

A study on

Kudumbashree project
A Poverty Eradication Programme in Kerala
Performance, Impact and Lessons for other States

Sponsored
by
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Foreword

K*udumbashree*, a comprehensive poverty alleviation programme in Kerala focuses primarily on micro finance and micro-enterprise development. This poor women-oriented Self Help Group programme is a unique one. It makes every effort to alleviate poverty through an integrated approach which involves an effective convergence of resources and actions, and moreover, the programme is essentially linked to local self-government institutions. This study is an attempt on the part of Kerala Development Society (KDS- Delhi), a Resource Centre for the Development of States, to evaluate the performance of the *Kudumbashree* Programme especially to map out steps for addressing some of the deficiencies in order to strengthen it in Kerala and replicate in other states. I am quite glad to state that KDS- Delhi has ensured the completion of this study within the prescribed time frame.

We are deeply obliged to the Planning Commission of India for sponsoring this study. Shri C.P. John, former member, Kerala State Planning Board, had originally proposed a study on *Kudumbashree* programme. Shri B.N. Yugandhar, Member, Planning Commission of India, graciously supported this idea. A special word of appreciation to Dr. Jacob John, for devoting his professional commitment for carrying out this study.

I am sure that this study will be useful for strengthening the SHG based poverty alleviation programmes in India. I am happy to present this important research study to the policy makers and scholars.

4 May 2009

N.J. Kurian
President, KDS-Delhi

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Jacob John

INTRODUCTION

1.1 Kudumbashree: A Profile

Kudumbashree, the poverty eradication mission of the state of Kerala is a community based self help initiative involving poor women. It has been envisaged as an approach to poverty alleviation focusing primarily on micro finance and micro-enterprise development, and integrally linked to local self-government institutions. National Bank of Agriculture and Rural Development (NABARD) initiated women Self Help Groups (SHGs) in India with the support of local NGOs. The formation of SHGs led to the implementation of *Swarnajayanti Gram Swarozgar Yojana* (SGSY), launched by the Ministry of Rural Development. In a similar line *Kudumbashree* is sponsored by local self-government institutions in Kerala. Though local government institutions are not organically linked to *Kudumbashree*, they are active partners in the programme.

Under *Kudumbashree*, (*here after referred as KDMS*) women have organized themselves under a three – tier community based organization. The bottom of the KDMS programme is formed by the Neighborhood Groups (NHGs) comprising of 20-40 women members selected from poor families. Area Development Society (ADS) is formed at the level of ward of local government by federating 8-10 NHGs. The Community Development Society (CDS) formed at the village panchayat level or at the municipality (town) or corporation (city) is a federation of ADSs. CDS, the highest tier, is the federation of all the ADSs in the respective panchayat (rural) or municipality (town) or corporation (city). The KDMS system works in close association with both the urban and rural local governments through a network of Community Based Organizations working with women.

As on March 2008, KDMS has covered 36,53,655 families through 1,85,309 NHGs, 16,950 ADSs and 1058 CDSs. It also plays an important role as a nodal agency for anti-poverty programmes sponsored by central, state and local governments with focus on micro enterprise development. It has become a conduit for a variety of government programmes.

This poor women-oriented self help group programme strives to tackle poverty in an integrated manner through an effective convergence of resources and actions. Micro

finance, especially provision of thrift and credit services using bank linkage appears to have proved its viability. Thrift and Credit activities at the level of NHGs promote saving habit among the poor and help them access loans for both consumption and investment purposes. These Thrift and Credit Societies play a significant role in channelising rural savings for the poverty eradication programme of *Kudumbashree*. It has developed training modules for micro- enterprise management and conducted several training programmes. *Kudumbashree* mission is implementing the projects for the destitute. Various development activities in the state of Kerala are being brought together through the group dynamics developed under the *Kudumbashree* programme. This has resulted in convergence of resources leading to poverty reduction (Jose, 2006).

It is significant to examine the functioning of KDMS programme in the state of Kerala which has caught the attention world-wide, due to high social and equitable development in the backdrop of limited economic growth. Kerala, despite having a relatively low GNP, has achieved life expectancies comparable to industrially advanced countries. Among various Indian states it has an impressive Human Development Index (HDI). From the gender perspective also, it has made impressive performance. The sex ratio in Kerala state is 1,058 females per 1, 000 males compared to all India ratio of only 933 females per 1,000 males. In terms of HDI Kerala has consistently held the top position among the major states for 1981, 1991 and 2001 (Planning Commission 2002). The gender gap in literacy rates is much smaller in Kerala, compared to other regions in India. Education of women has been linked to the low fertility rates, which together are key indications of the emancipation of women (Dreze and Sen, 2002). Infant mortality rates stand impressive in Kerala at one fifth of India's rate.

1.2. Kerala Development Experience and Emergence of Kudumbashree

In the post liberalization phase, the major problem confronted by India is the lack of an efficient mechanism, which enables all the sections in the society to get the benefits of economic growth and development. Like many other developing countries, India devotes much attention to micro credit schemes and SHGs to empower women as a strategy of poverty alleviation and, Indian states provide varied experiences with different levels of success rate.

Dreze and Sen attributed the achievements of Kerala in comparison with the other Indian states to "public action". By "public action" means not only state initiatives, but also social actions taken by the members of the public (Dreze and Sen, 1989, 1995).

The development experience of Kerala proved that social security can be achieved through “public action” that aims at promoting basic entitlements and capabilities of people. However, the “public action” which has contributed much to the improvement of quality of life in Kerala, has lost its direction during the later part of 90s (Oommen 2000). “Nothing, arguably, is as important today in the political economy of development as an adequate recognition of political, economic and social participation and leadership of women. This indeed is a crucial aspect of development as freedom” (Sen 1999). It was during this period of discourse on Kerala development experience, KDMS as a poor women-oriented self help group programme, emerged in Kerala which has the highest female-male ratio among all the Indian states. The KDMS programme strives to tackle poverty in an integrated manner through an effective convergence of resources and actions.

Unlike several government sponsored schemes which dole out money to the poor without achieving developmental goals, KDMS programme provides altogether different experiences and results. With the strong backing of local governments and SHG initiatives, the poor women in Kerala are being empowered, socially, politically and economically. According to the experience of KDMS, poor women should not be viewed as objects of development but agents of development. Women in SHGs have the power in translating their welfare into the welfare of families. This multi dimensional women oriented poverty alleviation programme has played a significant role in regaining the lost direction of “public action” that has now restarted to contribute to the improvement of quality of life in Kerala.

1.3. Framework of Study

1.3.1 Relevance of the study on KDMS programme

Despite the fact that eradication of poverty through subsidy and institutional credit has been an essential part of development programmes in the post liberalization period, its impacts are quite low, mainly due to the systemic failure. According to the neo classical economists, institutional agencies failed to reach the poor effectively due to the inability to cover higher marginal costs of disbursing small credits to large number of small borrowers (Srivastava, Alka 2004).

India, the most populous democratic country in the world, has 28 states and 7 Union Territories with over 600 districts. Notwithstanding its well functioning federal set up, the reach of the central and state governments to the far-flung villages is not strong.

Here local governments, especially rural governments, can play a significant role in the execution of development programmes due to their proximity to the people. Various studies reveal that there is a strong linkage between local governments and poverty reduction. The success of local governments in this sphere of activity mainly depends on the extent of support received from higher levels of governments. Poor should not be viewed as objects of development but agents of development. Local governments can support the self help initiatives of poor people through Community Based Organizations. Local development planning with the active involvement of local government is a strong instrument for making micro – level interventions in fighting poverty (Oommen and Ghosh 2005).

Self-help groups facilitate the formation of social capital and people learn to work together for a common goal in a group or organization (Putnam 2000). Micro finance programmes, which also build up social capital, can make a significant contribution to women's empowerment. It is quite significant to note that micro enterprises can play a vital role in the socio economic life of communities even in this age of fast growing globalisation. There is a need for examining questions about what sort of norms, associations and networks are to be promoted for the empowerment of poor women. Moreover, it is important to see how they contribute to these empowerment process (Mayoux, Linda 2001).

The participation of community based organizations in the welfare schemes and poverty eradication programmes is proved to be successful in many countries. Bangladesh Grameen 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 issues related to feminization of poverty, women Self Help groups and the role of local government Institutions 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 (Burra, Ranadive and Murthy, 2005). Like many other developing countries, India gives attention to micro credit schemes and SHGs to empower women as a strategy of poverty alleviation. In several countries micro credit programme is complemented by non-financial services such as health-related services which become more effective in poverty and vulnerability reduction.

It is the good local governance, which can impact upon the poverty. Government institutions with good governance, to a large extent help in the reduction of poverty by meeting urgent needs of the poor without affecting the needs of the non-poor (Moore and Putzel 1999). However, some studies have warned that the domination of local elite may become an impediment to the pro poor programmes of local governments. In Indian villages, factors such as feudal relations, caste, and religion play a significant role in the domination of elite in the running of local governments. In this context, it is appropriate to bear in mind that strong participation of the poor was recommended to ensure poverty reduction initiatives of local governments (Krogstrup 2000). Different factors are to be operational to strengthen the linkage between local governments and poverty reduction. These include active support of higher levels of government to local governments and, functional, financial and administrative autonomy of local governments and strong accountability system for them (Oommen and Ghosh 2005).

In this context, KDMS as a unique poverty reduction programme with joint partnership of women self help groups and local government needs to be studied. In view of globalization and fast changing socio-economic condition, several modifications may be required to improve the performance of KDMS, the popular poverty reduction programme. There is an urgent need for an in-depth study on the impact of this programme and its replicability in other states. Basic parameters involved in the present study are poor women oriented community based organizations, micro finance, micro enterprises and local governments in respect of their role and significance in the implementation of poverty alleviation programme.

1.3.2 Objectives of the study

Main Objectives

- Critically analyze the impact of *KDMS* as a poverty eradication programme and examine if it has reduced poverty substantially through effective co-operation and partnership with local governments, and study if a direct linkage between decentralization of power and poverty exists.
- Suggest measures to improve effectiveness and impact of *KDMS* on poverty in view of changing national and global socio-economic scenario.
- Draw lessons from *KDMS*, as a poverty reduction programme through decentralized structures, for the consideration of other Indian states.

- Explore how microfinance has helped the poor entrepreneurs to circumvent the problems of capital shortage and non-bankability.
- Study if *KDMS* micro enterprise units lack competitive advantage and long term sustainability.

Specific Objectives

- Study the various stages of formation and growth of *KDMS- CBO* and identify various factors for its growth.
- Evolve strategies to upgrade the various skills of the beneficiaries to enable them to convert from successful BPL units to successful non-BPL units.
- Explore the process by which microfinance helps the development of micro enterprise.
- Prepare case studies of successful *KDMS* units
- Examine various aspects of the regional variations within the state of the functioning of *KDMS* units especially in regard to the self help groups and activities.
- Identify major problems being faced by *KDMS* units, especially related to production and marketing.
- Critically examine the role of local government institutions and financial institutions in the *KDMS* project.

1.3.3 Methodology

On the basis of readings of secondary sources and field experience, relevant research questions and issues pertinent to the study objectives were identified. A detailed methodology was prepared for the study. The methodology adopted for collection of required data consists of following:

1.3.3.1 Research Design and Sampling

The study is mainly based on primary data, and the secondary data is used to supplement and support the primary data. The study involves all the three tiers of *KDMS* which are CDS, ADS and NHG. Among the three, CDS and ADS constitute members, in addition to others, from elected representatives of the concerned local government. Hence local governments that work in partnership with *KDMS* are also covered in the study. There are considerable variations among these *KDMS* units in terms of total area;

population; geographical location; socio-economic indicators; and the development and functioning. The research design is formulated keeping the above factors in view.

There are fourteen districts in the state and the study covers all the fourteen districts of Kerala. There is considerable social, cultural and economic diversity among different KDMS units. The focus of this research is to understand the functioning of all the three tiers of KDMS and to comprehend the dynamics of their relationships with the concerned local government institutions both in rural and urban areas. The study also seeks to understand the impact of the KDMS programme. As per the objectives and research design, all the fourteen districts of the state of Kerala are covered in the field study. Within each district, CDS, ADS and NHG are studied. Purposive sampling was undertaken to identify them in each district based on the following criteria:

- a. A minimum of two CDSs are covered in a particular district. However, there were difficulties in getting CDSs that had all the major activities. As a result, more CDSs had to be covered under study in most of districts.
- b. The coverage of all the important programmes of KDMS was ensured.
- c. Attention was given to include CDS, ADS and NHG in both urban and rural areas.
- d. CDSs from all the types of local governments- panchayat, municipality and corporation- were covered.

A total of 66 CDSs were selected for the survey. From each district covering the identified CDSs, a total of 250 members of KDMS and 50 elected representatives or officials of local government were selected on a random basis (See Table 1.1). The district wise details of CDSs are given in Annexure 1.

Field survey was conducted in all these districts covering both rural and urban areas. From the urban areas, the field survey covered two city corporations out of four and four municipalities out of 54. Thus in the urban areas, 6 CDSs out of 58 were selected making the sampling fraction 10.34 percent of the total (See Table 1.2). On the other hand, in the rural areas, 60 out of 999 local governments were covered making the sample selection 6 percent (See Figure 1.1).

A total sample of 3500 respondents was interviewed under category of KDMS members and 700 respondents under local government from the state. Thus, 4200 persons were surveyed in total.

1.3.3.2 Primary Data

A field survey was carried out covering both urban and rural areas in all the fourteen districts of the state. Primary data is collected through interviews and meetings with different categories of members of *KDMS* (NHGs, ADSs and CDSs), in addition to elected representatives and functionaries of local government institutions and officials of state government. All these interviews and meetings were held based on a structured questionnaire. Data and information are collected through open-ended questions and discussions and interaction with banks, consumers of *KDMS* products, general citizens, NGOs, etc. Later a workshop was held to discuss the draft report and to elicit experts' views on various issues.

1.3.3.3 Secondary Data

Various types of secondary data including studies, reports and data collected by government and non-governmental organizations have been used for the study. Findings of various studies on similar projects in other states are reviewed. These include books, articles, periodicals and websites of relevant institutions. This provided more insights into the critical issues and possible remedies.

All the information collected from the respondents through the interviews and meetings are collated. The used variables are meaningfully co-related to conform to the standard social science research norms. Statistical Package for Social Sciences (SPSS software) was used to analyse the field data.

Table 1.1

Sample Selection: NHG –ADS- CDS Distribution

Name of District	No. of NHGs Formed	NHGs Surveyed	No. of ADSs Formed	ADSs Surveyed	No. of CDSs Formed	CDSs Surveyed
Alappuzha	14177	78	1215	275	78	3
Ernakulam	14710	75	1496	278	98	3
Idukki	9607	121	755	230	53	3
Kannur	11589	73	1335	282	87	6
Kasargode	6160	75	713	276	41	5
Kottayam	11245	75	1199	276	79	3
Kozhikkode	15586	71	1382	283	81	2
Malappuram	14671	61	1952	291	107	7
Palakkad	21389	79	1562	276	95	2
Pathanamthitta	6925	68	741	295	57	2
Kollam	13485	73	1286	279	74	10
Thrissur	16777	81	1452	273	99	14
Thiruvananthapuram	19070	96	1370	255	83	4
Wayanad	8477	74	445	276	26	2
Total	183868	1100	16903	3845	1058	66

Source: Kudumbashree mission

Note: Data as on 31st October 2007

Table 1.2

Sample selection: Rural –Urban Local Government Distribution

Rural Total Gram Panchayats in Kerala (Nos)	Rural Gram Panchayats selected for the survey (Nos)	Urban Total Municipalities In Kerala (Nos)	Urban municipalities selected for the survey (Nos)	Urban Total Corporations In Kerala (Nos)	Urban Corporations Selected for the survey (Nos)	Rural Local Government covered (%)	Urban Local Government covered (%)
999	60	53	4	5	2	6.0	10.34

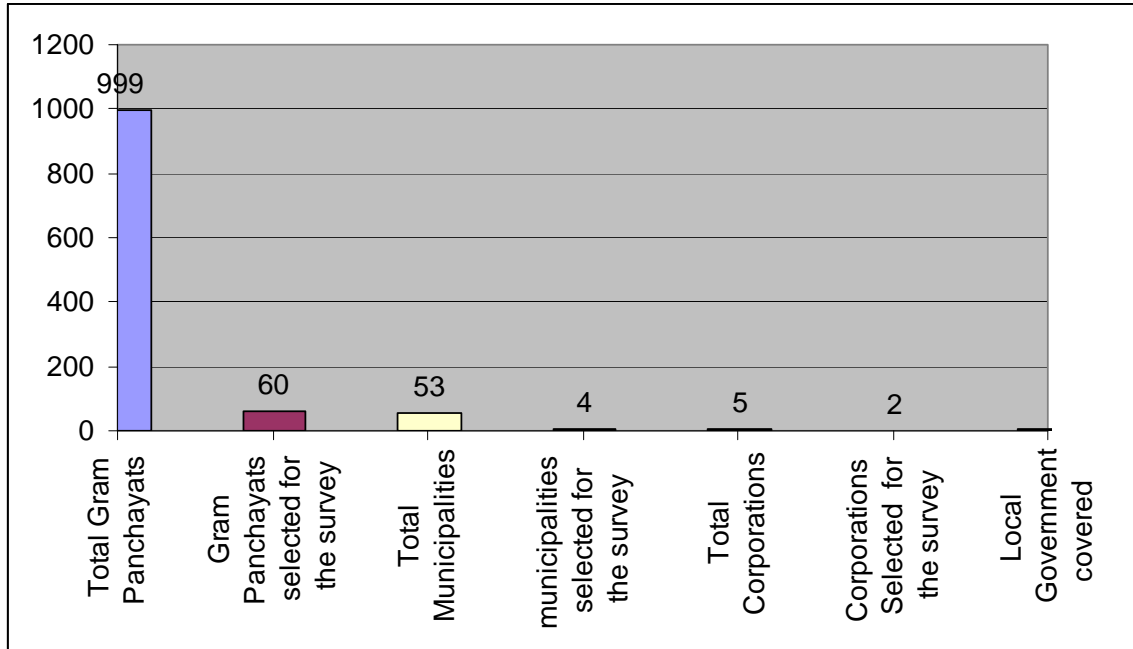
1.3.4 Questionnaires

Two sets of Questionnaires were used to collect necessary information. The first one was meant for NHGs (See Annexure 2). Neighborhood group, the respondent is the main beneficiary of KDMS especially from thrift and credit operations, micro enterprises and various welfare activities. In fact the people who save, borrow and carry out economic activity belong to this group. Different categories of critical information were sought from NHG members. The second was served to secretaries, chairperson and other office bearers of ADS and CDS (See Annexure 3). In addition, elected representatives and officials of local government institutions were also surveyed using the second questionnaire. This questionnaire is designed to canvass information about

the activities and performance of KDMS at ADS and CDS level. Besides personal information, other points are also covered in the questionnaire.

Figure 1.1

Sample Selection: Rural-Urban Local Government Distribution



The first questionnaire was divided into eight sections with 95 questions. This was meant for eliciting information about the activities and impact of NHGs. NHG is first tier of the KDMS and its members are the immediate beneficiaries of the programmes. The second questionnaire with eleven sections having 44 questions is prepared for collecting information from functionaries and members of ADS and CDS and also from elected representatives and officials of local government institutions.

Efforts were made to record quantitative and qualitative data in both the questionnaires. Qualitative data was also collected through observation – obtrusive and unobtrusive and casual interaction with respondents. Focus group and individual discussions were held beyond these two questionnaires. The researchers also prepared case notes on the basis of their findings relevant to issues and objectives of the research. Successful cases of selected KDMS members, ventures and a panchayat are also documented.

KUDUMBASHREE: EVOLUTION, ACTIVITIES AND PROFILE OF MEMBERS

2.1. Evolution

Kudumbashree, a unique programme of poverty alleviation with full participation of women, especially poor women, was launched formally by Government of Kerala on 17th May 1998. *KDMS* is a Malayalam word, which means prosperity to the family. *KDMS* is a Mission working for the fulfillment of a shared vision. Its Mission Statement is "to eradicate absolute poverty in ten years through concerted community action under the leadership of Local Self Governments, by facilitating organisation of the poor, combining self-help with demand led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty, holistically." *KDMS* is women-oriented participatory approach for community development and poverty reduction. It aims at the prosperity of the economically backward families in the state of Kerala with various programmes. These programmes are mainly related to creation of opportunity for their social security and empowerment: physical, social, economical and political. Information dissemination, awareness creation, capacity and confidence building are also included in these programmes.

KDMS aims at eradicating absolute poverty within a definite time frame of 10 years under the leadership of Local Self Governments formed and empowered by the 73rd and 74th Amendments of the Constitution of India. The *KDMS* Mission was launched by the State Government with the active support of Government of India. However, *NABARD* has adopted a different methodology in wiping out absolute poverty by organizing the poor in to community-based organisations. Unlike many other similar programmes, it follows a process approach rather than a project approach. *The slogan of the mission is "reaching out to families through women and reaching out to community through families"*.

2.1.1 Different phases of evolution

This poverty alleviation programme was evolved through different phases of experimentation (See Table 2.1).

Table 2.1
Historical Evolution of KDMS: Different Phases & Significant Developments

1987-88	CDS system evolved from Urban Basic Services Sponsored by UNICEF and Government of India and Government of Kerala	Implemented in 13 towns of Kerala in Ernakulam and Alappuzha district.
1991-92	UBSP (Renamed)	Implemented in 14 towns in Kerala.
1991	CBNP by UNICEF	Implemented the programme in Alappuzha to improve the health of poor women and children. Nine risk factors were identified through UNICEF survey. Any family with four or more of these identified risk factors is classified as poor.
6 th Feb 1993	CDS system: Later known as Alappuzha model	CDS- Alappuzha model inaugurated
1992-93	Under the name of CDS system. With the support of UNICEF	Implemented in 7 wards of Alappuzha Municipality
1994	Under the name of CDS system with the support of UNICEF	Implemented in all the 36 wards of Alappuzha Municipality
1994	Under the name of CDS system	Implemented in Malappuram District: 94 panchayats and 5 municipalities
1995	Under the name of CDS system	Implemented in all the 58 towns in Kerala
1995-96	Kerala Municipal Act was amended	It provided a strong legal framework for decentralized governance
1995-96	Kudumbashree programme was included in the state budget	
17 th May 1998	Kudumbashree programme	Then Prime Minister Shri A.B. Vajpayee inaugurates at Malappuram, Kerala
November 98	Kudumbashree mission was registered	
1 st April 1999	Kudumbashree mission started functioning	
August 2000	Kudumbashree	Launched in 262 gram panchayats
December 2001	Kudumbashree	Launched in 338 gram panchayats
March 2002	Kudumbashree	Launched in 291 gram panchayats
2002		Won UN Habitat Global Practices 100 practices. UNDP recognized it as one among the 15 best practices in India.
17 th May 2008	Kudumbashree	Tenth anniversary of the programme. Announced different schemes with a budget of Rs.191 crores

Source: Kudumbashree Mission, Kerala State Planning Board

2.1.1.1 UBS/UBSP: 1987-92:

In 1987-88 UNICEF and Government of India initiated Urban Basic Services (UBS) as a poverty alleviation programme. This programme which involved community based organisations (CBOs) was renamed as Urban Basic Services for the Poor (UBSP). With a financial contribution of Government of India, UNICEF and government of Kerala in the ratio of 40:40:20. This programme was implemented in eight towns in Ernakulam and five towns in Alappuzha districts of Kerala.

UNICEF started the Community Based Nutrition Programme (CBNP) which focused on improving the nutritional and health levels of the poor women and children. It was under this programme, a survey of over five thousand households in Alappuzha town was conducted to identify nine factors that characterize poverty which can be used in targeting the genuine poor.

2.1.1.2 Alappuzha Municipality 1992-94 & 9-point criteria for measuring poverty

In 1992 by using the platform provided by the erstwhile- Urban Based Services for the Poor (UBSP) of Government of India, a community development society (CDS) system was introduced in seven wards of Alappuzha Municipality with the support of UNICEF using a specific methodology to identify the poor and study the nature and causes of poverty. The following mentioned 9 point poverty index was used in this system:

1. Substandard house or hut.
2. No access to sanitary latrines.
3. No access to safe drinking water.
4. Family having at least one child below 5 years of age.
5. Family having at least one illiterate adult member.
6. Family getting barely two meals a day or less.
7. Family having alcoholics or drug addict.
8. Family having one or no earning member.
9. Socially disadvantaged groups : SC/ST

A family is treated as a 'risk family' if it satisfies at least four out of the nine points. This experiment has the following features:

- A simple and transparent method to identify the poor by the community.
- Enabled the poor to realize the nature and causes of poverty
- Various manifestation of deprivation is included
- Enabled the better measurement of poverty and its magnitude

- Easy to identify the poorest of the poor
- Do not depend much on income
- Large possible combinations of poverty — 126 possible ways of finding a poor family.
- It facilitates rational grading of the poor families
- Helps in suggesting various corrective measures

During 1993-94, the CDS system was extended to all 36 wards in Alappuzha Municipality.

2.1.1.3 URBAN MODEL – From Alappuzha Municipality to entire Urban Area of the State: December 1994

Following the success of UBS/ UBSP the state government extended the project to all urban local bodies of the state on 26th December 1994. The CDS system was practically implemented in all the urban local bodies of the state.

2.1.1.4 Revised 9- point criteria for measuring poverty

The 9-point index originally developed in 1992 was revised based on the field experience in the past two years. Revised risk indicators used in urban area are as follows:

1. No Land /Less than 5 cents of Land
2. No house/Dilapidated House
3. No Sanitary Latrine
4. No access to safe drinking water within 150 meters
5. Women headed household/ Presence of a widow/ divorcee / abandoned lady / unwed mother
6. No regularly employed person in the family
7. Socially Disadvantaged Groups (SC/ST)
8. Presence of Mentally or physically challenged person / Chronically ill member in the family
9. Families without colour TV

2.1.1.5 Rural Model – Malappuram CBNP: November 1994

A community based nutrition programme and poverty alleviation project (CBNP & PAP) started functioning in November 1994 under UNICEF assistance with community

participation in the entire area of Malappuram, the most backward district of Kerala. A total of 4448 neighborhood groups (NHGs) of poor women were formed which mobilized thrift (savings) which touched Rs. 2.68 crores in August 2000. Around 700 NHGs were linked to various commercial banks under the Linkage Banking Programme of NABARD and implementation of government sponsored programmes for improving health and sanitation in the district were carried out through these NHGs.

2.1.1.6 State UPA Cell – Urban Expansion Programme 1995

In view of the success of the Alappuzha and Malappuram models, the Government extended the CDS system to rest of the 57 towns of Kerala. The bye-laws of the CDS were approved by the State Government signifying official recognition of the CDS as a legitimate body of poor women to implement poverty eradication programmes and mobilise resources, including loans from financial institutions and other agencies.

The State Government initiated actions for further strengthening and expansion of the women oriented participatory approach for community development and poverty eradication. A Special Urban Poverty Alleviation Cell was set up at the state capital to co-ordinate this work.

2.1.1.7 The State Poverty Eradication Mission - KDMS: 1998

State UPA Cell, Kerala State Planning Board and the Thiruvananthapuram regional office of NABARD jointly prepared a comprehensive project report to eradicate the poverty prevailing in Kerala within ten years. The State Government expedited the formalities and gave approval to the Project. The inclusion of KDMS programme in the state budget for the year 1997-98 was a land mark development. It was in November 1998, KDMS was registered as the State Poverty Eradication Mission which started its operations on 1st April 1999.

2.1.1.8 Expansion of KDMS to further Rural Areas: June 2000

Activities of KDMS were confined to the urban areas of the state and urban and rural areas of Malappuram District. Subsequent to the positive outcome of the project, it was decided to cover the entire rural area of the State in a phased manner and at first in June 2000, 262 gram panchayats were covered. Subsequently in November 2001, 338 grama panchayats and in March 2002, the remaining 291 grama panchayats were

brought under KDMS programme. Massive training programme were organised for the Panchayat functionaries, officials and activists in the rural area.

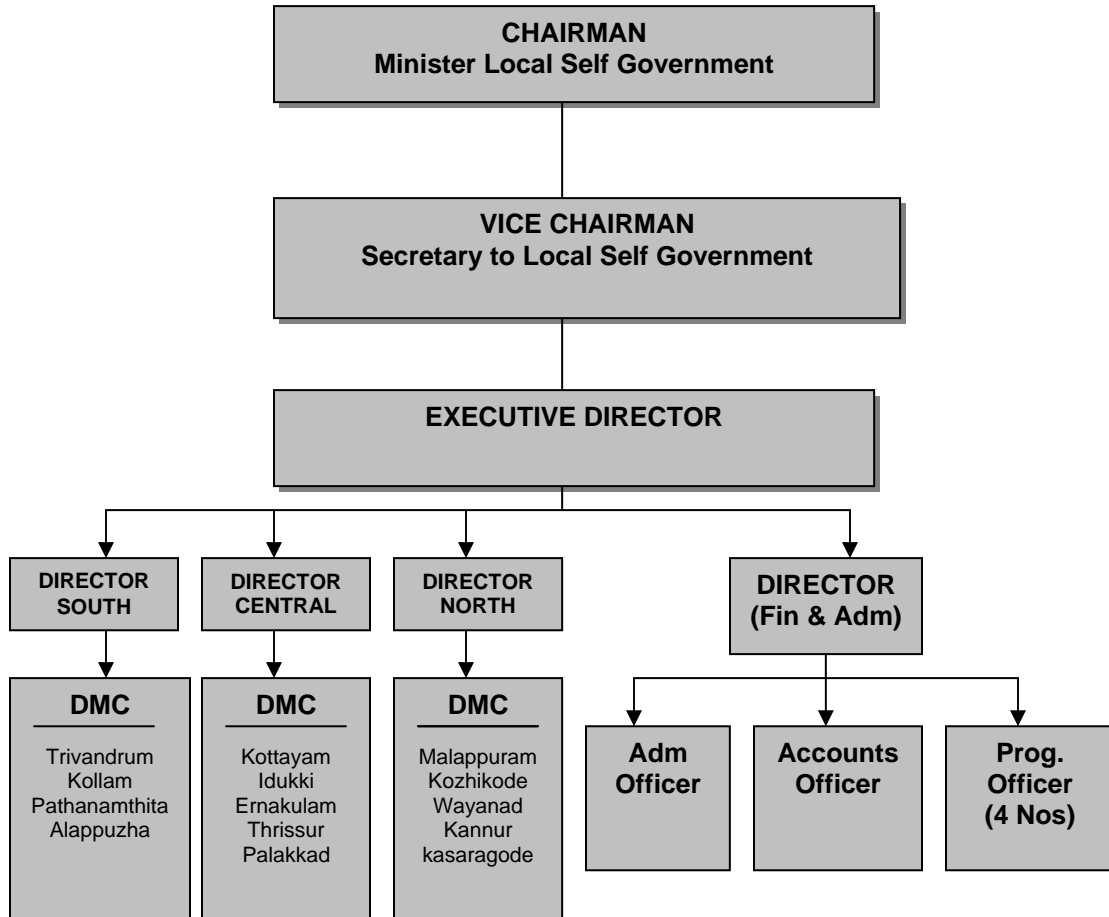
2.1.2 Capacity building programme for KDMS officials

As a prelude to introduce the new programme in rural areas, training programmes for capacitating the panchayat functionaries, district resource persons and officials, panchayat level leaders of self-help groups, local leaders and officials was held at state, district and panchayat levels. From gram panchayats - Presidents, Vice Presidents, Chairperson of Women Task Force and Key Resource Persons were given training at state level. Block coordinators, district convenor (PPC) and DMCs / ADMCs of KDMS also attended the training. A total of 26,100 persons which included the leaders of then existing SHGs, Voluntary organisations, Youth clubs, Panchayat Members and local resource persons were trained. Following this training, conventions of the women in the Panchayat were held to declare the formation of NHGs. On 17th August 2000 (Chingom 1), the Panchayat conventions declared the formation of 15,055 NHGs. The same methodology was followed in expanding the programme during the subsequent phases also.

2.1.3 KDMS Mission Offices

The Minister of local self government is the Chairman of KDMS Mission and the Secretary to Local Self Government is Vice Chairman (See Figure 2.1). At state level, KDMS Mission Office is located at Thiruvanthapuram to coordinate the overall activities. Executive Director heads the team of staff appointed by the government for the coordination of the programme. There is a district mission office in each of the 14 districts with a district mission coordinator who is responsible for co-coordinating all the activities at district level.

Figure 2.1
ORGANOGRAM- Kudumbashree



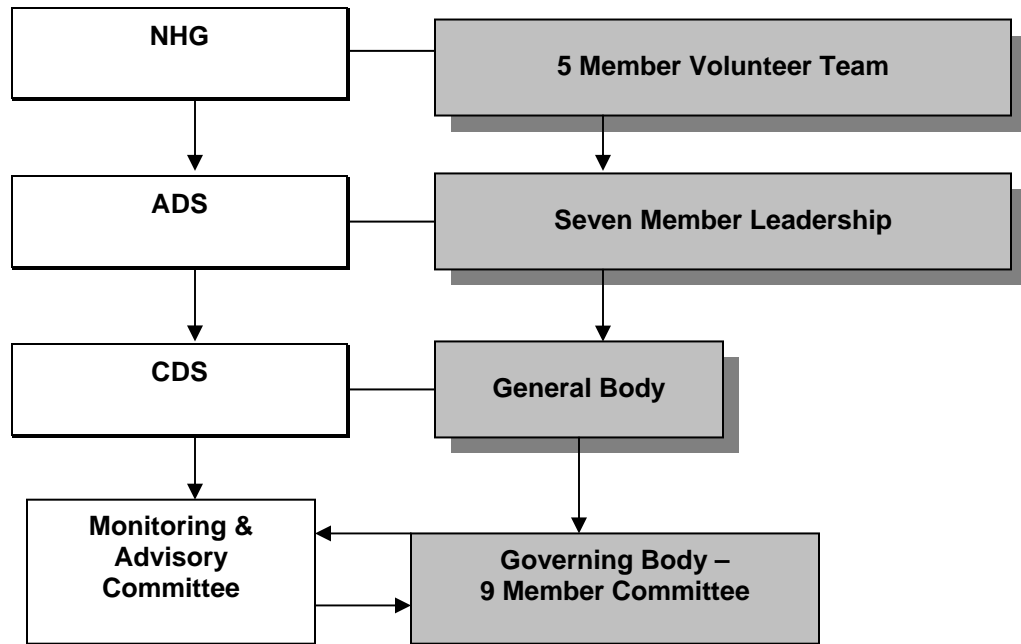
Source: Kudumbashree mission

2.2 Structure of CBOs in KDMS

For effective convergence of the programme, a three tier Community Based Organisation (CBO) is in action (See Figure 2.2).

Figure 2.2

Figure: Structure of CBOs in Kudumbashree



Source: Kudumbashree mission

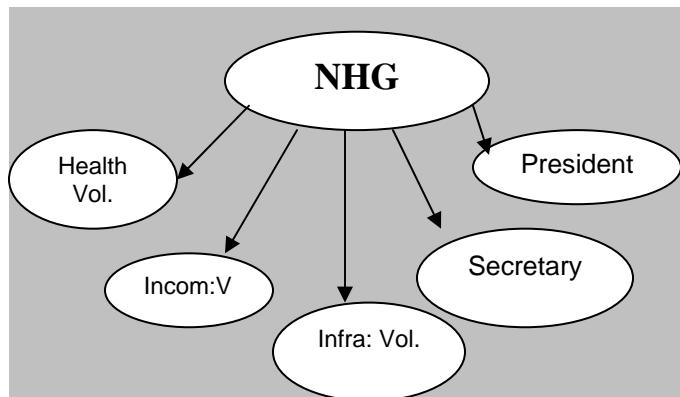
2.2.1 Neighbourhood Group (NHG)/Ayalkoottam¹

The lowest tier constitutes the Neighbourhood Group (*Ayalkoottam* in Malayalam) consisting of 20-40 women members selected from the poor families. Meetings are convened on a weekly basis in the houses of NHG members. In the meeting, the various problems faced by the group members are discussed along with suggestions for improving the situation.

Some times Government officials are invited to the meeting for explaining the schemes implemented by them.

Activities and Responsibilities: In the weekly meeting all members bring their thrift, which will be collected and recycled, to the system by way of

Figure 2.3



Source: Kudumbashree mission

¹ Ayalkoottam is the Malayalam translation for neighborhood groups (NHG)

sanctioning loans. Micro plans are also prepared after taking stock of the situation. As shown in figure 2.3 in each Neighbourhood Group from among the poor women five volunteers are selected for undertaking various functional activities.

1. Community Health Volunteer looks after various health- related aspects of the group members including children, women and the aged. Convergence of various programmes undertaken by Health and Social Welfare Departments are also carried out under the leadership of the Community Health Volunteer.
2. Income generation activities volunteer carry out the collection, consolidation and maintenance of books of accounts and registers in connection with thrift mobilisation is looked after by this volunteer. Necessary training is imparted by NABARD for increasing their capability.
3. Infrastructure Volunteer takes the lead in tackling the Infrastructural backwardness of the group with the help of various ongoing governmental programmes. She will liaison with the local bodies and acts as a catalyst for local development.
4. Secretary records the proceedings of the meeting and make necessary follow up including team building.
5. President chair the weekly meetings and impart necessary leadership and guidelines to the group members.

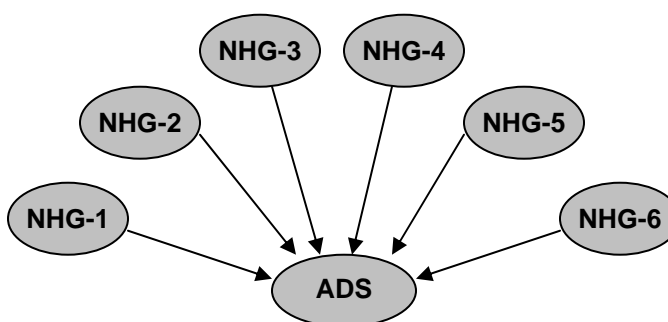
2.3 Area Development Society (ADS)

Area Development Society, the second tier, is formed at ward level of Panchayat/ municipality by federating 10-15 NHGs. The structure of ADS is depicted in figure 2.4.

Area Development Society function through general body and governing body.

As general body consists of the President, Secretary and 3 sectoral volunteers such as Health, Income Generation and infrastructure volunteers of federated NHGs, governing body constitutes President, Secretary and five members elected from among the general body.

Figure 2.4



Source: Kudumbashree mission

An important feature of ADS is its linkage with local government (Panchayat or municipality/corporation) to ensure their activities in tune with the policy framework of the former. In the case of gram panchayat, the member of the respective ward is the patron of the ADS. In municipalities/corporations, a separate *Monitoring & Advisory Committee* is constituted with ward Councilor as Chairperson.

Activities of ADS and responsibilities: ADS coordinates and monitors the operations of NHGs in the respective wards of local government. It evaluates the thrift and credit operations of each NHG and provides proper guidance. It identifies individual and group ventures that can be set up by NHGs and provide training. It also facilitate in getting banking linkages after grading them based on the strength of each NHG. In some cases, the certificate of ADS is required to avail loan facility under government / bank scheme. For example, it is the responsibility of ADS to examine the application for availing loan under Bhavanashree (Housing) scheme. ADS consolidates micro plan at ward level by incorporating the project ideas of each NHG. In fact micro plans are integrated as mini plans at the ADS level. Other activities of ADS include the formation and activation of *Balasabha and Teenage clubs*. The executive committee of ADS meets every month to evaluate the activities and integrate the records of members, activities and accounts of all the NHGs in the respective ward. It has to report various activities of each NHG and submit their relevant documents related to finance and administration to Community Development Society (CDS).

2.3.1 Community Development Society (CDS)

Community Development Society (CDS), a registered body under the Charitable Societies Act is formed by federating various ADSs at the Panchayat/Municipal/ Corporation level. As in the case of ADS, the CDS has also a general body and a governing body. General Body consists of all the Chairpersons and Governing Body members of ADS along with Resource Persons and Officers of the Local Body who are involved in implementing various Poverty Alleviation and Women Empowerment Programmes. The Governing Body consists of President, Member Secretary and five selected Committee Members. The President will be elected whereas the Member Secretary is the Project Officer of Urban Poverty Alleviation Programmes. Other government officials and representatives of Resources Persons are nominated to the Governing Body. As in the case of ADS, CDS has also strong linkage with the

Panchayat or municipality/corporation. The President of the gram panchayat is the patron of the CDS. The standing committee Chairperson (welfare), all women members of the panchayats and the Secretary of the gram panchayat are ex-officio members of the CDS. The Block Panchayat member/Members of the respective Block division/divisions are also ex-officio members of the CDS. A monitoring & advisory committee at municipality/corporation level is constituted with Mayor/Municipal Chairperson as Chairperson and the Municipal Secretary as the convener.

Activities and responsibilities of CDS

It monitors the thrift and credit activities of NHGs at panchayat or municipal level. The executive meeting of CDS evaluates and appraises the various activities of Kudumbashree and takes necessary measures to improve the operations. It takes loan and disburses to each NHG or its members under bank linkage scheme and *Bhavanashree* scheme. It identifies uncultivated land and facilitates the lease farming under *Harithasree* programme. It ensures the annual auditing of all the NHGs and ADSs. It initiates activities in identifying entrepreneurs for starting micro enterprises and assists in developing their project ideas. It explores the possibilities for making facilities under schemes of various government, semi government and non-government agencies available to NHGs. It takes lead in organizing *Balasabhas* and *Teenage Clubs*. It coordinates the activities of ADS.

2.4 Major activities of KDMS programme: Reported by KDMS Mission

2.4.1 CBOs

A total of 1.85 lakhs NHGs of the women have been formed as on 31 March 2008. These women are from risk families covering urban, rural and tribal areas of the state (See Table 2.2). While 16950 ADSs are formed at ward level, CDSs are functioning in all the 999 panchayats, 53 municipalities and 5 corporations.

2.4.2 Micro Finance

Various development activities in the state of Kerala are being brought together through the group dynamics developed under the KDMS programme. This has resulted in convergence of resources leading to poverty reduction (Jose 2006). Various activities of the programme include the identification of poor families using a non-monetary poverty index and organizing the poor to a three-tier Community Based Organization (CBO). Formation of informal bank of poor women in every locality of the state with regular and

continuous thrift & credit operations and setting up of micro-enterprises are major activities.

2.4.2.1 Thrift & Credit Societies

Each NHG act as a Thrift & Credit Society and facilitates the poor to save and to provide them cost effective and easy credit. By and large, a member can avail loan up to a maximum of four times of his savings with out any collateral security. NHG decides the amount of loan and the priority of disbursement. The repayment of the loan is collected weekly. In fact one of the agenda of weekly meeting of NHG is the collection of loan. The interest income from thrift can also be used for loans. The main feature of KDMS programme is the facility for poor women to save and borrow from their own pooled savings.

According to the estimation made by KDMS mission, the amount of thrift pooled by NHGs in Kerala is Rs.1003.41 crore against which loan of Rs.2539.74 crore is disbursed as on 31 March 2008 (See Table 2.2). It should also be noted that the velocity of lending (VIL) is 2.53.

Table 2.2
Status Report of NHGs and Thrift & Credit (As on March 2008)

No	District	No. of GPs	No. of NHG	No. of ADS	Families Covered	Families Started Thrift	Thrift (Rs.)	Loan (Rs.)	VIL
1	Thiruvananthapuram	78	16744	1259	344225	341807	956242072	2105278878	2.20
2	Kollam	71	12163	1214	223550	223550	670675500	1488810077	2.22
3	Pathanamthitta	54	6447	730	136670	136405	327632000	603642523	1.84
4	Alappuzha	73	13245	1113	260592	260592	756129158	1724422132	2.28
5	Kottayam	75	10916	1153	220635	220609	534745569	1027567284	1.92
6	Idukki	52	9160	750	166607	166094	585814371	1464853768	2.50
7	Ernakulam	88	12998	1352	217430	217421	642370775	2062614492	3.21
8	Thrissur	92	15619	1350	283955	283955	866426339	3235712785	3.73
9	Palakkad	91	19848	1435	337539	337539	981074696	2627815553	2.68
10	Malappuram	102	14249	1845	321957	321957	772699191	1215523897	1.57
11	Kozhikkode	78	14394	1309	296677	293924	1011138135	2535422917	2.51
12	Wayanad	25	7316	434	120248	120248	318664638	1005784350	3.16
13	Kannur	81	10973	1264	216275	216275	651397195	2166560511	3.33
14	Kasargode	39	5561	646	118694	119118	346218198	1371418287	3.96
	Total	999	169633	15854	3265054	3259494	9421227837	24635427454	2.61
	Urban (58 ULBs)		13329	1096	347971	347971	555276879	639794031	1.15
	Tribal NHGs(9 Dist)		2347		40630	38266	57549343	122198761	2.12
	Grand Total		185309	16950	3653655	3645731	10034054059	25397420246	2.53

Source: Kudumbashree Mission

2.4.2.2 Bank Linkage Programme

Banks are advised through RBI guidelines to lend up to Rs. 5 lakh to SHGs without any collateral securities (George 2008). In addition to the loan from their own savings, NHGs are facilitated to avail loan from bank through bank linkage programme.

NABARD has developed the following 15-point index for rating NHGs on the basis of which they will be allowed to link with various banks under the Linkage Banking Scheme.

1. Structure of SHG
2. Period of operation
3. Number of meetings held
4. Attendance in meeting
5. Recording of minutes
6. Participation in discussion
7. Promotion of thrift
8. Thrift accounting
9. Decision making
10. Loan sanctioning procedure
11. Rate of interest charged
12. Velocity of lending
13. Percentage of Repayment
14. Maintenance of Records & Registers
15. Bye law

On the basis of some objective and identifiable parameters, efficiency and effectiveness of NHGs can be verified. Group can receive finance in the ratio ranging from 1:1 to 1:9 through the bank linkage programme. The fund can be utilised by the groups for internal lending and setting up of micro enterprises. KDMS District Mission Team takes efforts to verify the performance of NHGs. The grading of NHGs is being done by a team consisting of officer in charge of KDMS, elected representative of the concerned ward of the local government, chairperson of CDS and manager of the bank which holds the account of the concerned NHG. In the process of grading, the team verifies the account book and minutes book of the NHG.

Through the linkage banking, Rs. 55406.71 lakh is given to 92978 NHGs in the state as on March 2008 (See Table 2.3). It is interesting to note that out of 185309 NHGs only 92978 NHGs have availed bank linked credit. "Interestingly 56 percent of

NHGs do not take bank-linked credit in Kerala. The bank –linked credit forms only 21 percent of thrift credit” (Oommen, 2008). This shows that a significant share of credit needs of poor women are met from their own pooled savings.

Table 2.3
Linkage Banking in Kerala (As on March 2008)

No	Name of District	NHGs Graded (Nos)	NHGs Linked (Nos)	Loan Disbursed (Rs. In Lakh)
1	Thiruvananthapuram	13509	9874	3922.45
2	Kollam	9346	9318	7115.48
3	Pathanamthitta	4405	2694	3796.56
4	Alappuzha	10227	10160	5863.42
5	Kottayam	4338	4062	2792.07
6	Idukki	4680	4470	3241.78
7	Ernakulam	10272	8861	4331.64
8	Thrissur	8134	7546	4669.16
9	Palakkad	14240	11621	5380.08
10	Malappuram	5174	4593	1859.84
11	Kozhikkode	11666	6740	4680.35
12	Wayanad	6029	5429	4229.97
13	Kannur	8437	4551	1933.06
14	Kasaragode	4304	3059	1590.86
	Total	114761	92978	55406.71

Source: Kudumbashree Mission

KDMS mission has recently developed a Repayment Information System (RIS) for monitoring the credit system involving linkage with banks. A Volunteer who is selected from each CDS gets trained to monitor linkage banking activities. These Volunteers maintain the details of applications forwarded to various banks in computers and liaison with the various banks operating in the jurisdiction. The advantage of this system is proper monitoring of all the linkage banking activities, especially, timely repayment. RIS is in the preliminary stage and it is expected that monitoring will be more effective when it becomes fully functional.

2.4.3 Micro Enterprises

Micro enterprise development is a means for economic empowerment by providing gainful employment to the people below poverty line and thereby improving their income and living standards.

KDMS conducted a series of training programmes and also developed specific module for training potential micro entrepreneurs.

Under KDMS programme, micro enterprise development will start with low capital, low risk and low profit at the initial stage. It expects that these enterprises will switch on to low to medium capital and then to low to medium risk. In an advanced stage, some of these enterprises can reach medium capital and medium profit with appropriate technology and market.

Some of the thrust areas are:

- ❑ Food Processing
- ❑ Dairy Products
- ❑ IT
- ❑ Bio technology

Under these thrust sectors micro enterprises are set up. For instance, there are several enterprises related to ethnic delicacies, tender coconuts and products, agriculture nurseries, soap making units, remedial education centers, paper bag making, integrated coconut processing (Kerashree), tissue culture, yathrashree (chain hotels), courier services and direct marketing. According to the estimation made by KDMS mission, 16,727 micro enterprises are formed in urban areas and 34,679 in rural areas in Kerala. These enterprises include units set up under Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) scheme also. These enterprises are operating in various fields. For instance, Kerashree units producing coconut oil are functioning in the rural areas. Lease land farming and vegetable cultivation are some of the income generation activities going on in full swing in rural Kerala.

Under the Development of Women and Children in Urban Areas (DWCUA) component of the SJSRY about 1758 enterprises are set up as 25053 enterprises are

Box 2.1
KDMS defines micro enterprises based on the following criteria:

- Investment ranging from Rs 5,000 to Rs 2.5 lakh
- Enterprise should have a potential to generate at least Rs 1,500 per member per month either by way of wage or profit or both together.
- Enterprise fully owned, managed and operated by members themselves, preferably, women below poverty line families as entrepreneurs.
- Minimums turn over of Rs 1 lakh to Rs 5 lakh. (ie 2-10 times of the capital investment)

set up under Urban Self Employment Programme (USEP) as on March 2008 (See Table 2.4).

Table 2.4
List of Micro enterprises in Urban Area (District wise List)
DWCUA & USEP Enterprises (As on March 2008)

Sl. No	Name of District	DWCUA	USEP
1	Thiruvananthapuram	295	3,210
2	Kollam	77	2,007
3	Pathanamthitta	27	1,129
4	Alappuzha	146	2,937
5	Kottayam	68	1,282
6	Idukki	8	138
7	Ernakulam	442	3,507
8	Thrissur	155	1,633
9	Palakkad	83	2,437
10	Malappuram	75	1,302
11	Kozhikkode	197	2,188
12	Wayanad	12	128
13	Kannur	134	2,160
14	Kasargod	39	995
	Total	1,758	25,053

Source: Kudumbashree mission

A significant amount of subsidy is given to these enterprises. As shown in table 2.5, both individual enterprises and group enterprises are supported heavily through subsidies.

Figure 2.5
Linkage Banking in Kerala
 (as on March 2008)

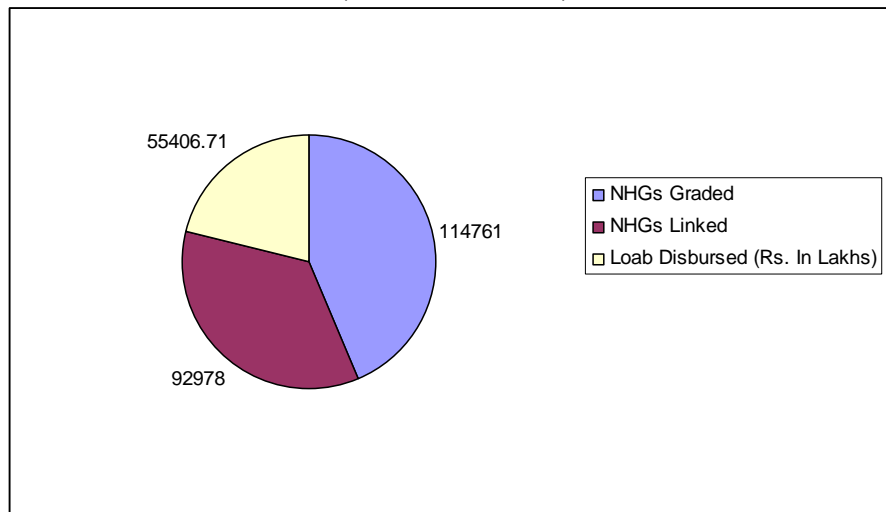


Table 2.5
Micro enterprises in Rural Areas (as on 31st December, 2006)

Sl. No.	Districts	Individual Enterprises		Group Enterprises	
		No	Subsidy Sanctioned	No	Subsidy Sanctioned
1	Thiruvananthapuram	242	16,23,900	265	1,43,49,969
2	Kollam	177	13,17,000	197	7,785,000
3	Pathanamthitta	1	7,500	154	4,843,500
4	Alappuzha	31	2,17,440	206	9,485,000
5	Kottayam	8	60,000	61	3,187,500
6	Idukki	200	14,59,850	475	22,902,450
7	Ernakulam	0	0	239	12,524,000
8	Thrissur	33	240,300	184	8,896,495
9	Palakkad	17	126,000	242	10,974,750
10	Malappuram	95	642,350	207	13,544,250
11	Kozhikode	120	888,000	285	15,648,500
12	Wayanad	6	45,000	59	3,240,000
13	Kannur	10	75,000	111	5,274,810
14	Kasargode	111	745,500	104	5,126,900
Total		1051	74,47,840	2789	13,77,83,124

The number of enterprises mentioned above are those excluding units under SJSRY.

Sources: Oommen (2007) and Kudumbashree Mission

A special employment programme launched by the state government to provide employment opportunities to 50,000 educated youth in 2004-2005 was assigned to KDMS which is known as *Yuvashree*. One of the main features of the 50K programme was to identify innovative areas to set up micro-enterprises for the youths from BPL families and to provide handholding and escort services to the new generation entrepreneurs. Both individual and group enterprises are supported under this. Moreover, exclusive female member groups; exclusive male groups and mixed groups are allowed under this scheme. As shown in table 2.6, different combinations of group activities are set up with varied project cost and subsidy component. According to a recent study, 632 individual and group enterprises are set up under *Yuvashree* (See Table 2.7).

Table 2.6
Micro Enterprises under Yuvasree (50k)

Nature of Ventures	No. of members in the Unit	Subsidy from Government
i. Group Activity	10 or more	Rs.1,00,000 or 50% of the project cost whichever is less
ii. Group Activity	5 Members	Rs.50,000 or 50% of the project cost whichever is less
iii. Group Activity	6 to 9 Members	Rs.50,000 + 10,000 each for additional members over 5 persons or 50% of the project cost whichever is lower
Individual Units	One	30% of the project cost or Rs 7,500, whichever is less.

Source: Kudumbashree Mission

Table 2.7
Micro enterprise units under Yuvasree (50K)

Sl. No.	Districts	Individual Enterprises		Group Enterprises	
		No	Subsidy Sanctioned	No	Subsidy Sanctioned
1	Trivandrum	6	45,000	20	1,100,000
2	Kollam	15	112,500	35	1,825,000
3	Pathanamthitta	2	15,000	9	460,000
4	Alappuzha	29	207,765	58	3,000,000
5	Kottayam	6	45,000	1	50,000
6	Idukki	12	90,000	15	850,000
7	Ernakulam	13	97,500	39	1,875,800
8	Thrissur	48	360,000	20	960,500
9	Palakkad	4	30,000	25	1,175,000
10	Malappuram	69	495,825	20	942,500
11	Kozhikode	25	195,000	31	1,710,000
12	Wayanad	7	52,500	45	2,504,153
13	Kannur	25	187,000	17	1,165,000
14	Kasargode	13	97,500	23	1,222,500
Total		274	2,030,590	358	18,840,453

Sources: Oommen (2007) and Kudumbashree Mission

2.4.4 Health

With an intention of realizing its objective of ensuring better health and nutrition for all, KDMS undertakes some activities in the areas of public health. It facilitates the convergence of various health programmes. Promoting the execution of various public health programmes, the control of poverty diseases is focused. As it is discussed earlier, NHGs has health volunteers who help in complete coverage of children in immunization. Under KDMS, 'Bare Foot Doctors' attend health needs of the community.

Health care enterprise under the name ‘*Santhwanam*’, is a joint project of KDMS, Health Action by People (HAP) & State Bank of India. It provides home-based health screening facility in body mass index, blood pressure and blood glucose. Under this programme, entrepreneurs selected from among science graduates from NHG families, are given seven day training. Each service provider is equipped with two wheeler and mobile phone. Over 154 service providers were available in early 2008. Each entrepreneur can earn a minimum of Rs 3500 per month.

Amrutham is an enterprise promoted by KDMS to help improve the nutritional status of children between 6 months and 3 years. It supply food supplement as a part of the take home ration through Anganwadis. This five member enterprise group, with the technology support received from CPCRI, an institute in Kasaragode and modern machinery, supply different food supplement products. Several KDMS units have involved in Kerala Clean Mission programme under which waste material are collected from residences and commercial places and recycled. This public health improvement programme provides each one of them a regular monthly income also.

2.4.5 Education and Child Welfare

In order to realize its proclaimed objectives for ensuring a minimum of primary education for all children belonging to risk families, KDMS carries out some activities such as formation of Mother- Teacher Associations and promotion of remedial Education for poor performers. KDMS units have organized Vacation Classes and Career Guidance programme. In this context, it should be noted that KDMS piloted ‘IT@School’ programme which was subsequently universalized by government of Kerala. The KDMS mission has organised the children of the poor families into *Balasabhas* as a part of its strategy of “*catch them young and nip poverty in the buds*”. *Balasabhas* as grassroots level groups of the children of BPL families provide atmosphere for informal learning. Balasabha organizes activities for building up capacity of children, cultivating their creative potentials and ensuring opportunities to develop innate talents. According to the estimation made by KDMS mission, 7,51,143 children are supported through 4291 *Balasabhas* in the state.

2.4.6 Housing

Micro housing is the housing programme of the KDMS to cater to the housing need of the poor families in Kerala. Currently there are two major micro housing programmes

namely **Bhavanashree** and **VAMBAY**. KDMS has been implementing *Bhavanashree* programme with the active support of nationalized, scheduled commercial and private sector banks in Kerala. Ten banks such as SBI, SBT, Canara Bank, Central Bank of India, Indian Overseas Bank, Indian Bank, Dhanalekshmi Bank, Syndicate Bank, ICICI bank and Union bank are now implementing this programme. KDMS CBO structure plays an active role in identification of applicants, screening of applications, disbursement of loan amount and monitoring of payments and construction.

The homeless families who own 1.5 cents of land or landless for whom local governments can provide 1.5 cents of land is eligible for Bhavanshree programme. Regular and consistent participation in CBOs and consistent thrift habit is also considered as

a criterion while making the selection of the beneficiaries. Loan amount is Rs. 40,000 at 7.25 percent interest and the repayment period is 10 years. The Equal Monthly Installment is Rs. 469 for Rs.40,000. The loan is released in bulk to the CDS and there is a tri-partite agreement between beneficiary, CDS and the financial institutions. The land and building is the collateral and there is no processing charge. Life coverage and Insurance coverage is other specialties of this programme. CDS plays a significant role in getting the loan sanctioned and collection of monthly installments from the beneficiaries. According to KDMS mission 44,410 families have become the beneficiaries of Bhavanshree programme.

<p style="text-align: center;">Box 2.2 <i>Bhavanashree: Highlights</i></p> <ul style="list-style-type: none">• Loan based housing scheme• Bulk lending to CDS• Eligible to members having 1.5 cents (60 m²) land• Loan of Rs 40000• Repayment period of 10 years• EMI starting from Rs 459• No Processing fee• Insurance cover to holders• Participation from all major banks• 42814 loans sanctioned for Rs 17538.19 Lakh
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Valmiki Ambedkar Awas Yojana (VAMBAY) is a newly formulated centrally sponsored scheme for the benefit of the slum dwellers. The scheme mainly aims at ameliorating the housing problems of the slum dwellers living below poverty line in different towns. The scheme is shared on 50:50 basis by the central government and the state and is being implemented through HUDCO. There is an option to obtain resources from any other source (i.e. other than HUDCO) such as budgetary support, own resources of local bodies, loan from other agencies. KDMS, the State Poverty Eradication Mission is the nodal agency for the implementation of VAMBAY in the State. The upper financial limit for construction of VAMBAY units for Kerala is Rs.40000 with provision for sanitary toilets.

2.4.7 Agriculture: Lease Land Group Farming - 'Harithashree'

Kerala, thickly populated state, has severe shortage of land. Even so, large areas of cultivable land are kept idle in the state as owners of land are not interested in farming. On the other hand, several poor families who are keen to undertake farming for livelihood do not have land. When paddy cultivation became a non-lucrative affair, farmers of the state deserted paddy fields. The state is known for higher labour cost compared to neighboring states. Small and medium farmers face problem in cultivation of land due to the unavailability of labour, etc. It is in this context, KDMS promotes lease land group farming. Many NHGs have identified the immense potential of lease land farming. Lease land farming aims at helping both the landless poor women of KDMS NHGs and the landowners who are not interested in farming. Other objectives of the programme are:

- Employment opportunities for women in agricultural sector
- Fallow lands brought under cultivation
- Increase in land productivity
- Additional Income and food security for poor family ensured
- Opportunity to implement new agricultural methods and new planting materials
- Availability of loan from financial institutions
- Revamping the agricultural sector

Recently Local Self Government Minister announced that over 60,000 acres of land is being cultivated in Kerala under KDMS programme (Malayala Manorama, 9 May 2008) . In another statement the Minister has announced a new scheme of popularizing paddy cultivation by extending the Harithashree programme to another 10,000 acres of fallow land (Malayala Manorama 1 June 2008). The new scheme envisages that at least 10 acres of land in each panchayat in the state is brought under paddy cultivation. For one acre of paddy cultivation, free seed and fertilizer and a grant of Rs.1, 000 is provided.

2.4.8 Execution of Government sponsored poverty eradication programme: KDMS as a nodal agency

KDMS functions as a nodal agency for several anti poverty programmes of the federal, state and local governments. It plays a critical role in the implementation of various centrally sponsored anti-poverty programmes such as Swarna Jayanthi Shahagari Rozgar Yojana (SJSRY), National Slum Development Programme (NSDP) and the

Valmiki Ambedkar Awas Yojan (VAMBAY). In Kerala, the implementation of Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) is done and monitored by KDMS which also undertake training programmes for improving the functional skill of poor women and equipping them for setting up micro enterprises. Through Community Development Society (CDS), various activities covering identification of beneficiaries, project selection, preparation of application, monitoring of recovery, implementation and social audit is carried out.

National Slum Development Programme for infrastructural development is also implemented through the CDS in Urban Local Bodies with the assistance of State and Central Governments. Under this scheme, construction of new houses, repair of houses, water connection, construction of latrines, and assistance for wiring etc are undertaken.

2.4.9 Rehabilitation of Destitute Programme –'Ashraya'

It is estimated that 2 percent of the total population belongs to the group of the poorest of the poor, destitute, who live in utter distress and despair. 'Ashraya' is a KDMS programme aiming at the rehabilitation of these destitute. With the budgetary support of Government of Kerala amounting to Rs 5 crore, a fund namely, *Challenge fund* is created for extending financial support to local governments who take up the implementation of the project. The destitute families are identified using indices framed by the KDMS Mission. The project provides relief to the destitute families in regard to food, health, education to children, land for home, water and sanitation facilities, skill development and employment opportunities.

2.5 Human Resource Development through Training: Reported by KDMS Mission

KDMS mission undertakes human resource development of its members through training. It has developed an in-house faculty team and conducted a series of training along the length and breadth of Kerala by using the facilities of already existing training institutes. Training curriculum is developed with the help of experts and staff of KDMS mission. Three training modules were prepared of which the third one exclusively covers the functional areas of micro enterprises management. Topics are related to various activities of KDMS programme, self esteem, new approach of Community Development, Thrift & Credit Operation, Thrift & Credit Accounting and various development

programmes of central and state governments. Grassroots level planning and micro enterprise development are also covered under the training programme.

Under Bhavanshree programme, CDS functionaries are involved at various stages. They need training on professional accounting to make the system of sanction and disbursal of loan effective and transparent. Each district mission office organizes training programme on accounting.

On formation of the NHGs, almost all the NHGs have started thrift and credit operation. They have been supplied with Minutes Book, Pass Books and Account Books for documenting the proceedings of their meeting and to maintain accounts. Leaders of the NHGs are being trained in maintaining accounts and keeping the registers. The topics of the two-day training programmes for the leaders of NHGs include leadership/ communication skills, poverty and its manifestations, micro enterprise and hands on training on maintenance of accounts .

It is significant to note that the State Kudumbashree Mission stipulate that each NHG, ADS and CDS should maintain various records and accounts regularly in a standard format (State Kudumbashree Mission, 2007). NHG has to maintain a register with five parts (a) membership register (b) thrift register (c) credit register (d) consolidated register and (e) monthly consolidated thrift and credit register. The pattern of the Membership Register and Receipt – Expenditure pattern maintained by NHG are given in Table 2.8 and Table 2.9 respectively.

Table 2.8
Membership Register: Pattern

Serial No.	Name of the Member	Membership No.	Membership enroll date	Risk parameter	Department/ Category	Signature of the member
1.	Sumati	1	05/11/2000	5	SC	
2.	Mini	2	05/11/2000	6	SC	
3.	Mery	3	05/11/2000	5	Handicap	
4.	Mumtas	4	15/12/2000	4	General	
5.	Soni	5	01/04/2001	5	General	

Table 2.9
NHG: Receipt - Expenditure Pattern

Income Receipt	Expenditure Payment
Membership fee	Deposits to bank
Thrift received from Members	Thrift withdrawn by members
Loan (under T&C)repayment	Expenses for special programme
Deposits withdrawn from bank, interest on deposit received from bank, interest on loan received from members	Loan to Members
Subsidy	Profit distribution to members
Donations, monthly contribution, fine etc	Other expenses (Stationery, Postage , etc)

Each member gets two separate pass books (See Table 2.10), one for deposit and the other for loan (See Table 2.11).

Table 2.10
Smt. Sumati's Passbook - Deposits

Date	Thrift deposit Amount	Withdrawn Amount	Balance Amount	Signature of the Secretary
Carry forward		0	150	
12/03	25	0	175	
19/03	50	0	225	
26/03	25	0	275	

Table 2.11
Smt. Sumati's Passbook - Loans

Date:

Loan Amount: Rs.471

Installment: 6

Date	Loan Repayment	Interest	Balance Payment	Signature of the Secretary
24/03			417	
31/03		8	425	
03/04	25	-	400	
10/04	15	-	385	
17/04	25	-	360	
24/04	25	-	335	
30/04		6	341	

On the other hand, ADS has to keep integrated accounts of all the concerned NHGs. It keep (a) a minutes book, (b) NGH register(c) register of thrift and credit account of NHG,(d) correspondence file,(e) micro credit ventures register and (f)account book. The NGH register contains affiliation number, name and address, membership details of all the NHGs under the ADS (See Annexure 4)

CDS needs to maintain(a) file of registration and bye law (b) minute book, (c) Register of NGHs affiliations, (d) Receipt and voucher files, general ledger, (e) cash book, (f) stock register CDS asset register, (g) file of pass book and cheque books, (h)

receipt and expenditure statements, (i) integrated register of thrift and credit account of NHGs and ADSs (j) correspondence file and (k) inward- outward register (See Annexure 5).

2.6 Field Survey: Socio-Economic Profile of KDMS Members and functional status of CBOs

Field survey was conducted in all these districts covering 2 city corporations, 4 municipalities and 60 panchayats. A sample of 4200 respondents, 3500 KDMS members and 700 persons belonged to local governments were interviewed. Under local government category, elected representatives and officials of local government institutions and officials of state government are covered. Two sets of Questionnaires were used to collect necessary information. The first set was served to NHG, the respondent is the main beneficiary of KDMS and second to secretaries, chairpersons and other office bearers of ADS and CDS. Open-ended questions, discussions and interactions with banks, consumers of KDMS products, general citizens, NGOs have also helped in eliciting more information.

This section provides a brief socio-economic profile of KDMS members and certain features of NHGs based on the field survey carried out in all the 14 districts. As shown in Table 2.12 the average age of respondents to our survey is around 39 years.

Table 2.12: Age distribution of respondents

Name of District	Average Age of the Respondents (years)
Alappuzha	37
Ernakulam	31
Idukki	44
Kannur	39
Kasargode	38
Kottayam	35
Kozhikkode	41
Malappuram	44
Palakkad	40
Pathanamthitta	44
Kollam	39
Thrissur	38
Thiruvananthapuram	39
Wayanad	40
State of Kerala	39

Source: Field survey

Table 2.13

Religion: distribution of respondents: All Kerala (%)

Religion	Distribution of respondents (%)
Hindu	63.35
Muslim	12.22
Christian	24.43

Source: Field survey

The distribution of respondents on the basis of religion shows that over 63 percent were Hindus while 12 percent are Muslims and 24 percent are Christians (See Table 2.13). The caste wise distribution of the respondents reveals that about 46 percent belonged to general category while 42 percent OBC and over 12 percent SC/ST categories (See Table 2.14).

Table 2.14

Caste: distribution of respondents: All Kerala (%)

Caste	Distribution of respondents (%)
General	45.83
OBC	41.85
SC/ST	12.32
Total	100

Source: Field survey

Another interesting feature of the respondents' profile is with respect to their educational qualifications. About 44 percent of respondents have attained education up to secondary level as another 32 percent got primary and 9 percent higher secondary (See Table 2.15) . It may be noted that 1.2 percent respondents remain unlettered while 1.2 percent are having post graduation or other higher educational qualifications.

Table 2.15

Education: distribution of respondents (%)

Educational level	Distribution of respondents (%)
Illiterate	1.2
Primary	31.5
Secondary	43.6
Higher Secondary	8.7
Graduation	13.8
Post-graduation & others	1.2

Source: Field survey

It is interesting to note the membership pattern of NHG members who participated in the survey. As indicated by the Table 2.16 over 74 percent NHG members belonged to BPL category and 26 percent non-BPL. Around 75 percent NHG members are from non-SC/ST against 25 percent SC/ST.

Table 2.16
Membership pattern of NHGs: BPL and SC/ST (%)

Category	% of respondents
BPL	74.02
Non BPL	25.98
Total	100
Non SC/ST	74.65
SC/ST	25.35
Total	100

Source: Field survey

Table 2.17
Functional status of NHGs at CDS (local government) level: District and State average
(Numbers)

District	Functional NHGs	Non-functional NHGs	Closed NHGs	NHGs registered	SC/ST NHGs
Alappuzha	280	7	5	292	6
Ernakulam.	191	12	0	203	21
Idukki	355	34	20	409	20
Kannur	117	5	0	122	13
Kasargod.	148	25	17	190	5
Kottayam	207	43	15	265	25
Kozhikode.	170	18	0	188	6
Malappuram	154	39	16	209	4
Pathanamthitta	105	14	16	135	4
Palakkad	190	20	0	210	0
Kollam	145	29	38	212	13
Thrissur	182	14	7	203	16
Thiruvananthapuram	104	30	15	149	5
Waynad	299	26	33	358	44
State	201	34	25	260	15

Source: field survey

Another interesting finding of our study is the apparent variation with respect to the number of NHGs in a CDS. It ranges from around 100 to over 800. For instance, under CDS of Kochi Corporation 807 NHGs are registered out of which over 700 remain functional. The CDS of Mannancherry gram panchayat of Alappuzha district has over 450 functional NHGs. On the other hand, the CDS of Nilamel gram panchayat in Kollam district has 103 registered NHGs only out of which just 90 are functional.

Our estimate shows that the state average of functional NHGs is 201, being the registered are 260 (See Table 2.17). On an average, total of 59 NHGs in a CDS are either non functional or closed.

Table 2.18
Functional status of NHGs at ADS (ward of local government) level: District and State average (Numbers)

District	Functional NHGs	Non-functional NHGs	Closed NHGs	Total number of NHGs	Number of SC/ST NHGs in
Alappuzha	13	2	1	16	1
Ernakulam	19	4	1	24	7
Idukki	23	5	1	29	1
Kannur	10	3	1	14	2
Kasargod	10	2	2	14	0
Kottayam	12	4	2	18	2
Kozhikode	14	2	2	18	2
Malappuram	11	3	1	15	1
Pathanamthitta	10	2	1	13	1
Palakkad	14	4	0	18	0
Kollam	10	4	2	16	2
Thrissur	10	4	2	16	1
Thiruvananthapuram	9	2	3	14	1
Waynad	16	3	2	21	5
Total state	15	4	2	21	3

Source: Field survey

The functional status of NHG at ADS level is also more or less in line with that of CDS. There are considerable variations among the size of ADS, the second tier of KDMS –CBO that covers the ward of rural or urban local government, in various parts of the state. For instance, one ADS in Kochi Corporation has 40 functional NHGs, another ADS in Kumily gram panchyat of Idukki district has 20 functional NHGs. Even so, another ADS in Nilamel gram panchayat of Kollam district has just 8 functional NHGs. As shown in Table 2.18, the average number of functional NHGs in an ADS is around 15 in the state.

Figure 2.6
Functional status of NHGs: CDS level: District and State average (Numbers)

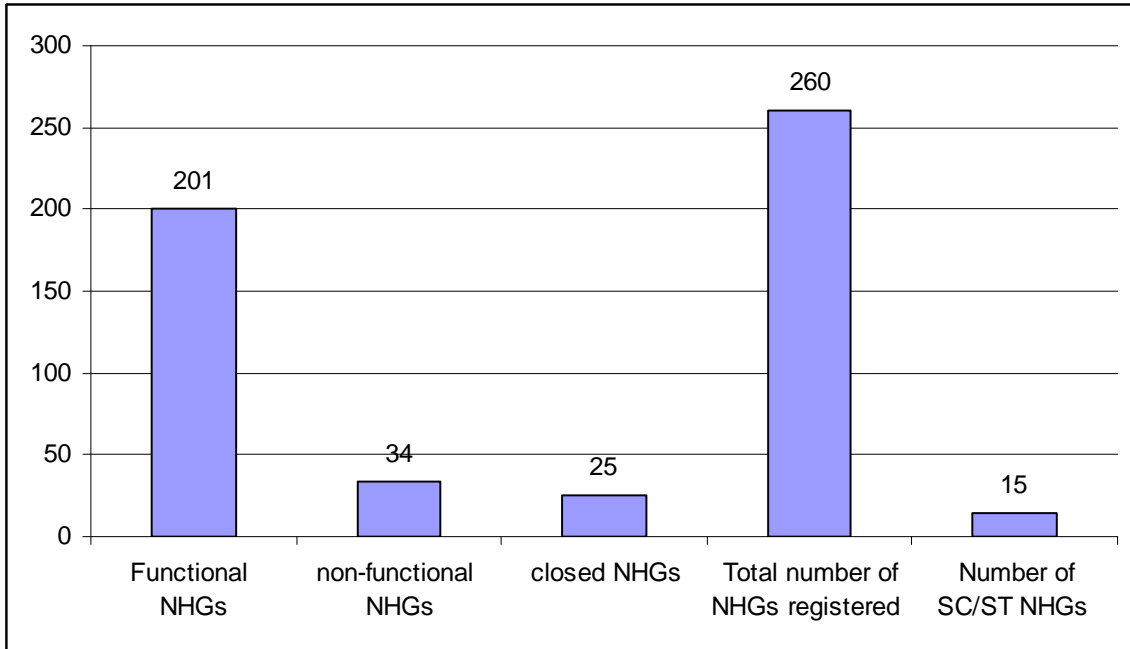
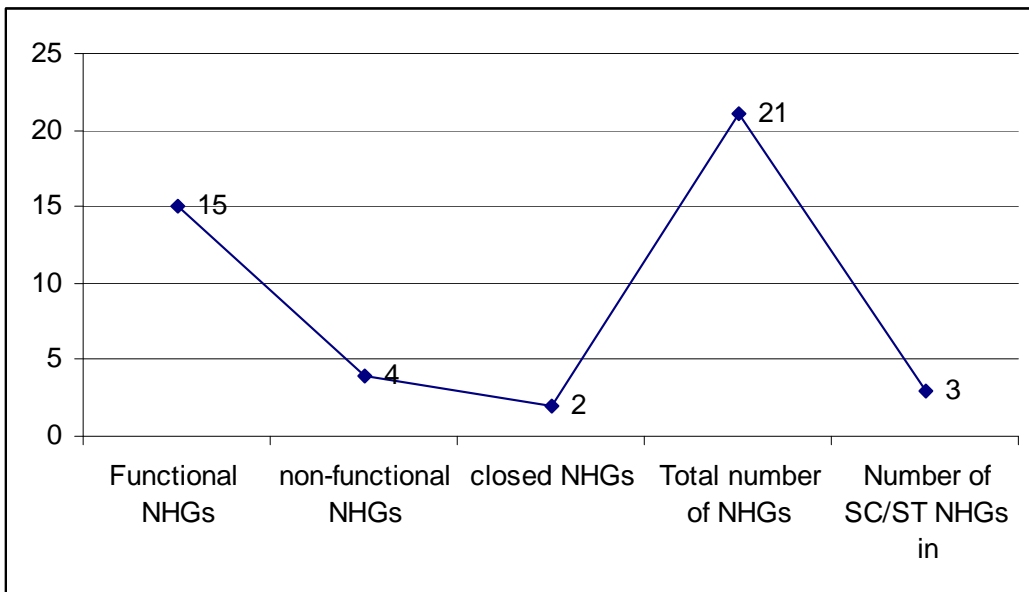


Figure 2.7
Functional status of NHGs: At ward (ADS) level District and State average



ROLE OF LOCAL GOVERNMENTS IN KUDUMBASHREE PROGRAMME

3.1. Strong local government system: KDMS a further step to strengthen the decentralization process

Kerala, as a front running state in devolution of powers and funds to local governments, has taken a few initiatives in democratic decentralization that have resulted in several innovative practices. It is one among the states where the implementation of the Panchayati Raj Act has been successfully done. Kerala's local government system has been working within a clearly defined legal framework. It has got a strong legal framework after the 73rd and 74th Amendment of the Constitution. Kerala Panchayat Act, 1994 provided the legal framework for decentralized governance. In 1994, the Kerala government enacted the Panchayati Raj Act 1994, in conformity with 73rd and 74th Amendment of the Indian Constitution. Government of Kerala through Peoples Planning Programme revamped its decentralization process with a series of path-breaking measures in 1996. There is a three-tier Panchayati Raj system in Kerala with gram panchayat at village level, block panchayat at intermediate level and zilla panchayat at district level. There are 999 gram panchayats, 152 Block Panchayats and 14 Zilla panchayats in Kerala. Functions are clearly demarcated among all the three tiers of local government. The elected bodies are the executive authority and officials are their Secretaries. Full control over staff is given to PRIs and absolute right to information is given to the general public. KDMS is considered an innovative practice in the field of poverty alleviation and women empowerment. The decentralised planning process in Kerala provided KDMS a positive environment.

KDMS, an agency carrying out several activities at the cutting edge level, is considered as a further step to strengthen the decentralization process. Unlike many Indian states where SHG networks function parallel to the local government, inclusive and empowered community-based organizations of KDMS work in partnership with the local self government in planning and implementing the poverty reduction programme. The allocation of nearly one-third of state plan funds to local governments as a grant is significant step in the decentralization process of Kerala. This has supported and

speeded up the process of convergence of services of various departments and agencies. Local governments support the self-help initiatives of poor women through the three-tier Community-Based Organizations. In fact, local governments implement the programme with the facilitation by the State Poverty Eradication Mission.

3.2. Resources of KDMS: Role of local government

Local government and SHG quintessentially are interrelated systems under KDMS. It is interesting to note that major chunk of government funds for this programme is being channeled through local government. Some of the activities of KDMS are carried out through separate budgetary support from state government. It is from this fund that sizable administrative expenses for coordinating KDMS activities especially at state and district level are met. Plan fund allocation to local governments is an important source of fund for KDMS. Assistance to KDMS programmes is also made through the women-component plan for which 10 per cent of the plan outlay is earmarked. Own fund of a local government can also be used for KDMS activities. Apart from these sources of funds, it gets the benefit of various centrally sponsored programme. Funds under special central assistance, matching grant, revolving fund and micro enterprise subsidy are being used by each local government institution for the KDMS activities. Being the agency for execution of several development programmes, its members become the beneficiaries of many development programme such as National Rural Employment Guarantee scheme and National Rural Health Mission funded by government of India.

Through bank linkage facility ventures of different category, both individual and group, are funded. Both public sector and scheduled banks provide finance for setting up such ventures. Under this facility a specified portion of the project cost is subsidized through government funding schemes. Last but not least, the thrift of each NHG member becomes a significant source of fund for each member or household. A large number of activities of NHG member at household level are funded through the micro finance operation of thrift and credit societies, which is the kingpin of whole KDMS programme.

3.3. Local Governments and state government

3.3.1 Patronage of state government

KDMS is patronized by state government as well as local governments. State government provides strong support to KDMS, both financial and non-financial. As discussed earlier, the support of the state government is given through KDMS mission

**Table 3:1
Government Funds for Kudumbashree (2007-08)**

Year	Budget Allocation (Rs.Crore)	Women Component Plan (Rs.Crore)
2007-08	26	154

Source: Budget documents: 2007-08 Government of Kerala

and local government institutions (See Table: 3.1). The CBOs of KDMS receive support and strength from local governments, being functionally linked to them. Even so, state government extends direct support and patronage to KDMS as it is essentially an interdepartmental initiative. With the best efforts of the state government, KDMS fulfills its task in addressing multiple problems of poverty at various levels.

3.3.2 Administrative role of Department of Local Self Government

Government of Kerala has brought the whole KDMS programme under its department of Local Self Government with a separate wing namely “Kudumbashree -The State Poverty Eradication Mission”. The Chairman of the KDMS mission is the Minister of Local Self Government (See Figure 3.1). The vice chairman is the Secretary to the Department of Local Self Government. The secretariat of the mission is headed by an Executive Director who is a senior IAS Officer. Under the state level mission office, district level missions are set up. The district mission coordinator is in charge of the office of district level mission. The mission has an executive committee which comprises of representatives from local government institutions and associations, and KDMS mission.

3.4 KDMS under the leadership of Local Self Government Institutions

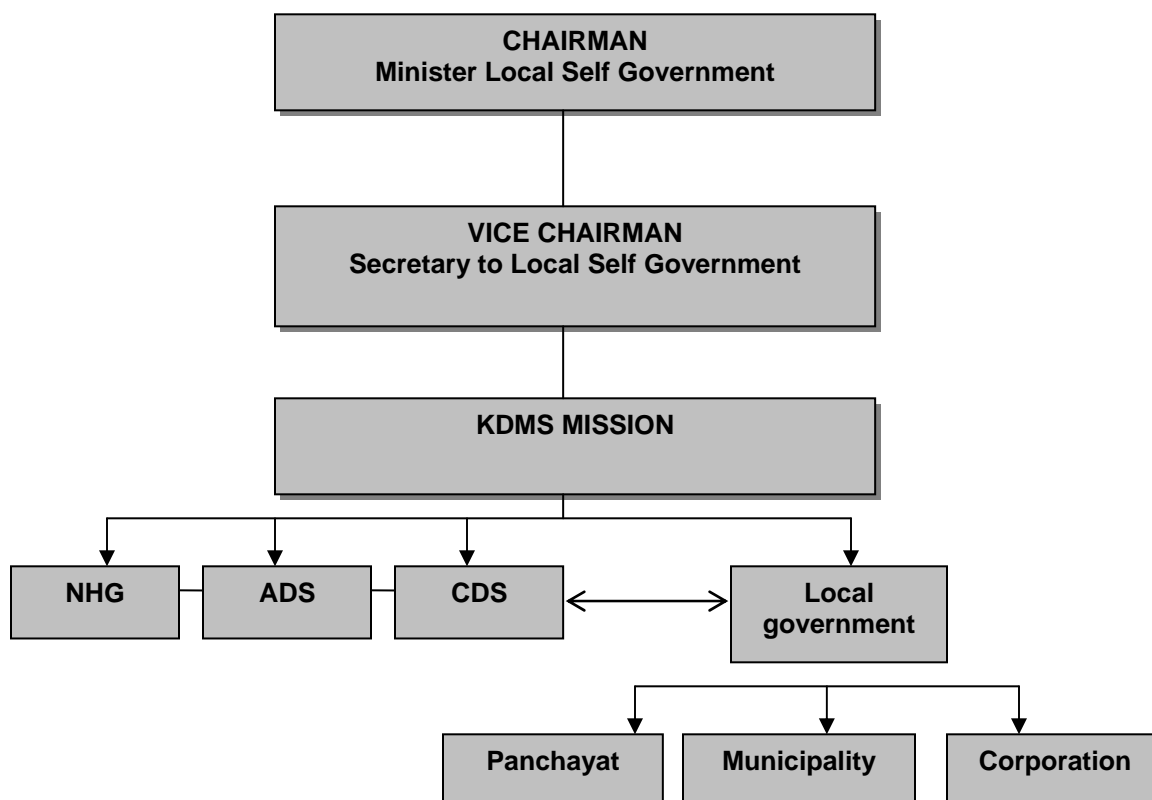
3.4.1 KDMS Funds through local government

Conceptually and operationally, the KDMS network is linked to local self government institutions in the state of Kerala. All local governments are bound to prepare an anti-poverty sub-plan as an independent document. They have the freedom to plan and prepare the projects according to the local priorities for which untied grant-in-aid is devolved. They have to spend at least 40 percent on the productive sector meaning agriculture and allied activities, industries, self-employment etc and not more than 30 percent on infrastructure. Ten percent of the funds have to be spent on the women development project. Assistance to KDMS programmes can be taken up under this plan. “The Women Component Plan should focus on the gender needs of women especially those below poverty line. The CDS system and other women groups and NGOs are actively involved in the formulation of the Women Component Plan. Setting up of micro

enterprises of women and providing minimum needs assets to widow-headed families can be taken up under this component. Revolving fund to CDS linked to their thrift is also possible” (Government of Kerala, 2004).

Figure 3.1

KDMS: Partnership with Local Government



3.4.2 Community Development Society and Local government

It may be noted that there is no organic relationship between local government and KDMS. However, Community Development Society (CDS) has strong linkages with both rural and urban local government institutions. The President of the gram panchayat is the patron of the CDS. The standing committee chairperson (welfare), all women members of the panchayats and the Secretary of the village panchayat are ex-officio members of the CDS. The block panchayat member/Members of the respective Block division/divisions are also ex-officio members of the CDS. Monitoring & advisory committee formed at Urban Local Body level is constituted with mayor/municipal chairperson as chairperson. The municipal secretary is the convener of the committee.

CDS, a registered body under the Charitable Societies Act is set up at the panchayat / municipal/corporation level by federating various Area Development

Societies (ADSs). CDS functions through its general body and governing body. Its general body consists of chairpersons and governing body members of all ADS along with representatives of resource persons, officers of the local body who are involved in implementing various poverty alleviation and women empowerment programmes. Governing body of CDS consists of president, member secretary and five selected committee members. The President of the gram panchayat is the patron of the CDS. The standing committee chairperson (welfare), all women members of the panchayats and the secretary of the gram panchayat are ex-officio members of the CDS. The member of block panchayat /members of the respective block division are also ex-officio members of the CDS. Each gram panchayat assigns one of the officers transferred to the panchayat as an officer in charge of KDMS and Member Secretary of CDS. This officer plays a decisive role as an official linking the KDMS units, ADS and CDS with various government and semi government agencies. In the case of municipality, a monitoring & advisory committee at municipality/corporation level is constituted with mayor/municipal chairperson as chairperson and the municipal secretary as the convener.

The advantage of this system is that it is managed wholly by the representatives of the poor and has the leverage of a non-governmental organisation, which helps in channelising additional resources from various sources both internal and external. The CDS at local body level facilitate both autonomy and effective linkage with local self governments.

3.4.3 Area Development Society and Local government

Area Development Society (ADS) has strong linkages with both rural and urban local government institutions. The elected member of the respective ward of the gram panchayat is the patron of the ADS. A separate *Monitoring & Advisory Committee* is constituted with ward Councilor as chairperson in municipalities/corporations. ADS as formed at ward level by federating 10-15 NHGs is the second tier, and Area Development Society functions through its general body and governing body. The general body consists of all president/chairperson, secretary and three sectoral volunteers -Health, Income Generation and Infrastructure volunteers- of federated NHGs. The governing body is constituted by electing a president, secretary and a five-member committee from among the general body.

3.4.4 Neighborhood Group and Gram Sabha

The Neighborhood Group (NHG), the grassroots level organization of KDMS is given position just below the gram sabha. As mentioned earlier, each family below poverty line is being represented by a woman member into a NHG at the local levels with 15 to 40 families.

Gram sabha consisting of all the registered voters in the village has got a powerful position. The gram sabha may appoint, elect or constitute general or special sub-committees for the detailed discussion on any issue or programme and for the effective implementation of the schemes and its decisions. The gram panchayats in Kerala are very large, having population on an average over 20,000. Hence, gram sabha at the level of each ward of the gram panchayat are organised to enable more people to participate in decision-making process. In a typical ward the size of the gram size is in the range of 1500 - 2000 people. The quorum for the gram sabha is 10 per cent of the number of voters in the area. In the meetings of gram sabha, various development issues and matters related to selection of beneficiaries from the constituency are discussed. The gram sabha formulates the proposals, prepares a list of beneficiaries and submits it to the gram panchayat. The panchayat cannot change the list of the beneficiaries given by the gram sabha. The priority list prepared by the village panchayat after inviting applications for the selection of the beneficiaries and conducting inquiries on the applications received, is scrutinized in the meeting of gram sabha.

The gram sabha has the right to know about the budgetary provisions, the details of the plan outlay, item-wise allocation of funds and details of the estimates and cost of materials of work executed within the area of the gram sabha. The audit report placed for the consideration of the gram sabha is discussed in the meeting and its views, suggestions and recommendations are communicated to the concerned village panchayat. "In fact, Kudumashree unit members are the main participants in gram sabhas and virtually keep Gram Sabha and thus also the democratic part of the Panchayati raj alive" (CRM, CSES & SDC-Capdeck, 2003).

The cooperation between KDMS SHGs of women below poverty line and local governments, by and large is good. Local government institutions depend on KDMS for its various activities and programmes. With the average size of a gram sabha of 1500-2000 people and the heterogeneity of the population, the participation level in gram sabhas was abysmally low in many panchayats. In fact, it became a major concern for PRIs in Kerala. In order to make the gram sabhas more functional and active, the

cooperation of KDMS units are used. As a result, the participation level in each gram sabha has increased significantly. PRIs as well as urban local bodies consider KDMS units as a convenient system to mobilize women to attend the gram sabha and, in many cases with their participation the statutory requirement of gram sabha quorum is met. "In the initial years of people's plan campaign, for overcoming this difficulty, NHGs of 40 to 50 families were formed in more than 200 panchayats, though not required by law. But these NHGs which used to function below the Gram Sabhas have almost disappeared now. NHGs have to be revived and strengthened for ensuring more effective participation of the people in the process of decentralization. In fact, they require to be given legal status" (CRM, CSES & SDC-Capdeck, 2003).

The results of our field survey show that members of NHGs are the main participants of gram sabhas while middle class or most of the educated women do not take any interest in attending. It is found that 35.5 percent of the respondents of NHG members are regular participants in gram sabhas.

3.5 Monitoring of KDMS: Role of Local Government

The bank account of CDS is operated jointly by the Chairperson and Member Secretary who is an officer from the panchayat in charge of KDMS. Income—expenditure details of CDS will be audited annually and submitted to the panchayat committee as well as district coordinator of the KDMS mission. The CDS ensures the maintenance of accounts of receipts and expenditure at ADS and NHGs level. The concerned local government plays a limited role in the monitoring of KDMS activities. In this context it should be mentioned that there has been increasing demand from local government for more powers to monitor and control KDMS. On the other hand, there are several instances of CBOs of KDMS who are critical of local government's attempt to grab more such powers. We will discuss some other aspects of KDMS CBOs who seek more autonomy and functional freedom.

3.6 Preparation of projects and micro plans at ADS/CDS levels

The CDS at local body level facilitates both autonomy and effective linkage with Local Self Governments. The genuine demands of women are discussed in the NHG meetings. Many of these discussions result into the development of project ideas which in turn become "micro-plans". These micro plans are scrutinized and prioritized to form a mini-plan at the level of ADS. "CDS Plan" at Panchayat or municipal level is formed after

consolidating the mini-plans by judicious prioritization process. This CDS plan also becomes the "anti-poverty sub-plan" of the Local Self Government. The major attraction of this exercise is the facilitation of the full involvement of poor women in the planning process at the grassroots level. The linkage between CDS and local government is strengthened through the monitoring of the implementation of the plan by the latter. Our field study shows that 73 percent of respondents received good support from the panchayat/ municipality/corporation.

3.7 KDMS and Planning

Poor women, through KDMS, get involved in planning process at three levels. Meeting of NHGs provide spaces for women to share and discuss different issues, especially those relating to their livelihood. At NHG level a micro plan is evolved through these discussions. At the level of ADS a mini plan is prepared by consolidating all the micro plans prepared by NHGs under the respective ward of Panchayat /municipality. It may be noted that mini plan is prepared with the involvement of the elected representative of the local government from the respective ward. As discussed in chapter 2, the member of the respective ward is the patron of the ADS in the case of gram panchayat, and a separate *Monitoring & Advisory Committee* is constituted in municipalities/corporations with ward Councilor as chairperson. Again, at CDS level a sub plan is prepared through the consolidation of mini plans of various ADSs. In this exercise, the Chairperson of panchayat /municipality is involved from local government side. Finally each local government adopts this CDS plan and gets it integrated into their plan. Through this process the anti-poverty sub plan of the local government is evolved from the planning process of KDMS network with the active involvement of women. It may be noted that KDMS functionaries have been given specific roles in the execution of programmes under the Eleventh Five Year Plan. These roles, especially in working groups and coordination of different development programmes, are assigned at local government level.

3.8 Execution of programmes under KDMS - Local Government Partnerships

As discussed earlier, various development programmes are implemented through the partnership of three tier CBOs and local governments. Let us now discuss briefly how local government plays its role in the planning and implementation of some of them.

Bhavanshree/ Vambay: In the case of *Bhavanshree*, the identification of beneficiaries takes place at the NHG level especially, the initial verification and screening. President and secretary of the NHG play a very significant role in informing the members about the programme and identifying the beneficiaries. ADS verify the documents and act as the bridge between the CDS at the top of the CBO and Ayalkoottam at the grassroots level. CDS is the bridge between the CBO and the district mission offices. KDMS CBO, hence, acts as a facilitator for the poor to find resources to build the house and plays an active role in identification of applicants, screening of applications, disbursement of loan amount and monitoring of payments and construction. Banks are relieved of the above said functions that the CBO undertakes. However, certain bank managers do take the function of monitoring by themselves.

The information about the scheme and its features is communicated by CDS from the district mission offices to the CBO. Hence CDS plays a very important role in communicating the details of the scheme to the target group. It is the initiative that the CDS takes that determines the success of this scheme in that particular panchayat. It is the CDS who decides upon the bank from where they plan to take the loan. They are the interface between the outside world and the target group. CDS should be in constant touch with the bank and the panchayat officials and should also be communicating regularly with the district mission coordinators. CDS is responsible for the disbursement and even the collection of payments. Hence CDS plays the most important role in the entire scheme. Many panchayats are doing well in this scheme because CDS is functioning well in that particular panchayat. The field visits proved that one of the major reasons why there are very few clients in some panchayats is because the CDS has not taken enough initiative at promoting the scheme.

KDMS is the nodal agency for the implementation of VAMBAY in urban areas. This centrally sponsored scheme for providing housing for slum dweller is implemented through a partnership of municipalities and KDMS.

Asraya: It is another instance of local government – three tier CBO partnership programme of KDMS. It is a community based social security programme of Kudumbashee project which targets the excluded poor. It is implemented under the leadership of the Local Self Governments in partnership with CBO of KDMS. The survey for identifying destitutes in each local government area is the primary step of the programme. It is with the support and cooperation of the respective local government

CDS undertakes this activity. The individual family plans prepared for each destitute family is integrated to in local self government plan and subsequently it becomes part of the anti poverty sub plan.

Lease land group farming: Local government in partnership with KDMS promotes lease land group farming. As shown in box 3.1 Thiruvananthapuram zilla panchayat had lauched a Samgra project. As local government extended financial support in the form of subsidy, NHGs carry out the lease land group farming.

3.9 Training to local government and CBO on KDMS

KDMS mission organises training programmes at various levels for elected representatives of local government as well as CBOs. The objective of this programme is to familiarize them on various operations of KDMS. Separate training, which are organized at state, district and NHG levels, have different target groups. Chairpersons of local governments, Vice Chairperson of Women Task Force and Key Resource persons of Gram Panchayats attend state level training programmes. District level and NHG level training programmes are meant for ADS functionaries and members and office bearers of NHG. According to our field survey results 48 percent of respondents have received such training. In fact, about 84 percent respondents have strongly demanded the provision of more training, including skill development training.

3.10. Women centered local government and KDMS

Subsequent to the enactment of the Panchayati Raj Act 1994 in conformity with 73rd and 74th Amendment of the Indian Constitution one-third

of the seats on local governments are reserved for women in Kerala. In addition, there is an increasing involvement and interest of KDMS SHGs in various local government activities. As a result, many panchayats and municipalities in the state have become women-centered. The number of elected representatives in the local government is always well above 33 percent. Many women assumed leadership qualities through the

Box 3.1

Samagra project

Kudumbahsree and Thiruvanthapuram zilla panchayat have jointly launched *Samagra* project on 22 June 2007. Under the project it is planned to produce 36,000 tones of banana a year through encouraging plantain cultivation. This project aimed at providing employment opportunities to poor women was inaugurated by Local Administration Minister Paloli Mohammed Kutty in Kottukal Panchayat in Thiruvananthapuram district. With the estimated cost of Rs.42 crores, this project envisage the participation of 6,000 KDMS units, 1,20,000 private farmers and 30,000 families (*Source: Panchayati Raj Update, June 2007*).

KDMS SHGs and got elected to panchayats or municipalities. It is reported that in the 2005 election to the local government in Kerala over 3200 women members of KDMS contested and over 1400 of them got elected. It may be noted that members of CDS especially its chairperson work closely with the local government in formulation and execution of various programmes and projects. *“The CDS chairperson becomes more powerful than a woman ward number and is mostly available in the panchayat office”* (Vijayan, 2007).

3.11 Role of KDMS in strengthening local government institutions

The analysis of the activities of KDMS reveals that local government institutions as well as KDMS movements reinforced with each other. Both draw benefits and strengths from each other.

KDMS SHGs keep the gram sabhas active and alive as they constitute the main participants. In several instances they alone participate in the gram sabha. Their interest in gram sabha is not only in the selection of beneficiaries of various government schemes but also in the whole process of grass-roots level planning. The results of our field survey show that about 84 percent respondents experienced good and positive relationships between KDMS and the concerned local government. Even so, during our survey several complaints are heard about the lack of cooperation between the two. We will discuss this matter in details in the subsequent chapters.

3.12 KDMS: A partnership of NHG- local government: A case study of Manimala Panchayat, Kottayam District

The objective of this case study is to examine how a specific local government functions as a partner in the KDMS programme. Manimala panchayat in Kottayam district has 14 wards with a total population of 22504. Its female population exceeds 50 percent of the total. It was in 2003 KDMS programme started in the panchayat with a total of 125 units got registered. However, at present 110 are only functional (See Table.3.2). In fact, majority members are Scheduled Castes in 60 KDMS units in the panchayat. Both CDS and ADSs are quite active at the levels of panchayat and ward respectively.

Table 3.2
KDMS units in Manimala gram panchayat: Ward wise

Ward No:	No. of Units	No. of Members
1.	5	100
2.	8	160
3.	6	120
4.	7	140
5.	7	140
6.	8	160
7.	10	200
8.	12	240
9.	6	120
10.	8	160
11.	7	140
12.	8	160
13.	11	220
14.	7	140
Total	110	2200

Source: Manimala panchayat

The term of the office bearers of each unit is two years, and elections are being held regularly. Units in the panchayat started mobilising thrift, which touched Rs. 11.24 lakh in March 2007 and loan is Rs.9.24 lakh (See Table 3.3). It may be noted that the velocity of internal lending is below the state average.

Table 3.3
Manimala Gram Panchayat: Thrift and Credits 2006-07 (Rs.)

Ward	Thrift	Credit
1.	52000	25000
2.	83200	55000
3.	52400	46000
4.	72800	70000
5.	72800	58000
6.	83200	75000
7.	104000	90000
8.	124800	100000
9.	52400	40000
10.	83200	70000
11.	72800	60000
12.	83200	75000
13.	114400	100000
14.	72800	60000
Total	1124000	924000

Source: CDS Manimala

In the weekly meeting NHG members contribute their contribution in the thrift operation and make repayment of the loan. The interest of the loan is fixed as 24

percent. The field survey has reported that 72 percent of the members are quite regular in the repayment.

KDMS have been running micro credit group ventures in the panchayat. A total of 48 group ventures are currently functional though 12 of them are only partially. Majority of them are in the field of small trading and 15 of them have been producing and selling soap. Production of bio fertilizer and paper bag are the other operations (See Table 3.4). The field survey reveals that members earn an average monthly income of Rs.755 from the individual and group ventures in the panchayat. KDMS units have received bank loan of one lakh rupees each for starting micro enterprise. Seventy members are given vocational training in the panchayat with the support of Kottayam District KDMS mission. They have received training on soap production, umbrella making, paper bag production, saree painting and pickle production.

Table 3.4
Group Ventures in Manimala Gram Panchayat

Small Ventures	Number
Bio Fertilization production	1
Small Trading	28
Soap powder manufacturing	15
Lease Farming	4
Total	48

Source: CDS Manimala

Among various other programmes running in the panchayat, Ashraya Programme has started with the budget of Rs.30 lakh with the approval of state Kudumbashree mission. The programme has received Rs.8 lakh as *Challenge Fund* from the mission. NHGs, ADSs and CDS have been implementing rehabilitation programme for the destitutes in the panchayat. Lease farming under the Harithashree programme has been progressing well as 23 KDMS units have engaged in the cultivation of banana and vegetables. Manimala Panchayat in cooperation with State Bank of Travancore branch office has provided loan to fourteen families under the Bhavanashree Programme. In addition various welfare activities are being carried out by NHGs. It is found that 85 percent of NHGs have devoted attention in undertaking welfare activities such as providing financial assistance to the needy in times of death, marriage and education. Moreover, some families have made the voluntary contributions for the construction and repair of houses under Bhavanashree Programme. A total of Rs.5.20 lakh was given to KDMS units in the panchayat as grants under various government programme in 2006-07 (See Table 3.5).

Table 3.5
Grants to Kudumbashree Units (Rs. Lakhs)

Year	Grant
2005-06	2.90
2006-07	5.20
Total	8.10

Source: CDS Manimala

The field survey results reveal that leadership qualities of many women members have improved significantly. Many women acquired organisational skills and have been consistently improving it. Confidence is built-up among several women members in dealing with banks and addressing people from public platforms. There has been substantial improvement in the income generation of family, especially BPL families. Participation of Women in local planning has improved considerably. By and large group ventures are not successful though there have been a few cases of well –running ventures. Several factors lead to the inefficient functioning of group ventures. Many ventures lack backward and forward linkages. Proper marketing strategy was not formulated before the setting up of the unit. Despite the fact that family members extended support to women in running the ventures, several gender -related problems affected their efficiency. Ventures can not be run during the night time. Mobility of women during night is limited. Like all other micro-entrepreneurs, major concern was marketing. About 20 percent of respondents reported that panchayat committees are reluctant to give priority for implementing the projects under the Women Component Plan which can help KDMS projects. Moreover, most of the sanctioned gender-related projects are in the form of conventional women development programmes as innovative projects are rare. It is also reported that the projects under Women Component Plan are mainly affected when there is any reduction in plan size or cut in the final installment.

3.13 KDMS: A sub system of local government

In a nutshell KDMS, being a partnership of SHG and local government, has been assigned task of implementing several central and state government sponsored development programmes. In effect through CDS the KDMS is in a position to function as a subsystem of local government and, it undertakes activities that are to dovetail with that of local government. Through KDMS, integration of various development departments became more practical and integration of sectoral departmental structures at the grassroots level is more viable. Its local leadership has become an agency for inter sectoral facilitation.

SOCIO- ECONOMIC IMPACT OF KUDUMBASHREE PROGRAMME

K^{DMS} as a comprehensive poverty eradication programme aims to create multi-dimensional impact. In this chapter, we attempt to analyze its effectiveness and impact on poverty in view of changing socio-economic scenario in the state.

4.1. Social and Political Impact

4.1.1 Social Capital in KDMS- NHGs

Different components of social capital are built among members of KDMS. The active support of state and local governments and regular intervention of officer-in-charge facilitate the formation of social capital.

Table 4.1
Women network of KDMS: Select indicators

Average: Functional NHGs in a CDS/ local government area (No)	201
Average :Functional NHGs in an ADS/ ward of a local government(No)	15
Regular interactions take place in the weekly meetings of NHG: Opinion of respondents (%)	93
NHG members make voluntary contribution of work/ money for meeting certain needs of group members: Opinion of respondents (%)	74
The presence of transparency, democratic functioning and regular election in 3-tierCBOs: Opinion of respondents (%)	98

Source: Field survey

Our field study shows that a strong women network is created throughout the state. The state average number of NHGs is 201 in a local government area and 15 in a ward. About 93 percent of respondents reported that there are regular interactions among NHG members taking place in the weekly meetings of NHGs (See Table 4.1). In addition, this social network gets stronger in each panchayat/municipality through the NHG-ADS-CDS linkages. Better participation of NHG members in gram sabha meeting and cultural programmes is a good indicator of their deep involvement in decision

making. About 74 percent respondents have reported voluntary work (*shramadanam* in Malayalam) for constructing houses, roads, ponds, etc and contribution of cash for meeting certain basic needs and contingencies of group members. In case of death, hospitalization, marriage of a girl, and any other unforeseen contingency of a member, other group members extend financial assistance. This trend is reported from all the districts in the state. There are strong evidences of voluntary work, reciprocity and mutual trust among members of NHG, ADS and CDS which substantiate the building up of relational capital. There has been substantial formation of psychological capital as KDMS created a mechanism to bring out poor women from the stage of silence or sometimes even violence. About 98 percent respondents reported that there have been transparency, democratic functioning and regular elections in CBOs of KDMS.

Some of the previous studies have also brought out similar findings. For instance, a district specific study carried out in 2005 reported that two components of social capital – institutional capital and relational capital – were built up strongly among KDMS- NHGs in the district of Kannur (Kumaran 2005). In fact, another study conducted last year reported significant improvement in social capital of KDMS members in regard to different variables (Oommen 2007). As shown in table 4.2 these variables include willingness to co-operate with others, mutual trust with members and others, trust of the community in the member and co-operation with representatives of local government.

Table 4.2
Distribution of members according to improvement in Social capital (%)

Social capital	Decreased	Remained the same	Improved	Total
Willingness to co-operate with others		9.57	90.43	100.00
Mutual trust with members and others		6.88	93.12	100.00
Trust of the community in the member	0.19	15.60	84.21	100.00
Co-operation with representatives of LSGI	0.45	9.34	90.21	100.00
Trust of member in the LSGI	0.90	15.88	83.23	100.00
Trust of the Officials in the member	0.38	18.18	81.45	100.00
Co-operation of Officials with the member	0.38	16.83	82.79	100.00

Source: Oommen, 2007

4.1.2 Social empowerment of poor women:

About 99.5 percent members of the KDMS-SHG reported that their morale and confidence have increased substantially. Capacity of the poor women of the state in several areas has gone up considerably. According to 92.1 percent of respondents, KDMS members have acquired skills, knowledge, and confidence and leadership qualities substantially (See Table 4.3). It is very interesting to note that about 67 percent women got opportunity to understand banking operations and acquired confidence in visiting banks and availing banks facilities.

The results of the field survey reveal that the social power of all the three tiers of KDMS-CBO has grown up significantly. As shown in the table 4.3 around 94 percent of the respondents reported that status of women in families has also improved after they became the members of KDMS.

Table 4.3
KDMS and Women empowerment: Opinion of Respondents (%)

District	KDMS improved women's position in the family	KDMS developed women's skills, confidence & leadership
Alappuzha	98.5	93.1
Ernakulam	98.0	90.2
Idukki	99.0	89.9
Kannur	92.7	91.0
Kasargod	87.2	88.5
Kottayam	97.1	94.2
Kozhikode	89.1	91.7
Malappuram	98.2	87.3
Pathanamthitta	99.1	92.3
Palakkad	98.7	90.5
Quilon	91.1	88.7
Thrissur	99.2	92.4
Trivandrum	97.2	95.3
Wynad	95.3	96.4
State	94.2	92.1

Source: Field survey

4.1.3 Political Empowerment of poor women

According to 87 percent of respondents, KDMS members developed leadership qualities, and achieved political empowerment. It is reported that in the 2005 election to the local government in Kerala over 3200 KDMS women contested and over 1400 of

them got elected which is a clear evidence of political empowerment of poor women through KDMS programme.

4.1.4 Vibrant and Effective NHGs

As shown in table 4.4 almost all the NHGs (99%) in the state carry out thrift and credit activities. On the one hand, 48.5 percent of them associate with micro enterprises while 24 percent undertake agriculture activities and another 22 percent are found in animal husbandry. It may be noted that 26 percent NHGs carried out welfare activities voluntarily with own source of fund. These activities were to provide basic needs to members and non members in the locality, in the areas of health, housing, education such as providing financial help in education of children or in constructing or renovating houses. District level variations are reported in all categories of activities.

Table 4.4
Multiple activities of NHGs: Opinion of respondents (%)

Districts	NHG undertakes Thrift & Credit Activities	NHG runs Micro Enterprises	NHG undertakes Harithashree/ Agricultural activities	NHG involves in Animal husbandry, honeybee, poultry	NHG undertakes Welfare activities
Alappuzha	99	73	9	17	18
Ernakulam	100	91	3	47	17
Idukki	100	66	59	38	32
Kannur	99	21	40	22	23
Kasargod	100	15	11	21	19
Kottayam	99	82	17	20	21
Kozhikode	98	17	27	25	23
Malappuram	98	33	11	24	23
Pathanamthitta	100	93	51	50	21
Palakkad	99	78	41	22	22
Quilon	99	43	15	23	21
Thrissur	98	30	18	21	29
Trivandrum	99	38	39	22	31
Wynad	98	10	56	31	32
State	99	48.5	24	22	26

Source: Field survey

A recent study measured the progress in empowerment of KDMS women from different dimensions of empowerment - organizational, economic, leadership and

knowledge (Oommen 2007). This study has also reported visible improvement in the empowerment of members in different areas (See Table 4.5)

Table 4.5
Distribution of members according to type of Empowerments after joining the NHG

Empowerment	Not Improved %	Fairly Improved %	Greatly Improved %	Total %
Organisational Empowerment				
Ability to collectively bargain for a common cause	12.90	68.25	18.85	100.00
Social position among family members and relatives	21.57	56.68	21.75	100.00
Social position among neighbours and other people in the community	17.29	58.62	24.09	100.00
Skill / ability to plan projects	9.31	62.57	28.12	100.00
Ability to organise group activity	11.51	56.09	32.40	100.00
Economic Empowerment				
Income	59.44	39.01	1.55	100.00
Asset holdings	75.64	23.26	1.10	100.00
Savings	14.34	81.54	4.12	100.00
Chance of getting bank loan	41.01	50.53	8.46	100.00
Leadership Empowerment				
Address a group	16.64	62.16	21.20	100.00
Feeling of self confidence	10.32	55.29	34.38	100.00
Overall capabilities	7.13	62.43	30.44	100.00
Knowledge Empowerment				
Awareness of Women's Empowerment	18.64	52.95	28.41	100.00
Awareness of Women's rights	18.62	46.17	35.21	100.00
Awareness on gender discrimination	21.08	49.36	29.55	100.00

Source: Oommen 2007

4.1.5 KDMS Women and family

A noteworthy feature of KDMS programme is the support and cooperation extended by the family members. While sparing their time, otherwise meant for the family, to the KDMS activities, a sincere cooperation from husband, father, brothers and children is very much needed. As shown in table 4.6 about 95 percent respondents have received whole-hearted support and cooperation from the family members. In some districts such as Ernakulam and Kozhikode, all the respondents have clearly acknowledged the receipt of the support from the family which is a good sign of a positive impact of the programme on the family.

Figure 4.1
KDMS and Women empowerment in Kerala: Reporting of respondents (%)

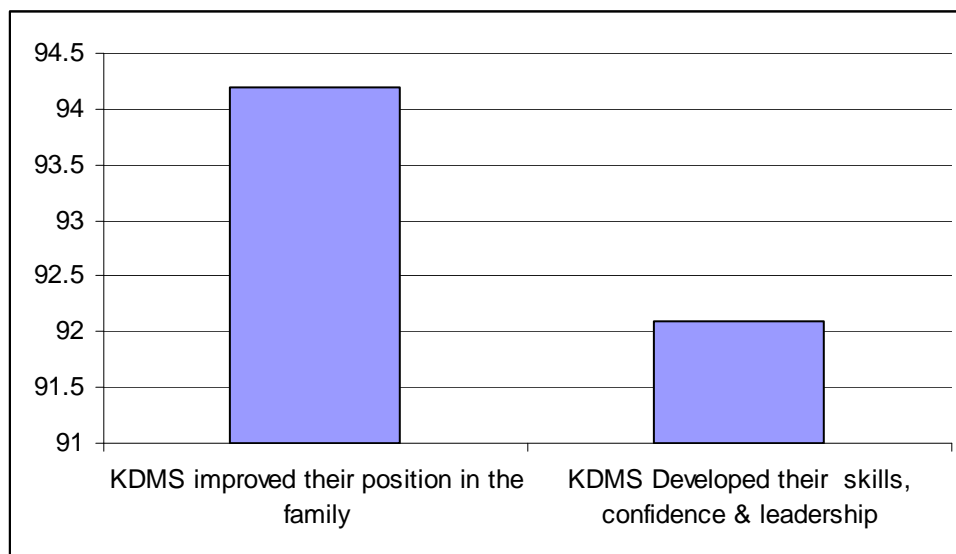


Table 4.6
Family support for Women: Reporting of respondents (%)

District	Cooperation from family received for KDMS)
Alappuzha	98
Ernakulam	100
Idukki	97.1
Kannur	87.9
Kasargod	96
Kottayam	99
Kozhikode	100
Malappuram	98
Pathanamthitta	96
Palakkad	98
Quilon	97
Thrissur	93
Trivandrum	88
Wynad	90.6
State	95.2

Source: Field survey

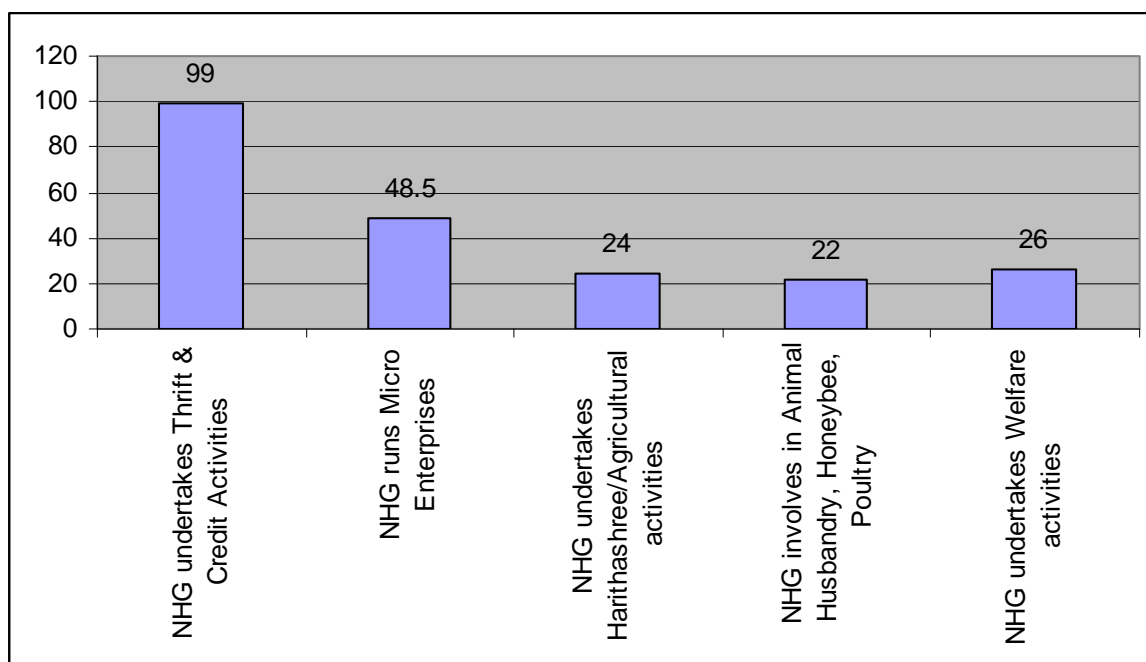
4.1.6 Innovative practices of NHGs

According to our field study, several innovative measures, suitable to community needs and local situations, are being formulated and implemented by NHGs. For instance,

some NHGs introduced the system of giving 'love gift' ('*Sneeha Sammanam*' in Malayalam) to one member in each month by lottery. This generates interest among members in the weekly meetings and other activities of NHG. 'Love gift' is given from a separate fund raised by collecting a specific amount from members every week.

Some NHGs created a contingency fund by collecting a separate contribution from the members on weekly basis. This fund is used for contingency purposes such as hospitalization and repayment of loan by the NHG in case a particular member fails to repay to the bank. In some areas NHGs pursue a strategy of cooperation, rather than competition, with other SHGs in the locality. NHGs undertake development activities in cooperation with SHGs set up by religious organizations, which are equally strong in the locality. This collaborative approach provides NHGs more leeway in carrying out activities for the welfare of the people in the locality. One NHG unit in Idukki district meets the educational expense of one student each from 1st to 4th standards of the school in the locality on a regular basis.

Figure 4.2
Respondents opinion about multiple activities of NHGs: Kerala (%)



4.1.7 Evolution of development concepts at grassroots level

Many activities under KDMS were nebulous concepts when they emerged from some of NHG meetings. With experience and also inputs from experts and KDMS officials, these concepts attained better shape, especially in terms of adaptability to local conditions. For instance, Apsara NHG in Ashamannoor panchayat in Ernakulam district Kerala was instrumental in providing *Harithashree*, lease-land group farming as an effective tool for KDMS for alleviating the poverty in the state. Based on the idea formulated in one of their weekly meetings Apsara group started its operations in 2002 by taking two acres of land on lease for paddy cultivation. In fact, those days they could not get a bank loan as lease-land farming was not considered as a profitable activity. Hence they had to use their own thrift fund. In addition, the panchayat had also supported by providing a grant of Rs. 5000.

Shri. T.K. Jose, then Executive Director of Kudumbahsree mission stated in a documentation of success stories of poor women, "I salute the poor women of Ashamannoor for giving us the best lesson. They initiated lease-land farming with limited support. What they have done yesterday has become a most effective poverty reduction tool," (Kudumbahsree mission). KDMS Mission that learnt lessons from Ashamannoor model extended the activities to other panchayats after making suitable modifications. " KDMS developed Ashamannoor model and scaled up lease-land group farming all over the state.

4.1.8 Balasabha and child development

Balasabha, a forum of poor children of KDMS members in the age group of 10 to 15, is usually considered as a subset of NHG. Children from poor families are members of the *Balasabha* in their respective neighborhood. It facilitates and promotes the development and growth of children by creating opportunities for discussing social problems concerning them, organizing music and dance festivals and involving with thrift mobilizations. The field survey results show that 72 percent of respondents have reported that *Balasabhas* are active. CDS monitor *Balasabha* activities in the respective locality and help them to initiate thrift operations. *Balasabha sangamam* regional festivals for children provided opportunities for a large number of poor children to express their talents and improve their skills. Though in a limited way, *Balasabhas* provide good platform for the poor children to develop their talents, express their needs and discuss their problems. About 72 percent of respondents believe that *Balasabhas*

have made positive impact on children in various aspects. Out of these respondents about 30 percent indicated that *Balasabhas* have helped children in developing good habits and over 25 percent found improvement in education. Other positive impacts are increasing socialization, cultural and career development (See Table 4.7) .

Table 4.7
Respondents' opinion about positive impacts of
Balasabhas on children: Kerala (%)

Positive Impacts	Respondents (%)
Developing Good Habits	29.86
Socialization	16.19
Improvement in Education	25.41
Career Development	6.94
Culture Development	15.42
Others	6.18
Total	100.00

Source: Field survey

4.1.9 NHGs: Voluntary welfare activities from own resources

Apart from the activities that are coordinated and supported by the KDMS mission and local government, several other activities are being planned and executed by members at NHG level. As shown in table 4.8, over 43 percent of respondents reported that they have carried out activities in the field of health, over 22.3 percent in housing and 20.6 percent in education. Another 14 percent respondents have reported other types of voluntary activities which include construction of roads, drinking water and drainage facilities and marriage of girls. Our study shows that voluntary welfare activities are mainly for meeting needs of individual members in health, housing, education and drinking water. It is interesting to note that members extend help to the needy members in the event of hospitalization and other contingencies. Providing financial help in sending children for education or in constructing or renovating houses are some examples. Similar assistance is extended for the marriage of daughters of KDMS members. NHG members collectively provide voluntary help in constructing roads, drinking water sources, drainage etc. NHG members celebrate festivals collectively to enhance their unity and integrity. It may be noted that the financial resources for meeting the expenses on welfare activities, by and large, are mobilized from voluntary contribution by the members themselves.

Table 4.8

NHGs: Voluntary welfare activities from own resources

Welfare activities	Respondents (%)
Health	43.1
Housing	22.3
Education	20.6
Others	14
Total	100

Source: Field survey

4.2 Economic Impact

4.2.1 Economic empowerment of poor women

Wide range of economic activities is undertaken by members of KDMS, individually as well as jointly. It encompasses areas critical to poor such as micro finance, micro enterprises and lease-land group farming, and therefore, these activities have rejuvenated the rural and urban economy of the state to a great extent

4.2.2 Micro Finance: Easy availability of money with lower interest rates

It is reported by 98 percent of respondents of our field study that before they joined NHG in 2001 they were living in abject poverty; without income and employment. In the absence of KDMS system, they were compelled to take loans from private money lenders who charged high interests on their loans. The new system made a turning point in their life. Most of the members treat KDMS as “bank at doorsteps”. About 91 percent of the respondents reported that easy availability of money with lower interest rates is the most attractive contribution of KDMS. About 48 percent praised the element of flexible financial service in the activities of thrift and credit societies and loan disbursement.

Our field survey results show that there are variations among NHGs or Thrift and Credit Societies in regard to the rate of interest for the loan. Each NHG has the freedom of fixing the interest which varies from 8 to 24 percent. Variations in interest rate on loans charged by NHGs are quite common in all the districts, though it is not so common within a particular CDS. District level analysis shows that average rate of interest in Kannur, which is the lowest, remains 11 percent, Thrissur has the highest i.e. 23.9 percent (See Table 4.9). Even so, the state average is 15.8 percent. Considering the fact the interest income is being shared by all the members of each NHG, the burden of

interest rate is not at all heavy. Just about one percent respondents felt that the interest rate of thrift and credit societies is high.

Table 4.9
Average rate of interest charged on loans by NHGs (Thrift & Credit)

Sl. No	Name of District	Rate of Interest
1	Alappuzha	12.2
2	Ernakulam	23.5
3	Idukki	20.7
4	Kannur	11.0
5	Kasargode	12.5
6	Kottayam	17.3
7	Kozhikkode	12.1
8	Malappuram	22.0
9	Palakkad	12.0
10	Pathanamthitta	16.7
11	Kollam	12.8
12	Thrissur	23.9
13	Thiruvananthapuram	14.3
14	Wayanad	12.2
	Kerala	15.8

Source: Field survey

KDMS has now liberated poor women from the clutches of private money lenders. Banks that initially hesitant to provide financial assistance to women from poor families have changed their attitude as KDMS effectively strengthened the Community Based Organizations. Now banks have started to compete with each other offering special services to attract the accounts of the KDMS NHGs. Poor women are now in a comfortable position to avail bank loans on easy terms and conditions.

4.2.3 Micro credit: Meeting the basic needs

According to the results of the field survey the purpose of taking loan from Thrift and Credit Societies was to meet basic needs of the family. These include meeting expenses on education of children, day to day expenditure, construction of house and medical needs. As shown in table 4.10, over 21 percent respondents have taken loan for children's education, 17.3 percent and 16.44 for day to day expenditure and housing

respectively. While the highest priorities for taking loan by the poor women remain children's education, day to day expenditure, housing and medical needs, some of them revealed the purpose of the loan as Children's marriage (9.18 %) repayment of loan (7%), income generating activities(7.3%) and purchase of household items(5.39%).

Table 4.10
Purpose of Loan by NHG members: Kerala

Purpose of Loan	Respondents (%)
Day today expenditure	17.3
Children education	21.3
Medical expenses	12.58
Children's marriage	9.18
Housing	16.44
Income generating activities	7.3
repayment of loan	7
Festivities	2.29
Purchase of household items	5.39
Others	1.30
Total	100

Source: field survey

Some of the earlier studies have also brought out similar findings. A study carried out in 2007 revealed some interesting features of the purposes for which loans were taken by KDMS women in Kollam and Kannore, two districts of Kerala. In terms of the size of the amount of loan taken, housing was the main purpose in both districts (See Table 4.11). However, regarding the number of loan, day to day requirements and medicines were the main purposes. (Oommen 2007).

Table 4.11
Purpose of loan by NHG members: Select districts

Item	No. of loans		Size of loan amount	
	Kollam%	Kannore%	Kollam%	Kannore%
Day to day requirements	19.67	24.21	3.86	9.70
Education	18.57	19.91	4.35	8.84
Medicine	18.92	24.21	4.98	12.52
Marriage	4.29	4.98	13.96	11.51
Working Capital	15.83	3.85	19.57	6.17
Housing	11.73	19.00	33.45	49.19
Loan repayment	3.05	1.81	6.27	0.94
Festival	0.50	0.68	0.74	0.09
Miscellaneous	7.44	1.36	12.80	1.04
Kerala	100	100	100	100

Source: Oommen 2007

4.2.4 Micro credit: Repayment

The size of loan taken by NHG members under Thrift and Credit activities varies from person to person as well as NHG to NHG. Based on the feed back received from the NHG members it can be divided into three categories. Small amount of loan ranges from Rs.500 to 5000, medium size from Rs.5000-10000 and the big amount from Rs.10000 to 20,000. The tenures are 4-12 months, 12-24 months and 24-36 months for the first, second and third category respectively (See Table 4.12). The results of the survey indicate that the repayment of the loan taken under thrift and credit activities is, by and large, prompt and regular. About 84 percent of NHG respondents have reported that they have been repaying the loan without any default. Even so, around 16 percent of them have stated that they delayed the repayment, mainly due to financial difficulties. It may also be noted that prompt and timely repayment among NHG members under thrift and credit activities is mainly due to follow up and pressure from fellow members.

Table 4.12
Thrift & Credit Society: Pattern of repayment of loan

Size of loan	Installment repayment	Tenure	Follow up on repayment
Small amount ranging from Rs. 500 to 5000	weekly installment	4-12 months	Peer pressures from fellow NHG members: Penal interest for delay in repayment
Medium size amount ranging from Rs. 5000-10000	weekly installment with more flexibility	12-24 months	Peer pressures from fellow NHG members: Penal interest for delay in repayment
Big amount ranging from Rs.-10000 to 20,000	monthly installment	24-36 months	Peer pressures from fellow NHG members: Penal interest for delay in repayment

Source: Field survey

4.2.5 Micro finance: dominance of credit from pooled savings

As discussed in chapter 2 a significant share of credit needs of poor women is met from their own savings pooled through thrift and credit society. About 91 percent of NHG members are found availing loans from their own pooled savings through the thrift and credit operations. An interesting dimension of the thrift and credit operations is number of times the members avail the loan in a year. About 82 percent members have taken

loan more than once in a year. In fact, the frequency of loan taken varies from one to five times in 2007. According to our estimates the average annual number of times of loan taken by the NHG member is 2.45 percent in 2007.

The annual average saving or thrift of a single NHG member is estimated as Rs.639.9. On the other hand, annual average saving or thrift of one NHG unit is Rs. 28725.8 while annual credit becomes Rs. 72424.8 (See Table 4.13).The velocity of loan under thrift and credit operation is estimated as 2.52.

Table 4.13
Thrift and Credit Operation of NHG (2007)

Annual average saving (thrift)of a single NHG member (Rs.)	Annual average saving (thrift) of a single NHG unit (Rs.)	Annual average loan (credit) of a single NHG unit	Velocity of loan
639.9	28725.8	72424.8	2.52

Source: Field survey

4.2.6 Micro finance: Bank linkages with social collateral

CDS arranges loan to NHG members through bank linkages programme. Other members of the NHG act as pressure group for the repayment of loan. NHG is social collateral as a substitute for physical capital. The field study shows that 23 percent of respondents availed the benefits of bank linkage programme of NHGs. It is also found that rate of repayment is high in group lending as compared to individual lending.

Interest rates on loan vary from bank to bank and are in the range of 7 to 12 percent. Even so, it has started to increase in view of the recent hike in the interest rate in the country as a whole.

4.2.7 Micro enterprises: Individual and group ventures

Both individual and group enterprises are set up under KDMS programme. Group enterprises are formed by members of a single NHG unit and sometimes from more than one unit. Enterprises are set up in agriculture, industry and service sectors. Agriculture sector comprises, among others, poultry farming, cattle and goat-rearing. Units under industry sector have engaged in production of both food and non-food items and under services sector, most of the units run catering, hotel and provision stores. Apart from these, several other units are service providers in the areas of computers, stitching,

hiring services, chitty funds, beauty parlor, canteen, etc. A significant number of enterprises carry out various trading activities.

It may be noted, over the years, KDMS has ventured into innovative micro enterprises such as solid waste management, IT @ school programme, paper and cloth bag units, ornamental fish culture and business process outsourcing, etc.

These micro enterprise projects are financed through bank linkage programme as the subsidy comes from government funds. KDMS mission has been conducting training for its members for venturing into an enterprise. According to the feedback received from respondents, the training programme has helped potential entrepreneurs and existing enterprises to a limited extent. The micro enterprise programme enabled members to earn regular income.

According to our field survey, average monthly earning of unit is Rs. 6044 .1 (See Table 4.14). On the other hand, average monthly earning of a member of an enterprise is estimated as Rs. 680.3. Despite the monthly earning of a member being a small amount, several of them are found to utilize the income effectively. As narrated in box 4.1 several women entrepreneurs could support the family effectively out of the earning from enterprises. These include providing education to children, building houses, meeting health expenses, etc.

Box 4.1
Micro enterprise: Effective utilization of income

Four members of “Sangeetha” NHG in Chakkupallam panchayat of Idukki district set up a micro enterprise that produces and markets food snacks. All of them are quite satisfied with their operations which provide them an average monthly earning of Rs 5,000 – Rs.7,000 per head. With this regular income, one daughter each of all the four members is studying nursing . In fact the primary objective for setting up this unit was to provide education to children of the four women.

Table 4.14

Earning of Micro enterprises: Kerala (Rs.)

Average monthly Earning of a unit	Average monthly earning of a member
6044.1	680.3

Source: Field survey

4.2.8 Self employment group ventures: Attingal Municipality, (Thiruvananthapuram district)

In a group venture a minimum of 10 persons are required to avail the subsidy. The project cost of an individual venture and group venture is Rs. 50,000 and Rs.2,50,000 respectively, and this is financed through bank linkage programme. A subsidy of 15

percent is available for an individual venture while group venture is eligible for 50 percent subsidy. The subsidy of the project comes from government funds. In Attingal Municipality a total of 270 individual ventures and 28 group ventures are formed during 1997-2007. Other incentives such as free electricity, rent free building, etc are offered by Attingal Municipality to KDMS members for setting up group ventures. According to about 65 percent of respondents in the field survey, individual ventures are more viable and successful than group ventures.

A detailed study is carried out about the functioning of the group ventures Attingal Municipality during the ten years period (See Table 4.15).

Table 4.15

**Case Study: Group Enterprises: Attingal Municipality, Thiruvanthapuram district
(1997-2007)**

Sl. No	Name of venture	Nature of operation	Financed by	Year of establishment	Project cost (Rs. lakh)	Subsidy (Rs. lakh)	Current status
1	Aishwarya canteen	Canteen	Bank of India	2001	2.5	1.25	Operating
2	Homeo hospital	Canteen	Bank of India	2000	2.5	1.25	Operating
3	College canteen	Canteen	South Indian Bank	2000	2.5	1.25	Operating
4	ITI canteen	Canteen	Federal Bank	2004	2.5	1.25	Operating
5	Milki diet canteen	Canteen	South Indian Bank	2002	2.5	1.25	Operating
6	Techno shree computer	Computer services	Federal Bank	2000	2.5	1.25	Closed
7	Poultry farm	Poultry farm	South Indian Bank	2001	2.5	1.25	Closed
8	Shamyana panthal	Dismantling marriage halls	South Indian Bank	2001	2.5	1.25	Closed
9	Fire wood	Fire wood	South Indian Bank	2001	2.5	1.25	Closed
10	Devi direct marketing	Tea trading	Bank of India	2001	2.5	1.25	Closed
11	Remedial Education	Education	Bank of India	2001	2.5	1.25	Closed
12	Nandana diary	Cattle rearing	Indian Overseas bank	2005	2.5	1.25	Closed
13	Dhanshree Waste collection	Waste collection	Indian Overseas bank	2005	2.5	1.25	Operating
14	Kerashree jaivalam	Bio fertilsizer	Indian Overseas bank	2005	2.5	1.25	Operating

Sl. No	Name of venture	Nature of operation	Financed by	Year of establishment	Project cost (Rs. lakh)	Subsidy (Rs. lakh)	Current status
15	Pushpashree	Flower making	Indian Overseas bank	2003	2.5	1.25	Operating
16	Mahilashree	Book binding	Indian Overseas bank	2003	2.5	1.25	Operating
17	Harishree food	Food products	Indian Overseas bank	2003	2.5	1.25	Operating
18	Apsara Cloth	Cloth	Indian Overseas bank	2003	2.5	1.25	Operating
19	Shree lakshmi engineering college canteen	Canteen	Canara bank	2007	2.5	1.25	Operating
20	Shree vinayaka diary	Cattle rearing	Bank of India	2007	2.5	1.25	Operating
21	Ksheerashri	Cattle rearing	Indian Overseas bank	2007	2.5	1.25	Operating
22	Shreegokualm	Cattle rearing	Syndicate Bank	2007	2.5	1.25	Operating
23	Grehalakhmi	Pickle production	Indian Overseas bank	2007	2.5	1.25	Operating
24	Kamadhenu	Cattle rearing	Indian Overseas bank	2007	2.5	1.25	Operating
25	Shreekrupa provision store	Stationary trading	Indian Overseas bank	2007	2.5	1.25	Operating
26	Shree santhi	Paper bag Production	Canara bank	2007	2.5	1.25	Operating
27	Shreepriya bamboo	Bamboo production	Canara bank	2007	2.5	1.25	Operating
28	Attingal Govt.College canteen	Canteen	Indian Overseas bank	2007	2.5	1.25	Operating
29	Krishna professional store	Curry powder, pickle cloth trading	Bank of India	2008	2.5	1.25	Operating
30	Sivamayam	Garments & paper carry bag	Bank of India	2008	2.5	1.25	Operating
31	Bagya Shree	Pickle	Bank of India	2008	2.5	1.25	Operating

Source: Field survey & CDS Attingal Municipality

The case studies of 31 group ventures under Attingal Municipality, Thiruvanthapuram district during 1997-2007 have raised certain basic problems of micro enterprises supported by KDMS. Interviews with these enterprises reveal that most of these units, especially non- trading and non service, are not remunerative. Even so, they prefer to continue the operation to avail the benefit of subsidy of the loan, the patronage of the state government. It should be noted that the total cost of the project is financed through loan from bank and its 50 percent is subsidy from the government. However, this subsidy part of the loan will be given only after the repayment of the first 50 percent. This provision has been compelling some of these unviable units to continue the operation and it is almost certain that they will be forced to close down after the closure of the loan by adjusting against the subsidy portion. As shown in table 4.16, out of 31 units 11 are income generating units against 13 loss-making while 7 are closed. In these group ventures, an average of eight persons is with the income generating units against 4 for the loss making units. It should also be noted that average monthly income per head for the income generating units is in the range of Rs.500- Rs.4000.

Table 4.16: Case Study
Self employment group ventures: CDS Attingal Municipality,
Thiruvanthapuram district (1997-2007)

	Operational: Income Generating units	Operational: Loss making units	Closed	Total
Number	11	13	7	31
Percent	35.48	41.94	22.58	100
Members per unit average (Nos)	8	4	NA	
Average monthly income per head range(Rs)	500 - 4000	(-)300 - 0	NA	NA
Repayment	Regular and Timely	Irregular and Delayed	No repayment after the closure & Arrears adjusted with subsidy	NA

Note: Under this particular scheme, a minimum of 10 persons are required to avail subsidy in group ventures.

Source: Field survey & CDS, Attingal Municipality

A recently held KDMS appraisal study, questioning the viability of KDMS micro enterprises, found majority of micro enterprises in Venganoor Panchayat,

Thiruvananthapuram district unsustainable (Oommen, 2007). Out of 30 units selected for case study in Venganoor Panchayat, 21 are working and 9 were either closed down or not functioning at the time of investigation(See Table 4.17). A case study of Venganoor Panchayat in Thiruvananthapuram carried out last year by Prof. M.A. Oommen concluded that “a good number (30 to 40%) of enterprises turned out to be non-functional after one or two years of their initial working”. The study, which presented more evidences of 393 randomly selected micro enterprise units from districts of Kollam, Malappuram, Palakkad, Thiruvananthapuram, and Wayanad, found that 35 per cent of these units seem to be unsustainable.

Table 4.17
Working and Non Working Enterprises by Type

Type of Enterprise	Working	Non-Working	Number of Members		SC/ST Members	
			At the beginning	At the time of enquiry	At the beginning	At the time of enquiry
I. Agriculture						
i. Herbal & General Nursery	-	1	10	-	-	-
ii. Goat Rearing	4	-	38	35	-	-
iii. Rabbit Rearing	1	-	10	5	10	5
iv. Dairy units	4	-	46	45	1	1
Total	9	1	104	85	11	6
II. Industries						
i. Paper Bag	1	-	13	7	7	4
ii. Ready Made / Garments	1	-	10	8	2	2
iii. Handloom	2	-	20	20	-	-
iv. Nutrimix	2	-	10	9	5	4
v. Kerasree	-	2	20	-	10	-
vi. Craft Units	-	2	20	1	14	1
vii. Paper Cup	-	1	10	10	10	10
viii. Detergent unit	-	1	1	-	1	-
Total	6	6	104	55	49	21
III. Services						
i. I.T. Unit	1	-	10	6	4	2
ii. Provision	2	-	15	9	4	1
iii. Catering	2	-	15	12	3	2
iv. Clinical Lab	1	-	1	1	1	1
v. Hire service	-	1	10	-	-	-
vi. Canteen	-	1	10	-	-	-
Total	6	2	61	28	12	6
Grand Total	21	9	269	168	72	33

Source: Oommen (2007)

4.2.9 NHGs: Income generation

The result of the survey reveals that there has been significant improvement in the family income of members through KDMS. NHGs, by and large, distribute their income among members annually. Income of NHGs comes from various operations including thrift and credit which is common and significant.

Box 4.2
Income and employment generation: Case of a healthy cooperation between Gram Panchayat and CDS

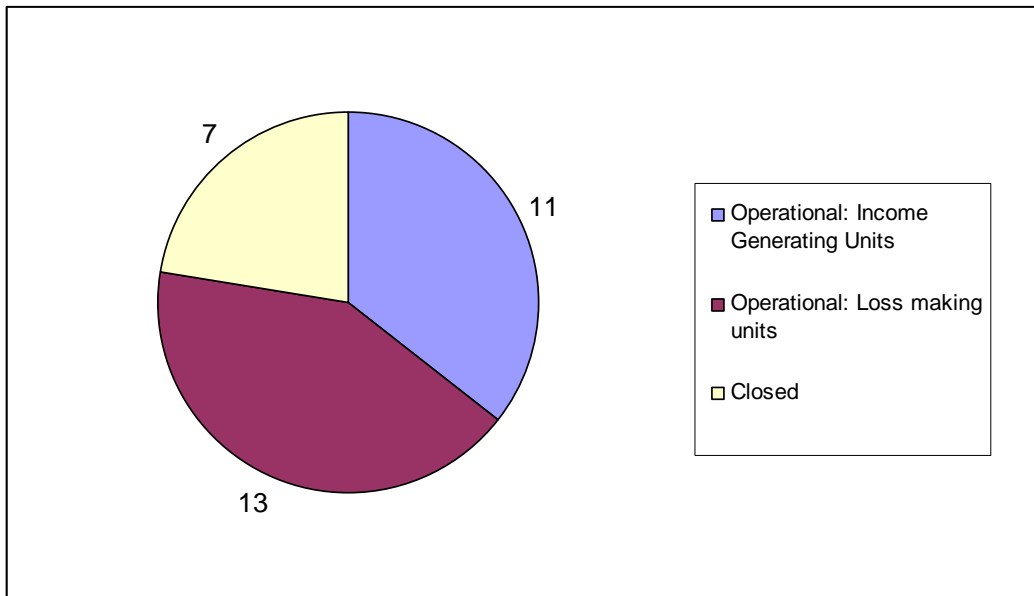
Most of the NHG units in Thrikkakara have actively involved in diverse socio- economic activities. Over 50 women belonging to different NHGs in the panchayat got employed in the *Kerala Clean Mission programme* under which waste material are collected from residences and commercial places and recycled. This provides each one of them a monthly income ranging from Rs.3500 to Rs.5000. Another 30 odd women earns their livelihood from three catering units supported by KDMS. Yet another 12 women, who have learnt driving and received driving license with the assistance of Kudumbashree, earn income from driving three wheelers. Around 50 women are in the production and selling mosquito nets. The income generation of another 30 families is from goat rearing and rabbit rearing under a GRQ unit supported by KDMS. There have been visible improvements in the socio- economic status of KDMS members in Thrikkakara panchayat of Ernakulam district. A healthy cooperation between Thrikakkara gram panchayat and CDS is the main reason for the successful and effective operation of KDMS programme.

Table 4.18
KDMS member: Annual Average
Income (Rs.)

Year	Annual Average Income
2007	6057.9
2006	3382.9
2005	2771.8
2004	3267.7

Source: Field study

Figure 4.3
Self Employment Group ventures: CDS Attingal Municipality, Thiruvanthapuram district
 (1997-2007)



According to our sample survey, each NHG member received an annual average income of Rs. 6057.93 in 2007 against Rs.3382.9 in 2006 , Rs.2771.8 in 2005 and Rs. 3267.7 in 2004 (See Table 4.18). There has been considerable increase in the income of KDMS members in 2007 compared to previous years.

4.2.10 Grassroots level planning

Poor women of the state have become active participants in the planning and implementation process of various anti-poverty programmes. NHGs, ADS and CDS together with local government institutions set up the first tier of planning marking a good beginning of bottom up planning.

4.2.11 Health

Despite the well acclaimed achievements of the state of Kerala in the health sector, outbreak of epidemics such as *chikungunya* and other debilitating fevers in 2007 evoked much public attention. In the light of these developments KDMS- CBOs have started devoting much emphasis on activities in improving public health. These activities include health awareness campaign, health survey, barefoot doctor, campaign for banning of plastic bags, distribution of medicines free of cost, blood donation camp, disease diagnosis camp, etc. As shown in table 4.19 while 74 percent of respondents carried out health awareness campaign, 68 percent conducted medical camps including blood donation camps.

Table 4.19
KDMS: Major health activities

Health Activities	% of respondents reported under NHG/ADS/CDS
Medical camps including Blood donation camps	68
Immunization programme	23
Health awareness campaign	74
Environment Cleaning	43
Other health activities	66

Source: Field survey

4.2.12 Housing

KDMS has been implementing “home for homeless” programme in the state. It has designed Bhavanashree, a subsidy-free housing scheme, for the poor. Bhavanashree provides micro finance to the BPL families for construction of houses. Under Valmiki Ambedkar Awas Yojana, assistance is provided for constructing houses for the poor in urban areas.

Under *Bhavanshree* the poor families are empowered with a housing loan for collateral of 1.5 cents of land and house. For the poor, this scheme has helped them get access to credit for collateral of 1.5 cents of land. Unlike other schemes where subsidy or grant is available, this scheme facilitates the poor in getting access to resource in the form of loan for building a house. Other highlights of this scheme are access to easy credit, the efficiency, transparency and fairness in the identification of beneficiaries. The beneficiaries are identified from among the women group without the involvement of any government officials. Moreover, the process of application is not time consuming as bank sanction the loan without delay if all the documents required are attached and applicants comply with the requirements.

The field study reveals that, on an average, 62 percent homeless families were able to build houses under housing programme of KDMS. Responding to our question whether the Bhavnashree scheme helped houseless people, about 54 percent stated that the scheme has helped homeless people in getting own house and another 40 percent felt that it has helped only partially. However, according to about 6 percent respondents, this housing scheme has not helped homeless people at all.

4.2.13 Lease-land group farming

KDMS promoted *Harithashree* programme to provide opportunity for the poor women to earn an extra income through promoting lease-land farming in the state. It may be noted that agriculture is not considered generally as such a profitable business and poor

Box 4.3

Popularizing Cultivation through community participation

KDMS initiatives on lease land group farming are helping the state, in a humble way, in improving its food security. Recent hike in the price of food items and growing supply constraints in the global market have led the state of Kerala, mainly food consumption state, to take initiatives to increase its domestic production. In fact the spirit behind the Harithashree programme was an eye opener to the state government. Taking cue from the successful experience of Harithashree programme, now government of Kerala has started working on a scheme to popularize cultivation of food crops through community participation to combat the food shortage in the state and thereby ensuring food security. This initiative can be considered as a positive impact of Harithashree programme of KDMS

women in KDMS NHG are not experienced in managing agriculture successfully. Under the programme they ventured into farming with bank finance having a subsidy element.

Some of the districts are very keen to exploit the potential of lease land farming. For example, as shown in table 4.20 various items are cultivated by 1254 NHGs with the involvement of 9452 families in the district of Kasargode.

Table 4.20

Lease land farming: Kasargode district: 31 October 2007

NHGs involved (Nos)	1254
Families involved(Nos)	9452
Paddy cultivated (Acres)	92.04
Vegetables cultivated (Acres)	121.44
Banana cultivated (Acres)	134.05
Tuber cultivated (Acres)	75.20
Other items cultivated (Acres)	154.66
Total (Acres)	577.38

Source: Kudumbashree district mission, Kasargode

Table 4.21

Lease land group farming: Kerala

Lease land farming: Percentage of NHGs	Average Acres of land cultivated
22.8	2.25

Source: Field survey

In the field survey about 40 percent respondents reported that Lease land group farming helps the poor women to generate more labour days and income. About 15.3 respondents reported that lease land group farm operations are not financially viable due to various reasons such as natural disasters, poor pricing of agricultural products and high cost of inputs. As shown in table 4.21 about 23 percent of NHGs covered under the field survey have been engaged in lease land group farming and on an average each NHG cultivate 2.25 acres of land.

Lease Land group farming has, to a great extent, promoted the participation of women in the farming sector. Moreover, it helped in changing the negative social outlook towards farming or agriculture as a major occupation. Women's participation in agriculture sector changed the negative social responses to farming and agriculture as a major occupation. Taking cue from the successful experience of Haritheshree

programme, state government has started working on some schemes to popularize through community participation (See Box 4.3).

4.2.14 Employment generation and new areas of operation for women

While the state of Kerala has been grappling with its acute problem of unemployment, KDMS women tend to fight with all odds to start new enterprise or enter unfamiliar areas of activity such as cleaning operations and solid waste management, driving three-wheelers or four wheelers, etc. Of late, KDMS mission signed a memorandum of understanding with Kerala Water Authority to engage KDMS members in undertaking water meter reading operations (Malayala Manorama, 22June 2008).

4.2.15 CBOs and execution of government programmes:

The three tier CBOs of KDMS spread throughout the state has become quite powerful and efficient to execute various development programmes, especially anti poverty activities under the state and national government. It has become an effective conduit for a large number of government programmes as various government agencies and departments use the services of functionaries and members of KDMS for conducting surveys such as health survey and census survey for the preparation of BPL list, distributing medicines, etc. A noteworthy feature is the preference given by government in providing assignments to women of KDMS programme. According to the field survey 24.2 percent of functionaries and members of KDMS received their temporary or regular employment due to their exposure through the programme (See Table 4.22). While 18.5 percent were engaged in carrying out surveys 2.1 percent received other temporary or regular employment. Another 3.6 percent respondents have got appointed as Anganwadi teachers.

Table 4.22
Government Assignment for KDMS members

Undertaking Survey (%)	Anganwadi teachers (%)	Other assignments (%)	Respondents received assignments (%)	No assignment received (%)	Average monthly income from assignments (Rs.)
18.5	3.6	2.1	24.2	75.8	5933

Source: Field survey

Several household surveys are being conducted under various state and central government programmes. Women of KDMS programme who are working closely with

immediate neighborhood are in a better position to carry out such assignments. Surveys under NREG and NRHM programmes are some examples.

The feed back from the officials of the state government reveals that the delivery cost of anti-poverty programmes of state as well as central government has come down as a result of carrying out various activities through KDMS CBOs.

4.2.16 Skill development and capacity building of poor women

About 64 percent of respondents have expressed high level of satisfaction in the development of various skills while managing KDMS affairs. These skills include maintenance of accounts, exposure to banking operations, communication skills, public relations, leadership qualities and entrepreneurial activities. It is evident from the survey results that training programmes organized at different levels empowered the poor women and upgraded. Apart from these, each NHG weekly meeting itself became the training ground for the women, especially poor, to develop their personal skills, talents and overall capacity. As shown in table 4.3, it is evident from our survey that poor women who had very limited role in decision making and inadequate freedom of expression have started a new way of life by acquiring skills and enjoying freedom of expression and decision making .

4.2.17 Poverty reduction

KDMS, with an objective of eradicating absolute poverty in ten years, has been using a strategy of concerted community action under the partnership of local government and SHG focusing on convergence of available resources. In our field investigation each respondent was asked to provide own evaluation about the reduction of poverty in the respective village or town. According to about 90 percent respondents, KDMS made positive impact on Poverty Reduction. About 75 percent respondents assessed that the poverty in their locality is reduced by 50- 80 percent (See Table 4.23). As 5 percent felt that the reduction in poverty is less than 50 percent , another 10 percent could not give any figures though they believed that poverty is reduced. It may be noted that only 6 percent reported that poverty is not reduced at all.

Table 4.23

Impact of Kudumbashree on Poverty Reduction: Opinion of Members

Respondents (%)	Poverty reduction (%)
5	Less than 50
20	50-60
40	60-70
15	70-80
10	Reduced but no figure
6	No reduction in poverty
4	No response

Source: Field survey

4.2.18 Three tier CBOs: Evaluation by members

During the field survey each member of KDMS were asked to rate the performance of the functioning of NHG, ADS and CDS. In fact, members registered an encouraging response.

As shown in table 4.24, about 23 percent of them have rated it as very good while another 41 percent as good. In addition, according to 18 percent respondents the performance is average. Only 15 percent made a negative remark.

Table 4.24

Functioning CBOs: Rating by KDMS members

Rating	Percentage of respondents
Very Good	23.1
Good	41.2
Average	17.7
Not Good	15.0
No Comment	3.0
Total	100

Source: Field survey

4.2.19 Drinking water, sanitation and waste management:

According to about 67 percent of the respondents, there has been substantial improvement in basic services especially drinking water and sanitation facilities in their areas due to the intervention and initiatives of KDMS units. Significant achievements are made in this field mainly due to the priority and pressure given by SHGs for including works related to drinking water and sanitation under the government sponsored programme. NHGs devoted much attention in digging of bore wells and open wells by using government funds and sometimes even own voluntary contribution (See Box 4.4).

Solid waste management was a major problem in many cities and towns of Kerala. This problem has caught attention in the light of the outbreak of *chikungunya* and other debilitating fever in Kerala in 2007. In several occasions, local self-government bodies could not perform their responsibility of managing solid waste in their respective territories mainly due to the resource constraints. At present, under the Clean Kerala Mission KDMS women collect waste from houses and shops to ease the civic problems of cities and towns. While undertaking the cleaning operations poor women of KDMS collect the waste, doing great service to the society. The impact of Clean Kerala Mission in several cities in Kerala is quite evident not only in cleaning operations, but also generating reasonable and sustainable income for poor women.

Box 4.4

NHG initiative in water supply

Collective actions taken by *Suvarna* NHG in Parathode, Velichiyani, Kottayam district has effectively dealt with their severe water problem especially during summer season. The NHG members, who have taken up the issue with the panchayat, received its cooperation and financial support in digging a bore well. NHG members contributed a portion of their profit received from NHG operations towards meeting the partial cost of the bore well project and the remaining part is met from panchayat fund. At present the bore well has been performing well solving the problem of water shortage faced in the area.

Source: Field survey

4.2.20 Role of Kudumbashree Mission Offices

According to about 67 percent respondents the KDMS mission offices at state and district levels played positive and effective roles in the successful functioning of KDMS programme. The feed back from the respondents revealed that the continuance of a committed and dynamic official of government of Kerala as the Executive Director of *Kudumbashree* Mission for more than 8 years have contributed to the conceptualization, expansion and success of the programme.

To put in a nutshell, the KDMS programme made substantial impact in various sectors and areas covering health, education, agriculture, animal husbandry, dairy development, enterprise development the child development, women empowerment and rehabilitation of destitute. It has succeeded in addressing problems related to revamping of traditional sector and improving basic amenities such as shelter, drinking water, safe latrines, employment etc. Numerous merits of the micro finance operations - flexible financial services, timely credit and credit at the door step, transparency in operations informal banking operations, low transaction costs, weekly repayment, need -based loan disbursement - have not only built up the confidence and self-esteem of poor women but also enabled them to set up several enterprises.

Problems and Deficiencies of Kudumbashree programme

Despite the fact that KDMS programme has made substantial impact on wide range of sectors and areas, it has quite a few deficiencies, which may cause serious problems in future. In this chapter, we discuss briefly some of these issues that require urgent attention.

5.1. Social and Political Issues

5.1.1 Power struggle between local government and KDMS -CBO

The KDMS units have become powerful in mobilizing people and in accessing funds. The functionaries of CDS at panchayat level and of ADS at ward level have developed a spirit of competition with elected members of panchayat in several cases. It is a fact that conflicts exist at the local level between CDS/ADS and PRIs, especially in controlling KDMS units. Around 60 percent of the respondents reported in the field survey that these conflicts and lack of coordination between CDS and local government occurs when the leadership of the two is from different political groups. According to 40 percent respondents, such situation arises mainly due to personal reasons such as ego clash and urge for using and asserting power. As shown in box 5.1 same problem is reported from the Alappuzha district recently.

Box 5.1

Kudumbashree in Alappuzha district: The Issues

A meeting under auspices of the Allapuzha district mission was held on 11th April 2008 to evaluate the Kudumbashree activities in the district. The meeting expressed concern on the formation of SHGs in the pattern of KDMS by religious, caste and political organizations. According to Mr.M.Aliyar, Allapuzha district mission coordinator, several members of NHGs leave KDMS after availing the benefits to join the SHGs formed on the basis of religious, caste and political lines. These SHGs offer new incentives to KDMS members to leave and join others. Activities of Kudumbashree units are affected adversely in some areas where CDS and KDMS charge officers are in conflict. Some CDS members are of the view that it is after VEOs are made the charge officers, similar situations have arisen in some panchayats.

Source: Malayala Manorama, Malayalam daily 13 April 2008

There has been a consistent and concerted effort from the side of some local government institutions to make KDMS as their subordinates, instead of considering them as subsystem. In October 2006 the Kerala Gram Panchayat Association, in its submission to Government of Kerala, for the preparation of approach paper of Eleventh

five year plan of Kerala had demanded more powers to control KDMS units. It had demanded that powers for supervision, monitoring and evaluation of KDMS should be given to the respective standing committees of a gram panchayat. It had also insisted that there should be a legal provision enabling gram panchayat to take suitable action against KDMS units and functionaries in case of irregularities.

It is a fact that some local government leaders view KDMS functionaries as alternative 'power centers'. The increasing financial strength and autonomy of KDMS and its potential to become the political training ground for women have started giving concern to many local government leaders.

Box 5.2
Party Politics & Emergence of
***Janshree* programme**

There is a great concern about the party politics involved in the functioning of KDMS programme. Out of LDF and UDF, the major two political groups, the former is having power in more than two third of local government institutions in the state. Since the *KDMS* activities are closely linked to the panchayats and municipalities, LDF has more involvement in the functioning of the programme. This has created an impression among the UDF that LDF especially its major constituent, CPI(M) has been using the *KDMS* programme for meeting the interest of their party.

As a reaction to it, Congress (I) the major constituent of UDF, has launched ***Janshree* programme** replicating the model of *Kudumbashree* programme. While inaugurating the programme on 2nd February 2008 Mr. P.Chidambaram, the finance Minister of India announced that as in the case *KDMS* Government of India would make loan available to *Janshree* also. "Criticizing the launching of *Janshree* programme, Mr.Thomas Isaac, Finance Minister of Kerala warned that *Janshree* programme which is launched parallel to *KDMS* will destabilize the foundation of the strengthening of micro credit system in the state

Source: Field survey & 3rd February, 2008

Malayala Manorama

5.1.2 Politicization of KDMS-SHG and misuse for vested interests

Few instances of misuse of *KDMS* for vested interests are reported during the field survey. About 35 percent of respondents reported that members of NHGs are compelled to carry out work for political parties and instructed to attend meetings and rallies of political party which is in power of the concerned local government. It is reported that those who fail to attend meetings and rallies of political party have to pay a penalty of a small amount of Rs.50- Rs.100. About 23 percent respondents reported that NHG units dominated by the members or supporters of political party in power in local government received preferential treatment in receiving incentives and benefits. As shown in box 5.2, Congress (I) the major constituent of UDF has launched *Janshree* programme recently replicating the model of *KDMS* programme due to political reasons.

"The present rhetoric of women's empowerment, which is pivoted on the creation of state- centric civil society, may indeed serve to strengthen the state. In the absence of political engagement there is every likelihood that political decentralization and the new

poverty alleviation schemes- like the well known “KDMS” – will become (if they have not already taken these forms) mechanism of shaping people into clients dependent upon the petty bureaucracy , or of “managing” the poor , both profoundly undemocratic outcomes”(Devika 2007).

5.1.3 Increasing workload of functionaries and mounting aversion to voluntarism

About 36 percent of NHG respondents and 42 percent of ADS respondents felt that their work load exceeded the reasonable level.

Office bearers of NHGs and ADSs are bound to perform many tasks and duties, especially in the context of assigning more and more roles to KDMS in the execution of

development programmes. Considering the fact that most of KDMS members are housewives having family obligations, continuous multiplication of task could be counter productive in terms of efficiency in delivery. Over 23 percent respondents from ADS category expressed unhappiness for not being paid for their work as office bearers of CDS are being paid honorarium for similar work.

5.1.4 Corruption at CBO and Official levels

Cases have been reported about manipulation of accounts and swindling of funds by functionaries of three tiers of KDMS -CBO. As is reported in the box 5.3 such corrupt practices are of serious concern and, feedback received from members and functionaries of NHGs, ADSs and CDSs, reveals that corrupt practices, though to a limited extent, are prevalent among all the levels of CBOs. A few instances of corruption among the officials of local governments such as the Village Extension Officers (VEOs) are also reported during our field survey. VEOs are bribed to avail the subsidy element of schemes such as Swarnjayanti Gram Swarozgar Yojana (SGSY). Certain percentage of the subsidy is given as bribe. As shown in table 5.1 various deficiencies in the functioning of three-tire CBOs are reported by KDMS members during the survey.

Box 5.3 Misappropriation of fund by CDS functionaries

Under the bank linkage loan scheme 60 NHG units availed a loan Rs.62 lakh from State Bank of India through Mulavuakad CDS. As the repayment, which was in installments, a total amount of Rs.43 lakh was given to CDS by NHGs. However, it was found that out of this, Rs. 34 lakh only was paid by CDS to the State Bank of India. Subsequent to the finding of social audit wing of Mulavuakad Panchayat of Ernakulam district, the district collector instructed the Account and Auditing Service Society to conduct an enquiry. A misappropriation of over Rs.9.5 lakh by CDS functionaries was found during the enquiry.

*Source: Malayala Manorama,
Malayalam daily 20 June 2008*

Table 5.1

Functioning of three tier-CBOs: Deficiencies reported by KDMS members

Deficiencies	% of respondents
Poor Management	13
Underutilization of funds	26
Lack of proper coordination	15
Corruption	7
No deficiency	39
Total	100

Source: Field survey

5.1.5 Division of women on caste, religious and political basis

Parallel to NHGs several SHGs are formed under the patronage of political parties, caste or religious groups and non-governmental organizations in several areas. As a result, women especially poor women are divided across caste, religious and a political basis.

5.1.6 Competition from Non-KDMS SHGs

A large number of SHGs in the pattern of KDMS are formed under the banner of religious, caste and political organizations.

Religious organizations include SNDP, NSS and Christians while Congress (I) is in the forefront among political parties in promoting SHGs. The field survey reports that these SHGs are active in all the 14 districts and have been offering new incentives to KDMS members to join. While admitting that the presence of non-KDMS SHGs as a deficiency, it may be noted that several SHGs had been functioning even before the formation of KDMS-NHGs (See box: 5.4).

5.1.7 Delay in transferring funds and diversion of funds

About 24 percent respondents reported that there are cases of deliberately delaying the release of funds to KDMS by the local governments and even diversion or non-release of funds meant for the programme. This situation occurs when the relationships between

Box 5.4

KDMS vis a vis other SHGs in Kerala

“Many voluntary organizations and banks have played a significant role in the evolution and growth of micro credit programme in Kerala. It was in 1992 with the permission of RBI, NABARD encouraged voluntary organizations and banks to start micro credit programme through SHGs to promote thrift and credit operations. Government of Kerala, after realizing the success of this programme, introduced the KDMS. As most of the government subsidies are linked to KDMS programme, many voluntary groups could not continue after members of SHGs were forced to join the government supported programme. Still many self-help groups have now been functioning successfully under voluntary organizations and, providing services in the areas of micro finance, micro credit and micro insurance”.

Fr. Thomas Peelianickal, Kuttanadu Vikasanasamithi, Alapuzha, Malayal Manorama daily, 8 February 2008

CDS and panchayat get strained due to political or non political reasons. As reported in box 5.5 there are cases of lack of cooperation between CDS and the concerned local government leading to poor performance of KDMS programme.

5.1.8 Non repayment and misuse of loan and dual/multiple membership

Despite the fact that level of repayment is pretty high among NHGs, there have been several cases of non repayment and availing loan from NHG and other SHGs run by religious and private agencies. According to around 2 percent respondents, they maintain the membership of other SHGs also and, NHG members tend to use the facilities available with other SHGs using the dual or multiple memberships of SHGs.

It seems that the reported percentage is quite low as many of them are reluctant to reveal this fact during the field survey. Several instances of taking loan from one SHG to repay the loan taken from the other are also reported.

5.1.9 Changing priorities

Recently NHGs have been moving from the phase of mobilizing of women to the micro enterprises phase gradually. It is a fact that the priorities have changed as economic activities are preferred to empowerment objective by several units. This shift is justifiable to certain extent. Even so, strategies and approaches for the economic empowerment of women SHGs lack direction and vision.

5.2 Economic Issues

5.2.1 Unsustainable micro enterprises:

The results of the field survey reveals that about 80 percent SHG members who are running micro enterprises lack entrepreneurial skills. Above 60 percent enterprises are found to be unsustainable but continue to operate to avail the subsidy and other facilities from government. Over 38 percent of the respondents complained that they have been

Box 5.5

CDS in Ponnani Municipality/ Nedumkunnam Panchayat: Poor performance due to political reasons

Two CDSs, one in Ponnani municipality of Mallappuram district and another in Nedumkunnam gram panchayat in Kottayam district can be taken as classic examples of poor performance simply purely due to political reasons. In both cases local government is ruled by one political party and the president and majority members of CDS are supporters or members of opposite party. During the field survey over 82 percent respondents in Ponnani and 73 percent in Nedumkunnam reported that Kudumbahsree activities are adversely affected due to political reasons. Cooperation between CDS and local governments were totally missing in both cases and the concerned local government was deliberately delaying or avoiding the release of funds under different heads for KDMS activities.

Source: Field survey

facing stiff competition from enterprises of neighboring KDMS. They have felt that the competition between such units is by and large unhealthy. Around 11 percent reported that some units have failed due to the financial irregularities by some members of the unit. In urban and rural areas there is rising preference for branded and well packaged items which in turn reduce the demand for KDMS products.

5.2.2 Lack of specialized training

Even though many entrepreneurs are given training, its nature, quality and frequency is inadequate to meet the requirements. About 40 percent of micro enterprises reported, during the survey, that they did not receive training in the functional areas of management like production, inventory, finance, marketing, etc. In fact they need specific and need based training. Currently KDMS mission does not have a mechanism to assess the training needs of enterprises as most of the available training programmes are too generic.

5.2.3 Group Ventures

The case study of 31 group ventures in Attingal municipality reveals that about 36 percent units are generating income while about 42 percent are loss making. The remaining 22 percent are already closed down. It may be noted that some of the loss making units are on the way of closure.

It is found that loss making enterprises remain in operation just to avail the benefit of subsidy offered by the government. These subsidies are in the form of non repayable portion of loan, office space free of rent or at nominal rate, etc. In view of economic liberalization and globalized economy industrial scenario and consumption pattern has been changing fast in India, in general, and Kerala, in particular. It is found that 63 percent of micro enterprises under survey do not have the vision, strategy and strength to compete with the business rivals. They are quite keen to continue the operation availing the patronage of state government.

5.2.4 KDMS enterprises: problems reported by members

A wide range of problems encountered by micro enterprises under KDMS programme are reported during the field survey. As is evident from table 5.2 prominent among them are tough competition from other business rivals (45%), inadequate support from KDMS mission (48%), poor marketing skills & lack of marketing strategies (29%), poor quality

of the product (23%), lack of advertisement (31%) and lack of team work in the case of group ventures (22%). It is interesting to note that many units (38%) have been struggling from the competition from other KDMS units

Table 5.2
Problems reported by KDMS enterprises

Descriptions of problems	% of respondents reported
Poor quality of the product	23
Poor marketing skills & lack of marketing strategies	29
Poor management skill	16
High cost of production	21
Shortage of working capital	19
Scarcity/Unavailability of raw material	18
Tough Competition	45
Competition from other KDMS NHGs	38
Lack of advertisement	31
Lack of team work	22
Low ability to bear risk	15
Family responsibility	23
Inadequate support from KDMS mission	48
Inadequate training	52

Source: Field survey

5.2.5 Lack of coordination of gram panchayats and block panchayats:

There are some instances of women receiving benefits from several schemes simultaneously from gram panchayats and block panchayats while some others are not able to get even a single one. This situation arises due to the lack of proper coordination between gram panchayat and block panchayat in providing assistance to KDMS members through various schemes. About 6 percent respondents indicated that they have received the benefits from development schemes available with panchayat as well as block.

5.2.6 Housing programme and high interest rate

The results of field study reveal that the recent increase in the interest rate has dampened the spirit of many poor families in availing the benefit of the scheme. It is reported that the interest rate has increased from the level of around 7.5 percent to 11.5 – 12.5 percent. Around 5 percent of beneficiaries of *Bhavanshree* programme reported that their house construction is left unfinished due to the shortage of funds.

5.2.7 Deviation from 9- point criteria for measuring poverty

Some of KDMS members are already identified officially under APL category and have not been availing benefits meant for BPL. It is a matter of concern that over 14 percent of BPL members do not appear as belonging to poor families. During our visit to their houses, field investigators found concrete houses with several amenities and modern household appliances such as TV and refrigerator. The presence of APL families is mainly due to two reasons. The results of our survey reveals that 9- point criteria for measuring poverty is not followed while forming NHGs. As a result a considerable number of families belonging to APL are covered under the programme. The feed back from respondents shows that undeserved families managed to avail benefits of BPL families due to the political patronage. Moreover, BPL families continue to avail benefits even after they move out of BPL.

A recent study has also revealed this fundamental problem and drew two major conclusions.

“One, the identification of the poor, based on the 4/9 criteria has not been strictly followed. Our discussions as well as interactions with members have convinced us that several external factors notably the ward members influence the choice of the NHG members. Rational and criteria – based formation is rendered difficult in such a context. It may also be because the mission authorities are indifferent or not strict in following the criteria. Two, there is no programme to escort out those who graduate from the BPL situation” (Oommen 2007).

5.2.8 BPL List and Selection of Beneficiaries

During our field survey, many households who have been living in well- constructed houses with modern household appliances are found to be included in the existing BPL list availing the benefit of government schemes under KDMS. Some of them were found living in even quite expensive houses. It is a fact that the existing BPL list contains several undeserved people mainly due to the interference by the powerful and officials in the preparation of the list. Currently the preparation of new BPL list is underway in Kerala and it is reported that many from high income groups are getting included as needy and deserving poor families are excluded in the draft BPL list just published by the concerned local government institutions. “Contractor, government employee , retired government employee, etc are under below poverty line category in the draft BPL list while many who have been living in huts and temporary shelters are above poverty line in Alappuzha municipality” (Malayala Manorama, 6 July 2008).

5.2.9 Micro credit: Lack of monitoring

There is no proper follow up or monitoring mechanism to ensure that the loan is used for the declared purpose. The results of the field survey reveals that around 15 percent members who take loan from Thrift and Credit Society as well as from banks through bank linkage programme do not use the fund for the purpose for which the loan is availed. For example, in the district of Alapuzha, some NHGs, who availed the loan from the bank but could not undertake a viable project, re lend the money at the interest rate of Rs.5 per Rs 100 for one month.

“In KDMS there is no monitoring of the utilization of loan availed by the members. There are several cases of using the loan for the purposes other than what the members indicate. In micro credit programme run by the catholic church regular follow up and monitoring is built up to avoid such situation. This will ensure the proper utilization of loan. Those who take loan for purchasing a cattle for their livelihood can not divert the loan for any other purpose”.

5.2.10 Lease group farming/ Harithashree

The survey results witness different problems encountered by KDMS women in lease farming, which include unavailability of high quality seeds, climatic variations, low price, lack of irrigation facilities, attack from pest, insects, wild animals, etc and lack of training.

5.2.11 Government patronage and Ineffectiveness as a pressure group

About 21 percent of the respondents reported that NHGs could not act as ‘pressure groups’ for promoting good governance at grass roots level as they are supported by the government officials. It indicates that KDMS being a state sponsored SHG programme, potentials of SHGs to remain as pro-active pressure groups is limited.

Conclusions and Recommendations

6.1 Broad Findings

Kudumbashree as a comprehensive programme aims at the alleviation of poverty. It is a participatory poverty reduction programme focusing on women empowerment through convergence of resources and community action. It encompasses thrift and credit activities, micro enterprises, several income generating activities and a wide range of welfare activities. The three-tier community based organizations under KDMS have covered almost all social and economic activities ranging from manufacturing, farming, trading, service providing, housing, collection and processing waste material and welfare activities such as protection of destitutes.

6.1.2 KDMS has a family-based approach and it strives to reach out family through women and reach out the community through families. KDMS in the present form evolved through various phases of experiences starting from 1987-88. While the programme was formally launched 10 years ago in May 1998 its effective and widespread implementation took place since early 2000. The programme completed 10 years of its existence though the period of the effective operation is much less.

6.1.3 KDMS is patronized by state government as well as local governments. State government provides strong support to KDMS, both financial and non-financial. The support of the state government is given through KDMS mission and local government institutions. Budgetary allocation for the programme in 2007-08 was Rs. 26 crore. In addition, an amount of Rs.154 crores was made available through local government under Women Component Plan for the programme.

6.1.4 Being a partnership between local government, a constitutional democracy and women based SHG, participative organizations, it is considered as a unique programme. KDMS programme is linked to local self government institutions and, CDS, its third tier, has strong linkages with the concerned local government.

6.1.5 According to the estimation made by KDMS mission, the amount of thrift pooled by NHGs in Kerala is Rs.1003.41 crore against which loan of Rs.2539.74 crore is disbursed as on 31 March 2008. In addition to the loan from their own savings, NHGs are facilitated to avail loan from bank through bank linkage programme. Through the linkage banking, Rs. 554.07 crore is given to 92978 NHGs in the state as on March 2008.

6.1.6 The cooperation between KDMS SHGs of women below poverty line and local governments is generally good. Local government institutions rely on KDMS for the planning and execution of its various development projects and programmes.

6.1.7 The results of our field survey reveal that KDMS programme made substantial impact on various sectors and areas covering health, education, agriculture, animal husbandry, dairy development, enterprise development, child development, women empowerment and rehabilitation of destitutes.

6.1.8 The feed-back from the respondents revealed that the continuance of a committed and dynamic official of government of Kerala as the Executive Director of *Kudumbashree* Mission for more than 8 years has contributed to the conceptualization, expansion and success of the programme (See section 4.2.20).

6.1.9 Capacity, morale and confidence of women of KDMS SHGs have increased substantially. KDMS members have acquired skills, knowledge, and confidence and leadership qualities substantially. The status of women in families has also improved (See Table 4.3). About 67 percent women got opportunity to understand banking operations and have become confident in visiting banks and availing banks facilities. There is a clear evidence of political empowerment of poor women. About 3200 KDMS women contested and over 1400 of them got elected in the election to the local government in Kerala in 2005.

6.1.10 KDMS programme has helped in the development of various skills such as maintenance of accounts, exposure to banking operations, communication skills, public relations, leadership qualities and entrepreneurial activities. Poor women who had very limited role in decision making and inadequate freedom of expression have started a

new way of life by acquiring skills and enjoying freedom of expression and decision making (See table 4.3)

6.1.11 KDMS has become an efficient agency to execute various development programmes, especially anti poverty activities under the state and national government. KDMS is assigned several tasks such as conducting health survey and census survey for the preparation of BPL list, distributing medicines, etc. According to the field survey 24.2 percent of functionaries and members of KDMS received their temporary or regular employment due to their association with KDMS (See Table 4.22).

6.1.12 According to the sample survey, each NHG member received an annual average income of Rs. 6057.93 in 2007 against Rs.3382.9 in 2006, Rs.2771.8 in 2005 and Rs. 3267.7 in 2004 (See Table 4.18). There has been considerable increase in the income of KDMS members in 2007 compared to previous years.

6.1.13 Individual as well as group enterprises are set up under KDMS programme. Group enterprises are formed by members of a single unit or two or more units that cover agriculture, industry and service sectors. According to the field survey, average annual earning of a micro enterprise unit is estimated as Rs. 72529.2 and average annual earning of a member of an enterprise is Rs. 8163.6. Several of them could support the family effectively out of the earning from enterprises, especially in providing education to children, building houses and meeting health expenses.

6.1.14 Significant share of credit needs of poor women is met from their own pooled savings. About 91 percent of NHG members are found availing loans from their own pooled savings through the thrift and credit operations. According to our estimates number of times loan taken varies from one to five times in 2007 and its annual average is 2.45 percent. The annual average saving or thrift of a single NHG member is estimated as Rs.639.9. Annual average saving or thrift of one NHG unit is 28725.8 and annual average credit is Rs. 72424.8 (See Table 4.13).

6.1.15 Linking the NHGs to the banks is an efficient way of channelising micro credit to the poor. CDS arranges loan to NHG members through bank linkages programme, and NHG is social collateral as a substitute for physical capital. NHG members act as

catalyst for the repayment of loan. The field study shows that 23 percent of respondents availed the benefits of bank linkage programme. Interest rate which varies from bank to bank is in the range of 7 to 12 percent.

6.1.16 Lease Land group farming programme which promoted the participation of women in the farming sector helped in changing the negative social outlook towards farming or agriculture as a major occupation. About 23 percent of NHGs covered under the field survey have been engaged in lease land group farming and on an average each NHG cultivate 2.25 acres of land (See Table 4.21).

6.1.17 Under its housing programme *Bhavanashree* provided micro finance to the BPL families for construction of houses and under *Valmiki Ambedkar Awas Yojana* assistance is given for constructing houses for the poor in urban areas. The field study reveals that an average of 62 percent homeless families was able to build houses under housing programme of KDMS.

6.1.18 After the outbreak of epidemics such as *chikungunya* and other debilitating fever in 2007 KDMS CBOs have carried out activities for improving public health such as health awareness campaign, health survey, barefoot doctor, campaign for banning of plastic bags, distribution of medicines free of cost, blood donation camp, disease diagnosis camp, etc. About 75 percent of respondents carried out various activities related to health sector. As 74 percent of respondents carried out health awareness campaign, 68 percent conducted medical camps including blood donation camps (See Table 4.19).

6.1.19 Several innovative measures, suitable to community needs and local situations, are being formulated and implemented by NHGs. 'Love gift' is given from a separate fund raised by collecting specific amount from members every week with an objective of generating interest among members in the weekly meetings and other activities of NHG. Some NHGs created a contingency fund by collecting a separate contribution weekly from the members for contingency purpose including the repayment of loan by the NHG in case a particular member fails to repay to the bank.

6.1.20 *Balasabha*, as a forum of poor children of KDMS members facilitates and promotes the development and growth of children by creating opportunities for discussing social problems concerning them, organizing music and dance festivals and involving them with thrift mobilizations. The field survey results show that 72 percent of respondents have reported that *Balasabhas* are active. Though in a limited way, *Balasabhas* provide good platform for the poor children to develop their talents, express their needs and discuss their problems.

6.1.21 According to about 90 percent respondents in the field investigation, KDMS made positive impact on poverty reduction. About 75 percent respondents assessed that the poverty in their locality is reduced by 50- 80 percent (See Table 4.23).

6.1.22 In fact, KDMS has become a movement of women contributing significantly to their socio- economic empowerment. Despite the remarkable achievements, KDMS programme is engulfed in some deficiencies, which may cause serious problems in future.

6.1.23 There has been a power struggle between local governments and KDMS –CBO. Some local government institutions try to make KDMS as their subordinates, instead of considering them as subsystem.

6.1.24 Cases of misuse of KDMS for vested interests are reported during the field survey. About 35 percent of respondents reported that members of NHGs are compelled to carry out work for political parties and instructed to attend meetings and rallies of political party which is in power of the concerned local government.

6.1.25 Rising workload of functionaries and mounting aversion to voluntarism is another deficiency of KDMS programme. According to about 36 percent of respondents from NHG categories and 42 percent from ADS categories, their work load exceeded the reasonable level. Over 23 percent respondents from ADS category expressed unhappiness for not being paid for their work.

6.1.26 Parallel to NHGs several SHGs are formed under the patronage of political parties, caste or religious groups and non-governmental organizations in several areas.

As a result, women especially poor women are divided across caste, religious and political basis.

6.1.27 Above 60 percent micro enterprises are found to be unsustainable but continue to operate to avail the subsidy and other facilities from government. About 80 percent of SHG members who are running micro enterprises lack entrepreneurial traits. Over 38 percent of the respondents complained that they have been facing stiff competition from enterprises of neighboring KDMS. There is rising preference for branded and well packaged items affecting the demand for KDMS products adversely.

6.1.28 Some of KDMS members are already identified officially under APL category and have not been availing benefits meant for BPL. However, it is a matter of concern that over 14 percent of BPL members do not appear to belong to poor families.

6.2 KDMS: Lessons for other States

In order to draw lessons from KDMS programme, it is significant to understand the differences between KDMS and SHGs in other states. India has been experiencing a mini revolution in the area of SHGs. “There are approximately 2.3 lakh SHGs in the country covering about 35 million Below Poverty Line (BPL) households which is more than 50 percent of the total numbers of BPL households in the country” (George 2008). While in Kerala, state government supported KDMS mission and local governments jointly 'nurture' SHGs out of government funds, other states provide different scenario. In most of the other states SHGs are promoted through specific national and state programmes. However, their proximity with PRIs is varied as some government departments keep PRIs away from SHGs. In some other states where SHG members were selected through PRIs, fund management is not given to them.

Box 6.1

No livelihood activities. Suicide by a woman and her four daughters

Times of India, the English daily news paper (Delhi edition) reported on 8 June 2008 that Shanti a woman and her four daughters committed suicide by jumping before a train in Hisar. She and her husband Sujana who eked out his living by driving a truck were from Surewala village near Uklana town. Out of their six daughters two were married off sometimes back. Sujana instead of facing up to the challenge of maintaining his big family, ducked his responsibility by leaving the home donning robes of *sadhu* some years back. Finally the woman was left in the lurch by husband and preyed up on by relatives. They committed suicide after failing to find out livelihood activities.

In the state of Kerala where *Kudumbashree* provides rescue to women who needs subsistence income, suicide of women members due to starvation is rare. If a SHG based poverty alleviation programme that brings women empowerment and family prosperity was functional in the area this tragedy would not have taken place.

KDMS as a unique programme, has edge over many SHG programmes in other Indian states. At first, the membership of NHG under KDMS is restricted to women from poor families while it is open to all to participate in SHG. Another glaring distinction is in regard to the role of local government. While just gram sabha plays a role in SHG activities in some other states, the whole system of local government is an integral part of the KDMS. Micro credit is the only tool for poverty reduction among members of SHGs in states other than Kerala as it remains one of various effective tools in KDMS programme. By and large, there is no specialization in leadership in these SHGs while KDMS works through subject matter specialist volunteers on health, infrastructure and income generation. The programme has an active participation in anti-poverty sub-plan formulation of the state of Kerala. But SHGs of other states are not involved in planning process. Moreover, unlike these SHGs, KDMS undertakes the participatory comprehensive need assessment for micro plan preparation. This programme has also a wider goal of achieving an absolute poverty free state within 10 years. As discussed in earlier chapters, during the weekly meeting of NHG members of KDMS, they not only bring their thrift or installment towards the loan repayment, but also discuss their livelihood problems and develop action plan which eventually becomes the inputs for the development planning of the concerned local government.

Nobody can deny the fact that suicide of women members due to starvation is rare in the state of Kerala where *KDMS* empowers females and provides them livelihood. As shown in box 6.1 poor women are in great danger in many states due to the absence of SHG-based poverty alleviation programme that brings women empowerment and family prosperity together. There is an urgent need for a SHG programme in line with KDMS in most of Indian states.

While discussing the issue of SHGs and PRIs through UNDP sponsored **Solution Exchange for Decentralization Community** in January 2006 resource persons from various states have expressed concern over the negative relationship between SHGs and Gram Panchayats. (see www.solutionexchange-un.net.in). Some of their comments are listed below:

- “• *Leaders of gram panchayats most often are persons with political affiliations who see SHGs as parallel power centres, and as such they don't see much benefit in supporting SHGs;*

- *While gram panchayats leaders do want SHGs to be under their control yet are not too willing to work for their betterment;*
- *Agencies forming SHGs (like ICDS authorities, Watershed Development Committees) tend to keep away from gram panchayats in order to exercise their exclusive hold and authority on the SHGs.*
- *Relationship between gram panchayats and SHGs is smooth in programmes where funds are not involved. Examples cited from Haryana and Himachal Pradesh where they work together gainfully in social sector”*

During February- March 2009, members of ‘*Solution Exchange for Decentralization Community*’ in the discussion on the replicability of *Kudumbashree* programme in other Indian states made the following comments on SHG programmes in other states:

- *In many other states SHGs have emerged as a powerful and effective tool for execution of various poverty alleviation programmes . For instance, various programmes are taken up under Indira Kranti Patham Yojana, for promoting SHGs and their Federations as a single window for village development in Andhra Pradesh. Federations of SHG from Madhya Pradesh and Andhra Pradesh are managing fair price shops, managing insurance schemes and distributing pensions.*
- *However, they have not yet started in involving in the planning, implementing and monitoring of these schemes. In some states, difficulties have been observed in the process of social mobilization, formation and linking of SHGs with banks. One of the reasons for the ineffectiveness of SHG programmes is the inadequate time given to the process of social mobilization. Some of the government agencies are in a hurry to form SHGs and are interested in quantitative rather than qualitative outcomes. SHG members become satisfied with the subsidy, while their total empowerment is neglected. Some of the bank officials are also found having indifferent attitude towards SHGs in providing banking services such as opening bank accounts. There have been several cases of successful SHGs unable to get the loan from the banks due to some reasons which are beyond their control (see www.solutionexchange-un.net.in).*

6.3 Developing/Strengthening SHG programmes in other States: Lessons from *Kudumbashree* Programme

Considering the specific nature of each state in terms of the ongoing poverty alleviation programmes a state specific approach should be worked out for developing or strengthening SHG programmes. Based on the lessons drawn from KDMS, certain fundamental steps indispensable for developing an effective SHG programme in a particular state are listed below:

6.3.1 Women SHG- local government partnership

The first and foremost step is to strengthen local governments and link them to SHG based anti poverty programme. SHG programmes in all Indian states should envisage a significant role for local governments. A SHG based anti poverty programme can be made effective as a sub system of local government as well as its agency for executing its development activities.

In most of the states SHGs work as extension units of the concerned government agency or NGOs who promoted them. There are state level variations as a few states have gone a little ahead in establishing a limited linkage with PRIs. For instance, West Bengal has taken some initiatives which have resulted in providing SHGs some linkage with the PRIs up to the sub-village namely, 'sansad' level. Moreover, West Bengal has formed federations of SHGs at the gram panchayat level, termed as Clusters. Two- third of the SHG members are members of Gram Unnayan Samity at Gram Sansad level, and representatives forum of SHGs at Gram Panchayat level, namely clusters, are members of functional subcommittee of Gram Panchayat. States such as Andhra Pradesh and Karnataka have taken some efforts to build the capacity of the SHG network and make them efficient and effective institutions in implementing a multi component anti poverty programme. However, any attempt to make stronger local governments and connect them to poverty alleviation programme is totally missing. The local governments in many of these states are quite weak with limited functions and resources. Even some of the states have been, deliberately or not, weakening local government system.

The unviable size of the third-tier of panchayat is another constraint. For instance, the village panchayats in Andhra Pradesh are too small to be viable for planning development. The Mandal Parishads at the intermediate level have no say in

the functioning of the development departments. The Zilla Prarishads have considerable financial resources but lack professional staff support and without clearly demarcated area within the development domain at the district level. Lack of functions and resources, absence of clarity on their roles and responsibilities and the resultant low level of motivation and enthusiasm among the elected members of local governments are some of the major problems. The capacity building efforts appear to have been limited in the case of PRIs – focusing on procedure and not on developmental issues. The gram sabhas are again weak and women keep away from it. So these states have to take concrete steps to strengthen the local government system and then to forge a permanent relationship between local governments and the women self help groups.

Some studies have already emphasized the need for a symbiosis between SHGs and local governments. For instance according to a study on Andhra Pradesh, the efficacy of SHGs in the state of Andhra Pradesh can be enhanced through working out a symbiosis between SHGs and panchayati raj institutions. Their unhealthy competition needs to be avoided as there is an urgent need for creating a mechanism facilitating SHGs and PRIs to “work in tandem” and work out a system of “reinforcing each other’s work” (Yugandhar and Mukherjee, 2002) . In view of the fact that eleventh five year plan emphasize on decentralized planning and most of the centrally sponsored schemes are being implemented through local government, it is quite reasonable to strengthen SHGs by linking them up with local governments. Similarly local government can also draw strength in its pro poor development activities from the social capital generated by the SHG network.

Many elected representatives of local government institutions have seriously started to devote much attention to these issues. One of the charter of demands accepted by the national convention of elected representatives, held in Delhi in April 2008 says, *“panchayats should have access to bank credit to take up development projects such as universal housing for the poor, support to SHGs and their federations and construction of remunerative infrastructure assets. The Government of India should frame a policy framework in this regard”*. (Ministry of Panchayati Raj, at <http://panchayat.gov.in>)

6.3.2 Anti poverty programmes: Convergence at the local government

All the poverty alleviation programmes of different line departments need to be converged at the local government level in each state. Women SHG based programme should function as a subsystem of local government which in turn will facilitate the execution of various anti poverty programmes

6.3.3 Women and execution of poverty alleviation programmes

A women SHG network can be assigned several roles in the Implementation process of various anti-poverty programmes. State government and various government supported institutions can use women SHG network to execute various development programmes, especially anti poverty activities. Preference can be given to them in several government assignments such as conducting surveys and the preparation of BPL list.

6.3.4 Grassroots level planning and Preparation of Anti – Poverty Sub Plan

Poor women of each state can become active participants in the planning of various development projects. By creating platforms for women SHG to discuss and deliberate development projects and problems in their locality and with subsequent involvement of a development plan for each locality or village, a process of grassroots level planning can be initiated. Inputs from women SHG groups, who are more concerned than men in regard to basic infrastructure needs such as water, electricity, road and cleanliness, are quite useful for the preparation of village as well as district level. Women SHGs can plan suitable and viable income generating projects. In this process, an Anti poverty sub plan can be prepared for each village.

6.3.5 Women and Gram Sabha

A strong and active gram sabha is pre requisite for bottom up planning. With the active involvement of women SHGs participation of gram sabha can be improved. In some states gram sabhas are non functional due to the lack of quorum. Gram Sabha should be strengthened with better participation to facilitate a grassroots planning process. Each women self help group can function as a forum for strengthening this process.

6.3.6 Women Component Plan

There is a need for providing specific allocation of fund for women. It will be desirable to create a women component plan providing at least 10 percent of total plan allocation. Assistance to Women self help groups can be taken under this plan.

6.3.7 Women and Social Audit

It is an open secret that the corruption level is quite high in the implementation of anti-poverty programme in India. First of all, the group dynamics of KDMS, especially inter-SHG and intra-SHG relations, is quite favorable in promoting transparency and openness in the execution of various anti poverty programme. Secondly, the introduction of a system of social audit with the involvement of women SHGs can reduce corruption level and enhance the efficiency in the execution of any scheme of poverty alleviation programme. They are in a better position to evaluate the performance of the various public institutions and their evaluation can be considered by gram sabha and local government.

6.3.8 A comprehensive community based poverty alleviation programme

SHG programmes should not restrict merely to micro credit activities. It should be a comprehensive poverty eradication programme aimed at creating multi-dimensional impact with a wide range of activities. Socio – economic empowerment of women and overall development of children should be embedded in women SHG programmes.

6.3.9 Local government- SHG partnership: Select strategies

A symbiotic relationship between local government and SHG needs to be established. In some states such as Haryana and Himachal Pradesh it may not be easy to forge SHG – local government partnership SHGs and hence a strategy of step by step approach may be adopted. States can attempt to integrate SHGs with local government system through the standing committees and subject committees in accordance with the respective Panchayat Act or Municipality Act.

6.3.10 Skill Development of SHG members

Through appropriate activities and training, various skills of SHG members such as accounting practices, leadership, etc, can be developed.

6.3.11 Continuous monitoring of SHGs

It is required to make a continuous monitoring of each SHG in order to enhance efficiencies and empower its members

6.3.12 Community participation in Agriculture

In view of recent hike in the price of food items and growing supply constraints in the global food market each state needs to take more efforts to increase its domestic production. It will be good strategy to promote the participation of women in the farming sector. Lease Land group farming has good potential in several Indian states. Apart from providing sustainable income to women, their participation in agriculture sector can change the negative social responses to farming and agriculture as a major occupation. It will also prop up community participation in agriculture which in turn helps in combating food shortage.

6.4 KDMS system in Kerala: Suggestions for Improvement

The impact of the KDMS programme in Kerala can be further improved if certain concrete measures are taken by the concerned.

6.4.1 Close monitoring and follow up on the effective utilization of micro credit

Guidance may be given to members in utilizing the loan, both from Thrift and Credit Society and banks effectively and to avoid the diversion of the credit for the purposes other than the one mentioned in the application. For setting up a micro enterprise the feasibility and viability of the project rather than the availability of subsidy should be the criteria. Importantly, a close monitoring and follow up on the functioning of micro enterprises, both individual and joint ventures, is required. In case micro enterprise faces problems necessary corrective steps should be taken at the appropriate level. These steps will undoubtedly improve their functioning and avoid situation of several enterprises becoming unviable and sick.

6.4.2 Streamlining the relationship between CDS and panchayat

Increasing visibility among the public and leadership skills of CDS functionaries, especially CDS chairperson, have caused some form of ego clash between CDS and the respective local government. There is an urgent need for building up a healthy

relationship between CDS and local government. KDMS mission should bring out concrete guidelines to provide autonomy and functional freedom to CDS.

6.4.3 *KDMS and non-KDMS SHGs: Unhealthy competition*

As there has been unhealthy competition between KDMS and non-KDMS SHGs an effort should be made to reduce the conflicts of interests between them. Organizing common forums for various groups in a specific area may be desirable. A suitable policy may be formulated by state and national governments.

Despite the fact that KDMS has become successful as poverty eradication programme, it has to revisit several approaches and programmes considering the impact of the broader global policies and threatening food security and challenges in agriculture sector and erosion of natural resources base.

6.4.4 *Registration of SHGs with local government institutions*

Registration of all well-functioning SHGs with local government institutions can reduce the unhealthy competition between KDMS and non-KDMS SHGs. All registered SHGs should be allowed to avail the benefits of various government schemes.

6.4.5 *Avoid the misuse of KDMS by political parties*

It is quite natural in a vibrant democratic society like Kerala that political parties influence the functioning of KDMS, a massive and successful poverty eradication programme. However, excessive misuse of the programme for political mileage through undue political favoritism and other undemocratic means will be detrimental to the further expansion of programme and the long term interest of the state. Each political party which is in power of the concerned local government should take the responsibility of making the functioning KDMS transparent and politically neutral. Moreover, all the political parties in the state should show magnanimity in keeping the KDMS programme above the political lines. It should be made totally non-partisan without disturbing its strong democratic character.

6.4.6 *An Institute for capacity building for SHGs in the state*

Continuous and need-based training is required for various activities of KDMS. An exclusive institute can be set up at state level to provide training, orientation and other capacity building programme. Such an institute can devise training modules and

organize training programme to meet the specific needs of enterprises. The Institute can also provide marketing support to the products of NHG units, guidance in the identification, formulation and execution of projects and programmes, networking, etc. It may be noted that the state of Rajasthan has set up similar institute to provide support to SHGs.

6.4.7 Assistance to KDMS members: Coordination between gram and block panchayats

There is an urgent need for introducing a proper coordination between gram and block panchayat in providing assistance to KDMS members through various schemes. In its absence some members who got more exposure and contacts avail benefits of schemes available with both tiers of panchayats simultaneously. It is required to avoid cases of some powerful women receiving benefits from multiple schemes while others are left out.

6.4.8 Tax incentives to KDMS products

The products of KDMS units need to be competitive in the market for which they can be given incentives, especially tax incentives. The exemption from Sales tax will increase the scope of entering marketing collaborations with other firms.

6.4.9 Popularization of farming with Community participation and micro credit

Harithashree of KDMS can be considered a good beginning of farming with community participation. Moreover, in view of the serious problems related to agriculture loan in Kerala as well as other Indian states, *Harithashree* exhibits a good example of micro credit financing of agriculture having good track record of repayment. Considering the small scale of operation and limited coverage, there is a need for its expansion. Certain problems confronted by the lease land farmers needs to be addressed.

6.4.10 Formulation of strategy for escorting out of BPL families

Even if the objective of the programme is to alleviate poverty, there is no inbuilt system to identify the up-gradation of BPL families to non BPL families. In practice, non-BPL families have already become the members of KDMS, a suitable strategy may be formulated for escorting them out or provide a new scheme for them within the programme.

6.4.11 Strategy for conversion of successful BPL units to successful non-BPL units

Attention is not yet paid to the issue of converting successful BPL micro enterprise units to successful non-BPL units. It is not appropriate to expect that the BPL micro enterprise units will always remain as BPL units and hence it is required to work out a strategy for conversion of profit making micro enterprises into non BPL units within a reasonable time frame within the KDMS programme framework.

6.4.12 Revised norm for group ventures

The existing norm of a minimum requirement of 10 persons for group venture needs to be revised. As shown in table 2.6, three types of group formations, with members ranging from 5 to 10 or more, are permitted for micro enterprises under Yuvashree (50k) and the amount of subsidy varies accordingly. Members tend to leave the venture due to the poor return and lack of good leadership available within a group venture to deal with interpersonal relationship problems among the partners. As reported in the study, chances of group ventures becoming unviable and sick are very high compared to individual ventures (See para 4.2.7) (See para 4.2.7). Hence it is desirable to revise this norm to reduce the minimum number of members required for a group venture. The feasibility of small member group ventures under KDMS may be examined.

6.4.13 Marketing of KDMS products

As shown in table 5.2 some of the serious problems of KDMS units include poor marketing skills and lack of marketing strategies. The problem of marketing poses a great threat to several micro enterprises that have been struggling for survival. Recently KDMS mission has taken a step to collaborate with a company to market the products of its six units in the district of Kannur (See Box 6.2). Similar steps to collaborate with medium and big companies needs to be taken on a big scale urgently to deal with the existing problems related to the

Box 6.2

A new strategy

In view of the serious difficulties in marketing their products, KDMS, as part of its new strategies at the completion of ten years of its existence, has decided to collaborate with *Raidco*, a company in Kerala. To start with, six KDMS units in the district of Kannur will produce various food products such as pickle, dry fish, wheat and rice flour from the raw material to be supplied by the company. It is the responsibility of *Raidco* to market the products under the brand name of KDMS. *Raidco*, has agreed to pay a fixed amount per packet for the value addition of Kudumbashree units.

Source: Malayala Manorama, Malayalam daily, 18 April 2008

marketing of KDMS products. Improving the quality of the product and its packaging, development of trade mark and brand name, setting up of marketing centers in different parts of Kerala and even outside the state are some of the essential steps to be taken.

6.4.14 More income generating activities

There is an urgent need for providing more income generating activities for NHG members as several of them have meager income to support the family. A sincere effort should be made by KDMS mission and local government to extend expertise in identifying income generating activities suitable to the local conditions and allocate more resources to such activities.

6.4.15 Autonomy of KDMS

Importantly, the autonomy of KDMS units that function as a subset of the local bodies should be strengthened and preserved without any dilution. Given the innumerable tasks and assignments they are getting, they should not be subjected to undue controls from the respective local governments. Even so, the vagueness and ambiguity in respect of the functioning of three-tier CBOs of KDMS need to be removed. It will be desirable if the membership criteria, provisions related to qualification and disqualifications of members and functionaries, their rights, responsibilities and obligation, etc are integrated with the rules and regulations of local government institutions.

6.4.16 Appropriate strategy for promoting women entrepreneurship

Micro enterprises which can be run by women, especially poor women under KDMS are to be identified considering various problems they encounter. Maintaining the quality of the product to compete in the market and marketing it with a reasonable margin are the major areas of concern for them. In this connection an appropriate strategy is to be devised for promoting women entrepreneurship.

6.4.17 Prevent corruption and malpractices of CBO

An efficient system of checks and balances should be in place to prevent occurrences of financial irregularities among KDMS functionaries. Attention should be given by KDMS state and district level coordinators to learn from cases of misappropriation of funds and introduce appropriate preventive measures in maintaining accounts and financial transactions.

6.4.18 Honorarium for ADS and NHG functionaries

The spirit of voluntarism, though visible in some of the activities of KDMS, has been witnessing a downward trend. It may not be appropriate to expect such a spirit of voluntarism always in view of the increasing workload. As some functionaries of the three tier CBOs have been receiving honorarium, some others with more or less same work load have started demanding similar compensation. Considering the enhanced workload, it is justifiable to compensate it, at least partially.

6.4.19 Accuracy of the BPL list

The selection of beneficiaries for various anti-poverty programmes executed through KDMS is done using the BPL list. Due care should be taken to prepare BPL list without manipulation and all the grievances related to the non-inclusion of deserving people in the BPL list should be redressed even before its finalisation. It will be ideal to constitute a monitoring committee consisting of Independent experts such as social scientists, social workers, academic institutions, etc to ensure transparency and accuracy of the list. The interference of vested interests in the preparation of the BPL list can be avoided by introducing better transparency.

In a nutshell, KDMS, a comprehensive SHG-based poverty eradication programme with partnership of local government and SHG is considered a unique programme. Many Indian states which have been fledgling with varied pattern of SHG programme can learn from the successful experience of KDMS in Kerala. 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 KDMS model in all the Indian states.

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Sample selection: Details of CDS/Local government

Name of District	Corporation/ CDS Municipality/ CDS	Grama Panchayat(GP) Panchayat /CDS	CDS
Thiruvananthapuram	Attingal Municipality	Pallikkal GP Madavoor GP	3
Kollam		Nilamel GP Ittiva GP Chadayamangalam GP	3
Pathanamthitta		Mannadisala GP Kunnam GP Vechoochira GP	3
Alappuzha	Alappuzha Municipality	Aryad GP Mannacherry GP Kanjikkuzhy GP Mararikkulam GP Ramankery GP	6
Kottayam		Manimala GP Nedumkunnam GP Ponkunnam GP Parathode GP Kanjirappally GP	5
Idukki		Murikkady GP Vellaramkunnu GP Kumily GP	3
Ernakulam	Kochi Corporation	Thrikakkara GP	2
Thrissur	Trichur Corporation	Vadanapally GP Erandiyoore GP Thalikkulam GP Kattoor GP Pavaratty GP Valappadu GP	7
Palakkad		Pattithara GP Kappoor GP	2
Malappuram	Ponnani Municipality	Veliumkode GP	2
Kozhikkode		Elathoor GP Nanmanda GP Chekkittapara GP Chelannoor GP Nashikuni GP Atholy GP Thalkulathoor GP Kavilampara GP Peruvayal GP Thamaracherry GP	10
Wayanad		Thavinjan GP Sulthan Bahery GP	14

Name of District	Corporation/ CDS Municipality/ CDS	Grama Panchayat(GP) Panchayat /CDS	CDS
		Nenmany GP Vythiry GP Pozhuthana GP Moottika GP Noolpuzha GP Pulpally GP Panamaram GP Muppainadu GP Meppady GP Padinjarethara GP Ambalavayal GP Vellamunda GP	
Kannur	Kannur Municipality	Alakkodu GP Nadavil GP Eruvesh GP	4
Kasargod		Velal East Jallery GP West Jallery GP	2
Total CDS selected	6	60	66

QUESTIONNAIRE: Kudumbasree NHGs/Unit

Kerala Development Society, Delhi, has been awarded a study by Planning Commission of India with a view to assess the performance of **Kudumbasree Project in Kerala** and to explore its replicability in other states. The survey would cover a wide range of stakeholder categories including NHG, ADS, CDS, Members and Presidents of Panchayat/Municipality/ Corporation etc. The name and identity of the respondent will not be disclosed. The data and information provided would be used only for the study purposes and would be treated as strictly confidential.

(For investigators: Fill up as per instructions given with each question. Write codes/ values in the box provided at the right hand side)

1.0	DISTRICT CODE (1= Alappuzha, 2= Ernakulam, 3= Idukki, 4 = Kannanore, 5= Kasargod, 6= Kottayam, 7=Kozhikode, 8 = Malappuram, 9= Palakkad, 10= Pathanamthitta, 11= Quilon, 12= Thrissur, 13=Trivandrum, 14 = Waynad)	
2.0	CATEGORY CODE (1 = NHG, 2=Member or President of Panchayat/Municipality, 3=Official of State Government, 4=Official of local government, 5=Others-----)	
Part: A	GENERAL INFORMATION	
3.0		
3.1	Name, Designation & Address of the Respondent: ----- ----- ----- Telephone if any: -----	
3.2	Respondent's gender: (1=Male, 2=Female)	
3.3	Respondent's Religion (1=Hindu, 2= Muslim, 3= Christian, 4=Others)	
3.4	Respondent's caste: (1=Others/General, 2=OBC, 3=SC/ST)	
3.5	Respondent's age (number of years)	
3.6	Educational qualification of the respondent? (1=No education, 2=Primary education, 3=Secondary education, 4= Pre-Graduation, 5=Graduation 6=Post-graduation, 7=Other (-----))	
Part B	NHGs (KUDUMBASHREE UNITS)	
4.0		
4.1	Name of the NHG you belong to :	
4.2	When was it set up? (Year):	
4.3	Total members in the unit now? (Nos.):	
4.4	How many are BPL members? (Nos.):	
4.5	How many members belong to SC/ST categories:	
4.6	What are the major activities?	
4.7	How much is the contribution(saving) of a member in a month? (Rs.)	
4.8	How much is the saving by members of your NHG? (2007) Rs.	

4.9	How much is the annual loan given to members by NHG (2007) Rs.				
4.10	When did you take the loan last? (Year)				
4.11	How much loan you have taken during the last few years (Rs.)				
	Year	2007	2006	2005	2004
	Loan (Rs.)				
4.12	Purpose of loan (1=Day today expenditure, 2=children education, 3= healthcare, 4 =marriage, 5 =housing, 6 = working capital, 7= repayment of loan, 8=festival, 9=household items, 10=others (specify-----))				
4.13	Rate of interest on the loan (Interest per Rs.100/- for an year)				
4.14	Mode of the repayment of the loan? (1=Monthly, 2=Quarterly, 3=Annual , 4=Other (specify)				
4.15	Is there any defaulting in repayment? (1=Yes, 2=No)				
4.16	If yes for Q 4.15, please explain				
4.17	What are the income generating activities with which you have been associated through Kudumbasree? (Specify)				
4.18	Have you (or any member in your unit) got any assignment owing to your association with Kudumbasree programme (1=Anganwadi, 2=Survey, 3=Any other (Specify-----))				
4.19	How much is your annual income from such assignment (Rs.)				
4.20	Average annual income of NHG woman member in an year:				
		2007	2006	2005	2004
	Income (Rs.)				
4.21	What is your gross family annual income from all sources? (Rupees)				
4.22	How much is the your annual income from the Kudumbasree unit. (Rs.)				
Part C	BANK LINKAGES AND SUBSIDY FROM GOVERNMENT				
5.0					
5.1	Details regarding the loan and subsidy amount for the last few years.				
		2007	2006	2005	2004
	Loan Amount (Rs.)				
	Subsidy (Rs.)				
	Scheme under which subsidy received.				
5.2	Does your NHG borrow from other NHGs in your ADS/CDS for meeting the credit demands of the members in your NHG? (1=Yes, 2=No)				
5.3	Whether the surplus funds of your NHG are given to other NHGs to meet the loan requirements of other ADS/CDS? (1=Yes, 2=No)				
5.4	Does your CDS get funds from banks or any other financial institutions for giving loans to members in your NHG? (1=Yes, 2=No)				
5.5	If yes to Q 5.3, specify the name of the institutions and the rate of interest?				
Part D	SELF EMPLOYMENT: GROUP VENTURES/INDIVIDUAL VENTURES (Please specify)				
6.0					
A	Kudumbasree Production Unit				
6.1	Nature of operations of the unit? (1=Production of soap, 2= Bio-fertilizer, 3=				

	Coconut oil, 4=Others specify -----)				
6.2	How much is the total investment? (Rs.)				
6.3	Amount of subsidy received from government /bank? (Rs.)				
6.4	How much is the repayment due? (Rs.)				
6.5	How much is the monthly earning of the whole unit? (Rs)				
6.6	How much is monthly earning per member? (Rs.)				
6.7	Is there any brand name for product/services?(If yes, specify the name)				
6.8	How the products are sold? (1= Door to door campaigns, 2=Local Market, 3=Nearby towns, 4=Others)				
6.9	What is your marketing strategy? (1=Word of mouth, 2=Using sign boards, 3=Pamphlets, 4=Others)				
6.10	How much is the annual turn over of the unit for the last few years.				
		2007	2006	2005	2004
	Turnover (Rs.)				
6.11	How many persons are working with the unit? (Numbers)				
6.12	How many members are working with the unit? (Numbers)				
6.13	Have you got any training so far? (1=Yes, 2=No)				
6.14	What are the marketing problems? (1=Higher prices, 2=Better substitute products, 3=Poor packaging, 4= Transportation problems, 5=Others)				
6.15	How many members were there at the starting of the operation?				
6.16	At present how many members are remaining?				
6.17	Why did some members leave in between? Please explain.				
Part E	Kudumbasree land lease programme(Harithashree)				
6.18	How many acres of land are being cultivated under the programme?				
6.19	Please list the crops cultivated.				
6.20	How much is the total investment? (Rs.)				
6.21	Details regarding the Investment, subsidy (govt & bank) and repayment due for the last few years.				
		2007	2006	2005	2004
	Investment (Rs.)				
	Subsidy (Rs.)				
	Repayment due (Rs)				
6.22	Monthly income for the unit (Rs.)				
6.23	Monthly income per person?				
6.24	Please share your experiences?				
6.25	What are the problems faced?				
Part F	What are the welfare activities?				
Part G	GENERAL (APPLICABLE TO ALL PROGRAMMES)				
7.0					
7.1	Are you receiving support from family members? (1=Yes, 2=No)				
7.2	Are there instances of the following in your units? (1=mismanagement, 2= un-utilization of funds, 3=Lack of coordination, 4=corruption)				
7.3	Explain with one or two instances of Q.7.2.				



7.4	How do you rate the activities/performance of NHGs/ADS/CDS: (1=Very Good, 2=Good, 3=Average, 4=Poor, 5=No comments)	
7.5	What are the problems in Kudumbasree micro credit schemes?.....	
7.6	To what extent kudumbasree schemes are successful in reducing poverty and improving the income of the family? Explain.....	
7.7	Do kudumbasree schemes help in improving the position of women in the family? (1=Yes, 2=No, 3=Do not know)	
7.8	What are the innovative projects that Kudumashree units can take up in future in your area?--	

Part H

8.0. Any other information? Any other comments(Especially *Social Capital- mutual trust, mutual cooperation participation in gram sabha, support from local government etc*):

.....
.....

Thank you

Name of the Investigator:

Signature :

Place of Survey :Date of Survey:

QUESTIONNAIRE: ADS/CDS

Kerala Development Society, Delhi, has been awarded a study by Planning Commission of India with a view to assess the performance of **Kudumbasree Project in Kerala** and to explore its replicability in other states. The survey would cover a wide range of stakeholder categories including NHG, ADS, CDS, Members and Presidents of Panchayat/Municipality/ Corporation etc. The name and identity of the respondent will not be disclosed. The data and information provided would be used only for the study purposes and would be treated as strictly confidential.

(For investigators: Fill up as per instructions given with each question. Write codes/ values in the box provided at the right hand side)

1.0	DISTRICT CODE (1= Alappuzha, 2= Ernakulam, 3= Idukki, 4 = Kannanore, 5= Kasargod, 6= Kottayam, 7=Kozhikode, 8 = Malappuram, 9= Pathanamthitta, 10= Palakkad, 11= Quilon, 12= Thrissur, 13=Trivandrum, 14 = Vynad)	
2.0	CATEGORY CODE (1 = ADS, 2=CDS, 3=Member or President of Panchayat/Municipality, 4=Official of State Government, 5=Official of local government, 6=Others-----)	
Part A 3.0	PERSONAL INFORMATION	
3.1	Name, Designation & Address of the Respondent: ----- ----- ----- Telephone if any: -----	
3.2	Respondent's gender: (1=Male, 2=Female)	
3.3	Respondent's Religion (1=Hindu, 2=Christian, 3= Muslim, 4=Others)	
3.4	Respondent's caste: (1=Others/General, 2=OBC, 3=SC/ST)	
3.5	Respondent's age (number of years)	
3.6	What is your educational qualification? (1=No education, 2=Primary school, 3=Secondary school, 4=Graduation, 5=Post-graduation, 6=Other (-----))	
Part B 4.0	ADS/CDS (PANCHAYAT OR MUNICIPAL LEVEL)	
A	ADS (Panchayat ward or Municipal ward Level)	
4.1	Total number of NHGs in the Panchayat or Municipality ward in your ADS.	
4.2	Number of best performing NHGs in the Panchayat or Municipality ward in your ADS (Kudumbasree units)	
4.3	Number of non-performing NHGs in the Panchayat or Municipality ward in your ADS (Kudumbasree units)	
4.4	Number of closed NHGs during the last three years in the Panchayat or Municipality ward in your ADS (nos.) (Kudumbasree units)	
4.5	Number of SC/ST NHGs in the Panchayat or Municipality in your ADS (Kudumbasree units)	
Part C	CDS (Panchayat or Municipal Level)	
4.6	Total number of NHGs in the Panchayat or Municipality.	
4.7	Number of best performing NHGs (Kudumbasree units)	
4.8	Number of Non-performing NHGs (Kudumbasree units)	
4.9	Number of closed NHGs during the last three years (Kudumbasree units)	
4.10	Number of SC/ST NHGs (Kudumbasree units)	
Part D	BALASABHA	

5.1	Are Balasabha functionaries active in your Panchayat/ward? 1= Yes 2= No 3= Not Known	
5.2	What are the major activities in your Panchayat/Municipality during the last three years? Please list (1=Balapanchyat meetings 2= Balasabha meetings 3= Others (-----))	
5.3	How have these activities helped children? Please list. (1=Developing good habits, 2= Socialization, 3= improvement in education and knowledge, 4=career development, 5= Culture development, 6=Other (-----))	
5.4	How do you rate the impact of activities of Balasabha on the children? (1=Very Good, 2=Good, 3=Average, 4=Poor, 5= Not Known)	
Part E	50K PROGRAMME (YOUTH PROGRAMME)	
6.1	Are there activities for youth in your Panchayat/Municipality under kudumbasree programme during the last three years? (1= Yes , 2= No, 3=Not Known)	
6.2	Please rate the impact of these activities on youth? (1= Very Good, 2=Good, 3=Average, 4=Poor, 5= Not Known)	
Part F	ASHARAYA	
7.1	How many destitute are identified in your panchayat/ward? (Numbers)	
7.2	How many projects are implemented or being implemented for destitute in your panchayat/ward? (Numbers)	
7.3	Mention the purpose of the projects for the destitute in your panchayat/ward. (1= providing food, 2= Health improvement, 3= providing pension, 4= education for children , 5= housing, 6= skill development and employment, 7=others)	
Part G	HOUSING (BHAVNASHREE/ VAMBAY	
8.1	How many beneficiaries did receive assistance in your Panchayat/Municipality during the last three years? (Numbers)	
8.2	Identification of beneficiaries are : 1=fair, 2=unfair,3=not known	
8.3	Have these activities helped the houseless people? (1=Yes, 2=partially helped 3=Not helped at all)	
8.4	What are the deficiencies of the Bhavanashree programme ? (1= wrong beneficiary selection 2=delay in disbursement of funds 3= inadequacy of amount 4=unrealistic conditions 4=others (specify-----))	
Part H	HEALTH	
9.1	Are there specific health activities in your Panchayat/Municipality under kudumbasree programme during the last three years? (1=yes, 2=no, 3=not known)	
9.2	If yes, who are the beneficiaries? (1=general public, 2=women, 3=children, 4=aged, 5= others(specify)	
Part I	ANY OTHER ACTIVITIES? (Specify)	
Part J	GENERAL (APPLICABLE TO ALL PROGRAMMES)	
11.1	Are you receiving support from family members? (1=Yes, 2=No)	
11.2	Are there instances of the following in your units? (1=mismanagement, 2= un-utilization of funds, 3=Lack of coordination, 4=corruption)	



11.3	Explain one or two instances of Q.11.2.	
11.4	How do you rate the activities/performance of NHGs/ADS/CDS? (1=Very Good, 2=Good, 3=Average, 4=Poor, 5=No comments)	
11.5	What are the problems in Kudumbasree micro credit schemes? ----- -----	
11.6	To what extent kudumbasree schemes are successful in reducing poverty and improving the income of the family? Explain ----- ----- -----	
11.7	Do kudumbasree schemes help in improving the position of women in the family?/public life (1=Yes, 2=No, 3=Do not know)	
11.8	What are the innovative projects that Kudubashree units can take up in future in your area?:	

Part K

12.0. Any other information /other comments ((Especially Social Capital- mutual trust, mutual cooperation, participation in gram sabha, support from local government, etc) : -----

Thank you

Name of the Investigator: -----

Signature : -----

Place of Survey : ----- ate of Survey: -----

CONSOLIDATED STATEMENT OF STATUS OF NHGS: ADS LEVEL CONSOLIDATION

Date:

District

Block

Gram panchayat/municipality/corporation

Sr.No.	Name of the NHG	Affiliation No.	No. of Members				Left members		Weekly savings of the one member	Total savings	Grant/ Subsidy Total	Existing loan from Bank	Repayment of Loan Amount		Ventures			
			BPL	APL	SC/ST	Total	Total	SC/ST					Savings	Linkage	Individual		Group	
															Number	Capital Amt.	Number	Capital Amt.
1.																		
2.																		
3.																		
4.																		

Name, Address and Signature of the Chairperson:

Name, Address and Signature of the Vice Chairperson:

Name and Signature of the Inspector / Auditor

KUDUMBASHREE INSPECTION

CONSOLIDATED STATEMENT OF STATUS OF ADS: CDS LEVEL CONSOLIDATION

Date:

District

Block

Gram panchayat/municipality/corporation

Sr.No.	Name of the ADS/panchayat ward	Affiliation No.	No. of Members				Left members		Weekly savings of the one member	Total savings	Grant/ Subsidy Total	Existing loan from Bank	Repayment Loan Amount		Ventures				
			BPL	APL	SC/ST	Total	Total	SC/ST					Savings	Linkage	Individual		Group		
															Number	Capital Amt.	Number	Capital Amt.	
1.																			
2.																			
3.																			
4.																			

Name, Address and Signature of the Chairperson:

Name, Address and Signature of the Vice Chairperson:

Name and Signature of the Officer in charge:

KUDUMBASHREE INSPECTION

List of Abbreviations

ADMC:	Assistant District Mission Coordinator
ADS:	Area Development Society
BPL:	Below Poverty Line
CBNP:	Community based nutrition programme and poverty alleviation project
CBO:	Community Based Organisation
CDS:	Community Development Society
DMC:	District Mission Coordinator
HDI:	Human Development Index
KDMS:	Kudumbashree
NABARD:	National Bank of Agriculture and Rural Development
NHG:	Neighborhood Group
NSDP:	National Slum Development Programme
PRI:	Panchayati Raj Institution
SHG:	Self Help Group
SJSRY:	Swarna Jayanthi Shahari Rozgar Yojana
SJSRY:	Swarna Jayanthi Shahari Rozgar Yojana
SUDA:	State Urban Development Agency
UBS:	Urban Based Services
UBSP:	Urban Basic Services for the Poor
UPA:	Urban Poverty Alleviation Cell
USEP:	Urban Self Employment Programme
UWEP:	Community Structure and Urban Wage Employment Programme
VAMBAY:	Valmiki Ambedkar Awas Yojana
VIL:	Velocity of Lending

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