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Tribal Transformation through Microfinance: An In-Depth Study of an Ngo-Microfinance Nexus in Kerala Special References in Wayanad District

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Abstract **-** *Microfinance brings together communities of the unorganized poor, building their social capital and networks. In the recent years microfinance became an important intervention as a tool for rural development and poverty alleviation. In India, many a number of microfinance institutions including NGOs, NBFIs and Government agencies had intensively intervened. More than a decade of deepening engagement with microfinance programmes throughout the world has brought home the message that microfinance goes beyond finance and compels attention and action from a larger development perspective This enabling alternative paradigm seeks the engagement of microfinance programmes beyond credit schemes as a judicious blend of finance and development for addressing the many dimensions of poverty and community development. of poverty and social exclusion (Madhurai Symposium, 2009). This type of financial support helps expand their choices and mitigates potential risks look at some of those sincere efforts which brought out the incontrovertible benefits of micro finance in empowerment, poverty reduction and mainstreaming the poor is meaningful in the context of the present study. The study was carried out in Wayanad district of Kerala, which has the highest concentration of tribal folks in the State.*

Key Words: *Microfinance, NGOs, NBFIs, Alternative paradigm, Tribal, Transformation*

I. INTRODUCTION

A. Microfinance Initiatives in Kerala

The idea of micro finance in Kerala had germinated long before the advent of the modern Micro Finance Institutions (MFIs). Many church-based development institutions in Kerala had promoted Credit Unions early in the 20^{th} century. A credit union organized the poor into large groups of 150 to 200 members and pooled their small savings for common benefit. The basic objective having been to help the poor meet their emergent needs and come out of the clutches of money lenders. These credit unions lacked, however, the participatory decision making practice found in SHGs. Micro finance institutions/ programmes of the modern type emerged in Kerala in the late 1980s and the early 1990s.

B. Tribal Economy of Kerala: An Overview

As in other parts of the country, the tribes in Kerala constitute a weaker section of the population. Tribal concentration in Kerala is very low and they constitute only 1.14 per cent of the total population. In all, there are 35 communities recognized as Scheduled Tribes in the State. Tribal communities remaining at the pre-agricultural stage of development and with very low literacy rates are recognised as primitive tribes by the

Government of Kerala. Cholanaikas, Kattunaykans, Kurumbas, Kadars, and Koragas are the primitive tribes in the State. They together constitute nearly 4.8 per cent of the total Scheduled Tribe population in the State. The district-wise population of tribesfolk in Kerala revealed that about 70 per cent of the tribal population in Kerala resides in four districts viz. Wayanad (37.40 per cent), Idukki (13.99 per cent), Palakkad (10.89 per cent), and Kasargod (8.33 per cent).

To assess disparity among various social groups in terms of the incidence of poverty, a more desirable approach would be to examine the incidence of deprivation instead of household consumer expenditure. The index of deprivation as reported in the Human Development Report 2005 of Government of Kerala is based on deprivation of four basic necessities for well being such as housing quality, access to drinking water, good sanitation and electricity for lighting. Data from the 2001 Census has been used for constructing such a deprivation index using four non-income indicators. Deprivation in these commodities can have a deleterious impact on human development and the well-being of the people

II. OBJECTIVES OF THE STUDY

1.To examine the potential of micro finance in changing the socio-economic conditions of tribal folks.

2.To understand the role of micro finance in diversifying livelihood strategies of tribal communities.

3.To analyse the impact of micro finance on tribal migration, and

4.To look at the effect of micro finance on household expenditure pattern.

III. METHODOLOGY

The present study had involved primary data collected from households, which was supplemented by information gathered from secondary sources. Data collection was done by pre-tested household schedules. The household schedule was structured pertaining to the objectives of the study. A comparison between the target households with the control household had formed the basis of analysis where the target households were the households in which one of the family members was a participant in the selected microfinance programme; and the control group included households where none of the members were under any microfinance programmes. The comparative analysis between the target group and control group was a suitable method to study the impact of participation in the microfinance interventions, where there is no evidence of baseline data (White, Sinha, and Flanagan; 2006). This method is considered as one of the best method among the quasi-experimental design (Barker, 1999), and it removes exogenous problems (Nguyen, 2007).This study focused the household as the unit of analysis than other units like clients or micro-enterprises based on its suitability (Amin et al, 2003; Evans and Adams, 1999; Park, 2001; Pitt and Khandkar, 1996; Sarangi 2007; and Zewde and Tollens, 2008). Again Individual households were the form of the unit of analysis to measure the impact of participation in group based microfinance involving variables like consumption pattern, literacy, migration etc., which were difficult to measure taking the unit of measurement like individual or enterprise. Based on the demand of the objectives, seven major indicators were selected for the study; and these indicators were (i) income, (ii) savings, (iii) expenditures, (iv) employment, (v) literacy, (vi) debt and (vii) migration; which were earlier considered as important variables to measure the impact of microfinance interventions (Panda; 2009, 2008; SIDBI, 2008, Ghalib, 2007; and Manimekalai, 2004).

The study was carried out in Wayanad district of Kerala, which has the highest concentration of tribal folks in the State. Several NGOs and Governmental agencies have been offering micro finance services for the tribal folks in the district for a long period of time. For identifying the sample elements for the comprehensive survey, a multi-stage stratified random sampling technique was adopted. In the first stage, one Block

Panchayat was selected randomly where the selected NGO mediated microfinance interventions were carried out. From that Block, one Grama Panchayat with maximum number of tribal SHGs was selected at random in the second stage. In the last stage, from this Panchayat, fifty tribal households each were selected from the target group and the control group respectively by stratified random sample method. The selected tribals are belong into two strata, viz., the Kurichians and the Paniyans.

IV. CONCLUSION

The group based microfinance interventions had led a positive impact on the socioeconomic development of poor villagers in Orissa. The annual average income of the participants was significantly higher 11.41 per cent than that of the non-participants.This result was again validated by the results of logistic regression where the annual average household income and participation in group based microfinance programme was positively related, and the income of microfinance cliental household was higher as a result of participation in the microfinance groups. Along with the income effect,the assets position was registered 9.75 per cent higher position in the microfinance cliental group. Saving was one of the variable impacted most by the participation in the microfinance groups. The clients had a significant growth in saving by 42.53 per cent over that of the non-clients.The annual average employment days were found 20.43 per cent higher in the target households as compared that of the non-participant households, and it was statistically significant. Also the group based microfinance interventions impacted in increasing the number of literates per household where the target clients had recorded 12.16 per cent higher literates per household over that of the control households. Migration was impacted negatively by the microfinance interventions and the migration days per annum per household was 33.70 per cent lesser than that of the control households. The expenditure pattern was altered for households who participated in the group based microfinance intervention where more impact was on the expenditure productive assets & household consumables followed by house construction & repair.

However, the impact was the least but positive in the case of the food expenditure. Finally the probit estimation again confirmed that the variables like income, assets, saving, employment and literacy were positive related; and migration was negatively related with the participation in the group based microfinance interventions.

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