

# Grassroots Empowerment And Economic Transformation: A Study Of Kudumbashree And Self-Help Groups In Thrissur, Kerala

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**Abstract:** The rise of Self-Help Groups (SHGs) has transformed the landscape of rural development and women's empowerment in India. Among the most successful examples is the Kudumbashree Mission in Kerala, which integrates poverty alleviation, microfinance, and community participation. This paper explores the socio-economic impact of Kudumbashree SHGs in Varandarappilly Panchayath of Thrissur district. This study uses both primary and secondary data. Primary data collected from 100 Kudumbashree members, this study employs descriptive analysis and simple statistical tools to examine changes in savings behaviour, credit access, income generation, and social decision-making. The findings reveal a positive correlation between SHG participation and improvements in financial independence, confidence, and standard of living, although challenges remain in employment generation and market linkage. The paper concludes with policy suggestions to enhance the sustainability and inclusiveness of SHG-based development.

**Index Terms - Kudumbashree, Self-Help Groups, women empowerment, rural development**

## I. INTRODUCTION

India, the post-independence era witnessed a growing realization that rural development and poverty alleviation could not be achieved solely through top-down institutional reforms. Despite considerable efforts to extend formal credit systems to marginalized groups, significant sections of rural society, particularly women, remained outside these networks. In response, the Self-Help Group (SHG) model emerged as an alternative, people-centered approach to microfinance, fostering community-driven development and financial inclusion.

One of the most innovative and successful implementations of this model is Kudumbashree, launched by the Government of Kerala in 1998. Envisioned as a state poverty eradication mission, Kudumbashree functions through a structured network of neighborhood groups, area development societies, and community development societies. What distinguishes Kudumbashree is its emphasis not only on economic advancement but also on the holistic empowerment of women—social, political, and psychological.

Kudumbashree launched by the government of Kerala in 1988 for wiping out absolute poverty from the state through concredited community action under the leadership of local governments. Kudumbashree is today one of the largest women empowering projects in the country. The programme has 37 lakh members and covers more than fifty percentages of the households in Kerala. But it around three critical components, micro credit entrepreneurship and empowerment, the Kudumbashree initiative has today succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future. Liberal meaning of Kudumbashree is prosperity (sree) of family (kudu bam). It is a family oriented community based poverty reduction project of government of Kerala. Kerala is an Indian state lying in the south-west part of Indian subcontinent where many development experiments are being tested refined and implemented. The mission aims at the empowerment of women through forming self -help groups and encouraging their entrepreneurial or other wide range of activities. The purpose of the mission is to ensure that the women should no longer remain as passive recipients of public assistance but active leaders in women involved development initiatives. The mission of Kudumbashree is “To eradicate absolute poverty in ten years through concredited community action under the leadership of local governments by facilitating organization of poor for combining self help with demand led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty holistically.” Reaching out to the families through women and reaching out to the society through families

This study focuses on Kudumbashree units operating in the Varandarappilly Panchayath of Thrissur District. Located in central Kerala, Thrissur has been a hub for grassroots economic activity, with SHGs playing a significant role in rural livelihoods. The purpose of this study is to assess how effective Kudumbashree has been in transforming the lives of women—economically and socially—and to understand the challenges that remain in realizing its full potential.

### *Objectives of the Study*

The study seeks to explore how Kudumbashree, through its Self-Help Group (SHG) model, has influenced the lives of rural women in Thrissur district, particularly in the Varandarappilly Panchayath. The primary concern of this inquiry is to understand whether the participation in Kudumbashree units has brought about measurable changes in the socio-economic condition of women.

More specifically, the study aims to examine the significance of SHGs in fostering grassroots-level rural development. It further intends to assess the impact of Kudumbashree activities on women's economic empowerment, especially in terms of their access to credit, income-generating opportunities, savings, and household-level decision-making. The study also attempts to identify the existing challenges faced by these groups and suggest appropriate measures for strengthening their capacity and long-term sustainability.

### *Review of Literature*

Self-Help Groups (SHGs) and programs like Kudumbashree have emerged as significant instruments for poverty eradication and women empowerment in India, particularly in rural areas. Numerous studies have examined their impact on economic development, social empowerment, and community participation. This section reviews key contributions from researchers and institutions in this field.

There are studies which examined Self Help Groups and its Social Capital Formation Gottlich B. H. (1976) highlighted that mutual self-help groups create supportive social networks, fostering a sense of connection among individuals facing similar challenges. This social capital, built through group participation, plays a vital role in community development. Ela R. Bhatt (1996), founder of SEWA in Ahmedabad, advocated for occupation-based women's collectives as a way to empower women economically and socially in a competitive environment. Sridharan (1999) emphasized the traditional significance of SHGs as organizational frameworks that foster self-reliance and provide access to credit, highlighting the supporting roles of NGOs.

There are studies focussed on Micro finance and Income Generation. Rogaly Ben (1996) noted that microfinance services help poor individuals both mitigate income shocks and build sustainable livelihoods. Harper A. (1998) observed that SHG members have the autonomy to determine their interest rates, which typically range between 12% to 60% annually. Raju Sekhar (2000) defined microfinance as the provision of savings and credit services to the poor, particularly women, to foster self-employment and household income. Mahendra Varman (2005) reinforced the role of microfinance as a vital institutional mechanism for poverty alleviation, while Girija and Manoharan (2005) concluded that microfinance enhanced women's economic status and contributed to poverty eradication.

UNDP's Human Development Report (1996) emphasized that investing in women's capabilities is one of the most effective ways to stimulate economic growth and holistic development. Premavathi (1997) acknowledged the government's literacy efforts but argued that literacy alone is insufficient for full empowerment. Patnaik (2000) added that empowerment in all domains—economic, educational, social, and political—would accelerate social development. Padmanabhan (2001), through a case study in Bihar, found that training and extension services can significantly empower rural women and support rural development. Puhazhendhi and Satyasai (2001) showed that SHGs have positively impacted both the social and economic dimensions of rural empowerment, particularly in southern India, where the movement has been more successful. Malathi Ramanathan (2002) stated that the ability to earn an income and gain self-confidence are foundational steps in women's empowerment are a few studies which focusses on women empowerment and economic development.

Jaya S. Anand (2002), in her case study on SHGs and NHGs, emphasized that microcredit alone does not empower women. Supporting structures like group formation, training, and awareness-raising are essential for achieving sustainable impact. Kenneth Kalyani and Seena P. C. (2012) concluded that economic independence through Kudumbashree improved women's living standards, educational access for children, and social participation, making it a powerful tool for social empowerment. These are the studies which focused on Kudumbashree and grassroots Development.

Hendi and Jayayam (1999) evaluated SHGs in terms of employment generation among rural women and identified the positive role of informal groups in enhancing participation. Reddy (2005) pointed out systemic weaknesses in SHG sustainability, particularly in areas such as financial management, governance, and human resources, which often vary in quality. Suguna (2006) described SHGs as a "silent revolution" in rural credit expansion, playing a transformative role in rural development. Uplaonkar (2005) noted that empowerment leads to self-confidence and the ability to resist societal discrimination.

Manimakali and Rajeswari (2000) emphasized that SHGs facilitate micro-enterprises that lift families out of poverty, especially when led by women.. Gurumoorthy (2007) viewed SHGs as a means to transform rural women into entrepreneurs, enabling them to become active contributors to the economy and democratic society. Dr. B.K. Mohanty (2009) highlighted the untapped potential of savings among the rural poor, as organized banking does not often reach them. Prof. Muhammad Yunus stressed that universal access to credit could eliminate poverty, noting that women are often disadvantaged in household decision-making. Sanjay Kanti Das (2012), studying SHG-bank linkage in Assam, found significant improvements in economic status, decision-making power, and self-worth among women participants.

The literature strongly supports the idea that SHGs and initiatives like Kudumbashree play a transformative role in rural development. They enhance economic independence, promote social empowerment, and foster collective action among women. However, the success of such programs depends not just on credit provision but also on institutional support, training, and proper governance.

The concept of SHGs as a tool for social and economic empowerment is deeply rooted in the broader context of participatory development. Scholars and practitioners alike have widely recognized the value of SHGs in building financial access, promoting entrepreneurial initiatives, and nurturing leadership among women.

Gottlich B.H. (1976) highlighted the significance of mutual support networks in rural areas, where SHGs operate not just as financial institutions but also as forums of social solidarity. Ela R. Bhatt (1996), the founder of SEWA in Gujarat, strongly advocated for occupation-based collectives that give women greater control over their livelihoods. Her emphasis was on empowering women not just through credit, but through collective bargaining power, skills, and voice in decision-making.

In the domain of microfinance, scholars such as Rogaly Ben (1996) and Harper A. (1998) have pointed out that access to micro credit helps vulnerable populations manage income volatility and embark on sustainable livelihood ventures. These services enable rural women to gain control over their finances, although the extent of empowerment depends on the support ecosystem available to them.

In the Indian context, the role of Kudumbashree as a unique SHG-based model has attracted attention from both academic and policy perspectives. Jaya S. Anand (2002) emphasized that Kudumbashree is not merely about microcredit but about building systems of training, skill development, and community participation. Puhazhendhi and Satyasai (2001) found that SHGs had significantly contributed to both social and economic dimensions of rural empowerment in southern India, where such movements have shown greater maturity.

Kenneth Kalyani and Seena P. C. (2012), through their study on the Kudumbashree units in Puthenvelikkara, revealed that women associated with these groups experienced noticeable improvements in income levels, child education, and overall quality of life. These studies provide a valuable foundation for this research, which attempts to build upon their insights with a focused case study of Kudumbashree's functioning in Varandarappilly Panchayath.

## *Methodology*

The present study adopts a descriptive and empirical approach, based on both primary and secondary sources of information. The focus area, Varandarappilly Panchayath in Thrissur district, was selected for its active participation in the Kudumbashree mission. This Panchayath, situated about 20 kilometers from Thrissur city, has a vibrant network of SHGs and a strong presence of women in microfinance and community development activities.

From the total Kudumbashree units functioning in the Panchayath, 50 units were randomly selected for in-depth analysis. Each unit was represented by two respondent, preferably the leader and an active member, to provide comprehensive insights into the group's functioning and individual experiences.

The primary data was collected through structured interviews using a pre-tested questionnaire. The questions were designed to elicit detailed responses on the members' demographic profile, income and savings status, participation in decision-making, and perception of personal and social empowerment. In addition to interviews, field observations and informal interactions added qualitative depth to the data.

Secondary data was sourced from official documents, Panchayath records, Kudumbashree mission reports, academic journals, and previous research studies. These materials provided contextual understanding and helped in cross-verifying field-level findings.

To analyze the collected data, the study made use of simple yet effective statistical tools. These included percentage analysis to determine proportions and frequency of responses, average income comparisons to assess economic changes, and tabular representations to highlight patterns and trends. The choice of simple statistical tools ensured that the results remained accessible and interpretable, even to non-technical audiences, while still maintaining academic rigor.

The methodology was guided by the principle of inclusivity—ensuring that the voices of women from various socio-economic backgrounds were heard and documented. The approach was not only quantitative but also qualitative in spirit, aiming to capture the lived experiences, aspirations, and challenges of women whose lives have been shaped by Kudumbashree.

## *Profile of Respondents and Analysis*

The respondents for the study were 100 Kudumbashree members selected from the Varandarappilly Panchayath of Thrissur district. An analysis of their background provides insights into the demographic composition of women engaged in Self-Help Groups.

### Age Distribution

The majority of the respondents belonged to the age group of 30–40 years, accounting for 56% of the total sample. Women aged between 40 and 50 formed another significant segment (28%), while younger participants aged 20–30 comprised only 10%, and those above 50 made up the remaining 6%. This suggests that Kudumbashree participation is highest among women in their most productive age group.

### Educational Background

Educational attainment among the members showed a reasonable level of literacy:

- 48% had completed SSLC (10th Standard),
- 38% had Pre-Degree or equivalent qualifications,
- 8% had higher education degrees,
- and the remaining 6% had education below 8th standard.

This indicates that Kudumbashree groups are composed largely of semi-educated women who are capable of managing financial and organizational responsibilities.

## Marital Status

A notable 84% of the respondents were married, with the rest being either widowed or single. This reinforces the idea that SHGs serve as a platform for married women, many of whom are homemakers, to supplement their family income and gain financial independence.

## Participation in Economic Activities

One of the key objectives of Kudumbashree is to promote entrepreneurship among rural women. The study explored whether women were able to initiate or engage in income-generating activities after joining the SHG.

**Table 1**

PARTICIPATION IN ENTERPRISE	Type of Activity	Number of Units	Percentage	MICRO- ACTIVITIES
	Detergent Making	20	20%	
	Pickle Making	8	8%	
	Food Product Manufacturing	6	6%	
	No Active Enterprise	66	66%	

Source: Primary Survey

### *Change in Income and Savings Behavior*

A crucial dimension of empowerment is economic independence, which can be assessed through changes in income and savings patterns.

#### *Monthly Income Changes*

A one-sample t-test was conducted to determine whether the observed mean income difference of ₹1,700 is statistically significant from the hypothesized population mean difference of zero. The analysis was based on a sample of 100 participants. The results revealed a mean difference ( $\bar{d}$ ) of ₹1,700 with a standard deviation (SD) of ₹1,500, resulting in a standard error (SE) of ₹150.

The t-test yielded a t-statistic of 11.33, which was statistically significant at the 0.05 level,  $t(99) = 11.33$ ,  $p < .001$ . This indicates that the observed mean difference is significantly different from zero. Therefore, the null hypothesis ( $H_0$ ), which posits no difference, was rejected in favor of the alternative hypothesis ( $H_1$ ). The paired t-test indicates that there is statistically significant increase in average monthly income after joining Kudumbashree SHGs. This suggests that participation in SHGs has a positive impact on women's economic empowerment through increased income.

#### *Savings Behavior*

Around 84% of respondents reported a significant improvement in their savings habits after joining Kudumbashree. Regular contributions to group savings funds have instilled financial discipline and provided members with a sense of security. Additionally, 76% of women reported that their economic burden had reduced due to easier access to loans through SHGs, which replaced exploitative borrowing from moneylenders.

### *Access to Microcredit and Loan Utilization*

Kudumbashree members accessed credit either from their pooled savings or through linkage loans from banks. Among those who took loans:

- 38% used them for productive purposes like business or agriculture,
- 32% used them for education,
- 30% used the loans for household expenses or medical needs.

This indicates that while income-generating usage is significant, there's also a strong emphasis on using loans for improving family welfare.

### *Empowerment and Decision-Making*

The sense of empowerment among members was assessed through their role in family and group decision-making, confidence levels, and ability to influence outcomes.

- **60%** of members actively participate in household decision-making,
- **90%** reported improvement in their standard of living,
- **94%** felt that their self-confidence had increased after joining Kudumbashree.

These numbers reflect a strong correlation between financial participation and psychological empowerment.

### *Impact on Children's Education*

Another positive impact reported was in the area of education. Nearly 74% of the respondents said they were now able to provide better education to their children due to improved finances and better planning of expenses. This suggests that the benefits of SHG participation extend beyond individual empowerment to inter generational improvements.

### *Challenges, Suggestions, and Conclusion*

While the Kudumbashree initiative in Thrissur has made a notable impact on the lives of many rural women, it is not without its shortcomings. The study uncovered several challenges that hinder the full realization of its objectives, particularly in the areas of employment generation and sustainability of economic activities.

A major limitation observed was the low participation in productive micro-enterprise activities. Though all 100 surveyed units had formal registration and met regularly, only 16% were involved in any form of income-generating ventures. The rest either limited their role to savings and internal loans or remained largely inactive beyond routine administrative functions. This suggests a gap between potential and actual entrepreneurial engagement.

Another constraint reported was the lack of adequate skill training and technical support. Several respondents expressed interest in launching micro-enterprises but were discouraged due to insufficient knowledge, fear of market risks, and lack of mentoring. In some cases, members had received initial training but found it disconnected from market realities, leading to poor implementation.

The marketing of products was another area of concern. Women engaged in food processing or tailoring often faced difficulty in accessing regular markets for their goods. The absence of established sales channels meant that most sales occurred informally or through local events, limiting scale and profitability.

Financially, although micro credit access had improved, many women indicated that the loan amounts were inadequate for scaling up enterprises. Moreover, interest rates, although lower than private lenders, were still burdensome for those who did not generate consistent income. This sometimes led to stress and over-dependence on internal borrowing.

An important challenge lay in the social dynamics within SHGs. Internal conflicts, dominance by a few members, and lack of leadership rotation were reported in a few units. These issues occasionally affected transparency and mutual trust, which are essential for group sustainability.

Finally, while the Kudumbashree model has successfully empowered women in many aspects, it has not yet succeeded in addressing structural gender inequalities in ownership of property or access to larger markets. Without such systemic changes, the scope of SHGs may remain confined to micro-level improvements.

### *Suggestions for Improvement*

In light of the findings and field observations, several suggestions are proposed to enhance the effectiveness of Kudumbashree units in Thrissur and similar contexts:

**Comprehensive Skill Development:** There is a pressing need for sustained and practical training programs tailored to market demand. Training should be followed by mentoring support and continuous upskilling.

**Enterprise Incubation and Market Linkage:** Kudumbashree should facilitate backward and forward linkages through partnerships with NGOs, private enterprises, and marketing cooperatives. Product branding, packaging, and e-commerce exposure could significantly expand reach.

**Financial Support and Flexibility:** Interest rates on SHG-linked loans could be revised downward for productive use. Flexible repayment options, grace periods, and refinancing schemes should be introduced, especially for first-generation entrepreneurs.

**Institutional Coordination:** There is a need for a coordinating body at the Panchayath or district level to guide Kudumbashree units through various stages—formation, training, funding, and market expansion.

**Encouraging Leadership Rotation:** To avoid stagnation and internal conflicts, Kudumbashree units should enforce leadership rotation and gender-sensitive training in conflict resolution and group governance.

**Community Awareness and Support:** Efforts must be made to generate community-level awareness about the purpose and achievements of SHGs, encouraging broader social support and participation.

**Support for Youth and Educated Women:** A targeted approach to attract younger and more educated women into SHGs could foster innovation and digital literacy, thereby modernizing Kudumbashree's functioning.

**Promotion through Local Events:** Panchayaths and municipalities should regularly host fairs, exhibitions, and public events to showcase SHG products and generate consistent demand.

### *Conclusion*

The Kudumbashree movement in Kerala, and specifically in the Varandarappilly Panchayath of Thrissur district, stands as a model of participatory rural development and grassroots economic empowerment. Through the lens of this study, it becomes evident that SHGs have brought about substantial changes in the lives of women—improving their income levels, boosting their confidence, and enabling them to participate in decision-making processes that were once dominated by men.

Although the reach and inclusiveness of the Kudumbashree units are commendable, the effectiveness in translating group solidarity into sustainable enterprises is still evolving. The rise in personal savings, increased access to microcredit, and stronger participation in household affairs all indicate a silent revolution in rural Kerala's socio-economic fabric.

However, this transformation must not be seen as complete. The journey from empowerment through savings to empowerment through sustained enterprise is a long one. It requires policy innovation, institutional support, and community participation. If Kudumbashree is to serve as a scalable model for national or global replication, it must now focus on deepening its impact, diversifying its activities, and embracing technology

as a tool for empowerment. The study concludes that Kudumbashree units, though varied in performance, possess immense potential to drive inclusive development. With strategic investments in skill, market, and leadership, SHGs in Kerala can emerge not just as poverty eradication tools, but as engines of people-led economic transformation.

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