

ROLE & IMPACT OF MICROFINANCE INSTITUTIONS IN COASTAL COMMUNITIES

Nikita Gopal* & B. Meenakumari#

*Senior Scientist, Central Institute of Fisheries Technology, Cochin, India. nikiajith@gmail.com and
Deputy Director General (Fisheries), Indian Council of Agricultural Research, Krishi Anusandhan
Bhawan, New Delhi – 110 012

Microfinance institutions are increasingly becoming common in many parts of India, with activities ranging from simple thrift to credit support for income generating activities. Coastal states have also not been immune to this phenomenon, and a large number of microfinance initiatives are active among fishing communities. Microfinance activity can be formal and institutionalized with the participation of financial agencies like banks as well as through planned schemes of governmental and non-governmental organizations. It can also be informal, aimed mainly at thrift, with the pooled resources being loaned mainly to meet household consumption expenditure. This flexibility in its structure as well as application is probably what makes it such a dynamic initiative, capable of bringing about desired development changes in rural areas, if harnessed in the right manner.

Besides being an initiative which stresses on pooling and judicious use of individual capital resources, it imbibes financial discipline because of practices like keeping records, holding regular meetings with specific agenda and minutes, discussion of problems etc., that are part of microfinance activities.

This paper examines the direct and indirect, socio-economic impacts of micro-finance on the livelihoods of the coastal community in Kerala, India. In particular, it focuses on the changes that the microfinance initiatives have brought about in the livelihood patterns, social status, decision making capabilities and group dynamics among fisherwomen.