

Welcome



HAND IN HAND
TAMIL NADU (HiH)

Our National Mission – Challenges

- We are one billion+ people
- 600,000 villages with 700 million people
- 260 million are below poverty line (36 million are unemployed)
- How to uplift?

- Habitat
- Infrastructure
- Healthcare
- Education
- Employment
- Market connectivity
- Quality of Life

**Integrated,
Simultaneous
Connected
Actions**

- Ascending Economic Trajectory
- Continuously rising foreign exchange reserve
- Decreasing rate of inflation
- Global recognition of technological competence
- Many developed countries vying to invest in our engineers and Scientists and also to setup R&D Centres in India
- Indian FDI in London is second to US and in Europe it has increased from 5 to 119 during 1997 to 2004.
- Governments Commitment to ensuring > 8% GDP Growth
- Creativity of Entrepreneurs
- Vibrant Democracy

Vision and Mission



HAND IN HAND
TAMIL NADU (HiH)

VISION

To reach out and empower 1 million rural poor families in TamilNadu by 2010 through an integrated community development process

MISSION

To eradicate child labour in Kancheepuram and provide sustainable livelihood to families through women in TamilNadu

About us



HAND IN HAND
TAMIL NADU (HiH)

- HiH is a not-for-profit, MFI-NGO registered as a Public Charitable Trust operating in Tamilnadu India since 2003 with a *development focus*.
- SEED is also a registered Public Charitable Trust with the objective of improving the standard of living of rural poor.
- We are committed to upliftment of rural villages and Empowerment of Women, identifying women as the poorest of the poor and most affected by poverty.
- Our approach is "*from women to families and from families to society*"



HAND IN HAND
TAMIL NADU (HiH)

Goals and Objectives

- To work for socially and economically deprived sections of the rural people.
- To improve the rural economy and create employment opportunities through enterprise creation and microfinance.
- To work for the sustainable development of the society through mass mobilisation, capacity building, education and health.
- To work for the holistic empowerment of the women and the community.
- To involve in lobbying and advocacy for micro and macro issues.



HAND IN HAND
TAMIL NADU (HiH)

THE EXTENT OF POVERTY IN INDIA

- 175 million families live on less than \$2 per day.
- 380 million people survive on less than \$1 per day.

Eradicating Poverty:

Micro-finance has been identified as a powerful tool

The Millennium Development Goals :

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability and
Develop a global partnership for development.



What is poverty?

- Social exclusion - Caste, gender factors
- Poor human capital
- Restricted choices
- Low capabilities
- High vulnerabilities to crisis - natural & man-made
- Low access to and control over other forms of capital - money, natural resources, institutions *due to low social capital*

Poverty Reduction Strategies



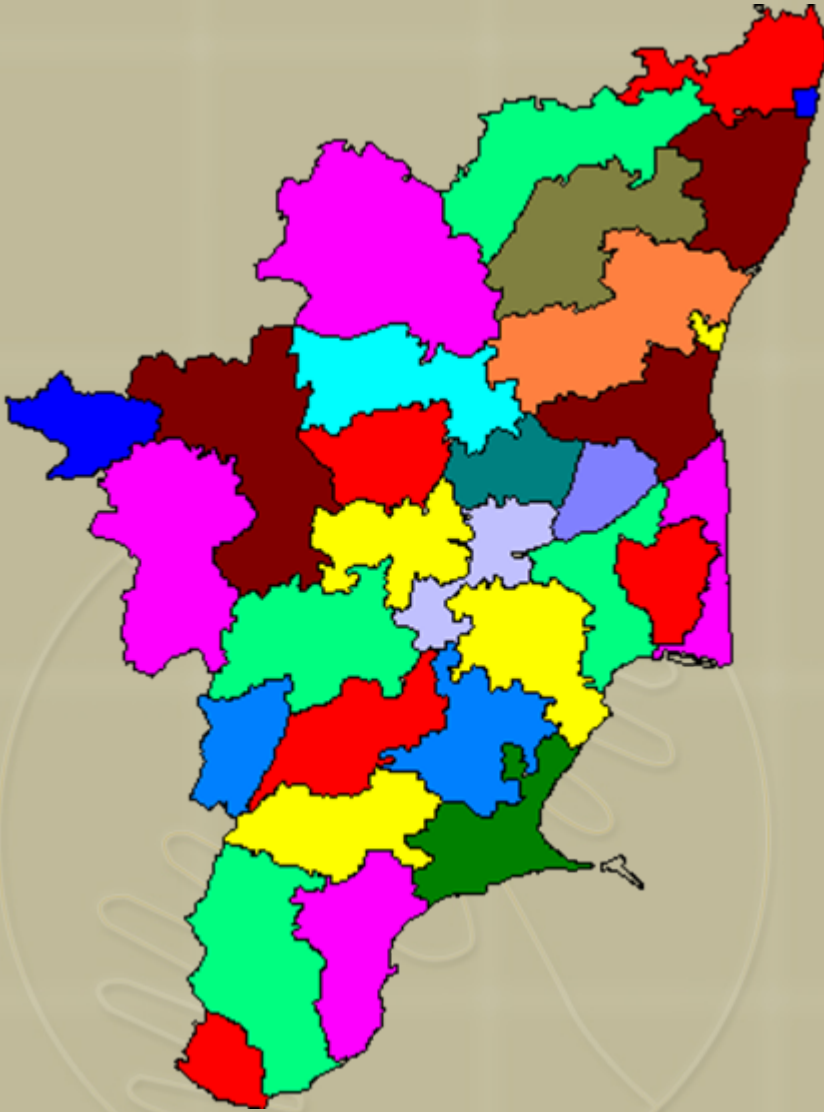
HAND IN HAND
TAMIL NADU (HiH)

- ***Collectivisation of poor*** to combat powerlessness, reduce vulnerabilities and end exploitation
- ***Capacity building*** through training and facilitation for human development
- ***Networking*** leading to higher social capital and thereby better access/control over resources
- ***Sustainability*** through participation of poor
- ***Engender development*** through special component for women
- ***Build Partnerships for empowerment*** within and outside government for a unified "***poor centric***" approach

DEMOGRAPHIC PROFILE OF TAMIL NADU - 2001



HAND IN HAND
TAMIL NADU (HiH)

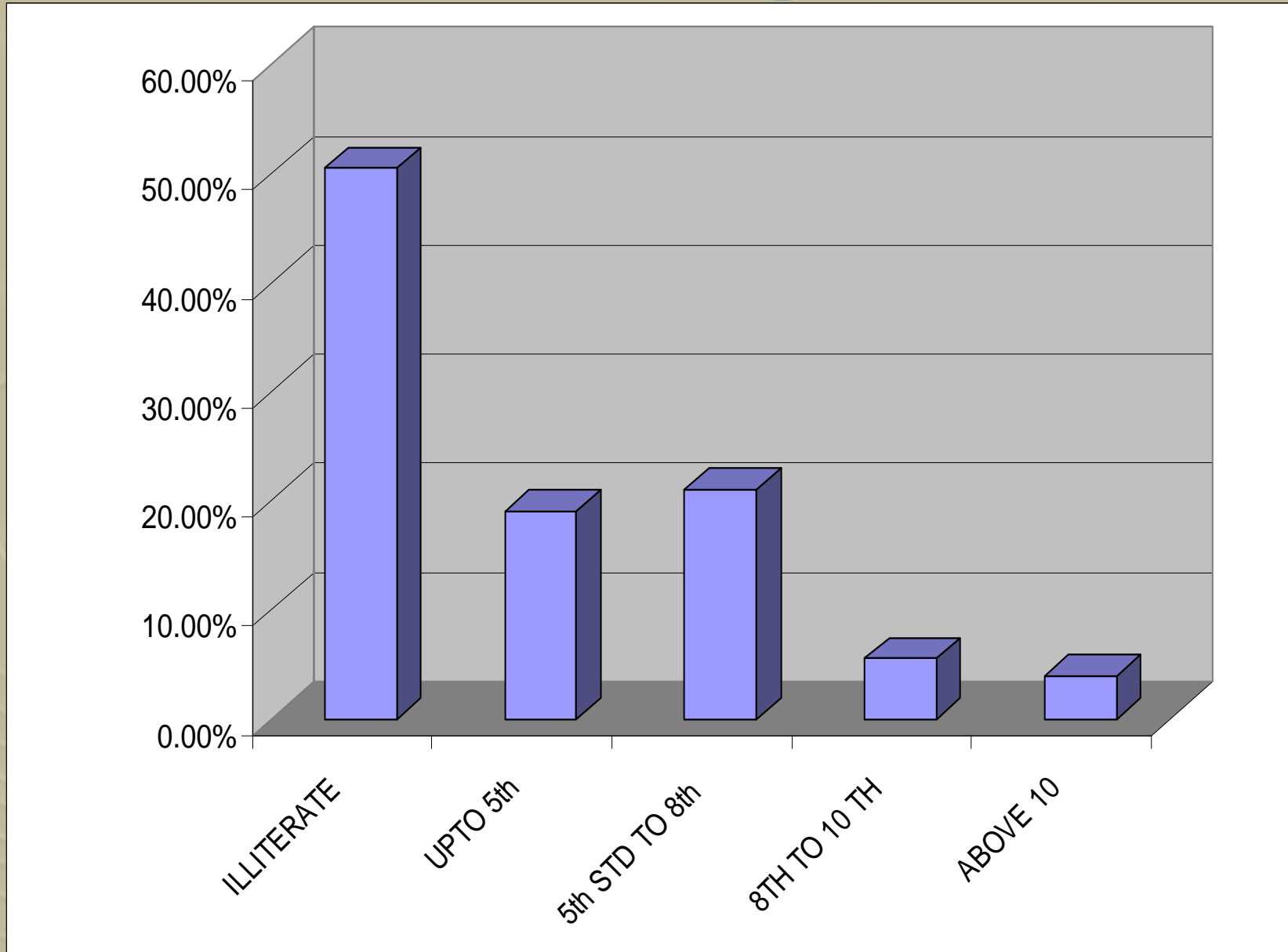


Population	6,21,10,839
Area (in Sq. Km.)	1,30,058
Density	478
Sex Ratio	986
Juvenile Sex Ratio (0-6 Yrs)	939
Total Literacy (%)	73.5
Female Literacy (%)	64.6
Male Literacy (%)	82.3
Decadal Growth Rate (%)	11.19

Literacy Status of SHG Members



HAND IN HAND
TAMIL NADU (HiH)





HAND IN HAND
TAMIL NADU (HiH)

TARGETING WOMEN

Targeting women for microfinance

- *Women are Poorest of the Poor*
- *Women spend more of their income on their families*
- *Efficiency and Sustainability*
- *Empowering Women*



HAND IN HAND
TAMIL NADU (HiH)

MICRO FINANCE DELIVERY APPROACH IN INDIA

Microfinance Delivery Approaches

- Self Help Group Model
- Grameen Bank Model
- Cooperative/MACs Model
- NBFC Approach



HAND IN HAND
TAMIL NADU (HiH)

The Self-Help Group Approach

Features of the SHG model

- Small informal groups that have homogeneous poor people
- NGO facilitator builds in processes and systems
- The group mobilizes savings and makes need based loans to them out of the pool of funds created.
- Initially, internal transactions are encouraged and subsequently the groups are linked with banks for supplementary financial assistance.
- Training for income generation activities and assistance in establishing forward and backward linkages
- Record book maintenance and entrepreneurial development training
- External loan from the banks to enhance on-lending to their members



HAND IN HAND
TAMIL NADU (HiH)

MICRO FINANCE DELIVERY APPROACH IN INDIA

The Self-Help Group Approach

Strengths:

- Provides an avenue for the poor to save and take small credit as and when needed.
- Helps the members exert peer pressure and ensure proper repayment
- Access to subsidized credit from Banks and NBFIs
- Social activities for village development and collective action



HAND IN HAND
TAMIL NADU (HiH)

The Self-Help Group Approach

Drawbacks:

- The group promotion process is tedious and long drawn.
- Large and scattered client base
- Non-viability of small size of loans / savings
- High transaction costs
- High risk costs
- Past experience of defaults / waivers
- Exacting systems and procedures



HAND IN HAND
TAMIL NADU (HiH)

The Grameen Bank Approach

Strengths:

- There is an exclusive focus on the poorest of the poor.
- Borrowers are organized into small homogeneous groups.
- Special loan conditions, which are particularly suitable for the poor
- Simultaneous undertaking of a social development agenda addressing basic needs of the clientele.
- Expansion of loan portfolio to meet diverse development needs of the poor.
- Grameen Bank has high loan recovery rate, in excess of 98%



HAND IN HAND
TAMIL NADU (HiH)

The Grameen Bank Approach

Drawbacks:

- No dividend on savings for mature groups
- Interest rate quite high (24% diminishing /18 % flat rate) in general
- Training not given to all the groups
- Training to SHGs on record maintenance, skill training and capacity building not given
- Mature groups not linked to banks
- Convergence with Grama Panchayats, Health Department and Government not established
- Minutes book not maintained by SHGs



HAND IN HAND
TAMIL NADU (HiH)

The Grameen Bank Approach

Drawbacks:

- Social Action Programs/ Community Action Programs not taken up
- Role of federation not strengthened for bargaining/lobbying with Government

Other Findings



HAND IN HAND
TAMIL NADU (HiH)

Sources	Findings
<p>1996 Anne Marie Goetz and Rina Sen Gupta: <i>Who Takes Credit?...World Development</i> 24(1) 45-63</p>	<ul style="list-style-type: none">• Lending processes often victimized women borrowers and contributed to their dis-empowerment• 63 per cent of the women loans was controlled by male family members• Women bore the risks and burdens of institutional debts
<p>2001 Lamia Karim's 24 months doctoral work on Grameen, BRAC, ASA and Proshika</p>	<ul style="list-style-type: none">• The micro-lending practices and repayment pressures of these institutions cause intimidation towards borrowers and increase violence against women• Micro-credit interventions in rural areas lead to the reproduction of usury.
<p>2002 Ana Marr's doctoral research on the Communal Banks in Peru</p>	<ul style="list-style-type: none">• Severe sanctions on borrowers in order to achieve high repayment rates.• Sanctions and repayment pressures damage the cohesiveness of the group, undermine the empowerment of borrowers, lead to household debt-building, and create more poverty



HAND IN HAND
TAMIL NADU (HiH)

HAND IN HAND SHG APPROACH

Hand-in-Hand combines the best features of Self-help Group Model and the Grameen Bank Model



HAND IN HAND
TAMIL NADU (HiH)

HAND IN HAND SHG APPROACH

The objectives of the HiH Microfinance Project

- Providing timely credit to the rural poor women
- Facilitating self-employment projects for unemployed rural women
- Promoting family and group based enterprises.
- Facilitating forward and backward linkages.
- Ensuring that at least 80% of the SHG women have their own enterprises within 18 months of group formation.

Empowerment Mission



HAND IN HAND
TAMIL NADU (HiH)

- Poverty Reduction Strategies
- Building capabilities
- Raising social capital
- Building of people's institutions & networks
- Convergence





HAND IN HAND
TAMIL NADU (HiH)

HAND IN HAND SHG APPROACH

Strategies applied

- Developing strong and cohesive, women's Self-help groups with links to commercial bank.
- Inculcating the habit of savings and financial discipline.
- Increasing women's asset-base and income.
- Providing training through 'Entrepreneurship Development Program'
- Encouraging networking through formation of Women's Federations
- Focussing on improvement of health and family welfare
Increasing functional literacy through training programmes.



HAND IN HAND
TAMIL NADU (HiH)

HAND IN HAND SHG APPROACH

Projects are designed to focus on:

- Social mobilization and skill development.
- Institutional strengthening of rural financial services.
- Provision of credit to beneficiaries from rural banking services.



HAND IN HAND SHG APPROACH

Benefits of the HiH approach

- Hand in Hand offers loans at the same interest as banks and does not levy any extra charges.
- All the SHGs have accounts with the commercial banks to have continuous access to credit.
- Care is taken to build social capital amongst members through training on group dynamics.
- Basic ledgers are provided to help them maintain basic records of transactions.

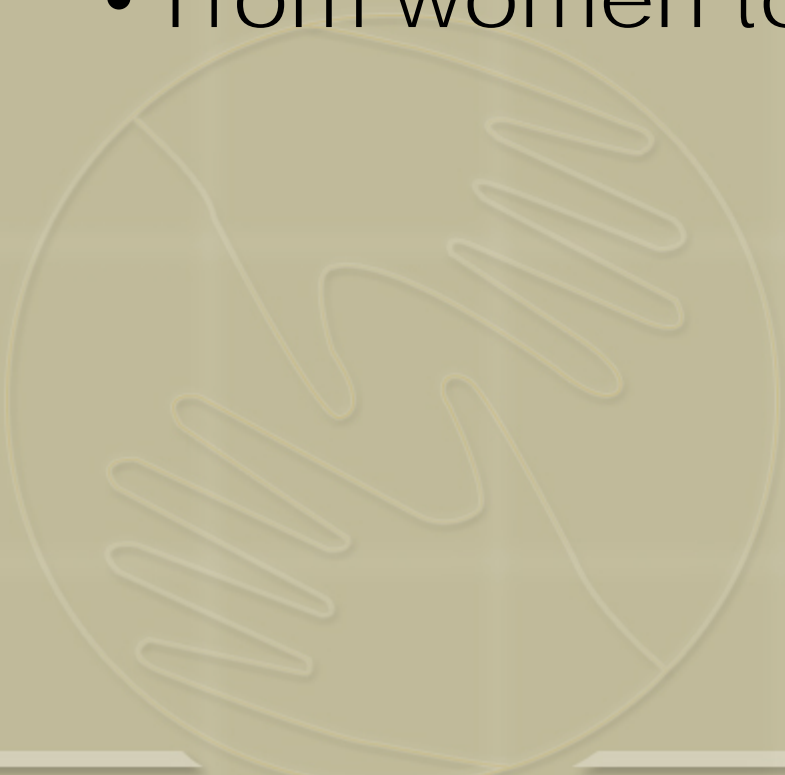


HAND IN HAND
TAMIL NADU (HiH)

Strategy for job creation

Phasing

- From rural to urban
- From women to families and youth





HAND IN HAND
TAMIL NADU (HiH)

Strategy for job creation

- Family based enterprises
- Group based enterprises



HAND IN HAND
TAMIL NADU (HiH)

Financial support for job creation

Loans

- o Through Banks.
- o Through HiH
- o Through their savings



HAND IN HAND
TAMIL NADU (HiH)

HAND IN HAND

Enterprise Development:

- Hand-holding for medium sized, non-traditional group based enterprises.
- Intensive training is given.
- Enterprises are selected after rigorous market survey.
- Experts provide training on technical aspects.
- Support provided for an initial period of six months by which time the unit is expected to stabilize and generate profits.



HAND IN HAND
TAMIL NADU (HiH)

HAND IN HAND

Training:

- The training programmes are designed after doing a Training Needs Assessment.
- Training curriculum and training manuals are designed in consultation with the various project partners.
- Strategies like decentralized training and condensed technical training programmes are followed.
- Periodic workshops and seminars are held to promote two way feed back.



HAND IN HAND
TAMIL NADU (HiH)

HAND IN HAND

Training:

Participants are also given training in

- Accounting, loan repayment, literacy, health and environmental issues.
- Activity related skills.
- Quality upgradation and marketing.
- Training on Panchayat Raj institutions.

Marketing :

- Identifies and facilitates marketing linkages and promotes partnership between the private sector and communities



HAND IN HAND
TAMIL NADU (HiH)

DIFFERENT STAGES IN THE PROJECT CYCLE OF HAND IN HAND

- Formation of cohesive SHGs with members of the same economic class.
- Micro-credit is given to 1/3 rd of the members for family based enterprises. The remaining 2/3rds of the members ensure that loans are repaid in time.
- The next step is providing credit plus services to the members.
- Credit is now provided to the remaining members in a phased manner for setting up micro-enterprises.



HAND IN HAND
TAMIL NADU (HiH)

DIFFERENT STAGES IN THE PROJECT CYCLE OF HAND IN HAND

- Encouraging transactions with banks gives them continuous access to cheaper credit. Introducing controls and systems within the organization at various levels result in transparent financial and accounting procedures and reports.
- Enabling women to function more independently.



HAND IN HAND
TAMIL NADU (HiH)

BEST PRACTICES OF HIH

- Close monitoring of loan performance; high collection rates and low arrears.
- Assisting banks in loan documentation and repayment.
- Advanced management information systems (MIS), which facilitate effective planning, control and timely monitoring of loan repayment.
- Accountability to poor women.
- Providing credit and allied services including linkages.



HAND IN HAND
TAMIL NADU (HiH)

BEST PRACTICES OF HIH

- Targeting poorest of the poor and focusing on building sustainable institutions.
- Providing adequate resources for capacity building.
- High degree of autonomy in formulating strategies.
- Employees' remuneration is based on portfolio performance and quality.
- Innovative, low-cost distribution systems and mobile banking with flexible loan terms and conditions.



Achievements in the last two years

- 8800 SHGS and 129,000 women
- 22500 family based enterprises-
of which 5750 have been set up with
HiH support and 16,750 through direct
bank linkages
- 72 medium sized enterprises



HAND IN HAND
TAMIL NADU (HiH)

EMPOWERMENT

The bright side

- Women's mobility has expanded dramatically through the project.
- A majority of members with credit linkage have moved from wage employment to part/full self-employment and enhanced their skill base.
- Cash contribution to household income has increased leading to greater respect.
- A majority of members retain control over income created through the programme and half of them manage all activities pertaining to loan operations.
- Women's role in intra-household decision-making has increased, and also in local self-governance institutions.
- Incidence of domestic violence and violence at work place has declined



HAND IN HAND
TAMIL NADU (HiH)

EMPOWERMENT

However, several concerns persist...

- Women play lesser role in marketing.
- Domestic work and childcare continue to be women's domain.
- Decisions on land and major assets continue to be taken by men.
- Few women own land or a house.
- Participation restricted to placing their grievances and not influencing decisions.
- Few SHG members are ward members.
- In almost every group there is at least one woman experiencing violence.
- Over the years, the practice of dowry has in fact increased.
- Women also face pressing needs in terms of primary health care, education and employment opportunities.



HAND IN HAND
TAMIL NADU (HiH)



EMPOWERMENT

The biggest challenge

To ensure that the increased income through credit leads to Improved well-being and position of women and girl children.

Social Transformation

- Inclusion of women in every sphere of human activity.
- Guaranteeing women the exercise and enjoyment of human rights and fundamental freedom on a platform of equality with men.
- Change in the traditional, stereo-typed roles for men as well as women in society and in family.
- Elimination of prejudices and customary practices.



HAND IN HAND
TAMIL NADU (HiH)

The challenge:

- To build on the initial experience gained from the demonstration projects in order to establish unsubsidized and sustainable access to financial resources.
- To graduate into a sustainable Mfi
- To offer consultancy services to Government of South Africa and Afghanistan on best practices of Hand in Hand



HiH Future Plan (Short Term)

- Reach out to 20,000 poor clients this year
- Set up a suitable mFI before December 2006
- 100% insurance of SHG loans
- 100% Computerization of SHG Transactions



HiH Future Plan(Medium Term)

- Reach out to 10,00,000 by the year 2010
- Extending institutional credit to 80000 clients
- Setting up 5,00,000 family based and 200 medium size enterprises
- Be donor dependency free by 2010
- Transforming into a stronger legal form owned and managed by women



HAND IN HAND
TAMIL NADU (HiH)

Thank You!

Hand in Hand looks forward to
sharing your valuable views

Please visit us at
<http://www.hihseed.org/>

