

Exploring Women's Economic Empowerment Through Microfinance and SHGs with Reference to Kudumbashree Model of Kerala

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Introduction

At a basic level, financial independence makes women feel more secure and respected irrespective of their socio-economic background. This automatically has a relay effect not just on women but their families, society, and the country at large. More financially independent women mean a more progressive society that is healthier, making wise financial decisions and achieving financial independence requires financial literacy. Studies have consistently shown that, on average, females are less financial literate than males. Women can easily achieve financial independence; it is not an unachievable dream. By educating themselves, planning, investing wisely, and accepting financial responsibility, women can confidently take charge of their financial futures and live empowered, independent lives. For women, achieving financial independence is a realistic aim rather than an unattainable ideal. Raising awareness, planning ahead, and committing to their financial goals are all important. Financial independence for women is possible with perseverance and hard work. The gender wage gap is still a clear issue in many businesses across the world. Women are often paid less than men for the same roles. Their ability to save and invest for the future is directly impacted by the pay difference, which restricts their ability to feel comfortable and make financial progress. In the long run, the gender wage disparity results in weaker retirement savings, investments, and limited access to financial opportunities. To promote financial equality and assist women in achieving their financial objectives, the gender gap must be eliminated. This research paper mainly focuses on kudumbashree workers of kerala which is a SHG women and financial reliance, various startups assisted by the government, the mission and momentum on various sectors and the contribution towards their family, society and nation building.

The She Economy, also referred to as **Sheconomy** or **Womenomics**, highlights the expanding role of women as influential consumers, business leaders, and contributors to economic progress. It represents the growing financial impact of women across various industries such as tourism, healthcare, beauty, wellness, and even those once dominated by men. This trend is reflected in the emergence of women-oriented brands, customized products and services, and the rising presence of women in leadership and entrepreneurial roles. Overall, the She Economy signals a shift toward more inclusive and gender-balanced economic growth.

Objectives of the Research paper

The primary objectives of women's economic empowerment are to

1. Ensure women have equal access to economic opportunities, resources, and control over their lives, leading to improved well-being, poverty reduction, and overall societal development.
2. Fostering financial independence, enhancing their agency and decision-making power, and promoting their full participation in the economy
3. Create financial literacy awareness among women
4. Promote leadership & entrepreneurship qualities in women

Micro Finance and Kudumbashree Unit

Microfinance, also known as microcredit, refers to financial services offered to low-income individuals or groups who do not have access to regular banking facilities. It helps women earn income either through their own work or by contributing to family activities. This financial support increases women's participation in household decision-making, improves the well-being of family members, and promotes gender equality within the community.

In Kerala, microfinance programmes have played a major role in empowering women through thrift and credit schemes. These programmes have encouraged savings among poor women and provided them with access to loans for both daily needs and business investments. Such initiatives have greatly contributed to women's economic development and poverty reduction.

Kudumbashree, the State Poverty Eradication Mission of Kerala, was launched in 1998 with the goal of promoting women's economic empowerment. It is one of the largest initiatives for women's upliftment in the state. Kudumbashree uses microfinance as a key strategy to achieve economic progress. The word *Kudumbashree* means "prosperity of the family," and its main aim is to eliminate absolute poverty. The programme has helped women achieve a better standard of living, improved income, and overall well-being. By adopting microfinance activities, the Kerala Government has strengthened the Kudumbashree scheme, which continues to focus on improving living standards and empowering women, especially in rural areas.

Review of Literature

Shanmugavaidine & Manju (2019), examines the impact on empowerment in K Shanmugavaidine & Manju (2019), examines the impact on empowerment in Kerala with special reference to Mala Block Panchayath of Thrissur district. The study used simple mathematical tools like percentages to analyse the collected data. The study finds that Kudumbashree has enhanced entrepreneurship, leadership qualities of women and their status improved substantially.

Jose (2015) explores the role of Kudumbashree and its impact on women empowerment in Kerala with special reference to Thiruvananthapuram. The study used Questionnaire and Interview methods for collecting the data. The study found that Kudumbashree leads to sustainable, social and economic development of women and had a direct impact on their living status.

Research Gap

A review of previous studies shows that most research in this field has emphasized women's empowerment in India as a whole, while only a few have specifically focused on the context of Kerala. Therefore, the present study aims to address this gap by examining women's empowerment in Kerala and identifying the key issues and possible solutions related to it.

Statement of the Problem

Poverty and unemployment are two major obstacles that affect a state's economic development. In Kerala, women make up more than half of the population, making their empowerment crucial for the state's social and economic progress. Despite this, Kerala faces several challenges such as low female participation in the workforce, low income levels, high unemployment, and an alarming rate of domestic violence and sexual crimes against women. These factors contribute to the lower status of women in society.

Role of Microfinance in Women's Economic Empowerment

Microfinance plays an important part in enhancing women's financial independence. A woman's **annual personal income** reflects her livelihood and standard of living. Evidence suggests that after joining microenterprises, women experience a notable rise in their income levels. This improvement in earnings is a strong indicator of women's growing economic empowerment.

Consumption Pattern

Regarding consumption behavior, women are now able to spend more on their families after joining microenterprises. This is because their income has increased compared to what they earned before joining such initiatives. The rise in spending power reflects an improvement in their quality of life after becoming part of microenterprise activities.

Monthly Savings

Developing a saving habit is one of the most important outcomes for women involved in Kudumbashree, particularly in microenterprise programmes. The study indicates that participation in Kudumbashree has helped women improve their saving habits, leading to greater financial discipline and security.

Suggestions to Strengthen Women Empowerment through Microfinance in Kerala

- Conduct entrepreneurship development programmes and provide proper guidance for the efficient use of microcredit.
- Arrange regular seminars and training sessions to enhance the knowledge and capacity of Kudumbashree members.
- Increase women's involvement in decision-making processes, including participation in Panchayat-level activities.
- Set up manufacturing units for Kudumbashree groups with the help of government subsidies.
- Ensure the availability of long-term funds at low-interest rates to support sustainable women empowerment.

- The government should extend financial assistance to improve the economic and social well-being of Kudumbashree members.
- Above all, family support plays a key role in strengthening women's empowerment and overall development.

Impact of Microfinance on the women empowerment

- **Women-Centric Brands and Products:** Many companies are now designing products and services specifically with women in mind. A notable example is the *Ola Ballet Cat*, a car brand created to cater to women's preferences. Similarly, there is a growing range of brands emphasizing self-care, personal wellness, and beauty tailored to female consumers.
- **Health and Wellness Sector:** As more women prioritize their health, fitness, and overall well-being, the wellness industry has seen rapid growth. This includes increased demand for beauty and personal care products, fitness programs, and health-tech innovations like wearable health monitors.
- **Women in Travel and Tourism:** Women are becoming a major force in the travel industry, both for leisure and business. This surge has prompted travel companies and platforms to develop offerings that cater specifically to the preference and safety concerns of female travelers.
- **Female-Focused Financial Services:** With women increasingly involved in household and personal financial decision-making, the financial sector is adapting by creating customized banking products, investment plans, and insurance services that align with women's unique financial goals and challenges.
- **Empowering Through Education and Skills:** Enhancing women's access to education and skill development is essential for boosting their economic independence. This also plays a key role in promoting inclusive and sustainable economic growth.
- **Rising Influence in Leadership and Business:** Women are increasingly assuming leadership positions in both corporate and political spheres. Their involvement is reshaping economic policies and driving new trends in innovation and governance.
- **Expanding Presence in the Digital Space:** Women are actively engaging with digital technologies for e-commerce, learning, social interaction, and accessing services. Their growing online presence is influencing how tech companies design and deliver digital products and platforms.
- **Role in Home and Family:** Women have a major influence on household spending, making key decisions in areas such as food, home essentials, and everyday purchases.

Kudumbashree – A women Enterprise in Kerala

Kudumbashree is a flagship initiative for poverty reduction and women's empowerment in Kerala, India, run by the State Poverty Eradication Mission. Functioning as a vast community-based network, it focuses on forming self-help groups (SHGs) and promoting microfinance to enhance the socio-economic status of women, especially in rural and urban settings. Recognized as one of the world's largest women's networks, Kudumbashree spans the entire state.

- **Promoting Economic Security through Microfinance:** Kudumbashree offers microfinance services that enable women to start their own businesses, boosting their economic self-reliance.
- **Presence Across Kerala:** Its community network operates throughout Kerala, covering both rural and urban regions.
- **National-Level Recognition:** In 2012, the Government of India's Ministry of Rural Development recognized Kudumbashree as a National Resource Organization for its success in tackling poverty.
- **Recognized Nationally:** In 2012, Kudumbashree was designated as a National Resource Organization by the Ministry of Rural Development for its outstanding work in poverty alleviation.
- **Serving as a Role Model:** The success of Kudumbashree has inspired other states in India to replicate and tailor its model to their local needs.
- **Empowering Community Participation:** Kudumbashree promotes active involvement of women in local governance and decision-making, strengthening community development.
- **Social Transformation:** The growth of the She Economy contributes to broader social change by fostering gender **kudumbashree** is a well-known program in Kerala, India, focused on reducing poverty and empowering women. Launched by the State Poverty Eradication Mission, it works through a strong network of community-based groups. The initiative helps women—especially in rural and urban low-income areas—improve their quality of life through self-help groups and microfinance activities. Kudumbashree is one of quality, reducing economic disparities, and enhancing the overall quality of life.

Key Features:

- **Poverty Reduction & Women's Upliftment:** Through SHGs and microcredit programs, Kudumbashree works to empower women and alleviate poverty.
- **Structured Community Network:** It follows a three-tier model: Neighborhood Groups (NHGs) at the grassroots level, Area Development Societies (ADS) at the ward level, and Community Development Societies (CDS) at the local self-government level.

Kudumbashree is a flagship program aimed at poverty eradication and women's empowerment, launched in 1998 by the Government of Kerala.

It is carried out by the **State Poverty Eradication Mission (SPEM)** and has been functioning under the **Department of Local Self-Government** since it was renamed **Kudumbashree Mission** in 1999.

The term '**Kudumbashree**', derived from Malayalam, translates to "*prosperity of the family.*"

Over the years, Kudumbashree has evolved into a multi-dimensional movement, going beyond microcredit to make a mark across different sectors of society.

- **Its diverse initiatives include:** Community-run restaurants, branded products available in retail outlets and online platforms, small and micro enterprises, e-service centers, and even all-women construction groups.

Some notable achievements of Kudumbashree are:

The **Haritha Karma Sena**, a team of women volunteers engaged in the collection and proper disposal of non-biodegradable waste from households.

Snehitha Help Desks and **Gender Resource Centres**, which offer support and guidance on gender-related issues.

Conclusion

Empowering women economically is essential for their personal growth as well as for the development of society as a whole. It includes providing access to education, vocational training, and job opportunities, which helps women become active participants in the workforce and entrepreneurs. This not only stimulates economic progress but also helps reduce poverty. Additionally, it supports social change by challenging discriminatory norms, advancing gender equality, and building more inclusive communities.

Conclusion

To sum up, Kudumbashree, through its microfinance initiatives, prioritizes women's empowerment and addresses multiple aspects of development through its integrated and community-based approach. By working at the grassroots level, it has helped create a supportive atmosphere for reducing poverty and empowering women. The programme also plays a vital role in making women aware of their rights and opportunities, thereby fostering both social and economic development.

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