

**Tamil Nadu Empowerment and Poverty Reduction Project
(TNEPRP)**

LIVELIHOOD ASSESSMENT REPORT

December 2004

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Executive Summary

This livelihood assessment report was undertaken as part of the preparation of the Tamilnadu Empowerment and Poverty Reduction Programme.

1. Objectives

The objectives of the report are five fold. The first task is to understand the broad indicators of poverty apart from income and expenditure indicators. The second objective was to assess the present livelihoods as indicated by select indicators of five capital viz, Human Capital, Physical Capital, Social Capital, Financial Capital and Natural Capital. The third objective was to look into the impediments that the poor encounter in translating these capitals into a livelihood-shocks and risks in the present livelihood system. Fourth objective was to map the structures and institutions that directly impinge on the livelihoods of the poor. The fifth objective was to indicate the implications of all these for the TNEPRP .

2. Livelihood Approach

The assessment is based on a livelihood approach. The approach enables us to map the present living conditions of the poor and the social and other environments within which the poor are living.

Livelihood analysis has an expansive notion of poverty compared to the conventional frame work of analysis of poverty. Poverty measurements using income and expenditure norms are rather restrictive. The capabilities of the people need to be considered in any understanding about their lives. A livelihood comprises of the capabilities, assets (both material and social resources) and activities required for a means of living. It is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance capabilities and assets both now and in the future, without undermining the natural resources base.

This definition of livelihood is disaggregated into a series of indicators. These indicators are identified based on an understanding that ability to pursue different livelihood strategies is dependent on the basic material and social, tangible and intangible assets that people have in their possession. Drawing on an economic metaphor, such livelihood resources may be seen as the `capital' base from which different productive streams are derived from which livelihoods are constructed' [Scoones, 1998:7]. The capital base is further disaggregated into natural capital,

financial capital, physical capital, human capital and social capital. When the livelihoods are constructed and operationalised from these 'capital bases' the strategies are strained by risks and render the humans vulnerable.

The humans in turn respond to these risks at various levels., They evolve mechanisms to circumvent the temporary setbacks if the risk is temporary and for short duration. On the other hand if the threat is prolonged in nature, they have no other option except to device new livelihood strategies. Such possibilities are contingent on several factors.

The five types of capital, the livelihoods that flow out of these capitals and the coping mechanism due to risks and threats are all mediated by the policy and institutional environment. This environment could influence the operationalisation of a particular livelihood strategy in multiple ways.

3. Poverty Targeting

The discussions with various sections of the selected village as well as the survey data indicates that there are multiple dimensions of poverty apart from income and consequent low levels of expenditure. Poor are predominantly landless or operate land that is very tiny in size and poor in productivity. Manual labour is their main income earning activity, particularly in agriculture. Their education and health status are abysmally low and it seriously impedes their livelihood capabilities in the immediate present and in the future. Lack of skill is another reason for their poverty as they are unable to diversify into non-farm sector. Though most of the poor are from STs and SCs, the survey data indicates that there are sizable sections of other social groups who are caught in the poverty trap. Seasonal migration out of the village, credit from various sources, child labour, disposal of livestock are some of the coping mechanisms of the poor. Nearly one fifth of the eligible workers are largely out of agriculture while another sizable section is trying a foot hold in other avenues of employment other than agriculture.

While the study has identified some indicators of the poor and the poorest of the poor, a ready reckoner is difficult to formulate given the nature of the proposed project. The project is envisaged to adopt a community driven development approach, and hence identifying the target poor has to be by the community and by participation.

4.Livelihoods of the Poor:

The following summary indicates the important livelihood issues in the state. It is discussed in detail in several places in the report.

4.1 Landlessness : A major threat

The state of Tamilnadu is among the few in the country where landlessness is very high. The inequality in land distribution is also very high. The landless and marginal holders account for a majority in the rural population of the state. Landlessness in an agrarian society renders them completely vulnerable. They have to depend entirely on their earnings from labour for their survival. Perennial deficit and perpetual debt keeps them poor. Landlessness is quite high among Scheduled castes and to a lesser degree among scheduled tribes. The impact of landlessness on the livelihood is manifold both in the short run as well as in the long run. When the real wages stagnate or fall with a decline in employment, pushes these households into penury. The immediate result is lack of food leading to ill health. Their only asset is also under threat. Other impediments arise in terms of accessing education and health infrastructure and thereby undermining the livelihoods of the next generation as well. The seed of penury for the next generation is thus sown now. Even if the state provides for easy access to education, health, sanitation etc., this basic lack of resources impairs their ability to access them.

Given this stark reality, the project should endeavour to provide this basic resource to the landless. This could be either through allotment of surplus lands, lease of government and common lands or through leasing of land or fund outright purchase of land. Along with other inputs, small parcels of land and surpluses arising out of it can solve the immediate and most important crisis.

4.2 Decline in Agriculture:

Recent deterioration in poverty front in the state is substantially due to the decline in the agricultural sector. The sector is experiencing an absolute decline despite a growing number of people who depend on it. Gross cropped area is on the decline. This decline directly translated in terms of loss of output, problem of food insecurity and more importantly loss of employment. The problem got compounded further with recurrent droughts in recent times. Depletion of ground water, the major sources of irrigation in the state, thanks to reckless water mining towards sustaining an unsustainable crop mix and crop pattern, is an important reason for the decline in GCA. Other factors that have led to the decline are the decline in the capacities of

traditional irrigation sources like tanks due to non-maintenance, breakdown of the community maintenance of tanks, disappearance of crop mixes that were suitable for dry land, practices of integrated farming exploiting the symbiotic relations have all contributed to the decline in agriculture. Agricultural practices were so diverse that suited varying resource conditions and ensured a sustained agriculture was lost. Instead an uniform energy intensive commercial farming was sought to be adopted across the state. It proved completely unsustainable. Vast tracts of lands were to be abandoned for lack of water.

The TNEPRP, therefore, has to dovetail its effort with efforts of other line departments that attempts to rejuvenate agriculture in the state.

It is pertinent to note that there is a substantial section of rural households that operate tiny and marginal holdings. An equal number of people, if not more, depend on employment in these farms for their livelihoods. If production is ensured in these holdings, the immediate problem of food security and the intensity of poverty can be successfully negotiated. Other poverty eradication measures take time to bear fruit. Rejuvenated agriculture can have significant immediate results.

4.3 Diversification : Not to be missed

Along with high levels of landlessness and the decline in agriculture, Tamilnadu has also experienced diversification of the occupation profile of its population. In fact, it is one of the highly diversified economies in the country. The range of non-farm activities that are taking place is amazing. The income from such employment is significant for many households in the rural areas. However, only the non-poor have benefited much out of the new opportunity as compared to the poor. The resource crunch and lack of skills and social capital seriously hinder the poor from entering the non-farm sector. But it provides a good scope for the poor provided that they acquire marketable skills or have adequate resources to take advantage of the emerging scenario. The over-burdened agricultural sector can be eased of some pressure.

Hence, the TNEPRP must take advantage of the unfolding scenario and latch on to that momentum in the economy and society. If it can empower and enable the poor to take advantage of the diversification process, it can attain its objective of reducing poverty. Apart from micro-enterprises, it should have equal emphasis of skill formation for non-farm employment. The effort would be more balanced, objective and take advantage of the prevailing conditions.

4.4 Education and Health Empowerment:

People in all the villages highlighted the importance of education and health in their livelihoods. But there are several impediments that hinder them from accessing the infrastructure provided by the state. We do not find universal enrolment of children in school. High drop out rates and poor attainment of higher educational levels characterize the education scenario of the poor. These are serious delivery problems if not the infrastructure problem. This is true of access to health institutions as well. Low levels of educational attainment is one important reason for the inability of the poor to take advantage of the booming non-farm sector expansion. In addition, lack of skill training denies them new opportunities.

The poverty reduction programme should lay equal emphasis on education and health issues at the community level. That will lay the foundation for future economic benefits like better paid regular employment in other sectors, successful micro-enterprises run by skilled professionals etc. As a first step, the programme should enroll all the eligible children in schools, the beneficiaries to withdraw their children from work, take additional and supplementary efforts to deliver the required services to the students and provide specific financial help towards better skill and educational acquisition.

4.5 Lack of Financial Resources

The prolonged unemployment and underemployment due to lower levels of activity in agriculture has put enormous pressure on the meagre financial resources of the poor and the poorest of the poor. Resource augmenting strategies include seeking alternate employment either in non-farm activity or through migration, child labour etc. But such sources help the households to tide over the temporary difficulties partially. The long term interests are sacrificed. The drying up of direct institutional credit has forced many poor into the hands of exploitative money lenders. The spread of SHGs has mitigated the problem to some extent. But there are many who are not part of the SHGs and all the credit requirements cannot be met by the SHGs. Therefore, there is an urgent need for (i) spreading the SHGs further; (ii) enhance the finances of SHGs; and (iii) sensitise the bankers to finance the poor directly.

4.6 Employment: The important livelihood

Work participation rate is quite high among the poor and the poorest of the poor. However, decline in agriculture and recurring drought has reduced the scope of employment. Mechanisation of some farm operations has reduced the scope of

employment further. Even the public works aimed at generating more employment like the food for work schemes extensively use machines. Strict enforcement of guidelines in the implementation of such programmes can shore up the employment opportunities and provide some immediate relief.

4.7 Governance and Empowerment

The present pattern of governance at the local level is fractured and exclusionary. People at the margins in the village society are not part of the governance structure. Wider participation is not taking place as indicated by the poor levels of participation in the grama sabha meetings. Complaints abound about the selection of beneficiaries for any scheme. Some habitations are unfairly treated compared to some others. This deserves urgent attention. PRIs should become more participatory, inclusive and transparent.

Women who are organised through SHGs feel more empowered. Apart from financial resources, they are also exposed to various other dimensions of governance and its functioning. Their knowledge about their rights has increased. Similar SHGs should be formed among men and this would bring in more participation and accountability in the functioning of PRIs.

5. Strategy to be adopted:

The livelihoods analysis indicates that there is an urgent need to (i) restore and strengthen the existing livelihood opportunities; (ii) enhance the opportunities through new efforts; and (iii) empower the community to own and regulate efforts to strengthen the livelihoods

To achieve these demands, the project clearly states that it proposes to adopt a community demand driven approach. Success of community demand driven approach is contingent on the widespread participation of people and articulation of their requirements as well as discussions around it. Though functioning panchayat raj institutions are in place whose members are democratically elected, participation levels are very low. Therefore, the immediate task is to focus on this social capital. The SHGs have functioned predominantly as micro finance agencies. Participation in wider issues that involves their livelihood requires that the SHGs are formed among all the probable beneficiaries. Otherwise, currently functioning SHGs will benefit the most out of the programme leaving out the potential and deserving social groups in the villages. Therefore, the logical first step for the project is to strengthen the social capital in the selected villages.

Simultaneously, the Livelihood Enhancement Team and other members of the project implementation structure should have been thoroughly trained in livelihood assessment and gender issues. They in turn will go back to their cluster villages and aid the process of livelihood mapping and identify their requirements.

Then the financial capital can be infused into the system for the sub projects identified by the community. Restoring and strengthening of existing livelihoods deserves equal attention as exploring new possibilities. Similarly, skill formation for non-farm employment is equally important as skill formation for starting micro-enterprises. A wholistic livelihoods approach also involves attention to issues like education, health and sanitation. The community has be sensitized on these issues in the mapping process stage. This effort would avoid any stereotyping of efforts and enterprises. The stereotyping of schemes under IRDP still lingers on in the minds of the people. Loans for livestock is perceived as the panacea for their poverty. Serious efforts are required to avoid such pitfalls in the formation of skills as well.

Summary of our findings

Identifying the poor Our Survey & Interactions identified the following characteristics of the poor

- Landlessness
 - Manual Agricultural employment
 - Very low levels of education and poor health
 - Belonging to ST and SC
 - Seasonal Migration
 - Child Labour
 - Credit at very high interest rates
 - Indicators vary across social units
 - CDD Approach needs a minute mapping of the micro environment; and the community has to evolve the indicators
 - 1.Landlessness – A major problem
 - 2.Decline in Agriculture
 - 3.Diversification – Not to be missed
 - 4.Education & Health Empowerment – Equally important
 - 5.Lack of Financial Resources
 - 6.Employment – Important Livelihood
 - 7.Governance and Empowerment
- Strategy to be adopted**
- Social Capital (PRIs, SHGs) has to be focused first
 - LET – Trained
 - Financial Capital can follow

- Sub Projects (Natural/Physical/Human)

Livelihood Assessment

Profile of the Surveyed Population

- Survey covered 16,325 individuals
- 3864 Households
- 40% SC & 17 % ST Population
- 50.4% Males & 49.5% Females
- SCs & STs over represented
- 38.3% of the Households (> Rs.225 MPCE)
- 15% of the Households (next Rs.225-300 MPCE)
- About 60 % of SC/ST – BPL
- Only 38 % non SC/ST
- 55 % Male Headed/ 46% Female Headed HH

Implications for the Project

- Among the poor, poorest of the poor predominate the population
- Incidence of poverty is very high among the SCs/STs compared to `other` social groups
- Incidence of poverty is more or less equal among male and female headed households
- Sizable section of the `other` population also suffers from poverty

•Status of Livelihood Capitals

2.1 Human Capital

2.1.1 Labour Force Participation Adults

Very High - 90%
STs - 95%
SCs - 92%
Others - 90%

No difference between male & female Population. LFP Children – 13 %

Tribal boys - lowest - 9%

`Other` girls - 16%

Implications

- Since a vast majority participate in work, it is important to dovetail new programme with the other existing employment generating programmes.
- Child labour levels are alarming. Weaning them away to school and mainstreaming is an urgent task
- Girl children bear the brunt of poverty. Households with such feature needs special attention under the project

2.1.2 Literacy

Overall - 62 %

Male – 70 % & Female –53 %

BCs/OCs –65%

SCs-61% & STs-45%

Adult literacy: 49% - ST 38%

Children: 95% - Slightly lower among STs

Female: 47% SC, 29% ST

School Attendance

- 84 % of school going age children attend school
- It is further lower among girl children and tribal children
- Lowest among `other` boys – 80 %

Implications

- Adult literacy programmes – SC/ST Women – CIF convergence

- Total literacy – 5% of the children not at all enrolled – Identify and mainstream
- Address the drop-out problem. VEC. Alerted about the importance
- Insufficiencies in Delivery System are to be identified and addressed

2.1.3. Education

- 1/5 educated upto primary level; one third upto secondary level
- 5% - upto higher secondary level and 3 per cent beyond higher secondary
- Educational attainment by women is lower than men.
- It is lower among SCs & STs as compared to the rest
- Professional training in skills is hardly 1%

Implications

- Retaining children in higher classes is equally important
- Reservation, fee concessions etc, has not resulted in higher levels of educational attainments among the downtrodden social groups. Such groups deserve special attention.
- Part of the Livelihood fund has to be utilized for higher levels of educational attainment. Girl Children, from the SCs & STs, in particular need special attention
- Extra coaching classes in specific subjects may be organised from the community fund for specific deficiencies of students
- A workable interface with education department at the appropriate level – to address infrastructural and service delivery deficiencies

2.1.4. Health Status

- Poor access PHCs but not the larger facilities like general hospitals
- Cost of accessing treatment is high for them
- Access the local medical practioners as they are considerate and cheaper
- Anti-natal, pre-natal care is effective. Immunization has benefited
- Assisted deliveries and Institutional deliveries are better
- Family planning coverage is quite good but with permanent measures women are targeted at a very young age.

Implications

- Functioning of PHCs to be toned up with adequate staff.
- Access to them has to be improved with sufficient orientation for the staff to treat the poor with humaneness.
- Mobile medical facilities to be introduced – Particularly in inaccessible areas – reduce the cost of medication and prevention.
- Lessons of the successful village health worker programme to be taken in formulating new schemes

2.2 Natural Capital

Land Holding

- Landlessness is very acute in general and its severity is much higher among the SCs and STs
- The average holding size is very small
- Access to irrigation is very poor among the tribal households
- Access to land is better for `others` but their access to irrigation is low

Livestock

- Only one third of the households own livestock
- Non-ownership is very acute among SCs, STs and female headed households
- Most of the households who own livestock own either one or two. Very few households have more than two

Implications

- Better access to land- Surplus lands, govt. lands, common lands, forest lands. Leased to the poorest of the poor and the poor.

- Lease it through SHGs – Arrange to provide inputs and credit.
- Skill formation for cultivation of marketable products.
- Market links for their products
- Livestocks, poultry and inland fishing has a huge potential
- Skill formation for such activities. Funded by CIF.

Common Property Resources

- Poorest of the poor and the poor do not benefit much out of CPRs except to collect firewoods and graze their cattles.
- Village that abut forest land do benefit out of the forest produce depending on the level of access provided by the forest department that changes from time to time.
- The usefulness of CPRs are contingent on ownership of other capitals.

Implications

- Existing governing principle of CPR exclude poor.
- Institutional overhaul could benefit the poor immensely by providing numerous resources.
- JFM, CFM, Community ownership of water bodies, Community ownership of common land can enhance the use of land and water and the benefits would reach many
- Successful experiments of Dhan in tank management and Keystone in forest produce could serve as examples.

2.3 Physical Capital

- Bullock pairs, ploughs, tillers, carts and consumer durables are the private physical assets that we have considered
- Ownership of instruments of production is very low among the surveyed population. Less than 5% of the households own any of these instruments
- Irrigation pump sets-one fifth of `other` households own. Just about 1 % of SC households own and none from STs.
- Roads, transportation and market networks are the community owned physical capital. Most of the villages connected by motorable roads. However, many villages have poor transportation service. Mini buses provide some connectivity. Market networks are operated by middle men and only the rich access the market directly.

Implications

- Providing instruments of labour – enhances scope for employment – higher wages.
- Commonly owned irrigation wells and pump sets for marginal and tiny holdings – enhance the stability of their production.
- Better transport service. Better connectivity to market and urban centres. New employment, reduction of the role of middlemen.
- Introduction of new market channels.

2.4 Financial Capital

Savings

- Only 38% of the surveyed HHs reported some saving.
- Saving is very low among STs (23% hhs); high among SCs (42%) 32% of `other` households have some saving.
- Average amount saved is lower (just half) compared to `other` hhs; ST hhs lowest saving
- SHGs account for 90% of savings. True for SCs&STs. `Others` have about 1/5th of their savings in PO & Banks

Debt

- About 37% of the HHs are indebted.

- STs report fewer cases
- Indebtedness – highest among `others`.
- SHGs – Primary source of credit. 50%
- Moneylender – 20%
- Banks/Coop – 20%
- Institutional credit to STs – very low. Landlords lend half of their requirement.
- Borrowing from SHGs-highest among SCs.
- `Others` have a different profile. Institutional borrowing, highest followed by

SHGs Implications

- Further spread and consolidation of SHGs.
- Direct institutional credit is very poor –SCs/STs
- Tribals are to be targeted as landlords lend half of their requirement.
- Despite legal ban on exploitative informal credit institutions, they do survive SHGs lending – direct institutional lending enhanced.

2.5 Social Capital

Participation in SHGs

- Just about one third of the hhs – members of SHGs.
- SHGs are more active among SCs as compared to `other` and tribals.

Participation in Grama Sabha

- Overall participation is very low at 12 %
- Lowest among tribals at 5% and Female headed HHs at 7%.

Implications

- Importance of participation and collective decisions are to be propagated.
- Social structure is vertical and hierarchical but the PRIs are democratically elected bodies. Without participation, the entire spirit of decentralised governance is lost.
- Further Spread of SHGs movement particularly among the poor and the poorest of the poor is an urgent task. The existing norms may be relaxed and also the size could be scaled down so as to involve the poor and the poorest of the poor in SHGs.
- SHGs among tribals is a priority.

III Vulnerability of the Poor

3.1. Decline in Agricultural Employment.

3.2. Increased vulnerability of the poor due to

2.1 Breakdown of the jajmani system.

2.2 Decline of tanks.

2.3 Mechanisation.

2.4 Decline of dry land agriculture.

2.5 Competing demand. for water.

2.6 Lack of water for marginal holdings.

3.3 Coping Mechanism

- Earlier non market systems of support have vanished. Poor depends entirely on market.
- Interest rates are exploitative.
- Limited credit. Consequently, poor resort to
- Migration (Circular, Seasonal, Permanent) and
- Child Labour

3.4. Adaptation

Diversification – Non-farm employment.

Surveyed population – 47% are dependents and 53% are working population.

Only half of them are reported as cultivators or agricultural labourers. The other half claims that they are daily wage labourers. Nearly 50% of this half are into non-

agricultural employment. 1/4th of the working population in the surveyed villages are non-agricultural employment. Population of similar size is trying to do the same. Several dozen occupations account for this non-farm employment. 3.5. Health induced vulnerability. Loss of employment/Debt. Vicious circle.

3.6. Life cycle rituals.

Implications

- Loss of employment is an urgent issue. Present project should work in tandem with any effort that attempts to generate more employment through rejuvenation of irrigation and agriculture.
- Water augmenting measures at the micro and community level needs support from the project.
- Awareness about over exploitation of ground water has to be generated.
- Benefits of integrated farming to be demonstrated.
- The stakes of landowning and laboring class in terms of sustained production has to be cohered.
- Markets for dry land millet crops are to be explored and dry land agriculture to be rejuvenated
- Take note of occupational diversification process and enable as many and willing persons to be part of the boom.
- New skills and the skills in demand are to be imparted that could create new livelihood options.
- Convergence with health department for better medical care
- A simple, transparent and affordable health insurance scheme shall be identified and introduced.

4.1 Literacy and Education

- Literacy levels have improved in the state over time and it has attained third position.
- Gender gap is narrowing.
- Formal education level is very poor. Matriculation but below graduation level marginally better than backward states like Bihar and Rajasthan. But 'graduate and above' – more or less on par with the states. Higher education and formal skill acquisition has not received attention.
- Unregulated increase in technical institutes. Private sector. Poor performance.
- Lack of teachers at higher levels-Students score low marks – unable to compete.
- Expensive beyond high school. Gender selectivity. Boys preferred.
- People in general are anxious. Lack of scope in traditional employment. Ill equipped for new employment. This needs to be addressed.

4.2 Health

Good performance – institutional deliveries, IMR immunization, life expectancy etc. However,

- Large number of preventable maternal deaths.
 - Wide and intensive prevalence of anaemic conditions of women.
 - Prevalence of low birth weight.
 - IMR
 - Rapid decline in juvenile sex ratio.
 - Underweight of children below 5 years.
 - Lack of comprehensive nutritional surveillance system.
- are some important aspects of immediate concern

4.3 Noon-Meal Scheme

- Programme – Since July 1982- school and pre-school children feeding programme.
- Programme is well institutionalized – logistics

- Composition of the meal is not ad-hoc
- Scheme is financially sustainable
- Programme employs large no. of people
- Enrolment and retention at primary level has improved over time
- However,**
- The programme could not attract all the children in the school going age to schools.
- The nutritional level of children has not improved despite the programme
- The quality of food served attracts lot of complaints
- Reported leakages in the system affecting ultimately the quality of the food
- Increasing expenditure on the scheme despite stagnant or just marginally increasing beneficiary numbers are some important issues that require urgent interventions from the state to enhance the benefits of this important scheme

4.4 PDS

- Like NMP, PDS is an essential element of the government's safety net for the poor in checking the erosion of real earnings.
- PDS in the state is universal
- 13.6 million card holders (families) are eligible to buy 20 kgs of rice per month at the rate of Rs.3.50 per kg.
- Retail price for PDS rice is the lowest in the country.
- The allocation from the central pool is not sufficient to cover the entire demand.
- State govt. procures on its own with a subsidy.
- The total subsidy – Rs.1,500 crores per annum
- Complaints about the quantity, quality, timing are many.
- Also there are complaints about leakages.
- Crucially, almost all admit that without PDS their poverty would worsen very rapidly

4.5 Water Supply

- All the villages that we have surveyed have OHTs and piped water supply.
- Some places – lack sufficient water due to the overall drought condition.
- Non-Maintenance – reported in few places due to their weak representation in the panchayat.
- There are distributional inequalities across space and the state does not have a comprehensive policy on that.

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4.6 Sanitation:

- Sanitary conditions are very poor.
- Women suffer the most
- New integrated sanitary complexes are not used for numerous reasons.
- Even earlier efforts have not succeeded. Communities were never involved. The same phenomenon continues.

4.7 Employment and Wage Income:

- TN has one of the highest unemployment rates in the country.
- Growth in GDP accompanied by very low employment elasticity.
- Unemployment is very high among women and youth
- Decline in the share of primary sector in income but nearly 50% of labour force depend on it.
- Marginal workers are increasing rather than the main workers.

4.8 Banks

- Institutional lending to the poor has stopped.
- Marginal and Small farmers are defaulters – unable to access credit for production.

- Lends through SHGs
- Role reversal among male & female.
- SHG credit is grossly inadequate to meet the requirements of agricultural production.
- Present level of lending is inadequate to pull agriculture out of the existing impasse

4.9 SHGs

- Significant presence in all the villages.
- Some have diversified into micro-enterprises.
- They are in forefront in ensuring the functioning of public institutions in some places.
- Have considerably integrated the dependence on usurious money lenders
- Level of awareness on a range of issues have increased among women.
- Skill formation among SHG members trapped in stereotyping. It is not demand driven.
- Transformation from micro-finance to micro-enterprises requires the correction of this lacunae.

4.10 Panchayat Raj Institutions•

Exclusion of sections. of the village population due to caste, faction, etc. Consequently, we find poor levels of participation in grama saba meetings.

- Nepotism and leakages are other important problem areas in the functioning of PRIS.

I - Livelihoods Assessment

1.1 Introduction:

Tamilnadu is considered as one of the well-developed States in the country. It has recorded a robust growth all through and has also attracted considerable level of foreign investments. Industries have prospered and the service sector is booming. Apart from the booming economy, the state also has an impressive record in terms of social sector achievements. It is the first state in the country that has successfully fed the school children for over a decade. Public Distribution System is one among the best in the country and so on and so forth.

However, the state is the poorest among its neighbours in South India. It has a large population suffering below the poverty line. Though it has managed to reduce the number of poor people over time, it still has a considerable number of poor. The conventional notion that the growth in the economy powered by secondary and tertiary sector would generate sufficient employment so as to absorb the surplus labour from the primary sector has not happened in the state like many other states in the country. While the conventional indicators of economic growth like the rate of growth of the economy suggests that it has maintained a scorching pace, the growth process has completely left behind a vast majority of its population. To add to their woes, the primary sector, the largest employer of the rural people and the provider of livelihood, has either stagnated or declined over time. There are very many reasons for such a decline and stagnation. Such a poor performance of the primary sector has a direct bearing on the livelihood of the people.

Sensing the enormity and importance of the problem, the welfaristic state is planning to intervene and save its people from falling into the trap of poverty and also to rescue those who are already trapped in the vicious circle of poverty. As a preparatory exercise, it has undertaken a series of studies on relevant issues. The present study is an attempt to assess the livelihoods of people in the state.

1.2 Framework of Analysis:

Livelihood analysis has an expansive notion of poverty compared to the conventional framework of analysis of poverty. Poverty measurements using income and expenditure norms are rather restrictive. The capabilities of the people need to be considered in any understanding about their lives. A livelihood comprises of the

capabilities, assets (both material and social resources) and activities required for a means of living. It is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance capabilities and assets both now and in the future, without undermining the natural resource base.

This definition of livelihood is disaggregated into a series of indicators. These indicators are identified based on an understanding that ability to pursue different livelihood strategies is dependent on the basic material and social, tangible and intangible assets that people have in their possession. Drawing on an economic metaphor, such livelihood resources may be seen as the 'capital' base from which different productive streams are derived from which livelihoods are constructed' [Scoones, 1998:7]. The capital base is further disaggregated into natural capital, financial capital, physical capital, human capital and social capital. When the livelihoods are constructed and operationalised from these 'capital bases' the strategies are strained by risks and render the humans vulnerable.

The humans in turn respond to these risks at various levels. They evolve mechanisms to circumvent the temporary setbacks if the risk is temporary and for short duration. On the other hand if the threat is prolonged in nature, they have no other option except to devise new livelihood strategies. Such possibilities are contingent on several factors.

The five types of capital, the livelihoods that flow out of these capitals and the coping mechanism due to risks and threats are all mediated by the policy and institutional environment. This environment could influence the operationalisation of a particular livelihood strategy in multiple ways.

The present report is organized as follows. To begin with, we discuss the methodology adopted for the study and the profile of the surveyed population. The next section assesses the livelihoods of the surveyed population. Risks and coping mechanisms adopted by the people in the event of such risks are focused in the subsequent section. Policy and institutional environment are profiled in the next section. The report offers a set of comments on the proposed project implementation strategy in the light of the livelihood analysis.

1.3 Methodology

We have used both quantitative and qualitative data to map the livelihoods of the surveyed population. A questionnaire that netted a basic set of information was

administered to all the households in the selected villages. Participatory Rural Appraisals (PRA) were conducted in these villages to collect qualitative data. Focus Group Discussions (FGD) were held among various social groups in each of these villages to assess their present status, problems and their needs.

The field work covered eleven villages spread across ten districts in the State. Three villages of these eleven villages are tribal villages. Two of these tribal villages are mixed villages whereas one village is an exclusive tribal village.

Table -1: Villages Surveyed for Livelihood Analysis

Sl.No	Name of the Village	District
1	Adhikaripatti	Theni
2	Kadambur	South Arcot
3	Kalancheri	Thanjavur
4	Kaliyampoondi	Kanchipuram
5	Keelkadhripur	Thiruvallur
6	M.Kolakudi	Cuddalore
7	Magaral	Thiruvallur
8	Nadukombai	Namakkal
9	Keelpachar	Thiruvannamalai
10	Sambakuttapatti	Salem
11	Semmanarai	Nilgiris

1.4 Profile of the Surveyed Population:

Our survey covered 3864 households and a population of 16325 individuals. Forty percent of the surveyed population is from Scheduled Caste community and about 17 per cent are from Scheduled Tribe while `others` constituted the rest. About 50.4 per cent of the population is male and 49.5 per cent is female. About 38 per cent of the households are from Scheduled Caste and about 18 per cent are from Scheduled Tribe communities. The rest are from `other` communities. Nearly 15 per cent of the surveyed households are female headed households.

The `other` social group is an amalgam of all other caste and religious groups who are not classified either as `scheduled castes` or as `scheduled tribes` by the state. Among caste groups, there are a few Brahmin and upper caste households from mudaliar caste at one end of the spectrum. At the other end, we have a large number of households from most backward castes like vanniar, kurumbar mutharaiyar etc. Amajority of them are either tiny landholders or agricultural labourers. Very poor

muslim households and Christian converts from lower caste constitute this social group.

There is an inherent bias in the social composition of the population. SCs and STs are over represented in our sample as to their share in the overall population of the state. Since bulk of the poor and the poorest of the poor are from these social groups, the bias will enhance our understanding of their livelihoods.

Table-2: Distribution of Sample *Households* by Gender

Sl.No	Village	Male-Headed HHs		Female-Headed HHs		Total HHs	
		Nos	%	Nos	%	Nos	%
1	Adhikaripatti	479	14.61	107	18.29	586	15.17
2	Kadambur	347	10.58	50	8.55	397	10.27
3	Kalancheri	199	6.07	40	6.84	239	6.19
4	Kaliyampondi	302	9.21	68	11.62	370	9.58
5	Keelkathirpur	437	13.33	67	11.45	504	13.04
6	Mkolakudi	340	10.37	54	9.23	394	10.20
7	Magaral	245	7.47	52	8.89	297	7.69
8	Nadukombai	478	14.58	89	15.21	567	14.67
9	Keelpachar	277	8.45	35	5.98	312	8.07
10	Sambkuttapatti	104	3.17	14	2.39	118	3.05
11	Semmanarai	71	2.17	9	1.54	80	2.07
	Total	3279	100.00	585	100.00	3864	100.00

Source: Survey Data

Table-3: Distribution of Sample *Households* by Social Groups

Sl.No	Village	Dalits		Tribes		Others		Total	
		Nos	%	Nos	%	Nos	%	Nos	%
1	Adhikaripatti	68	4.60		0.00	518	31.02	586	15.17
2	Kadambur	273	18.46		0.00	124	7.43	397	10.27
3	Kalancheri	93	6.29		0.00	146	8.74	239	6.19
4	Kaliyampondi	153	10.34	20	2.80	197	11.80	370	9.58
5	Keelkathirpur	228	15.42	64	8.95	212	12.69	504	13.04
6	Mkolakudi	373	25.22		0.00	21	1.26	394	10.20
7	Magaral	185	12.51		0.00	112	6.71	297	7.69
8	Nadukombai	66	4.46	206	28.81	295	17.66	567	14.67
9	Keelpachar	39	2.64	267	37.34	6	0.36	312	8.07
10	Sambkuttapatti	1	0.07	78	10.91	39	2.34	118	3.05
11	Semmanarai		0.00	80	11.19		0.00	80	2.07
	Total	1479	100.00	715	100.00	1670	100.00	3864	100.00

Source: Survey Data

Table-4: Distribution of Surveyed Population across Gender

Sl.No	VILLAGE	Male		Female		Total	
		Nos	%	Nos	%	Nos	%
1	Adhikaripatti	1269	15.42	1305	16.13	2574	15.77
2	Kadambur	905	10.99	862	10.65	1767	10.82
3	Kalancheri	470	5.71	499	6.17	969	5.94
4	Kaliyampondi	849	10.31	803	9.92	1652	10.12
5	Keelkathirpur	1113	13.52	1046	12.92	2159	13.23
6	Magaral	604	7.34	606	7.49	1210	7.41
7	MKolakudi	899	10.92	941	11.63	1840	11.27
8	Nadukombai	1067	12.96	1056	13.05	2123	13.00
9	Keelpachar	675	8.20	598	7.39	1273	7.80
10	Sambkuttapatti	224	2.72	230	2.84	454	2.78
11	Semmanarai	157	1.91	147	1.82	304	1.86
	Total	8232	100.00	8093	100.00	16325	100.00

Source: Survey Data

Table-5: Distribution of Surveyed Population across Social Groups

Sl.No	VILLAGE	Dalits		Tribes		Others		Total	
		Nos	%	Nos	%	Nos	%	Nos	%
1	Adhikaripatti	273	4.17		0.00	2301	32.66	2574	15.77
2	Kadambur	1242	18.98		0.00	525	7.45	1767	10.82
3	Kalancheri	365	5.58		0.00	604	8.57	969	5.94
4	Kaliyampondi	728	11.13	85	3.11	839	11.91	1652	10.12
5	Keelkathirpur	1040	15.89	228	8.33	891	12.65	2159	13.23
6	Magaral	747	11.42		0.00	463	6.57	1210	7.41
7	MKolakudi	1752	26.78		0.00	88	1.25	1840	11.27
8	Nadukombai	238	3.64	740	27.04	1145	16.25	2123	13.00
9	Keelpachar	155	2.37	1093	39.93	25	0.35	1273	7.80
10	Sambkuttapatti	3	0.05	287	10.49	164	2.33	454	2.78
11	Semmanarai		0.00	304	11.11		0.00	304	1.86
	Total	6543	100.00	2737	100.00	7045	100.00	16325	100.00

Source: Survey Data

1.5 Distribution of Sample Households by MPCE groups:

To assess the poverty level among the surveyed population, we have grouped the households by their monthly per capital expenditure levels. We find that about 38.3 per cent of the households are at the lowest per capita bracket indicating their extreme poverty. Another 15 per cent of the surveyed households are in next higher bracket of expenditure class (225-300). These two groups together account for 53 per cent of the total households surveyed. Proportion of households falling under this expenditure group among SC and ST households is much higher at around 60 per cent. On the other hand, only 38 per cent of other social groups fall in this category. This clearly indicates incidence of poverty to be much acute among the SCs and STs

as compared to the rest of the population. Male headed households are worse off as compared to female headed households as nearly 55 per cent of male headed households are in the lowest brackets as compared to 43 per cent of female headed households are found in that bracket.

Table-6: Distribution of Households by Expenditure Class across Gender

(%)

MPCE Range	Gender		Total
	Male	Female	
< Rs.225	39.2	32.3	38.3
Rs.225 – 300	15.9	9.8	15.1
Rs.300 – 450	18.6	18.1	18.6
Rs. 450- 600	10.6	13.2	10.9
Above Rs.600	15.5	26.4	17.1
Total	100	100	100

Source: Survey Data

Table-7: Distribution of Households by Expenditure Class across Social Groups

(%)

MPCE Range	SC	ST	Others	Total
< Rs.225	44.9	33.6	27.7	38.3
Rs.225 - 300	16.6	19.4	11.9	15.1
Rs.300 - 450	18.8	24.7	17.3	18.6
Rs. 450- 600	8.3	13.2	15.8	10.9
Above Rs.600	11.2	8.8	27.8	17.1
Total	100	100	100	100

Source: Survey Data

1.6 Key Indicators of Poverty

In our discussions with various social groups, SHG members and women in the villages that we have surveyed, we have asked them to share their idea of poverty and the indicators that they would use. The term 'poverty line' has gained so much currency that in many places, people responded that those who are below the poverty line are the poor. When we persuaded them to describe the characteristics of poverty, they listed several indicators for poverty. They were also very clear as to who are not poor. The indicators that were reported repeatedly by various sections are as follows:

- Landlessness
- A tiny holding with no irrigation
- Exclusive dependence of the household on agricultural employment for livelihood
- No diversification or permanent migration
- Non ownership of livestock

- Non ownership of other instruments of labour that would fetch higher wages
- Withdrawal of children from school
- Send children for work
- Very poor housing condition- unable to maintain it periodically
- Unable to source credit beyond a limit
- Large number of dependents in the household
- Belonging to SC, ST or OBC communities
- Lack of social capital to access any programme meant for them sponsored by the state.
- No other skill other than agricultural labour or skills that are not in demand

The poorest of the poor have added characteristics.

- Destitutes with no resource
- Unable to participate in the labour market
- Unable to seasonally migrate
- Unable to eat regularly and adequately
- Depend on others for several things including some time food.
- Children were never enrolled or withdrawn very early from schools
- Unable to access free medical help due to lack of resources

Implications for TNEPRP Project
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| <ul style="list-style-type: none"> • Among the poor, poorest of the poor predominate the population. • Incidence of poverty is very high among SCs and STs compared to other social groups. • Incidence of poverty is equal among male and female headed households • Sizable section of the `other` population is also reeling under poverty. |
|--|

II : Status of Livelihood Capitals

In the previous section, we have analysed the social and gender composition of the poor in the studied villages based on the conventional monthly per capita expenditure class. Such an analysis, gives us an idea as to the extent of poverty in the state understood in a particular one dimensional way. However, it does not give us any understanding on the manifestation of such deprivation on the capabilities and skills of the population and their status of livelihood. This section attempts to profile the status of livelihoods of the studied population by looking into their human capital, natural capital, physical capital, financial capital and social capital. In analysing these capitals, we have used the social and gender location of the studied population as grids of analysis. The following table summarises the aspects analysed for each capital.

Table-8: Indicators considered for each component of Livelihoods Capital

Sl. no	Description of Capital
1	Human Capital -Labour Force Participation -Literacy and Education -Health
2	Natural Capital -Land Holding -Livestock Holding -CPRs
3	Physical Capital -Instruments of Labour -Consumer Durables -Irrigation Instruments - Community owned Physical Capital
4	Financial Capital -Savings -Debt
5	Social Capital -SHGs -Grama Saba

2.1 Human Capital:

Human capital in our consideration essentially consists of three sub capitals, viz. knowledge, health and labour force participation. First of all, the human endowment of a person is profiled based on his willingness and ability to participate in the labour market. Willingness is measured through work force participation- the number of workers in a group compared to the total number of persons in a group –

informs us their willingness to participate in the labour market and thereby earn a livelihood. Given the condition of unemployment in India, one has to be guarded in interpreting the work force participation rate. Much number of them would call themselves as workers in a group but in terms of their ability to *fetch* work may be very poor. This would in turn affect their livelihoods and threaten their very sustainability. Having taken note of this caution let us now consider the level of work force participation among the studied population in Tamil nadu.

2.1.1 Labour Force Participation:

Labour force participation rate among the studied population is nearly 66 per cent. Importantly, it is slightly higher among the females as compared to the males. We compare the LFP among the social classes, and we find it to be slightly lower among the scheduled castes as compared to the scheduled tribes and the rest of the population. This may indirectly indicate the ill health and the dominance of infirm among the scheduled caste population among the studied population.

Sl.No	Social Classes	Male	Female	Total
1	SC	61.6	63.9	62.7
2	ST	68.3	68.6	68.5
3	Non SC, ST	67.3	68.6	67.7
4	All	64.8	66.2	65.5

Source: Survey Data

Labour force participation is very high among the adult population (in the age group of 19 – 59). It is more than 90 per cent among the adults of the sample population. STs have reported that 95 per cent of their adults are workers whereas only about 90 per cent among ‘others’ have reported to be workers. For Scheduled Castes, it is about 92 per cent. We do not find much difference among the male and female population.

Table-10: Work Force Participation among Adult Population (19 to 59 age group)

Sl.No	Social Group	Total	Male	Female
1	All	91.4	91.8	91.1
2	SC	91.9	91.9	91.8
3	ST	95.6	96.2	95.0
4	Others	90.4	91.1	89.7

Source: Survey Data

Labour Force Participation among children (5 – 18 age group) and adolescents is quite high at around 13 per cent among the sample population. It is the lowest among tribal boys at 9 per cent and the highest among 'other' girl children at 16 per cent. This goes to indicate that the problem of extreme deprivation is not confined to the Scheduled castes and Scheduled tribals population alone. The problem could be severe among a section of the non – dalit and tribal population as well indicated by the high levels of LFP among children and adolescents. Participation by children in work is an important coping mechanism of the poorer households irrespective of a legal ban in child labour.

Table-11 : Work Force Participation, Children and Adolescents, Sample Population

Sl.No	Social Classes	Total	Male	Female
1	All	12.6	11.1	14.1
2	SC	11.1	9.9	12.3
3	ST	10.7	9.2	12.1
4	Others	14.6	12.8	16.5

Source: Survey Data

An important gender dimension of the problem is that participation in work by female children is considerably higher compared to the male children across all social groups. This observation reinforces the findings of secondary data analysis where we found the LFP to be higher among girl children across all social groups.

Another important component of human capital is the literacy rate among the sample population. It indicates, at a very basic level, the quality of the work force among the population.

Implications for the TNEPRP Project:

- LFP is uniformly high among all the social groups and across gender indicating that the population is ready to work
- Suitable employment programmes are to be dovetailed with the proposed project to absorb as many workers as possible.
- Considerable level of LFP among children and adolescents indicates the severity of the problem. They need to be weaned away from work to schools. Convergence with NCLP is necessary.
- Girl children bear the brunt of poverty of the family as the LFP is high among them. Such families need special focus in the implementation of the project.

2.1.2 Literacy Rate among the Population

It is discernable from the primary data that the overall literacy rate is around 62 per cent. The gender difference is very acute with the male population reporting about 70 per cent literacy rate whereas the female population reports only 53 per cent of literacy. Among the various social groups, the BCs and OCs have higher levels of literacy at 65 per cent compared to 61 per cent among SCs and 45 per cent among STs. If we consider the adult population alone, the literacy rate falls significantly, particularly, among female (only 49 per cent). Tribals report the lowest levels of literacy at just 38 per cent.

Sl.No	Age Group	Total	Male	Female
1	Children (5 – 14 age group)	95.1	95.5	94.6
2	Adult Literacy	59.2	69.9	48.6
3	Overall Literacy	61.6	69.8	53.4

Source: Survey Data

Sl.No	Age Group	SC	ST	Others
1	Children (5 – 14 age)	95.3	88.4	96.1
2	Adults (15 + age group)	57.2	37.9	64.1
3	Population	60.5	45.1	65.2

Source: Survey Data

When we consider the literacy rate among the children, we find that it is more or less the same at 95 per cent level among both male and female children. Among the social classes, the tribal children report a lower level of literacy.

Thus, though there are significant differences in literacy among the adult population both across gender and social classes, the differences are quite narrow among the children. This goes to indicate the success of the efforts of the state to enhance the literacy levels among the younger population in the state.

When we consider the literacy rate among female population alone, we find the low level of this vital capability among scheduled caste and tribal adult women in the state. Only about 47 per cent of SC sample women and 29 per cent of sample

tribal women are literates. Significantly, we do not find such low levels among the girl children across social groups in the state.

Sl.No	Age Group	Total	SC	ST
1	Children (5 – 14)	94.7	94.1	87.3
2	Adults	48.6	47.1	29.4
3	All	53.4	52.5	39.1

Source: Survey Data

Having looked into the literacy level among various sections of the population, let us now turn our attention to the present condition of schooling in terms of who are attending schools, who are not attending schools and who have dropped out of school among the studied population.

When we consider the school going age group of the population (5 – 14 years), we find that only about 84 per cent of the children are attending school. The rest are not in school. School attending rate is slightly lower for girl children as compared to boy children. It can also be discerned that the percentage of children attending school among STs is much lower as compared to the rest of the population. Proportionately more number of SC boys are attending schools as compared to the rest of the population. Interestingly, proportion of school attending children is the lowest among 'other' boys (at 80 per cent).

Table-15: Percentage Distribution of School Going Children (5 – 14)

Sl.No	Social Group	Total	Boys	Girls
1	All	83.7	84.5	82.8
2	SC	86.2	88.2	84.1
3	ST	81.9	82.8	81.1
4	Others	81.1	80.1	81.7

Source: Survey Data

What happens to the rest of the children who are at the school going age? Some of them have never enrolled while others have dropped out of school after attending school for some years. Percentage of children who have never enrolled is the highest among ST children (12 percent) and is the lowest among 'others' (4 per cent).

Though only few among the 'other' children are not enrolled in schools, the drop out rate is the highest among them. Just over 15 per cent of them drop out of

school at the school going age. The reported drop out rates among STs is the lowest at 6 per cent.

Table-16: Percentage of Children Never Enrolled in Schools

Sl.No	Social Class	Total	Boys	Girls
1	All	4.7	4.3	5.2
2	SC	4.4	3.3	5.7
3	ST	11.5	10.4	12.6
4	Others	3.8	4.4	3.2

Source: Survey Data

Table-17: Drop out among children in the School Going Age

Sl.No	Social Class	Total	Boys	Girls
1	All	11.5	11.1	11.9
2	SC	9.3	22.3	24.1
3	ST	6.4	6.6	6.3
4	Others	15.1	15.1	15.1

Source: Survey Data

Implications for the TNEPRP Project:

- Adult literacy is an urgent need among the SCs and STs. Women from these social groups need special attention. A portion of CIF could be earmarked for this apart from attempting convergence with other programmes (of both government and NGOs).
- Total literacy has not materialized even among children of school going age as nearly 5 per cent of them are reportedly unlettered. Mainstreaming them is very important.
- Nearly one fifth of the children of school going age are not in school. Drop out rates are very high among SCs in particular. The village education committees are to be alerted about the alarming trend. Infrastructure insufficiencies in schools are to be addressed with better convergence.
- Specific reasons for such dropouts are to be specifically identified and suitably addressed.
- Making schools interesting is an equally important task.

2.1.3 Education

Though the literacy levels are improving in the state over time, the level of educational attainment is very low. Education at very broad level, has the potential to enhance the livelihoods of the population. For the state as a whole, over by 1999 –

2000, only 66 per thousand rural male from 'other' castes were educated upto higher secondary level and only 88 were educated upto graduate level. Among female for the same caste group, it was 53 and 42 per cent. For SC rural male, it was 34% and 21% whereas for the female, it was 23% and 5%. For scheduled tribes, it was just 1 per 1000 male and 26 per 1000 female.

Thus we find, deplorably low levels of educational attainment of (i) scheduled castes and scheduled tribes over other castes; (ii) females over males in all social groups; and (iii) persons in rural areas over those in urban areas. One major implication of the above is that the problem today is much or more of quality as of quantity. If we are moving towards solving the problem of quantity, then the question of quality of education is assuming a central importance from the livelihood perspective.

The fact that the issue of quality is central also indicates that concerns relating to differentiation and inequality have no simple solutions. Thus for example, good quality primary education depends on good quality tertiary education, and the problem is hardly solved by shifting the emphasis from tertiary to primary; the problem has to be viewed as a whole, with the whole of the educational sector getting increasing emphasis of both in terms of finance and planning. Privatization has hardly shown the way out – it has only widened and deepened the already prevailing sharp differences.

Apart from the lack of educational attainment at a broad level, the level of skill acquisition among the population is also very low. Very few of them, almost bordering insignificant numbers, have got formal skill training. Most of them who have managed to find non agricultural employment have done so with informal training or are employed in jobs that require not much skill. This in turn, drastically reduces their scope of employment and wage earning capacity. That is why we find most of the workers, who have migrated from the sample villages, go to work as agricultural labourers in other parts of the state or country or as unskilled manual workers in urban centers earning very low levels of wages with no guarantee of employment on any permanent basis. This in turn increases their vulnerability enormously. It has its own negative impact on the livelihood options and their sustainability over a period of time. Not only does it affect that generation but more importantly the next generation to a significant extent.

It is saddening to note that neither the state nor the civil society organizations have given much thought to this grave problem that the rural masses face today. Or rather whatever attempt has been made has not borne fruit so as to result in an enhanced livelihood options due to acquisition of improved skills.

When we look into the educational status of the studied sample population, we find that nearly one fifth of the population are educated upto primary level and one third of them are educated upto secondary level. About 5 per cent of them are educated upto higher secondary level and just about 3 per cent of them have completed education beyond higher secondary level. The level of educational attainment by women is lower as compared to the males among the studied population. Similarly, educational levels attained are low among tribals and scheduled castes.

Sl.No	Level of Education	Male	Female	Total
1	Unlettered	29.3	46.0	37.6
2	Primary	22.1	20.8	21.4
3	Secondary	36.9	26.3	31.6
4	Higher Secondary	5.4	4.3	4.9
5	Under Graduation / Dip	3.7	1.3	2.5
6	Post Graduation	0.4	0.2	0.3
7	Professional	0.6	0.3	0.5
	Total	100	100	100

Source: Survey Data

Sl.No	Education Level	SC	ST	Others	Total
1	Unlettered	38.9	55.0	33.7	37.6
2	Primary	26.6	20.2	21.5	21.4
3	Secondary	31.8	19.8	33.3	31.6
4	Higher Secondary	4.6	3.0	5.4	4.9
5	Under Graduation	1.6	1.7	3.5	2.5
6	Post Graduation	0.1	-	0.5	0.3
7	Professional	0.4	0.2	0.6	0.5
	Total	100	100	100	100

Source: Survey Data

Education, admittedly, has a larger purpose than to fetch gainful employment. Given the wage levels in the secondary and tertiary sectors, it is better to get employment in these sectors. With the present level of education and skill acquisition, the shift from primary sector to other sectors will remain an unfulfilled dream if the present conditions are allowed to continue.

Implications for the TNEPR Project

- Educational attainment is very low among all sections of the society. Retaining children in higher classes deserve an equal priority.
- Reservation for BCs, OBCs, SCs and STs has not resulted in higher levels of educational attainment among these sections. Special efforts are to be initiated to provide information on such programmes to the target population.
- Part of the livelihood fund has to be earmarked for educational attainment of the participating population of the project. Girl children from all social groups and especially from SCs and STs are to be targeted.
- Community funds are to be provided to bridge deficiencies through extra coaching in specific subjects so as to enable the students to score higher marks and compete in admissions for higher studies.
- A workable interface with the education department at the district level is required to address the specific problems at the school level and redress the deficiencies in the delivery of services.

2.1.4 Health Status

We have attempted to net information on the health status of the population at three levels. General health, gender related health and children related health were the three aspects on which we collected information from the sample population. The health system that is most sought after by the poor is the private sector as far as general health is concerned. They do access the government run primary health centers but find it difficult to access the larger facilities like the general hospitals in the district head quarters.

Again the private medical practioners are not fully qualified allopathic doctors. Most of them are what is generally known as Indian medical practioners. Though these medical practioners are not to prescribe allopathic medicine or administer drugs on the patients, they do practice the same. They charge a nominal sum for diagnosis as well as for provisioning of drugs. Only under extrodinary conditions, the trained and qualified allopathic medical practioner or hospital is accessed. But the charges are exorbitant and most of the surveyed population found it difficult to access them on a regular basis. The state run hospitals are shunned even

during acute illness as the poor and villagers are treated badly in the hospitals. Only few members from landed households claimed that they accessed private hospitals for their ailments.

When we turn to anti-natal and pre-natal care, the system of village health workers seem to be working very effectively. They visit their allotted villages periodically. The workers also maintain a systematic database on the pregnant and lactating women and take care of them. This is irrespective of economic and social background of women. The workers also advice women on the importance of safe deliveries and during the post delivery phase, educate the women on family planning practices. Unassisted deliveries with the help of traditional dhais are few and far between. More importantly, deliveries in hospitals far out number deliveries at home. Nearly 64 per cent of deliveries in the sample households are institutional deliveries. The rest of the deliveries were at home but with the assistance of trained dhais. There are differences across social classes. Only about one fourth of deliveries among non-dalit / tribal households are at home whereas it is around 70 per cent among tribal households.

Table-20: Place of Delivery across Social Groups					
Sl.No	Place of Delivery	SCs	STs	Others	All
1	Home	39.4	69.6	25.2	36.2
2	Hospital	60.6	30.4	74.8	63.8

Source: Survey Data

Most of the respondents reported that immunization of children is almost universal. The data reveals that children in the sample population have benefited atleast by one shot of immunization. As far as family planning coverage is concerned, Tamil nadu has an enviable track record by drastically reducing the birth rate. However, much of this was due to permanent measures like sterilization of women particularly at a young age without any spacing. This also came out from our discussions among women in the sample villages. Another health indicator that we have considered is the infant mortality rate that has steadily declined over a period of time only to turn sticky and the efforts to reduce it further has not borne fruit so far.

Implications for TNEPR Project:

- The functioning of PHCs has to be toned up. Doctors need to be posted wherever there is a vacancy. Convergence with the health department is very crucial in addressing many health issues.
- Motivational training for doctors and other staff at the PHCs to treat the poor and the poorest of the poor with humaneness.
- Mobile medical facilities to be introduced in inaccessible areas.
- Periodic visits by medical staff to villages will drastically reduce the cost of ill health for the poor and the poorest of the poor.
- Lessons from the success of the village level health worker programme needs to be taken into account and the programme has to be enhanced in its scope.

2.2 Natural Capital

Natural capital has two components – private capital and common capital. Private capital consists essentially of ownership of land and common capital includes access to common property resources. Apart from ownership of land, we also consider ownership of livestock as a component of private capital.

2.2.1 Private natural capital – Land Holding

Landlessness is very acute in surveyed villages. Nearly 71 per cent of the surveyed households have reported that they do not have agricultural land. Another 20 per cent have claimed that their holdings are marginal holdings. Larger holdings account for just 9 per cent of the total number of surveyed households.

The average holding size is 0.75 acres and it ranges from 1.14 acres for marginal holdings to 27.5 acres among large holdings.

Male headed households account for 85 per cent of the holdings and the female headed households account for 15 per cent of the households. Incidence of landlessness is slightly higher among female headed households. Marginal holdings are higher among the male headed households.

Landlessness is very acute among scheduled castes and scheduled tribes (88 and 90 per cent) whereas it is much less intense among other social group (55 per

cent). However, much of the 'other' holdings are marginal, accounting for nearly 29 per cent of the total number of their households.

Though holdings are marginal and small in size in Tamil nadu, the level of irrigation is high. Nearly two thirds of the land are irrigated. Land held by female headed households have a large proportion of their land under irrigation as compared to male headed households. Small and medium holdings have a large area under irrigation as compared to large holdings.

Scheduled caste holdings have better access to irrigation. Nearly 72 per cent of their holdings are irrigated as compared to only 66 per cent of irrigated holdings among the scheduled tribes and others.

Thus, what is evident from the survey are the following:

- ❑ Landlessness is very acute in general and its severity is much higher among the scheduled castes and tribes.
- ❑ The average holding size of the holding is very small due the predominance of marginal holdings indicating the fragility of their livelihood option.
- ❑ Access to irrigation is very poor among the scheduled tribe households.
- ❑ Though 'other' households have better access to land, their access to irrigation is poor.

Sl.No	Size Classification	% of Households	Average Holding
1	Landless	71.05	0.0
2	Marginal	19.7	1.14
3	Small	5.1	3.25
4	Semi-medium	2.7	6.13
5	Medium	1.2	12.8
6	Large	0.2	27.5
7	Total	100	0.75

Source: Survey Data

Sl.No	Size Classification	Male		Female	
		% of Households	Average Holding	% of Households	Average Holding
1	Landless	72.8	0.0	73.2	0.0
2	Marginal	19.2	1.1	17.8	1.6
3	Small	4.7	3.2	4.7	3.2
4	Semi-medium	2.6	6.1	2.3	5.8

5	Medium	1.2	12.7	1.9	13.7
6	Large	0.1	26.7	-	-
7	Total	100	0.7	100	0.75

Source: Survey Data

Table-23: Land Holding Pattern in Sample Villages, By Social Classes

Sl.No	Size Class	SC		ST		Others	
		H.Holds	Average Holding	H.Holds	Average Holding	H.Holds	Average Holding
1	Landless	88.3	0.0	88.9	0.0	54.9	0.0
2	Marginal	10.6	0.9	8.9	0.9	28.7	1.2
3	Small	0.7	2.9	0.3	3.0	8.9	3.2
4	Semi-medium	0.3	5.2	1.3	6.0	4.8	6.1
5	Medium	0.14	12.5	0.3	14.0	2.3	12.6
6	Large	-	-	-	-	0.2	26.7
7	Total	100	0.15	100	0.23	100	1.28

Source: Survey Data

Table-24: Land Holding Pattern and Irrigation, Gender

Sl.No	Size Class	All Households	Male Headed	Female Headed
		% Area Irrigation	% Area Irrigation	% Area Irrigation
1	Marginal	65.43	65.3	66.1
2	Small	60.4	58.1	73.8
3	Semi-medium	73.8	71.4	90.0
4	Medium	72.2	68.1	83.2
5	Large	48.7	48.7	-
6	Total	67.1	64.9	77.8

Source: Survey Data

Table-25: Land Holding Pattern and Irrigation, Social Groups

Sl.No	Size Class	% Area Irrigated		
		SC	ST	Others
1	Marginal	75.3	33.0	64.3
2	Small	63.08	100.0	60.05
3	Semi-medium	76.1	79.1	73.5
4	Medium	60.0	100	71.9
5	Large	-	-	48.7
6	Total	71.9	66.9	66.6

Source: Survey Data

2.2.2 Private Natural Capital - Livestock

Another source of livelihood that can be categorized as private natural capital is the livestock holdings of the studied population. At one level, it complements the main natural capital – land as these two have a symbiotic relationship. Though, ‘modern’ agriculture with extensive use of machineries powered either by electric or diesel have reduced the importance of livestock in the production process, livestock retains its importance as a source of livelihood for many if not as the primary but at

least as a subsidiary source. In case if the household does not possess any land, livestock may provide an alternate livelihood option.

Our survey data indicates that only about 30 per cent of the households own livestock. Livestock ownership is the least among the female headed households (non – ownership accounting for 75 per cent of the households) and among scheduled castes (76 per cent do not own) and scheduled tribes. Most of those households who own livestock have one or two and few have more than that. This is true across gender and social groups.

Most of the respondents reported that they have disposed their livestock due to recurring drought and as there was no need for draught animal. Poorer households have disposed their livestock to tide over the cycles of unemployment. Non – availability of fodder during drought is also another reason for the dwindling number of livestock. Many of those who retain their livestock from poorer households had to put in their entire effort to collect fodder and retain the livestock. Stall feeding is very expensive for such households and their human power is expended fully to retain this natural capital.

Implications for the project:
<ul style="list-style-type: none">• Provide better access to land for the poor and the poorest of the poor. Surplus lands, government lands, common lands and forest lands can be leased to the poor and the poorest of the poor.• Such lease arrangements can be through the SHGs. Land can be leased from the open market as well.• Bridge such SHGs with the line departments and institutional credit agencies for technical and financial inputs.• Marketable products are to be identified and impart skills to the members of the SHGs on cultivation of such products.• Provide the necessary market linkages for the final product.• Livestock rearing, in conjunction with cooperative farming to be encouraged. The strong symbiotic relation between these two can be profitably explored by both.• Poultry and inland fishery has a huge potential in many places.• Other profitable and successful experiments are to be explored and adapted to local conditions.• Skill acquisition in the chosen activity is an important component and a portion of the community fund could be used for skill acquisition.

Sl.No	Type of Household	% of households not owning Livestock
1	Male Headed HHS	68.9
2	Female Headed HHS	67.7
3	Scheduled Caste	76.0
4	Scheduled Tribe	77.9
5	Others	61.1
6	Total	68.9

Source: Survey Data

Sl.No	Number of Livestock	Number of Households				
		Male Head	Female Head	SC	ST	Others
1	One	239	45	108	20	156
2	Two	266	27	103	14	176
3	Three	105	17	48	9	65
4	Four	99	15	34	9	71
5	Five	57	10	27	3	37
6	More than 5	146	16	26	9	127
	Total	912	130	346	64	632

Source: Survey Data

2.2.3 Common Property Resources

At the first level, common property resources does not entail an unencumbered access to the resources. The nature of the resource also determines its use. Moreover, its importance and relevance varies across gender, class, caste and social system.

Our interactions with the sample population indicated that tanks are the important common property resources for the villagers in Northern Tamilnadu. While it is important for the land owners as a source of irrigation, its importance is not very high among the landless poor in the village as the direct benefit to them is not very high. Even among the landed households, those who have access to borewells and pumps, the importance of tank as the direct source of irrigation is not very high. The landless poor view the tanks as another instrument of extracting hard labour during the previous labour arrangement. The benefits of tanks were not shared equally across social groups. While the upper caste land owning group enjoyed the maximum benefits out of this common property resource, the poor lower caste was given a pittance or nothing. This was an important reason for the collapse of the common property management of tanks. Another reason is the spread of pumpset irrigation.

Tanks, which was the most important source of irrigation in the state has rapidly lost its importance to well irrigation. Sharing of usufruct rights has also become a bone of contention in many villages. The poor scheduled caste group demands an equal share in the proceeds of the 'common' resources. They also assert that they are part of the 'common' and are therefore entitled for an equal share. Similarly, they also demand equal share in the fishing rights. This contestation has led to the collapse of informal tank managing institutions resulting in repair and disuse. Tank restoration and modernization programmes pay little attention to this social issue and have a broad technical understanding of the whole problem. Physical restoration and repairs without negotiating the social problem does not result in the desired results in terms of rejuvenating this important common resource.

For women, village common lands and tank bunds are important common resources to collect firewood. But they do not have free access to them as the newly planted trees and shrubs are owned by the village panchayat or the Public Works Department. But a good rainfall and the resultant storage in the tank eases pressure as they could use the water for washing. The ground water also gets recharged and the borewells that supply drinking water in all the villages provide adequate water.

Forest is an important common property resource in villages that abut them. But access to these forests is restricted and the nature of restriction varies from time to time. While many villagers access forest to graze cattle, collect firewood and non – timber forest produce, the department of forest crucially defines their access.

Villages in deltaic plains have very little land that can be called as common property resources. Canals and canal bunds are the most important CPRs. But their usefulness to a household is contingent to a very large extent upon access to land.

In sum, common property resources do not provide livelihoods to the poor and the poorest of the poor in any significant manner. As we have noted, its usefulness is contingent on ownership of other capitals.

Implications for the Project:

- While the present nature and policy environment of CPRs exclude poor and the poorest of the poor to a very great extent, the potential of CPR in any livelihood enhancing programmes is huge.
- Reworking and restructuring of the governing principles of social organisation of CPR, with an inclusive agenda, will provide the necessary natural resources in enhancing the livelihoods.
- JFM, CFM, community owned water bodies, community ownership of common land can all lead to the multiple use of land and water.
- Successful experiments by NGOs like Dhan Foundation in reworking the organising principles of tanks in Southern Tamilnadu can show the way.
- Similarly, the success of Keystone in Nilgiris districts in its endeavour to appropriate NTFP and more importantly the value addition to such products and ensuring a greater and regular resource flow to tribals is also another way of using the access to forest to enhance the livelihoods.

2.3 Physical Capital

The important physical capital that goes to determine the livelihoods are the instruments of production. In agrarian society, ownership of draught animals, ploughs etc. enable the households to carry out the agricultural operations in time. Owning the irrigation instruments obviate the need to rely on the commonly owned sources of irrigation. Such instruments enable better control over the production process and hence minimize the scope for fluctuations in agricultural output. If these instruments are owned by the landless agricultural labourers they act as a source of livelihood in combination with their own labour power. They fetch better wages and also enhances the scope of employment. However, the ownership of such instruments also involves a level of investment as initial capital as well as resources for recurring expenditure.

Our survey data indicates that only about 5 per cent of the surveyed households own bullock pairs. Incidence of ownership of bullocks among SCs is slightly higher at around 7 per cent of their households as compared to about 3 per

cent of ‘other’ households. In terms of gender, about 4 per cent of the male headed households own bullocks whereas it is only about 0.4 per cent of the female headed households that own bullocks.

When we consider ploughs, again scheduled caste households have a larger share of ploughs as compared to others. Male headed households are in an advantageous position with higher share in ploughs. But only about two and a half per cent of surveyed households own ploughs.

However, distribution of power tillers is in favorable of ‘others’. Nearly 90 per cent of the tillers are owned by them. Female headed households have slightly a better access as far as tillers are concerned. They own about one fifth of the tillers.

Scheduled caste households own more number of carts as compared to the rest of the social groups. So are the male headed households.

Consumer durables are another capital that is considered under physical capital. Nearly about 58 per cent of the households do not have any consumer durables and its incidence is higher at 66 per cent among female headed households. There is a stark difference among social classes. While more than 70 per cent of scheduled caste and scheduled tribe households do not have any consumer durables, only around 33 per cent of the ‘other’ households do not have any consumer durable.

Table-28: Distribution of Surveyed Households by Ownership of Various Physical Assets

Sl.No	Physical Asset	% of Households Reporting Ownership of Assets among				
		Male Headed HHs	Female Headed HHs	SC HHs	ST HHs	Other HHs
1	Bullock Pairs	4.9	2.8	4.9	-	5.1
2	Ploughs	2.5	1.7	2.5	-	2.7
3	Tillers	1.4	1.7	0.2	0.6	2.7
4	Carts	1.6	0.9	1.9	-	1.2
5	Consumer Durables	42.3	33.5	27.1	28.3	67.1

Source: Survey Data

Irrigation instruments is a crucial asset in the state given the fact that well irrigation is the prominent irrigation source. The usefulness of this asset is contingent, again upon access to land. We find that only about 8 per cent of the households own pumpsets and we do not find any significant differences in the ownership pattern of this asset across gender. On the other hand, there are significant differences in the ownership pattern across social groups. Only about one per cent of the scheduled caste households own pumpsets and none from the scheduled tribe households. On the otherhand, about 20 per cent of ‘other’ household own pumpsets.

Table-29: Ownership Pattern of Pumpsets across different Kinds of Households

Sl.No	Household Type	% of Households owning Pumpsets
1	Male Headed	7.5
2	Female Headed	7.7
3	Scheduled Caste	1.2
4	Scheduled Tribe	-
5	Others	19.2
6	Total	7.5

Source: Survey Data

2.3.1 Community Owned Physical Capital

We have considered roads, transportation and market networks for assessing the community owned physical capital. These are the components of infrastructure that links the rural habitations to the wider market both for accessing inputs as well as to dispose of their outputs.

All the sample villages that we have studied have motorable roads and are well connected to the nearby towns and main roads. The internal roads are also good. Even remote villages like Semmannarai in Nilgiris district and Keezhpachar in Tiruvannamalai district have motorable roads. But the major bottleneck is the availability of transport services. People have to walk quite a distance to access the transport services. Few villages are connected to the town by the mini – bus services. But the services are few. On the otherhand, in remote villages, people find it difficult to find transport even to reach hospitals that are located in nearby towns having emergencies. Accessing educational institutions and work places prove to be

expensive, time consuming and requires considerable effort. Thus, what we found was that roads are not a problem but the transport services are a real problem.

This infrastructure bottleneck invariably leads to the inevitable role of middlemen marketing the produce. These middlemen organize the transportation of the produce. They also extend short term credit to the producers. Some time they charge an interest for the advances. Such loans from middlemen forces the producers to sell their produce only to them. Studies on inter-linked markets have indicated the multiple layers of exploitation of the farm producers by these middlemen. Even when the producers have information about the prevailing market conditions, lack of transportation and advances from middlemen force them to be a part of the network of the middlemen. Areas where the state was active in procuring is turning out to be a field of exploitation by middlemen. Kalancheri, a Thanjavur district village, witnessed an active state corporation procuring paddy during the harvest season right from mid 1960s when the green revolution package was launched. However, during the past couple of years, state has literally withdrawn from the procurement business and has left the farmers at the mercy of traders.

Thus what we find is an active role played by middlemen and the role of the game is set by them rather than by the market forces. Provision of transport facilities and alternate market channels will definitely enhance the value for the produce of the farmers and enhance their scope of livelihood.

Implications for the Project:

- Enhancing the access to physical capital (instruments of labour) will in turn enhance the scope of employment and also enhance the wage levels.
- Provisioning of commonly owned irrigation wells for marginal and tiny holdings will enhance their production and stabilize their livelihood. This would also liberate them from the mercy of the rich peasants.
- Enhanced connectivity through better services will enable better marketing of their produce. That will also enhance the access to education, health and other relevant infrastructures that remain inaccessible and expensive.
- Introduction to new market channels for their produce will help them realize a better price.
- Improved connectivity will also enable many to explore the emerging labour market outside their village consequently their income and skill levels will improve.

2.4 Financial Capital

Savings and debts of the surveyed population are considered as indicators of financial capital.

2.4.1 Savings

Only about 38 per cent of the surveyed households have managed to save some money. Incidence of saving is very low among tribal households (23 per cent) whereas it is high among scheduled caste households at 42 per cent. Only about 32 per cent of 'other' households have some saving. We do not discern much of a difference across male and female headed households in terms of saving

Table-30: Percentage of Households reported Some Savings

Sl.No	Type of Household	% of households with some saving
1	Scheduled Caste	41.5
2	Scheduled Tribe	23.1
3	Others	32.1
4	Male Headed	37.9
5	Female Headed	35.6
6	All	37.5

Source: Survey Data

Though the percentage of households who have reported some saving is high among scheduled castes, the average amount in savings is lower as compared to ‘other’ households. The average savings of a scheduled caste household is Rs 2,576 whereas it is Rs 5,431 for ‘other’ households, on an average ST household have saved Rs 1,393. Similarly, average saving per household is higher among male headed households as compared to female headed households.

Table-31: Average Saving Per Household across various types of Households

Sl.No	Type of Household	Average Saving (in Rs)
1	Scheduled Caste	2576
2	Scheduled Tribes	1393
3	Others	5431
4	Male Headed	3519
5	Female Headed	2614
6	All	3399

Source: Survey Data

Much of the saving that has happened is primarily due to the spread of SHG movement in the state. Nearly 89 per cent of the savings reported by the households are through SHGs. Savings through SHGs crosses 90 per cent of their total savings among all categories of households except ‘other’ households who have about one fifth of their total savings in other institutions like banks and post offices

Table-32: Savings by Households across Institutions

Sl.No	Type of Household	% of Savings in						
		SHGs	Banks	Post Office	Chit	Interest	Others	All
1	SC	38.7	0.43	1.0	0.36	0.14	0.81	41.53
2	ST	22.12	0	0.88	0	0	0	23.0
3	Others	26.1	3.4	1.5	0.2	0	1.8	32.9
4	Male Headed	33.5	1.4	1.2	0.3	0.1	1.1	37.9
5	Female Headed	33.2	1.5	0.6	0.3	0	0	35.6
6	All	33.5	1.5	1.1	0.3	0	1.1	37.5

Source: Survey Data

2.4.2 Debt

When we look into the debt situation in the surveyed villages, we find that nearly one third of households are indebted. Incidence of indebtedness is high among the male headed households compared to the female headed households. Indebtedness is very high among 'others' as compared to other social group. Nearly 36 per cent of them reported that they are indebted.

Table-33: % of households who are indebted

Sl.No	Type of Household	% of Households indebted
1	Male Headed	34
2	Female Headed	28
3	Scheduled Caste	32
4	Scheduled Tribes	21
5	Others	36
6	All	37

Source: Survey Data

Much of the credit has come from the SHGs. It accounts for nearly half of the entire credit availed by the households. Money lenders are the next important source accounting for nearly one fifth of the amount borrowed. Banks and cooperatives account for another one fifth of the credit. Friends and relatives pitch in with about one tenth of the advances. The pattern is more or less the same for the male and female headed households.

However, we notice sharp differences across social groups. Tribals have not borrowed from institutions like banks and cooperatives. For them landlords are the biggest lenders accounting for nearly 43 per cent. On the other hand, scheduled caste households have borrowed much from SHGs (60 per cent) and money lenders (18 per cent). They have also managed to avail some loan from the institutions (15 per cent). 'Others' have altogether a different profile. Institutional borrowing is the largest component of their debt portfolio (34 per cent) followed by SHGs (31 per cent). They hardly borrow from money lenders (just 1 per cent).

Thus what we find is that the institutional finances have failed to reach the poor and the poorest of the poor. On the other hand, the SHGs have succeeded in reaching the scheduled caste and to some extent the scheduled tribes as well.

Table-34: Source of Credit for Households

Sl.No	Source	% of Debt across different Type of Households					
		Male Headed	Female Headed	SC	ST	Others	Total
1	Government	0.9	0	1.2	-	0.5	0.9
2	Cooperative	11.3	8.9	7.5	-	17.2	10.9
3	Bank	12.2	7.8	8.1	-	16.3	11.5
4	SHGs	48.5	47.1	60.3	34.4	31.0	48.1
5	Friends / Relatives	9.5	13.2	5.9	3.9	16.1	9.7
6	Money lender	19.3	22.1	17.8	8.3	1.1	19.7
7	Landlord	6.2	5.3	4.1	43.2	6.1	6.3
8	Others	2.9	5.3	3.1	17.2	3.0	3.6
9	All	100	100	100	100	100	100

Source: Survey Data

Implications for the project:

- Despite recurring drought and severe erosion of their main livelihood, many of the respondents have managed to save mainly thanks to SHGs. This needs to be consolidated and new efforts are needed to include the left out members of the society.
- Entry barriers in terms of regularity of subscription, levels of subscription, periodicity of meetings and other norms that are in vogue to grade a group for further assistance has to be modified or eased for the poorest of the poor to be part of SHGs.
- Institutional credit has not reached the SCs and STs in particular. STs are in the clutches of landowners. Better availability of institutional credit is necessary for both SCs and STs
- The dominance of unorganized credit market continues with its exploitative interest rates. Better access to institutional credit via SHGs and direct lending by the institutions are necessary.

2.5 Social Capital

Social capital is the social resources that are accessed by individuals in earning a livelihood. What we consider here is the presence of SHGs and participation in Grama Sabas.

2.5.1 Participation in SHGs

Nearly 31 per cent of the households have responded that atleast one of them is a member in the SHG. Participation in SHG is high among scheduled caste households (42%) and is the least among 'other' households (32%). Male headed households (40%) fare slightly better than the female headed households in terms of participation in SHG activities.

Table-35: % of Households Participating in SHGs

Sl.No	Household Type	% of HHs
1	Scheduled Caste	42.1
2	Scheduled Tribe	35.1
3	Others	34.9
4	Male Headed	39.7
5	Female Headed	36.0
6	All	39.2

Source: Survey Data

2.5.2 Participation in Grama Saba

We also consider participation in grama saba meetings as an important indicator of social capital. Participation in grama saba meetings is very low among all kinds of households. While the overall participation rate is around 12 per cent, it is the lowest among tribals at 5 per cent and only 7% of the female headed households have responded that they have attended grama saba meetings. With such low level of participation the local level institutions may find it difficult to assess the local requirements. Steps are to be initiated to tone up the level of participation in the Grama Saba meetings.

Table-36: % of Households Participating in Grama Saba Meetings

Sl.No	Type of Household	% of Households Participating in Grama saba
1	Scheduled Caste	11.4
2	Scheduled Tribe	5.3
3	Others	13.8
4	Male Headed	12.7
5	Female Headed	7.4
6	All	12.0

Source: Survey Data

Implications for the Project:

- Only about one third of the surveyed households are part of SHGs. The coverage has to be enhanced to reach the poor and the poorest of the poor, particularly among the SCs and STs. While a vast majority of them are poor, not many are part of SHGs.
- Participation level in Grama Sabha meetings is rather dismal. Importance of participation and collective decisions are to be propagated. Social structure is vertical and hierarchical. Simultaneously, local level institutions are democratized. Exclusion of sections of villager population on the basis of caste, faction and gender are to be broken by consciously constituting various committees under the project by giving adequate and mandatory representations to various sections of the village.

III Vulnerability of the Poor

The major problem that poor encounter in their everyday life is the security of their livelihood. Stresses and shocks abound their livelihoods resulting in serious undermining of their very sustenance. They have very many ingenious ways of circumventing these shocks and stresses. But such methods are seriously limited by several constraints imposed by natural and social environment. Repeated shocks and stresses aggravate their poverty and deprivation. There are certain shocks and stresses that they can manage on their own but there are very many others that they are ill equipped to negotiate. This section analyses the vulnerability and the coping mechanisms of the poor among the studied population.

3.1 Decline in Agricultural Employment

Most of the poor and the poorest of the poor are landless agricultural labourers. Our interactions with them in the studied villages clearly indicated that the major vulnerability faced by them has been the decline in agricultural employment as well as fluctuations in agricultural employment.

The state has two crop seasons. The first season starts in June / July and ends in September / October. The second season starts September / October and ends in January / February. The first season coheres with the South West monsoon and the second season coheres with the North East monsoon. Since Tamilnadu depends much on North – East monsoon, the scope for employment is very high during this season. After this season, there is usually a long spell of unemployment between March and June. During the normal times, this was a distress period and the agricultural labour households had many coping mechanisms. Summer crops provided supplementary employment. Grains received during harvests provided the food security. Temporary advance from land owners enabled them to tide over the lean season.

Agriculture, in general, in the state is on the decline as indicated by the reduction in gross cropped area as well as an increase in the area classified as current fallows. GCA in the state has declined by 9 lakh hectares between the decade of 1960s and the decade of 1990s. Recurring drought has added to the problem between 2000 and 2003. We found most of the agricultural land in the study villages lying fallow with no sign of any cultivation. Few patches of land were under cultivation with the help of ground water. The depleting ground water has also led to a decline in

area under cultivation. Tanks were empty and dry and were not filled for the past four years. Water shortage was acute and even drinking water was in scarcity as the deep borewells were drying up.

Repeated crop failures and lack of ground water had depleted the capital of many landowners resulting in non – cultivation of land. Defaults in repayment of institutional credit have rendered them ineligible for any further assistance. The agricultural labour population were severely affected by non-cultivation of land. Labour was their only livelihood option and fluctuations in it with long spells of unemployment made them very vulnerable.

3.2 Increased vulnerability of the Poor

The vulnerability of the poor agricultural labour households has intensified over time due to several reasons. Most important reasons for the increased vulnerability are the breakdown of the jajmani relation; decline of tanks as a source of irrigation, mechanization of farm operations; decline of intergrated dry land agriculture; and competing demand for water.

3.2.1 Breakdown of the jajmani relation

Jajmani relation was a permanent relation between the landed household and the labour household. The service contract was for the entire family and the labour had to work all through the year for the same landed households. It was very oppressive and gave little freedom to the labour households. But under this oppressive system, the grain requirements of the labour household was met along with some presents that included clothing during annual festivals. Food was also provided every day and the expenses involved in the life cycle rituals of the labourer household was met by the land owners. The servile labour relation was legally abolished. Even after its abolition, the system survived for many decades. The self – respect movement and the left parties struggled against this system and the increased awareness among the agricultural labourers brought the system to an end. The process was hastened by the commercialisation of agriculture. The labour became ‘free’ but had to depend entirely on the market for its livelihood. No support structure was in place to absorb the shocks due to seasonal unemployment and unforeseen expenses due to ill health and familial and social obligations. This in turn had accentuated their vulnerability but were freed from the quite oppressive relation.

3.2.2 Decline of Tanks

Tamil Nadu is not blessed with any perennial source of water. Tanks are native structures that capture the run off in a local area. It was the major source of irrigation in the past. Breakdown of community maintenance, spread of borewell technology, widespread availability of electricity, free power supply have all combined to reduce the area under tank irrigation and increase the area under well irrigation. Well irrigation, particularly deep bore well irrigation, became a source of water mining leading to rapid depletion of ground water. Many places experienced complete drying up of bore wells seriously impairing the production process. Tanks lost incrementally their capacity to hold water. Consequently, not only that water was not available for irrigation, but even ground water recharge was not to the required level. Thus, agricultural production got reduced rendering the agricultural labourers jobless.

3.2.3 Mechanisation

Mechanisation of farm operations is another important reason for the decline in agricultural employment. Ploughing and irrigation was mechanised in the initial phases of mechanization. Subsequently, harvesting operation also got mechanised. Mechanisation of harvesting has an added import as far as the livelihoods of the agricultural labourers are concerned. It not only reduces the employment potential but more importantly denies the labourers a grain income. Also it is important to note that harvest is one operation where male and female are paid equal wages. As of now, only transplanting and weeding are the manual operations in paddy cultivation. Field preparation, irrigation, and harvesting and post – harvest operations normally account for about 35 per cent of the total labour requirement for the cultivation of a single crop. Mechanisation of these operations has thus reduced employment by nearly one third of the earlier levels.

3.2.4 Decline of Dry Land Agriculture

Borewell technology also led to the spread of certain crops at the cost of other crops. Commercial crops like paddy, sugarcane and coconut gained at the cost of millets. Importantly, these commercial crops were raised in bore well irrigated lands which were hitherto cultivated with millets. Millets by their very nature was suitable for dry land agriculture. Farmers in dry land had evolved an integrated agriculture

dovetailing the crop seasons, specific millets and pulses along with livestock. The net result was that they could manage a successful crop and animal husbandary that took care of their needs. But with the advent of borewells, paddy, sugarcane and coconut were raised even in water starved areas by resorting to water mining. Within a span of three decades, the unsustainability of such a crop mix in the dry tracts that involved enormous human and financial cost has been proved. Wells and lands were abandoned and the labour has lost its livelihood nearly forever. This is another reason for the decline in the demand for labour.

3.2.5 Competing Demand for Water

Water is demanded by agriculture, industry, rural and urban habitations. But industrial sector and urban habitations pays more for scanty water. As a rational person, a well owner is perfectly right when he or she abandons agriculture and starts selling water. The proceeds from the sale of water is much higher than cultivating the land. Several thousand wells around major urban and industrial centers cater to the water requirement and cultivation does not take place at all. In our sample, Magaral village has been experiencing such a phenomenon. Magaral is endowed with ground water and fertile land. The landlords of the village have entered into a contract with 'Metrowater', the agency that supplies water to Chennai city, and sells the entire water from their wells to that agency. The entire land remains fallow as it is much more profitable for them to do so. But hundreds of labourers from the village have no work in the village. They commute to the nearby town in search of work every day.

3.3 Lack of Water and Marginal Holdings

Another section of the poor who have become very vulnerable due to the persistent natural and man made drought conditions are the large number of marginal holders in the state. Tamil Nadu has been experiencing a persistent increase in the number of marginal holdings over time. Access to irrigation among the marginal holdings is already very low. With recurrent drought condition, the livelihoods of the marginal farmers remain severely eroded. Whatever little capital they had has been lost due to repeated crop failures. On the one hand, cost of inputs have increased manifold over time whereas water availability for cultivation is quite uncertain. Even if they manage a good crop, the levels of return are very low, as the terms of trade has turned against agriculture in the recent past. Institutional credit for agriculture has

dried up and they are forced to get credit either from moneylenders or from merchants. This in turn involves higher cost (both in terms of interest as well as the lower price for their output). Repeated failures had forced marginal holders to abandon cultivation and join the labour force and look for some employment for their survival.

3.4 Impact of Reduced Employment and Livelihoods of the Poor

Agriculture labour in Tamil Nadu is not an organised workforce in most parts of the state. Wage rates do not increase in consonance with the price index. There are several parts where even the state prescribed minimum wages are not paid. The state fails very often to revise the minimum wages, for whatever purpose it is worth. Given this situation, a reduction in the number of days of employment directly leads to a significant reduction in wage income. For a majority of the poor and the poorest of the poor, who remain landless, wage income is the only source of livelihood. Reduction in wage income pushes them further into penury and poverty.

3.5 Coping Mechanism

Seasonal unemployment is not new in the lives of agricultural labourers. The coping mechanisms that were in place in the earlier system have vanished with the transformation of the old production relation. Labourers had to access the market even for small loans that attracted exorbitant interest rates. Every village witnessed the emergence of small time moneylenders, basically from the service sector, who have accumulated some surplus due to salaried income. Professional moneylenders also started frequenting villages to lend money to the labour households. It was a trap and the cycle was vicious and perpetual. The interest rates hovered around 60 – 90 per cent. Seasonal and temporary migration is another coping mechanism adopted by the poor. Even today, this mechanism is in place. All the villages reported that seasonal migration in search of work is quite common among many poor families. Kerala is a prominent destination with other industrial clusters like Thiruppur, Namakkal, Salem and Bangalore attracting seasonal migration.

3.6 Adaptation as a Livelihood Strategy

Consistent decline in the scope for employment in agriculture has forced many poor households to rework their livelihood strategy. While seasonal and circular

migrations provided temporary changes in livelihoods, many had tried to take advantage of the diversifying economy and be part of it. Basically, they have attempted to adapt to the changed conditions by redefining their livelihood strategy. Our survey of sample villages indicates that adaptation process is at work.

Our survey covered 14,294 individuals and among them 6,824 (47%) are not part of the work force. The later figure includes dependents, children (both going to school and out of school) and not working. Essentially, the work force comprised of 7,470 individuals. Nearly 49 per cent of this work force had declared themselves as either cultivators or agricultural labourers. Rest of the workforce amounting to 52 per cent has not declared themselves as either cultivators or agricultural labourers. Substantial numbers of them declare themselves as daily wage labourers. They account for about 58 per cent of those who are not in agriculture. The rest have definitely shifted to non – agricultural operations. They account for about 42 per cent of those who are not in agriculture. They are about one fifth of the labour force among the sample population. It is important to note that those who have definitely shifted to non – agricultural work are not absorbed in one or two occupations. Several dozen occupations account for this number. Those who do not have a definite non – agricultural identity are unable to find a foot hold in the non – agricultural sector but have been trying. Given the low levels of formal skill training, how many would find a definite non – agricultural employment is a moot question. But the point to note here is that such a shift is taking place and at significant levels without any support from the state.

3.7 Health induced Vulnerability

The next important cause for vulnerability among the studied population is ill health. Fever, cough and stomach ache are said to be the most common ailment among the poor and the poorest of the poor. Unless they are forced to bed for a prolonged period of time, they do not access the medical system. People do not prefer accessing government run primary health centers. Either the health personnel are not there or they treat poor very badly. Instead, they seek intervention from private practioners. Most important reason for not accessing the medical help is lack of resources and non – availability of transport facilities from the villages. The only time that they take enormous efforts to reach the hospital is during the time of child birth.

Very rarely, deliveries happen at home. Invariably, they incur debt for transportation and for other expenses during delivery. Serious ailments generally go untreated as they cannot afford to access the bigger hospitals on a regular basis for lack of resources.

3.8 Impact of Ill Health:

Illness of a person hinders him or her from participating in whatever little work that is available. The meagre resources that are available due to reduced employment is further strained. They are placed in a very complex dilemma as to whether to attend to their ill health or to get enough to eat.

Incurring a debt is the immediate consequence when they attempt to seek medical intervention. Accessing government hospital leads to lower levels of debts as compared to private hospitals. Not many had reported that they have incurred huge debts due to the cost of treatments. Under such conditions, most of them choose not to seek any medical help, as they simply cannot afford it.

3.9 Life Cycle Rituals

Marriages, deaths and other such major events in the family is one important expenditure that enhances their vulnerability further. Though large sums are not demanded as dowry by the poor, whatever, is asked for and the actual expenditure involved in conducting the wedding lands the bride's family in debt. Another occasion that could strain their resources is the death in the family. There are several other obligations defined by the social practices of particular caste groups that involves considerable expenditure. Such unforeseen expenditures pushes the poorer families into further debts.

The advent of SHGs have helped the poor in accessing credit for these reasons but the role of money lenders has not dwindled completely in the studied villages.

Implications for the Project:

- Reduction of vulnerability is an important task for the projects. Loss of employment due to decline in agriculture is a major problem that has to be addressed. The present effort should work in tandem with other efforts of the government to rejuvenate agriculture and irrigation.
- Water augmenting measures at the micro and community level needs support from the project.
- Awareness about over exploitation of ground water has to be generated.
- Benefits of integrated farming are to be demonstrated.
- The stakes of landowning and labouring class has to be cohered in efforts to rejuvenate agriculture.
- Market for dry land crops are to be explored so that dry land agriculture could be rejuvenated.
- Diversification of agriculture is to be encouraged.
- Occupation diversification is already taking place. Enhance the skills of those who have already diversified and those who are willing to diversify.
- Part of the livelihoods fund has to be spent on creation of new skills that could stabilize the livelihoods of the beneficiaries.
- Convergence with health department is very essential to mitigate the risks arising out of ill health.
- A simple, transparent and viable health insurance scheme shall be identified and introduced through the SHGs. But this should not be at the cost of reenergizing the PHCs of the government.

IV Policies, Programmes and Institutional Environment

4.1 Human Capital

4.1.1 Literacy & Education

While the literacy rate of Tamil Nadu was almost comparable to the all-India position in 1941, the State has gone far ahead in the decades following independence. The results of the 2001 Census as quoted in the TN HDR reveal that Tamil Nadu has attained third position behind Kerala and Maharashtra among major states, both in terms of overall and female literacy. While the overall literacy has gone up from 62.7 percent in 1991 to 73.74 percent in 2001, the *male* literacy has increased from 73.75 to 82.33 percent. The encouraging part is the increase in *female* literacy by more than 13 percentage points between 1991 and 2001 – from 51.33 percent to 64.55 percent. The ratio of male literacy to female literacy has come down from 1.4 in 1991 to 1.27 in 2001, revealing the narrowing of gender inequality in the State.

Age-wise and/or social class-wise data relating to levels of literacy have not been made available from the 2001 Census. But analyses of the 1991 Census using these parameters bring out the nature of problems that the State has to contend with; such analysis are also a necessary condition for policy purposes. Bringing together information from available studies [Swaminathan, 2002 for instance], we get the following picture:

- While the literacy base in Tamil Nadu may be relatively high [next only to that of the most literate state of Kerala], the *formal* educational levels of Tamil Nadu's population are poor. Tamil Nadu and even Kerala are only marginally better than Bihar and Rajasthan with respect to the category 'matriculation but below graduate'. In the 'graduate and above' category, Rajasthan and Bihar are almost equal to if not better than Tamil Nadu and Kerala, particularly in the urban areas. This holds true even when we deduct the SC population figures from the general population figures and concentrate on the educational achievement of the non-SC population.
- The above finding suggests that Tamil Nadu [like Kerala] has, through conscious intervention programmes widened the literacy base to cover as many segments of the population, including girls and the socially deprived sections of society. Hence, inequality in access to education at lower levels has, to a significant extent, been addressed in these two states. What has not

received adequate attention is the issue of higher education and professional skill acquisition, that is, education beyond the 'matriculation' category. In Bihar and Rajasthan inequality in educational achievements between rural and urban areas and between men and women is quite stark; only a thin stream of the urban population is able to access education all the way, leaving the vast majority behind. Hence, we not only need to talk of state-specific policies, but we also need to urgently contend with 'problems' that come when large numbers seek education beyond primary levels. Our field visits gave us a glimpse of the emerging nature of unrest particularly among the rural population, most of whom have been able to educate their children upto even higher secondary but are either not able to go beyond and/or not able to find any sort of employment with that level of education.

- Another major problem that the State has to address is the unregulated increase in technical institutes, promoted largely by the private sector, where there is scant regard for maintenance of standards. A Report [Revitalizing Technical Education, September 2003] of the AICTE [a statutory body under the Ministry of Human Resource Development], which is yet to be made public, has specifically mentioned the southern states in this regard. Among other things the Report observes that: "It is a matter of great concern to find that over 90 percent of technical and engineering graduates are studying in non-accredited institutions". Obviously this mushroom growth is occurring at the expense of quality. In Tamil Nadu where the expansion has been the greatest in recent years, in a 2003 semester examination at Anna University, no student passed in five colleges, 28 had less than 5 percent passes, 78 less than 10 percent passes and 108 less than 15 percent passes. Only 17 percent had more than 40 percent passes, of which only 8 had more than 50 percent passes [R. Ramachandran, Frontline, March 13-26, 2004].

Our field visits brought out several dimensions of the problem relating to education: in almost all villages [Kalyanpoondi, Kalancheri in particular] people clearly expressed the point that, while they were happy that some among their village children, girls as well as boys, had managed to study up to the 12th standard, they were very aware of the futility of being 'educated' only up to the 12th. One, it was pointed out that, pursuing education beyond the 12th was

expensive even in government higher educational institutions and also at times non-accessible [because of non-fulfillment of eligibility criteria by these children]. Not all could afford to educate *all* their children; forced to make a choice, the parents opted to expend on higher education and hostel accommodation for their boys rather than for girls. *The parents had a reason for this gendered choice:* opportunities for employment outside of the ones available in the village, namely, agriculture, was nil, unless the ‘educated’ chose to go to large metros and towns. While in fact a few boys from these villages have found some service jobs in metros like Chennai [like lorry booking, cleaner jobs with transport companies, etc], similarly ‘educated’ girls were handicapped by lack of social support and economic opportunities, and were therefore confined to their households. Villages close to metros such as Chennai were sourced for adolescent girl labour to work in garment units particularly in the Export processing Zone; the latter organized pick up and drop services for such labour but most villagers were reluctant to send their daughters to these units.

All sections of the population were extremely anxious about the uncertainty facing their children, educated or otherwise. Their hopes of a better future for their children were shattered because of their realization that the children had no future either in the ‘traditional’ occupation, that is agriculture [which was declining], or in ‘modern’ occupations; the latter required more and different kind of qualifications that the village population could, as of now, ill afford. Women were frustrated that their work and levels of earnings were not sufficient to enable their children rise above a certain level of education and/or acquire any form of professional skill. This in turn implied that they could not get into better paying jobs – a necessary condition for reducing the intensity of insecurity of their lives and very existence.

4.1.2 Health

As in the field of education, Tamil Nadu has made significant strides in the health sector, be it percentage of institutional and/or assisted deliveries, IMR, coverage of immunization programmes, life expectancy at birth, etc. While acknowledging these achievements, the Tamil Nadu Government’s Human Development Report itself records the following areas of concern:

- An analysis of the causes of maternal death in Tamil Nadu brings out the fact that a large number of these deaths are preventable. Among the range of factors identified by the Report include patriarchal attitudes, the enormous burden of hard toil and poor nutrition, the lacunae in transport and communication facilities, delay in accessing proper health facilities and the lack of and/or poor quality of essential and emergency obstetric services [p45].
- Data from NFHS-2, conducted in Tamil Nadu in 1999, suggest that 56.5 percent of women in the State are anemic and around 20 percent moderately severely so. Among pregnant and lactating women, anemia is prevalent in 54 percent of the cases, if 11 grams of decilitres is taken as the norm. In the urban areas of Chennai with 12 decilitres as the norm, the percentage was higher at 81 percent [p46].
- The prevalence of low birth weight, according to the Report is a cause of considerable concern.
- On IMR, the Report notes that, even though the decline in IMR in Tamil Nadu is sharper than that for the country as a whole, it is still high for a state that claims itself to be advanced, socio-economically. Disaggregation of IMR data reveal the high share of early neonatal deaths in total infant deaths in Tamil Nadu. Further, according to TN HDR, a significant portion of female infant deaths in the neonatal period are due to female infanticide [p49].
- In the last few decades there has been a rapid decline in the juvenile sex ratio [defined as the sex ratio in the age-group 0-6] in some districts of the State. These are also the districts that show considerable female IMR, for example, Salem
- In Tamil Nadu around 46.6 percent of children below five years are underweight. The percentages are higher in rural areas [52.1 percent] as compared to urban areas [37.3 percent]. While this is better than the all-India situation of 53 percent, states like Kerala, Haryana, and even Rajasthan are doing better than Tamil Nadu. When data are analysed by caste, results show that children from SC households

tend to be the worst-off among all communities both for the 0-36 month group as well as for the 36-60 month group [p50-51].

- At present, a point acknowledged by government itself, weight-for-age and other detailed health and nutrition related monitoring data are available only for programme participants. Even though these are from the relatively worse-off sections of society, they do not reflect the overall prevailing nutrition condition. About two-thirds of the child population remains outside this system. The TN HDR itself records that programme data are subject to question since they are generated by protagonists of the programme. The Report emphasizes the need for an independent nutrition surveillance system to be put in place on the basis of a suitable sample design and coverage.

4.1.3 State Provision of Nutrition Schemes

The Noon-cum-Nutritious Programme of Tamil Nadu:

Beginning July 1982 and till date, the Tamil Nadu government is managing, what could easily be the largest school and pre-school feeding programme in the country. Christened, the Puratchi Thalaivar MGR Nutritious Meal Programme [PTMGR NMP], the programme was initially introduced in rural areas for pre-school children in the age-group 2-5 years and for primary school children in the age group of 5-9 years. Subsequently, from September of 1982, this scheme was extended to urban areas. Old age pensioners were covered under the scheme from January 1983. From September 1984, the scheme covered school students of 10-15 years of age. With effect from December 1995, pregnant women were brought under the scheme.

The main objective of the scheme, as reiterated in the Policy Note, 2002-2003, of the Tamil Nadu Government's Department of Social Welfare and Nutritious Meal Programme, is, "to provide adequate nutrition to economically disadvantaged children to improve the health and nutritional status of children, to develop their mental and physical ability and *to increase the enrolment in schools and reduce dropouts*" [emphasis added].

The following points are based on a study done by MIDS to understand the institutional mechanisms and functioning of the programme.

1. There is no doubt that this particular programme of the Government of Tamil Nadu is the country's largest in terms of the number of beneficiaries and the equally large system of logistics instituted to cover the length and breadth of the State. There is also no doubt that enrolment and retention of children [including that of girl children] in schools show significant improvement; data do also indicate that the dropout rates among primary children in schools have come down.
2. The *composition* of the meal is not ad hoc; considerable research has gone into making the composition nutritious, cost effective and locally rooted.
3. Analysis of the financial aspects of the scheme point out that the scheme is indeed *financially sustainable* even while the emphasis needs to shift to a more careful analysis of the heads of expenditure of the scheme.
4. Over the years, this being the most prestigious programme of the State Government, the latter has successfully institutionalized the programme by bringing together four major departments of the government with the Social Welfare Department acting as the nodal point.
5. The scheme is also a large employer, particularly of women. As on 31.05.03, the number of staff employed under this scheme is as follows: Organizers – 39073, Cooks – 39773, and Helpers – 39771. *While earlier state administration reports of the government provided information on the number of SCs/STs, widows/destitute, etc employed in the above categories [see for example SAR 1983-84, 1984-85 and 1985-86], such information is not made available at present.*

However:

1. The bureaucracy is reluctant to share information on very many aspects related to the scheme, most important being Reports [if any] produced by its own monitoring bodies.
2. Over the years, the functional segregation of tasks between the departments has resulted in rigidities; for example, the Education Dept will simply not talk of the noon meal programme. Hence, while enrolment figures show increases, there is no way one can adduce increases in enrolment specifically to the noon

meal programme. *The Government on its part simply assumes that increases in enrolment are because of its noon meal programme.*

3. An endemic problem that the study had to contend with is the inconsistencies in data provided by the government. The problem of reconciliation exists not just because data were culled from different departments; it persists with data from the same department. The seriousness of this problem lies in the fact that it makes it impossible to provide any meaningful analysis either from a spatial angle [the state as a whole for instance], or across different segments of the population using certain standard parameters such as *gender, caste or class*. Researchers are forced to fall back on studies conducted at the micro-level, which by definition can neither be generalized nor can be usefully deployed to evaluate policies from an overall perspective.
4. The institutionalization of the programme with the bureaucracy controlling the institutions has, in our understanding, completely masked the happenings behind these institutions. While formally all institutions are in place and seemingly functioning effectively, the leakages all along the route [from the nodal agency at the State capital to the remotest noon meal center] are difficult to discern till one begins from questioning concepts and figures relating to enrolment, dropout, allocation, beneficiary, actual number of days meals are served, etc. The paper has provided details at appropriate places.
5. An important aspect that the limited financial analysis of the programme has pointed out is the increasing expenditure on the scheme despite stagnant or just marginally increasing beneficiary numbers. This implies that the component going directly to children [which in fact is the rationale for the whole programme] is not what is contributing to the increase but salaries and other 'non-dietary' items. For want of more disaggregated data it has not been possible to analyze this aspect further. But this is clearly a matter of concern.
6. The noon meal personnel form a parallel bureaucracy, as it were, with no regular scale and with very little security. There has been very little engagement thus far by the Government regarding how it intends to deal with these personnel. The financial implications of absorbing them as regular government employees are prohibitive; at the same time without their deployment the scheme cannot be run on a day-to-day basis.

- There is urgent need to grapple with the many concepts that are being used by the different departments, namely, enrolment, beneficiaries, allocation, etc. The precise connotation of these terms and the manner in which they are applied on the ground are important since budget provisions for meals, personnel, infrastructure, etc., are based on the figures generated using these concepts. The present Report has barely scratched the surface as far as this issue is concerned.
- There is need to re-examine seriously the original rationale for the scheme, namely, getting children to school and retaining them. Between the time the present universal scheme was launched in 1982-83 and now [2002-03], the educational profile as well as the nature of problems being encountered at the ground level have undergone tremendous changes, even if the terms, dropouts, no-where children, gender and caste gaps and discriminations, etc, are still relevant. We have pointed out that among the more important reasons for children dropping out of schools in Tamil Nadu has more to do with the way schools and teaching within schools are structured than with the phenomenon of poverty of households. The study has also pointed out, that despite the existence of the noon meal programme for slightly over two decades, it has not been able to bring all children to schools. There are many more such learnings that several other studies [see, for example, Aggarwal, 2002] have pointed out. If the midday meal programme has to retain its effectivity and relevance it may have to be modified in the light of these learnings. How exactly the scheme needs to be modified will depend crucially on [a] how the learnings from different studies are integrated, [b] how serious the government is in engaging itself with issues emanating from these learnings, and [c] whether the government's seriousness translates into collecting and collating such data that do not suffer from the inconsistencies that we have pointed out. As of now data are collected merely to present a rosy picture of increasing numbers of beneficiaries, increasing numbers of noon meal centers, more financial allocation for the programme, etc.

- That the programme seems to have minimal impact on nutritional levels of children is corroborated by data culled out from the Tamil Nadu state's own Human Development Report, 2003 and which has been mentioned above. This is an area that needs enormous research input, since, as of now, our understanding of why even direct nutrition intervention programmes are not showing significant impact levels are very poor. The nature of research input that we have in mind stems from observations such as that made by Dr. Gopalan way back in 1981: To quote Dr. Gopalan at some length: "A school lunch programme in a school that has no access to safe water supply, and in which a high proportion of children suffer from chronic infections like septic tonsils or middle-ear disease, cannot be expected to work wonders. Indeed it will be a waste of precious resources. On the other hand a purposeful and well monitored midday meal programme adapted to suit the local needs, based on locally available food ingredients, integrated with a school health programme and used as a means of nutrition education of the school community can prove rewarding" (Quoted in India, Government of, 1995: p.22). The emphasis on nutrition in the noon meal programme and what impact, if any, it has had on the beneficiaries still needs to be researched.

Like the PTMGR NMP, the **PDS** is an essential element of the government's safety net for the poor in checking the erosion of real earnings. According to the government's data, the total number of family cards is 16 million; out of this, nearly 13.6 million cardholders are entitled to get rice upto a maximum of 20 kg per month per card at the flat rate of Rs. 3.50. tamil Nadu's retail price of rice is the lowest in the country and involves a subsidy of more than Rs. 15,000 million per annum.

4.1.3 Public Distribution System

The PDS in the state of Tamil Nadu is universal in contrast to TPDS which is in vogue all over the country. Of the 1.61crores of cardholders in TamilNadu, 1.36 crore card holders are availing their quota of rice, while the remaining prefer extra quantum of sugar/kerosene in lieu of rice.

Table-37: Number of Fair Price Shops & Card Holders

	Tamil Nadu	India
Total No.of FPs	27,848	4.63(lakhs)
Total No.of Cardholders	1.61(Crs.)	1992(lakhs)

Source: Tamil Nadu State Planning Commission Report, (10th Five Year Plan), March 2003.

PDS in Tamil Nadu is consuming a subsidy of Rs.1,500 crores annually as per the Tenth Plan estimate. To add to the woes of the state treasury, the Union Government, pursuing TPDS, ensures a monthly allocation to cover only 48.63 lakhs below poverty level families. To bridge the gap, the state procures additional quantities by paying Rs. 40/- per quintal over and above the minimum support price fixed by the union government. Thus, there is a mounting pressure on fiscal front. But crucially, without PDS, the poverty situation would worsen very quickly and in fact PDS is the saviour of the rural poor as of now.

However, the government itself admits that, inspite of the sustained and massive investments in direct nutrition in Tamil Nadu, of the kind not taking place in other states, the improvements in anthropometric indicators have not been considerable.

It could be that non-nutritional factors, particularly **water and sanitation**, may have an important part to play in improving nutritional status.

4.2 Physical Capital

4.2.1 Water Supply

According to 2001 Census, 85.5 percent of households in Tamil Nadu [85.3 in rural areas and 85.9 in urban areas] had access to safe drinking water. But the government itself admits that this gives a misleading picture since it does not say anything about distributional inequalities between districts, between rural and urban areas, between major towns as well as between local bodies. Further, even among those who have access to water, there are acute differences in the quantum of water supplied. Despite recognizing the adhocism that characterizes the entire problem of supply and distribution of safe drinking water, the government has yet to come out with a coherent strategy to address it in a holistic manner.

4.2.2 Sanitation

As per Census 2001, 85.6 percent of rural population and 35.7 percent of urban population have no toilet facilities. Chennai has the highest coverage with 82 percent of households with toilet facilities, while Tiruvannamalai, at the other extreme, has less than 9 percent of household with toilet facilities [TN HDR, p60]. Though TN Government initiated steps from 1986-87 itself for the construction of rural toilets, the scheme did not succeed due to lack of water facilities. Rural sanitation is now a priority and the government's goal is to cover at least 75 percent of rural population with access to sanitary facilities by the end of the Tenth Plan.

We give below an account of how people in the villages [that we visited] perceive the different intervention programmes of the government; more important, these observations pinpoint very clearly the lack of complementarities between the programmes as well as the failure to provide complementary services, thereby preventing the development of any kind of synergy between the programmes. This not only reduces considerably the effectiveness of the intervention programmes but has also contributed in no small measure to these structures becoming dysfunctional over time.

We encountered a range of observations on the theme of 'Health'. In quite a few villages, the provision of safe drinking water by the government under one scheme or the other has dramatically reduced the incidence of water-borne diseases. Again, in almost all villages, except the remote tribal village of Semmanarai, institutional delivery is the norm; and therefore pregnant women were somehow transported to the nearest hospital at the time of delivery. In Semmanarai, on the other hand, generally traditional dais help out during pregnancy; otherwise women have to help themselves or in times of emergency women are carried to the nearest point till a bus or jeep arrives to transport such cases to the nearest hospital.

A government health worker visited most villages, including Semmanarai, on a particular day of the week. But the health worker confined herself generally to examining women and children and only occasionally men. Except Kaliyampoondi village, which had a functioning PHC, the same in other villages was dysfunctional. In fact most women told us that they could not recall when the PHCs in their villages had been last open. In the case of Kaliyampoondi [where the institution of Panchayat is functioning in large part in the interests of the villagers and which in turn accounts for the functioning nature of most village public institutions], the PHC has a resident

ANM and is visited regularly by a doctor. Here, the ANM accompanies cases that require hospitalization to the nearest town – a distance of nearly 8 kms. In all other villages, the nature, distance to the bus stop and regularity of transport decides in most cases how soon or late pregnant and/or sick persons reach the nearest health facility. The non-functioning of institutions such as the PHC has serious implications for the health of the population, which factor worsens for the poorest among the population and for women in particular [the latter very often need to be accompanied to the health facility]. The observations made by the women in Kizhkathipoor for example, sums up the nature of the problem. According to them, in the short run, the non-functioning of the PHC combined with the financial and physical inability of the poor [in particular] to seek medical care in the nearby town means that their recovery from illnesses, however minor they may be, gets delayed with adverse consequences for their ability to seek work. In the long run, prolonged periods of unemployment and therefore inability to eat sufficiently means that entire households are prone to all kinds of ailments because of poor nutrition. While Balwadi schemes are conceptualized to supplement nutrition for infants/children, and, pregnant and lactating mothers, these cannot address the risks that households face because of the progressive erosion in their livelihood base.

A related point stressed by women was that lack of latrines affected women in particular, more so whenever it rained. The women were very vociferous in demanding that latrines needed to be provided to avoid long-term reproductive tract infections and other health problems connected with reduced intake of water because of having to relieve themselves in the open.

Women and young girls, in almost all the villages we visited, were very critical of the poor communication facilities in their villages, since more than for men and boys, lack of crucial infrastructure facilities reduced their options in several ways. To reiterate some of the points already made in the context of accessing employment, education and health: women of villages [like Magaral] that were close to metros such as Chennai were very critical of the poor connectivity of their village. They have to walk almost three kilometers to catch a bus to Chennai. In addition, the poor frequency of buses to Chennai also means less opportunity to seek work and/or health facility outside the village. A similar complaint was made by the women of M.Kolakudi village, who, in addition stated that the 1-½ km trudge to the bus stop and back had to be made in the dark since there was no lighting facility. People in

Kalancheri pointed out that the combination of a non-functioning PHC in the village and lack of transport meant that just transporting a pregnant woman to a hospital in Thanjavur for delivery would cost anything between Rs. 300-400 one way.

On being asked to express their opinion on the functioning of the different government intervention programmes, people stated that:

‘Development’, particularly through public interventions in the fields of education, health, basic infrastructure such as drinking water and electricity, and through public institutions such as PDS, Balwadi, SHG, etc., has mitigated to some extent the severity of the crises caused by loss of livelihood. But the impacts of these interventions have been quite uneven across villages and across classes and castes within villages. On the functioning of each of these institutions the women had a lot to say:

- In general, the people felt that the most important issue that needs to be addressed is the quality of functioning of public institutions. While physical structures exist, the delivery of services is poor. Specifically, in almost all villages, the PHC is hardly opened. Health infrastructure in villages, as we have reported earlier, merely consists of the visit of a health worker once every week. In the case of the PDS, very often, the official in charge of the PDS has to serve two villages. Hence to that extent the access of the villagers to the PDS is limited. More important, the PDS in most cases functions on the assumption that villagers get a monthly income. Given the nature of work of the villagers [which is casual coolie work where they are paid on a daily basis], it is not possible for them to lift their quota of grains in one or even two installments. This mismatch between the way the PDS functions and the reality of life in the village results in the villagers having to source grains from the open market, which further impoverishes them.
- Most villages have no latrines, which hits women and girls the hardest. The sanitary complex scheme of the government is not perceived as a solution since the latter is not part of each household but a complex built at a place designated by the village panchayat or Gram Sabha. In a few villages, each household was asked to dig a pit for a proposed

latrine. However, while the pits have been dug, the latrines have not materialized.

- The constitution and functioning of the Balwadi in most villages is another example of a brilliantly conceptualized scheme but implemented sadly in half measures. Most places have a pucca structure but with no water, electricity, kitchen or toilet facilities. In some villages, where the Gram Sabha members and/or SHG groups have taken an active interest, the Balwadi has been equipped with vessels, toys, mats, etc. In Magaral village for example, an NGO working exclusively with the tribal segment of the population in the village, has been able to address the issue of malnutrition among children and lactating mothers. Besides the Balwadi in this village functions as both a crèche and a pre-school; hence it has enabled the tribal community to look for, and go about, their work without having to worry about the safety of their young children. Moreover, children who reach school age are placed in the government school but continue to be fed in the NGO Balwadi.

4.3 Financial Capital

4.3.1 Wage-employment

1. Official sources clearly endorse the fact that employment growth in the economy, as a whole, particularly for the best part of the nineties has been inadequate. Data further indicate that the growth rate of employment is less than the growth rate of the labour force indicating an increase in the unemployment rate and this is a matter of concern. The inter-state differentials in unemployment rates make these concerns even more serious. For instance, the unemployment rate [on the CDS basis] has reached a figure as high as 20.97 % in Kerala; next is West Bengal with 14.99 %, **followed by Tamil Nadu 11.78** of their respective labour force.
2. Data also reveal that there is no strong correlation observed between the inter-state SDP growth and the employment growth. Of the 16 major states, there are three with very high and increasing unemployment rate – Kerala, Tamil Nadu and West Bengal. Of the three, Kerala has comparatively lower growth rate of GDP but higher employment elasticity, whereas *Tamil Nadu* and West Bengal have ***high growth [above 7 percent] but with very low employment elasticity***. These results

show that GDP growth rate or high labour intensity in production exclusively will not reduce unemployment. For reducing unemployment, the challenge is to combine a high growth rate with high employment elasticity by proper sectoral and technology choice.

3. Understanding the incidence of unemployment in a more disaggregated form [**gender and age-wise**], we get the following disquieting scenario. Incidences are very high among some groups, such as rural females and among youths [15-19 years] in particular. Among the female youth in rural Kerala, the unemployment rate is as high as 45.8 percent; in West Bengal it is 39.1 percent and **nearly as high in Tamil Nadu**. Among urban females also the incidence of unemployment is high – 50.4 percent for Kerala, 27 percent for West Bengal and 16 percent for Tamil Nadu. This shows that apart from the genuine problem of generating employment for the rural sector in particular, positive policies are needed to generate employment keeping in mind the youth, educated and skilled [India, Planning Commission. 2002. *Report of the Special Group on Targeting Ten Million Employment Opportunities Per Year*, New Delhi, May].
4. An analysis of the trends in the sectoral shares in income and employment in Tamil Nadu shows that though there has been a decline in the share of the primary sector in income, this has not been accompanied by a significant shift in the share of employment. Consequently a very sizeable section of the labour force [nearly 50 percent] continues to depend on the primary sector. The average income of persons depending on the agricultural sector is considerably less than that of those working in the secondary and tertiary sectors. The prevalence of poverty in rural areas is widespread mainly due to the low productivity of workers in the agricultural sector and the seasonal nature of employment [TN HDR, p19].
5. The working population in Tamil Nadu was 27.8 million in 2001, an increase of approximately 3.6 million from the 24.2 million in 1991. Nonetheless, what is worrisome about the 2001 Census results, according to the TN HDR 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 increased by less than a million [TN HDR, p19-20].

In several ways our field visits corroborated the above observations based on secondary data analyses. These include, declining employment opportunities,

reduction in number of days of employment, increase in unemployment among all sections, but particularly among females and among the youth, etc. The field visits provided crucial insights on the manner in which the vulnerability of the rural agricultural households has increased overtime. Given below is an account based on our visits to select rural villages.

At the outset, it needs to be recorded, that, across the villages, and among almost all sections of the agricultural labouring population, the risk and therefore vulnerability due to declining agricultural activities [the most important source of livelihood for those with land as well as for those without land] has increased considerably. The villagers in general, women included, traced the decline in agricultural activities to a combination of factors: continuous failure of monsoons, depletion of ground water, change in cropping patterns, changes in institutional patterns that govern agrarian relations, etc., all of which has combined to erode the livelihood base of much of the agriculture-dependent population. Public intervention programmes by their very design and nature has been singularly ineffective in addressing regressive agrarian structural factors, caste for example, and has more often than not contributed to problems rather than to solutions.

A direct economic consequence of this combination of factors is the decline in the number of days of employment, hitting hard the landless agricultural labouring population in particular. Most villages have no other major activity that can provide alternate employment [and therefore some source of income] to the erstwhile labour employed in agriculture. Because of this dip in their major source of income, the landless households among the agriculture employment-based groups are the most vulnerable since they have nothing to fall back upon. Consequently, these households are forced to cope by cutting down the number of meals they take in a day, discontinue schooling of their children, delay seeking medical attention for their ailments, default on repayment schedules on their loans, and/or become more indebted, thereby further increasing their vulnerability. Whether it was Kizhathirpor, Magaral, M.Kolakudi , Kalancheri, or Adhikarapatty, the one significant point that was uniformly stressed was the tremendous increase in vulnerability that poorer sections of the landless agricultural population faced due to the erosion of their main source of income, namely, paddy cultivation. The non-availability of alternate sources of income to compensate for the above erosion enhances the risk that these sections face on a day-to-day basis. *The gender question*

that emerges here is the differential impact that this vulnerability holds for men and women: while to some extent men venture out in search of coolie work, at times even staying out for days together, such options are not available to women. They have neither the resources nor the support system to enable them to make these search trips. At the same time, we need to stress that a resolution to this gender problem does not lie only [or not even] in enabling women to go out in search of coolie work, but in addressing the larger question of the erosion in the main source of livelihood of these populations.

While the need to generate employment was expressed by almost all sections of the population, whatever their levels of education, most sections were not able to clearly articulate what kinds of employment they were looking for. Apart from vaguely stating that they would like some industries to be set up in their areas, they found it difficult to answer questions pertaining to the kind of industries they had in mind, the nature of work and work patterns they would be comfortable with, etc. The need for some source of income for day-to-day survival is so great that women in Adhikarapatty, for example, said that they would even welcome ‘putting out’ systems of work, such as garments, beedi and match work – despite the latter two industries being known for their exploitation of labour apart from being hazardous in nature.

4.3.2 Banks

Commercial banks used to play a critical role in the village society. They were extending crop loans as well as loans for the upliftment of the poor. Banks are not extending these loans. Default due to persistent drought has rendered many agricultural households ineligible to borrow. This is the true of both commercial and cooperative banks. Changes in policy had resulted in stopping of loans for weaker sections. Institutional credit from commercial banks flows to the village through SHGs. Substantial sums are lent to members of SHGs at higher interest rates. While men across all social groups were unhappy with the functioning of commercial and cooperative banks, women were very happy with the banks.

4.4 Social Capital

4.4.1 SHGs

A variety of self-employment programmes have been initiated for women by the Central and State government. Through the Mahalir Thittam, 80,000 SHGs, covering 1.4 million women have been formed all over the State. However, by the Government's own admission, the programme has yet to make a significant impact on several fronts including changing patriarchal norms, expanding women's ownership of land and other assets, while building their entrepreneurial skills. Given below is an account of how rural women perceive the institution of SHGs.

The institution of SHG has a pervasive presence in almost all the villages that we visited except the Adivasi village of Semmanari. What came out quite clearly is that the nature of activities and the ability of SHGs to sustain these activities have a lot to do with the general level of economic activity in the village, the level of cohesiveness of the village population, plus the institutional support provided by the Panchayats in the villages. Thus for example, despite the downturn in agricultural activities in Kalyanpoondi, the dynamic thrust provided by the present village panchayat president has enabled most village women to form themselves into several SHGs and go into dairy business on a fairly large scale. While one set of SHGs has facilitated the purchase of milch animals, another set has taken up the task of planting grass in about 10 acres of land in order to be able to provide steady feed for the animals. The dairy activity is relatively young, just about five months old at the time of our fieldwork in August 2004 and hence it was too premature to say whether it was viable or not. The women in the SHG-sponsored dairy business were earlier wagers in agriculture. Even though they have ventured in to the dairy business to provide themselves an alternate source of income, the continuing failure of monsoons [that would impact adversely on the growth of grass] made them wary of sourcing further loans since they were not sure whether they would be able to repay without defaulting. Nevertheless, according to the men and women of the village, the formation of the SHGs and their foray in to the dairy business has transformed to quite an extent the gender scenario in the village of Kalyanpoondi. The decline in agricultural activities in the village has catapulted the SHG-facilitated dairy business into a prime economic activity of the village. Being an activity of the SHGs means

that women have come to play an important visible role. But women were quick to point out that the day-to-day operations of the business occupied almost full time all adult members of the household. In fact, it was openly admitted that, a large part of women's time was devoted to running the SHG office [maintaining accounts, collecting dues, taking decisions on sanctioning loans, depositing the money in the nationalized bank; the latter required the women to travel by two buses and almost the whole day]. There is as it were a reversal of roles, with women 'administering' and men 'working'.

Similarly in Magaral, the SHGs are in the forefront of organizing and getting public institutions to function as well become accountable to the village. At present Magaral has 18 SHGs, ranging from those that are just 6 months old to those that have completed 6 years. However, unlike Kalyanpoondi, none except one SHG has ventured into income generating activity. [This lone SHG has just been sanctioned a loan for dairy business]. A feature of SHG activity in Magaral is that, initially, only SCs [the numerically dominant caste in the village] had formed themselves into SHGs. But of late, and particularly when it became known that public money for a range of activities would flow only or mainly through SHGs, the women of the dominant land-owning caste of the village, namely Naidus, have also formed themselves into two SHGs. Interestingly, the Naidu women are forced to interact with the SC women in federation meetings, where the office bearers are almost all SC women.

Across the villages it came out quite clearly that the institution of SHG has mitigated to a considerable extent the dependence on usurious moneylenders and in the process it has also contributed enormously to bringing women to the forefront of village level activities. But the inability of SHGs to plunge into new ventures is severely constrained by the general decline in agricultural-related employment, the main source of income for most of the households in the villages that we visited. In all these villages, the SHG loans are used largely for consumption purposes. For some segments of the population [the SC segment of Kalancheri village for example] the continuing drought-like conditions, lack of alternate employment opportunities, is impacting adversely on their SHG loan repayment schedule. The not-so-poor SHG women also were very clear that if they were to start income-generating activities, they would need enormous inputs and training to make these activities viable and therefore worthwhile. They admitted that their own motivation and enthusiasm to

plunge into any new venture was very low; their argument was that if at least one member of the household had a steady source of income then it would motivate them to take the risk involved in getting into a new venture.

At a more general level, and in particular, because of the institution of SHG, the levels of awareness on a range of issues among most sections of women in almost all villages that we visited were quite high. The women themselves admitted that the SHG experience had given them tremendous opportunities to engage in the problems of the village, attempt to come to some consensus on how to address them, maintain records, conduct surveys, and present their points of view at different for a within and outside their village. Both in Kalyanpoondi and in Magaral, for example, the women were also sharp in observing [while listening to the discussion that the men were having] that the men were reluctant to admit that an important source of loans for the household was the SHG in which their womenfolk were active members. According to the women, it is they who have convinced their menfolk to come together to form SHGs. Most important, the women in almost all villages were also aware of the limits of SHG sponsored activities and realized that while their SHGs could tackle short term contingencies and/or support them in times of crises, the SHGs were no alternative to large scale employments, good infrastructure and functioning public institutions – in all of which the state has a prime role to play.

The organizational characteristics of the SHG and the built-in checks in its functioning has led to a strengthening of essentializing characteristics, such that unlike men, recovery rates of loan from women are several times better and therefore it is better to ‘target’ women rather than men of households in the matter of loans under various programmes. At several discussion meetings, the SHG programme was contrasted with the erstwhile IRDP programme, where recovery rates from men [who were the recipients of loan under the IRDP] was extremely low. What the women failed to relate was the structural dissimilarity of the two programmes; the IRDP was administered through banks that dealt with men of the households as individuals; it was left to the officials of banks to chase these individuals and recover the loans – a scenario that led to heavy transactional costs but very few recoveries. In contrast, the SHG has extremely low transactional cost. For the bank, the SHG is the unit for loan application. Peer pressure from the group ensures that defaulters fall in line or quit the group, since otherwise the group as a whole would not be able to source further loans unless existing dues are cleared.

4.4.2 Panchayat Raj Institutions:

Another important institution that mediates the efforts of the state to improve the living standards of the people and the people in the village is the village panchayat. The elected body is responsible for most of the infrastructure in the village. Drinking water tanks, street lights, roads, toilet facilities are maintained by them. The panchayat identifies the beneficiaries for group houses as well. Schools, PDS and PHCs, Veterinary centres are some crucial infrastructures that lie outside the purview of the panchayats. It may own the buildings that house these infrastructure facilities, but those who deliver services through them are part of a different system and order.

The panchayat president and other members are periodically elected. Village panchayats gets some direct revenue from the people. But substantial sums are received as shares in taxes from the state government and grants from the Union government. Much of the money is spent on provisioning of drinking water and electricity for lighting. Ideally, the accountability level for these institutions is very high and consequently the elected representatives have to tread a careful journey. However, it was evident from our interactions during our field visits that there are several inadequacies in the functioning of panchayats.

(i) Exclusion of sections of the Society

The major problem of many village panchayats is the exclusion of certain areas, groups, castes and factions. Hamlets are excluded if the president happened to be from the main villages. All infrastructural improvements are concentrated in the parent village. Much worse is when the existing infrastructure is not properly attended in the hamlet villages. Fused bulbs will not be replaced in time, broken water lines will remain unattended, burst motors will not be replaced, leaking water tanks are left as it is and so on and so forth. Exclusion of certain sections of the village society in distributing benefits was clearly evident in almost all the villages that we have visited. Tribals, who live in plains and mixed villages are the worst affected. Almost none of them have got group housing schemes. NGOs have intervened in provided housing facilities for them marginalized in several villages. Faction based discrimination within a village was also evident in many villages. Exclusion on the basis of political identity was also reported.

(ii) Poor levels of participation

Panchayats are to function on a participatory basis. Periodic grama sabha meetings are to be held to discuss various problems and issues. However, we found that in most of the villages grama sabha meetings elicited poor response. This is evident from the survey data as well. Exclusion of various groups could be one reason but this alone does not explain the level of poor response for participation among people. Consequently, selection of schemes, identification of location for schemes, identification of beneficiaries etc are not decided by the people of the village. Rather it is the panchayat president and his understanding of village polity go to decide the crucial issues. Such poor levels of participation inevitably leads to nepotism and leakages in the functioning of the panchayat.

Nepotism:

Selection of beneficiaries of various schemes at the village level is contestatory. Given the scarce resources, the beneficiary list can never be satisfactory. There is found to be disagreement on the selection of beneficiaries. Given this reality, the panchayats have to identify some beneficiaries as and when new schemes and funds are made available. Selection is not always fair and transparent. Nepotism creeps in leading to severe discontent among sections of the population. Identifying beneficiaries for group housing programme causes lot of resentment.

Leakages

The enhanced flow of funds and schemes to the panchayats has led to lot of construction activity at the village level. Many civil works are also taken up. There are leakages and consequently the quality of the structures suffer. Immediate cause of concern for the people about the leakage and poor construction quality is the houses that are constructed. The village panchayat is blamed along with the contractors for the poor quality. In many places, they also complained that unless they paid up some money, they were not even selected beneficiaries. Apart from that, they had to pay some money to the contractors and contribute physical labour for quality construction. Construction of public buildings are of even poorer quality due to leakages at various levels. The village panchayat office bearers blamed the system for such leakages.

V Comments and Suggestions on TNEPRP

- The project attempts to alleviate poverty by transforming the SHGs from micro credit institutions to micro enterprises. Finance required, the organisation structured, technical support and the overall guiding principle for the project is spelt out clearly in the plan. However, if the overall objective is to enhance the livelihoods of the poor, the project needs to include capability enhancing measures as well apart from income enhancing ones. Our livelihood analysis indicated the poor levels of literacy, education and health particularly among the deprived sections of the society. Therefore, it is very important to include these issues in the overall agenda of the project.
- Transforming micro credit institutions into micro enterprises involves huge tasks in terms of providing technical and marketing inputs. The proposed LET is at the cluster level and the Business Support Hub is at the district level. While the composition of LET is spelt out in the plan, the composition of BSH is not clear. The success of transformation crucially hinges on this support.
- The project should take note of the fact that there are many successful industrial and business clusters that have emerged in the state over time. These clusters comprises of several thousand small and minor enterprises focusing on one component of the overall production, inter-related, and have succeeded collectively. Experiences of these clusters could be very useful in organizing such huge number of micro enterprises. Some prominent clusters include (i) Knitwear cluster in Thiruppur; (ii) Handloom and Powerloom cluster in Erode; (iii) Poultry cluster in Namakkal; (iv) Cashew processing cluster in Panruty; (v) Match Cluster in Sivakasi etc.
- Apart from learning from the experiences of these clusters, explore the possibilities of dovetailing the activities of the proposed micro enterprises with these clusters as the system required for a successful enterprise are already in place including technical and marketing mechanism in these clusters. Importantly, these clusters are labour hungry and much of the labour force are seasonal migrants or circular migrants. A responsible and skilled team with some capital would be an attractive partnership proposition for many of the units in these clusters.

- Enhancing the livelihoods of the people need not be only through the formation of micro enterprises. It could as well be through new opportunities in non-farm sector. Tamilnadu is one state which has vastly diversified compared to all other southern states and rural labour make considerable income from non-farm employment. Our survey data suggest that nearly one fifth of the working population is engaged firmly in non-farm employment while there is another significant section that is not so firmly in non-farm employment. The skill training component has, therefore, to be broadly defined to include such skill formation as well and not necessarily those who are related to the formation of micro enterprises.
- The project proposes to adopt community driven development approach. A VPRC shall be formed and the decisions are to be participatory. The data from the primary survey indicates that participation in grama sabha meetings to be very low particularly among the SCs, STs and women. Considerable efforts are needed to tone up the system to attract much higher levels of participation in grama sabha meetings. Then only the project can ensure participation.
- Similarly the panchayat system has many problems like – exclusion, non-transparency and leakages. These are to be set right and ensure adequate representation of the deserving population in the decision-making bodies.
- Though the project is envisaged to be driven from below, there is considerable input from various government and NGOs at various levels. The personnel, who will man the LET and BSH need to be thoroughly oriented in the (i) Objectives of the project, (ii) Concepts that have given birth to this project viz. livelihood, poverty, gender etc, (iii) Methods of assessing livelihoods; (iv) PRA techniques, (v) Survey methods, (vi) Monitoring methods and so on. Without such a trained human resource, the project runs the risk of another target oriented effort. Essentially it should be knowledge and sensitive driven.
- The project plan need to have a component for concurrent assessment of gender and environmental impact of any new activity.
- Vulnerability reduction plan need to have some preventive measures as well apart from the mitigative measures. If the grama sabha and the VPRC identifies that restoration of a water source could significantly enhance the

livelihood of many, then the CIF should be made available to such work as well.

- A baseline survey in the pilot villages needs to be undertaken.
- Consulting RD data base in the selection of beneficiaries needs careful approach as the database has loud noises.

Appendix

TAMIL NADU EMPOWERMENT AND POVERTY REDUCTION PROJECT

A. Strategic Context

A.1.1. According to National Sample Survey Organisation data (1999-2000), out of the total population of 62 million in Tamil Nadu, about 12 to 17 million people are living below the poverty line. According to 1999 poverty estimate made by the Rural Development Department of Government of Tamil Nadu the overall poverty ratio stood at 35 percent. 65 percent of the States population is living in rural areas. According to official poverty estimates from the Planning Commission, Government of India the incidence of poverty in Tamil Nadu is 21.12 percent (20.55% in rural areas).

A.1.2. GOTN has identified the prime goal of rural development as to improve the quality of life of the rural people by alleviating poverty through the instrument of self employment and wage employment programmes. The tenth five-year plan identified as a priority and thrust area for attaining the goal of reducing rural poverty, organising the rural masses into self-help groups and the establishment of micro-enterprises, training, credit linkages, market support etc. The tenth plan also identified strengthening of Grama 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, empowerment of women through self-help groups has been identified as a thrust area during the tenth plan.

A.1.3. In order to integrate the human development concerns into its development strategy of improving the quality of life of its population, Government of Tamil Nadu, compiled the Human Development Report. By compiling this report Government of Tamil Nadu committed to its stand of measuring quality of life by the three indicators of HDI, namely longevity of life, education and command over resources.

A.1.4. The Tamil Nadu Corporation for Development of Women has been entrusted by GOTN with the responsibility of implementing Mahalir Thittam, a state wide programme of organising self-help groups for the social and economic empowerment of poor women. As of today 193,000 self-help groups having a membership of about 3 million women have been organised. The amount of savings mobilised by these groups are to the tune of Rs.5,457 million. The amount of credit extended to these groups through bank linkages is to the tune of Rs.9110 million.

A.1.5 The major outcomes of Mahalir Thittam are

- Enhanced social empowerment and social awareness of women members.
- Increased participation of members in Grama Sabha meetings.
- Substantial linkage with banks for credit requirements.
- Increased utilisation of group fund for poverty alleviation from schemes like SGSY, TAHDCO etc.
- Good awareness on the rights and details of government schemes.

B. Need for the Project :

Though Tamil Nadu has achieved tremendous success in Social empowerment of poor women through Mahalir Thittam, it has not fully translated into Economic empowerment. Many of the Self Help Groups have stagnated at the level of thrift and credit societies and have not taken up to economic activities on a large scale. The existing schemes have not focussed specifically on improvement of livelihoods of the poor. Though many SHGs have taken up economic activities, these activities have been on a very small scale and have not led to substantial reduction in poverty.

After successful mobilisation of the poor women with SHGs, Mahalir Thittam has been facilitating the SHGs to take up economic activities through credit linkage from banks. SGSY which is the main poverty alleviation programme of Government of India and State Government schemes like TAHDCO have also been converged on the SHGs for economic development.

SHG – Bank credit linkage in Tamil Nadu :

As on 31.3.2004, 1,50,261 SHGs have been provided credit linkage through the banking sector to the tune of Rs.931.425 crores. On the average, one self help group has received Rs.62,000 as credit from the bank. As the average membership of a SHG is 18, each SHG family has received a bank loan of Rs.3445/-.

Since the credit provided is very low, most self help groups have been using this credit to meet their consumption needs or have managed to start very small economic activities. The credit infusion is not adequate to pull the family out of the poverty cycle.

SGSY :

SGSY scheme aims to alleviate poverty by providing subsidised credit through the banking sector and promoting economic activities.

On the average in the last 3 years (2001, 2002, 2003), under SGSY the economic assistance provided to the self help groups in Tamil Nadu is Rs.66.13 crores per year. In addition, annually around 1687 individuals have been given economic assistance to the tune of Rs.18,000 each under the individual assistance component of SGSY.

Average number of SHGs assisted through SGSY in a year - 3537

In comparison, as on date there are 160944 Rural Self Help groups under Mahalir Thittam itself and every year additionally 25000 SHGs are being formed. The annual coverage under SGSY is only 2% of the available self help groups. Moreover SGSY has not been able to provide sustained technical support to the SHGs undertaking economic activities. After the provision of economic assistance to the SHG, there is hardly any mechanism to provide technical support and assistance to the Self help group in its chosen activity. There has been no attempt to federate SHGs undertaking similar activity to form activity clusters which can lead to economies of scale and sustainable economic ventures.

Hence it is very clear that with the existing schemes and bank linkages, it will not be possible to make a substantial dent on rural poverty.

Uncovered Rural Poor :

The Directorate of Evaluation and Applied Research which conducted an Evaluation study on SHGs has concluded that in the rural areas of Tamil Nadu, 64% of the poor population have been covered by Self Help Groups. The left over population which has not become part of self help groups are mostly the ultra poor and other vulnerable sections who lack the economic capacity to be part of the thrift and credit movement.

Focus only on women :

Tamil Nadu as a strategy has been focussing only on women for social mobilisation into SHG and has been very successful in it. However in rural areas, there are other vulnerable sections which also need to be tackled to alleviate poverty. Unemployed youth, artisans, disabled etc., are some of the sections of society which need to be made part of our approach to alleviate poverty.

Tamil Nadu with its excellent rural infrastructure and significant social mobilisation achieved by the SHG movement, present an excellent opportunity to usher in a livelihood revolution in the rural areas. There is tremendous potential to build on the successes achieved by the SHG movement in the state and alleviate poverty by transforming the SHGs from micro credit institutions to micro enterprises. The crying need among the rural populace is for sustainable livelihood particularly in the light of unpredictable monsoons and their adverse impact on employment and livelihoods of the poor and vulnerable. The TNEPRP as a project aims to provide this crucial link and focus by specifically concentrating on livelihoods and on the poorest of the poor and presenting a holistic poverty alleviation approach.

SALIENT FEATURES OF TNEPRP:

- ❖ TNEPRP specifically focusses on the ultra poor, destitutes, disabled and other vulnerable sections.
- ❖ Specific focus on livelihoods of the poor.

- ❖ Apart from women, TNEPRP is holistic in approach and reaches out to youth, artisans, disabled and other poorer sections.
- ❖ Nearly 3,00,000 poor families will be targetted in the project in the selected districts. Around 200 poor families will be targetted in each Panchayat.
- ❖ TNEPRP is an empowering and enabling project. It will lead to SHGs accessing bank credit and other scheme funds at a larger scale. TNEPRP funds will be used to leverage more credit from banking sector.
- ❖ The entire poor population in the project areas will be covered by the SHG movement.
- ❖ Community driven development approach to poverty alleviation. All decisions regarding the project will be taken by village community through VPRC after adequate capacity building. The project officials will play facilitating and enabling role only.
- ❖ TNEPRP will provide lot of technical support to SHGs undertaking economic activities and will actively promote federations to achieve sustainability.

PROJECT DESCRIPTION

Project Development Objective :

The overall goal of the project would be to support Government of Tamil Nadu's strategy of reducing rural poverty through support for productive activities and investments, using the CDD approach. The objectives of the proposed project would be to improve livelihoods and empower the poor through :

- a) Building pro-poor local institutions/groups and
- b) Financing productive demand-driven sub project investments and building their skills/capacity.

Project scope and size :

The project size as indicated by World Bank officials is likely to be around \$140 million or Rs.644 crores. Out of this, World Bank assistance will be to the tune of \$112 million with \$28 million as contribution from GOI/State Government/Community.

Project Components :

The project will implement the following components:

Component A : Village livelihood Component	-
77%	
A1 . Formation and strengthening of SHGs/local institutions	- 10%
A2 Livelihood and Business Development Fund	- 55%
A3 Special Assistance to disabled/most vulnerable	- 7%
A4 Incentive fund for Gram Panchayat	- 5%
Component B : Institutional Strengthening	-
15%	
B1. Capacity Building of State, District and cluster Level teams and other partners – NGOs etc.,	-
10%	
B2. Business Support to focus on livelihood mapping, Market information, promoting Activity federations, Innovative activities	- 5%
Component C : Project Management	- 8%

In the village livelihood component 72% (A1, A2, & A3) will go directly towards livelihood promotion in the village level. The funds available will be Rs.464 crores. If the project is implemented in 1500 village Panchayats, around Rs.30 lakhs can be

provided to each Panchayat for the Village livelihood component alone which can be spent over the project period of 5 years.

On the average 200 poor families in each panchayat can be provided an investment of Rs.15000 each from the project which can be used to leverage more funds from the banking sector. With the substantial investment of Rs.15000 per poor family from the project which will be enhanced by additional credit linkage from banks, it will be possible to bring these families above the poverty line.

SELECTION OF DISTRICTS:

It is proposed that the project can be implemented in 8 most backward districts of the state as per the Human Development Index and Gender Development index. The following are the selected districts.

LIST OF BACKWARD DISTRICTS

S.No:	Name of the District	HDI Index	GDI Index	Rural Population (1999) (Million)	BPL Population (1999) (Million)	BPL %
1.	Dharmapuri	0.584	0.583	2.52	0.74	30
2.	Villupuram	0.587	0.582	2.84	1.13	40
3.	Perambalur	0.596	0.592	1.13	0.42	37
4.	Tiruvannamalai	0.612	0.608	2.16	0.68	32
5.	Pudukottai	0.618	0.615	1.28	0.41	32
6.	Salem	0.626	0.625	1.68	0.62	37
7.	Theni	0.628	0.628	0.61	0.24	40
8.	Ramanathapuram	0.629	0.626	0.93	0.33	29

Blocks : Within the selected districts, the project can be implemented in 50-75 blocks covering 1500 Panchayats. The blocks can be selected by the districts using the following criteria.

S.No:	Selection Criteria	Weight
1.	% Below Poverty Line (BPL) population in the block	40
2.	% Wastelands in the block	20
3.	% weaker sections (SC/ST) population	40

Gram Panchayat : All the Gram Panchayats in the selected block which are willing to accept the project principles and non-negotiable can be included for implementation.

Identification of the Poor :

The identification of the poor target population for the project will be done by the community using participatory methodologies including wealth ranking . Care will be taken to exclude the rich and to include all disabled, poorest of the poor and other

vulnerable sections in the lists. The BPL list prepared by the Rural Development department, using the Socio Economic Survey (2002) will be used as a reference list. The list of the poor including the vulnerable sections will be approved in the Gram Sabha.

Project Components:

Component A : Village Livelihood Component

A1. Formation and strengthening of Local Institutions / Self Help Groups (10%)

Activities :

- Participatory identification of the poor, ultra poor, vulnerable, disabled etc. among the village community with the approval of Gram Sabha.
- Mobilising the identified poor, ultra poor, vulnerable, disabled etc. who are not organised into existing Self Help Groups, into new Self Help Groups.
- Strengthening the existing Self Help groups through IEC and capacity building.
- Organising livelihood activity based Activity groups
- Strengthening and networking existing Self Help Groups into PLFs and cluster level federations.
- Setting up and building capacity of VPRC
- Building capacity of Self Help Group members, Federation Office Bearers and PRIs
- Developing and conducting IEC campaigns on project principles among all stakeholders
- Handholding and facilitating linkages, convergence and partnership in the functioning of Self Help Groups, their federations, VPRC and Gram Panchayat.
- Facilitating meaningful and relevant meetings of Gram Sabha for taking all project decisions
- Facilitating village communities to identify and prioritise through technical assistance and capacity building, appropriate and commercially viable livelihood opportunities.

Implementation arrangement :

- The Project will set up a multi disciplinary Livelihood Enhancement Team (LET) at the cluster level (covering about 9-10 Gram Panchayats and 2000-2500 target families) to facilitate mobilisation of the poor into Self Help Groups, local institution building and to respond to the needs of the village communities.
- The project will develop and circulate copies of a community manual containing detailed guidelines on setting up of the local institutions, roles and responsibilities of the Office Bearers etc.

- The LET will arrange for and deliver the capacity building activities at the community level
- The project will develop IEC materials and design and conduct IEC campaigns.
- The project will set up Business Support Hub at the district level (there will be 5-6 blocks in a district) for pro-actively supporting the target communities technical and business development needs.

A2 : Livelihood and Business Development Fund (55%)

This component is the heart of the project and is focussed at improving the livelihoods of the poor and reducing their vulnerability. The village community with appropriate facilitation and technical assistance, will be enabled to identify appropriate and viable livelihood improvement activities and strategies. Following this exercise, self help groups, Panchayat level federation and activity based groups can approach the VPRC with sub project proposals to improve their livelihood. The sub project proposals will be decided by the clients like SHGs and will be appraised and sanctioned by the VPRC. The options are open to the community but the sub project proposals conceived should be focussed on livelihood improvement of the target population. Apart from the project funds, the SHGs should be able to meet a part of the project cost through Bank finance or internal savings. A tentative list of likely sub projects is given below:

a) Skill development training for SHG/target population :

Skill development leading to livelihood improvement can be sanctioned by VPRC through selected Institutions /Resource persons. The beneficiaries can be SHG members or youth/men from the target population. Skill training will be mostly a grant from VPRC.

b) Loans for economic activities :

- Project Fund can be given as loan to SHGs using which SHGs can access additional credit from banks.
- Bridge loans along with other schemes like TAHDCO, SGSY if required.
- Individual loans for artisans /petty business /share croppers to be routed through SHGs
- Loans to SHGs for input / output intervention activities which will improve livelihood like

* Bulk procurement of inputs

* Marketing activities

c) Vulnerability reduction :

- * Establishing child care centres for children of poor working mothers
- * Creation of community supported Grain Bank.
 - Seed money to create Grain Bank will be given from the project.
 - Willing SHG/PLF can manage Grain Bank.
 - Contribution of grain will be received from community during harvest times.
 - Grain Bank can be used by poor/destitutes during drought seasons and can repay in kind (grains) during harvest.
- * Day care centre for the aged /disabled.

d) Education:

- * Educational loans to wards of ultra poor.
- * Extend support to Balwadi / Elementary school to ensure quality education.

e) Livelihood Infrastructure Investments :

This will include investments in machinery technology or other infrastructure like marketing outlets, production centres, etc., which are essentially needed for the SHG to undertake the livelihood activity. This component will mostly be grants.

A3. Special Assistance to the Disabled and vulnerable :

Objectives : To cater to the special needs of the disabled and most vulnerable so that they are socially and economically mainstreamed into the overall project activities.

Activities :

- The beneficiaries for this special window like disabled, widows, destitutes etc in the village will be identified based on criteria, which will be approved by the Gram Sabha.
- One time grant assistance followed by flexible loans will be provided to the identified eligible beneficiaries for rehabilitation including livelihood opportunities.
- Implementing disability prevention programs.
- Extending flexible loans to eligible beneficiaries like destitute, widows and other vulnerable groups.

A4. Incentive Fund for Gram Panchayat

Objectives : To provide incentives to Gram Panchayat for taking pro active steps to implement the project successfully and be pro poor.

One third of the 1500 Panchayats are likely to get the incentive fund after one or two years of project implementation. In the village livelihood component, all sub projects involving loan components will be routed through the Panchayat Level Federation of SHGs. The PLF will take the responsibility for collection of the loan. The rate of interest for various sub projects will be decided by the VPRC but generally will be in line with the bank rates. For flexi-loans for the disabled and most vulnerable, the rate of interest will be 3-4% and terms of repayment flexible and will be decided in consultation with the beneficiary and will be based on their capacity to repay.

Component B : Institutional Strengthening :

The institutional model for the project consists of state level, district level, cluster level and village level institutions and agencies offering a wide range of facilitating as well as support services to the village community. The institutional strengthening consists of 2 components.

1. B1. Capacity Building of State, District and Cluster / Block level teams, other partners – NGOs, Private sector
2. B2. Business Support Hub (BS Hub) to focus on livelihood mapping, livelihood enhancement teams, training, marketing information, promoting activity federations and innovative activities.

Activities :

- ❖ Organising various capacity building activities like training, exposure visits, for LETs, District level teams, state level team and other project partners.
- ❖ Monitoring performance of project teams and service providers against performance contracts.
- ❖ Providing market information, livelihood, mapping support etc.
- ❖ Bringing in technology tie-ups, working out product development activities, market feasibility analysis etc.
- ❖ Working out strategic alliances and partnerships with Producers co-operatives, private sector, commodity boards, industry confederations, export promotion organisations etc.
- ❖ Promoting activity federations and supporting innovative projects.

Component C : Project Management (8%)

This component is meant for meeting the administration cost of the project at State, District and cluster levels and providing them office infrastructure, logistic support etc.

Implementation Arrangement :

The project adopts a community driven development approach and there will be devolution of decision making and financial resources to the village communities and local institutions like VPRC (Village Poverty Reduction Committee):

The proposed institutional model is given in Figure 1:

VPRC (Village Poverty Reduction Committee) :

This Committee will be the pivot around which the project will be implemented at the village level. The size of the VPRC will be around 10-20 depending on the number of hamlets in the Panchayat.

- The Panchayat President will be the Ex-Officio Chairman of the VPRC.
- The Secretary of the Panchayat level Federation of SHGs will be the Secretary of the committee.
- 3 to 4 representatives will be drawn from other functional groups in the village like Village Education Committee, Village Water Supply and Sanitation Committee, Youth Organisations and a representative from the service area bank.
- Minimum 30% of the members will be from SC/ST.
- Each hamlet will be represented by a SHG member belonging to the target population.
- Cheque signing by two women members selected by the Committee.

Panchayat Level Federations :

At present PLFs have been formed in all Panchayats. These PLFs will be strengthened to play a key role in the project. The PLF will play the role of a MFI at the village level. All loan items will be routed through the PLF which will be responsible for repayment. The corpus or revolving fund will be with the PLF. The PLF also will take steps to leverage funds from the banking sector to on lend to its members.

Cluster Level Federation :

A cluster will comprise of around 10 Panchayats. The PLF will be federated at the cluster level. The cluster level federation will function as a Resource Institution for all SHGs and also will promote economic activities at a larger scale. The cluster level

federation will try to provide forward and backward linkages and initiate activities to achieve economies of scale.

Activity Federations :

These will be federations of SHGs undertaking a common economic activity. These federations will be promoted by the District level team wherever there is a need and to achieve sustainability of the economic activity.

Livelihood Enhancement Teams (LETs) :

This team will play the most important role of facilitation and providing technical support to the village community. The LETs will be at the cluster level (10 Panchayats) and will have a 6 member team. 3 members will be with generic skills and other three will be with technical skills. Mostly these teams will be fielded by the NGO, affiliated to the project.

District Level :

At the district level, the PIU of Mahalir Thittam will be strengthened to handle this project. There will be a District Advisory Committee under the chairmanship of the District Collector with representatives from line departments, banks, other stakeholders to guide the project.

State level :

Tamil Nadu Corporation for Development of Women Ltd will be revamped and will handle this project along with the ongoing Mahalir Thittam.

The summary of the implementation arrangements is as follows:

A.Primary Stakeholder Level

Organisational Entities/Institutional Units	Constitution	Responsibilities
Grama Sabha	<ul style="list-style-type: none"> • All registered voters in the village • 2/3 members of the project's targeted households present • A social Audit Committee will be directly constituted from among the target community members who are not members in other committees 	<ul style="list-style-type: none"> • Prioritising livelihood needs • Approving village level guidelines • Social Auditing
VPRC	<ul style="list-style-type: none"> • Members are GP President, Secretary of PLF, 	<ul style="list-style-type: none"> • Developing livelihood

	<p>Representatives of Village Education Committee (VEC), Village Water and Sanitation Committee (VWSC), Youth organisations and one women SHG representative from each habitation of the village (10-20 members)</p>	<p>development vision</p> <ul style="list-style-type: none"> • Receiving and managing project funds • Appraising and sanctioning livelihood sub projects
	<ul style="list-style-type: none"> • 50% women, 30% SC/ST • The Panchayat President will be the Ex-officio chairman of the committee. • The Secretary of the PLF will be the Secretary of the VPRC. • Will have sub committees on procurement, financial management, LISP planning and implementation, micro credit (SHG/PLF) 	<ul style="list-style-type: none"> • Monitoring progress of project implementation in the village • Co-ordinating with partnering institutions • Signing financing agreements with TNCDW
Self Help Groups (SHG)	<ul style="list-style-type: none"> • 10-20 members in the neighbourhood coming together to form thrift and credit activities initially and subsequently graduating to livelihood activities. 	
PLF (Panchayat Level Federation)	<ul style="list-style-type: none"> • Federation of SHGs 	<ul style="list-style-type: none"> • Managing micro finance activities and promoting livelihood of their members.
Activity Federations	<ul style="list-style-type: none"> • Federation of SHGs/activity groups undertaking common livelihood activity. 	<ul style="list-style-type: none"> • Promoting the common activity and achieve economies of scale.

B.Cluster Level

Organisational Entities/Institutional Units	Constitution	Responsibilities
Livelihood Enhancement Teams (LET)	<ul style="list-style-type: none"> • One for 10 contiguous Gram Panchayats (2-3 clusters within one block) • 6 members, 3 with generic skills like a social mobilisation, institution building and livelihood planning and sub project processes. The other three will have technical skills – agriculture, animal husbandry, engineering, business development etc. • The team fielded either by a contracted NGO or directly deployed by the District Unit by taking personnel on deputation or contracted from the market. 	<ul style="list-style-type: none"> • Disseminating project principles among block level stakeholders • Identifying the poor in the village using participatory methodologies. • Mobilising left over poor in the village to SHG. • Strengthening existing SHGs. • Strengthening and handholding the PLFs • Forming and strengthening VPRC • Building capacity of VPRC • Providing technical assistance for planning and implementing LISP • Handholding Sub Project Implementation agency • Arranging service providers • Guardian of project principles and rules and monitoring compliance
Cluster level	<ul style="list-style-type: none"> • Federation of SHGs within the cluster 	<ul style="list-style-type: none"> • Establishing partnerships • Setting up production, marketing and other facilities for economies of scales. • Acting as Cluster Level Resource Centre for SHGs.

C.District Level

Organisational Entities/Institutional Units	Constitution	Responsibilities
<p>District Level Enhancement Team (LET) - Mahalir Thittam PIU strengthened</p>	<ul style="list-style-type: none"> • 8-member team within Mahalir Thittam (MaThi) • Skills include institution development, private sector partnerships, business development, monitoring, CDD, banking etc. • Advisory committee chaired by District Collector, members include PO DRDA, PO, DPIU, banking institutions etc., 	<ul style="list-style-type: none"> • Disseminating project principles among district level stakeholders • Selecting blocks for project implementation • Coordinating project implementation at district level • Identifying and short listing service providers • Releasing funds to VPRC • Scouting for potential livelihood enhancement and business development opportunities • Helping implementation of such opportunities • Identifying and studying the feasibility of private sector partnerships, linkages etc., and working out partnerships and linkages • Working towards convergence from other development programmes • Monitoring project implementation
<p>Business Support Hub (BS Hub) (Part of District LET)</p>	<ul style="list-style-type: none"> • A core team within District Level Project Team • Roster of individuals, institutions, available on call for providing a business support service • Linkage with trade bodies , commodity boards, manufacturers’ 	<ul style="list-style-type: none"> • Think tank for business ideas, opportunities etc. • Support for livelihood mapping, analysis, business planning etc. • Organising solution days, providing market information, establishing linkages etc. • Promoting Activity Federations.

	<p>association, apex federations of producers' co-operatives, research institutes etc.</p> <ul style="list-style-type: none"> • A cadre of livelihood and business development Para-professionals in the village. 	
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D. State Level

Organisational Entities/Institutional Units	Constitution	Responsibilities
TNCDW	<ul style="list-style-type: none"> • Government Company registered under the Companies Act. • Memorandum and Articles of Association amended to broaden mandate 	<ul style="list-style-type: none"> • Implementing agency • Managing project funds • Supporting policy development
Board of Directors	<ul style="list-style-type: none"> • Registered under section 25 of Indian Companies Act 	<ul style="list-style-type: none"> • Approving annual work plan and budget. • Appointing strategy support and guidance group members • Resolving implementation issues involving policy support, convergence etc. • Advising GOTN on policy development
Strategic support and Guidance Group	<ul style="list-style-type: none"> • Headed by Project Director • 10-15 specialist in the functional areas of CDD, Social, finance, business development, monitoring, institution development, capacity building, human resource management, livelihood development, gender, rehabilitation of the disabled etc. 	<ul style="list-style-type: none"> • Communicating project principles among state level stakeholders • Preparing project implementation guidelines • Preparing annual work plans and budget. • Monitoring project implementation • Capacity building • Knowledge management • Coordinating project implementation activities at district cluster and

		village level <ul style="list-style-type: none"> • Arranging for state level linkages, partnerships and convergence • Financial management and auditing.
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Project Non-negotiables

- Gram Sabha, the Gram Panchayat, VPRCs, SHGs to adopt principles of inclusion, accountability and transparency as the key guiding principles for all activities under the project.
- Gram Sabha shall be the decision-making body and the quorum for the Gram Sabha will be presence of 2/3rd of the identified target households under the project.
- Enrolment of 90% of the poor in the village adequately representing women, men, youth and the vulnerable sections in the grass root level groups (SHGs) shall be a pre-condition to start prioritisation and planning of LISP.
- Atleast 70% of the sanctioned sub projects should benefit the ultra poor target population.
- All activities under the project at the village shall be based on participatory methodologies involving atleast 60% of the primary stakeholders with adequate representation of women, men, youth and vulnerable.
- Information about guidelines adopted by the Gram Sabha for implementation, funds and details of beneficiaries shall be widely disseminated and prominently displayed in the public places and all records accessible by all residents in the village for review.
- All institutional partners including Gram Panchayats, LET, NGOs, District Project Co-Ordination Cell and State Level agencies to adopt a facilitating, guiding and supporting style allowing for self help and capacity building of the village communities and local institutions.
- Village communities will contribute a minimum of 5 per cent towards the cost of implementing sub project proposals.

JSDF Pilots :

To test the new approach, World Bank has sanctioned a grant of Rs. 2.76 crores under the Japan Social Development Fund. 10 Panchayats have been selected for piloting in consultation with Rural Development Department. The list of pilot villages is as follows:

S.No:	Name of the District	Name of the Block	Name of the pilot village
1.	Kancheepuram	Sriperumbudur	Kaduvancherri
2.	Vellore	Kaniyambadi	Idayanchathu
3.			Thuthipattu
4.	Cuddalore	Keerapalayam	Keerapalayam
5.		Kumaratchi	M.Kulakudi
6.	Coimbatore	Karamadai	Odanthurai
7.	Trichy	Thathaiyankarpettai	Arachi
8.	Pudukottai	Thiruvarangulum	Melathur
9.	Villupuram	Vallam	Kadambur
10.	Theni	Andipatti	G.Usilampatti

In the pilot villages, the model proposed for the project will be tested out. World Bank officials have mentioned that apart from the VPRC model, a Gram Panchayat based model (i.e., Elected Panchayat Council will replace the VPRC) should also be tested in few pilot villages keeping in mind the objectives of the JSDF grant. The pilots will be useful in testing out various options and learnings if any will go towards improving the main project design and implementation arrangements.