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women development and micro-credit in
Tamil Nadu**

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**‘One Hen’ Or ‘A Basket of Bangles’:
Women Development and Microcredit
in Tamil Nadu**

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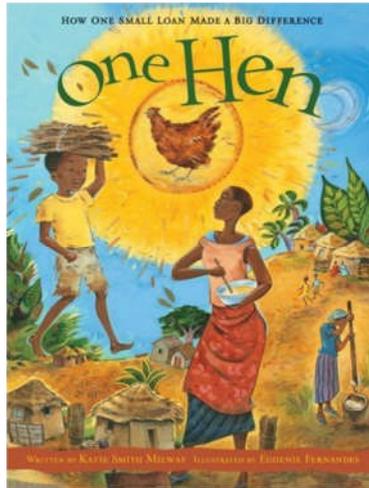
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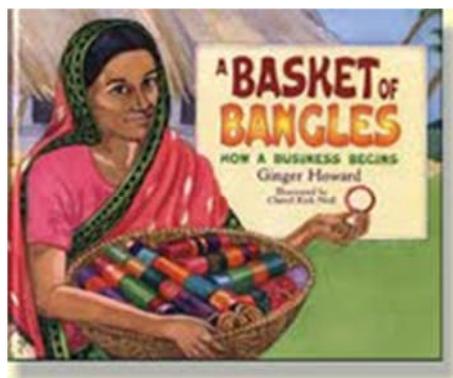
Vijayamohanan Pillai N.

Abstract

Tamil Nadu in India has a glorious tradition of recognizing the importance of empowering women over several centuries. The State fares reasonably well (above the all-India level) in terms of indicators such as female literacy, girls enrolment, female life expectancy, and women’s access to basic amenities. The maternal mortality rates and total fertility rates are also lower than the national average. In terms of political participation, women are faring reasonably well. While the absolute condition of women in Tamil Nadu is better than that in most States, the position of women vis-à-vis men with respect to literacy, education, work force participation, wages, asset-ownership and political participation has not improved. It is recognized that the main obstacles to empowerment has been the low level of educational attainments as well as poverty among women. Taking into account this fact, the Government of Tamil Nadu has framed various policies, designed specific interventions and implemented many programmes to eradicate poverty and to provide education to the vulnerable sections of the society. These different Government-sponsored schemes are implemented through women’s self-help groups. The present paper discusses the experience of Tamil Nadu in women development and microcredit.



Based on a true story, the children's book
One Hen: How One Small Loan Made a Big Difference
written by Katie Milway Smith (published by Kids Can Press in 2008)
tells the tale of a boy named Kojo,
a boy from Ghana burdened with the responsibility of helping his mother
collect and sell firewood
to survive after his father suddenly dies.
Kojo's life gets lucky when he gets a small loan to buy a hen.
Kojo eventually builds a flock of 25 hens and earns enough money
to feed and educate himself.



A Basket of Bangles: How a Business Begins
is the true story,
narrated by Ginger Howard (published by Millbrook Press in 2002)
of a young woman and four of her friends in Bangladesh,
who with the seed money borrowed from a bank,
change their lives by starting their own businesses.

‘One Hen’ Or ‘A Basket of Bangles’: Women Development and Microcredit in Tamil Nadu

B. P. Asalatha

Vijayamohanan Pillai N.

1 Introduction

Tamil Nadu has a glorious tradition of recognizing the importance of empowering women over several centuries. The contribution of writers and social reformers has been well documented.

The State of Tamil Nadu covers an area of 130,058 square kilometres (50,216 sq mile), and is the eleventh largest State in India. The bordering states are Kerala to the west, Karnataka to the northwest and Andhra Pradesh to the north. To the east of the State is the Bay of Bengal. Tamil Nadu includes the southernmost tip of the Indian Peninsula with the town of Kanyakumari which is the meeting point of the Arabian Sea, the Bay of Bengal, and the Indian Ocean. The western, southern and the north-western parts are hilly and rich in vegetation. Tamil Nadu is the only state in India which has both the Western Ghats and the Eastern Ghats and they both meet at the Nilgiri hills. The Western Ghats dominate the entire western border with Kerala, effectively blocking much of the rain bearing clouds of the South West Monsoon from entering the state. The Eastern parts are fertile coastal plains and the northern parts are a mix of hills and plains. The central and the south central regions are arid plains and receive less rainfall than the other regions. The climate of the State ranges from dry sub-humid to semi-arid. The normal annual rainfall of the State is about 945 mm (37.2 in) of which 48% is through the North East monsoon, and 32% through the South West monsoon. Since the State is entirely dependent on rains for recharging its water resources, monsoon failures lead to acute water scarcity and severe drought.

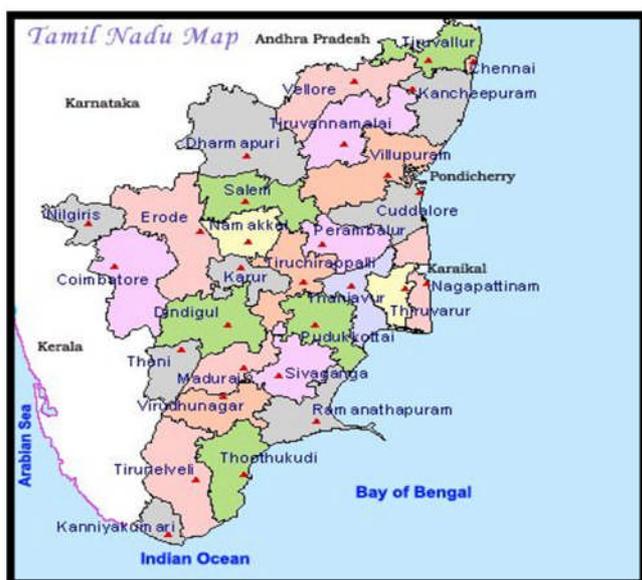


Fig.1 : Districts of Tamil Nadu

The 32 districts of Tamil Nadu are as listed below with the numbers corresponding to those in the image above.

- | | |
|-----------------------------|-----------------------------|
| 1. Chennai Distric | 17. Salem District |
| 2. Coimbatore District | 18. Sivagangai District |
| 3. Cuddalore District | 19. Thanjavur District |
| 4. Dharmapuri District | 20. The Nilgiris District |
| 5. Dindigul District | 21. Theni District |
| 6. Erode District | 22. Thoothukudi District |
| 7. Kanchipuram District | 23. Tiruchirapalli District |
| 8. Kanyakumari District | 24. Tirunelveli District |
| 9. Karur District | 25. Tiruvallur District |
| 10. Krishnagiri District | 26. Tiruvannamalai District |
| 11. Madurai District | 27. Tiruvarur District |
| 12. Nagapattinam District | 28. Vellore District |
| 13. Namakkal District | 29. Viluppuram District |
| 14. Perambalur District | 30. Virudhunagar District |
| 15. Pudukkottai District | 31. Ariyalur district |
| 16. Ramanathapuram District | 32. Tirupur district |

Tamil Nadu is the seventh most populous State in India with a population of 66,396,000, as of July 1, 2008 (approximately 5.79% of India's population).¹ In terms of population density, it occupies the eleventh position among the States in India. In 2008, its population density

¹ <http://geohive.com/cntry/india.aspx>. (Accessed on 30 June 2009)

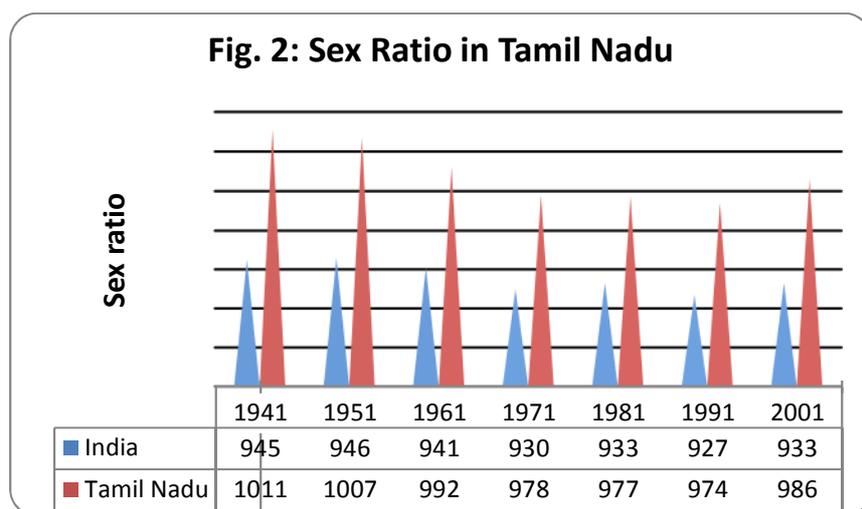
was 511 persons per square kilometer,² having increased from 429 in 1991, significantly higher than the Indian average of 324 persons per square kilometre.³ About 44% of the state's population live in urban areas, the highest in India.⁴

2 Status of Women in Tamil Nadu

Tamil Nadu's population growth has been stabilized and growing slowly over the years, thanks to the welfare measures taken by the Government. During the decade 1991-2001, Tamil Nadu reported the second lowest decadal growth in population after Kerala, among the group of States with population exceeding 20 million in 2001. While Kerala's population grew by 9.42 per cent between 1991 and 2001, Tamil Nadu's grew by 11.19 per cent. In fact, Tamil Nadu, Kerala and Orissa are the only three States in this group to have shown a decline in decadal percentage change in population in every decade since 1971. The State has registered the lowest fertility rate along with Andhra Pradesh and Goa in India in year 2005-06 with 1.8 children born for each woman, lower than required for population sustainability.⁵

Sex Ratio

Female population constitutes nearly half of the total population in the State. Sex ratio, i.e. the number of female per thousand males, is a significant indicator of the status of women. In Tamil Nadu, the ratio has registered a continuous decline except in 2001. According to the 2001 Population Census, the sex ratio for the State stood at 987 as against 974 in 1991 Census. The rural sex ratio is relatively favourable at 992 compared to 981 in urban areas. It may also be noted that sex ratio in Tamil Nadu was consistently better than all-India average (Fig. 2).



² Ibid.

³ <http://www.frontlineonnet.com/fl1809/18090930.htm>. (Accessed on 30 June 2009)

⁴ <http://www.hindu.com/2008/05/18/stories/2008051853960400.htm>. (Accessed on 30 June 2009)

⁵ <http://www.nfhsindia.org/pdf/TN.pdf>. (Accessed on 30 June 2009)

Only four States among those with a population exceeding 20 million in 2001 – Haryana, Gujarat, Maharashtra and Punjab – report a decline in population sex ratios between 1991 and 2001. However, Tamil Nadu's child sex ratio, defined as the number of girls per 1,000 boys in the age group of 0-6 years, shows a decline from 948 in 1991 to 939 in 2001. The decline in child sex ratios in some districts of the State is quite alarming.

Box 1: Status of Women in Tamil Nadu: A Historical Road Map

“Historically, the socialization of women in Tamil Nadu emphasized women’s domestic and reproductive roles. A Kuruntokai poem reads, ‘men live by action, but women within the precincts of home by their men’. In the Sangam age, women had the freedom of choice of partner and marriage was a contract and not a sacrament. The post-Sangam age marked the introduction of caste divisions. Rituals turned marriage into a sacrament and severance was not possible. Chastity of married women became an obsession. Widowhood became a punishment through isolation and rituals. The medieval period saw the coming to the forefront of a few women like Karaikal Ammaiyar and Andal who achieved literary and religious heights. The rise of the bhakti movement provided liberating space for some women, but was also the cause for degradation of another set of women: the devadasis. In the later period of the Nayak dynasty, polygamy became common practice, further lowering the status of women.

“British rule weakened some of the cultural norms impeding equitable status of women. In 1821, the first girls school was opened in Chennai. Women were allowed to sit for university exams for the first time in 1897, through the Madras University. An attempt was made to recruit women teachers. Nevertheless, the percentage of girls or women enrolled in schools and universities remained very low, although Madras recorded a higher percentage of enrolment of girls in schools than other provinces. Around the same period, the social justice reform movement led by the reformer ‘Periyar’ E.V. Ramasami Naicker in Tamil Nadu played an important role in influencing public thought on marriage customs, widow remarriage, child marriage, sati etc. Another influential thinker was Dr Muthulakshmi Reddi. She played a key role in the passage of the Child Marriage Restraint Act in 1929 and the Devadasi Abolition Bill (introduced in the assembly in 1927 and enacted in 1947). The Women’s Indian Association in Chennai led by Dr Annie Besant also played a key role in the granting of the right of suffrage to women in 1921 by the Madras Legislative Assembly. Dr Muthulakshmi Reddi was the first woman to sit in the Legislative Council. Women’s participation in the freedom struggle also challenged gender norms, albeit within elite groups.”

Government of Tamil Nadu (2003: 94)

The population sex ratio for Tamil Nadu has increased from 974 females per 1,000 males in 1991 to 986 in 2001. This is true of most States. The same trend is reported practically in all districts of Tamil Nadu. The only exceptions are Dharmapuri, where it declined from an already low figure of 942 to 938, and Thoothukudi, where it declined marginally from a high of 1,051 to 1,049, still the highest in the State. As many as 17 out of 30 districts report a sex

ratio in excess of the State average of 986. The southern districts – with the significant exceptions of Madurai and Theni – report sex ratios in excess of 1,000, while Chennai and its neighbouring districts of Tiruvallur and Kancheepuram as well as Coimbatore report somewhat lower sex ratios, reflecting in considerable part male in-migration from other districts for employment in industry. But there are at least two districts where sex ratios are considerably lower than the State average – Dharmapuri (938) and Salem (929) – for reasons other than sex selective migration. This becomes immediately evident if we look at child sex ratios (CSRs).

The CSR for Tamil Nadu declined from 948 in 1991 to 939 in 2001. Several districts have also shown declines. While in 1991, 12 out of the then existing 21 districts had a CSR greater than 960, in 2001 only nine out of the current 30 districts have a CSR exceeding 960. Seven districts have a CSR below 930 in 2001: Salem (826), Dharmapuri (878), Theni (893), Namakkal (896), Karur (923), Madurai (927) and Dindigul (929). These are also the districts where there is considerable evidence from the field of widespread practice of female infanticide (Frontline, July 11, 1997 and October 9, 1998). Besides these districts where the CSR is low, the district of Vellore has shown a sharp decline in CSR from 962 to 937. It is a fact that female infanticide is widespread in the Tirupathur division of this district as well as in some blocks of neighbouring Tiruvannamalai district.

The decline in CSRs is more widespread than it may appear at first sight. If one takes a look at the 1991 CSRs of the districts of Chengai (now, Tiruvallur and Kancheepuram), Viluppuram (now, Viluppuram and Cuddalore) and Tiruchirapalli (now, Karur, Perambalur, Ariyalur and Tiruchirapalli), and the CSRs in 2001 of the new districts carved out of them, this becomes evident. In all the cases, the CSR of each one of the newly constituted districts in 2001 is lower than that in 1991 of the district out of which it was carved.

It is reported that “Perhaps the most worrying message of the 2001 Census for Tamil Nadu is that unless efforts on a mass scale are urgently taken to address the issues of patriarchy, son preference and the neglect or worse in relation to the female foetus, infant and child, the decline in birth rates which are often celebrated unthinkingly by policymakers may well have been bought at the cost of grave gender inequality, with its own devastating long-run consequences. Universalisation of the small family norm without a concomitant attack on son preference, and in the context of a largely commercialised medical profession for whom ethical concerns are not high on the agenda, and an overall permissive atmosphere where State or community intervention is generally frowned upon, can be disastrous for the gender balance of a population.”⁶

Life Expectancy at Birth

Life expectancy at birth tends to be a good summary measure of women's health status. Normally women outlive men. In countries with high income women on an average live

⁶ <http://www.frontlineonnet.com/fl1809/18090930.htm>. (Accessed on 30 June 2009)

longer by six years than men. In countries with lower income they live only two years longer. The life expectancy at birth for female has shown a steady increase in the State, from 39.74 years in 1961 to 69.75 years in 2001-06 reflecting the achievements made in health sector.

Women Literacy

Education is a potent remedy for most of the ills of the society. Education is the main instrument for transformation in any society. The economic and social returns to education for women are substantial. By educating its women, a country can reduce poverty, improve productivity, ease population pressure and offer its children a better future.

Tamil Nadu has performed reasonably well in terms of literacy growth during the decade 1991-2001. The state's literacy rate increased from 62.66% in 1991 to 73.47% in 2001,⁷ which is above the national average. A survey conducted by the Industry body Assocham ranks Tamil Nadu top among Indian states with about 100% Gross Enrollment Ratio (GER) in primary and upper primary education.⁸ Tamil Nadu produces the highest number of engineering graduates in India (around 30,000) every year which attracts many software companies to set up their shop in south India.

There is however a wide disparity between male and female literacy rates. The female literacy rate increased from 51.33 per cent in 1991 to 64.55 per cent in 2001, while the male literacy rate grew at a slower pace from 73.75 per cent in 1991 to 82.33 per cent in 2001. This is in line with trends elsewhere in the country, with female literacy growing more rapidly from a lower base level, but of course considerably behind male literacy levels. As is the case with every State/Union Territory except tiny Dadra and Nagar Haveli, the gender gap in literacy has declined in Tamil Nadu, but still remains large at 17.78 percentage points. This is almost as large as in Andhra Pradesh (19.68) and Karnataka (18.84), and way above Kerala's at 6.34 percentage points.

There also exists a rural-urban gender divide in literacy rate across Tamil Nadu. The rate was 76 for urban female where as it was 55 per cent for its rural counterparts. Compared with urban female literacy rate, the rural rate was lower by 20.71 percentage points, where as the percentage point difference among males in urban and rural areas was only 11.82. The differences in the levels of literacy between males and females was significantly higher in rural areas than in urban areas. This indicates that specific intervention may be required for developing the literacy rates of the female population especially (less privileged classes) in rural areas.

However, there are several positive features of the State's progress in literacy.

⁷ <http://www.frontlineonnet.com/fl1809/18090930.htm>. (Accessed on 30 July 2009).

⁸ http://indiaedunews.net/Tamil_Nadu/Tamil_Nadu_boosts_of_best_school_enrolment_figures_3890/. (Accessed on 30 July 2009).

An encouraging feature of the progress between 1991 and 2001 is the significant reduction in inter-district variation as well as in the gender gap in literacy. The difference between the highest and the lowest district literacy rates in 1991 was 44.16 percentage points for females, 30.65 for males and 36.04 overall. The corresponding figures for 2001 are 36.28, 22.06 and 28.88 - still large, but reflecting some progress. In 1991, only four of the current 30 districts reported a female literacy rate in excess of 60 per cent. In 2001, the number is 20. Similarly, only four districts reported a male literacy rate exceeding 80 per cent in 1991. The number in 2001 is 23. Sixteen districts out of the current 30 had female literacy rates below 50 per cent in 1991. In 2001, only Dharmapuri has that dubious distinction.

The gender gap in literacy has also come down throughout the State. In 1991, in 27 out of 30 districts, the male literacy rate exceeded the female literacy rate by more than 20 percentage points. This number has now come down to 13, again large enough to forbid complacency, but some progress all the same.

The mass literacy campaigns of the early 1990s – known in the State as '*Arivoli Iyakkams*' – have no doubt played a significant part in this progress, despite the fact that, after the early and enthusiastic high points of 1991-1993, the campaigns lost their participatory character due to bureaucratization and other factors. But their contribution lay not only in their direct achievements in making people, especially women, literate, but even more in encouraging and convincing parents, especially the neo-literates and non-literates, to send children to school. The literacy achievements as such of the campaigns is difficult to measure, especially at this distance in time from when they took place, and in view of the failure of the State government to put in place an effective system of post-literacy and continuing education that could have minimized relapse into illiteracy for the neo-literates. When data on literacy rates by age groups becomes available, it should be possible to see the impact of increased enrolment and retention in elementary education on overall literacy.

A word of caution against complacency on the literacy front is perhaps in order. It is sobering to note that despite the professed commitment to universal primary education by successive governments in the State – this in itself being a considerable dilution of the constitutional commitment to eight years of free and compulsory education for all – male (and of course, female) literacy rates, even by the rather minimalist census way of reckoning, are nowhere near full literacy. According to the 2001 Census, more than a third of females in the State in the 7+ population remain illiterate. This figure is greater than 40 per cent in 10 districts, with female non-literates outnumbering female literates in Dharmapuri district. Neighbouring Kerala is a constant reminder of what is possible, given the political will.

Employment and Work Participation Rate

The work participation rate indicates to a great extent the economic empowerment of women in the society. The status of women is intimately connected with their economic position, which in turn depends on opportunities for participation in economic activities. Education

along with participation of women in workforce has been universally recognised as an important element in the adoption of small family norms, which is essential for family planning. There has been a considerable improvement in the entry of women in all sectors of employment in the State. As per the Census results for Tamil Nadu, the Work Participation Rate for females rose from 26.52 per cent in 1981 to 31.32 per cent in 2001, the rate of growth has been faster than for males. However, the number of female workers accounted for 34.72 per cent in the total workforce of 278 lakhs in 2001. The corresponding figure for 1991 Census was 34.06 per cent. In the total population, nearly half were females but they accounted for only 34 per cent of the total workers. This proportion has to be improved for ensuring better and all round economic empowerment. Table 1 shows the Work Participation Rate as well as number of workers in Tamil Nadu.

Table 1: Work Participation Rates and Number of Workers in Tamil Nadu (Census based)

	WPR (%)			No. of Workers (lakhs)		
	1981	1991	2001	1981	1991	2001
Rural						
Male	59.24	58.28	59.38	96.7	108.2	104.0
Female	33.55	38.50	41.33	54.1	70.1	71.8
Total	46.48	48.49	50.39	150.8	178.3	175.8
Urban						
Male	51.25	52.78	56.37	41.8	51.4	77.6
Female	11.97	13.10	18.42	9.3	12.2	24.8
Total	32.05	33.34	37.59	51.1	63.6	102.4
Combined						
Male	56.58	56.39	58.96	138.5	159.6	181.6
Female	26.52	29.89	31.32	63.4	82.4	96.6
Total	41.73	43.31	44.78	201.9	241.9	278.2

Source: Census 1981, 1991 & 200, GOI.

Women and Political Participation

Political equality to all children regardless of birth, sex, colour, etc. is one of the basic premises of democracy. Political equality includes not only equal right to franchise but also more importantly, the right to access to the institutionalized centres of power. Thus, political participation of women means not only using the right to vote but also power sharing, co-decision making and co-policy making at all levels. The active participation of women in political sphere is integral to empowerment of women and helps to build a gender-equal society as well as to speed up the process of national development. Women's political empowerment is premised on three fundamental and non-negotiable principles: (a) the equality between women and men; (b) women's right to the full development of their potentials; and (c) women's right to self-representation and self-determination. In PRI women are increasingly coming to the fore and are providing leadership at the grass root level. This has profound social implications which gives a long way in addressing gender related discrimination in development.

Human Development

India has a human development index calculated as 0.619, while the corresponding figure for Tamil Nadu is 0.736, placing it among the top States in the country.⁹ The overall HDI value for the State went up from 0.657 in 2003 to 0.736 in 2006. The improvement was attributed to positive changes in all the human development indicators: life expectancy at birth (LEB), literacy rate, gross enrolment ratio (GER) and the real per capita gross state domestic product (GSDP) at purchase power parity in terms of dollar.

The Eleventh Five Year (2007-2012) Plan document, prepared in December 2007 by the State Planning Commission has brought out glaring regional disparities in the overall human development index (HDI) in the State and the components of the HDI. The difference in the HDI between the top-ranking district and the lowest-ranking district was substantial; out of the 30 Districts that time, Chennai maintained the first place in the HDI rank with the value of 0.842, and Dharmapuri was the last (30th) in rank with 0.656. Krishnagiri (bifurcated from Dharmapuri) and Villupuram held the 29th and 28th ranks respectively.

As regards the inter-relationship of the different components of the HDI, many districts had varying levels of correlation. For example, Kanyakumari, one of the top-ranking districts in the literacy rate and GER, was ranked 17th in terms of the per capita income and 14th in the case of life expectancy. Chennai occupied not only the highest overall rank but also topped in life expectancy and income indices and held the fourth rank in literacy whereas Dharmapuri performed poorly in all parameters.

Gender Equality Index (GEI)

GEI measures the human development attainments of females as a percentage over that of males. The GEI for Tamil Nadu reflects that the status of women in Tamil Nadu had considerably improved between 1981 and 1991. Among the 15 major States in India, Tamil Nadu stood second in GEI in 1991 thanks to the huge investments in the areas of education and health sectors. This summary measure indicates that the gender bias in Tamil Nadu is very low compared to all-India and other major States (Table 2).

⁹ <http://www.thehindu.com/2008/07/04/stories/2008070459040800.htm>;
also see <http://hdrstats.undp.org/countries/>. (Accessed on 30 July 2009).

Table 2: Gender Equality Index: Major States

States	1981		1991	
	Value	Rank	Value	Rank
Andhra Pradesh	0.744	2	0.801	3
Assam	0.462	14	0.575	12
Bihar	0.471	13	0.469	14
Gujarat	0.723	4	0.714	6
Haryana	0.526	12	0.714	6
Karnataka	0.707	6	0.753	5
Kerala	0.872	1	0.825	1
Madhya Pradesh	0.664	8	0.662	9
Maharashtra	0.74	3	0.793	4
Orissa	0.547	11	0.639	10
Punjab	0.688	7	0.71	7
Rajasthan	0.65	9	0.692	8
Tamil Nadu	0.71	5	0.813	2
Uttar Pradesh	0.447	15	0.52	13
West Bengal	0.556	10	0.631	11
All India	0.62		0.676	

Source: National Human Development Report, 2001.

Gender Development Index (GDI)

GDI, which adjusts or discounts gender inequality and shows the level of attainment in human development when there is no gender disparity, is the touchstone of the position of women in society. The GDI (2001) for Tamil Nadu is 0.654. The five top districts in GDI ranking are Chennai, Tuticorin, Kancheepuram, Coimbatore and Tiruvallur, while the bottom five districts are Dharmapuri, Villupuram, Krishnagiri, Tiruvannamalai and Perambalur. A comparison of the HDI and GDI ranks showed that 22 out of 30 districts have identical ranks. The top and bottom five districts are the same in respect both HDI and GDI. The GDI ranks of four districts – Villupuram, Tiruvarur, Nagappatinam and Pudukottai – are less than their HDI ranks. GDI values for the districts in Tamil Nadu vary from 0.766 in Chennai to 0.582 in Dharmapuri and Villupuram. The status of women is the lowest in Dharmapuri in terms of literacy rate, enrolment ratio and life expectancy at birth, which are reflected in low GDI (Table 3).

Table 3: District-wise HDI and GDI Values, 2001

District	HDI Value	GDI Value
Chennai	0.757	0.766
Kancheepuram	0.712	0.71
Thiruvallur	0.654	0.65 1
Cuddalore	0.644	0.643
Vilupuram	0.587	0.582
Vellore	0.658	0.655
T.V. Malai	0.612	0.608
Salem	0.626	0.625
Namakkal	0.636	0.63 1
Dharmapuri	0.584	0.582
Erode	0.658	0.656
Coimbatore	0.699	0.697
The Nilgiris	0.685	0.686
Trichi	0.671	0.671
Karur	0.647	0.641
Perambalur	0.596	0.592
Thanjavur	0.63	0.629
Nagapattinam	0.654	0.652
Thiruvarur	0.637	0.633
Pudukkottai	0.618	0.615
Madurai	0.661	0.661
Theni	0.628	0.628
Dindigul	0.641	0.638
Ramanathapuram	0.629	0.626
Virudhunagar	0.65 1	0.649
Sivagangai	0.64	0.635
Tirunelveli	0.658	0.656
Thoothukudi	0.703	0.703
Kanniyakumari	0.711	0.708
Tamil Nadu	0.657	0.654
All India	0.571	0.553

Source: Tamil Nadu Human Development Report, State Planning Commission.

The comparison between the two shows that if the GDI rank is less than the HDI value in a district, the position of women in that district is very poor compared to men. If the GDI is greater than HDI, there will be greater gender equality in human development. In terms of GDI Chennai is well placed, followed by Nilgiris, where the GDI is higher than HDI. In the districts of Tiruchy, Madurai, Theni and Thoothukudi, the HDI and GDI are found to be the same, indicating absence of gender inequality. In the district of Dharmapuri though the GDI is the lowest, in relative terms it is lower in Karur, Villupuram, Namakkal and Sivagangai, where the differences between HDI and GDI is higher. Compared to all-India, the gender bias is very low in Tamil Nadu.

3. Poverty in Tamil Nadu

However, there are a number of challenges; significantly, the poverty is high, especially in the rural areas. Poverty in the State did drop by 30.6 percent from 51.7% in 1983 to 21.1% in 2001.¹⁰ It is in terms of absolute numbers that the figures are more telling. The number of poor in Tamil Nadu shrank from 260.1 lakh in 1983 to 130.5 lakh in 2001 (80.5 lakh in rural areas and 50 lakh in urban areas); thus, about 130 lakh people moved above the poverty line between 1983 to 2001 in Tamil Nadu.¹¹ As of 2004-2005, the poverty line was set at Rs. 351.86 per month for rural areas and Rs. 547.42 per month for urban areas.¹² For the period 2004-2005, the trend in incidence of poverty in the State was 22.5% compared with the national figure of 27.5%.¹³ It shows that the number of the poor in the State increased from 130 lakhs in 2001 to 145.62 lakhs in 2004-05. The rural and urban poverty rates are 22.8 percent (76.5 lakh poor people) and 22.2 percent (69.13 lakh poor people) respectively.

Nonetheless, what is worrisome about the 2001 Census results is that the number of marginal workers has gone up from 1.4 million in 1991 to 4.1 million in 2001. This suggests that the increase in WPR during this time period is largely accounted for by an increase in marginal workers as opposed to main workers. The number of main workers has only risen from 228 lakh to 237 lakh, i.e. by less than a million. However, Tamil Nadu ranks 8th in terms of having the highest percentage of population living below the poverty line. The existing poverty reduction measures are unable to cope up with the increase in poverty levels due to rapid population growth and human and social factors. It should be noted that the incidence of poverty among the SC and ST population is much higher than the state average for all communities.

On the 2008 Global Hunger Index (GHI) of the International Food Policy Research Institute, India ranks 66 out of 88 countries, far behind comparable developing countries. The index was based on an average of three leading indicators – prevalence of child malnutrition, rates of child mortality and the proportion of people who are calorie deficient. Collating data from

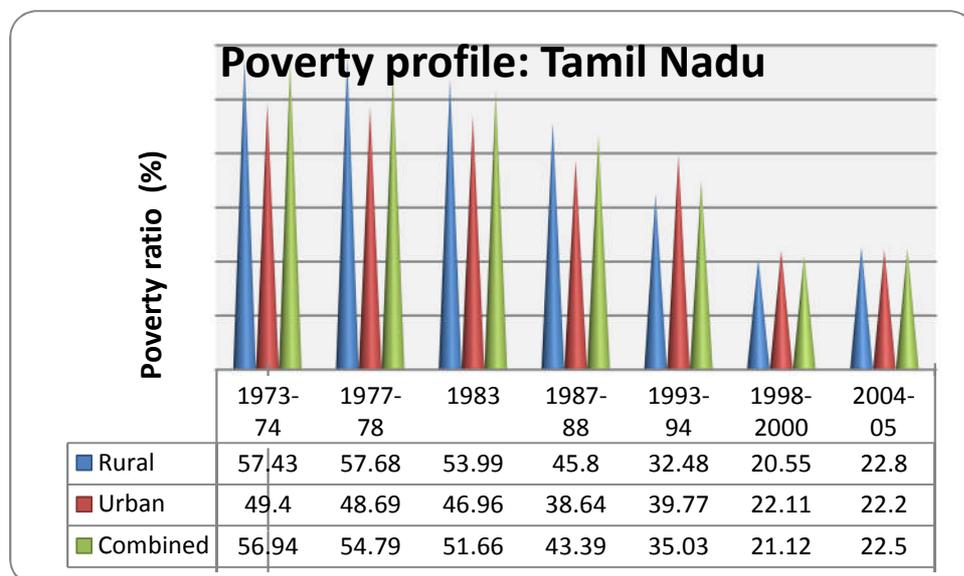
¹⁰ <http://www.tn.gov.in/dear/tab06/a127.pdf> . (Accessed on 30 July 2009).

¹¹ <http://www.thehindubusinessline.com/2004/04/09/stories/2004040900050800.htm>. (Accessed on 30 July 2009).

¹² <http://www.tn.gov.in/dear/tab06/a127.pdf>. (Accessed on 30 July 2009).

¹³ <http://www.tn.gov.in/dear/tab06/a124.pdf>. (Accessed on 30 July 2009).

NSSO and the National Family Health Survey III, it was found that India performed badly in the index primarily because of high malnutrition in children and consequent underweight children below the age of 5. Significantly, Tamil Nadu is one among the 12 States, marked as facing an ‘alarming’ situation, with Madhya Pradesh coming up worst.¹⁴



Source: using data from <http://www.tn.gov.in/dear/tab06/a127.pdf>. (Accessed on 30 July 2009).

The fact that many people continue to live below the poverty line and that there are glaring shortcomings in terms of the specific social sector indicators is of concern. It must however be noted that Tamil Nadu is one of the highly urbanized States in India where 34% of the population are living in urban areas. The above factors, viz., higher incidence of poverty, high inequality in consumption and higher percentage of population living in urban areas need to be taken into account in any strategy for poverty reduction in the State.

However, it should also be noted that Tamil Nadu has reduced poverty incidence substantially over the years by adopting comprehensive measures and innovative programs in areas like better social security, price control of essential commodities, substantial improvement in rural infrastructure particularly in the areas of communication, education and health besides creating better livelihood opportunities through wage employment and self-employment in rural areas. As the situation is very conducive for faster reduction in poverty, new approach to strengthen the poverty reduction initiatives has been adopted by the Government of Tamil Nadu. Tamil Nadu has a very

¹⁴http://timesofindia.indiatimes.com/India/India_fares_badly_on_global_hunger_index/articleshow/3596818.cms. (Accessed on 30 July 2009).

favorable environment to implement the Poverty Alleviation programs and the strengths are strong partnership with almost 400 NGOs selected through rigorous selection criteria, 47 Nationalized Banks for mobilizing credit, well-established and constitutionally mandated *Panchayat Raj* institutions with 3000 SHG members elected to various capacities and active participation of SHG members in grass root institutions like *Grama Sabhas*.

The Dravidian movement, which has championed the causes of educating the people and eradicating superstitions, has had a commendable role in this development. It has aimed to uplift the socially repressed Dravidian people and has drawn considerable support from the middle classes for their efforts in this matter. The movement, committed to social justice has led to the expansion of reservations for the deprived communities. Tamil Nadu now has 69% reservation in educational institutions, the highest among all Indian states.¹⁵

Similarly, the Mid-day Meal Scheme in Tamil Nadu, initiated by *Kamaraj* and expanded considerably during the rule of the AIADMK in 1983 under the Chief Ministership of *MG Ramachandran* now feeds over a fifth of the state's population. Despite this, the state is among the 12 states in India having alarming level of hunger according to the 2008 Global Hunger Index.¹⁶

Feminization of Poverty

More women than men experience poverty in Tamil Nadu, as in most parts of the world. As poverty estimates focus on household as the unit, there is no macro estimate of the number of women vis-à-vis the number of men in poverty. Micro-level evidence from Madurai, Ramnathapuram, Dharmapuri and Dindigul districts indicates, however, that the proportion of women-headed households (WHHs) in poverty is higher than the proportion of male ones in poverty (IFAD, 2000). Tamil Nadu stands fourth in terms of the percentage of WHHs in India. This estimate could be on the lower side as it may not take into account de facto factors leading to headship by women (due to migration, sickness of husbands, alcoholism). The proportion of SC women and women agricultural labourers (often overlapping categories) in poverty is much greater than the proportion of other caste groups in poverty.

Differential Impact of Poverty

It goes without saying that women and girls in poor households experience poverty more intensely than men and boys within the same households. This is because of intra-household inequalities in access to food, health care, education and the rest.

¹⁵ <http://www.rediff.com/news/2006/may/30spec.htm> Accessed on 30 September 2009.

¹⁶ http://timesofindia.indiatimes.com/India/India_fares_badly_on_global_hunger_index/articleshow/3596818.cms Accessed on 30 September 2009.

Gender-specific Causes of Poverty

Finally, women in Tamil Nadu, like elsewhere, slip into poverty in gender-specific ways and gender specific factors prevent them from coming out of poverty. Getting married into a poorer family for want of dowry and breaking down of marriage are two gender specific reasons for women slipping into poverty. Women's lack of independent rights to land, house and productive rights, the gender based stratification of the labour market, their greater dependency on wage labour, lower wages as compared to men, lesser control over family income and lesser access to formal credit all come in the way of their overcoming poverty. Women headed households not only face many of these constraints, but often also a smaller family size, lesser access to adult labour and a lack of social support, especially from their husband's kin.

Various Government-sponsored schemes are implemented through women's self-help groups. Convergence of services of all departments at the block and village level is a vital component of the empowerment of the poor as part of the linkage building process for the poor. An explicit withdrawal strategy with sustainability will be built-in right from the beginning, to make the women participants independent of Government and NGOs and ready to take charge of their own lives.

4. Strategies Adopted in Tamil Nadu for Women Empowerment

It is recognized that the main obstacles to empowerment has been the low level of educational attainments as well as poverty among women. Taking into account this fact, the Government of Tamil Nadu has framed various policies, designed specific interventions and implemented many programmes to eradicate poverty and to provide education to the vulnerable sections of the society.

Education of Women

Education to women is the most powerful instrument of changing their position in the society. Education also brings about reduction in inequalities and also acts as a means to improve their status within the family. In order to encourage education of women at all levels and to dilute gender bias in the provision and acquaintance of education, schools, colleges and even universities were established exclusively for women in the State. To bring more girl children, especially from marginalized BPL families, into the main stream of education, Government has been providing a package of concessions in the form of free supply of books, uniform, boarding and lodging, clothing for hostilities, mid-day meals, scholarships, free by-cycles and so on. The Mother Teresa Women University has been established for the development of Women Studies and to encourage higher education among women and their social mobility.

Periyar EVR Nagammai Scheme

Periyar EVR Nagammai Free Education Scheme has been implemented in the State from 1989-90 to women students irrespective of caste, creed and community to encourage their education and to reduce dropout rate. As per the scheme those students' whose parental annual income is less than Rs.24,000/- are exempted from payment of tuition fees in under - graduate courses. During 2005-06, 8936 women students were benefited under this scheme. In 2006-07, a sum of Rs.65.00 lakhs has been allocated for this scheme.

Free Coaching Exclusively for Women Students

To encourage and enable the women students to appear for the IAS/IPS examinations, the Government established two free coaching centers –one at Queen Mary's College, Chennai and the other at *Arulmigu Meenakshi* Government College for Women, Madurai. In each center, 60 women students are being given free coaching. During the current year, the government has provided a sum of Rs.1.00 lakh for implementing this scheme.

Entrepreneurship Awareness Programme (EAP)

In order to empower women, Science city has been organising Entrepreneurship Development Programme (EDP) and Entrepreneurship Awareness Programme (EAP) to bring out the talents of women and to make them stand on their own feet. To ascertain the status of women scientists, Science city has embarked upon the task of creating a data-base of women scientists in the entire State of Tamil Nadu. To encourage the women scientists, Science city has instituted Life Time Achievement Award and Young Women Scientist Awards. During 2005, five women scientists were awarded the Young Women Scientists Award.

Tamil Nadu Corporation for Development of Women

Tamil Nadu Corporation for Development of Women (TNCDW; known as DeW) was established in 1983 which aims at the socio-economic empowerment of women. As a prelude, the Corporation is implementing the *Mahalir Thittam* (see below) among poor rural women to promote saving habits, nurture entrepreneurial skills and aptitudes, promote exposure to banking transactions and to free them from the clutches of local moneylenders. The scheme is being implemented in partnership with Non-Governmental Organisations (NGOs) and Banks. Under the scheme, self-help groups (SHGs) are formed and monitored through NGOs affiliated with the DeW.

Capacity Building and Skill formation

In order to improve the entrepreneurial ability and skill of the women, Government has been imparting various types of training designed to promote self and wage employment.

Skill Up-gradation Training Programme

Provision of skill training to women in SHG has been given recognition so as to enable them to start their own income generating activities. The duration of the training and the cost depends on the nature of the trade selected by the members. Till March 2006, 60957 women have been provided skill training. The Government has proposed to train another 23000 women in 2006-07.

Entrepreneurship Development Training Programme for Women (EDP)

EDP training is conducted by DeW to expose the SHG women to various business opportunities and to motivate them to start economic activities. Up to March 2006, the Corporation has trained 6,34,991 women in co-ordination with other Government departments such as Rural Development, Agriculture, Industries and Commerce, Backward Classes, Tamil Nadu *Adi Dravida* Housing Development Corporation (TAHDCO), Slum Clearance Board, etc. In 2006-07, 22000 more SHG women will be provided EDP Training by DeW.

5. Tamil Nadu Corporation for Development of Women (DeW)

The mission of this government wing is¹⁷

- (i) to build capacity of poor and disadvantaged women in order that they are enabled to cross all social and economic barriers, and thereby facilitate their full development into empowered citizens;
- (ii) to reach out to 35 lakh BPL families in Tamil Nadu with focus on SC/ST, widows, physically handicapped and destitute for social, economic and political empowerment.
- (iii) to achieve the equality of status of poor women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life;
- (iv) to create or reorient democratic, economic and social processes and institutions to enable poor women to participate fully and actively in decision-making in the family and community, and at the local, district, state and national levels;
- (v) to empower women to work together with men as equal partners and to inspire a new generation of women and men to work together for equality, sustainable development, and communal harmony;
- (vi) to promote and ensure the human rights of women at all stages of their life cycle; and
- (vii) to advocate changes in government policies and programmes in favour of disadvantaged women.

¹⁷ <http://www.tamilnaduwomen.org/>. (Accessed on 30 July 2009).

DeW is the interface organization at the state level that networks through (a) a Project implementation unit (PIU), which was constituted at the district level to act as its coordinating arm; (b) Banks, which have taken up the responsibility of providing credit to women's groups; (c) Government/line departments, apart from deputing their staff to PIU, provide support services/linkages and (d) Non-government organizations (NGOs) which promote women's groups and monitor their functioning.

Thus the special feature of this Women development program, which makes it distinctly different from other programs, is the induction of NGOs to identify the target group and organize them into Self-Help Groups (SHGs), led by an animator who is a literate person in the group. The emphasis of the program is on promoting savings and loan activities of the groups to provide small amounts of credit for emergency, social or productive purposes for which women would have to otherwise turn to moneylenders. Regular contribution to the group funds, at least for a minimum period of six months, is a pre-requisite for any member to become eligible for credit assistance to undertake a bankable economic activity. This inculcates the habit of saving in rural women. The project also promotes greater participation of women in decision-making not only in the management of their own funds, but also in availing credit from the bank for members.

DeW through the SHG movement with nearly 59 lakh women as members has been very successful in bringing about social empowerment of women which however has not fully been translated into economic empowerment. The Corporation takes it upon itself to strive to promote more economic activities among SHG women by converging *Mahalir Thittam* (see below) and *Swarna Jayanti Gram Swarozgar Yojana* (SGSY) implementation.

In order to bring about synergy and better coordination in implementation of SHG programmes, TNCDW which was under the administrative control of Social Welfare Department was brought under the administrative control of Rural Development and *Panchayat Raj* Department vide G.O.Ms.No.81 Rural Development & *Panchayat Raj* Dept. (CGS-II) dt.20.7.2006.

5.1 The IFAD Experiment

A significant step towards attaining women empowerment in the State was the Tamil Nadu Women's Development Project (TNWDP: 1990-1998), aided by the International Fund for Agricultural Development (IFAD), and taken up for implementation by the Government of Tamil Nadu through the Tamil Nadu Corporation for Development of Women in eight Districts (then five Districts) of the State, initially with 27 NGOs to work with women self-help groups.

The main objective of the project was to bring about the economic and social betterment of women to improve the welfare of their families and their status both within the family and in the community. The project was designed to achieve its objectives through the following

components:¹⁸

- (a) income-generation activities: farm and crop development, animal husbandry and cottage and village industries;
- (b) institutional credit: the Indian Bank was responsible for providing credit to village women;
- (c) informal credit and savings mobilization: the project encouraged group-based savings to meet the financial requirements of group members, particularly small loans, in order to create an alternative credit system to replace the traditional moneylenders;
- (d) group development: promotion of strong, cohesive groups of women as the organizational catalyst for the economic and social betterment of the target group;
- (e) institutional support: establishment of a network of social extension workers to provide the necessary social development thrust and support to women. Animators were appointed in each village and one supervisor for every 12 villages;
- (f) training was provided to women on a variety of subjects, including group organization and management, bookkeeping, entrepreneurial development programmes and legal and social issues. Training was also provided to improve the capacity of project staff, bank officers, non-governmental organizations (NGOs) and social extension workers; and
- (g) NGO involvement: selected NGOs were contracted to assist in beneficiary identification; group formation; training of animators, supervisors and project field staff; selection of activities; and provision of bank loans and the recovery thereof.

Indian Bank joined this massive effort from the start itself followed by NABARD to support credit-worthy groups with timely doses of credit, while subsidy was provided by DeW. It is reported that so far Rs. 50.09 crores have been disbursed as credit and Rs. 31.24 crores as subsidy, totaling Rs.81.33 crores to 92032 SHG members under this IFAD assisted Development Project, with an average repayment of 85% till date. As many as 5207 SHGs with 120960 women-members having a total savings corpus fund of Rs. 22.89 crores stand as proof of the successful partnership between DeW, NGOs, Indian Bank and NABARD. IFAD funding came to a close by the end of 1998.

By March 1998, a total of 5 207 SHGs had been formed compared with the target of 2 688, and 120 960 women had enrolled as members. Individual groups, of approximately 20 members, usually comprised a mixture of castes. The groups were autonomous, democratically-managed bodies with their own procedures governing the operations of savings and loan funds, and decisions were taken collectively. Each group had an animator from the same village who provided assistance to group members on a variety of issues. The majority of groups were cohesive and well regulated and the survival rate stands at about 88%.

¹⁸ http://www.ifad.org/evaluation/public_html/eksyst/doc/prj/region/pi/india/r240ince.htm. (Accessed on 30 July 2009).

A rapid rural appraisal (RRA) was undertaken by local experts in September and October 1999; the methodology followed included social mapping; seasonality mapping and economic status ranking; participatory gender analyses of access to, and control over, income and benefits; focus group discussions; and other informal interviews. Eight representative target groups were selected for in-depth study.

Transaction and delivery costs

The terminal evaluation report compiled by the Agricultural Finance Corporation (AFC) estimated the average lender transaction cost per Rs. 100 loan at Rs. 2.24 for the first loan and Rs. 1.35 for the second loan compared with Rs. 3.33 for IRDP. The average borrower transaction cost was Rs. 182 per loan account compared with Rs. 332 under IRDP, despite the fact that the average size of the IFAD lending being Rs. 8112 as against Rs. 9916 under IRDP. The transaction costs would be still lower for the third and subsequent loans. The administrative expenditure and overheads incurred in delivering a loan of Rs. 100 under the project were estimated at Rs. 26 compared with Rs. 48-51 for IRDP. It was also found that the state level recovery under the IFAD program was 86% while the corresponding figure for IRDP was 33.48% and for other sectors 62%.

Poverty impact

According to AFC estimates, 64% of all project beneficiaries crossed the poverty line during implementation, which compares well with government-run schemes. In addition, and perhaps more importantly from the point of view of sustainability, the self-perception of economic improvement is very marked. The AFC terminal evaluation report indicated that, thanks to the project, beneficiary families had seen a 70% rise in their incomes during implementation. The thrift and savings group approach reduced the vulnerability of member households to social and environmental calamities and to seasonal fluctuations in income and expenditure, and dependence on moneylenders was considerably reduced in most project areas. Higher incomes led to improved food and nutrition, health care and education of household members, although gender differences appeared to need further improvement.

The RRA findings indicate that, as a result of bank loans, 69% of the women beneficiaries who were previously unskilled labourers have either become fully self-employed or are less dependent on wage labour. Moreover, 65% of all bank loan beneficiaries claimed they had acquired new technical skills and another 20% had strengthened their existing skills with training received under the project. Almost all the groups covered by the RRA exercise reported some degree of collective action to increase access to drinking water, electricity, health care or education facilities.

Contrary to expectations that most of the loans would be used for crop improvement purposes, more than half went towards livestock activities (purchase of dairy cows, nanny goats and ewes) that provided landless and smallholder women a daily income. Apart from

animal husbandry, other income-generating activities included such diverse activities as bee-keeping; cultivation of jasmine, mangoes, betel, grapes and coconut seedlings; rope making; fishnet production and repair; mat weaving; tailoring; and pottery. Loans enabled women to manage their activities independently and to have more control over their assets and income. The assumption that women would generally make wise choices because their expertise and knowledge of local market conditions was sound, and the good repayment rates are proof that their choices were generally sensible.

Social impact

According to the IFAD Evaluation Report, the single most striking result of the project is in the remarkable increase in opportunities for disadvantaged women to come out of their homes and enter the public domain.¹⁹ Women have also acquired a new physical mobility and have been able to expand their contacts with banks, NGOs and district authorities. The AFC and the RRA findings reveal that over 80% of group members became more aware of their political and property rights. By attending group meetings, poor women gained more confidence. The project introduced a new mind-set, which led many groups to broaden their field activities. By branching out beyond savings and credit, the groups initiated community-oriented projects and negotiated with obtained the approval of the authorities for new milk-collection routes, street lightning, bus routes, better well maintenance, etc.

Important social changes are reported to have been engendered by the project. For instance, any opposition and interference by men in the initial stages of the project was generally transformed into positive support within three years of the groups being formed, and economic benefits accruing to households through the project made the approach to women's empowerment acceptable to men. In most cases, men were more willing to take on simple household tasks while their wives were attending meetings or training sessions. Gender disparities remain as far as decision-making within the household is concerned, although the RRA revealed a discernible increase in women's decision-making powers on matters relating to children's education, health care and the disposal of household assets. However, only 30% of women in the male-headed households covered by the RRA were involved in the purchase of raw material and in sales of produce. This traditional division of labour is only broken down in the event women obtain full control over the assets and income of their enterprises.

Seventy per cent or more of women interviewed during the RRA stated that they had greater self-confidence; 70% no longer felt any anxiety about dealing with government officials; 70% felt motivated to protest against abuse and exploitation; 80% had attended health and nutrition programmes; 80% were opposed to dowry payments; and 80% were aware of statutory provisions regarding women's representation on the panchayats (village committees). More than 90% had had their children vaccinated and 94% were opposed to

¹⁹ http://www.ifad.org/evaluation/public_html/eksyst/doc/prj/region/pi/india/r240ince.htm. (Accessed on 30 July 2009).

female infanticide and female foeticide. With regard to these aspects, although the number of such cases had fallen from 112 to four over a three-year period in one block of Madurai District, female infanticide and foeticide need to be reduced further.

According to the Evaluation Report, what might require further attention is a significant proportion of the women interviewed stated that bankers' attitudes had not changed towards poor women. Bringing about a change in attitude will take time and further training and sensitization of bank officials may be required to redress the situation.

It is impossible to quantify evidence in the 'intangible' areas, but what is beyond doubt is that there is a new air of confidence and optimism among the groups. Readiness to come forward with opinions and suggestions is not restricted to the animators or to a few leading members of the groups, but it is clearly something that, in mature groups, has infected even naturally timid members. Significantly, there is a growing willingness among group members to approach the panchayats and district administrators with petitions or grievances; in several cases, members have stood for and won election to both gram panchayats (village assemblies) and block panchayats.

Institutional impact

The effect that the project has had on DeW is unmistakable: major increases in funds and influence have resulted from project activities and new, purpose-built premises have been built. This effect can be observed in various aspects of DeW's activities, with better-trained and more motivated staff, more confident management and greater bargaining power vis-à-vis the state authorities. DeW has matured into a solid institution, capable of implementing poverty eradication programmes efficiently and of providing invaluable advice to Government of Tamil Nadu and others on policy and related issues. The main effect that the project has had on the Indian Bank is its ability to persuade bank officials that group collateral-based microfinance can be commercially viable. The future of microcredit schemes in Tamil Nadu will certainly benefit from the generally good repayment record and successful collaboration under the project. The Indian Bank took a cooperative attitude and brought together a team of dedicated officers to manage project lending, but its capacity was over-stretched in remote areas where it has few branches. The bank did not gain financially from its involvement in the project as it agreed to involve itself in the pioneering approach to rural finance introduced by TNWDP without reaping any profits. Project activities also encouraged NGOs to extend and intensify their operations, and the selection and remuneration procedures devised under the project have served to improve or maintain the standards of NGO activity.

Sustainability

According to DeW, about 70% of existing groups possess the characteristics required for sustainability. A special training module, known as the sustainability module, was included in the SHG training programmes to make groups aware of factors affecting sustainability. The

survival rate of TNWDP groups (88%) is substantially higher than that achieved in similar projects elsewhere. Half of all groups are already paying their animators' salary and, according to AFC, more than 60% are in a position to maintain their own records and accounts. The majority of groups are capable of building up enough capital to meet the routine consumption needs of their members within three years of formation. However, the TNWDP experience also indicates that the younger groups and those graded 'B' or 'C' require more support from NGO staff to ensure their sustainability, especially in the areas of management and finance.

The aim is to build up capacity in order that underprivileged members of the community will have both the means and the confidence to gain access to established services and opportunities. Thus, the role of NGOs as initiators and facilitators is expected to dwindle and ultimately disappear; and there is considerable evidence that mature groups guided by intelligent NGOs require their services less and less. The new system of NGO remuneration is designed to encourage this development inasmuch as NGOs payments are not pegged to the number of women accessing bank loans but to group formation, dynamics and sensitization. It also takes account of the progress of groups towards reaching sustainability, including the diffusion of technical skills among its members.

The sustainability of the social impact is to a large extent contingent on the presence of NGOs. It is suggested that, during the coming phase, the capacities of cluster-level federations be strengthened in order that they can take over the motivating role played by NGOs. Federations may be gradually formed into block, district or even state-level federations. So far, about 75% of groups have been formed into cluster-level federations, which are slowly taking over some of the supervisory functions of NGOs and tackling wider social and regional issues beyond the capacity of individual groups. The existence of effective federations may serve as an important aid to sustainability, as that would lessen the need for NGO involvement, provide a higher authority to take on issues that cannot be resolved at the group level and involve women in projects relating to longer-term issues of broader significance. Cluster-level federations can contribute to improving savings and loan recoveries, resolving conflicts and cases of financial mismanagement in the SHGs, mobilizing government programmes, and addressing common social and economic needs of villages in the cluster. In some cases, they could even act as financial intermediaries for mobilizing capital from some groups and channelling it to others. Federation membership also gives SHGs a sense of belonging to a larger group. In short, federations can contribute not only to the sustainability of SHGs but also assist in reducing overall transaction costs.

An important factor expected to contribute to project sustainability is that the institutional structure of the project continues to be in place beyond project closure. DEW, which is involved in supporting post-project operations, benefits from the backing and commitment of the State Government and other project partners.

Lessons learned

The project's unique contribution has been to facilitate the realisation of a very significant potential among women in the rural areas it covered. Although there is evidence of all three, neither good design nor effective management nor bank/project cooperation can entirely explain the dynamism and optimism that observers noted at group and federation meetings. In the latter phases at least, the project did not operate primarily as a credit-cum-subsidy project but as a genuine process of empowerment, and therefore the crucial interaction between the social and economic aspects of the project must not be allowed to disappear. The project has demonstrated that the provision of microcredit can not by itself create the necessary conditions for economic and social change. Therefore, care should be taken in future projects to tie credit provision to group cohesiveness and community sensitization, including training and awareness building of local institutions and individuals involved in the project. Wherever possible, group members should be actively involved in all stages of the planning, implementing and monitoring of activities.

Enabling environment

A key factor in the success of the project was the environment under which it operated. Despite the higher turnover of project management staff, implementation remained on track thanks both to the conducive institutional set-up and the strategic alliance between core project partners (NGOs, Government of Tamil Nadu officials, beneficiaries, Indian Bank and DEW) that built on the comparative advantage of different actors. The DeW brought legitimacy, resources and overall vision into the project; the banking institutions brought in resources and helped institutionalize efficiency into the system; and the NGOs contributed by helping to reach the poor and mobilize them into groups. The constructive attitude of all individuals involved was also instrumental and should not be underestimated in gauging the project success as it created an environment that allowed for the efficient coordination and follow-up of activities. The project therefore illustrates the crucial and far-reaching effect that the operating environment can have on results and outcome, and the importance of building trust and respect among the individuals most closely involved in the project from inception.

Group formation and cohesion

A slow but steady pace of formation seems important for effective group functioning. In the initial years of group formation, especially in the new areas, there is always a necessary stage of learning and adaptation which may be inhibited or even derailed by over-ambitious or strictly applied physical and financial targets that may not support the ultimate development objectives of the intervention. Therefore, the evaluation analysis concluded that a flexible and gradualist approach is required, with both targets and regulations kept to a workable minimum. The crucial factor for group cohesion is that, before receiving institutional loans, there should be a period of one-to-two years during which the groups systematically save money and rotate their funds in the form of petty loans for productive, consumption and social purposes. This process demonstrates the potential of solidarity and of self-reliance. It

may also play a very important role in group sustainability by showing women that they can accomplish a lot by themselves through group discipline. Other dimensions for effective group operations include, optimal group size, rotation of leadership responsibilities, economic and social homogeneity of group members, continuity of members in groups, and rules governing group operations. The project also illustrates that pro-poor, equitable and transparent savings and lending practices contribute to group functioning and cohesion, as well as group engagement in collective action such as welfare activities, building of community infrastructure and lobbying with government for electricity and other facilities.

Non-governmental organizations

The capacity and performance of NGOs is critical to the continuing success of SHGs, especially in the early stages of group formation. The need for NGO support is expected to diminish over time, as illustrated by the TNWDP experience. Nevertheless, the presence of suitably motivated and skilled NGOs in a given area is of crucial importance in programmes where the initial emphasis is on the training and sensitization of beneficiaries. The project highlights the importance of rigorous screening procedures to select committed and capable NGOs that are driven primarily by the desire to improve the well being of people at the grass-roots level. An NGO grading system and appropriate remuneration modalities, as introduced by the project, should go a long way towards remedying a discernible over-anxiety on the part of some NGOs to form new groups to access institutional credit. Furthermore, the role of NGOs must be clearly defined so that they act as catalysts and advisers rather than as decision-makers.

Financial discipline inculcated through internal rotation of savings and introduction of best practices like double-entry book keeping helped in building capacity of the SHG members. Training in SHG management, skill development, etc., also played a very important role in empowering poor women. An interim evaluation report by ORG (1996) clearly points out how the standing of SHG members in their families and their neighbourhoods and participation of women members in decision-making in their families and community have improved significantly, pointing to successful achievement of social empowerment of women.²⁰

“The project was not only effective in mobilizing women into self-help groups and granting them access to microfinance, but was also responsible for important changes in social patterns and norms, which have led to the empowerment of women. For instance, women involved in the project have become more independent economically and their overall decision-making role in the family has also been enhanced.”²¹

TNWDP has effected significant changes in living conditions of poor rural women. NGOs

²⁰ <http://www.tamilnaduwomen.org/>. (Accessed on 30 July 2009).

²¹ <http://www.ifad.org/media/success/india.htm>. (Accessed on 30 July 2009).

have played a key role right from the formation of women SHGs to the attainment of women empowerment, by providing necessary training and other inputs. It is significant to note that the average repayment level of IFAD loans was above 85% consistently and was one of the key indicators of the success of the IFAD Project. Efforts have also been made to make all IFAD groups sustainable. The need for sustainability and strategies for sustainability have been impressed upon SHG members to make the groups self-reliant in the long run. Sustainability of groups (ability to carry on their affairs on their own without support from NGO) is measured by the following parameters:

- (a) Formulation of Long-term Mission/Goals/Objectives by SHG;
- (b) High degree of cohesion between group members;
- (c) Non-dependence on NGOs and DeW;
- (d) Repayment of loans at more than 90%;
- (e) Ability to manage their own affairs both day to day as well as Credit Linkage;
- (f) Adoption of best and healthy practices in family and SHG;
- (g) Perceptible improvement in Income of members;
- (h) Networking – SHG participation in federations; and
- (i) Contribution to local social development and social recognition for the SHG in the village.

The ultimate objective of the intervention is to leave behind self-reliant and *sustainable SHGs*, through a process of careful and slow withdrawal by NGOs and DeW in a phased manner, and this has been achieved with a large majority of groups reaching this stage.

Considering the meritorious features of this unique project, similar Projects with IFAD funding have been launched in other states. This project has also become the role-model for emergence of lot of Self Help Groups in both IFAD and non-IFAD districts of TN, on their own. Tamil Nadu Women Development project is the main source of inspiration for formation of thousands of groups by *Arivoli Iyakkam*, TANWA, SJSRY, Banks, TNINP, etc.

IFAD's Mid-Term Evaluation Mission of TNWDP has identified factors that have contributed to sustainability of SHGs. The most significant finding in these reports was the considerable reduction in transaction costs for both banker (lender) and borrower under lending to or through the group as compared to direct lending to individuals.

The mission found that the following factors enhanced group solidarity and eventually group sustainability:

“A small group of less than 25 women and a homogeneous group made up of women from a similarly poor socio-economic background. Small groups visited made up of destitute, landless women were found, for example, to show considerable solidarity, to have experienced maximum beneficial economic and social impact from the project and to be determined to continue with their group activities even after the project and the NGO's have withdrawn.

“One of the best indicators of the dynamism and cohesion of a group was the degree of rotation of small loans with their savings before applying for IFAD supported loans.

“Better the training of animators in group dynamics and group management, the *more* they fostered widespread participation of all women members, rather than from a few better educated and better off women, and the more the group solidarity the better the chance of being sustainable.

“The more a group had managed to accumulate considerable savings and to qualify for a NABARD group loan, and thus be able to provide members with considerable “internal loans”, the more the women group members are able to understand the importance of the existence of the group and the better the chance that the group will be sustainable, as the women had learned that they “can make it on their own”.

“The more a group has gained visibility so as to become the focus for the delivery of services other than loans, such as agricultural extension, health services, etc., the more sustainable it will be.” (International Fund for Agricultural Development 1995)

In the light of the project’s achievements, Government of Tamil Nadu decided in 1996 to scale up operations with its own funds. It also announced a project of its own – the *Mahalir Thittam* – which foresaw a phased extension of project activities to cover Tamil Nadu’s 28 rural districts by the year 2000 together with continued maintenance of existing TNDWP groups. The number of TNDWP groups has now reached over 13 500 and approximately 60 000 women's groups are expected to be formed under the *Mahalir Thittam* project. The positive loan repayment performance demonstrated under TNWDP convinced the management of Indian Bank to continue providing rural microcredit to SHGs under the *Mahalir Thittam* project. Other commercial banks have also joined in this project.

5.2 Mahalir Thittam (MaThi)

From 1990 to December 31, 1998, around 1,20,960 women were covered through 5,207 SHGs under the IFAD women development project. There were 36 partner NGOs involved. The project operated in selected areas of eight districts. Only one bank, the Indian Bank, was extending credit and other banking services. IFAD, after sowing the seed of a successful pilot project moved out of the state. Realizing the potential of the project that has been initiated with the help of IFAD, the state Government wanted to continue with the program at any cost. The state machinery has been very committed and decided not only to continue the program but to also extend it to the rest of the state in a phased manner. With that, Tamil Nadu has become the only State in India to launch a state-wide program fully funded by the State government without any assistance from the Government of India or other funding agencies. Hence the credit for the success of the SHG Movement in Tamil Nadu truly goes to the Government of Tamil Nadu and its organ the TNCDW. The state sponsored program soon came to be known as *Mahalir Thittam* (*MaThi*) – women’s programme. *MaThi* got off the ground as a policy note in 1996

and has covered the entire state in a phased manner. Recently, this project was renamed as *Bangaru Ammaiyaar Ninaivu Mahalir Thittam* in memory of the Late Chief Minister *Arignar Anna's* mother (Government of Tamil Nadu 2003: 97). With an aim to convert the have-nots into the haves, the families living below the poverty line have been targeted to address the problem of poverty through women. Self-Help Groups have been chosen as an effective tool for poverty eradication.

Mahalir Thittam Pledge



DeW

மகளிர் திட்டப் பணியாளர்களுக்கான உறுதிமொழி

வறுமையில் வாடும்
பெண்களின் நலத்திற்கும்,
முன்னேற்றத்திற்காகவும் நாம்
ஒன்றுசேர்த்துள்ளோம்.

அவர்களை கய உதவிக் குழுக்களாக சேர்த்து,
ஒற்றுமைப்படுத்தி, பொருளாதாரமேம்பாடு அடைய
வழிவகை செய்ய, பயிற்சிகள் அளித்து, சிறுதொழில்
செய்வதற்கு ஊக்குவித்து, சமுதாய நலப்பணிகளில் ஈடுபட
செய்து, மகளிர் முன்னேற்றமடைய அயராது உழைப்பேன்.

பெண்களும் ஆண்களுக்குச் சமமாக உயரவேண்டும் உன்று
உணர்ந்து, பெண்கள் முன்னேற்றத்தில் சந்திக்கநேரிடும்
தடைகளை அகற்ற நான் முழுமனதுடன் செயல்படுவேன்.
பெண்களுக்கு எதிரான அநீதி, வன்முறைகள், கொடுமைகள்
ஆகியவற்றை தடுப்பதில் நான் உறுதியாக இருப்பேன்.

பெண்களின் முழு சுதந்திரத்திற்கு பாத்பீழில்லாமல்,
அவர்களின் முழு ஆற்றல்களையும் திறமைகளையும் வளர்க்கவும்,
வெளிப்படுத்தவும் நான் உறுதுணையாக இருப்பேன். இதன்மூலம்
பெண்களும், அவர்கள் குழந்தைகளும், குடும்பத்தினரும்
சமுதாயமேம்பாடு அடைவதற்கு வழி வகுப்போம்.

மகளிர் முழு சுதந்திரத்துடன் பணிபுரிந்திடவும்,
தொழில் செய்திடவும், கல்வி கற்று மேம்பாடு அடையவும்,
தங்குதடையின்றி எங்கு சென்றாலும்
கொளவத்தோடும், தன்னம்பிக்கையுடன் வாழவும்,
சாத-மதபேதமற்ற
பெண்-ஆண் சமத்துவம் நிலைநாட்டும்
உயரிய உலகை படைக்கவும்
அயராது உழைக்க
நான் உளமாற
உறுதியளிக்கிறேன்.

The vision of the project is to reach out and empower 10,00,000 poor women through 60,000 self-reliant and sustainable Self Help Groups.²²

The objectives of the project, focused on poor and disadvantaged women are:²³

1. Social Empowerment through:
 - Equal status, participation & powers of decision-making of women at the household level.
 - Equal status, participation and powers of decision-making at the community and village levels.
 - Overcoming social, cultural & religious barriers to achieve equality status and recognition of women/girls in their day-to-day affairs and on matters concerning them.
 - Increased status, participation & power of decision-making in democratic institutions.

2. Economic Empowerment through:
 - Greater access to financial resources outside the house-hold
 - Reduced vulnerability of the poor women to crisis situations like famine, flood, riots etc.,
 - Significant increases in women's own income, and the power to retain/save such income and use it at her discretion.
 - Equal access and control over various resources at the household level.
 - Financial self-reliance of women, both in the household and in the external environment

3. Capacity Building through:
 - Better awareness on health, education, environment, legal rights, etc.
 - Improved Functional literacy and numeracy
 - Better communication skills
 - Better leadership skills
 - Self-help and mutual help

Though the project objectives can be achieved through different strategies, it is expected that all the strategies subscribe to the following core philosophy:²⁴

²² <http://www.tamilnaduwomen.org/manual1.htm>. (Accessed on 30 July 2009).

²³ *Ibid.* Also see http://www.perambalur.tn.nic.in/dept_mahalir.htm. (Accessed on 30 July 2009).

²⁴ <http://www.tamilnaduwomen.org/manual1.htm>

- (i) Women-centeredness: strategies to be dictated *only* by the needs, convenience, well-being and future of the SHG women.
- (ii) Participatory Learning and Action: strategies are dynamic and subject to changes based on changing needs of women and new learning, assessed periodically and jointly with all stakeholders, following the cycle of reflect → plan → implement → evaluate → reflect → change → implement.
- (iii) Holistic: in approach by ensuring that project strategies meet practical and strategic needs of women (and not patchy or narrow as most programmes tend to be).
- (iv) Focus only on Sustainable options: all strategies must pass the test of sustainability.

The project area initially encompassed rural areas of all 31 districts of Tamil Nadu, except Chennai District. The scheme was extended to all districts in a phased manner, with the launch of the third phase in 1999-2000, carrying the project into the seven districts of Coimbatore, Dindigul, Kanchipuram, Kanyakumari, Nagapattinam, Perambalur and Thanjavur. In the budget for 2000-2001, *MaThi* was extended to cover all Town Panchayats and Municipalities also in all these districts. TNCDW also initiated the women's Self-Help Group Programs in Chennai in the year 2002. With this, Chennai became the biggest and the most effective urban anti-poverty program in the world. It covers 2000 slums and tries to improve the quality of life of its inhabitants using women as a tool-for social change.

The uniqueness of the project is that while in most States, central or external funding has been accessed for the project, the expansion of the programme in Tamil Nadu is being funded entirely by the State. TNCDW also introduced new initiatives like Entrepreneurship Development Program, Vocational and Skill Training, Literacy program and training in Agriculture.

MaThi, like its predecessor (the IFAD women development project), believes in establishing long-term relationships in the interest of poor women. The project has four main actors - Government, NGOs, banks and the poor women themselves. Recent additions to the list of partners are elected representatives.

Project management unit (PMU)

With the project's extension as *Mahalir Thittam* under the state budget, as on 31. 8. 2004 the coverage stands at 2984132 women enrolled in 178571 SHGs. The partner NGOs are 400 in number. The women have an accumulated saving of Rs. 532 crores and have obtained credit to the tune of Rs.895 crores from banks. In addition, they have also received assistance from agencies like the Department of Rural Development, the TAHDCO, and corporation for SC/STs, TNBCEDCO for the BCs and Minorities.

From a mere social mobilization program for women the *MaThi* has grown into a program of economic and political empowerment and a tool for bringing gender equality. However, within this overall objective there is a need to further focus on the needs of the *dalits* and socially, physically and economically vulnerable and marginalized women.

Mahalir Thittam is implemented in partnership with NGOs who undertake formation of SHGs, provide training and monitor them. For rendering these services, NGOs are paid formation cost, monitoring cost and also incentive for enabling SHGs to access bank credit. As on 31.3.2009, 437 NGOs are affiliated with TNCDW (as per the revised affiliation norms listed in G.O. Ms 155 Rural Development and *Panchayat Raj* (CGS-1) Department, dated 5.9.2007).²⁵ The new agreement with these NGOs contains many salient features including performance based incentive and greater emphasis on quality and also provides an enabling environment for the growth of community based organisations like *Panchayat Level Federations*.

Training

Training is the backbone of the Self-Help Groups in Tamil Nadu. This is a movement to empower women socially, economically and politically through capacity building of the poorest and most disadvantaged. Training paves the way to create awareness and motivate the members to realise their strengths and weaknesses and their potential. Gradually they become more conscious of their capabilities and start exhibiting them, through their action plans and programmes. What sets the Self-Help Groups in Tamil Nadu apart from those elsewhere is that they undergo a well conceived and well structured training through the specifically developed training modules. These modules have been prepared for different types of training to be given to different categories of people such as: (1) Field level or grass root level training; (2) Middle level or project stake holders training; and (3) The training for the staff of the Tamil Nadu Corporation for Development of Women (TNCDW).

Field-Level or Grass-Root Level Training

The field level training consists of (i) SHG Training, (ii) Animator and Representative Training and (iii) *Panchayat Level Federation Training*.

(i) SHG Members Training

The hallmark of the SHGs promoted by *Mahalir Thittam* is the systematic training provided to the SHG members and the office bearers. This capacity building brings about qualitative changes in the attitude of the women and promotes cohesion and effective functioning of the group.

²⁵ http://www.tn.gov.in/policynotes/pdf/rural_development.pdf. (Accessed on 30 July 2009).

All the SHG members are imparted training in 4 modules for 4 days to orient them to the SHG concept. The office bearers of the SHGs (Animator and Representative) are given training in 3 modules for 6 days. This training enhances the leadership quality, team building spirit and capacity to maintain books of accounts. In addition, SHG members who are interested in starting economic activities or develop skills to get self employment are provided skill training. The skill training includes a 5 day capsule on entrepreneurial development.

(ii) Animator and Representative (A & R) Training

This training is considered to be very important since it has been designed for all the leaders and the animators who lead the groups. This helps them convene the meetings, maintain accounts and the registers, be signatories of the bank accounts, represent the group at Block level committee meetings and the *Panchayat* level meetings. Hence the capacity building of these group leaders is very important especially in 'Double entry' Bookkeeping, Leadership and Communication. The Animator & Representative training was originally designed as a 12 Module Package spread over two days each for a given period of two years.

In order to make it cost effective it was redesigned to contain three modules, which covered all the subjects, needed for capacity building. In order to train successfully such a large number it is important to have a sufficient number of trainers. So far, Trainers Training has been given for conducting the SHG and A&R training to nearly 2648 NGO representatives.

As of 30.9.2003, about 426 NGOs have been working with the *MaThi*. Their main role is capacity building and monitoring. The main activity under capacity building is providing Animator and Representatives (A&R) Training and SHG members training.

The success of the SHGs and the *MaThi* is directly proportional to the extent the A&Rs and the SHG members have understood the concept of SHG and the capability they have developed due to the training programme. The lower percentage of the SHGs' attendance in the training programmes perhaps explains why some SHGs have not really understood the concept of SHG. Much of the capability of the SHG has developed due to the horizontal exchange of information among the SHGs. This justifies developing the capable PLFs as 'SHG Training Centres'.

MaThi gives increased importance to entrepreneur development programmes (EDP) and to vocational training programmes (VTP). In 2002-03, 125,755 SHG members (and 36,179 in 2003-04) attended the EDP programme; and as a follow-up of the EDP, 5,709 SHG members in 2002-03 (and 9,046 in 03-04) were trained in skills such as *agarbathis* (scented sticks) making, auto-rickshaw driving, bakery, book binding, goat/turkey rearing, beautification, fish farming, candle making, fibre/ leather/jute/ palm leaf/ paper/ sea shell/ sanitary/ herbal/ coir products making, greeting cards, dairy farm products, computer training, cookery, photo/video, screen printing, tailoring, toy making, mushrooms, floriculture, handloom, xerox, vermiculture, gem cutting and brick making. This is a significant shift from the "tailoring" and "sewing machines" that has traditionally been thought of as women's programmes since the 1950s! Importantly, TNCDW has taken steps to

improve the designs of various products of the SHGs to make them commercially attractive, and is organising marketing outlets. In addition, 52,337 women have attended VTP training programmes.

(iii) *Panchayat* Level Federation Training

As a first step in this direction a Training Manual consisting of four modules of two days each has been designed. Initial training of the first two modules started from the year 2003-2004. After completion of these, the other two modules will be imparted to the PLFs. So far 610 NGO representatives have been trained for conducting the PLF training.

Middle-Level or Project Stake Holders Training

As indicated earlier the implementing agencies such as NGO partners, Banks and other Government departments are having diverse backgrounds. An orientation on project goals, co-ordination and co-operation among the stakeholders is very essential for them to work in a convergent fashion in the interest of women. In this connection TNCDW is conducting the following training programmes;

Cluster Co-ordinators Training programme

There are four Modules of two days each; NGO Staff Training - Orientation on Self-Help Group formation; Government Staff Training - Orientation on Self-Help Movement; Orientation for the Elected Representatives of *Panchayat* Raj Institutions (PRI) in the rural areas and Urban Local Bodies (ULB) in the Urban areas; Bankers Training *Programme* - Sensitization for Credit Linkage; and Training the Staff of the TNCDW, Social Welfare Department and Integrated Child Development Scheme (ICDS).

Credit rating and Linkage

Economic empowerment of women starts with savings and internal lending. But this does not take the rate of growth to sustainable levels to raise the family income above poverty. External credit linkage is, therefore, a necessary event in this faster path to financial sustainability of each SHG and thereby each household. After successful completion of 6 months of effective performance, credit rating of such SHGs is undertaken to assess the credit-worthiness of such groups. Credit rating is a bench marking exercise to grade the group and ascertain its credit worthiness. The credit rating committee consists of an Assistant Project Officer from *Mahalir Thittam*, a representative from DRDA, a Banker, and a NGO representative. In an effort to strengthen the *Panchayat* level federation (PLF) of the SHGs, one representative from the PLF has been included in the credit rating committee. Regularity of savings, frequency of meetings, proper maintenance of registers, internal loaning and repayment are some of the key parameters for rating of groups. Groups clearing the standards set as per *SHG credit guidelines* (satisfying the credit rating parameters; an SHG should score at least 70% in order to qualify for a loan) are recommended for linkage under the following

schemes:

1. *Swarna Jayanti Gram Swarozgar Yojana* (SGSY), with subsidy for rural areas through District Rural Development Authorities (DRDAs);
2. *Swarna Jayanti Shahari Swarozgar Yojana* (SJSRY), with subsidy for urban areas;
3. Tamil Nadu *Adi Dravida* Housing Development Corporation (TAHDCO), with subsidy;
4. Direct bank linkage, in urban and rural areas, without subsidy through Cooperative and Commercial banks; and
5. *Rashtriya Mahila Kosh* and other microfinance funds through NGOs to SHGs.

The groups also undergo a second credit rating after the lapse of another six months to ascertain their readiness and suitability to undertake an economic activity. The groups which pass the second credit rating are provided financial assistance to start an economic activity through SGSY/ TAHDCO schemes along with bank funding.

Since a multiple of agencies are involved in SHG funding, DeW has the onerous task of coordinating all these agencies and ensuring uniformity in approach and objectives. MaThi is unique in that it attempts to bring together the different programs implemented by different agencies under one umbrella, thus providing for convergence of services.

Revolving Fund to Urban SHGs

After the groups in rural areas pass the first credit rating, Revolving Fund (RF) subsidy of Rs.10,000 is provided under *Swarnajayanti Gram Swarozgar Yojana* (SGSY) to facilitate credit linkage with the banks by augmenting their group corpus and creating credit discipline by enhancing their financial management skills. Proper utilisation of revolving fund is expected to help in making SHGs creditworthy and access. But RF subsidy was not available to SHGs in urban areas which restricted their access to credit from banks. Therefore the Government announced a scheme to provide RF subsidy to urban groups from the year 2006-07. In two years period (i.e. 2006-07 and 2007-08) an amount of Rs.30 crores was provided as RF subsidy to 30,000 urban SHGs in the State.

In addition to the subsidy given by the Government, the Banks provide cash credit upto Rs.30,000 per group. As the allotment of funds for RF subsidy under the schemes like SGSY is limited, all the eligible groups were not able to get RF subsidy. Hence in 2008-09 the Government decided to provide RF subsidy to all the eligible 1.5 lakh SHGs and Rs.150 crores was earmarked for this purpose. As on 31.3.2009, RF subsidy of Rs.10,000 each along with bank credit was disbursed to 131,413 SHGs during 2008-2009.

Bank Linkage

Bank credit is one of the most critical inputs for empowering SHGs and to reduce rural indebtedness. The linkage with the bank commences when the SHG opens an account with

the bank and deposits the weekly savings. The introduction to the bank is given by the NGO.

The SHG animator and the representatives initially go to the bank to deposit and withdraw. But this would involve going to the bank eight times in a month. So the members go to the bank in rotation. On the one hand, this reduces the workload of the animator and the representatives, and, on the other hand, this enables the members to take part in the SHG activities, as well as, to get to know the banking procedures and the bank officials.

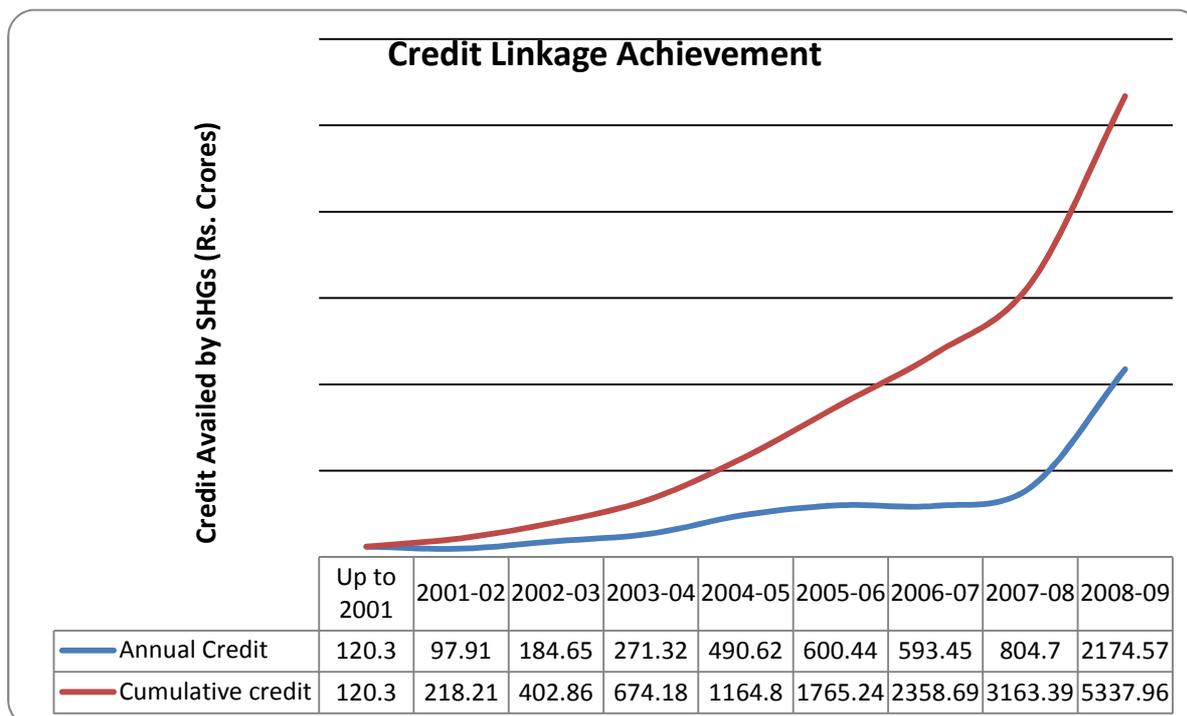
The bank sanctions Direct Credit Linkage (DCL) in the ratio of 1:2 or 1:4 to the savings amount, that is, for Rs. 10,000 savings, the bank sanctions progressively, loans of Rs. 20,000 (1:2) and Rs. 40,000 (1:4) one after another. Actually, the DCL takes place like this: The manager makes, for example, the SHG deposit a fixed deposit of Rs. 10,000 and sanctions a loan of Rs. 20,000. When the loan is fully repaid, the bank makes the SHG deposit Rs. 20,000 and sanctions a loan of Rs. 40,000. This is the best thing that can happen to a bank: it mobilizes deposits from the SHGs, as well as, gives them loans fulfilling its twin target of deposit mobilization and lending. The SHGs are thus a favoured customer to the bank for safe lending and for profiting

Sometimes, the bank manager makes an SHG deposit all its savings so as to avail the 1:2 loan. This is not a sound practice as the SHGs cannot do internal lending to its members to meet their urgent requirement such as, paying for children's education. Bank manager sees the SHGs only within the framework of "loans". The bank managers may not be expected to play the role of a social activist, but he has to be exposed to and educated on the "social" framework within which the loans have to be given.

The quantum of the credit extended by banks to SHGs was found to be inadequate to meet the credit requirements of all the SHG members. Therefore the Government have taken special efforts to increase the quantum of credit to SHGs and ensure credit is made available to SHGs in multiple doses. Due to the efforts taken by Government, banks in the State have started providing minimum of Rs.50, 000 as first linkage and minimum of Rs.1 lakh and Rs.1.5 lakh as second and third linkages respectively. The details of credit availed by SHGs are given in Fig. below (see next page).

From the inception of *Mahalir Thittam*, SHGs have been assisted with the cumulative credit linkage of Rs.3163.39 crores only upto March 2008. But during the year 2008-09 alone, credit linkage to SHGs has touched Rs.2174.57 crores due to the positive interventions made by Government. During the coming years, it is hoped that the focus of *Mahalir Thittam* would be on increasing credit linkages to SHGs, particularly repeat loans and a credit target of Rs.2400 crores has been fixed for the year 2009-10. During the year 2008-09, Government of Tamil Nadu took special efforts to increase credit linkage to Self Help Groups and set a State level credit target of Rs.1600 crores. It is reported that this target has been comprehensively surpassed.²⁶

²⁶ http://www.tn.gov.in/policynotes/pdf/rural_development.pdf. (Accessed on 30 July 2009).



Source: using data from http://www.tn.gov.in/policynotes/pdf/rural_development.pdf.
(Accessed on 30 July 2009).

Coordination between SHG and *Panchayat* Raj Institution (PRI)²⁷

MaThi has attempted to form Federations of SHGs at three levels corresponding to the PRI three tiers. They are: *Panchayat* Level Federation (PLF) at the *Panchayat* level, Block Level Federation at the Block Level (BLF), and District Project Coordination Committee (or District Level Federation (DLF)) at the district level.

The SHGs are taking part in *Panchayat* Level Federation (PLF) meetings held every month. PLF meetings are conducted in different villages in the *Panchayat* every month in rotation. The *Panchayat* issues are discussed in the PLF meetings, and they are communicated to the *Panchayat* Presidents. PLF is a body formed, one for each *Panchayat*. Presently, all the *MaThi* SHGs are its members. PLF provides a common platform for the SHGs in a *Panchayat* to come together and discuss their issues. The SHGs cannot directly take part in *Panchayats* and *Panchayat* union meetings. They can influence decisions only indirectly through the PLF, *Gram Sabha* and BLF. *Panchayat* Level Federations have been formed in all the 12618 Village *Panchayats* in the State.

²⁷ <http://www.tamilnaduwomen.org/mahalirhittam.htm> (Accessed on 30 July 2009).

These federations, by pooling in talent and resources and exploiting economies of scale in production and marketing, can benefit member SHGs immensely. They can also guide and monitor functioning of SHGs in all Village *Panchayats* and strengthening them is the key for ensuring sustainability and self reliance of SHGs.

Table 4: Group Formation as on 30.04.2009

District	Rural			Urban			Total		
	Groups formed	Women enrolled	Savings Rs lakhs	Groups formed	Women enrolled	Savings Rs lakhs	Groups formed	Women enrolled	Savings Rs lakhs
1 Ariyalur	5441	87032	3096.58	542	8624	165.45	5983	95656	3262.03
2 Chennai	0	0	0	19977	319901	8026.89	19977	319901	8026.89
3 Coimbatore	10578	167455	4814.53	10284	155024	4293.2	20862	322479	9107.73
4 Cuddalore	12490	208999	7707.16	3415	62810	1977.16	15905	271809	9684.32
5 Dharmapuri	5807	94109	6080.33	798	12954	545.18	6605	107063	6625.51
6 Dindigul	9676	152724	3885.13	2193	34385	461.93	11869	187109	4347.06
7 Erode	11500	184602	5375.49	5502	84582	2901.55	17002	269184	8277.04
8 Kancheepuram	15257	246295	8445.31	6234	96475	3490.06	21491	342770	11935.37
9 Kanniyakumari	5835	94673	4392.33	7594	122770	5893.79	13429	217443	10286.12
10 Karur	6648	135458	4266.02	2102	32282	1059.84	8750	167740	5325.86
11 Krishnagiri	7687	122922	8562	824	13918	230.5	8511	136840	8792.5
12 Madurai	8307	135178	6092.11	3813	52995	1672.38	12120	188173	7764.49
13 Nagapattinam	10492	164709	6537.1	1816	28229	1310.88	12308	192938	7847.98
14 Namakkal	7306	114759	5036.02	2912	47777	1865.67	10218	162536	6901.69
15 Nilgiris	3320	51657	1121.53	3556	57742	1123.29	6876	109399	2244.82
16 Perambalur	2954	48174	798.07	462	6641	120.43	3416	54815	918.5
17 Pudukkottai	8732	142253	15261.4	1192	17436	4009.38	9924	159689	19270.78
18 Ramnad	7219	115423	6704.06	1609	25796	1266.84	8828	141219	7970.9
19 Salem	9959	165276	4426.96	6612	98892	2740.14	16571	264168	7167.1
20 Sivagangai	8241	127384	3558.52	1192	27040	1862.58	9433	154424	5421.1
21 Thiruvannamalai	13283	211626	4068	2314	36513	583	15597	248139	4651
22 Thirunelveli	10589	170231	5005.24	6396	101886	3211.8	16985	272117	8217.04
23 Thanjavur	12690	206188	6730.39	3305	52426	1418.57	15995	258614	8148.96
24 Theni	5900	91665	2757.15	3960	63122	1899.71	9860	154787	4656.86
25 Thiruvallur	9460	147823	5309.73	5268	85517	1818.68	14728	233340	7128.41
26 Thiruvarur	8479	135096	3726.14	1240	18544	491.31	9719	153640	4217.45
27 Thoothukudi	10041	162539	6115.43	3842	59863	1972.48	13883	222402	8087.91
28 Trichy	9337	144121	4946.63	3928	60693	2066.37	13265	204814	7013
29 Vellore	12053	211820	3078.77	2135	32671	229.68	14188	244491	3308.45
30 Villupuram	14641	244292	8420.51	2288	30886	631.68	16929	275178	9052.19
31 Virudhunagar	8379	132883	4356.5	2321	35658	1096.89	10700	168541	5453.39
TOTAL	272301	4417366	160675.14	119626	1884052	60437.31	391927	6301418	221112.45

Source: <http://www.tamilnaduwomen.org/statusreport.htm> (Accessed on 30 July 2009).

Since 2006-07, the Government of Tamil Nadu have been taking various initiatives to strengthen the PLFs. 6,367 well-functioning PLFs have been provided seed money of Rs.10,000/- each. PLF representative has been included as a member of credit rating team. Two representatives from PLF have been included in the payment committee for NREGA

Scheme. One PLF representative has been proposed for inclusion in the committee for selection of Samathuvapuram beneficiaries. PLF certification has been made mandatory for processing NGO claims for new group formation, monitoring and training. Well-functioning PLFs are affiliated under Mahalir Thittam on par with NGOs for formation of new SHGs, monitoring etc. Registration of all SHGs, formed by the NGOs with the PLF has been included as a covenant in the new NGO agreement.

Table 5: District-wise Credit Rating And Linkage Progress 2007

Districts	No. of SHGs up to 30.09.2007	No. of SHGs more than 6 months	No. of SHGs sent for credit rating	No.of. Groups Credit Rated	No. of SHGs credit linked	Loan disbursed (Rs Lakhs)
1 Chennai	16327	15893	14496	13743	12068	4535.44
2 Coimbatore	19306	17967	16961	16610	16546	6577.84
3 Cuddalore	14337	13713	13032	12897	12189	7645.07
4 Dharmapuri	5732	5300	5208	5190	5108	15533.48
5 Dindigul	10882	10599	9732	9191	9087	4348.76
6 Erode	15958	15608	15312	15234	13613	8113.177
7 Kancheepuram	20551	19794	19682	19553	18916	8146.04
8 Kanyakumari	13093	12802	12724	12724	12681	21185.14
9 Karur	8039	7809	7652	7611	5905	5432.67
10 Krishnagiri	6668	6251	6221	6215	5380	12855.1
11 Madurai	10481	9950	9736	9677	8121	5492.54
12 Nagapattinam	11390	11285	11262	10962	10567	6482.26
13 Namakkal	9258	8835	8772	8760	8746	9606.77
14 Nilgiris	6481	6344	6320	6239	6042	2964.08
15 Perambalur	8436	8208	8174	8082	8020	6021.49
16 Pudukottai	9199	8970	8810	8743	8419	7082.87
17 Ramnad	8156	7754	754	7724	7724	12599.73
18 Salem	15592	14960	14938	14918	9647	8711
19 Sivagangai	8760	8604	8555	8506	8496	8304.66
20 Thanjavur	14866	14295	14259	14069	13834	9666.85
21 Theni	9163	8726	8284	8079	8001	4218.31
22 Thirunelveli	15678	14829	14258	14258	14206	13042.84
23 Thiruvallur	13209	11978	11689	11595	8698	4174.64
24 Thiruvannamalai	13434	13041	12499	12235	11128	9018.54
25 Thiruvarur	8817	8396	8240	8236	7792	5993.29
26 Thoothukudi	11677	10233	10147	9636	9601	12347.14
27 Trichy	11855	11493	11430	11376	11099	5406.9
28 Vellore	12503	10976	10462	10271	10058	5037.82
29 Villupuram	15248	14454	13395	13183	10747	12730.09
30 Virudhunagar	9687	9142	9142	9106	9057	780.45
Total	354783	338209	329146	324623	301496	252054.987

Source: http://www.tamilnaduwomen.org/progr_Consolep.htm (Accessed on 30 July 2009).

To strengthen the unity and team spirit, cultural competitions are organized among PLFs at Block and district levels. An amount of Rs.1.60 crores was sanctioned for the year 2007-08 for conducting these competitions which drew overwhelming response from SHG members. To encourage well-functioning SHGs and PLFs, the Government had announced *Manimegalai* awards at State and district levels. Awards are presented to 5 best PLFs and 10 best SHGs at the State level. One PLF and 3 SHGs found to be the best at the district level are given *Manimegalai* awards and the best SHG at the Block level is given a certificate.

6. Social Empowerment through SHGs in Tamil Nadu

Women below the poverty line (BPL) are the target group of Ma Thi. Increasingly the focus is on the poorest and the most disadvantaged, especially the Scheduled Castes and Scheduled Tribes (SCs and STs). It should be noted that “even without explicit reservations for SCs and STs their percentage in SHGs is well over 40 per cent”, according to the Tamil Nadu Human Development Report. The Report continues that “this is because of the conscious efforts by project management in recent years to focus on the worst-off and most vulnerable sections of the population. The SHGs have enabled a tremendous physical mobility among women, increased their bargaining capacities, self confidence, life skills in areas such as accounts keeping, money management, savings and credit, awareness about health, nutrition, immunization, education, and so on. They have also enabled households to reduce dependence on local moneylenders by providing an optional pool of resources through the group’s common fund, generated out of regular savings and internal rotation. Further, SHGs have empowered women to cope with important social problems like alcoholism, domestic violence, abandonment, dowries and female infanticide.

“This apart, individual women hitherto considered credit unworthy, have been transformed into good banking propositions. The initial reluctance of male members has been transformed into support as the entire household benefits. Women have been able to influence thinking in the banking sector, increasing finance to the poor. Self help groups, therefore, seem to be a better option than government sponsored credit programmes, though the two are not mutually exclusive.” (Government of Tamil Nadu 2003: 107).

The growth of the SHG programme itself is an ample proof for the extent of its impact. According to the Tamil Nadu Human Development Report, “as on 31 March 2000, 26,220 SHGs had been formed in 28 districts, with a membership of around 0.4 million women and with savings of Rs 334.3 million. By March 2003, over 126,100 exclusively women’s SHG’s were operating with a membership of 2.15 million women.” (Government of Tamil Nadu 2003: 97). The programme further grew such that as on 31.3.2008, there were 3,65,709 SHGs covering nearly 59,00,000 women as members, with a total savings of Rs.1737.81 crores.²⁸ Again, as of March 2009, the number of SHGs formed went up to 391,311 with 62.93 lakh women members and with total savings of Rs. 2167 crores. Out of 25,000 new SHGs formed in 2008-09, 5,304 SHGs were formed among NREGS women workers and 9,696 SHGs were formed in the Village *Panchayats*

²⁸ <http://www.tamilnaduwomen.org/mahalirhittam.htm>. (Accessed on 30 July 2009).

where the SHG coverage is inadequate and 10,000 SHGs were formed exclusively in urban slums.²⁹ Table : below gives the details of SHGs in Tamil Nadu as in 2006 and 2009.

Table 6: Details of SHGs in Tamil Nadu

	As on 30.6.2006	As on 31.3.2009
No. of SHGs	3,19,713	3,91,311
No. of Group Members (lakhs)	51.68	62.93
No. of Rural Groups	2,62,270	2,72,092
No. of Members in Rural SHGs	42,68,195	44,14,895
No. of Urban Groups	57,443	1,19,219
No. of Members in Urban SHGs	9,00,067	18,78,106
Total Savings (Rs. Crores)	1127.89	2167
No. of Groups Credit Linked	2,29,562	3,60,160
Total Credit (Rs. Crores)	1837.61	5337.96

Source: Source: Policy Note, Rural Development Department:

http://www.tnrd.gov.in/policynotes/rd_policynotes_2006_2007_en.pdf

http://www.tn.gov.in/policynotes/pdf/rural_development.pdf

(Accessed on 30 July 2009).

It was observed in the Policy Notes on Rural Development for 2007-2008 that for all of the women folk living below poverty line to join and benefit from the Self Help Group movement, it requires one lakh new SHGs to be formed in the State. To achieve this, it was decided to form 50,000 new SHGs in the year 2009-10 and another 50,000 new SHGs during 2010-11. It is expected that by doing so, Tamil Nadu would win the distinction of enrolling all women living below poverty line into the SHG movement. It was also decided that during the next two years, group formation would be undertaken with special focus on NREGS women workers, urban slum dwellers and in Village Panchayats where SHG coverage is still inadequate.³⁰

²⁹ http://www.tn.gov.in/policynotes/pdf/rural_development.pdf. (Accessed on 30 July 2009).

³⁰ http://www.tn.gov.in/policynotes/pdf/rural_development.pdf. (Accessed on 30 July 2009).

Table 7: Percentage of Female Population and that of SHGs formed by TNCDW

State/District	Total Population	Total Female Population	% of Female Population	No. of SHGs	% of SHGs to total SHGs
TAMILNADU	62405679	31004770	49.68	1,78,571	100
Ariyalur	695524	348761	1.12	3537	1.98
Chennai	4343645	2124106	6.85	3929	2.2
Coimbatore	4271856	2095825	6.76	8450	4.73
Cuddalore	2285395	1134487	3.66	7002	3.92
Dharmapuri	2856300	1382703	4.46	2816	1.58
Dindigul	1923014	954877	3.08	4628	2.59
Erode	2581500	1272222	4.1	8266	4.62
Kancheepuram	2877468	1420226	4.58	8923	5
Kanyakumari	1676034	843765	2.72	6751	3.78
Karur	935686	470148	1.51	4055	2.27
Madurai	2578201	1274838	4.11	5672	3.18
Nagapattinam	1488839	749765	2.41	7715	4.32
Namakkal	1493462	733911	2.37	5010	2.8
Perambalur	493646	247505	0.79	4610	2.58
Pudukkottai	1459601	735301	2.37	5520	3.09
Ramanathapuram	1187604	604228	1.95	5429	3.04
Salem	3016346	1452713	4.68	6600	3.7
Sivaganga	1155356	588409	1.9	4268	2.39
Thanjavur	2216138	1119500	3.61	8439	4.72
The Nilgiris	762141	383790	1.24	3840	2.15
Theni	1093950	540964	1.74	4778	2.67
Thiruvallur	2754756	1357349	4.38	6350	3.56
Thiruvarur	1169474	588690	1.9	5955	3.33
Thoothukkudi	1572273	805450	2.6	6213	3.48
Tiruchirappalli	2418366	1209832	3.9	6646	3.72
Tirunelveli	2723988	1390049	4.48	7744	4.34
Tiruvannamalai	2186125	1090266	35.16	6683	3.74
Vellore	3477317	1736234	5.6	5127	2.87
Viluppuram	2960373	1467931	47.3	8566	4.8
Virudhunagar	1751301	880925	2.84	5049	2.82

Source Census of India 2001 and TNCDW, August 2004.

Relationship between the percentage of total female population and that of SHGs across the Districts is reported in Table . This gives us an estimation of the concentration of SHG vis-à-vis female population. Note that Dharmapuri, one of the most backward districts with 4.46 percent female population has only 1.58 per cent of all SHGs, where as Thiruvarur with 3.33 percentage of

total SHGs includes 1.90 percent of female population. Perambalur, a small district with 0.79 percent female population, is credited with a strong SHG movement with 2.58 percent of the total SHGs formed by DeW. Our survey area, Kanyakumai with 2.72 per cent of total population has 3.78 percent of the total SHGs.

A few evaluation studies have reported that 7 to 8 per cent of the total SHGs in Tamilnadu are defunct. The main reasons cited for the groups to break are: having no educated person available to write the account or the going away of the animator from the group; improper maintenance of accounts leading to members' suspicion; non-availability of loan; and non-cooperation among the members who want their savings back.

Field Problems

A few non-*MaThi* NGOs are well-established and large, and are able to mobilize substantial funds on their own from Indian and overseas sources and therefore do not have to depend upon the *MaThi* resources. They may not even wish to come "under" the *MaThi* fold and there is also a large number of small NGOs, spread across Tamil Nadu, which are also mobilizing and organizing SHGs with little funds or even no funds. Their only strength is commitment to the SHG programme. The organizers of these NGOs themselves work as frontline workers. Their weakness is that they may not be able to develop and sustain a large programme. There are proposals in *Ma Thi* that they could be given a small programme covering a few Panchayats or even villages, where no *MaThi* NGOs operate.

In many villages across the State there are *Ma Thi* and non-*MaThi* NGOs working with the same objectives. This often lead to a *MaThi* - non-*MaThi* divide in the villages. It appears that the SHGs do not meet each other, as there are *MaThi* and non-*MaThi* anti feelings between them; there is a feeling that they are in direct competition with each other. It is reported that the fact that the non-*MaThi* SHGs get loans quickly demoralizes the *MaThi* SHGs. They start oscillating whether they should remain in *MaThi* or go out and join non-*MaThi* groups. Only the *MaThi* SHGs attend the PLF, which is seen as the body of the *MaThi* SHGs. Non-*MaThi* SHGs are neither invited nor do they attend the PLF meetings. This is because of the competitive nature in which they both see each other in the village. Similarly, the non-*MaThi* SHGs do not take part in the Gram Sabha meeting and in the BLF\DPCC meetings also.

7. Conclusion

We have found that Tamil Nadu fares reasonably well (above the all-India level) in terms of indicators such as female literacy, girls enrolment, female life expectancy, and women's access to basic amenities. The maternal mortality rates (MMRs) and total fertility rates are also lower than the national average. In terms of political participation, women are faring reasonably well. While the absolute condition of women in Tamil Nadu is better than that in most States, the position of women vis-à-vis men with respect to literacy, education, work force participation, wages, assetownership and political participation has not improved. The condition of women seems particularly poor in four backward districts: Dharmapuri,

Cuddalore, Villupuram and Tiruvannamalai. The position of women, in particular the gender gap in infant mortality rate (IMR) and sex ratio, is extremely poor in Salem and Dharmapuri. A disturbing trend has been the fall in the juvenile sex ratio by 0.29 per cent in Tamil Nadu in the period 1991–2001 (Census 2001), with 22 districts experiencing a fall in the juvenile sex ratio. Each of these districts requires immediate attention through different kinds of strategies.

It is also true that while many innovative experiments have been carried out in Tamil Nadu for women's advancement from which several lessons can be drawn, several areas require greater attention. As women's lives are not sectorally divided, it is imperative that the State government evolves a comprehensive State policy for gender equity.

Appendix: Development Indicators of Tamil Nadu vis-à-vis All-India

Sl. No.	Indicators	Tamil Nadu	All-India
	Demography		
1	Total Population - 2001(lakhs)	624.06	1026.7
2	Sex Ratio –2001	987	933
3	Dependency Ratio-1991		
	- Rural	13	13
	- Urban	11	10
	- Combined	12	12
4	Dependency Ratio - 2001		
	- Rural	16	
	- Urban	14	
	- Combined	15	
5	Sex Ratio, 2001		
	- Overall	988	933
	- 0-6 years	940	935
	Income		
6	Per capita NSDP (1993-94 Prices),1998-99	11775	9647
7	% age of persons in Labour Force,1999-2000	66	62
8	% age of Females in Labour Force,1999-2000	48	39
9	%age of BPL Population,1999-2000	21	26
	Education		
10	Literacy Rate - 2001 (%)	73	65
	Male Literacy Rate	82	76
	Female Literacy Rate	65	54
11	Rural Literacy Rate - 2001 (%)	67	59
	Rural Male Literacy Rate	77	71
	Rural Female Literacy Rate	56	47
12	Urban Literacy Rate	82	80
	Urban Male Literacy Rate	88	86
	Urban Female Literacy Rate	76	73
13	Gross Enrolment Ratio (Class I - V) - 1999-2000	101	95
	Boys	103	104
	Girls	99	85
14	Teacher Pupil Ratio (Primary) 1999-2000	36	43
	Health		
15	Life Expectancy at Birth 1992-96	64	61

	Rural	62	59
	Urban	68	66
16	IMR – 2000	51	68
17	Under 5 Mortality Rate – 1991	67	94
	Male	64	91
	Female	70	101
18	MMR - 1998 (per 1 lakh live births)	79	407
19	Total Fertility Rate	2	3
20	% of children underweight (-2SD), 1998-99	37	47
21	% of houses with access to drinking water - 1991	67	62
22	% of houses with access to toilet facilities - 1997	37	49
	Environment		
23	% of recorded forest area to total geographical area (1996-98)	17	23
24	Human Development Index (HDI) Value,		
	-2001(calculated for 15 States)	0.531	0.472
	-1991(calculated for 32 States)	0.466	0.381
25	HDI Rank,		
	-2001 (Out of 15 States)	3	
	-1991(Out of 32 States)	14	
26	Human Poverty Index		
	-1991	29.28	39.36
27	Human Poverty Index Rank		
	-1991 (Out of 32 States)	12	
28	Gender Disparity Index		
	-1991	0.813	0.676
29	Gender Disparity Index Rank		
	-1991(Out of 32 States)	6	

Source: TN Economic Appraisal 2005-06 <http://www.tn.gov.in/dear/>

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