



## **World Bank approach to poverty alleviation in third world countries: A study on micro-finance contribution**

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### **Abstract**

Poverty is a concern around the world which created more unrest in third world countries and developing countries. Due to various economic, social and political reasons, the Post- world war period witnessed many changes in the Global order. The ideological war between USA and USSR not only influenced both the countries and their allies but also third world and developing countries. The impact on third world countries was more because the super power conflict was more in third world countries than in their respective territories. For example the countries like Vietnam, North Korea, African and Latin American Countries had much impact due to the hegemony of the Super Powers (USA and USSR).

Moreover, the efforts of third world countries to overcome poverty suffered from insufficient inputs in all the fronts such as social, economic, political, cultural and technological aspects. World countries believed that, by increasing GDP growth rate, poverty can be eradicated. Only in the later period of 1980s, world countries have started to intervene through various schemes in order to eradicate poverty through wage employment and self-employment, but it failed to achieve its target due to the lack of political will in their respective countries.

Washington consensus by John Williamson replaced the poverty alleviation strategy adopted in the early period. But due to the inefficiency of these programmes, it has failed to achieve its goal. Later the Millennium Development Goal, which focused on complete eradication of poverty by 2015 along with many other goals, receives funds from International Institutions like World Bank, IMF, and UN etc. Further, the microfinance strategy proposed by Dr. Mohammed Yunus from Bangladesh became popular amongst the development thinkers. He has been awarded the Nobel Prize for Peace for his excellence in executing micro finance to eradicate poverty in Bangladesh. This same model has been practiced by many countries across the world including US. Towards this background the paper makes an attempt to study the World Bank Approach to Poverty Alleviation in Third World Countries with reference to Micro- Finance Contribution

**Keywords:** World Bank, microfinance, poverty alleviation, Washington consensus, Andhra Pradesh and Kerala

### **Introduction**

Poverty is a concern around the world which created more unrest in third world countries and developing countries. Due to various economic, social and political reasons, the Post-world war period witnessed many changes in the Global order. The ideological war between USA and USSR not only influenced both the countries and their allies but also third world and developing countries. The impact on third world countries was more because the super power conflict was more in third world countries than in their respective territories. For example the countries like Vietnam, North Korea, African and Latin American Countries had much impact due to the hegemony of the Super Powers (USA and USSR).

More over, the efforts of third world countries to overcome poverty suffered from insufficient inputs in all the fronts such as social, economical, political, cultural and technological aspects. World countries believed that, by increasing GDP growth rate, poverty can be eradicated. Only in the later period of 1980s, world countries have started to intervene through various schemes in order to eradicate poverty through wage employment and self-employment, but it failed to achieve its target due to the lack of political will in their respective countries.

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### **Washington Consensus**

The term Washington Consensus was initially coined in 1989 by John Williamson to describe a set of ten specific economic policy prescriptions that he considered to constitute a "Standard" reform package promoted for crisis wracked developing countries, by Washington DC based institution such as the International Monetary Fund, World Bank and the US treasury Department. The term has become associated with Neo-Liberal policies in general and drawn into the broader debate over the expanding role of the free market

constrain upon the state and United State influence on the national sovereignty of another countries. Many countries have endeavored to implement varying component of the reform packages with results that are much debated.

Washington consensus was introduced in a period when the Keynesian dominance in economic theory and policy had collapsed after the mid-1970 crisis and Keynesianism's apparent inability to solve it and neo liberalism (Promoted by the Reagan and Thatcher administration in the US and the UK respectively) had become the new orthodoxy.

Washington refers to the part of neo liberal policy prescriptions that had been widely accepted. "There is another geographical dimension in the term (Washington consensus)": Its policy presumption were primarily issued for the Latin America economies in the 1990s although they subsequently spread to the rest of the developing and less developed countries (Mavroudeas & Papadatos 2005:4)<sup>[8]</sup>

The consensus included ten broad sets of recommendations:

### Stabilisation

1. **Fiscal Discipline:** Budget deficits, broadly defined to include the balance sheets of state enterprises should be small enough to be financed without recourse to the inflation tax.
2. **Public Expenditure Priorities:** Policy reforms consists of redirecting expenditures from politically sensitive areas, which typically receive more resources that their economic return can justify such as administration, defense, indiscriminate subsidies and other white elephant's, towards neglected fields with high economic returns and the potential to improve income distribution, such as primary health and education and infrastructure.
3. **Tax Reforms:** A Tax reform involves broadening the tax rates. The aim is to sharpen incentives and improve horizontal equity without lowering realized progressively.

### Liberalisation

1. **Financial Liberalisation:** The ultimate objective of financial liberalization is the elimination of financial repression and the achievement of market determined interest rates but experience has shown that under condition of a chronic lack of confidence, market determined rates can be so high as to threaten the solvency of productive enterprise and government under the circumstances a sensible interiors objective is the abolition of preferential interest rate for privileged borrowers and achievements of a moderately positive real interest rate.
2. **Exchange Rate:** Countries need a unified (at least for trade transactions) exchange rate set at a level sufficiently competitive to induce a rapid growth in non traditional exports, and managed so as to assure exporters that this competitiveness will be maintained.
3. **Trade Liberalisation:** Quantitative trade restriction should be progressively reduced until a uniform low tariff in the range of 10 percent (or at most around 20 percent) is achieved. There is however, some disagreement about the speed with which tariffs should be reduced (With recommendation falling in a band between 3 and 10 years), and about whether it is advisable to slow down the

process of liberalization when macro economic conditions are adverse (recession and payment deficit)

### Opening Up

1. **Foreign Direct Investment:** Barriers impeding the entry of foreign firm should be abolished foreign and domestic firms should be allowed to compete an equal terms.
2. **Privatization:** State enterprises should be privatized, in order to bring more accountability and advancement in the method of execution.
3. **Deregulation:** Governments should abolish regulation that impede the entry of new firms or restrict competition and ensure that all regulation are justified by such criteria as safety, environment protection or prudential; supervision of financial institution.
4. **Property Rights:** The legal system should provide secure property right without excessive costs to the business and investors community" (Hye 2001: 378-386)<sup>[5]</sup>.

### Role of Washington Consensus in Poverty Reduction

Post 1980s witnessed major changes in the whole world. After the failure of Keynesian principle the later neo liberal economic philosophy were made one by one. Scholars and Academicians were working for some other alternatives. World has already under gone some major crisis which made world leaders think differently from all principle. Due to crisis many people were starving even for a single meal. Socialist and communist ideology came into severe criticism for their failure to provide stability. In fact this was the time when Washington consensus proposed by John Williamson, its ten principles gave some countries a gain momentum in their economy. More over the world has been facing more instability rather than stability. Latin American countries stand a good example to analyze and discuss the Washington consensus where initially it had been applied, the growth also incredible for some years but in later years it started facing more problems like economic instability, raise in poverty level, and this lead to political instability with in a decade. This resulted massive change in ideological shift from capitalist nature of economy to socialist nature: such as in Latin America. Initially the state role was very wide. Many regulatory mechanisms were present to stop foreign company from exploiting the countries.

All these progress underwent tremendous change because the people below poverty line increased in numbers. Various scholars from different disciplines criticized the influence of Washington consensus on poverty.

"More over for almost all critics, Washington consensus inability to address issues of poverty and inequality says in its analytical perspectives and are considered as its most important deficiency" (Mavroudeas & Papadatos 2005: 4)<sup>[8]</sup>.

This consensus has been practiced in many countries with the help of World Bank and International Monetary Fund. The United States forced many third world countries to implement these principles called Washington consensus economic reforms so that Multinational companies of United States can get benefited by exploiting the third world economy. International Monetary Fund's role on poverty is criticized by Nobel Laureate Joseph Stiglitz. He says, "They have talked a lot more about poverty but it is not yet clear how much more

their policies are oriented towards poverty”(Mavroudeas & Papadatos 2005:3)<sup>[8]</sup>.

Besides Joseph Stiglitz, other two Noble laureates James Jobin and Milton Friedman call for the abolition of International Monetary Fund. John Williamson, propounder of Washington consensus, claims that poverty could be reduced if same efficient policy measure would have taken what I have mentioned. He argues that the policies of “World Bank and International Monetary Fund advocated in 1990s were contrary to the cause of poverty reduction in emerging markets namely, their advocacy of capital account liberalization...the east Asian crises has caused a tragic interruption to the poverty reduction those countries has achieved in the preceding years” (Williamson 1999)<sup>[15]</sup>.

Williamson’s claims on increase in unskilled labour are invalid because through trade liberalization advanced multinational companies will invest where they need more highly skilled labour than unskilled. Besides these, through the closure of state, sponsored subsidized company will lead to unemployment because labors in that company may not suitable for any other well managed private company. More over his argument on well managed privatization can help poor to break vicious cycle of poverty is also not believable because whatever may be privatization, it will lead to concentration of wealth to few rich people not to the poor majority.

John Williamson argument in this article on reduction of poverty came in 1999, when it has been accurately proved that the Washington consensus is not suitable for world economy. Because of this, we could see many problems faced by world, which are high inflation, oil price hike, instable economy, Instable political system, increase in poverty etc. Washington contribution to poverty reduction has been merely for exaggeration. It has not achieved any big changes. So the shift has been taken place in policy arena that in adoption of the Millennium Developmental Goals. It has been discussed in this paper very briefly to give an idea about how much successful is that policy.

### **Millennium Development Goals**

The Millennium Development goals are the end products of numerous UN development conferences from 1960s to 1990s. The first, second and third UN development decades mainly focus on economic growth. In the 1990’s debates about development focused on the need to establish macro economic stability, strong institution and governance which enforce the rule of law and control corruption to provide greater social justice.

Since Second World War many changes have occurred in concept of development As it has been already mention that in 1960-1990 the focus was on economic growth but later shift on development took place. The main reason behind this is the early assumption that economic growth automatically will lead to reduction of poverty, environment sustainability, gender equality and empowerment and universal primary education, but it did not happen even till 1990. Most of the development thinkers started thinking on paradigm change in

development, as the Noble laureate Amartya Sen’s Social Choice Theory and Joseph Stiglitz’s Proposed Changed Model, mainly focused on Human development through which the success or failure of many countries can be identified.

In 1990 when USSR disintegrated, and led to many changes in the world, many countries started adopting the LPG concept (Liberalization, Privatization, Globalization) and opening up their market to foreign countries. Human development index published by the United Nations had the classifications, country wise and region wise data. Even after 1990s economic reforms, there is no significant development in both economic side as well as Human development side. In sub Saharan countries the condition became so worst. Some countries witnessed significant change in poverty reduction such as India and China, because of economic growth.

To find out the proper result and to help the countries that are still under-developed, International Organizations came forward with idea called Millennium Development Goals. This MDG reflects the emerging role of human rights in the international community focusing on the economic, social and cultural rights mentioned one by one in the Universal Declaration of Human Rights (rights to food education, health care and decent standard of living) and the goals reflect a mixture of economic theory and Human rights. Various human rights advocacy groups and civil society organizations participated in drafting the goals of MDG.

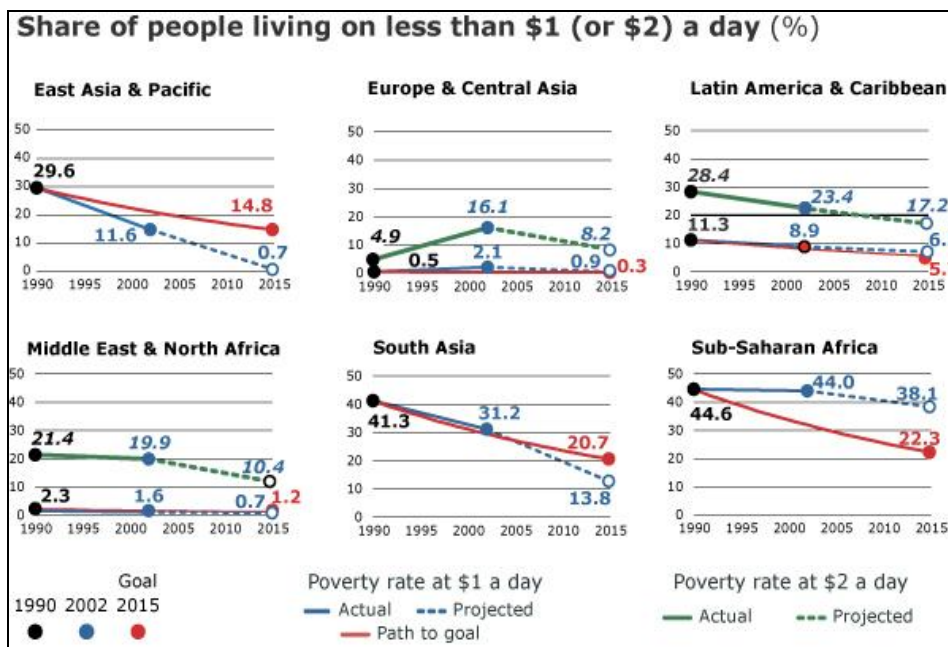
The international development goals drafted in 1996 by the Development Assistant Committee of the Organization for Economic and Development (OECD) also strongly influenced MDG’s seven of the eight goals. The eighth MDG is not time bound but instead more of an aspiration donors to further their development goals unlike the OECD goals.

### **Millennium Development Goals**

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child Mortality
5. Improve maternal Health
6. Combat at HIV/AIDS, Malaria and other disease
7. Ensure environmental sustainability
8. Develop a global partnership for development.

Overall success of Millennium Development goals depends heavily on the success of its goals by empowering the poorest countries to achieve the goals. For the poorest countries to achieve goals 1-7, the richer countries must first change their domestic policies related to foreign Aid, debt relief, trade and Technology to help the former. The commentators argue that developed countries should increase access to their markets by decreasing tariffs on goods from developing countries. Additionally, developed countries can assist developing countries in their quest to accomplish goals 1-7 by facilitating their access to advances technologies designed to improve human health (Wagnor 2008).

Poverty Rate



Source:- <http://www.un.org/millenniumgoals/bkgd.shtml>

Fig 1

Above diagram shows that East Asia, South Asia, and Europe and Central Asia has been making significant progress towards reaching the levels of poverty alleviation. In the recent years East Asia and South Asia, has maintained their GDP growth rate around 7% clearly shows the decline of poverty in the above said countries.

We have seen so far in this research paper, World Bank's approach to poverty alleviation that is Washington Consensus and Millennium Developmental Goal. These policy measures taken by World Bank have not been bear the fruit. Rather poverty level has been increased and instability in third world countries economy has been witnessed. This has forced the policy makers to think out of the box. It is at that point of time; microfinance scheme which was successfully implemented in Bangladesh has drawn the many people's attention.

**Microfinance Strategy**

In the past two decades microfinance has been major topic for the development scholars. Grameen Bank's success story has provided tremendous feed back. Till now many researches have been done to exploit more opportunities. Success from Grameen Bank encouraged many third world countries to adopt and practice this model in their countries.

Now 92% of borrowers are women which makes it a significant success in empowering women. Besides that, micro credit alleviated the poverty at a significant level. This empowers them to be independent and break the vicious cycle of poverty. Bangladesh has shown improvement in maternal mortality rate. In order to understand various aspect of the microfinance scholars namely Abu N. Morduch, Jonathan Morduch, Ishtiaq Hussain and many others have contributed to policy input to practitioners and policy makers. Their

studies of micro finance on various methods, structure and functions are useful.

Moreover, Grameen Bank and other micro financial institutions have been criticized on high interest rates, displaying wrong information on websites, sustainability of microfinance institution, women's empowerment, ignorance of other policies and programmes of poverty alleviation etc. These flaws make us to rethink the functioning of the microfinance.

**Micro Finance Strategy to Alleviate Poverty**

In order to alleviate poverty from all over the world various policy measures have been taken. But still now we could see no significant improvement. Much number or percentage of the poor people lives in Asia and African continents. Since the Second World War developed countries poured huge amount of Aid to third world countries but till now there is no constructive result because the nature of poverty differs place to place, geography, climate, people behavior, proper utilization of finance etc. Financial aspect of the poor has been one of the major discussions among people. Despite all financial help there is no improvement in reduction in poverty level. One among the reasons behind the poverty is to non-access of finance to the proper poor people. Therefore they are unable to break the cycle. As Mohammed Yunus says, "The poverty was not a personal problem due to laziness or lack of intelligence but a structured one lack of capital" (Jolis 1996). After Understanding the dire need of the poor professor Mohammed Yunus initiated his task of forming Grameen Bank Microfinance institution which has grown on a massive scale. Started with 46 families, "By 2006 Grameen Bank branches numbered over 2100. It success has inspired similar projects in more than 40 countries around the world and has



made World Bank to take an initiative to finance Grameen type of schemes.” In South Asia by 2005 microfinance covered at least 35 million of some 270 million of families in the region and met around 15% of the overall credit requirement of low income people”(The World Bank 2006:1-2).

The nature of poor may differ from place to place. In Asia and Africa most of the poor belongs to rural areas. These people need the credit which may be provided in service base. But

where as in “Latin America (Another region in which the micro finance was typically urban rather than rural), was more focused on financial services for micro enterprises than as poverty, and saw itself as a business, politically as a branch of commercial Banking”(World Bank: Microfinance in South Asia 2006:90-12,) In another way it has been witnessed that micro finance coverage of poor families is very less when compare to poverty ratio. This table 4.1 shows these facts.

**Table 1:** Breadth of Microfinance outreach in South Asia

Country	Population (million)	Poverty Ratio %	Poor families	MF client	MF poverty out reach%	MF coverage of poor families%
Afghanistan	22	55	2	0.12	50	03
Bangladesh	143	50	13	16	50	62
India	1100	30	60	15	35	09
Nepal	26	35	1.6	0.5	45	14
Pakistan	155	33	8.5	0.58	35	02
Sri Lanka	20	25	01	02-5	25	63
South Asia	1466	33	86.2	34.7	41	17

**Source:** World Bank, Micro finance in South Asia, p-24

Like wise the structure of micro finance also differs. In Bangladesh, Grameen Bank has different way to provide microfinance to borrower, where as in other parts like in India, central government and state governments’ involvement is more along with NGOs. The microfinance model in India, SHG (Self Help Group) borrowers have to form group, then they have to show the group saving to get micro loan, which with they will start their group work. While working they have to return back money. Group norms should be followed by every member of SHG to remain in group.

This micro finance facility not only provides the helping hand to alleviate poverty but also improve their living condition. Similarly Grameen Bank in Bangladesh provided more opportunity to the people to uplift their living condition by all the means. Providing loan for building house, to start business, facility of cell phones, fisheries production, women awareness, education, health, loan for student to pursue higher education in all these micro finance is helping the people. Many countries are testing this model in their own country so that they could alleviate poverty from their country. Even the US practiced micro finance approach to alleviate poverty in their country. To break the vicious circle of poverty, various policy measures have been taken in national and international level. UN attempts to alleviate poverty, through micro finance strategy by providing massive aid to third world countries. Many third world countries have been practicing micro finance model to poverty ridden Area.

Involvement with the microfinance summit, the World Bank group has committed over US\$200 million in concessional loan and investments to enable microfinance institution to build their portfolios and extend outreach to the poor. The World Bank group has several instruments at its disposal to support microfinance training services (By the economic development Institution (EDI) and country departments grants such as the Collective Group to Assist the Poorest (CGAP),

concessionally priced IDA credit, market priced IBRD loans, and International finance corporation (IFC) equity Investment has been used for developing micro finance to eradicate poverty (World Bank Group Micro finance Institutional Action Plan 1999:1).

In Africa, loans have recently been approved for MF work in Benin, Eritrea, Madagascar and Mali. World Bank is also attempting to giving beyond micro finance and talking about capacity building programmes for poor.

### **Micro finance in India**

#### **Micro Finance Initiative – NABARD**

##### **Role of NABARD in Microfinance to Alleviate Poverty**

The National Bank for Agriculture and Rural Development (NABARD) has been preparing potential linked Credit Card Plans (CCPs) since 1987-88 for rural districts in the country. The basic objective is to map the existing potential for development and evolve an appropriate mechanism through which these could be exploited over a specified time frame. These plans reflect an effort at projecting credit requirements in different sectors in a district, taking into account the long term physical potential, availability of infrastructure, marketing support, credit absorption capacity and strengths and weaknesses of the credit institutions (Karnakar 1999:51). The role of NABARD in poverty alleviation it takes long story. In an example “The MRCP (Maharashtra Rural Credit Project) with extensive peoples participation and focus on women, jointly implemented in four districts of Maharashtra state by NABARD and Government of Maharashtra with active support from NGOs, banks it aims at improving the financial services to the rural poor and making a large majority of them as bankable clients through peoples participation” (Kotaiah, 1998:3). It shows NABARD’S active involvement in each and every corners of the state to enhance the poor people’s living standard.

**Table 2:** Achievements of SHG-Bank Linkage Programme - 2016-17

Sr. No.	Particulars	Achievements	
		Physical (No. in lakh)	Financial (Rs. in crore)
1	Total number of SHGS saving linked with banks	85.77	16114.23
(i)	Out of total SHGs – exclusive Women SHGs	73.22	14283.42
(ii)	Out of total SHGs – under NRLM/SGSY	37.44	7552.70
(iii)	Out of total SHGs – under NULM/SJSRY	5.45	1126.86
2	Total number of SHGs credit linked during 2016-17	18.98	38781.16
(i)	Out of total SHGs – exclusive Women SHGs	17.16	36103.13
(ii)	Out of total SHGs – under NRLM/SGSY	8.86	17336.26
(iii)	Out of total SHGs – under NULM/SJSRY	1.06	2675.77
3	Total number of SHGs having loans outstanding as on 31 March 2017	48.48	61581.30
(i)	Out of total SHGs - exclusive Women SHGs	42.84	56444.24
(ii)	Out of total SHGs - under NRLM/SGSY	24.91	29994.43
(iii)	Out of total SHGs - under NULM/SJSRY	3.18	4133.29
4	Data on Joint Liability Groups		
(i)	Cumulative JLGs promoted as on 31 March 2017	24.53	
(ii)	Cumulative loan disbursed to JLGs as on 31 March 2017		26848.13

Source: Micro finance in India, 2016-2017,

<https://www.nabard.org/auth/writereaddata/tender/1307174808Status%20of%20Microfinance%20in%20India%202016-17.pdf>

Thus SHG Bank linkage programme provided support to micro finance initiative. It envisages reaching the level of 50,000 SHGs covering 2 million rural poor families by the year 2000. However considering the magnitude of poverty the outreach of the programme needs to be significantly enhanced.

#### Micro finance in Andhra Pradesh

Andhra Pradesh is one among the poor state in India. Through SHG microfinance, government practiced some strategy to reduce poverty. It has got speed particularly after 1992-NABARD efforts on SHG – Bank linkage programme. But before itself this concept was there and it was working, without government much micro finance field Andhra Pradesh has got strength to go ahead with SHG – Bank linkage formulae.

The programme “velugu” is a government initiated SHG-Bank linkage to bring down the poverty rate in Andhra Pradesh. These effort has brought many applaud.

#### Present Status of SHG Movement in the State

Andhra Pradesh has a prominent place in SHG movement with 6,26,472 SHGs covering 78,65,847 rural women. Nearly 28 per cent of the members of the SHGs belong to Scheduled Caste category and 11 per cent belong to the Scheduled Tribe category (Table 2.1). In terms of coverage, 20 per cent of women in the State are members of the SHGs. Majority of the groups in the State have been formed through the IKP project and the DRDA. As at end March 2006, the SHGs have built a corpus of Rs.26, 197 million including thrift amount of Rs.12, 255 million.

**Table 3:** Highlights of SHG movement in Andhra Pradesh as on 31 March 06

Particulars	Number
Total Number of SHGs	6,26,472
Total members of SHGs	78,65,874
Average number of members in SHG	13
SC members	28%
ST members	11%
Total savings of the SHGs (Rs. in million)	12,255
Average savings per SHG	19,561
Total Corpus of the SHGs* (Rs. in million)	26,197
Average amount of corpus per SHG (Rs.)	41,816

Note: Corpus includes savings of the group, interest earned by the SHGs

Source:-K C Badatya, B B Wadavi and Ananthi (2006):Microfinance for Micro enterprises: An impact Evaluation study of Self Help Groups, NABARD, Andhra Pradesh regional office, Hyderabad..p-17.

#### Micro finance Role in Alleviating Poverty from Andhra Pradesh

It is with in this state of India that the SGH has constituted a primary route towards poverty alleviation and development. Both state and NGO initiatives on Povert Alleviation have recognized the value of forming small groups of poor people who have a common desire to generate livelihood option. Further, micro credit is seen as the key to unlock the poverty

trap. SGH are also supposed to empower women. Currently Andhra Pradesh has mobilized and organized 48 lakh poor women in the rural areas into 307 lakh groups.

The major poverty alleviation project through which SHGs are promoted is the state sponsored “VELUGU” working in over 860 mandals in 22 districts, aiming to reach 29 lakh of the poorest of rural poor (Deshpande 2004:2).

Based on the concept of “self help” small groups of women

have formed into groups of ten to twenty and operate a saving first business model where by the members savings are used fund loans. The results from these self help group (SHG) are promising examination as it is proving to be an effective method of poverty reduction.

**Kudumbashree in Kerala**

**Role of Kudumbashree Programme Poverty Alleviation**

Kerala is a unique state in social aspect. It has been good example for not only rest of India but also other developing country. Hitherto it is astonishing to understand how “Kerala Despite of its poverty, it has achieved outstanding human development resulting sex ratio 105%, literacy 91%, rural female literacy 87%, Life expectancy 73%.

But advance in social development failed to spur economic development. Here our emphasis will be on how Kerala’s poverty alleviation programme Kudumbashree helped the poor to come out of the trap of poverty.

**Kudumbashree Programme in Poverty Alleviation**

“Kudumbashree” poverty alleviation programme launched by Government of Kerala in 1998 with the active support of government of India and NABARD for eradicate poverty within a period of 10 years.

Kudumbashree is outcome of two programme, that is Urban basic services for the poor (UBSP)implemented in Alappuzha Municipality in 1992 focused on community based and participatory approach to planning and implementing poverty reduction programme. The second programme is on November 1994 under the community Based Nutrition Programme (CBNP implemented with UNICEF support.

Simultaneously universal coverage of the programme was decided upon for urban areas in Dec 1994. This is how “Kudumbashree” poverty alleviation programme in Kerala launched after experimentation of the two poverty alleviation programme. Kudumbashree mission statement and the success of this programme make it clearer that, its main focus is on poverty alleviation.

- Strategy for implementation of Kudumbashree is
- Identification of poor families using a non monetary poverty index.
- Organizing the poor to a three tier community Based Organization
- Empowerment of women through community Based Organization

Kudumbashree is not fully implemented by state. This poverty alleviation programme also supported by Government of India and NABARD in terms of finance. All the central programme automatically convergence into Kudumbashree whether it may be related with health, children, education, sanitation, under supply or housing etc.

As all know that Kudumbashree programme not only focus on income generation thrift and credit activity but also other activity related with health, housing, children education, sanitation etc. Poverty eradication is not a single phenomena. Any programme related with poverty eradication is necessarily related with all round efforts “Micro enterprise credit by itself will not necessarily lead to poverty alleviation, improvement in human development indicators, and the empowerment of women. That would require a consciously multi prolonged approach” (Kadiyala 2004:41).

**Table 4:** Distribution of NHGs by the Motive for Group Formation, Kudumbashree

Motive	First motive No	First motive %	Second motive No	Second motive %	Third motive No	Third motive %
Credit/Escape from money lender	46	7.2	76	13.0	97	21.7
Employment prospects	67	10.6	106	18.1	71	15.9
Area development	73	11.5	38	6.5	7	1.5
Poverty Eradication	191	30.1	76	13.0	22	4.9
Government help	1	0.2	0	0	0	0
Saving	38	6.0	56	9.6	0	0
Cooperatives	105	16.5	28	4.8	100	22.3
Empowerment of women	65	10.2	178	30.4	130	29.1
Others	49	7.2	28	4.6	20	4.6
Total	635	100	586	100	447	100

Issac T.M Thomas (2007): Women neighbour hood groups: towards a new perspective, P-13-14

Convergence of various government programme and resource in the CDS level, participatory multi poverty planning and implementation and development and nature of microenterprises is the key strategic of Kudumbashree Kudumbashree programme success in Kerala has inspired other state in India for adopt this model like in Andhra Pradesh “velugu” SHG programme.

Key challenges to poverty alleviation programme Kudumbashree are:

- To maintain the zeal into the staff of the Kudumbashree
- To stay true to this mission of alleviating multiple causes and consequence of poverty through women’s empowerment
- To take all the necessary steps to not to divert the member

of NHG attention to any other activity for example political bias, nepotism

- To take all necessary steps to make self sufficient respective NHGs with out affecting the whole structure
- To give required attention to other activity like education, Health and sanitary along with other than thrift and credit.

**Concluding Observations**

Despite all the efforts to alleviate poverty from the world the international organizations and Multilateral Financial Institutions failed to achieve the goal even after their continuous effort since post cold war period. Policies and programmes framed by the Super powers often come to criticism. Either it may be Washington Consensus, or

Millennium Development Goals failed because it is purely initiated by International level organizations. The world community has seen some improvement in the decrease of poverty level in some regions like East Asia and Pacific countries. But still majority of poor people live in Africa, South Asia and Latin America. Probably the idea proposed and practiced by Mohammed Yunus to world is remarkable achievement. Despite its weakness it could influence many countries in world including developed countries like USA.

This proved that the policy inputs should not come from the top alone but it must be bottom-up as well like Grameen Bank.

With regard to Millennium Development Goal it is very much clear that, the policy framed by International organization and financial institution is done without proper study in countries' situations and capabilities. International Aid alone is not sufficient to achieve this goal but many other things determine like internal situation, Trade, People desire to achieve the goal etc.

During this time there is no stability in economy in third world countries. In fact how one can expect stability in poor countries when developed countries itself was in trap of instability. Unless the world community comes together with strong desire in their heart and without coming under any pressure of any power, to frame and implement the policy to alleviate poverty it is not possible to achieve the target. As many countries reiterate the changes in United Nation and its composition has not been considered till now. Participation of all regions may bring out some changes in attitudinal aspect as well as practical implication.

The public policy formulation and implementation needs more efficiency and effectiveness in South Asia to influence the poor people's life in much more better way. Despite having been implemented many policies to bring the people out of poverty and performing positively it is witnessed that compare to other region its performance is very low, for example East Asia's performance much better than South Asia. Efforts taken by all three levels International, Regional and local level in South Asia need to be more transparent. The policies being formulated in the international level are without having sufficient knowledge of the grass root level. So obviously it will fail. For example Washington consensus which failed to give any fruitful result. Some countries in Africa are not in the position to attain the goal with in fixed time. To achieve MDG goal, South Asia have to perform better in resolving problems like reducing corruption, good governance, building up the strong relationship between and among South Asian countries in political, economic and social spheres to reach the target fixed by MDG. Not only these weaknesses but also other such as democratizing and devolution of power to grass root level, like Pachayati Raj system, sharing the learned successful experience like Grameen Bank in Bangladesh to other countries in this region, sharing the Advanced technology in agriculture, Industry etc, giving more attention to the poor people due to political geographical wise, economic, cultural terms. If all countries in South Asia work out in this weakness it will help to achieve the target in fixed time. Therefore the goals fixed by MDG will be achieved within stipulated time. This study finds out that many drawbacks are in achieving the goal, unless it is achieved it is very difficult to alleviate the

poverty. For few years it is visible that the microfinance strategy has been giving the positive result by working on reducing the poverty successfully.

To evaluate the public policies with regards to poverty it is necessary that every policy needs to be critically analyzed for identifying its capacity to achieve the target in alleviating poverty. This study has attempted to critically analyze to find out the weakness and strength of the programme in South Asia. The merits and demerits have mentioned. Micro finance strategy which is more effective in alleviating poverty has to be corrected to make it more attractive. Problems related with micro finance strategies are more severe such as micro finance sustainability, repayment, Interest rates, and violence against women etc. Micro finance strategy in various places changes its nature. Like in Bangladesh Grameen Bank is different from Kudumbashree in Kerala and Andhra Pradesh SHG model. Grameen Bank weakness is mainly on violence against women its because most percentage of loan is concentrated on women, so men uses women to get loan for their purpose to be fulfilled. If women refuse to take loan often it leads to torture and divorce where as in Andhra Pradesh women even take up the issue related with family boldly because of SHG (Self Help Group).

This helped wage Anti Arrack movement in Andhra Pradesh. Besides these Kudumbashree in Kerala target its multiple problem through micro finance like Lack of saving, housing, daily needs and requirement, education, Health etc, but where as in Grameen Bank doesn't focus much on other than small credit for business.

In Kudumbashree in Kerala and SHG in Andhra Pradesh will not bother about their sustainability, but focus more laid on the performing the social service rather than doing business. In Grameen Bank they more focus on sustainability and Repayment which lead them to change their way of dealing with customer which leads to violence on women and increase in divorce case etc. To resolve these problem various steps needs to be taken to understand its efficient service to target the poor people.

South Asia region is to some extent successful in alleviating poverty but it needs more action than talking about poverty in various platforms as a issue. Many policies still in written form but it is not implemented. It is the responsibility of the national government to take up the problem with very sincerity to address it.

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