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Kurikalyanam: An Informal Insurance Mechanism

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Introduction

Kurikalyanam is a microfinance method practised in the villages of the Malabar region of Kerala. It is otherwise known as 'Payattu'. Kurikalyanam was prominent during a time when bank loans were difficult to come by, and it has been there for a very long time and has a significant influence on most people's social and economic activities. However, Kurikalyanam faded into the background due to the influx of modern financial institutions. Only the remnants of this system, which was once all-pervasive, are visible now. However, it remains visible among the debris of the past. Kurikalyanam is like an invitation to a feast where guests are expected to bring cash gifts. This social phenomenon's beauty lies in the fact that it is not a loan in the traditional sense. It is merely society's timely assistance. With each 'Kurikalyanam' organised by one of the contributors, the organiser repays this over an extended period of time. This eases the repayment burden. All contemporary financial institutions are liberally providing assistance. Yet, if someone receives this assistance, he enters under the total control of these institutions, and repaying the loan would be a lifelong effort. He will be forced to take his own life as a final resort because if he doesn't pay back, his possessions will be taken. In current interest-heavy financial situation, Kurikalyanam nonetheless serves as a source of comfort and indigenous micro financing method. It has helped participants mould a better life without feeling indebted or burdened by debt. It provided an informal insurance for their life. In the contemporary world where debt traps and suicide rates are increasing the need for an interest free finance is essential. However, today's sad reality is that it has faded into the background due to the influx of modern financial institutions for several reasons. Objective of this study is to find out the reasons that led to the decline of Kurikalyanam and to explore the scope for reviving kuriklyanam as an informal insurance mechanism.

Keywords: Kurikalyanam, Indigenous Microfinance, Social Capital, Cooperative Finance, Malabar Economy

Review of Literature

Kurikalyanam is a fund-raising festival, and all communities organise Kurikalyanam when they are in need of money. Panampayattu is a form of indigenous banking provided by the community to allow its members to meet the pressing requirements of their life cycle.

This is unique in terms of its fit for the needs of village communities. Conventionally, individuals who attend the celebration make small contributions to the host within their means. It is a mutually beneficial system. (Rajan, 2022). Kuri is an age-old method of raising money using low premiums. Depending on the profit they make and the amount they needed to save from their earnings, investors invest their income in these types of schemes. (Qureshi, 2020). A system of economic cooperation is called Panampayattu has been around for a while and has grown in importance in the region's social and economic life. Panampayattu may be continued for a longer period if modified to fit the shifting needs of society. It will soon come to an end as it cannot adapt to the shifting demands of society (Babu, 2019). Panampayattu is a symbol of cooperation and mutual help. As the name says this is a game, a game using money. But the legacy of Panampayattu is declining. The system began in Malabar due to economic pressures associated with events such as female child marriage and house construction. Kurikalyanam is becoming less significant as a mechanism to pay financial obligations for a variety of reasons (Ramzan, 2008). Kurikalyanam is very prevalent among fisher folk organisations in Kerala and neighbouring states in India. Although these offerings do not count as loans, the fisherman who benefits from Kurikalyanam has a moral obligation to repay when others in the community invite him to such celebrations. This is a unique form of support within the community that is limited to very particular areas and appears to be successful (Archari, 1990).

Scholars have found that Kurikalyanam began in Malabar due to economic pressures associated with events such as girl child marriage and house construction. It was more effective than any other government developmental initiative in helping individuals achieve their diverse economic needs. This type of funding encourages individuals to meet their requirements based on the amount of money they receive. All these studies reveal that kurikalyanam was one of the prominent microfinance methods that existed in Malabar. Even though this system has so many pluses, it is going to extinct and becoming unpopular. Finance is the life-blood of all economic

activities. Finance is the lifeblood of all economic activity. There are both formal and informal funding sources. Panappayattu is an indigenous source of funding that combines group lending and mass borrowing based on social relationships, with no security or interest required. This loan and borrowing mechanism is widely used in northern Kerala. It enables a needy person to raise the necessary funds. The society guarantees repayment through social binding and punishment. This fund is used for a variety of goals, including identifying acceptable livelihood solutions and promoting entrepreneurial and economic development. It promotes stronger social relationships, community cohesion, and political integrity in the region (Kakakunnan, 2015). Panampayattu was a local finance system that played a key role in India (Jensen, 2020). Panampayattu, as a money-gathering game, provides informal support for cooperatives. Interest-free Microfinance can play an important role in lending and accepting interest-free deposits. As a result, this system can relieve the difficulties caused by the bottleneck of interest levied by traditional banks (Shafi & Reddy, 2019). In ROSCAs, some elements of Kurikalyanam can be observed. ROSCA is a type of money exchange system that offers financial assistance to low-income people by combining credit and savings, thereby raising their standards of living. All ROSCAs are initially intimately related to the informal financial sector, and the majority of ROSCAs later move to the formal financial system (Joseph & Thomas, 2013). ROSCAs have several obvious advantages: they do not require fund storage, the accounting and duration of the obligations are transparent, and there are no cumbersome interest payments or debt management issues. ROSCAs are extremely popular in poor countries such as India. (The New Palgrave Dictionary of Economics, 2008). The two elements of rotation and regularity are the essential criteria for distinguishing these associations from the whole range of mutual benefit clubs and co-operative undertakings. Associations in which all contributions are held by an official or 'banked' and are not distributed on a rotary principle are excluded (Ardener, 1964). However, for the past two decades witnessed diminishing of Panampayattu practice and the reasons such as technology advancement in IT

field, increase of financial awareness through social media after introduction of mobile phones and internet, migration of new generation to metropolitan cities and abroad in search of better job opportunities ,degradation of social values such as mutual cooperation and trust , lack of interest in youths for parents involvements in such social cooperation, self-centric life of young generation , introduction of various easy loans schemes by Govt., introduction of various financial norms such as GST, Aadhar, linking of PAN, mandatory KYC,etc.,introduction of new practice of “non-refundable financial help” through “Gift money Box”,etc. (Puliyullathil, Prasanth & M, Satheesh. 2023). Panampayattu is an indigenous system of economic cooperation that is still practiced by the inhabitants of Malabar, in the northern region of Kerala, India. Although the system played an important role in increasing the standard of living for people in this area until recently, it is now experiencing a setback. This is an excellent savings strategy for those who receive a daily wage. The system can be viewed as a manifestation of people's high levels of social capital, as well as the traditional form of interest-free banking in this area. It can also be viewed as a type of indigenous microfinance without debt traps and exploitation (Babu, 2019).

Research Gap

According to studies, Kurikalyanam's role in meeting financial obligations is diminishing. There have been very few studies conducted to determine the reasons for Kurikalyanam's decline and unpopularity. In this context, the purpose of this study is to acquire a better understanding of people's perceptions of the economic and social significance of Kurikalyanam, its importance in people's economic lives, and the factors contributing to its decline.

Objectives

The objective of this study is to determine the factors behind the decline of Kurikalyanam and to examine how far this indigenous micro-financing system helped people overcome financial difficulties in their lives. Methods for reviving kurikalyanam were also explored.

Methodology

Both primary and secondary data were used in this investigation. Participants in Kurikalyanam provided the primary data. A sample of 50 people is picked using the snowball sampling method since kurikalyanam is an age-old micro financing method that is no longer popular; therefore, data must be collected from people of all ages. The study is limited to Kerala's Malabar region. Kozhikode district is selected from this area for the first stage. Because Kozhikode district is located in the centre of Malabar, it provides a perfect representation of the region. Additionally, Kurikalyanam has been developed and is currently practiced in various ways in the Kozhikode area. Vadakara taluk was chosen in the second stage from among the three taluks in the district. In the third stage, 50 participants were selected from Elambilad village of Maniyoor Grama Panchayath using convenience sampling technique. Primary data were collected through personal interviews using structured questionnaires. The secondary data was collected from published reports, articles, journals, and books. The bibliographic database, abstracts from various websites, and online citations were also used. The analysis makes use of fundamental statistical methods such as the mean, standard deviation, and Excel software.

Virtues of Kurikalyanam

The system has been extremely useful to the area's economic and social development because it is tailored to their daily village life. It is especially advantageous to everyday village life. It facilitates daily savings and allows members to save and repay as they earn. It promotes rapid savings development among members, which they can invest or use to meet diverse needs. It develops a desire to preserve and avoid excessive income loss. Money does not sit idle in the hands of members because it is swiftly transferred to the needy. Tiny scattered funds, too small for immediate investment, are collected and made available to one of the members on each Kurikalyanam day. Saving is easily accessible in the village within one's normal social circles, increasing the saving habit among regular people.

Kurikalyanam is a paradigm of resource mobilisation that relies on mutual confidence and

collaboration. It strengthened social relationships among people and increased the desire to cooperate because it was a secular style of financing and a large platform for community living, which assisted in developing social bonds (Ramzan, 2008). Panampayattu promotes social interactions, co-operation and communal harmony. Panapayattu has contributed to the upkeep of social cohesion and political integrity among the populace. Panampayattu can be viewed as one of the last vestiges of the Malabari village communities' long-standing traditions of tolerance, coexistence, mutual aid, and cooperation across religious and other man-made barriers. The framework encourages the formation of cross-cutting links across diverse economic, religious, and social classes. A network's existence can last many decades because automatic succession from one to his heir is usual. As a result, it promotes long-term family relationships. The system makes it easier for the community to participate in and finance every key event in the lives of its members. It is a financial system with a high degree of trust in its members. It channels financial flows based on collaboration and trust.

It allows members to quickly mobilise funds and develop their savings, which they may then invest or use to meet various needs (Abdulla, 2001). It develops a desire to preserve and avoid excessive losses. Money does not sit idle in the hands of members since it is swiftly transferred to the needy. tiny scattered funds, too tiny for immediate investment, are aggregated and made available to one of the members on Kurikalyanam day. Saving is easily accessible in the village within one's usual

social circles, and saving habits are encouraged among regular villagers.

It enables the underprivileged to raise finances for their livelihoods without any security or interest. It provides the initial cash needed to start a firm, funds for expansion, and working-capital requirements. Panampayattu's participation in the founding of ULCCS, India's oldest labour cooperative owned and controlled by workers

(Issac & Williams, 2017). Panapayattu is conducted for both economic and non-economic purposes. Panampayat is an easy way of raising funds to meet one's financial needs without any collateral security, interest, and even any type of legal formalities.

It is a parallel financial system that is as important as legitimate banking institutions. (Raju & Sasikumar, 1995). Investors invest their earnings in these types of schemes that rely on the system of economic cooperation. The system has a tremendous impact on the socioeconomic and cultural aspects of the societies in North Kerala. While most individuals sell or mortgage their land or property, or borrow from relatives, banks, or money lenders, Keralites, particularly North Keralites (Malabar area), adopt a completely different technique to solve their financial problems, known as Panampayat. Regardless of its flaws, Panampayat has had a tremendous impact on families in North Kerala since it evolved into a parallel banking system in which they borrow, deposit, and invest to overcome financial instability. minor changes in its customs or practices (Chandrasekara Rao, 2018).

Table 1 Purpose-wise distribution of Kurikalyanam Purpose-wise distribution of Kurikalyanam

Purpose-wise distribution of Kurikalyanam				
Sl. No	Purpose	No.of Kurikalyanam	Percentage	Cumulative Percentage
1	Marriage	79	22.83%	22.83
2	Purchase of land	25	7.23%	30.06
3	Housing	42	12.14%	42.2
4	Employment	28	8.09%	50.29
5	To go Abroad	13	3.76%	54.05
6	Medical expenses	8	2.31%	56.36
7	To purchase Gold	38	10.97%	67.33
8	Repayment of old debt	35	10.12%	77.45

9	Durables	14	4.05%	81.5
10	Saving/asset	33	9.54%	91.04
11	Education	13	3.76%	94.8
12	Others	18	5.2%	100
Grand Total		346	100%	100

Source : Primary Survey

In addition, Kurikalyanam functions as an unofficial insurance system during difficult times. Other members support the family in the event of one member's death or other unforeseen circumstances, and occasionally the offended family is not even issued the invitation letter. It makes borrowing easier without having to sign a contract. In this case, the borrower and lender are on an equal footing; there is no application or sanction—only deliberate cooperation. It is regarded as a component of collaboration and concern for others.

Despite the many virtues of kurikalyanam, its importance among people has been declining. This study attempted to determine the reasons for this. Modification is needed to suit to the changing circumstances of the society may enable to maintain Panapayattu for longer period. It is about to end for its inability to cater to the changing needs of the society.

Reasons for Declining Popularity of Kurikalyanam

Kurikalyanam's most essential trait is its ability to pool resources. Typically, the Kurikalyanam is held to raise funds for a specific purpose during a period of resource need. It has assisted participants in shaping a better life without feelings of indebtedness or debt burden. Although Kurikalyanam is an ideal indigenous economic system, its practice is declining. Friendship is a crucial factor in determining whether or not to engage in Kurikalyanam. Individuals consider a variety of variables when inviting new members. The relationship and trust between two people are crucial considerations when extending an invitation to a new member. It is stated that one cannot do a Kurikalyanam until and unless people remain in the area and establish a network of relationships. People decline invitations for a variety of reasons, such as a lack of confidence in the recipient's ability to repay, a careless and reckless attitude, personal

dissatisfaction with the individual, plans to leave the network, old age, and the absence of a steady and consistent source of income. Numerous behavioural and economic variables have contributed to its decrease.

Economic factors are the following. In the past, sources of monetary help were very low. At that time, Kurikalyanam was one of the major sources. The availability of easy alternatives, that is, the spread of banks, was one of the reasons for the decline of Kurikalyanam. In the past, bank branches were scarce in rural areas. Even the presence of bank branches did not guarantee a money supply because the financial literacy of the people was very low. Kurikalyanam habits eroded and enervated as society saw the financial system to be comfortable and accessible. The development of contemporary banking systems and the popularity of banking habits have led to a reliance on financial institutions for financial services. People became more reliant on banks as credit became more readily available and financial organisations grew rapidly.

Insufficiency of fund mobilised is another reason for the decline of Kurikalyanam. Fund mobilised through Kurikalyanam may be in small amount. Now the monetary needs of the society are very huge in quantity. Therefore, people could not be relied on Kurikalyanam when they are in need of huge quantity of money.

Another factor which kept away the people from Kurikalyanam was the long maturity period of Kurikalyanam. Once a family made contribution to Kurikalyanam, it may take long time to get back the money.

Change in means of living also lead to the decline of kurikalyanam. Methods used to support oneself or a group of people, or to make an income have been changed. In earlier period, many of the people are engaged in agricultural and allied activities. All those are seasonal in nature. Number of salaried

people were very low. Therefore, Kurikalyanam was a source of money in those down seasons.

Nowadays, almost everyone has a regular income, and people's quality of life and economic well-being

have increased as a result of economic progress. As a result, they have a lot of money and don't need to rely on indigenous systems like Kurikalyanam.

Table 2 Reasons for the Decline of Kurikalyanam

Reasons for the Decline of Kurikalyanam				
Sl. No	Reasons	Frequency	Percentage	Cumulative Percentage
1	Easy alternatives	13	26%	26
2	Improvement in the economic condition	10	20%	46
3	Difficulties in account keeping	7	14%	60
4	More self centered	3	6%	66
5	Migration	5	10%	76
6	Burden	8	16%	92
7	Irregularity	4	8%	100
Grand Total		50	100%	100

Source : Primary Survey

The migration of males for job has led to significant monetary resource accumulation and the lack of a male head in families over the past few decades. Earlier, in rural areas many of the people engaged agricultural activities and majority of them are daily wage earners. Daily wage and seasonal income status of participants encouraged them to conduct Kuriklyanam for getting monetary assistance.

Money received from Kurikalyanam is becoming a bad debts since the money collected is used for unproductive purposes like conduct of marriage, repayment of debts, etc. General Economic advancement might be considered to signify a rise in the capacity of a society to give more real income to its members. Thus, economic advancement depends not only on the productivity of resources but also on the degree to which existing resources are. Money acquired through Kurikalyanam does not result in the economic prosperity of the people.

As well as the economic factors, behavioural factors, stemming from human behaviour, also contributed to the decline of Kurikalyanam. Changes in behavioural factors, such as decreased social concern, changes in social connections, changes in the structure of social relationships, changes in the

cooperative mentality of people, and changes in values, led to the decline of Kurikalyanam.

One of the important behavioural factors that led to the decline is the changes in social concerns of people. People are now giving more importance to their own interests than others, caring less about others, wanting to keep their distance from others, and not wanting to cooperate with others. Now people are becoming self-centred. Reduction in social concerns led to reduction in social connections. Social connection is the sense of being near and a part of other people.

Decrease in cooperative mentality among people is another cause. Kurikalyanam is becoming unpopular because of people's reluctance to depend on others and their unwillingness to create any obligations to others. The cooperative mentality is very low among the younger generations, and they do not prefer Kurikalyanam. The declining legacy of Panapayattu or Kurikalyanam is a sign of Malabar's rural integrity because it symbolises cooperation among local people.

Change in the structure of social relationship is also responsible for decline of Kuriklyanam. Change has taken place in institutions whereby human beings interact and live together. The elements that

make up social structure are class, law, family, and religion. Number of members in the social structure surrounding the individual reduced, interactions with these members also diminished. Interpersonal links between people have been reduced. Success of Kurikalyanam depends on social capital of the society.

Another behavioural factor that led to the decline of Kurikalyanam is the change in values or shift in people's values or how they are prioritised in certain situations. Value is the proportionate weight that a person gives to a thing, concept, or other person in their life. People, especially the younger generations, are giving less consideration to others, especially the poor. Cultural shifts, changes in demographics, economic changes, political shifts, and technological advancements lead to changes in values.

Both factors, economic and behavioural, affected the practice of Kurikalyanam. In spite of these factors survey reveals that the practice of Kurikalyanam is not according to the rules and regulations of the financial system.

Suggestions to Revive Kurikalyanam

A peaceful and cooperative social relationship is a prerequisite for Kurikalyanam's resurrection. The bonds of intrasocial relationships are loosened as modernity spreads. The pious and friendly relationship is overtaken by profit-seeking and self-centredness. Consequently, Kurikalyanam's survival faced difficulties. Other causes that accelerated Kurikalyanam's decline include a breakdown in mutual trust, the breakdown of the need-based economy, people's inability to make regular repayments, the complexity of procedures and account keeping, and a shift in the way people utilise money.

This necessitates some adjustments to society's mindset and way of life. To maximise social welfare, we should share the resources at our disposal and work to maintain a peaceful and cooperative social structure. All we have to do is view interest as sin and avoid giving and receiving it at all costs. If we can scientifically revive systems like Kurikalyanam, it would significantly improve the current state of Kerala society. Therefore, Kurikalyanam should be acquainted and practised by the younger generation.

To resurrect Kurikalyanam, it can be institutionalised according to modern needs, introduced in all communities as a social bank, rules and regulations developed for its successful operation, and mutual funds generated from funds mobilised through Kurikalyanam, among other things. The government must implement policy steps to revive and modify this type of microfinance system, while ensuring economic security and a way of life based on trust, mutual aid, and social cohesion.

Conclusion

In Malabar, Kurikalyanam has been there for a very long time and has a significant influence on most all of the people's social and economic activities. It has helped people shape a better life without a sense of obligation or debt. In the contemporary world, where debt traps and suicide rates are increasing, the need for interest-free finance is essential. However, today's sad reality is that Kurikalyanam has faded into the background with the advent of modern financial institutions. The study shows the decline of Kurikalyanam is caused by both behavioural and economic issues. Despite the behavioural and economic factors, research shows that Kurikalyanam's conduct does not adhere to the laws and guidelines of the contemporary financial system. Kurikalyanam lacks what modern financial institutions have, and current society lacks what earlier society had. Society's mindset must change and the practice of Kurikalyanam must be modified according to the socio-economic conditions. Modification in the conduct of Kurikalyanam is needed. However, Kurikalyanam's success arises from the social capital of the society. If we could regenerate Kurikalyanam according to the needs and convenience of the society and according to the rules and regulation of the financial system, it would bring a great improvement to the present condition of the society. The primary topic of this article is the causes of Kurikalyanam's decline, and further study is necessary to adapt the practice to the demands of the contemporary era.

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