

POVERTY ALLEVIATION THROUGH NEIGHBOURHOOD GROUPS – A STUDY IN ERNAKULUM DISTRICT OF KERALA STATE, INDIA

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Abstract- Poverty in India, like the nation's population, is predominantly rural but remarkably responsive to economic growth. As the economy grows, poverty diminishes, faster when growth is strong, slower when it is not. The approach of poverty alleviation through economic growth focuses on the poverty reducing potentials of growth process by appropriate choice of policies and strategies which would enhance the flow of benefits to the poor. Therefore the government of India has implemented various schemes to reduce poverty, for empowering poor women and to promote gainful employment. Kudumbashree is a comprehensive poverty alleviation programme in the state of Kerala and it focuses primarily on micro finance and micro enterprise development. The mission of Kudumbashree is "to eradicate absolute poverty in ten years through concerted community action under the leadership of local self-governments, by facilitating organization of the poor for combining self-help groups with demand led convergence of available services and resources to tackle the multiple dimensions and manifestation of poverty holistically". The aim of the project is to examine the extent to which NHGs have contributed to poverty alleviation and household welfare. For the collection of data, both primary and secondary sources were used. Interview schedule was administered for collecting primary data. The finding reveals that Kudumbashree NHG movement has achieved remarkable success in making the poor economically active by way of increasing the employment and income levels as well as the asset base.

Keywords- Kudumbashree, Micro Enterprise, Micro Finance, NHGs

I. INTRODUCTION

Poverty is a pressing problem in India. The Indian planners and policy makers lay emphasis on various strategies which aim at eradicating poverty from the country. Poverty alleviation through rapid economic growth and direct attack on poverty through launching specific poverty alleviation programmes are the two broad aspects of poverty alleviation strategies in India. The approach of poverty alleviation through economic growth focuses on the poverty reducing potentials of growth process by appropriate choice of policies and strategies which would enhance the flow of benefits to the poor

Among the developing countries, India has a relatively good record in addressing the issue of poverty. Kerala, when compared with other states of the country, has performed well in tackling this problem, both from the 'entitlements' point of view and the 'capabilities' point of view.¹ Effective implementation of Land reforms, introduction of several social security measures, high investment in education and health care, pro-poor labour laws (like fixation of minimum wages), better food security measures, decentralized system of governance through the empowerment of local self-governments were the major steps taken by the state government to reduce the incidence of poverty in Kerala. The successive governments in the state made much emphasis on social security measures and public utility services for getting wider access to the poor. The 1999-2000 data shows that Kerala's poverty level is only 12.72% against the all India figure of 26.30%. However, the problem of poverty remains

persistent, particularly due to unemployment and underemployment, limited land availability and social disadvantages.

A participatory poverty reduction strategy had been introduced through decentralization of poverty alleviation programmes. The implementation of centrally sponsored poverty alleviation programmes had been handed over to the rural and urban local self-governments. A further step in this regard was the introduction of 'people's planning' for poverty reduction in 1997-98. During ninth five year plan, around 40% of the plan funds transferred to the local self-governments had been utilized to solve the problem of poverty. "Local self-governments have shown a strong anti-poverty bias.

Another major initiative made by the state government towards poverty alleviation was the introduction of Kudumbashree project 1998. It is the state poverty eradication mission, which has been paraphrased as Kudumbashree in local language, meaning 'prosperity of the family, which helps enjoy the economic opportunities by a good number of the poor women folk in rural and urban Kerala. The anti-poverty programme under Kudumbashree has been launched by the state government with the active support of central government and NABARD aiming at eradicating absolute poverty from the state within a decade. The project is implemented by the state poverty eradication mission through Local Self Governments.

Under Kudumbashree women have organized themselves under a three-tier community based

organization. The bottom of the kudumbashree programme is formed by the Neighbourhood 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 self-government by federating 8-10 NHGs. The community development society (CDS) formed at the village panchayat level. CDS, the highest tier, is the federation of all the ADSs in the respective panchayat (rural) or municipality(urban) or corporation(city). Neighbourhood Groups, the grass root level organization of kudumbashree is given a position just below the gramasabha. Each family below poverty line is being represented by a women member into a NHG at the local levels with 15 to 40 families at the ward level, gramasabha consisting of all the registered voters in the village has got a powerful position. The gramasabha may appoint general or special subcommittees for the detailed discussion on any issue or programme and for the effective implementation of the schemes and its decisions. Meetings are convened on a weekly basis in the houses of NHG members. In the weekly meetings all members bring their thrift, which will be collected and recycled to the system by way of sanctioning loans. Various problems faced by the group members are discussed in the meeting along with suggestions for improving the situation.

In each NHG five office bearers are selected for undertaking various activities.

1. Community health volunteer: she will look after the various health related aspects of the group members including children, women and the aged.
2. Income generation activities volunteer: the collection, consolidation and maintenance of accounts and register in connection with their mobilization are looked after by this volunteer.
3. Infrastructure volunteer: infrastructural backwardness is tackled with the help of various ongoing governmental programmes under the leadership of this volunteer.
4. Secretary: the proceedings of the meeting are recorded by the secretary, necessary follow up including motivation and team building are the major responsibilities of the secretary
5. President: she will preside over the weekly meetings and impart necessary leadership and guidelines to the group members.

]Minutes book, membership register, thrift register, loan register, assets register, micro enterprises register, bank pass book etc., are maintained in the NHG and the accounts are audited by the Kudumbashree accounting and auditing service society.

Kudumbashree has provided larger space for micro credit programme by setting up thrift and credit societies. The poor women bring in small sums according to their capacity and the income generating volunteer who is responsible for thrift operations collect the money. This amount is utilized for lending the members for consumption needs and contingent needs and a member can avail loan up to a maximum of 4 times of her savings. The amount of loan and the priority of disbursement are decided by the NHGs. The income towards interest from thrift is generally used for reloaning. NHGs should be seen as a strategy of empowerment of the poor based on trust and mutual support.

II. METHODOLOGY

The study was undertaken in Ernakulam District in Kerala where the activities of NHGs are widespread. It is one of the few districts in Kerala where most of the central and state sponsored poverty alleviation programmes are implemented with the support of kudumbashree. The data used for this study has been drawn from both primary and secondary sources. The primary data was collected by using a questionnaire schedule among 50 NHGs in the Ernakulam district. The objective of the study is to examine the performance of the selected NHGs in Ernakulam district and identify the factors contributing to the successful functioning of groups. It also attempts to examine the impact of NHGs on poverty by their empowerment of women.

III. RESULTS AND DISCUSSIONS

Table I: Motivating factors in joining NHG

Particulars	Number of respondents	Percentage
Earning livelihood	4	8
Loan facility	40	80
Keeping saving safely	6	12
Compulsion of friends	0	0

From Table I it can be observed that 80% that of the respondents reveals that the most propelling factor to join kudumbashree NHG is the availability of comparatively low interest loan facilities for meeting emergency needs. The other motivating factors include keeping saving safely and earning livelihood. It was surprising to know that none of the respondents join NHGs by persuasion of friends

Table II: Respondents opinion about multiple activities of NHGs

particulars	Number of respondents	Total
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	Yes	%	No	%	
Thrift&Credit activities	50	100	0	0	100
Micro Enterprises	45	90	5	10	100
Other activities	30	60	20	40	100
Welfare activities	35	70	15	30	100

Table II show the multiple activities undertaken by the respondents in the study area. Thrift and Credit activities come first with 50%. Micro enterprise activities come second with 90% .other activities like garment units, shops/canteens and animal husbandry units consists of 60% of the total units.

Kudumbashree views micro enterprises development as an opportunity for providing gainful employment

to the people below poverty line and thereby improving their income and living standard. Group farming units, fruit processing units, soap powder units, grocery shops are some of the examples of micro enterprises that are undertaken by poor women under kudumbashree mission. Micro enterprise is any income generating activity owned, operated and managed by a group, consists at least five and not more than fifteen women members of the Kudumbashree NHGs with an investment ranging from Rs. 5000 to Rs. 5 lakh and should have a potential to generate at least Rs.1500 per member per month by way of wage or profit or both together.

Micro enterprise development is an emerging process which will start with low capital low risk and low profit at the initial stage. In an advance stage, it may even n reach medium capital medium risk and medium profit with appropriate technology, emerging technology or even with low technology.

Table III: Economic improvement after joining NHG

Particulars	Not improved	percentage	Improved	percentage	Total
Income	10	20	40	80	100
Asset Holdings	15	30	35	70	100
Savings	5	10	45	90	100
Chance of getting bank loans	2	4	48	96	100

TableIII reveals that in the post NHG stage, 80% of the sample respondents have an increase in their monthly household income .70%of the respondents can make increase in their savings.70% respondent have acquired asset holding capacity because of their involvement in NHGs. 96% of the respondents reported that the chance of getting bank loans are improved.

CONCLUSION

It has been proven beyond doubt that interventions through NHGs can make a big change in living standards, through regular savings, improved levels of family earnings, expanded assets and better socio political access, thereby reducing vulnerability and poverty and contributing to a wide range of development goals.

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