This may be due to their lower resource ownership and lack of regular employment.
- Majority of the SHG Participants (32%) have above 10 years of participation in the microfinance programme.
- The proportion of clients having savings less than Rs 3,000 in SHG is very small. 53% of the participant members have savings more than Rs. 5000 in their groups.
- 7 types of activities are done by these units. They are agriculture, chitty, soap oil making, candles, bakery item making, pickles, and handicraft. Most of the units (24%) are engaged in production of Bakery items.
- Majority of the respondents (65%) were unemployed during the pre-microfinance period. However, in the post-microfinance period, all of them could find some employment in the economic activities undertaken by them with the help of microfinance.

- 77 percent of the participant households had no savings in the pre-microfinance period. However, after the microfinance intervention, all the participant households were reported to have savings.
- Post microfinance period 62 percent of the participant households have savings either in post office or chitty or both, apart from the savings in SHGs. These savings are made by the clients out of their earnings from the economic activity taken up.
- Majority of the participating households (88.7%) take part actively in Grama Sabha, whereas, only 25.3 percent of the non-participating households participate in Grama Sabha.

Conclusion

The study shows the importance of micro finance in the rural households. The findings clearly point to this importance. Improvements/significant improvements in their indicators of personal empowerment were reported by more than 90 percent of the microfinance clients. The highest rate of improvements/significant improvements was found by the clients on leadership qualities. Significant improvement was reported highest by the clients on their Decision-making capacity.

In a developing economy ability enhancement is important (Sen(2008)). Microfinance is such an initiative which builds capability and functioning among poor house holds.

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