

ROLE OF SELF HELP GROUPS AND SOCIAL DEVELOPMENT OF TAMIL NADU IN THE 20th CENTURY WITH SPECIAL REFERENCE TO THE FISHING COMMUNITY

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ABSTRACT

India has always cared for the have-nots. Rural credit has seen several milestones in a journey over the past hundred odd years. Microfinance is referred to smallscale financial services provided to people who work in agriculture and allied sectors; who operate small and micro enterprises; who provide services; who work for wages and commissions and other individual and groups at the local levels in developing countries both rural and urban areas. Self Help Groups (SHGs) consists of 15 – 25 members. The individual loans are determined by the volume of individual savings or by the group's savings and interest rates are set by members. Micro Finance Institutions acts as facilitators between banks and Self Help Groups. Fisheries, is the only sector which offers cheap and good animal protein to the people, particularly to the economically weaker sections of the society and thereby it is in an advantageous position to ensure national food security. To sustain the efforts towards empowerment of fisheries in the State, the State Government has been implementing various schemes for the strengthening of the Fishermen Cooperatives. The Tamil Nadu State Apex Fisheries Cooperative Federation Limited (TAFCOFED) which has been operational since 1991 is supervising the working of SHGs in the Fishing community. In the new economic era, SHGs have emerged as a powerful instrument for poverty alleviation. The green, white and blue revolutions of the past have saved millions of people from starvation deaths and resulted in self-sufficiency. The current revolution is the micro-credit revolution.

KEYWORDS: Micro Finance, Self Help Groups, Mahalir Thittam, Fishermen Cooperatives, TAFCOFED, Early Warning Signals

INTRODUCTION

Since the historical past our ancestors have been involved in exchange of their products and money was extensively used in these exchanges. Families and clans began specializing in such exchanges and in storing and circulation of money for facilitating such exchanges¹. Marxists and Nationalist historians argued that indebtedness was a consequence of colonial rule. The exorbitant revenues which the British collected, compelled the farmers to cultivate cash crops. This brought them to markets to sell their crops and the contact between them and the money lenders who gave them credit arose to cater to their needs². Roy R. K. writes in the Indian Economic and Social History Review “Money lending operations within the village society set in motion the broader outflow of resources from the colony to the metropolitan country. Through the operations of the rural credit system, agricultural produce and raw materials were extracted from Bengal's village at abnormally low prices for ultimate transfer out of the country.”

Globally over 1/6th of the population around the world live in extreme poverty and are struggling for mere survival. The first goal of the United Nations Millennium Development Goals signed by 191 nations in 2000 is to alleviate extreme poverty and hunger all around the world. The target was set to be 2025 and reduce at least by half by 2015³.

MICRO – FINANCE IN INDIA

India has always cared for the have-nots. Rural credit has seen several milestones in a journey over the past hundred odd years. They are Co – operative Societies Act – 1904; Royal Commission on Agriculture – 1928; All India Rural Credit Survey Committee Report – 1954; Nationalisation of major commercial banks – 1969; Establishment of regional Rural Banks (RRBs) – 1980's; Introduction of Integrated Rural Development Programme (IRDP) – 1980; Setting up of National Bank for Agriculture and Rural Development (NABARD) – 1982.⁴

Micro finance is referred to small scale financial services provided to people who work in agriculture and allied sectors; who operate small and micro enterprises; who provide services; who work for wages and commissions and other individual and groups at the local levels of developing countries both rural and urban areas⁵. At the Micro Credit Summit held at Washington in February 1997, more than 100 countries participated. Micro credit has been defined by the Micro – Credit Summit as 'programmes that provide credit for self-employment and other financial and business services to very poor persons'. It was decided to reach 100 million poor families around the world with micro credits and other financial services within in the next ten years. So approximately 600 million people in extreme poverty would have an opportunity to get out of their misery⁶. Micro finance institutions have emerged as key providers of financial services for the poor. Majority of Indian Micro Finance Institutions are non – profit organisations that facilitate the formation of Self Help Groups and link them with formal banks. Championed by the (NABARD), this accounts for 70% of micro – finance in India⁷.

ESTABLISHMENT OF SELF HELP GROUPS IN INDIA

Till the late 1980's the poor came to be recognized as unbankable and were referred to as Non – performing Assets (NPA) in the rural bank branches. They could not obtain credit and had no means to ensure repayment. A few other reasons why they could not be obtain assistance from banks are as follows:

- a) Formal financing institutions could not cater to the needs of micro enterprises.
- b) Allowing only credit without the habit of saving would only become more burden to the poor and will not encourage repayment ethics.
- c) Necessary linkage of infra structure skills and market are often absent.⁸

As per the recommendations of the Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD), the Government of India enacted the National Bank for Agricultural and Rural Development Act, in 1981. Thereby, the NABARD was established as an Apex Rural Bank with a view to provide credit for agriculture, small – scale Industries, village industries and development of rural infrastructure⁹. The Indian Banking System has willingly experimented and joined micro finance movement in a way that has no parallel anywhere in the world.

Self Help Groups (SHGs) consists of 15 – 25 members. The individual loans are determined by the volume of individual savings or by the group's savings and interest rates are set by members. Micro Finance Institutions acts are facilitators between banks and Self Help Groups. The SHG Bank Linkage Programme initiated by NABARD in 1992 marks a watershed in the history of rural banking in India. Planet Finance reports that in 1997 – 98 Micro Finance Institutions and NABARD's Self Help Bank Linkage disbursed loans amounting to Rs. 1.4 billion. The performance of this programme has set at rest the doubt about the bankability of the poor. The banks have reported 95% on time repayment by SHGs and nil NPAs.¹⁰

MAHALIR THITTAM

During 1992 Tamil Nadu pioneered the self-help group movement. This movement stands for the social and economic empowerment of women. It has state level as well as District level societies. While the former served as a monitor in the implement action of the scheme the latter one sanctions, the project proposals of the self-help groups and disburses fund according to the financial procedure laid down by the State Society. It also offers technical assistance to the self-help group. Mahalir Thittam is a socio-economic empowerment programme for women implemented by Tamil Nadu Corporation for Development of Women Ltd. Mahalir Thittam is based on Self Help Group (SHG) approach and is implemented in partnership with Non-Governmental Organisations (NGOs) and Community based organizations. The SHG approach was started in a small way in Dharmapuri district in the year 1989¹¹ with the assistance of International Fund for Agricultural Development (IFAD). Later the scheme was extended to the erstwhile Salem and South Arcot districts in the year 1991-1992 and further extended to Madurai and Ramanathapuram in the year 1992-93. Following the success of the IFAD project, Mahalir Thittam project was launched with State Government funding from 1997-1998¹² and was progressively introduced in all districts of the State.

These groups are imparted with capacity building by Entrepreneurship Development programme Training, Vocational Programme Training arranging of credit linkages and marketing support. This widened the scope of the formation of 2, 05,553 self-help groups. They have saved Rs.723.10 Crores of Rupees and have obtained bank credit to the tune of Rs. 1216.00 crores for promoting women.¹³The Self Help Group movement which was started in a small way in Dharmapuri District in the year 1989, has now grown into a mammoth movement covering all districts of the State targeting poor families and the marginalised sections of the society.



Figure 1: Spatial Distribution of Women Self Help Groups Formed by TNCDW

Source: www.tamilnadumahalir.org/mahalir.html

ROLE OF SHGs IN THE FISHING COMMUNITY

Fisheries sector plays an important role in the Indian economy. It contributes to the national income, exports, food and nutritional security and employment generation. This sector is also a principal source of livelihood for a large section of economically underprivileged population of the country especially in the coastal areas. This sector has recorded faster growth when compared to the agricultural sector. It is also the only sector which offers cheap and good animal protein to the people, particularly to the economically weaker sections of the society and thereby it is in an advantageous position to ensure national food security. It is also a major source of foreign exchange¹⁴. Women in India are traditionally involved in agriculture, dairying, animal husbandry and fisheries. The fisheries sector makes an important contribution to the national economy with a share of 2.5% of the GDP providing food and employment¹⁵. Out of the total marine fish landings of about 2.2 million metric tons¹⁶, nearly 65% are marketed as fresh fish for direct human consumption. Here women dominate the retail fresh fish trade in all most all the maritime states of India, providing a link between the producer and the consumer¹⁷. More than 20 % of the catches are processed by traditional methods mainly by salting and drying, which is an important livelihood activity for a significant number of women, throughout the coastal India. A significant proportion of women either independently process fish meal by sun drying or work as labour in by product units. The sea food export sector utilizes 6% of marine fish catch and employs large number of women workers for grading, packing, and freezing sea foods of export. Thus the contribution of women in every aspect of post-harvest handling, preservation and processing of fish is substantial in the overall development of fisheries sector¹⁸.

STRENGTHENING OF FISHERMEN CO-OPERATIVES

To sustain the efforts towards empowerment of fishers in the State, the State Government has been implementing various schemes for the strengthening of the Fishermen Cooperatives. The Tamil Nadu State Apex Fisheries Cooperative Federation Limited (TAFCOFED) which has been operational since 1991 is supervising the working of SHGs in the Fishing community. TAFCOFED has been implementing Integrated Marine Fisheries Development Project. Most of the

socio economic schemes of the Department are carried out through the fishermen Cooperatives. This helps to strengthen the self-governance at the grass root level. Share capital assistance and managerial subsidies are given to these fishermen cooperatives.¹⁹ The State Government has organized four Extension and Training centres in the State. They are, Nagapattinam, Madurai, Mandapam and Colachel. Training is offered to marine fishermen in modern fishing methods, shore mechanic courses, fish farming, seed production, integrated fish farming and also ornamental fish culture. Fisherwomen are also given training in fish handling, processing, marketing and preparation of value added products. The state level Staff Training Institute in Chennai also offers training programmes to fisherwomen Self Help Groups, fish farmers and Extension Officers.²⁰The NABARD encouraged the concept of SHG and offered all institutional support for the development of the fishing community. The responsibility was entrusted to the women.

The following table provides details of the membership of fisherwomen in SHGs - AP, TN, Karnataka, and Kerala:

Table: 1. Membership of Fisherwomen in SHGs - AP, TN, Karnataka, Kerala

Name of State	Members	Not Members	Total
Andhra Pradesh	419 (23.3)	1381(76.7)	1800 (100.0)
Karnataka	223(22.1)	785(77.9)	1008(100.0)
Kerala	602(48.0)	653(52.0)	1255(100.0)
Tamil Nadu	1096(65.2)	585(34.8)	1681(100.0)
Total	2340(40.7)	3404(59.3)	5744(100.0)

Source: Vijaya Khader, Empowerment of Fisher Women, 2008, Agrotech Publishing Academy, Udaipur .

The above table suggests that in Tamil Nadu about 65% of women avail membership in Self Help groups. The SHGs are getting not only more involvement in income generating activities but also receiving comparatively better remuneration²¹. Studies reveal that increased availability of micro credit to the poor through SHGs enables people of the rural areas to take up larger productive activities, empower women, decreases the dependence on money lenders and increases savings. There has been perceptible and whole some change in the living standards of the SHG members in terms of ownership of assets, borrowing capacities, income generating activities and increase in savings.

CHALLENGES FACED BY THE SHGs

The following are some of the challenges identified in the performance of a SHG:

- Choice of an economic activity that would cover the interest rate on the loan and also the marketing of the product thus produced.
- Practical problems while obtaining loans from Banks.
- Some group members lack the specific skills to take up productive activity. Training of the SHG members is also a necessity.

Implementation of Early Warning Signal (EWS) system could be a solution to such challenges. This was adopted by Belstar Investment and Finance Pvt. Ltd., (BIFPL) a Chennai based Non- Banking Finance Corporation which adopts SHG lending methodology. The EWS has a six stage approach to check the performance of the SHG viz. – number of meetings held in a month versus number of meetings planned, attendance in the meetings, number of savings during the month,

repayment of internal loans and bank loans, and the share of loan outstanding of the SHG. Mr. Kamalnathan, Chief Manager of BIFPL Kaveripakkam region, states that they faced initial challenges to introduce the EWS, but at present the region has 11700 SHG and has shown improvement in business as well.²²

CONCLUSIONS

In the new economic era SHGs have emerged as a powerful instrument for poverty alleviation. The green, white and blue revolutions of the past have saved millions of people from starvation deaths and resulted in self-sufficiency. The current revolution is the micro-credit revolution. Unlike the other revolution, which had great scientists spearheading it, the SHG revolution has the poor people behind it. It is a bottom up approach of the poor, initially mobilized and promoted by the NGOs. The SHG concept has promoted participative decision making, savings and a varied range of loan products for consumption, production, insurance and social security.

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