

A. INTRODUCTION

A.1 Tamil Nadu – A Brief Profile

1 Tamil Nadu, the South Indian State of India nestles in the southern most tip of peninsular India. The State is bounded by Andhra Pradesh, Karnataka in the north and Kerala in the west. The waters of the Bay of Bengal and the Indian Ocean wash the coastal eastern and southern boundaries respectively. The map of India showing the location of the State is given in **Attachment A.1**.

2 The total geographical area of the State is 1,30,058 square kilometers divided into 5 major physiographic divisions of the Kurinji or mountainous region, the Mullai or forest region, the Palai or arid region, the Marudham or the fertile plains and the Neidhal or coastal region. The densely forested and wild life filled mountain chains of the Western Ghats, plateaus, intensively cultivated farmlands, fertile coastal plains are the geographical features of Tamil Nadu.

3 Tamil Nadu has a tropical climate with little variation in temperature during summer and winter. Summer temperatures rise above 40⁰ in the plain areas. Hill stations have pleasant climate. The average rainfall ranges between 635mm and 1,905 mm. The Nilgiris and other hill areas of the State get the highest precipitation while the arid regions are located in Ramanathapuram and Tirunelveli District.

4 The State is divided into 30 Districts, 2001 Talukas and 385 Blocks. There are 16,317 Villages in the State, out of which 917 are uninhabited.

5 Tamil Nadu is the sixth most populous state in India having about 6% of the country's population. According to 2001 census, the population of State is 62.41 Million as against 55.9 million in 1991 registering a decadal growth of 11.19%, the second lowest rate in India. The sex ratio is 986 females per 1000 males. The density of population is 478 per square kilometer.

6 About 56% (34.92 Million) of Tamil Nadu's population lives in rural areas. The overall literacy percentage is 73.47%. While male literacy is 82.33% the female literacy is 64.55%. The State ranks third after Kerala and Maharashtra, both in terms of overall as well as female literacy.

7 The birthrate (2002) is 18.5 per 1000 population, while the death rate (2002) per 1000 population is 8. The infant mortality rate (2002) per 1000 live birth is 44. The expectation of life at birth (2001-2006) for male is 67 and for female 69. The maternal mortality rate (2000) is 150 (India average - 200). 86% population has access to safe drinking water and 36% (14% rural) have access to toilets and bathing rooms.

8 The Tamil Nadu's Human Development Index (HDI-2001) was 0.657 as compared to 0.571 for India as a whole. The State's per capita income above the national average, low fertility rate, good life expectancy at birth, increasing literacy rates are all contributing to a better HDI.

9 The per capita income at constant prices (base 1993-94) is Rs. 13,423 in 2003-2004 (at current prices Rs. 23,476).

A.2 Incidence of Poverty

10 In spite of the progress made by the State and a declining trend in the poverty, the poverty in the State still remain higher than in the neighboring states of Andhra Pradesh, Karnataka and Kerala and about 13.05 million (1999-2000) persons living below the poverty line.

11 According to official poverty estimates by the Planning Commission, Government of India (1999-2000) the incidence of poverty in Tamil Nadu is 20.55% in rural areas and 22.11% in urban areas. The poverty statistics for the State is presented in Table 1.1.

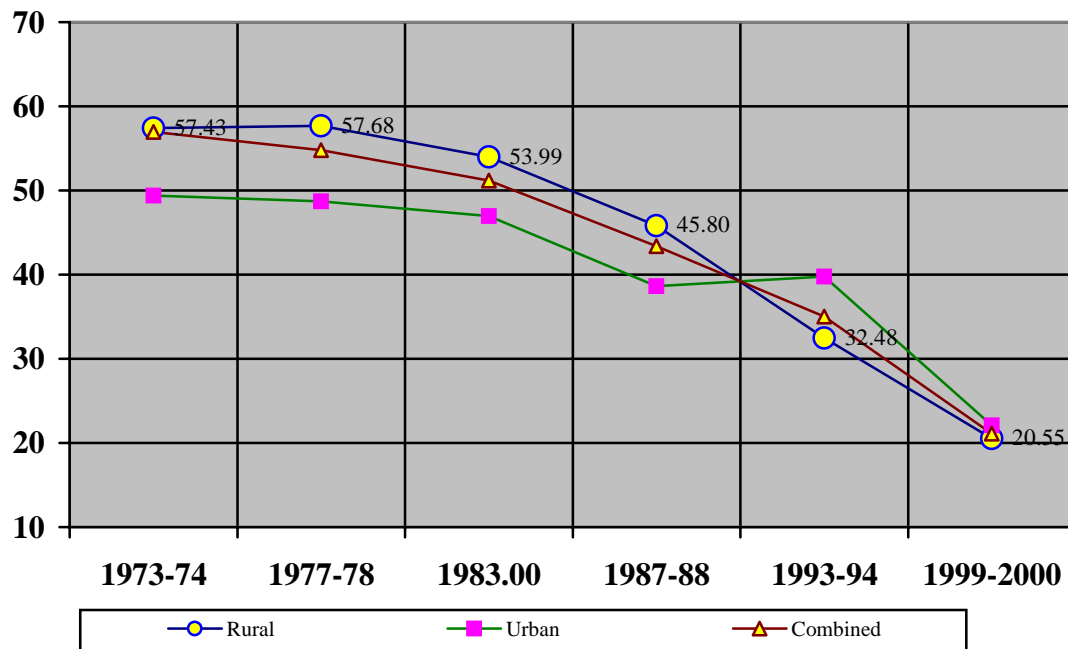
Table 1.1 – Incidence of Poverty in Tamil Nadu

Year	No. of Persons below BPL in Millions		
	Rural	Urban	Combined
1973-74	17.26	6.69	23.95
1977-78	18.25	7.30	25.95
1983	18.25	7.85	26.10
1987-88	16.18	6.93	23.11
1993-94	12.17	8.04	20.21
1999-2000	8.05	5.00	13.05

Source: Planning Commission, Government of India.

12 The declining trend in the percentage of the population living Below Poverty Line (BPL) since 1973-74 is shown in Figure 1.1.

Figure 1.1 Percentage of Tamil Nadu Population living Below Poverty Line



A.3 Characteristics of Poverty in Tamil Nadu

13 The key characteristic of the poverty in Tamil Nadu based on existing information as well as the assessment done as part of project preparation are:

- The poverty rates in the rural areas is higher
- There is wide disparity of incidence of poverty among social classes. Poverty among rural Scheduled Caste and Scheduled Tribe households are very high at 48.5% (Ray 2000)
- Women headed households in rural areas are worst affected by poverty
- Sizeable proportion of certain other backward communities are also suffering from poverty
- Prevalence of child labour is widespread.
- Girl children bear the brunt of poverty
- Low incomes and large variations in income resulting from bleak prospects in agriculture induce poverty among agriculture labourers who constitute 46% of the rural workforce as well as the 18% who depend on agriculture as the primary occupation
- Those with marginal holdings as well as the ones who have the reasonably sized holdings suffer from poverty
- In rural areas the non-farm income on an average is about 46% of the total household income (1993-94). The poorest households obtain only 19.8% of their

household income from non-agricultural sources, while among the most wealthy households it is about 50%.

A.4 Past Poverty Reduction Initiatives

14 Government of Tamil Nadu (GoTN) has been implementing various centrally sponsored schemes for poverty reduction like Sampoorna Grama Rozgar Yojana, Indra Awaas Yojana, Innovative stream for Rural Housing and Habitat Development, Pradhan Mantri Gramodaya Yojana, Pradhan Mantri Sadak Yojana, Swarna Jayanthi Gram Swarozgar Yojana

15 In addition to these schemes, GoTN has been implementing the following schemes for alleviating rural poverty:

- Thanniraivu Thittam – The focus of this scheme is to create durable assets, involving the people into development process through adoption of participatory approach. It aims to promote community participation in planning, execution of development works and maintenance of community assets with 25:75 cost sharing.
- Village Fair Development Scheme – This scheme involves construction of village-fairs and creates facilities such as stalls, drinking water, public convenience, lighting etc.
- MLA/MP Constituency Local Area Development Schemes
- Integrated Rural Sanitary Complex for women
- A special project for poor weaver families in 13 districts, covering design development, skill upgradation, technology upgradation, value addition and market promotion in handloom weaving
- Special projects for the disabled persons
- RASI (Rural Access to Services through Internet) centres run by Self Help Groups
- Namadhu Gramam (our village) scheme focuses on:
 - Resource mapping and community mobilisation for village development
 - Micro planning and prioritisation of needs among Village communities (through the Gram Sabha)
 - Convergence of funds and functionalities of all schemes at the village level
 - Community led improvement in the overall quality of life.
- Empowerment and Poverty Reduction Initiative – to cover 25 ultra poor households in every Village Panchayat annually, for a period of six years and aims at providing safety network to these households in terms of Livelihood security, Nutrition security, Shelter security and Health security.
- District Supply and Marketing Societies in all districts and Rural Bazar Website for marketing rural products
- Multipurpose Centres for Fishermen

A.5 Mahalir Thittam

16 Aimed at empowering poor women, an International Fund for Agricultural Development (IFAD) funded Women Development Project was implemented in 5 districts in 1992. Encouraged by the achievement, the programme was expanded to 14 districts as Mahalir Thittam with State Govt. funding in 1996 and the coverage was extended to entire State in three phases.

17 The main objective of Mahalir Thittam is to empower the poor women:

- By forming community based organizations through Self Help Groups.
- By building their capacities
- By providing access to credit and other linkages

18 As a result of this program, around 2,61,000 women Self Help Groups have been formed benefiting about 4.30 million women members as on September 2005. A saving of Rs.8100 Million have been mobilized by the members and credit linkage of Rs.14,290 Million has been provided. In addition to the mobilization of money, this program has been successful in empowering the women socially, facilitating their participation in Gram Sabha, making them aware of government schemes, etc. However, the success achieved in social empowerment could not be capitalised significantly into economic empowerment. It could also not cover the most vulnerable sections of the community

A.6 Key Lessons Learnt

19 The past poverty reduction initiatives have provided valuable lessons for developing successful strategies in addressing the poverty issues of the State on a sustainable basis.

20 Some of these lessons are:

- A large proportion of below poverty line population, are not mobilized into Self Help Groups (SHG). Among rural women, the coverage of SHG movement is only 64%. The leftover poor are the ultra poor and other vulnerable sections lacking-in economic capacity to be part of the thrift and credit movement.
- Emphasis was on thrift and credit activities rather than on sustainable livelihood improvements and micro credit institutions failed to graduate to micro enterprises.
- The exclusive focus on married women failed to enlist the other important segments of the rural society like youth, destitute, disabled and most vulnerable.
- The SHGs are mostly undertaking small and traditional economic activities many times failing to reach break even levels and marketing is a big constraint for SHG products.

- The access to economic assistance under existing Govt. Schemes like SGSY has been very limited.
- The SHG movement has grown independently without any formal linkage with the Village Panchayats.

A.7 Poverty Reduction - A New Vision and Strategy

21 GoTN has identified the prime goal of rural development as to improve the quality of life of the rural people by alleviating poverty through an integrated instrument to address all the dimensions of poverty through empowerment, self-employment and wage employment programmes. Similarly, the tenth Five Year Plan identified the goal of reducing rural poverty, organizing the rural masses into self-help groups and the establishment of micro-enterprises, training, credit linkages, market support etc as the priority and the thrust area. The tenth plan also identified strengthening of Gram Sabha, the governing body of village assembly, as an agency of social audit and to review the implementation of rural poverty reduction programmes. As a special strategy for developing women and children and empowerment of women, self-help groups have been identified as a thrust area during the tenth plan.

22 More specifically, GoTN strategy includes the following:

- Organizing ‘left out’ poor including the ultra poor, women and other vulnerable groups into SHGs and including them in the benefits and decision making stream and providing special assistance for disadvantaged sections, such as STs and disabled;
- Building linkages and partnerships with VPs (local governments), credit and financial institutions and corporate sector; and
- Supporting institutional development of SHGs through capacity building and development of strong federations that are institutionally and financially sustainable. On livelihood creation the focus will shift from SHGs to group formation for undertaking livelihood opportunities through provision of capacity building, skill support, marketing, technology transfer and promotion of higher investment per family.

A.8 Justification for the Project – Vazhndhu Kaatuvom

23 The GoTN poverty reduction programmes and schemes including “Mahalir Thittam”, have been addressing more or less the social needs. However the following serious shortfalls still remain to be addressed:

- There is a strong need for concerted efforts, enhanced skills and increased resources for mobilizing and empowering the very poor and vulnerable people who are currently left out in the poverty reduction initiatives.
- There is a strong need to graduate from social empowerment achieved by the existing Self Help Groups to financial empowerment. This requires financial

resources and linkages required to make investments necessary for generating significant increase in incomes of the poor.

- Achieving a renewed focus on the livelihoods of the poor required activities for encouraging, facilitating and developing the necessary input (skill development, technology etc.) and output linkages (market, price information etc.).
- There is a need for networking and federating the organizations of the poor to enhance long-term sustainability and improvements in scales of operation including linkages with local governments, private sector and other institutions.

24 Vazhdhu Kaatuvom Project has been designed to address the above concerns and bridge the gaps in the existing poverty reduction initiatives. The project builds on the strong foundation laid by Mahalir Thittam and other schemes in social empowerment and attempts to focus on economic empowerment of poor women and other disadvantaged.