

# How Kudumbasree Forged A Massive Network of Neighbourhood Groups

**Micro Politics and the Strategies of Mobilisation of Women in Kerala**

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**Lateral Studies Series on Kudumbashree**

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**CDS**

Thiruvananthapuram

**HOW KUDUMBASREE FORGED A MASSIVE NETWORK OF  
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MICRO POLITICS AND THE STRATEGIES OF  
MOBILISATION OF WOMEN IN KERALA**

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## ABSTRACT

This paper raises a fundamental question that has gone unnoticed in the vast literature on Kudumbasree. What enabled Kudumbasree to mobilise women into Neighbourhood Groups (NHG) rapidly and in a seemingly organic and painless way? It is believed that the conditions for mobilisation of women were already in place in Kerala owing to women's familiarity with mobilisation through the literacy movement and the people's plan campaign as well as a history of public action led development. The development policy literature underlines women's demonstrated ability to conserve resources and make them go a long way which makes them desirable and potentially efficient agents of development programmes. Arguably, however, for group activity to be sustainable, women must be able to function credibly as 'managers of savings and debt', not only their own but also those of the other members of groups, which even at the level of small groups could be a task that requires a fair amount of specialised competence without which groups will dissipate in the face of conflicts. The model of thrift and credit groups that was popularised in India in 1992 through NABARD's SHG-bank linkage programme differed from the well know Grameen bank model. Under the NABARD initiative, agencies that promote groups are not MFAs in the typical sense. Most NGOs and Kudumbasree functioned as Self Help Promotional Institution (SHPIs) promoting groups and linking them to banks either directly as bank clients or indirectly by taking bulk loan from the banks for disbursal to SHGs. This called for greater skills in management of savings and debt by women in thrift and credit groups. In 2008 as I conducted field work, it became apparent that Kudumbasree was able to sustain NHGs and attain bank linkage with relative ease where NGOs were active in supporting SHGs and it faced its biggest challenges where there was little or no NGO activity. Kudumbasree's mobilisation strategy varied according to the political context at the local level as it exercised pressure on SHGs to shift affiliation from NGOs where the Left parties were dominant but as more accommodative of NGO group promotion activity and even relied on them to mobilise members where the social terrain presented seemingly insurmountable challenges for sustainable mobilisation. This raised the question of how Kudumbasree may have benefited from drawing into its fold a critical mass of women who as part of NGO affiliated SHGs were already familiar with structured thrift and credit activity.

**Keywords:** Kudumbashree, micro-credit, mobilisation of women, skilldevelopment, gender stereotypes.

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## 1. Introduction

Kudumbasree is considered to be a model for state-guided initiatives of collectivisation of women for the enhancement of the livelihoods of poor families but its present-day significance goes well beyond this. Not only is it a byword in development circles for its role in the implementation of welfare programmes but it also channels an army of volunteers/workers for local government activities and serves as a notable entry point for women representatives into local governance. The programme was formulated in 1998 by the Government of Kerala as a mission to eradicate poverty by reaching out to women. It was modelled on poverty alleviation experiments initiated in Allapuzha municipality in 1992 and rural Malappuram in 1994.<sup>1</sup> The effectiveness of Kudumbasree in enhancing livelihoods or ‘empowering women’, as the programme claims to do, are contentious issues that need not detain us here.<sup>2</sup> The purpose of this paper is to address a more fundamental question. How did a massive statewide network of thrift and credit groups gain traction under Kudumbasree in a relatively short span of time or what enabled Kudumbasree to mobilise women into Neighbourhood Groups (NHG) rapidly and in a seemingly organic and painless way?

The model of thrift and credit groups that was popularised in India in 1992 through NABARD’s SHG-bank linkage programme differed from the well known Grameen bank model. The Grameen bank is a Microfinance Agency (MFA) that lends directly to individuals, contingent upon their membership in groups affiliated to it and provides administrative support which reduces the monitoring costs of Self Help Groups (SHG). Under the NABARD initiative, SHGs are directly linked to banks and recognised as bank clients and agencies that promote groups whether Kudumbasree or NGOs are not MFAs in the typical sense. In Kerala, only a few NGOs adopted the Grameen bank model. Most NGOs and Kudumbasree functioned as Self Help Promotional Institution (SHPIs) promoting groups and linking them to banks either directly as bank clients or indirectly by taking a bulk loan from the banks for disbursement to SHGs.<sup>3</sup>

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- 1 Kudumbasree’s Community Development Societies evolved out of the Community based nutrition programme initiated by the government in association with UNICEF in Allapuzha in 1991. See Kadiyala (2004) and John (2008) for the major milestones in its evolution.
  - 2 The evidence on this is mixed. Critical accounts indicate the need to be cautious especially against making overarching inferences in view of its state managed welfarist orientation as well as the political control exercised over the programme and its variations across panchayats (see Kadiyala, 2004, Devika and Thampi, 2007, Williams et al, 2011).
  - 3 Kudumbasree refers to its thrift and credit groups as NHG’s not SHG’s as they were expected to be community based organizations with a bigger welfarist role.

Kudumbasree relied on promotion of thrift, credit and microenterprise activities as a strategy for mobilisation of women into NHGs, which were expected to function as community-based organisations in a wider sense. Mandatory group formation and rapid scaling up had narrowed the focus of NHGs to thrift and credit societies at the cost of wider community-level outcomes and had compromised the quality of trainings (Kadiyala, 2004: 46). But the NHGs were observed to be working well as thrift and credit societies as early as 2003. With a minimal bureaucracy at the state and district levels, the Kudumbasree mission expected learning to coalesce organically through the coming together of resources available in the local context, providing little by way of close hand-holding to NHGs.<sup>4</sup> The early experience of NGOs working as SHPIs, which we recount later in the paper, suggests that close hand-holding was a prerequisite for transfer of skills necessary for thrift and credit activities. How then did NHGs achieve these skills even to the extent that they did?

It is believed that the conditions for mobilisation of women were already in place in Kerala owing to women's familiarity with mobilisation through the literacy movement and the people's plan campaign, as well as a history of public action-led development. These factors may have eased the process of mobilisation. Microfinance programmes have drawn upon widely prevalent stereotypes of women as ideal subjects of thrift and credit programmes emerging from an ingrained capacity for thrift and predisposition towards discipline on account of their social roles as managers of poor households. The development policy literature underlines women's demonstrated ability to conserve resources and make them go a long way which makes them desirable and potentially efficient agents of development programmes. Stereotypes are self-reinforcing therefore women's willingness to submit to authority and their propensity for thrift may be continuously reproduced through socialisation.

Arguably, however, women may require more than a capacity for discipline combined with a propensity for thrift and a familiarity with collective action to come together effectively in sustainable thrift and credit groups. For group activity to be sustainable, women must be able to function credibly as 'managers of savings and debt', not only their own but also those of the other members of groups, which even at the level of small groups could be a task that requires a fair amount of specialised competence sans which groups will dissipate in the face of conflicts. Simply because members self-select to come together to form groups, it would be naïve to assume that 'trust' is transposed readily from a social context to thrift and credit groups. Dissatisfaction could arise ex-post from several factors and raise the monitoring costs.

Two categories of skill could be crucial for working effectively and sustainably in thrift and credit groups. First, a set of technical skills related to the management of savings and debt, which

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<sup>4</sup> In her recent work, Agarwal (2018) explains the success of farming JLGs of Kudumbasree, (which performed consistently better than individual farms in terms of annual productivity and profitability and also exceeded state averages in net returns to farms) at least partially to technical training and support from the Kudumbasree mission and network. It is unclear however how much this is specific to agricultural schemes of Kudumbasree as the programme has maintained a huge emphasis on reviving agriculture and has succeeded in leasing in a large swathes of uncultivated agricultural land.

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includes the laborious and meticulous task of bookkeeping and accounting that are premised on a certain amount of structured learning. Second, are the less tangible but no less important competences that we associate with leadership, which include the ability to bring people together, coordinate activity and take decisions in a transparent, accountable and mutually beneficial way. Leadership skills are crucial because they serve to resolve friction and conflicts in a credible way and enable the building of trust. Members may not all understand accounting principles and or be comfortable with the criteria for lending and repayment. Therefore, in the course of functioning, ‘trust’ is likely to be called into question constantly and would need to be re-negotiated and re-affirmed.

This paper will draw upon material generated through a study of multiple memberships in thrift and credit groups that was undertaken in 2008-09 and covered all the fourteen districts of Kerala. I had the opportunity to speak to office bearers of NGOs, district level Kudumbasree officials and resource persons as well as women in groups affiliated to varied SHPIs across the state. The analysis also draws upon two structured databases, information reported by SHPIs regarding their activities and a sample survey of 300 thrift and credit groups affiliated to a diverse set of SHPIs and drawn from two taluks of each of the 14 districts. I will also draw upon an evaluation of the special tribal project in Attapady undertaken in 2016, a project that was initiated specifically to include the ST population in the Kudumbasree network through revised conditions related to group formation and thrift and credit activity. The latter provides indications of the nature of failure encountered on the social margins. Further, the paper analyses district-level data about annual mobilisation of NHG’s from the Kudumbashree.

As I conducted fieldwork to understand the extent of multiple memberships in SHGs and its effects on the sustainability of groups, it became apparent that Kudumbasree was able to sustain NHGs and attain bank linkage with relative ease where NGOs were active in promoting SHG’s and it faced its biggest challenges where there was little or no NGO activity. Kudumbasree’s mobilisation strategy varied according to the political context at the local level; Kudumbasree sought to force SHGs to shift affiliation from NGOs where the Left parties were dominant but elsewhere it was accommodative of NGOs. Where the social terrain presented insurmountable challenges, Kudumbasree even relied on NGO’s to promote groups. On reflection, this raised the question of how Kudumbasree may have benefited from drawing into its fold a critical mass of women who as part of NGO affiliated SHGs were already familiar with structured thrift and credit activity.

Kudumbasree confronted the greatest challenges on the socio-spatial margins. Visible among them were spatial clusters among the Scheduled Tribes (ST) in the highlands, fishers in the coastal sector and the urban poor in slums but there were also systematic exclusions of women from the Scheduled Castes (SC)s and some of the poorest households. In the coastal sector, even where NGOs were active, Kudumbasree struggled to sustain mobilisation. Difficulties in mobilisation on the social margins were exacerbated by livelihood conflicts and acute resource scarcity as the stress and strain of

everyday lives could spill over and lead to dissipation of groups. Further, stereotypes of women as ideal subjects of thrift and credit had much less traction among these groups as gender norms were considerably at variance with the mainstream.

To appreciate more fully what the mobilisation of women under Kudumbasree has entailed and to better understand its continuing struggles we need to de-naturalise the skills that are required for effective functioning in thrift and credit groups and to bring into view the processes that imparted those skills. The skills involved need to be recognised as the product of formal and informal processes of learning.

In the following section, I will consider some of the implications of the distinctive model of thrift and credit groups adopted by Kudumbasree and its incorporation into the bank linkage programme initiated by NABARD. Next, over sections 3 & 4 I will take up the question of how Kudumbasree was able to mobilise women with relative ease in some areas but not in others and unravel the strategies that it used to bring women under its fold. I substantiate my argument about the significance of previous mobilisation by NGOs with reference to the difficulties faced by Kudumbasree in the coastal sector and in areas where NGOs were not active in mobilising women. In section five, I point to the failure of Kudumbasree to gain a foothold among the tribal populations and draw some lessons from a more recent project under the NRLM to mobilise ST women in Attapady using a very different model that is more sensitive to local demands.

## **2. Thrift and Credit groups, Joint Liability and Monitoring Costs**

Lending to thrift and credit groups is expected to be more efficient than direct lending to the poor as groups are bound by 'joint liability' of members which potentially solves problems of adverse selection and moral hazard and reduces the risk of non repayment of loans when group members' self select on the basis of information available to them about peers, which banks do not possess. Groups are expected to have lower monitoring and enforcement costs because unlike banks which can only use economic penalties, they can use social penalties which are believed to be effective.<sup>5</sup> But lowering of monitoring costs for bankers could correspond to an increase in costs borne by group members especially for the poorest and lowest caste members, which, however, may be addressed by providing the necessary administrative support to groups (Rao, 2008: 1219).

NHGs are expected to draw members from the immediate neighbourhood but because they are bound by joint liability, they could exclude the weakest households in the local communities whose ability to save regularly and to repay loans is questionable. SHGs and NHGs were not conceived of as groups of women with complementary skills that are necessary for initiating group micro-enterprises.

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<sup>5</sup> For a review of literature on the efficiency of joint liability lending to the poor and to women see, Rao (2008), who also points out that the empirical literature is divided on the implications of joint liability for the poor; some studies suggest that micro credit reaches the consumption poor but not the land poor and vulnerable while some others argue that the more privileged among the rural poor benefit the most and this increases inequalities.

At the time of fieldwork, some of the NGO SHPIs had set up activity groups or Joint Liability Groups (JLGs) specifically for micro-enterprises and these were organised into entrepreneurial clusters. The JLGs were constituted based on mobilisation into SHGs but one level removed from them, i.e., members belonging to different SHGs could come together as a JLG to undertake a micro-enterprise activity. Kudumbasree too had begun to constitute JLGs and entrepreneurial clusters.

Monitoring costs borne by thrift and credit groups varied according to the manner in which they were linked to the bank under the NABARD programme. The NABARD initiative recognised thrift and credit groups as bank clients who could be linked directly to banks after they had been ‘graded’, i.e., assessed for competence in engaging in structured thrift and credit activity. The SHPIs functioned as facilitators, promoting groups and mentoring them to a level that would qualify them for bank linkage and assisted banks to grade the groups. SHPIs continued to ‘hand-hold’ groups and to provide services and training to upgrade skills. Joint liability enabled banks to shift the monitoring costs to the SHGs, but administrative and other support from SHPIs potentially reduced these costs.

In a variation of this mode of lending, banks had advanced ‘bulk’ loans to SHPIs for onward lending to SHGs affiliated to them. An NGO in Wayanad had negotiated a bulk loan of 1.5 lakh from the South Malabar Grameen bank in 1997 and because there was no system for scaling up such loans at the time and there was demand for credit, they approached a foreign bank and took 25 lakhs. By 2004, however, they were able to negotiate large bulk loans from the SMGB. Banks had given bulk loans also to the Community Development Societies (CDS) the panchayat level federations of the Kudumbasree programme treating them as akin to SHPIs.

This secondary mode of lending to groups referred to as indirect lending further lowered the monitoring costs of banks. Not only did one account suffice where the direct mode entailed multiple accounts but also the SHPIs undertook the work of credit disbursal, repayment and maintaining books and were responsible for repayment. To the extent that the SHPIs provided ‘hand-holding’, they absorbed the monitoring costs. In the case of NGOs that had sustained losses due to poor repayment, their staff admitted that it was because they had expanded SHGs without providing adequate training. Kudumbasree was worse off by this because unlike NGOs, which relied on organisers and field workers who were specifically trained to support SHGs, the CDS did not have specialised staff to provide administrative support.

The bulk loan mode had gained momentum quickly in Kerala only to face a push back as SHPIs found it difficult to enforce repayment.<sup>6</sup> Information reported by the SHPIs up to the end of 2008 showed that 80 NGOs (out of a total of 134 that provided data) and 191 Kudumbasree Community Development Society (CDS), had current bulk loans from banks. The most cited examples of difficulties encountered with respect to repayment of bulk loans advanced to the Kudumbasree CDS were under the Bhavanasree scheme for house construction and for cooking gas connection. (discussed later)

<sup>6</sup> This was also the impression of some of the officials I had interviewed as pointed out for instance by the District Development Manager, Kannur.



The indirect lending format resembled the mode of lending adopted by MFAs such as Grameen bank, which mobilise savings of women and disburse credit from their own sources of capital. When the MFA lends directly to the individual and enforces repayment, joint liability may be notional, more so when compared to direct bank linkage and skills necessary for management of savings and debt may not be imparted to women in groups. Among the SHPIs that operated in 2008, the Evangelical Social Action Forum (ESAF, which is now a bank) and a few other NGOs lent directly to individuals. There were also instances where we found that the MFA organised a large part of the bookkeeping and other accounting processes through its field-level organisers. From an ESAF SHG in Trissur we learnt that not only were the loans provided directly to members but also the members had to go to the office and submit information regarding family and property details of their household. Organisers attended meetings regularly and were instrumental in the mobilisation of savings and disbursal of credit. There were reports that members who had taken loans through ESAF groups came under acute pressure to repay. In an ESAF SHG in Trivandrum, we found that their registers were in the custody of the organizer, who brought them to the meetings. In such cases, group dynamic is severely undercut by members' relation directly with the NGO and members' interests are not vested collectively in the group.

### **3. NGO Activity and Mobilisation of NHGs**

At the time of fieldwork in 2008-09, especially in areas where NGOs were active in promoting SHGs, NABARD officials were of the view that a saturation point had been reached and the efforts to promote new groups merely re-mobilised women who were already members in one or other group. NGO representatives in Wayanad underlined this view saying women were already members in multiple SHGs of different NGO affiliations even before Kudumbasree started mobilising NHGs in the district because there were several NGO working in same areas.

Diverse types of agencies had embarked on the task of mobilising women into groups. They included government and co-operative sector agencies, NGOs and caste / religious organisations and political parties.<sup>7</sup> Whereas government agencies sought to transfer welfare entitlement through subsidised

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7 In the first category, Kudumbasree had the widest coverage across the state but there were other programmes which had a state wide reach such as SGSY (later transformed into NRLM) and ICDS, which were Central government programmes or concentrated on specific sectors such as Matsyafed and SAT which were programmes of the state fisheries department and agencies in the cooperative sector. NGOs that promoted SHGs as SHPIs formed the second category. Irrespective of their moorings, NGOs reached out to a cross section of women in terms of religious affiliation and social groups. The most frequently found SHPIs in this category were the social service societies of the diocese of the Catholic church which promoted groups with membership from across communities. In the third category, the largest number of groups were formed by the SNDP followed by the NSS and the KPMS but these agencies reached out to a relatively narrow section of women. Numerically small *jati* formations too were reported to have jumped into the fray. There was also the Amritanandmayi Trust, the Dharmasthala Trust and the Jamaat e Islami and others which had initiated group formation. Among the political parties, the Congress had the Janasree programme and the JSS, the party led by K R Gouri was engaged in group formation in parts of Alappuzha.

micro-enterprise loans, there was little doubt that mobilisation of women under Kudumbasree was also a means of fostering political affiliation.<sup>8</sup> Many of the NGOs had organic links to the community and promotion of SHGs was a means of maintaining their power and patronage. However, they needed to ensure that SHGs functioned effectively in order to recover their costs and support staff for training. For caste / religious associations and political parties, mobilisation of SHGs was a means to maintain or strengthen their spheres of patronage.

### ***3.1 Scale of Mobilisation of Thrift and Credit Groups***

At the end of 2008, there were more than 4 lakh thrift and credit groups in the state with a membership of more than 65 lakhs (Source: SHPIs).<sup>9</sup> This is a staggering figure considering that only one member of a household was permitted in a group (barring the Janasree programme). With a population of about 318,00,000 in 2008, it implies a very high density of membership. As membership is through self-selection, a section comprising affluent households usually exclude themselves from SHGs and a section of the poorest and most vulnerable households may not be represented because of structural barriers. Thus, it is apparent that the numbers would not square up unless we allow for the possibility of extensive multiple membership i.e., membership simultaneously in more than one group.

A breakdown of the principal categories of SHPIs showed that Kudumbasree reported about 1,80,000 groups, the central government's SGSY programme (currently the NRLM) had about 65,000 groups and other government agencies together had about 11000 SHGs (SHPI sources). The NGOs reported an affiliation of over 70,000 SHGs, SNDP reported 65,000 and NSS 7000 SHGs. The Janasree programme initiated by the Congress party claimed to have formed 26,000 groups. Discrepancies in these reported figures became apparent during the course of verification. The number of SHGs affiliated to NGOs and government agencies was not exhaustive because some of them did not provide data but there were also inaccuracies in the reported figures. Kudumbasree staff in some of the districts gave us multiple figures and explained this saying they were still in the process of verifying the number of groups.

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8 Kadiyala (2004: 44) observes that political parties and other organisations were aware of the vast potential of using NHGs to mobilise people and were trying to push their agendas through the NHGs.

9 I refer to data from two sources, a) the information submitted to us by SHPIs in the state regarding their activities (SHPI data) and b) data from a sample survey that we conducted (sample survey).

Though the NABARD programme was launched in 1992, the promotion of SHGs under various SHPIs gained momentum after 1995. A small number of NGOs had initiated their microcredit programmes prior to 1998. Analysis of our field survey data showed that nearly 10 % of thrift and credit groups affiliated to NGOs were formed prior to 1999 as against only 3 % of groups affiliated to Government agencies including Kudumbasree. The Kudumbasree programme was scaled up across the state in 1998. Our survey showed that while 40 % of SHGs in the NGO sector were formed between 1999 and 2003, 62% of groups of government affiliation were formed during this period. This was, therefore, a period of rapid expansion for groups affiliated to government agencies, especially Kudumbasree whereas expansion of NGO SHGs was a more gradual process that spanned a longer period of time.<sup>10</sup>

To illustrate my contention that Kudumbasree could expand rapidly at least partially on account of prior NGO activity, I compare the mobilisation of NHGs in Malappuram, a district where NGO activity was limited to the two eastern highland blocks, with Wayanad and Alappuzha, where NGOs had made considerable headway in mobilisation of SHGs by the time Kudumbasree started scaling up operations. Notably also in the latter districts, NGO and / or Kudumbasree officials drew my attention to a strong dynamic between NHGs and SHGs. The three districts varied spatially and in terms of social composition. Wayanad is a highland district with the largest STs population in the state whereas Alappuzha is a coastal district with a significant fisher population but only a tiny presence of STs. Malappuram is a Muslim majority district with sizeable Christian and ST populations in the two eastern blocks and a sizeable coastal population as well.

The figures in Appendix B from Kudumbasree's official database show that NHGs grew relatively fast in Allapuzha and Wayanad compared to Malappuram in the initial years (between 1998-99 and 2002-03). This data tells us only about the number of groups mobilised each year and because we don't have the numbers of NHGs that closed down, it is not possible to aggregate these numbers. However, John (2009: 37) found that about 25 % of registered NHGs in his sample were either not functional or had closed. This indicates that sustainability was a problem for Kudumbasree NHGs in 2008 when his fieldwork was done.<sup>11</sup>

Appendix B shows also that annual mobilisation peaked early in Wayanad (2001-02) and in Alappuzha (2002-03) but only much later in Malappuram (2012-13). The figures for Wayanad and all Kerala show two annual peaks. The second annual peak mobilisation in Wayanad in 2012-13 was

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10 In our sample, 124 out of 145 groups under the government category were from Kudumbasree.

11 Of a sample of 260 NHGs, John (2009) found that 34 were non functional and 25 had closed down.

driven by mobilisation among ST groups without which the annual mobilisation in Wayanad would have been more gradual, after the first peak in 2001-02, and similar to that of Alappuzha. The peak mobilisation in Alappuzha in 2003-04 corresponded to peak mobilisation of coastal and SC groups. Mobilisation of SC and coastal groups in Alappuzha proceeded at a similar pace as other groups as is evident from the pattern over the years.

The Kudumbasree District Mission Coordinator in Wayanad acknowledged in 2008 that the formation of NHGs had been smooth (*rupeekaranam sukhakaramayirunnu*) because of the work done by the NGOs. An NGO representative in the district pointed out that Kudumbasree did not have to 'cut its teeth' in mobilising NHGs. Because NGO activity preceded it and proceeded alongside it, Kudumbasree was able to channelize a critical mass of women who already possessed skills necessary for thrift and credit activities into NHGs. But the figure for Wayanad in Appendix B shows that mobilisation of ST groups was not only more erratic than others but also that it peaks twice in the later years (2012-13 and 2015-16) underlining that a greater extent of mobilisation occurred in later years. This indicates the difficulties of mobilisation among STs even in a district with significant NGO activity.

Malappuram presents a sharp contrast to Alappuzha and Wayanad as mobilisation is skewed towards the later years and peaks only in 2012-13. Further, there is greater symmetry in the pattern of mobilisation of total groups and SC groups compared to coastal groups whose mobilisation is skewed disproportionately towards the later years. The District Mission Coordinator in Malappuram admitted in 2008 that mobilisation had lagged behind and that though there had been an intensive drive to make up for this, few NHGs had qualified for bank linkage. He placed the blame squarely on the previous UDF government which he alleged did not support the promotion of NHGs on account of Islamic strictures against usury.

Table 1 below too shows a correspondence between mobilisation of women by Kudumbasree and by NGOs. I have provided the district level population in the table to provide a sense of proportion to the number of NHGs / SHGs that were mobilised.<sup>12</sup> Alappuzha's population was a little over half that of Malappuram but in 2003 it had more NHGs than Malappuram. By the same yardstick, mobilisation of women into NHGs was disproportionately low in Malappuram. In 2003, Malappuram had the lowest number of SHGs, whereas Alappuzha had the largest number of SHGs.<sup>13</sup>

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12 Population of females is used as a crude indicator but it will suffice to convey my point here. The more appropriate indicator would be the ratio of NHG / SHG members to the number of households in each district. Thrift and credit groups were roughly of 20 members. Kudumbasree groups had a larger number of members but were required by the 2008 byelaw to not exceed 20 members. Though there was some variation in the number of members, this was not systematic.

13 At a meeting where I presented my findings before NABARD officials in Trivandrum, the CGM substantiated this observing that he had just returned from a visit to Malappuram and at a meeting with NGO officials in the district, all the officials present were from NGOs working in Kozhikode.

**Table 1: Thrift and credit groups according to affiliation in select districts, December 2008**

District	Thrift and Credit groups			Membership in thrift and credit groups, Dec 2008		Population, Census 2011	
	Kudumbasree		NGO, Dec 08	Kudumbasree	NGO	Female	Total
	2003*	Dec 2008					
Alappuzha	9325	14116	10154	284932	159868	1111691	2121943
Malappuram	6086	15266	913	347578	15667	2149942	4110956
Wayanad	5465	7493	4831	114199	77100	415244	816558
Kasargod	4123	6037	2608	130324	42341	675983	1302600
All Kerala	114844	182051	71493	3455072	1089332	17366387	33387677

Source: SHPI data; \*Kadiyala (2004).

In 2008, Malappuram had a larger number of NHGs and membership therein compared to Alappuzha and Wayanad but this must be seen in proportion to its population. Though the data for SHGs is only for 2008, it is apparent that Alappuzha and Wayanad were far ahead of Malappuram in NGO activity. Wayanad's population was less than one fifth that of Malappuram. In view of this, Wayanad has a substantial presence of NHGs in 2003 and 2008, as well as NGO promoted SHGs in 2008. In achieving a head start in mobilisation of NHGs in Alappuzha and Wayanad, the Kudambashree missions may well have benefited from NGO activity.

The promotion of SHGs by NGOs was highly uneven in the state (Appendix A) but also within districts. In Malappuram for instance, NGOs were active in the two eastern highland blocks, which had a large settler Christian population and the diocese societies of the church as well as other NGOs promoted groups under the NABARD programme. By 2008, Kudumbasree had promoted a sizeable number of NHGs in Malappuram but the absence of SHGs in all but the eastern highland blocks may have affected the sustainability of groups and their progress towards bank linkage (discussed later).

I also provide figures for Kasargod in Table 1 above as it was noticed during fieldwork that in the coastal tracts unlike the midland and eastern highlands of the district, the absence of previous NGO group promotion activity coincided with Kudumbasree finding it extremely difficult to sustain mobilisation of NHG's. In contrast, in some of the coastal areas of Kannur and Kozhikode where there was intensive NGO effort to promote groups, Kudumbasree too was more successful.

### ***3.2 Pace of Mobilisation***

The growth pattern of SHGs under several NGOs, whose staff were interviewed, is instructive of the process through which skills were developed and the importance of those skills. NGOs started by promoting only a small number of groups and expanded gradually employing staff to monitor and mentor groups. MACTRA, which works in the coastal sector in Kozhikode, promoted six groups in

2001 and trained them over two years. In 2003, the organisation took up a project with funding and had subsequently worked in 34 fishing villages. They had formed 84 women's SHGs by the end of 2008 of which less than half were bank linked and even fewer had started micro-enterprises. RASTHA in Wayanad began with three groups in 1993, and it took three years for them to move to double digits and five years to get to triple digits. After this point they were able to mobilise groups at a swift pace but the total number did not exceed 1200. GSGSK in Alappuzha, which at its peak had over 4000 groups, found it almost impossible to mobilise women when they began in 1997. They reached out to a respected local school teacher (who later became a panchayat president) to assist them. In the first years, the staff was frequently required to intervene to prevent dissipation of groups but a demonstration effect set in after the tangible benefits of groups activity became apparent.

A measure of the difficulties of mobilisation is evident in the struggle encountered by NGOs despite the fact that some of them had been engaged in development work in their respective regions for several decades and therefore had already developed substantial social capital. GSGSK in Alappuzha started work in 1958 and was closely involved in the cooperative movement. Sreyas in Wayanad, which had 2800 SHGs in five districts of Kerala, had a 30-year background in development work and like other social service societies of the church diocese across Kerala had promoted credit societies for nearly two decades prior to initiating SHGs. The Diocese based social service societies of the Church across the state began promoting SHGs under the NABARD initiative by expanding their membership to cover women from all communities. Two points emerge from this discussion, one that it had been a struggle to generate trust among women to take up thrift and credit activity and two, that the NGOs were able to transfer skills to members of SHGs because they mobilised women through a concerted process before scaling up.

Unlike Kudumbasree, however, NGOs could pick and choose. NGOs had the flexibility to hone their activities according to their resources and capacity and this was reflected in their scales of operation. About 40 % of NGOs had affiliated between 100 and 500 SHGs, a quarter of them between 500 and 2000 SHGs and only 7 % had over 2000 while another quarter of the NGOs had less than 100 SHGs (Source: SHPI).

Analysis of survey data on the numbers of women who had membership simultaneously in NGO SHGs and Kudumbasree NHGs supports our contention of spillover of skills. Close to half the group members surveyed had membership simultaneously in two or more groups. Nearly 80% of groups had at least one member who had membership in at least one other group. The incidence of multiple membership was higher in NGO SHGs i.e., 65 % of members in SHGs affiliated to NGOs had multiple affiliations as against 33 % of members in groups affiliated to government agencies. But nearly 70 % of the additional memberships reported were with Kudumbasree (agency of second or third affiliation).

A quarter of the groups in the sample had overlapping affiliation, i.e., they were affiliated at the same time to two agencies – 14 % of our sample from Kudumbasree had overlapping affiliation as

against 40 % of the sample from NGO SHPIs but 70 % of overlapping affiliation of NGOs SHGs was with Kudumbasree. On the issue of switching affiliation, only 10 % had experienced desertion of members explicitly to join another group (though 70 % of such desertions were to join Kudumbasree) (source: SHG survey). In a few instances, NGO representatives said SHG members who had switched affiliation were disillusioned and had returned to their original affiliating NGO.<sup>14</sup>

One of the explanations given for the undesirability of multiple membership was that it would promote financial indiscipline by making it possible for a woman to access multiple bank linkage loans at the same time. It was feared that this would lead to problems with repayment. However, among women who had membership in more than one thrift and credit group, less than 10% in the NGO sector had concurrent bank loans through different affiliating agencies (double dipping). About 14% of women in NHGs had resorted to double dipping. This was attributed to the smooth flow of information within groups and also to explicit efforts by NGOs to prevent it.

### 3.3 NHGs, Bank Linkage and the Importance of Skills

During the fieldwork, we observed that it was precisely those areas where NGOs had not penetrated, NHGs promoted by Kudumbasree were either sparse, failed to engage in regular thrift and credit activity and/or had not attained bank linkage. Table 2 below provides support for this observation. The most important statistic is that only 32 % of total NHGs in Malappuram were bank linked. Further, only 36 % of NHGs in the district had been graded or were in a position to take loans, thus over 60 % had not attained the level of capabilities required for bank linkage.<sup>15</sup>

**Table 2: Progress in bank linkage of NHGs, April 2003 to March 2008**

District	Total NHGs		Bank Linked NHGs				Amount of loan (Rs in lakhs)	
			% of Total NGs		% of Graded NHGs			
	2008	2003*	2008	2003	2008	2003	2008	2003
Trivandrum	16744	11091	59	10	73	39	3922.45(07%)	292 (05.6%)
Alappuzha	13245	9325	76	15	99	60	5863.42(10%)	536 (10.3%)
Malappuram	14249	6086	32	08	88	—	1859.84(03%)	390 (07.5%)
Wayanad	7316	5465	74	19	90	37	4229.97(08%)	1005 (19.3%)
Kasargod	5561	4123	55	22	71	79	1590.86(03%)	106 (02.0%)
Total	185309	114844	50	13	81	64	55406.71(100%)	5204 (100%)

\* Total number of NHGs is for Jan 31, 2003; Computed from John (2008: 22-24) and Kadiyala (2004: 20, 52).

14 Interviews with GSGSK and Rasta office bearers.

15 See Appendix A for proportion of NHGs that had been graded.

By contrast, about 75 % of NHGs were bank linked in Alappuzha and Wayanad, both districts that were noted for NGO activity. In Tirur block in Malappuram there were few bank linked groups among the list of NHGs at the panchayat level. On inquiry, the CDS chairperson of a panchayat in Tirur told us that only about 10 per cent of Kudumbasree SHGs were bank linked. According to her, this was because members were from poor households and as working women, they were hesitant to take up income-generating schemes, for which the more attractive loans with a subsidy component were available.

However, in an eastern highland block of Malappuram which was also selected for our survey, we had no difficulty identifying bank linked groups. In this block, there were several NGOs promoting SHGs and they may have had an effect on Kudumbasree's relative success. That 88% of graded NHGs in Malappuram had received bank loans must be read in association with the possibility that graded and bank linked NHGs were unevenly distributed and may have been disproportionately in the two eastern blocks. In Kasargod, 55% of NHGs were bank linked which too speaks to their uneven distribution corresponding to the strong intervention by two NGOs promoting SHGs in the midland region and the presence of church-based NGOs in the eastern highlands.

The loan disbursal figures too support our hypothesis about the relationship between NGO activity and the ability of NHGs to reach bank linkage. In 2003, Wayanad accounted for nearly 20% of all loan disbursal in the state and Alappuzha for 10%. This indicates the early advantage these districts enjoyed with respect to mobilisation of NHGs and corresponds to the early initiation of NGO activity in them. With the progress of NHG mobilisation across the states, in 2008 Wayanad accounted for a much smaller proportion of loan disbursal. Malappuram accounted for 7.5% of loan disbursal in 2003 despite only 8% of total NHGs being bank linked. There is a strong possibility of spatial clustering of these NHGs. With the progress of bank linkage, however, in 2008 Malappuram accounted for only 3 % of loan disbursals, whereas Alappuzha accounted for 10% and Wayanad for 8%.

The inability of Kudumbasree to sustain groups in the absence of prior NGO activity had other implications. For instance, Matsyafed had mobilised some groups in coastal Tirur but we found heavy dependence on moneylenders while interacting with one such group. In this area, scarcity of resources was starkly apparent for houses were very close to the coast and were in a poor condition with frayed roofs using dried coconut fronds. Money lending was so institutionalised that each day of the week was set aside for one agent who would visit the area, collect dues and provide new loans or renew old ones. These agents were referred to as *annans* (a reference to Tamil speaking agents) and each was designated by the day of the week (Monday, Tuesday etc.) that was set aside for them. A woman in the group had six ongoing loans each from a different *annan*. When I sought to take pictures of the yellow cards on which moneylenders maintained accounts, the group members expressed reservations. They said the *annans* were their only source of respite when they were in need of cash and hence did not want harm to befall them.



Clearly Kudumbasree was not oriented towards mobilising groups in areas where it was difficult to do so which were also the regions with a pronounced deficit of development. These were regions/social groups that it may not have been reasonable or even ethical to address in a one size fits all mode and therefore Kudumbasree needed to develop a set of tools that would be honed to the social and economic distinctness of these regions.

By the end of 2008, 60 % of NGO SHGs were bank linked (had received at least one loan) whereas about half of the NHGs were bank linked (source: SHPI data). However, the gap between SHGs and NHGs may not reflect the lack of preparedness of the latter considering the following factors. NGOs shouldered greater risk either through the bulk loan process where they were responsible for repayment or listed their reputations in the case of direct linkage, where they carried out the process of grading on behalf of the banks. Bank officials but also Kudumbasree staff and resource persons admitted that repayment of bank loans was irregular and the desirable discipline with respect to thrift and credit activity had not been achieved. The average ratio of repayment by groups in our sample survey (using the number of loans that were repaid on time divided by the total number of loans) was 99.3 per cent among NGO SHGs and 91.8 per cent for groups affiliated to Kudumbasree and other Government agencies (source: SHG survey). This was despite the fact that NHGs had adopted ways to ensure prompt repayment of external loans by using their internal resources. Loans taken from internal sources were repaid with less regularity. We noticed from the books of the NHGs that interest on internal loans was paid more or less regularly but in many cases the principal was not repaid for weeks and even months on end. There was also a tendency to repay in bulk and in some cases to follow this up by taking another larger loan.

The Kudumbasree missions attributed the problems encountered with repayment of Bhavanasree loans to poor accountancy skills and an inadequate understanding of interest principles. Problems were also reported in repayment of subsidised loans for cooking gas. In one instance, the CDS chairperson did not maintain records of repayment of the cooking gas loan and she died.<sup>16</sup> In this situation, members claimed that they had already repaid the loan. The panchayat resolved the matter temporarily by using its funds to close the loan.

Some of the specific reasons stated by Kudumbasree personnel were that one, the CDS did not have a system to pass on the penalty for defaulting on interest payments to the defaulters alone and two, where interest rates were flexible the CDS was not aware of interest rate changes and the penalty had accumulated in their books. An NGO in Palakkad reported that it had been unaware of a rise in the interest rate as the bank had not informed it, hence it continued charging SHG members a lower interest rate than it was charged by the bank. It had to raise interest rates substantially from 8.5 per cent to 13 per cent to recoup the deficit from members.

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16 Interview with a Kudumbasree resource person, Kozhikode.

The problems encountered by the CDS only underline the lacunae in the system which had a bearing on the ability of the programme to build the capabilities of women. Illustrating the point about inadequate training, a Kudumbasree resource person in Kozhikode said groups from Kudumbasree and an NGO were considered for the highly subsidised assistance for micro-enterprises under the Tsunami Emergency Assistance and relief programme, which involved 20 lakhs of which 18 lakhs was subsidy, but the Kudumbasree groups were rejected because of their poor bookkeeping.

#### 4. Strategies of Mobilisation

The process of mobilisation of women under Kudumbasree was neither harmonious nor painless but the experience varied. Kudumbasree launched an aggressive campaign seeking to draw members away from NGO affiliation by threatening to deny them welfare entitlements if they did not switch membership. NGOs were drawn into conflict with Kudumbasree increasingly after the latter began to upscale its operations. However, Kudumbasree itself became a bone of contention between the CPI (M) and the Congress party. The CPI (M) was believed to exercise a disproportionate influence over it, linked to its stronger presence at the local self-government level. This had led the Congress party in 2008 to float Janasree, a programme with thrift and credit groups that were referred to as *kudumba kootayma* (family groups) and allowed membership of all family members. Where the left parties were dominant, there was hostility towards NGO activity and an aggressive effort to draw women away from SHGs into NHGs. In other areas, Kudumbasree officials even acknowledged the contribution of NGOs in easing the mobilisation process.<sup>17</sup> In the coastal region, where Kudumbasree faced its toughest challenge in mobilisation of NHGs, it selectively accommodated NGOs or at least did not act against them or seek to weaken them.

In areas of left dominance, Kudumbasree took the position that women must renounce previous memberships in SHGs before joining an NHG, resorting to a measure of force to ‘persuade’ women. This was legally untenable and as NGO office bearers pointed out, it created confusion about the legality of NGO SHGs (*angekaramilla enna pracharanam*). It was refuted only in 2008 when a new standardised by-law was introduced which constituted membership in NHGs as a right. Previously there were different by-laws for urban and rural areas and panchayats were allowed to make changes in them. Taking advantage of this, in left dominated panchayats, Kudumbasree had insisted that women either switch affiliation or forgo welfare entitlements. SHG members from many such panchayats reported having been denied benefits.

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17 Williams et al (2011) observe that in a left dominated panchayat in Palakkad, Kudumbasree was subject to the power of the CPI (M) whereas in a panchayat in Wayanad with a mixed political party composition there was much greater scope for independent action by women. In the Wayanad panchayat, they also note that NGO-based savings-and-credit groups had been active long before Kudumbashree’s launch.

Kudumbasree generated a tangible threat perception in panchayats with a strong left presence leading to mutual suspicion, acrimony and competition with NGOs. The district mission co-ordinator of Kudumbasree in Alappuzha alleged that a local NGO that had made significant strides in promoting SHGs harboured its own 'agendas' which were inimical to egalitarian development and that the banks discriminated against Kudumbasree and favoured the NGOs in giving bulk loans. Senior Kudumbasree functionaries made a distinction between NGOs and caste associations saying that membership in NGO affiliated groups could not be countenanced but caste associations could not be seen in the same light because people were linked to these associations through social ties involving birth, marriage and death. In Alappuzha, an NGO representative alleged that there was tacit understanding between Kudumbasree and the SNDP.

In one instance, left-aligned panchayats had accommodated the SHGs of an NGO when they faced stiff resistance from women. In 2000, an NGO working in adjacent panchayats in Alappuzha and Ernakulam districts came under pressure from the panchayats. The Executive Director said the NGO had previously worked closely with the same panchayats in the planning stage of Kudumbasree. The NGO maintained a focus on political empowerment and in the previous elections 56 of their members had contested the local government elections and 26 of them had won. When Kudumbasree launched an aggressive campaign, members of SHGs affiliated to this NGO successfully challenged the panchayats and were allowed to have dual membership. They told the panchayat officials to pay off their loans first if they wanted them to shift affiliation but also stood their ground saying 'we know how to get our entitlements'<sup>18</sup>.

Hostility from Kudumbasree affected the work of NGOs. An NGO in Alappuzha lost about 500 of them whereas an NGO in Wayanad lost a higher proportion of groups. NGOs in Trivandrum, Wayanad and Palakkad sustained financial losses because groups shifted affiliation to Kudumbasree without repaying loans. The office bearer of an NGO in Wayanad said repayment rates began to fall in 2003 and after Kudumbasree they had to enforce surveillance, yet there was no clear mechanism to enforce repayment. The NGO had reduced its involvement because its officials felt their genuineness had been questioned.

Under pressure from the expansion of Kudumbasree, NGO representatives underlined the importance of a 'strong system' in maintaining repayment rates. But by 2008, NGOs had begun to adapt and to find a new rhythm. The Director of GSGSK, Alappuzha said that competition with Kudumbasree had pushed them to think innovatively, to strengthen their own system and to come up with interventions that lent greater depth and quality to microfinance. He also pointed to the demonstration effect with regard to good practices such as the activity groups, cluster development and auditing. WWA in Wayanad converted the moment into an opportunity to review their programme

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18 Interview with the Executive Director of the NGO.

and to turn to consolidate in terms of depth of activities, in particular, micro-enterprise promotion, rather than expand horizontally in terms of number of groups.

Where the left parties did not have a stranglehold over the local body or community based political forces had a strong presence, NGO SHG members were accommodated in NHGs. This was reiterated by NGOs working in different parts of the state. In Wayanad, a Kudumbasree official joked that they would be the ones to lose members if they sought to prevent women from participating in NGO SHGs. In a rare case, all the groups under an NGO, SHPI working on a small scale in Kannur and Kasargod districts, were affiliated simultaneously to Kudumbasree and bank linkage was done exclusively through the latter. In another, an NGO in Idukki had ceased nurturing groups and had given up all its groups to Kudumbasree but not owing to hostility.

A third strategy adopted by Kudumbasree was to co-operate with NGOs in areas where it was unable to sustain mobilisation on its own. In the coastal region and tribal areas more intensive effort was needed to sustain groups than Kudumbasree was able to provide. In coastal Kozhikode and Kannur, irrespective of the political configuration at the local level, NGOs were active in promoting and nurturing groups and continued to do so. While the head of an NGO said their groups were not denied welfare entitlements but that they promoted groups only where Kudumbasree did not do so, the representative of another NGO pointed out that they had continued to mentor even those groups that had shifted to Kudumbasree. These NGO representatives said Kudumbashree was unable to mentor groups leading to dissipation.

## **5. Failure on the Socio-spatial Margins**

The failure of Kudumbasree to focus on the development margins was a serious failing as the programme was designed to eliminate absolute poverty. It was also conspicuous because of spatial clustering of some of the most marginal groups. Because Kudumbasree's outreach was expected to be statewide and because it was conceived of also as a channel of welfare entitlements, exclusions on the margins were extremely unfortunate. It may even be argued that rather than adopting a 'one size fits all' model, a programme that sought to eliminate poverty should have been better oriented towards the margins, developing on the considerable specialised knowledge of the underpinnings of development failure.

NGOs that specialised in mobilising groups in the coastal region had demonstrated the need for intensive and sustained efforts that could eventually contribute to building sustainable livelihoods through micro-enterprises. Whereas Kudumbasree recognised the merit of allowing these NGOs to operate, it did not step in with similar efforts in coastal regions / or other areas where NGOs were absent – for instance, in Malappuram, Paravur and Kasargod. NGOs were selective about their own areas of work, beginning in communities they had worked with and in areas where they had social capital and only gradually expanding. They had a highly uneven presence in the state. Therefore,

Kudumbasree could not depend on accommodation with NGOs to sustain mobilisation across difficult terrains.

The Attapady Tribal Inclusion Project (ATIP) initiated in 2014 (under the NRLM in association with Kudumbasree) acknowledged upfront the glaring failure of Kudumbasree to mobilise ST women.

Owing to the lack of recognition of the specific vulnerabilities of the tribal people and the failure to factor them into the design of Kudumbasree, the need to build capacities of tribal women necessary to enable them to draw and invest resources gainfully was neglected. Further, tribal women were easily subject to domination by women from socially privileged groups and not only remained outside the Kudumbasree network to a large extent but also grew wary of it (Mid-term evaluation report, 2016 p 3).

The ATIP dispensed with the one household-one-member concept and instead seeks to mobilize all eligible women members of a household into NHGs. Alongside promoting groups, the project also introduced community kitchens to address nutritional deficit of children, elders and pregnant and lactating mothers and began a programme for supplementary education for children who had dropped out of school. The project also strengthened the hands of women to deal with entrenched social problems like illegal sale and excessive consumption of alcoholism and child marriage.

At present, the Project enjoys credibility among tribal women and has taken the vital first steps necessary to prepare the ground for sustainable social and economic development... It has established the architecture of community institutions *exclusively* for tribal people and laid the foundations for tribal communities to assert their rights in the future. Through constant interaction and responsiveness, the project team has been able to build trust and has successfully mobilised women into community institutions.

Under the project, the number of NHGs grew from 110 in July 2013, with a membership of 1297 women to 572 in July 2016 with a membership of 7126 women which was estimated to at least 60 % of eligible women (Mid-term evaluation report, p 8, 2016). By the end of 2018, the number of NHGs was 686, which according to the MKSP staff accounted for 85 % of all women above 18 years<sup>19</sup>. The midterm evaluation report documents that many of the NHGs formed prior to 2014 dissipated because of frictions. Attapady has the largest concentration of STs in Palakkad. Appendix C too shows that group formation activity picked up significantly after 2014.

Evidently then, previous mobilisation directly under Kudumbasree had barely skimmed the surface. This was apparent from our fieldwork as well. An NHG that was part of our sample was the only surviving one in a tribal colony of over 100 households in Nilambur. An exclusively ST NHG

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19 Interaction with Project Staff in March, 2019.

which I interacted with was the only one in a fairly large settlement inside a plantation in Idukki and most of its members worked as wage labour on the plantation. Two of its members who held contract jobs in the local self-government were the mainstay of the NHG. The group has been forced to take a loan despite their reluctance. A previous experience with an income-generating loan to start a tea shop had failed and the group was left to mop up the loss using the group's savings and had closed the tea shop, unable to run it profitably.

Our analysis of survey data showed that 90 per cent of ST members had membership only in a single group whereas compared to half of OBC, general category and SC members (source: SHG survey). Membership in only one group was the lowest (30 %) among the OEC, a group that included Mukkuva, Latin Christians, some of the CSI members, Dalit Christians, Kusava, Shaliya and Kudumbi largely because coastal sector groups were allowed to register with Kudumbasree when they were already affiliated to NGOs.

The scale of mobilisation by Kudumbasree ensured that there was a greater representation of women from BPL households in its NHGs compared to NGO SHGs. In nearly 60 % of NHGs and other government-affiliated groups, more than 80 % of members were from BPL families compared to only a quarter of NGO SHGs (source: SHG survey). At the lower end, less than 20 % of members were from BPL families in nearly 20 % of NGO SHGs as against only 10 % of groups affiliated to government agencies. Over 85 % of government groups in our sample (124 out of 145) were from Kudumbasree. An important weakness of mobilisation by Kudumbasree was evident in the relatively higher dependence on moneylenders in the groups with over 80 % BPL membership as well as among SC and ST members. Among SC members, 35 % had outstanding loans from moneylenders as against 30 % of ST members and only 15 % of socially privileged groups (source: SHG survey).

There were Kudumbasree groups with at least 10 years of experience but still unfamiliar with the basics of bookkeeping. One of these groups in the highlands of Malappuram was entirely SC and there had been little effort to ensure continuous support to build up their skills. This group suffered misconceptions regarding the burden of interest on loans because they were unaware of how interest accumulates and is charged by banks. They had virtually given up internal lending because they had not been able to enforce repayment and their main register had not been filled up in a long time. A representation of the group said they found it too difficult and preferred maintaining essential transactions in a notebook. Such groups continued to be under the sway of moneylenders from Tamil Nadu. In Kasargod too where we surveyed an inland fishing group we found that they still depended quite heavily on money lenders.

Women approached moneylenders when they were in need of money, because of ease of access. Compared to this, the bookkeeping requirements of Kudumbasree were daunting (even for NHGs that were otherwise well established). The register of a Kudumbasree group of SC / ST members, surveyed in a highland block in Palakkad was incomplete and some of the entries indicated that the interest was

incorrectly computed. We were informed that they had not received any training from the CDS after they had been formed. Thus, a large proportion of NHGs mobilised in difficult social terrains tended to disintegrate in the absence of other sources of reinforcement of the needed capabilities.

## **6. Conclusion**

During the fieldwork, we observed a correlation between a strong presence of NGOs working as SHPIs and the ability of Kudumbasree to make significant advances in NHG promotion. There was an uncanny coincidence of areas with no NGO activity in SHG promotion and those with little or no NHG promotion. Three districts – Malappuram, Wayanad and Alappuzha – stood out and provided the basis for a comparison of NGO activity and NHG promotion. Distinctions in the experiences of promotion of NHGs in these districts were apparent from secondary data related to group promotion between 1998 and 2017 as well. Analysis of this data showed that group promotion had an early start in Wayanad and Alappuzha compared to Malappuram. In the case of Malappuram, group promotion was tilted towards the later years indicating slow promotion in the early years and/or a higher rate of dissipation. In Alappuzha and Wayanad the temporal pattern of group promotion suggested the reverse, that group promotion in the earlier years was more successful.

Large swathes of Malappuram district did not have NGOs promoting SHGs, and this coincided with few NHGs having attained bank linkage. Our analysis of NGO promoted SHGs in these districts supported the contention that there could be a relationship between the sustainability of NHGs and the presence of NGO activity. Malappuram with five times the population of Wayanad had only a fraction of its SHGs. We also found that three-fourths of all NHGs in Alappuzha and Wayanad were bank linked as against only one-third of NHGs in Malappuram. As bank linkage is based on the acquisition of skills necessary for grading, this is an important indicator of the differences in skills of NHGs in these districts.

Interviews with Kudumbasree mission officials, staff and key resource persons, as well as NGO office bearers, provided support for this pattern. More importantly, they revealed that Kudumbasree had leveraged power and resources at the panchayat level in varied ways to mobilise NHGs, resorting to threats of denial of welfare benefits to groups if they did not switch affiliation from NGOs in areas of left dominance to accommodation with NGOs in areas where community factors were more important or where the challenge of mobilisation was stiff as in the coastal sector. In the former areas, Kudumbasree officials sought to demonise the NGOs whereas, in the latter areas, there was greater synergy. The difficulties encountered by Kudumbasree in promotion of NHGs in the coastal sector, among the STs in the highlands and in the urban slums were pronounced. In some of these areas the Kudumbasree mission desisted from hostility towards NGOs and even sought to devolve benefits by accepting NGO groups as their own without switching membership.

**Acknowledgements:**

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## Appendix A

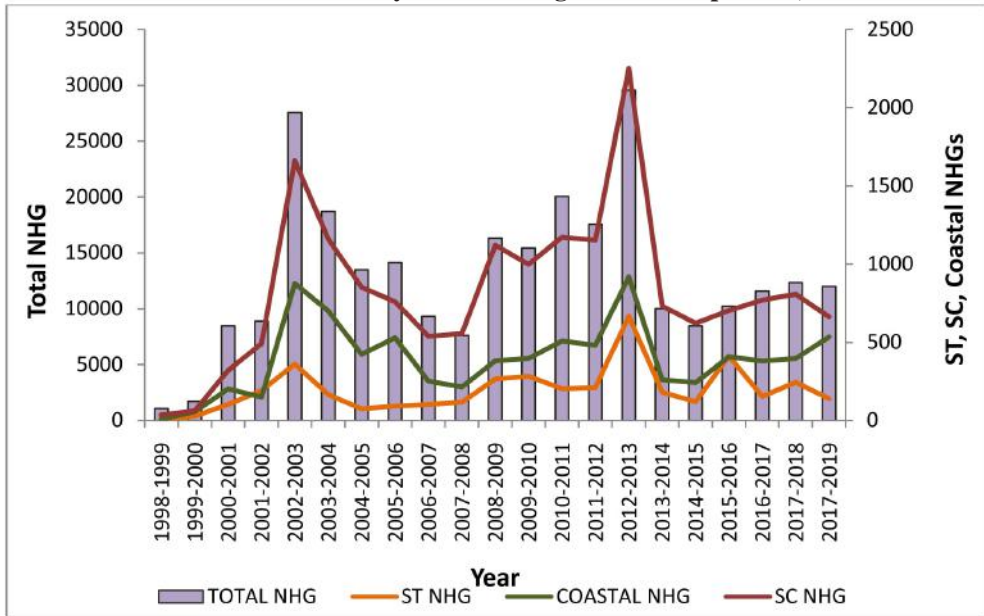
### Progress in bank linkage of NHGs, 2003 to 2008

District	No. of NGO SHGs	No. of NHGs		Graded NHGs		Bank linked NHGs	
		Apr 1, 2008	Jan 31, 2003	2008	Mar 31, 2003	Apr 1, 2008	Mar 31, 2003
Trivandrum	8865	16744	11091	13509	2935	9874	1147
Kollam	3823	12163	7150	9346	1631	9318	1382
Pathanamthitta	1979	6447	4587	4405	279	2694	498
Alappuzha	10154	13245	9325	10227	3372	10160	2014
Kottayam	7191	10916	7986	4338	1033	4062	566
Idukki	5108	9160	6929	4680	305	4470	901
Ernakulam	2651	12998	7113	10272	1333	8861	1333
Trissur	11151	15619	11402	8134	2213	7546	1854
Palakkad	5124	19848	7270	14240	766	11621	472
Malappuram	913	14249	6086	5174	326	4593	493
Kozhikode	2245	14394	9944	11666	1820	6740	1346
Wayanad	4831	7316	5464	6029	2855	5429	1065
Kannur	4850	10973	7320	8437	3509	4551	1131
Kasargod	2608	5561	4123	4304	1163	3059	923
Urban		13329	7863				
Tribal		2347	1190				
Total	71493	185309	114844	114761	23540	92978	15125

Collated from John (2008: 22-24) and Kadiyala (2004: 20, 52). NGO SHGs from Kodoth (2009).

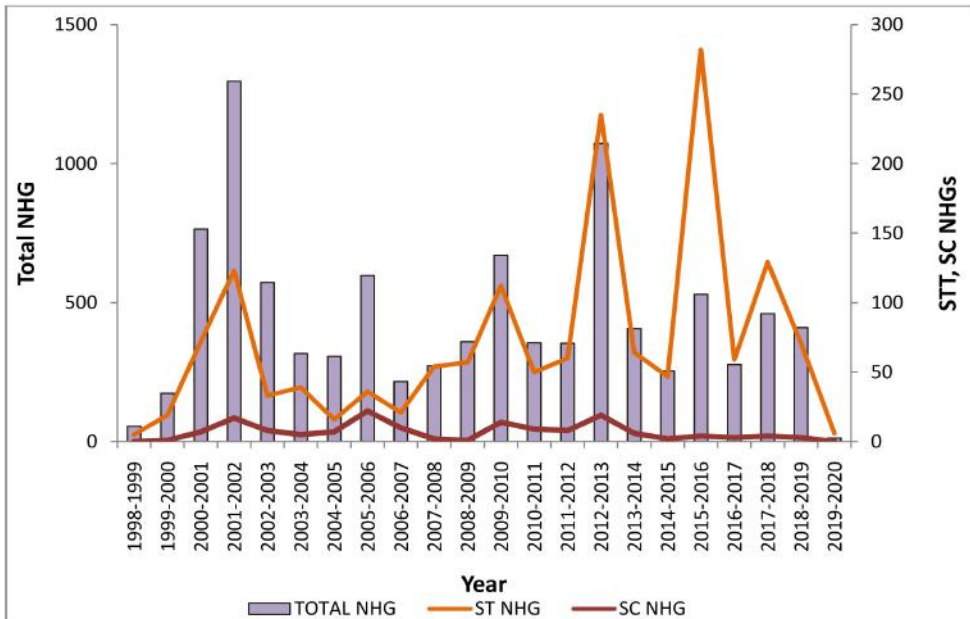
Appendix B

Total NHGs formed annually and according to social composition, all Kerala



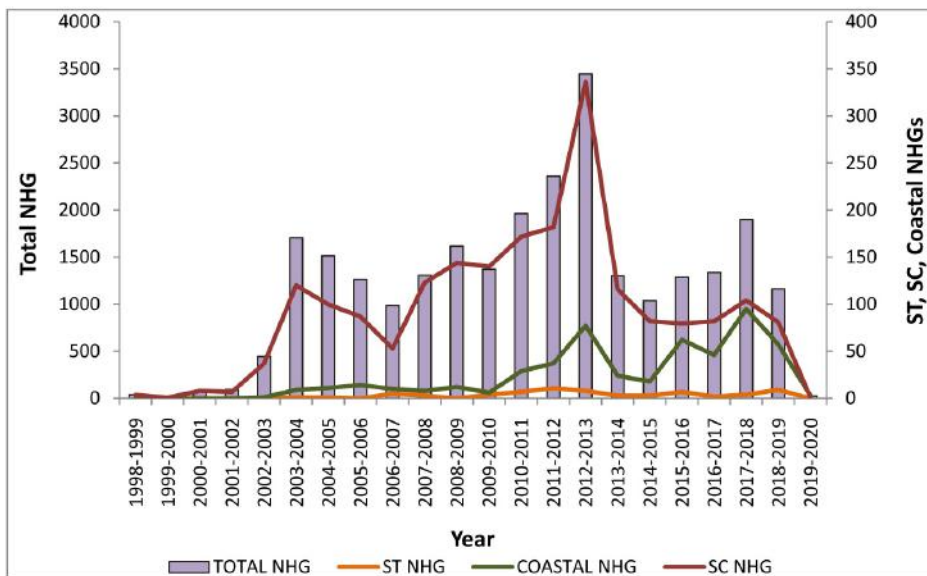
Source: Collated from kudumbashree.org

Total NHGs formed annually and according to social composition, Wayanad



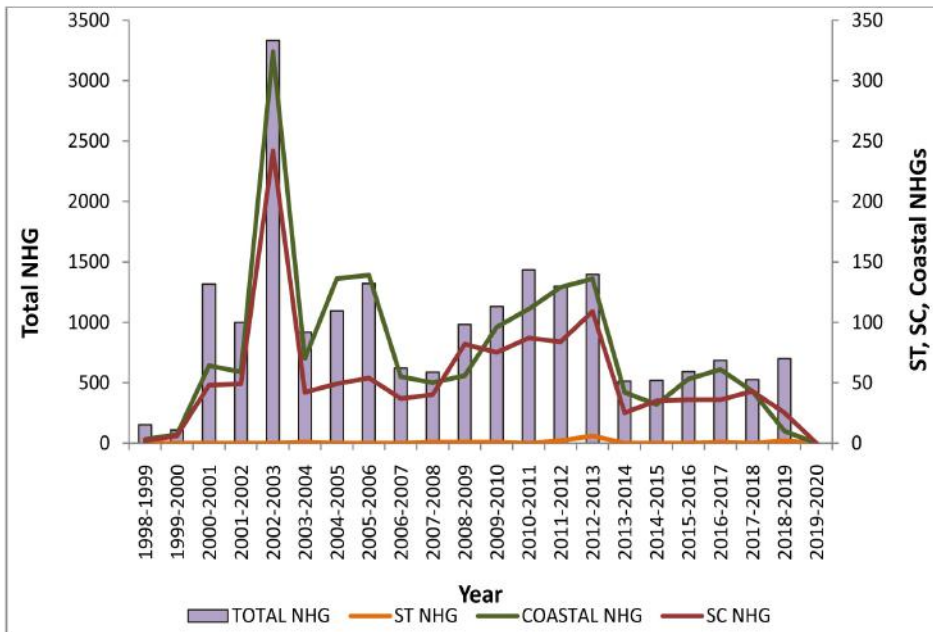
Source: Collated from kudumbashree.org

**Total NHGs formed annually and according to social composition, Malappuram**



Source: Collated from kudumbashree.org

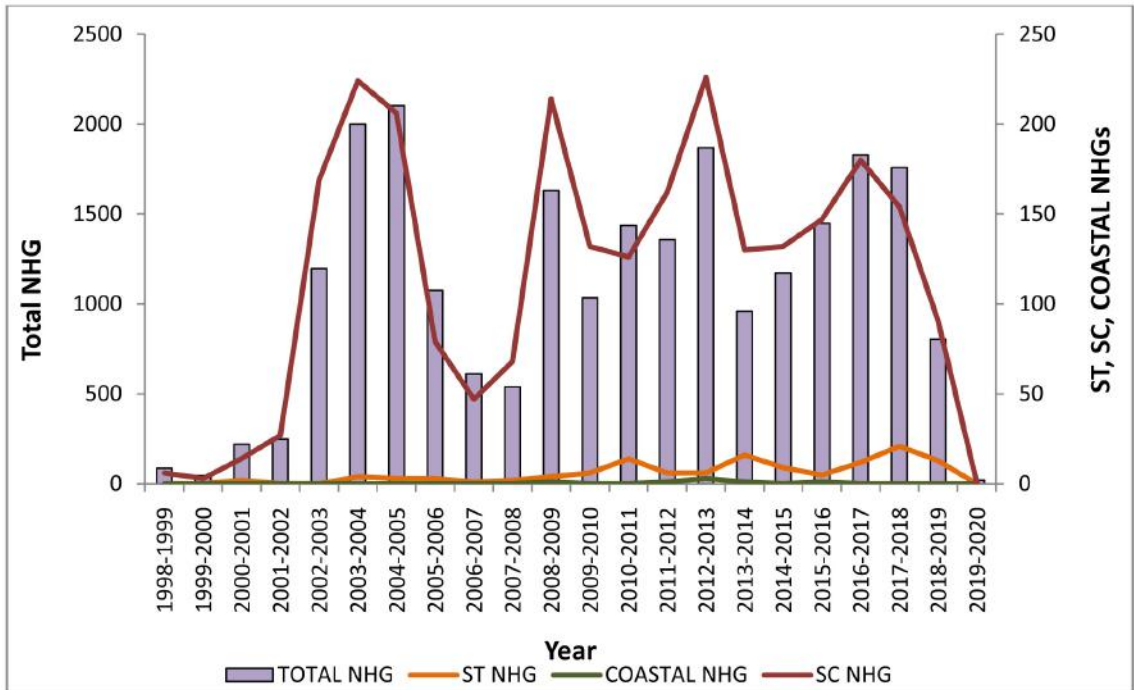
**Total NHGs formed annually and according to social composition, Alappuzha**



Source: Collated from kudumbashree.org

## Appendix C

Total NHGs formed annually and according to social composition, Palakkad



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