CHAPTER - III

PROFILE OF SELF HELP GROUPS IN
SALEM DISTRICT, TAMILNADU

The present study is undertaken in Salem District. It is deemed as appropriate to have an overview of the profile of Self Help Groups in Salem district. The social and economic development of an area could be measured in terms of several indicators. These indicators include geographical and topographical structure, population, agriculture and topographical development, education, health care, transport, etc. The profile of the Salem district as well as the activities of Self Help Groups in the Salem district are presented in this chapter.

3.1 HISTORY

In the Salem district has a glorious history. Nineteenth Century, in the year 1856, Settlement department was established in the end of the company rule and taking over by the British Crown, in the year 1860 Salem City became the capital of the district, in the year 1862 Salem Central Jail was built, in 1866-1867 a series of famines and epidemics broke out. In the year 1875 Cholera epidemic rages, 1876-1878 The Great famine, 1891-1892 Another famine, 1896-1897 last famine of the century, in the twentieth century developmental activities in Salem such as constructing railways, ghat roads and construction of Mettur Dam took place.
In 1947 Salem became an independent part of free India. In 1951 Exchange of villages between Mysore and Madras State took place under the provinces and states absorption of enclaves order in 1950. In 1961 Sankari Taluk and Tiruchengode Taluk were formed. Salem district was bifurcated into Salem and Dharmapuri districts on 2nd October 1965. Salem constituted 9 Taluks such as Attur, Edappadi, Gangavalli, Mettur, Omalur, Salem, Sankari, Vallapadi, and Yercaud.

3.2 ADMINISTRATIVE PROFILE

For the purpose of administration, the district has been divided into 9 Taluks namely Salem, Valappadi, Attur, Gangavalli, Sankari, Edappadi, Mettur, Omalur and Yercaud. The local bodies in the district include 3 municipalities, 33 town panchayats, 20 panchayat unions and 384 village panchayats.

3.3 GEOGRAPHICAL FEATURES

3.3.1 Location

The Salem district is one of the biggest districts of TamilNadu. This district is surrounded by Dharmapuri district at its north, Erode and Namakkal districts in the south, Villupuram district in the east and west Ghats in the west. The district headquarters is centrally situated in the district. This district is intersected by numerous hills such as Shervaroy Hills and Kalrayan hills. The hills adorn the district with natural beauty and forest wealth.
3.3.2 Agriculture

Agriculture is the main source of livelihood of the people in this district. The food crops are sown in more than 72 per cent of the cultivated land. The major food crops are paddy, cholam, cumbu, ragi, redgram, greengram, blackgram and horsegram. Turmeric, sugarcane, mango, banana, tapioca, groundnut & gingelly, and the famous mango fruits are the cash crops. Agricultural Research Center is functioning in the district. Ground water is the major source of irrigation in the district.

3.3.3 Animal Husbandry and Dairying

The Sheep Research Station located at Mecheri in Mettur, developed and introduced the popular Mecheri breed. The breed is popular among the farmers and is reared mainly for meat purpose. The livestock population of the district includes cattle and buffaloes, sheep, goats, horses, pigs, mules, camels, and donkeys. Intensive Cattle Development project is functioning to improve the quality of cattle.

Salem Dairy has an impressive milk production and the district stands first in milk production. A variety of milk production has been introduced by the Diary recently and are effectively marketed. There are 1092 registered milk co-operative societies functioning at present 1010 milk co-operative societies procuring 780.64 lakh litres per day during flush season and 577.36 lakh litres per day during lean season. Salem is one of the major fishing centers in Tamil Nadu. One of the important fishing centers in the district is Mettur Dam and PWD tanks. The annual production of fisheries is put at 428 tons.
3.3.4 Industry

The district is rich in mineral deposits like Magnesite, Bauxite, Granite, Limestone, Quartz and Iron ore. Allied industries like Magnesite mining, Cement manufacture, bricks manufacture, Aluminum smelting etc thrive well. The Salem Steel Plant was an ambitious project started with a view to utilize the locally available iron-ore from Kanchamalai to produce steel. Now it is a public sector company engaged in rolling out cast steel blacks into sheets of required dimensions. Production of un-bleached sugar, vellam or nattu Sarkarai is a major Cottage industry among the sugarcane cultivators of Salem.

Rope making is another major cottage industry. Ropes are made by people out of the fibres of coconut, aloe, cotton and jute. Salem has a sizeable weaver population and weaving is an important house hold industry here. Both silk and cotton fabrics woven in Salem find popular market throughout the state. The Ammapet Weaver’s Co-operative Society has a turnover of Rs.2.40 crores and its main products are cotton sarees, bed sheets, towels, silk sarees and dhotis. Making of silver ornaments and artifacts by hand work is an important cottage industry in Salem. Silver anklets made in Salem are popular throughout the country.

The district has 48 Medium Scale Industries, 32,561 Small Scale Industries and 5826 Cottage Industries. The area in and around mineral pulverizing and cement factories is identified as air pollution stressed area. The discharge from major industries such as Chemplast, MALCO, Mettur Thermal Power Station, etc., are near the Cauvery river. The discharge from sago and
dyeing units in Salem. Attur and Valapadi taluks are also affecting the environment.

3.3.5 Trade and Commerce

Steel, coffee and Mango fruits are exported to foreign countries from Salem district. Food grains, Sugar, Fertilizer, Paper and Chemical Products are the commodities that more out of Salem district to other places.

3.3.6 Transport and Communication

Salem district finds a significant place in the transport vehicle population. Bus facilities are provided for every revenue village in the district. There is a good network of National Highways and State Highways. NH-7 and NH-47 are passing through the district to a distance of 98 Kms. Almost all villages are connected by roads and provided bus facilities.

3.3.7 Tourism

Yercaud is a popular summer resort in Salem. The cool and middle climate prevailing here makes it an ideal summer retreat. The Sherverayan temple deep inside a narrow cavern with a rivulet rippling behind the idols is one of the main spots of tourist attraction. The flowering of “Kurunji” once in twelve years also attracts tourists. Coffee, spices like cardamom, pepper, fruits like “Kamala” orange, butter fruit, jack fruit are grown in Yercaud and find good market. Some of the popular temples are the Taramangalam Shivan temple in Omalur, Sukavaneswarar temple, Kottai Mariamman temple, Prasanna Venkatesha Perumal temple Yercaud houses many colonial buildings and churches in Salem district.
3.4 SOCIO ECONOMIC PROFILE

Table 3.1

Population, Workforce, Area and Land Holding, etc.,

<table>
<thead>
<tr>
<th>S. No</th>
<th>Details</th>
<th>Numbers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Male</td>
<td>15,63,633</td>
<td>51.84</td>
</tr>
<tr>
<td>2.</td>
<td>Female</td>
<td>14,52,713</td>
<td>48.16</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30,16,346</td>
<td>100.00</td>
</tr>
<tr>
<td>3.</td>
<td>Male</td>
<td>9,42,939</td>
<td>64.82</td>
</tr>
<tr>
<td>4.</td>
<td>Female</td>
<td>5,11,706</td>
<td>35.18</td>
</tr>
<tr>
<td>5.</td>
<td>Cultivators</td>
<td>3,01,238</td>
<td>20.70</td>
</tr>
<tr>
<td>6.</td>
<td>Agricultural Labourer</td>
<td>3,87,901</td>
<td>26.67</td>
</tr>
<tr>
<td>7.</td>
<td>Household Industrial Workers</td>
<td>1,34,261</td>
<td>9.23</td>
</tr>
<tr>
<td>8.</td>
<td>Other Workers</td>
<td>6,31,245</td>
<td>43.4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>14,54,645</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Area (2001)

<table>
<thead>
<tr>
<th>S. No</th>
<th>Details</th>
<th>Numbers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.</td>
<td>Total Area (Sq.Km)</td>
<td>5,205</td>
<td>---</td>
</tr>
<tr>
<td>10.</td>
<td>Agricultural Land Holdings(No’s)</td>
<td>30,50,234</td>
<td>---</td>
</tr>
<tr>
<td>11.</td>
<td>Average size of Holding (Hect)</td>
<td>0.89</td>
<td>---</td>
</tr>
<tr>
<td>12.</td>
<td>Total Cultivated Area (Hect)</td>
<td>2,50,573</td>
<td>---</td>
</tr>
</tbody>
</table>

Source: www. Salem District profile

Out of the total population 51.83 per cent are males and 48.15 per cent are females. The working population is 48.23 per cent of the total population in which 64.82 per cent are male and 35.18 per cent are female workers. It is to be noted that 60.30 per cent of male population are workers whereas it is only 35.22 per cent of female population. This necessitates that women should be given more employment opportunities.
3.5 EDUCATIONAL, VITAL STATISTICS, HEALTH AND SOCIAL WELFARE

3.5.1 Education

There are 2220 elementary schools, 346 middle schools, 112 government and government aided higher schools are functioning in Salem district. Besides these 95 matric schools and 64 matriculation higher secondary schools are functioning. For higher education, there are 4 medical colleges, 2 homeopathy colleges, 7 nursing colleges, 14 engineering colleges, 28 Arts and science colleges, including 1 law college and 2 universities.

3.5.2 Health

Various medical and health facilities available are in the Salem district

Table 3.2

<table>
<thead>
<tr>
<th>Details</th>
<th>Modern Medicine</th>
<th>Indian Medicine</th>
<th>Homeopathy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of Hospitals</td>
<td>11</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>2. Number of Primary health Centers</td>
<td>70</td>
<td>16</td>
<td>--</td>
</tr>
<tr>
<td>3. Number of Health Sub Centers</td>
<td>398</td>
<td>---</td>
<td>1</td>
</tr>
<tr>
<td>4. Number of Beds in Hospitals and Dispensaries</td>
<td>1051</td>
<td>16</td>
<td>---</td>
</tr>
<tr>
<td>5. Number of Doctors</td>
<td>335</td>
<td>27</td>
<td>2</td>
</tr>
<tr>
<td>6. Number of Nurses</td>
<td>8510</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: District Development Data, 2009.

It is clear from the above table that even through the availability of modern medicine medical facilities are adequate, the services provided by these institutions are not at desirable level.
3.5.3 Social Welfare

Information about the social welfare programmes and schemes implemented in this district is presented in the table given below:

Table 3.3

Social Welfare Programmes and Schemes

<table>
<thead>
<tr>
<th>S.No</th>
<th>Details</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Old Age Pensioners</td>
<td>75,143</td>
</tr>
<tr>
<td>2.</td>
<td>Marriage assistance of daughters of poor widows</td>
<td>148</td>
</tr>
<tr>
<td>3.</td>
<td>Dr.Dharmambal Ammaiayar Widows Re-Marriage Scheme</td>
<td>12</td>
</tr>
<tr>
<td>4.</td>
<td>Marriage assistance for orphan girls</td>
<td>16</td>
</tr>
<tr>
<td>5.</td>
<td>Anjugam Ammaiayar Memorial Inter caste marriage Assistance Scheme</td>
<td>78</td>
</tr>
<tr>
<td>6.</td>
<td>Aid for handicapped</td>
<td>15</td>
</tr>
<tr>
<td>7.</td>
<td>Women Welfare Co-operation Societies</td>
<td>2</td>
</tr>
<tr>
<td>8.</td>
<td>Training Center</td>
<td>5</td>
</tr>
<tr>
<td>9.</td>
<td>Mahalir Manram</td>
<td>570</td>
</tr>
<tr>
<td>10.</td>
<td>Uzhavar Chandais</td>
<td>22</td>
</tr>
</tbody>
</table>

**Source: Salem District Economic Statistics, 2009.**

Under the social welfare programmes and schemes State of state Government of Tamil Nadu, above 75143 old age people of the men and women are getting Rs 400 per month, for the marriage of 148 daughters of poor widows assistance was given. Under the Scheme of Dr.Dharmambal Ammaiayar Widows Re-Marriage Scheme 12 have got benefits. Under Anjugam Ammaiayar Memorial Inter caste marriage Assistance scheme 16 have got benefits 78 under aid for handicapped, 12 persons under women welfare co-operative societies 2 persons and under training center 5 persons have become benefitted. 570 mahalir mandram and 22 Uzhavar Chandais have been established in this district and through these a great number of people have got benefitted.
3.6 FORMATION OF SELF HELP GROUPS IN SALEM DISTRICT

The seeds of social-economic empowerment for the Tamilnadu women’s were sown by Tamilnadu Corporation for Development am is based on self help group approach and is implemented in partnership with Non Governmental Organizations and Community based organizations. The self help group approach was started in a small way in Denkanikotta block of Dharmapuri district in the year of 1989 vide G.O.Ms.No.764, Social Welfare and NMP Department. Dated 01.09.1989 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 1992-1993. Following the success of the IFAD project, Mahalir Thittam project was launched with State Government funding from 1997-1998 vide G.O.Ms.No.292 Social Welfare Department Dated 04.12.1996 and was progressively introduced in all districts of the State. Today the self help group movement is a very vibrant movement spread across all districts of the State with nearly 69,92,306 women as members. As on 31.12.2010, there are 4,41,309 self help groups with a total savings of Rs. 259591.45 Lakhs.

3.6.1 Group Meetings

Group meetings needs to be conducted with a certain discipline in relation to regularity, time and items to be discussed. There needs to be a fixed day/ date every weeks / 10 days, on which day and time meeting is to be
conducted. Any member, including the leader/ representative, who without prior intimation to the group, either does not turn up or turns up late, is to pay a fine as imposed by the group on such member. The group can decide the fine amount. It has ranged from Rs.1/- to Rs.5/- in different groups for coming later, and Rs.5/- to Rs. 10/- for not attending the meeting.

3.6.2 Group Maintenance Fund

To supplement the group fund, an amount of Rs.15/- per member is to be collected initially on group formation, which will be in addition to the group savings. This will cover the of stationary, rubber stamps, register, postage etc. After six months another one time collection of Rs.10/- is also to be made. The member of the group should also contribute a minimum of Rs.2/- per members as Group Maintenance Fund. This could be utilized for certain minor purpose like TA for bank visits, purchase of stationary items, etc.

3.6.3 Group Savings

The group members must be encouraged to save as much as each can without it being a uniform amount for all self help groups starting with fixed savings can be motivated to switch to optional savings. This is especially relevant as most self help groups members have seasonal empowerment and can make up for poorer savings during lean season with higher savings during empowerment season by adopting optional savings. Regular weekly saving is
the most important factor that determines the speed of growth leading to quicker sustainability.

3.6.4 Group Common Fund

The group would receive funds in addition to savings and maintenance of fund amounts, such as fines imposed by them on members, grants from the NGO, bonuses for various programmes, service charges on external loans, etc., which should be put in the group common fund. The service to be charged on external loans can be left to the discretion of the group. Therefore, if the group receives an external loan at 12 per cent, the members would get it at a minimum of 20 per cent or such higher rate of interest as decided by the group.

3.6.5 Group Reserve Fund

The Group Reserve Fund is an essential aid for sustainability. This will be created from the inception of the group by keeping aside 50 per cent of interest earned on group loans. The primary use of the group reserve fund will be for meeting contingencies like genuine defaults on external loan by the group members. In order to prevent this from becoming a disincentive for repayment, 10 per cent to 15 per cent of the total net interest accumulation (after deducting the interest paid to banks NGOs on external loans) can be distributed as dividend to the non-defaulting members from the third year onwards as an incentive after retaining the amount required for contingencies.
3.6.6 Rotation of Group Funds

Internal loan should be prioritized and differential rates of interest could be charged for emergency loan, as distinct from other loan for income generating activities and family functions. Internal loans should not be given to more than 10 members at any given point of time, except in extraordinary situations. Request of a second loan before clearing the first loan from the group should not be admitted.

3.6.7 Criteria for Poor

In membership priority is given to the poor and the method and criteria to be used to identify poor families will be designed by the groups, it is likely to be more accurate. It must not be imposed by the Commission or any other outside organization.

3.6.8 Loans

In a period of six to nine months it is expected that Self Help Group will be able to get the loan from banks for purpose of further income generation activities. The loan will be taken by the group and the group will given the same to the individual. Collection of installments against loan will be done by the group and deposit will be done in the Bank. Two persons will be authorized by the group to handle the Bank work and all receipts and expenditures will be done by cheque.
3.7 ORIGIN AND CONCEPT OF SELF HELP GROUPS IN TAMILNADU

The origin of self help groups is formed the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. Self help groups were started and formed in 1975. In India NABARD is initiated in 1986-1987. But the real effort was taken after 1991-92 from the linkage of self help groups with the banks. A self help group is a small economically homogeneous affinity amount group of the rural poor voluntarily coming together to save small amount regularly. Which are deposited in a common fund to meet member’s emergency needs and to provide collateral free loans decided by the group. The have been recognized as useful tool to help the poor and alternative mechanism to meet the urgent credit needs of poor through thrift self help group is a media for the development of saving habit among the women self help groups enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The basic principles of the self help groups are group approach, mutual trust, organization of small and manageable groups, group cohesiveness, sprit of thrift, demand based lending, collateral free, women friendly loan, peer group pressure in repayment, skill training capacity building and empowerment. In TamilNadu self help groups were started in 1989 at Dharmapuri District. At present 4,41,309 lakh groups are function with 69,92,306 lakh members. At present, many men also eager to from self help groups.
3.8 FUNCTIONS OF SELF HELP GROUPS IN SALEM DISTRICT

Generally a self help group may be consists of 10-20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20 persons. Generally all members of the group should belong to families below the poverty line. This will help the families of occupational groups like agricultural laborers, marginal farmers and artisans. Marginally above the poverty line, or who may have been excluded from the below poverty line list to become members of the self help group. However, the above poverty line members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family.

- Create a common fund by the members through their regular savings.
- Flexible working system and pool the resources in a democratic Way.
- Periodical meeting. The decision making through group meeting.
- The loan amount is small and reasonable. So that easy to repay in Time.
- The rate of interest is affordable, varying group to group and loan to Loan.
- However it is little higher than the banks but lower than money Lenders.
3.9 SELF HELP GROUP ACTIVITIES IN SALEM DISTRICT

There were 9 taluks and 20 community development blocks in the Salem district. The Self Help Groups were formed in this district in the year 1989 under Mahalir Thittam (Women’s Development Project). It was proposed to set up 2788 Self Help Groups during 1989-1990. However, 5,756 Self Help Groups were formed upto December 1995. But, in 2003, there were 1,01,951 women enrolled in SHGs. In December 2007 it went up to 2,49,488 and on March 31st 2010, there are 2,91,668. Again, more than two lakhs Self Help Group members are in all groups. There are 21,256 Self Help Groups formed by the SC women and the number of members in these groups are more than about 2,02,505. The total savings of the Self Help Groups were about Rs.7167.50 lakhs and the loan sanction and was Rs.1757 lakhs. The repayment was around 92 per cent. The total beneficiaries were 2,17,351 women members. The Self Help Group women members were involved in economic activities such as the production and marketing of arecanut, training class for sewing, coirknitting and sale, manufacturing of soaps, manufacturing of toys and wires, manufacturing of blue and bringingup of mushrooms. Women members were also involved in monitoring the normal and proper functioning of ration shops, preventing brewing of illicit liquor and maintaining group unity, etc.
3.10 SELF HELP GROUP BANK LINKAGE

SHGs bank-linkage means linking the SHG with bank for higher credit needs. Group meets the smaller consumption and emergency needs ranging from Rs. 500/- to Rs. 1000/- from its members. As the age of the group increases the competence of the group and need for the credit goes up. Group may require additional funds for supporting income generating Activities. The fund will be mobilized through linking the group with banks.

- Process of linking SHGs with a Bank
- Generate a demand for loan at group meeting.
- Submission of the loan application to the bank manager.
- Group visit by the concerned bank official-interaction and appraisal.
- Sanction of the loan Group bank account
- Disbursal of loan to the Group bank account.
- Group lends to the individual members as per the priority.

SHGs formed by NGO and linked to bank in this model NGO would organize the poor in to SHGs, under take training for awareness building, entrepreneurship and skill training help in arranging inputs, extension and marketing, introduce saving and internal training help in maintenance of accounts and link them with the banks for credit requirements. Banks directly provide loans to SHGs with recommendation of the NGO.

NGO forms SHGs and perform financial intermediation role as lender to SHGs offer sourcing loan from bank. In this case, besides, acting as facilitator
the NGO also works as financial intermediary. Hence, the loan is given to NGOs by the bank for on lending the SHGs/ individuals. In this linkage model, NGO would be legally responsible for repayment and would bear the risk of non-payment.

Bank SHG Association in this case, banks directly promote SHGs. Her the bank assumes to pay the role of NGOs and ensure linkage with SHGs.

3.10.1 Financers for Self Help Groups

Among bank Regional rural Banks (RRBs) and Co-operative banks promote the SHGs apart from financing them. Commercial banks promote SHGs to a very limited extent. The local character and regional spread of RRBs given them an advantage in providing promotional and nurturing support to SHGs. NABARD has been encouraged for this purpose since 1999, small industries Development Banks of India (SIDBI), Housing Development Finance Corporation (HDFC), Housing and Urban Development Corporation (HUDCO) and a host of international Institutions. Apart from these agencies, Union and State governments too finance for SHGs through their various programmes and schemes.

3.10.2 Collection of the Saving

Saving is a significant component of SHGs and it is compulsory Micro-saving is primarily a means of collateral for micro credit. The amount may be small but “Saving has to be regular and a continuous habit of the group members. Saving first and credit next” is the fundamental principal. One of the
group members along with the office bearers should taken the responsibility of the collection of this amount. The total savings collected should be counted and announced to all members. The savings to be used as loan for members.

3.10.3 Opening an Account in the Bank

Soon after an SHGs is formed and one or two meetings are held where the savings are to be collected, a Saving Bank Account can be opened in the name of SHG. RBI has issued the instruction to all the commercial banks and RRBs, permitting them to open SB account of an SHG. The account could be opened after the resolution signed by all the members of the group. The account will be opened in the name of the group and not the individual. After the savings for minimum period of 2-3 months, the common savings fund should be used by SHG for lending its own members. Simple and clear books of account of saving and lending should be kept by SHG.

3.10.4 Issues of Loans

The office bearers shall ask the members to generate demand for fresh loans. Each member shall specify the amount as well as the purpose for which the loan is being taken. Demand for all the members shall be collected and totaled. Suppose the demand for loan is less than the money collected during the meeting the group decides to give the loan to the members as per their demand. If the demand is more than the amount collected, discussion should takes place to priorities the need of members. This prioritization should be mentioned in the Byelaw of the group and could be referred in case of the
dispute. Then according to the priority loan should be issued to the members it is advisable to collect the demand for loan before the saving and installment amount have been collected. Otherwise members may place their demand for loans seeing the amount of money available in the group and not on’ what they require.

3.10.5 Collection of Repayment

Repayment schedule, as decided earlier at the time of giving loan, each member should pay the loan installment and the interest amount. The total of the amount collected shall be announced to the members.