

## **Chit fund transactions in parambil kadav, Kozhikode: understanding its functioning as the catalyst for women's empowerment**

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### **Abstract**

*This study investigates the role of Kuri transactions in empowering Keralite women. Research questions guiding this inquiry: What perceptions exist around Kuri transactions among Keralite women? Do Kuri transactions alleviate financial burdens and enhance economic empowerment? Can these transactions strengthen social connections and solidarity?. The study used a qualitative research design utilizing surveys and thematic analysis. Data analysis examined 50 Kuri transaction participants (66% women, 34% men) from Kozhikode, Kerala, revealing demographic insights: 53% aged 31-50, 38% employed and 40% women literate. According to content analysis, men generally used Kuri cash for profitable endeavours like businesses and education. Women primarily set aside money for luxuries. Kuri transactions served as an unofficial banking system that allowed users to access large sums of money (₹50,000 to ₹1 lakh) for necessities and save modest sums each month. The reduction of financial load (52%), financial savings (25%), social ties (8%), and economic empowerment (15%) were the main drivers of involvement. Kuri transactions promote economic solidarity among women. This study addresses the knowledge gap in empirical research on Kuri transactions' impact on women's empowerment in Kerala, contributing insights for policymakers and stakeholders.*

**Keywords:** *Kuri transactions, women's empowerment, economic solidarity, Kerala, financial inclusion.*

## 1. Introduction

### 1.1 Context

Kerala has long been recognised as one of India's most socially advanced regions, often compared with developed countries because of its high literacy rates and strong welfare systems. A key reason behind this achievement is the widespread presence of informal financial groups that function outside the formal banking structure. These community based systems offer people easy ways to save and borrow money. Among them, the Kuri fund transaction system stands out as one of the most important and enduring features of the state's financial and social life. A Kuri, also known as a Chit or Chitty, is a collective savings arrangement in which a group of people contribute a fixed amount of money at regular intervals to form a common pool. The organiser is usually a woman who brings together family members or neighbours and follows a commonly accepted set of rules. The entire system runs on trust and mutual support, allowing participants to obtain lump sums of money that they might otherwise find difficult to access.

For instance, a Kuri with a target of one lakh rupees may involve ten members who each contribute ten thousand rupees to the organiser. A smaller Kuri of twenty thousand rupees may include twenty members who each contribute one thousand rupees every month. The pooled money is distributed each month through a lottery or a bidding process until all members have received their share. This simple structure provides timely financial support to many households and has become especially important for women in Kerala. The locality selected for this study is Parambil Kadav in Kozhikode district. Data provided by GeoIQ in 2020 for the nearby Parambil Bazar locality shows a population of around four thousand two hundred and forty one people within an area of one point two square kilometres. This results in a population density of about three thousand five hundred and thirty eight people per square kilometre. Such figures indicate a relatively dense semi urban or suburban region within Kozhikode.

Although the Kuri system plays a major role in Kerala's microfinance culture, there is still limited empirical research that explores its effects at the level of specific communities. Most earlier studies have focused on its historical background or the general workings of Kuri groups. They rarely investigate how the system influences particular localities or how it shapes the lives of women in those areas. This research attempts to fill that gap by examining

the impact of Kuri transactions in the community of Parambil Kadav. While it is widely known that women often lead these groups and rely heavily on their social networks to run them, there is still a lack of detailed analysis on how Kuri functions as a direct force for women's economic and social empowerment. Because it is informal and rooted in personal relationships, the Kuri system provides a valuable framework for understanding financial inclusion and social solidarity among women from different economic backgrounds in Kerala.

## 1.2 Research questions

This study is guided by the following questions:

1. What are the perceptions of Keralite women in Parambil Kadav regarding their participation in Kuri transactions
2. Do Kuri transactions help to reduce financial stress and improve the economic empowerment of women in this community
3. Do Kuri transactions strengthen social relationships and collective support among the women who take part in them

## 1.3 Originality

This study contributes to existing knowledge by offering community specific evidence on the impact of the Kuri system, with a particular focus on women's empowerment. The findings provide useful insights for policymakers and stakeholders who wish to build on informal financial networks as a means of promoting social development and financial inclusion. The rest of this thesis is organised as follows. Section two reviews the literature on Kuri, microfinance, and women's empowerment. Section three explains the methodology, including the qualitative design, participant details, and the approach used for data analysis. Section four presents the results, including demographic patterns and the ways in which funds are utilised. Section five discusses these findings in relation to the research questions. Section six concludes the study with a summary and suggestions for future research.

## **2. Literature review**

The Kuri, also known as the Chit Fund, is a vital part of Kerala's socio-economic fabric and plays a key role in the informal financial sector. It functions as a collective savings scheme

where members contribute a fixed amount to a common pool, and the pooled money is distributed to participants through periodic draws. This traditional system stands out for its simplicity, reliance on trust, and flexibility, making it accessible to people who are often left out of formal banking channels. Historical studies, such as the work by M.A. Valsa, have traced the evolution of Kuri companies and their significant influence on the socio-economic transformation of regions like Trichur from 1891 to 1975. Other research, for example by N.I. Qureshi, has examined Kuri funds as an “old-age fund collection technique,” offering case-study insights into how the system functions. These works show that the Kuri is more than a financial mechanism; it is a social institution built on community ties, neighborhood relationships, and kinship networks.

Financial inclusion is understood as ensuring that vulnerable groups, especially the poor and women, have affordable access to appropriate financial products and services. In Kerala, the Kuri system acts as an unofficial banking network. Unlike formal banks that demand collateral, extensive paperwork, and rigid repayment schedules, Kuri participation hinges on social capital and trust. Participants pool money to obtain large sums (such as Rs.50,000 to Rs.1 lakh) for major needs while also enabling modest monthly savings. This dual role meets both emergency liquidity needs and long-term saving goals for low- and middle-income individuals, providing a crucial financial safety net for communities grappling with poverty and unemployment, many of whom are classified as Below Poverty Line (BPL). Social empowerment refers to a woman’s increased ability to engage in social networks, make household decisions, and earn community respect.

Since Kuri transactions are inherently social, they both rely on and reinforce these ties. The system fosters economic solidarity, particularly among women who form the core membership, encouraging interaction and relationship building. While existing literature covers the macro-historical and functional aspects of Kuri funds, there is a noticeable gap regarding its impact in specific localities. This paper fills that gap by focusing on the Parambil Kadav community in Kozhikode. By conducting a comparative study that includes both male and female participants, the research offers detailed, granular insights into the localized effects of Kuri and provides empirical analysis of its role in promoting women’s economic and social empowerment within a clearly defined community context. This location

-specific focus, combined with a detailed examination of gendered financial behavior, contributes a fresh perspective to the literature on informal microfinance in Kerala.

### **3. Methodology**

This study used a qualitative research design while also incorporating quantitative elements drawn from survey responses. This blended approach was selected in order to understand the deeper experiences and perceptions of Kuri participants and to measure the demographic patterns and usage behaviours found within the community. The intention was to conduct a comparative analysis of how Kuri transactions influence both male and female participants. The research was carried out in the community of Parambil Kadav in Kozhikode, Kerala. This location was chosen because earlier studies have not provided detailed empirical evidence about how the Kuri system functions in specific and clearly defined local areas. Focusing on a single community allowed the study to gather detailed data that reflects the social and economic conditions of the locality, including the influence of kinship networks and neighbourhood interactions.

The population for this study consisted of individuals who were actively involved in Kuri transactions either as organizers or as members. A total of fifty eight individuals participated in the survey and submitted complete responses. According to the abstract, sixty six percent of the participants were women and thirty four percent were men. Including participants of both genders was important for comparing how men and women differ in their financial experiences and decision making within the Kuri system. Data were collected using a structured survey that was created through FormsApp. The survey link was shared with Kuri organizers and members in the area. This method ensured that a suitable number of participants could be reached and that the data collected would be consistent and organized. The survey included both categorical questions related to demographics and open ended questions that explored personal experiences and perceptions. This reflects the study's combined use of quantitative and qualitative methods.

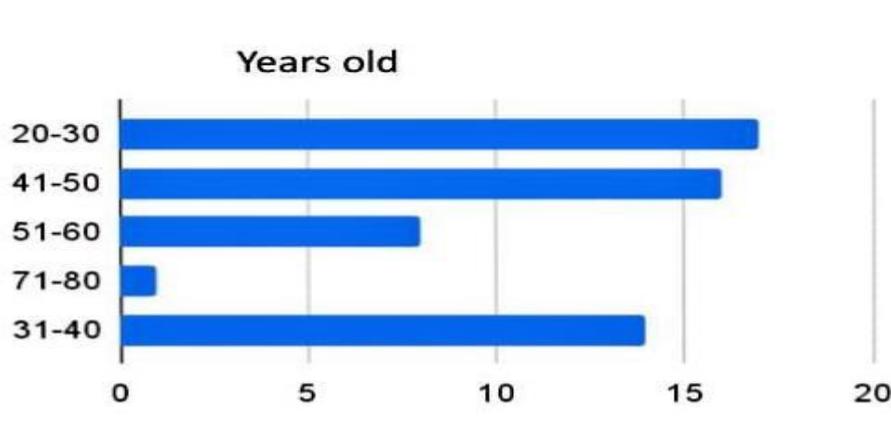
The survey gathered information across several main areas. Demographic data included age, religion, caste, education, literacy, and economic status such as APL or BPL classification. Kuri related data included target amounts, the frequency of participation, and the different areas in which Kuri funds were used. Perception related data explored feelings of financial security, the effect of Kuri on personal relationships, and the role of Kuri in building social

networks. The analysis of the data used descriptive statistics for demographic information and for the frequency of different responses. Raw counts and percentages were calculated to provide a clear understanding of age distribution, religious groups, caste representation, and the socioeconomic status of the participants. Charts and graphs were used to present these findings in a clear and visually accessible manner.

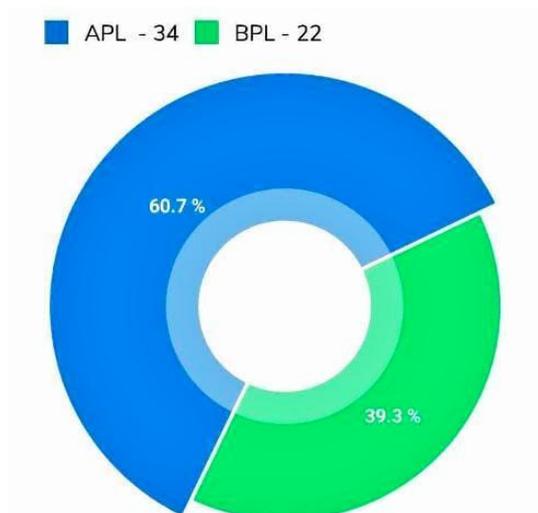
Content analysis was used to study how participants allocated their Kuri funds. Through this method, the research identified an important difference between genders. Men tended to use Kuri money for income generating purposes such as business activities and education. Women, on the other hand, often spent their Kuri funds on household needs and personal items. Thematic analysis was used to interpret responses related to financial security and social benefits. The qualitative data were grouped into themes such as reduction of financial pressure, savings, formation of social connections, and feelings of economic empowerment. These themes reflect the main reasons participants chose to engage in Kuri transactions. Although the full sample included fifty eight respondents, the abstract focuses on a final filtered group of fifty participants for the core findings. This filtered data set includes details such as fifty three percent of the participants being between the ages of thirty one and fifty, fifty six percent belonging to BPL households, thirty eight percent identifying as Muslim, and fifty four percent identifying as Hindu. The analysis presented in the following sections brings together the complete data set in order to provide a full and accurate understanding of the impact of the Kuri system on this community.

#### 4. Results and analysis

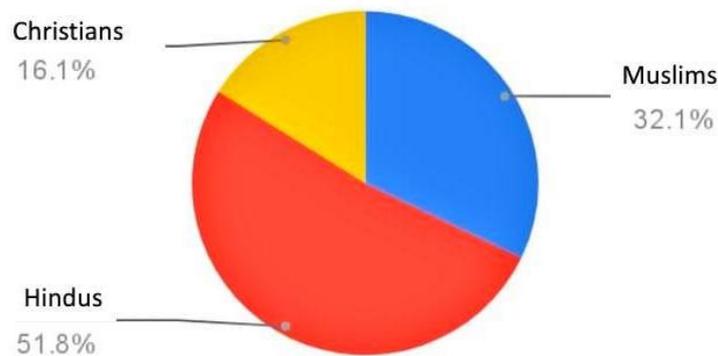
The Kuri fund system in Parambil Kadav attracts a lot of participation from specific age and socioeconomic groups. The sample was mostly women, making up 66% of participants, while men accounted for 34%.



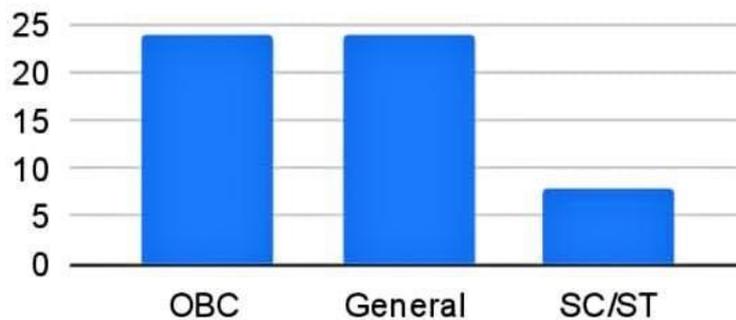
Looking at age, the biggest portion (30%) falls in the 20-30 years range, showing that younger community members are actively using the system. Middle-aged cohorts (31-40 years at 25% and 41-50 years at 28%) are also well represented, indicating that Kuri is popular across different life stages. Literacy is exceptionally high, with 94.6% of participants reporting that they are literate. Many have solid educational backgrounds (26.8% with undergraduate degrees and 19.6% with postgraduate degrees), which suggests they have the capacity to understand the terms and management of this informal financial scheme. A key finding is the strong presence of financially vulnerable groups. About 56% of participants belong to the Below Poverty Line (BPL) category, while 44% are Above Poverty Line (APL). This difference highlights Kuri's role as a crucial financial tool for low-income families.



Occupationally, the mix is diverse: 46.4% work in the private sector, 32.1% in the government sector, and 39.3% reported being unemployed – a figure that lines up with the high BPL share, showing heavy reliance on Kuri for liquidity when jobs are scarce. Community representation shows Hindus at 51.8%, Muslims at 32.1%, and Christians at 16.1%.



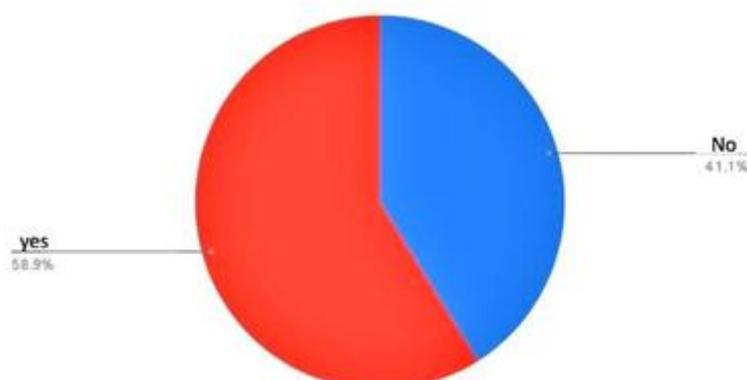
Caste distribution is balanced, with OBC and General categories each making up about 42.9% of the sample.



The way participants use the lump sum amount they receive from the Kuri is central to understanding how the system supports empowerment. The choices they make show a clear focus on immediate household needs and reveal an important gender based difference between spending for consumption and spending for investment. When participants were asked about the main areas in which they used their Kuri funds, the responses highlighted a strong preference for essential expenses and savings. Household expenses formed the largest category at 39.3 percent, showing that Kuri plays a major role in helping families manage their domestic budgets and meet significant financial needs within the home.

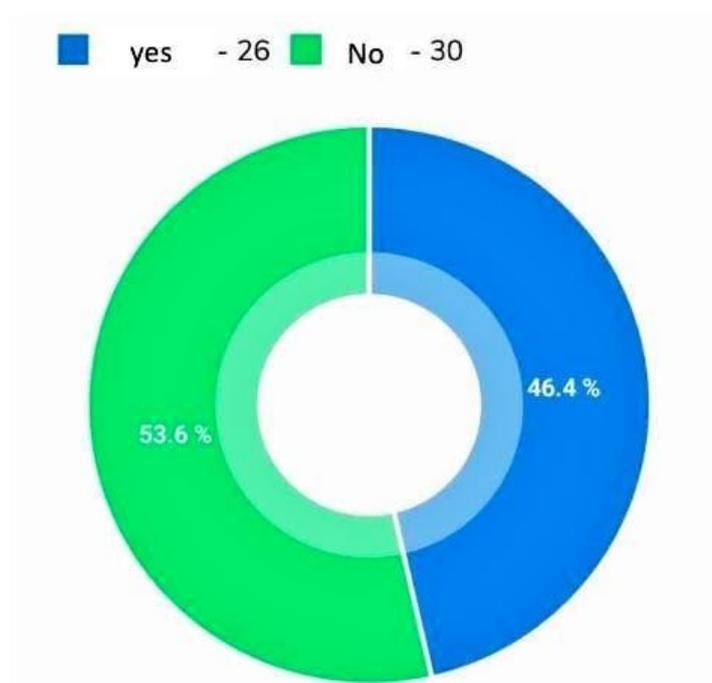
Options	%	Count
Luxuries	17.9	10
Savings	19.6	11
Education	10.7	6
Marriage	12.5	7
Household expenses	39.3	22

Savings appeared as the second most important category at 19.6 percent, which demonstrates that Kuri works effectively as a disciplined form of forced saving. Spending on luxuries accounted for 17.9 percent, indicating that some participants also used the funds to improve their quality of life. Meanwhile, investments in social capital, such as marriage expenses, stood at 12.5 percent, and investments in human capital, such as education, made up 10.7 percent of the total allocations. The main purpose of the Kuri system is to reduce financial stress, and the findings of the study strongly support this. In the survey, 58.9 percent of the participants said that they felt financially secure because of their involvement in Kuri.



Many explained that the system offers timely help during difficult moments and gives them access to substantial amounts of money, often ranging from fifty thousand to one lakh, which allows them to meet major essential expenses. The key reasons for joining a Kuri were measured as follows. A reduction of financial pressure was the leading motivation at 52 percent. This was followed by the desire to save money at 25 percent and the wish to achieve economic empowerment at 15 percent. The strong emphasis on reducing financial stress, reflected in the 52 percent figure, shows that the Kuri system plays an important role as a risk management tool for families with low income.

In the study, 28 participants said they had developed good relationships with fellow members. At the same time, 22 participants mentioned they didn't really know other members well, and six reported having poor relationships, showing that social experiences vary quite a bit. The aim of widening social networks was only partly achieved. While 46.4% of participants reported that they made new contacts, a slightly larger share (53.6%) said their network stayed limited to family and close neighbors. This indicates that the Kuri system works well for strengthening existing, tight community ties (solidarity) but is less effective at creating broader, new social capital beyond the immediate locality.



A notable limitation that emerged was the question of fairness and trust. Some participants raised concerns that the Kuri organizer might be manipulating the draw to favor their own family or close associates. Such doubts undermine the trust that is central to the scheme.

## **5. Discussions**

Kuri strengthens bonds among neighbors and relatives, although it does not always lead to wider social capital formation or help participants cross larger social boundaries. The high participation of individuals who fall under the Below Poverty Line category at 56 percent and the significant number of unemployed participants at 39.3 percent show that Kuri directly addresses the issue of financial exclusion. Acting as an unofficial banking system, it fills the gap left by formal institutions that often demand collateral, extensive paperwork, and fixed repayment schedules that do not match the unstable incomes of poor households. The main reason for joining a Kuri, which is the reduction of financial burden at 52 percent, confirms that the system works primarily as a tool for managing financial risk and providing quick access to liquidity. This is especially important for women, who frequently shoulder the responsibility of managing sudden financial pressures within the home.

The opportunity to receive a large lump sum of money, often between fifty thousand and one lakh, at short notice provides an essential safety cushion for many families. This explains why 58.9 percent of participants reported feeling financially secure through their involvement in Kuri. The most striking finding in this study relates to the gender based pattern in how Kuri funds are used. The data show that male participants are more likely to spend the amount on productive activities such as business ventures or education, whereas female participants tend to spend the money on consumption related needs such as household items or luxury goods. This difference is crucial for understanding what empowerment really looks like in this context.

Kuri does succeed in giving women access to capital, which is an important first step toward empowerment. Yet the way the money is eventually used reveals an important limitation. In many social and cultural settings, the money that women receive is seen as belonging to the entire household, while the money that men use is viewed as an investment in their personal growth. As a result, when women receive the lump sum, it is often used for immediate family needs, child related expenses, and household consumption rather than for building long term personal wealth. Even the category labeled as spending on luxuries may actually include

socially expected purchases or items that enhance the family's status, rather than expenses meant purely for personal enjoyment. This finding shows an empowerment paradox: women gain the ability to manage the family's liquidity and smooth consumption, which improves household welfare, yet they often remain constrained from achieving individual economic independence through investment.

True economic empowerment, as defined in the literature, means having the power to allocate resources toward ventures that generate future income and strengthen a woman's bargaining position within the home and community. Only 15% of participants listed "economic empowerment" as their main motivation, compared to 52% who cited reducing financial load. This suggests that for many, Kuri is seen more as a survival strategy than a path to self-actualization. By keeping interactions limited to family and neighbors, Kuri reinforces existing boundaries and may limit women's mobility and access to opportunities beyond their local ward. Consequently, there is a clear need for external interventions that connect these groups to broader community or commercial networks.

In sum, the Kuri fund in Parambil Kadav serves as a highly effective platform for initial financial inclusion and social stability. It successfully addresses the need for timely, large-scale capital among low-income populations, especially women, and fosters crucial economic solidarity. However, its potential to become a true catalyst for comprehensive women's empowerment is significantly diluted by two main structural factors. Prevailing social norms prioritize household consumption over women's productive investment, restricting the scope of empowerment. The inherent risk and limitations of the trust-based system, including lack of guaranteed transparency and limited external network building, further hinder progress. The thesis adds value by empirically quantifying these localized constraints. Going forward, interventions should focus not only on providing the tool (Kuri) but also on reshaping the environment in which it operates, primarily through education and external linkage programs.

## **6. Conclusion**

This research set out to examine how the Kuri fund transaction system functions as a force for the empowerment of women within the specific social and economic setting of Parambil Kadav in Kozhikode. Using a mixed method approach, the study brought together measurable

data and interpretive insights to answer the three guiding research questions. The findings reveal a complex picture of the Kuri system and its dual role in the community. Financial inclusion and risk reduction form the strongest contributions of Kuri. The study clearly shows that Kuri plays an essential role in addressing financial exclusion for a large part of the population, especially the 56 percent of participants who fall under the Below Poverty Line category. Because the system is flexible and rooted in trust, low income women are able to access large amounts of money when they need it most. This is a major reason why many participants reported that Kuri helps reduce their financial burden, which stands at 52 percent of the responses. These results confirm that Kuri operates as an important unofficial banking system and as a crucial mechanism for managing financial risk in household life.

This research also fills the identified gap in the existing literature regarding the absence of detailed, location specific studies on informal financial systems in Kerala. By presenting fine grained data from Parambil Kadav, the study moves beyond broad historical accounts and offers a clear, contemporary view of how Kuri influences real people at the community level. Going forward, policy and development efforts should not simply concentrate on increasing access to credit, because Kuri already performs this function effectively. Instead, the focus must shift towards building the capacity of women to invest productively. Empowerment requires not only access to capital but also the ability to use that capital in ways that increase long term economic security. Encouraging investment skills, improving financial literacy, and creating support structures for women led enterprises are essential steps for transforming Kuri based access to money into genuine and sustainable empowerment.

Programs that aim for financial inclusion should be paired with thorough training in small business management, asset building, and long-term financial planning, specially crafted to help women direct capital toward productive assets. The strong bonding capital that already exists is a valuable resource that government schemes like Kudumbashree can tap into. By creating intentional links between Kuri groups and external resources such as skill development centers, micro-enterprise loan programs, or market connections, the system can be nudged to develop the crucial bridging social capital needed for genuine social mobility. The current study's insights are limited because they come from a single location, Parambil Kadav, and rely on cross-sectional, self-reported data. A single-location study cannot capture regional variations in Kuri practices, and subjective data may introduce social desirability bias, possibly inflating the positive social outcomes reported. To address this,

further qualitative research should be conducted, using methods like in-depth interviews and focus group discussions, which would provide richer context to understand the decision-making processes behind fund allocation.

A relative study Involving Kuri participants from different socioeconomic strata (urban vs. rural) or distinct cultural regions within Kerala would test how well the Parambil Kadav findings apply elsewhere, especially regarding the persistence of the gendered allocation gap. In conclusion, the Parambil Kadav Kuri fund transaction shows the strong community-based resilience and financial ingenuity of Keralite women. While it acts as an essential safety net, its full potential as a driver for true economic independence is not yet realized. Turning this system into a comprehensive empowerment tool calls for a nuanced policy approach that respects its informal structure while strategically intervening to tackle the deep-seated societal constraints on women's financial autonomy.

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