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Covid-19 and its impact on SHGs in Kerala: A study on the Economical and Financial impact of the pandemic on SHGs

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Abstract: ***Pandemics, in general, are more than just a significant public health problem; they often cause devastating socioeconomic and political crises in the affected countries. COVID-19 stands for corona, VI for virus, D for disease, and 19 marks the year of its occurrence, as hinted by the name. Corona virus is a single-stranded RNA virus with an average diameter of 80-120 nanometers. The first contemporary COVID-19 pandemic was reported in December 2019 in Wuhan, Hubei Province, China, with the majority of cases traced back to a seafood wholesale market (Huang et al., 2020). Since then, the disease has swiftly spread over the world, eventually affecting every continent except Antarctica. The World Health Organization has declared it a pandemic.COVID-19, apart from becoming the greatest threat to global public health of the century, is being considered as the largest disruptor in the social and economic achievement. This paper brings the sufferings of Women Self Help Groups during the pandemic and its challenges. It primarily focuses on the various aspects of economic as well as the financial impact occurs due to the outbreak of COVID-19, and also to analyze the policies that have been announced so far by the central government and the Reserve Bank of India to upgrade the economic stun and put forward a set of policy recommendations for specific sectors.***

Keywords: Self Help Group, Economic Impact, contagions.

I. INTRODUCTION

A self-help group is defined as a self-governed, peer controlled information group of people with similar socioeconomic background and having a desire to collectively perform common purpose. The concept of empowering the poorest of poor by Muhammad Yunus, Bangladesh gave birth to Self-Help Group (SHG) which is now seen as a village-based financial intermediary committee consisting of 10-20members, preferably women. For those who are not familiar with SHG, it is a voluntary group of 10-20 people having similar socio-economic background in small contiguous area who operate on the principles of self-help, solidarity and mutual interest, They pool their little savings and manage their credit needs. There are three distinct characteristics, which are unique in SHG, different from traditional lending. 70% of the world's healthcare an d social workers are women. In India, estimates show that qualified female healthcare workers account for almost half of the country's health force and are among the more vulnerable groups—women account for a staggering 88.8% of trained nurses and midwives.1 The 2014 Ebola virus and the 2015 Zika virus outbreaks have also proved that women are more vulnerable than men in various ways, which reinforced the persist gender inequity concerns, especially for the developing world

A. Kudumbashree

Kudumbashree is an initiative of the State of Kerala, and its name signifies "family prosperity". Kudumbashree had its origin as an urban poverty alleviation scheme in the Alappuzha municipality in Southern Kerala in the early 1990s, which later was developed as an initiative for identifying the poor households by using a deprivation index and then targeting rural women for organizing for poverty eradication through constitution of 'mutual help societies'.(Murale V, Bastian BL, Viswanathan PK. 2021)

B. Covid -19 and its Impact on SHG

This work is an attempt to gather evidence on SHGs' response to shocks and to examine the roles played by SHG members, the challenges they face, and their future opportunities to evolve into a new role in the-COVID-19 era.

The lockdown declared in March 2020, to control the spread of the Coronavirus in India has sent shockwaves across the Indian economy. Provincial economies are in trouble, with supply chains remove, work deficiencies, and rising joblessness. The lockdown has had quick and obliterating consequences for ladies and young ladies.

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In June, country India will enter another planting cycle. Ladies will no doubt, as of now, focus on their livelihoods which will influence participation and recurrence of SHG exercises. They will have no ideal opportunity to meet, to talk about their requirements or complaints. This is a significant angle that is probably going to get weakened, however can be kept away from, maybe through inventive types of online correspondence, and more hand-holding and effort to ladies through sexual orientation champions including senior SHG pioneers, local area asset people. For specific exercises, SHGs have begun utilizing advanced methods of correspondence like WhatsApp.

II. REVIEW OF LITERATURE

Especially in the current world scenario, looking at the pace of human transactions owing to the means of transportation and telecommunications, one could imagine the consequences of locking down the wheels of transaction. The advanced technology has transformed the world into a global village in every sense of the term. So the human transactions have global dimensions and thus global reach. Obviously, when the transactions are put on hold mode, the consequences are widespread. That's why the effects of the pandemics are felt severely today. Earlier due to the restricted and limited scope of human transactions, the severity of the contagions also was confined to the places of origin. Now with the faster and effective means of transportation and communications, if there is convenience of worldwide transactions, there are equal risks of proliferation of the contagions. Staple immediate response to such a virus spread was Lock Down as it was in many other countries also. A sudden Lock Down, in a country of size like India with deep fault lines of Rural-urban, population spread, economic activity concentration and digital divide, democratic federal structure, interstate and overseas transportation, Medical aid accessibility inter alia many other equally important divides, coerced a monolithic pan Indian containment plan, a humon ougous task for the federal Government which effected it with fair degree of success, perhaps necessitated at that time but laden with apprehensions of delayed and disastrous scenario.4 To mitigate this pandemic impact, small and medium enterprises in collaboration with Self Help Groups can play an important role in the economic development of the country, as they serve 40% of the total population of India i.e. for the second largest workforce after agricultural sector. The collaboration of Self Help Groups (SHGs) and Micro, Small and Medium Enterprises (MSMEs) can foster inclusive development as micro finance institutions provide the financial assistance for small business projects through formation of Self Help Groups (SHGs). Their labour intensive nature and geographical distribution results in employment opportunities for both rural and urban population promoting equity and inclusive growth.

III. MATERIALS AND METHODS

A. *Objectives of the Study*

1) This paper attempts to explore challenges faced of Women Self Help Groups(Kudumbashree groups) during the pandemic in Kerala .

2) It primarily focuses on the various aspects of economic as well as the financial impact occurs due to the outbreak of COVID-19, and to analyze the response mechanism adopted by various SHG in Kerala

3) Finally by analyzing the response mechanism one could set policy recommendations to policy makers both at national level and state level

B. *Research Problem*

Since the pandemic doesn't get over, there still exists the problem of how to improve or manage the functions of Kudumbashree groups in more effective ways like earlier. The research help identify the sources of the financial and economical instabilities trigged due to the pandemic

C. *Research Gap*

Kudumbashree members have performed various functions during the covid outbreak in the frontline – they actively participated in the making of masks, distribution of essential items to households, low priced meals etc. Still, the life and income of Kudumbashree members do not seem to improve much especially due to the pandemic. Detailed study and research need to be conducted to understand what will be the performance level of Kudumbashree in Kerala after the Covid-19.

D. *Research Questions*

1) How the Kudumbashree members actively functions after the outbreak?

2) How much the Covid-19 had affected the performance of Kudumbashree Units?

3) What kind of assistance and support is required from the Government?

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IV. DISCUSSION

Economic Impact Women's bigger role in the healthcare sector in India makes them the frontline staff in the ongoing war against Covid-19 and exposes them to this deadly disease in a multitude of ways. As the collateral damage seems to be uneven, women across India play a decisive role in plugging the medical supply disruptions as well. Indian self-help groups (SHGs) dominated by women have contributed towards the production of masks, sanitizers, and protective gear to meet the burgeoning demands of the health sector. These SHGs have contributed in holistically addressing economic and social needs that have emerged at the community level during the Covid-19 outbreak. The SHGs have consolidated their efforts to work on issues like social distancing, use of masks, quarantine, and psycho-social issues of migrants, care of elderly population, mental health, and well-being, amongst others. Women in these SHGs are creating awareness in the local communities by means such as telephone calls, wall writings, pamphlets, social media, etc.

According to reports in April, about 20,000 SHGs produced over 19 million masks and 100,000 liters of sanitizers all over India. Since the production is decentralized, these items have been delivered to the masses without having to undergo the logistics of transportation. SHGs have also initiated work related to the provision of rations or cooked food to poor and vulnerable families using the Vulnerability Reduction Fund or with support from state governments and the local administration. In Kerala, an SHG named Kudumbashree is helping dispel fake news through its network of Whats App groups with more than 100,000 women as members.

These platforms are specifically leveraged to disseminate urgent and authentic information regarding the pandemic. It is also involved in running 1,300 kitchens across Kerala and are providing food to those who are bedridden or under quarantine. The Mahila Arthik Vikas Mahamandal (MAVIM) and the numerous women SHGs operating under it played a crucial role in combating the socio-economic impact of the pandemic in rural Maharashtra. These women even contributed approximately 11 lakhs to the Chief Minister's Relief Fund through a MAVIM-driven donation campaign.6 Covid-19 changed the entire world, more specifically the Self-Help Group Bank Linkage Programme (SHG-BLP). It is a landmark model initiated by National Bank for Agriculture and Rural Development (NABARD) in 1992 to deliver affordable doorstep banking services as part of financial inclusion drive in India. Today, the SHG-BLP is regarded as the largest micro-finance programme in the world with a total membership of 100.14 lakhs groups (covering nearly 12 crore households) across India and having extended collateral-free loans of Rs. 87,098 crore to 50.77 lakhs SHGs as on March 31, 2019. It is interesting to note that more than 90 per cent of the SHG members are women.

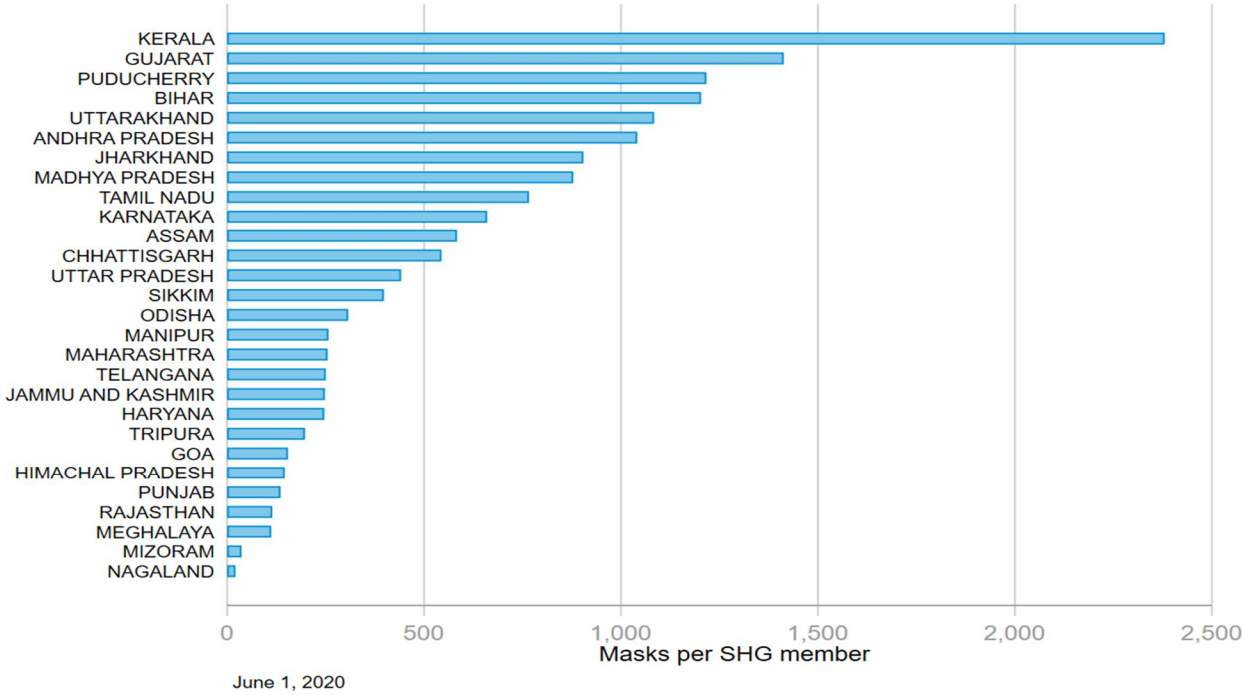


Figure 1.1 Masks production in Each State

A. Reducing Non – assets

Though this programme witnessed lower loan defaults by its members in its earlier years, bad loans have been increasing in the recent past due various reasons. The NPAs of the SHG in kerala surged from Rs. 423 crore in 2007-08 to Rs.4,524 crore in 2018-19. NPAs reached a peak level of 7.40 per cent in the FY 2014-15 and later fell to 5.19 per cent as on March 31, 2019. This situation of bad loans will be further accentuate and hollow the sustainability of SHG in kerala on account of Covid-19 pandemic if the SHGs do not convert the problems into opportunities. Hence, there is every reason to arrest this trend and make the SHG, a sustainable model, they have also come up with the KSFE KUDUMBASHREE VIDYASHREE SCHEME

In the wake of the continuing threat of COVID 19, the Government of Kerala has launched an online education programme for school children. The initiative links teachers and the school children through a series of online sessions accessed from homes, community centres, or libraries, observing the norms proposed for hygiene and physical distancing. This is supplemented through teaching sessions based on the same curriculum telecast through a dedicated channel as well as through social media platforms by KITE, a government agency.

Of the 43 lakh school children in the State, around 2.65 lakh lack adequate facilities to access the online educational programme. A majority of these children are likely to be from the homes of Kudumbashree members. In this context, Kerala State Financial Enterprises (KSFE) has proposed a scheme where it can collaborate with Kudumbashree to implement a Microcredit Scheme- KSFE Vidyashree Scheme to support member families to avail Laptops to ensure online education to their children. The investment will be useful as children can continue to use the online educational platform beyond the tenure of COVID 19 pandemic, once the schools start working too.

B. Opportunities and Challenges

Though the coronavirus has thrown many challenges to the members of SHGs(kudumbasree) with regard to conducting physical meeting, mobilizing savings (physical currency notes) of the group, rotating the money for internal lending among the members, depositing the physical cash towards repayment of loans, and maintaining hard copy of records, digital channels, however, made their life simple. Specifically, the kudumbasree members can overcome the digital divide by operating their cash transactions through electronic banking, they can meet their peers through social/digital media without meeting in person; they can maintain their records in e-Shakti (a digital initiative of NABARD for maintaining SHGs' books of accounts, thereby improving their credit score). Most importantly, kudumbasree members can be imparted online training in respect of financial/digital literacy, group dynamics, market linkages, risk management, and ethics. Also, the Kudumbasree members should be given flexibility in repayment of bank loans for instance, instead of daily, weekly repayment schedule, based on their cash flows. Thus, there exists an opportunity for SHG women to make masks, sanitisers, etc., to supply for online customers, and, thereby, maintaining their bank loan accounts healthy.

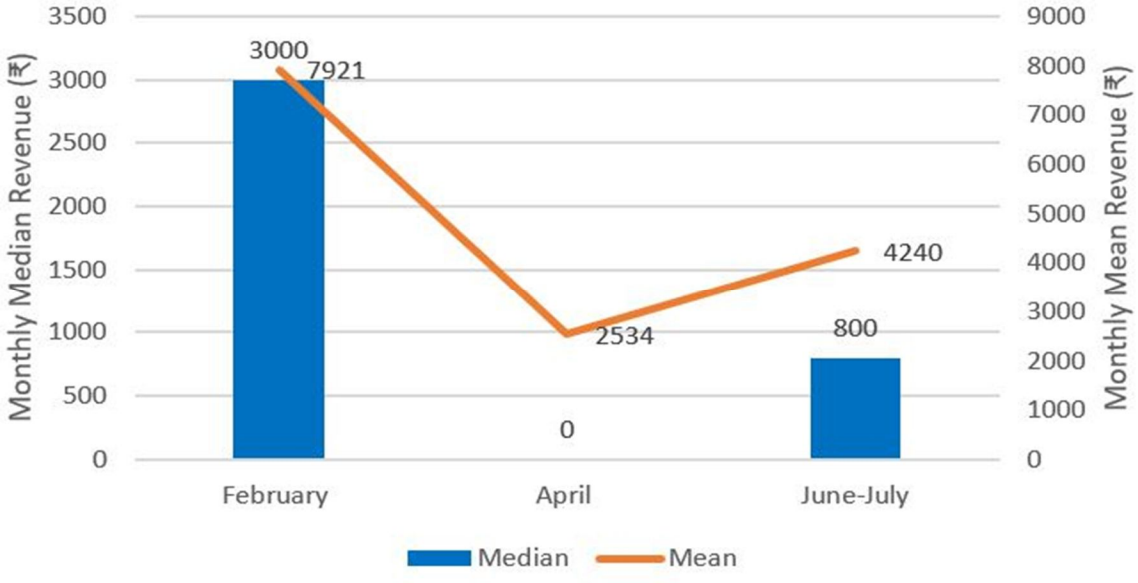


Figure 1.2 – Monthly Median Revenue of an SHG during covid19.

V. CONCLUSIONS

SHG(kudumbasree) not only change the outer form of a community or a society but also the social institutions as well as ideas of the people living in the society. But due to the sudden outbreak of Corona virus pandemic the whole situation for the members changed. They never thought such a situation will emerge. The Covid-19 pandemic has totally shuttered the activities of these SHGs. But it is also a positive sign that all the members of the SHGs are following the directions of the government sincerely to stop spread of Covid-19. They also informed that they are working individually to aware people to use mask, maintain social distancing and to wash hands frequently as the safety measures to remain safe. This paper discussed about the economic impact of Self Help Groups(kudumbasree) during this pandemic and also the challenges faced by utilizing the opportunity like online marketing, social medias, e-banking etc,

However, government should take effective decisions which will be benefitted for both government and people. People also should follow the social precautions and provide with the financial assistance required by these members to break and cop-up with the Covid-19 chain.

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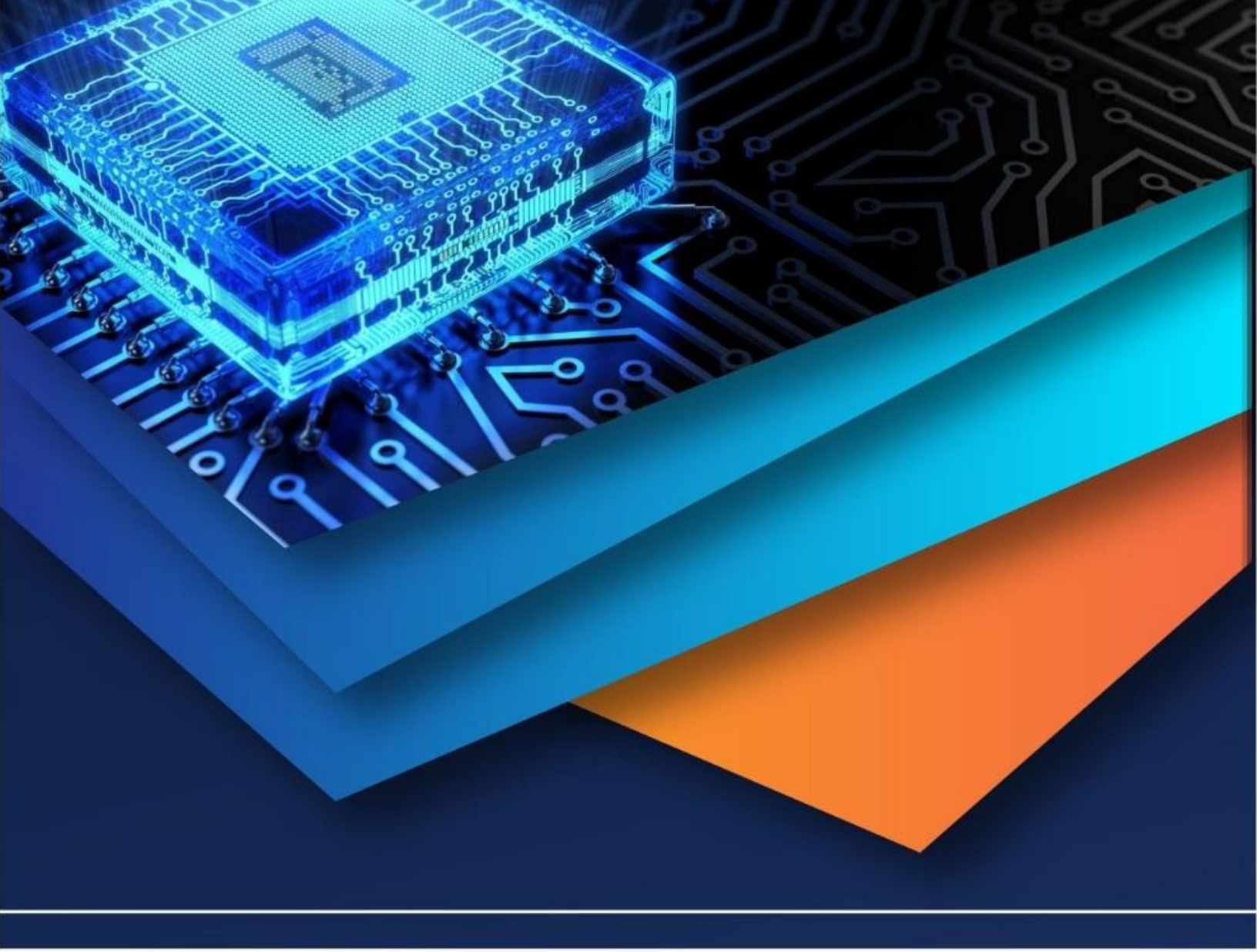
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