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A monthly on emerging enterprises & entrepreneurs

India's Lady with the Lamp

The Human Face
of Micro-finance

Home garbage
can be useful

Okhla Indl. hub or JJ cluster?

Communication mantra
for more customers

India is world
capital of Heart
ailments



India's Lady with the Lamp

Devastated by floods, exploited by their drunkard husbands and greedy moneylenders, the poor petty pavement sellers of Chennai had nowhere to go except shed tears of despair until they found a shoulder to lean on.

The plight of these poor working women moved the kind-hearted, determined and flamboyant Jaya Arunachalam who said no to her upcoming political career and extended a hand of compassion to these suffering workers. She told them in no uncertain terms, "Stop crying. Get up and let's go."

Today, she has an army of over one million women petty entrepreneurs 'empowered' to manage their life with pride.



Dr. Jaya Arunachalam

Elevating Grass-Root Women Workers to Empowerment

Who comes to the rescue of thousands and thousands of poor women, living on the edge, in isolation and abject poverty, who are subjected to inhuman treatment and when their day's earnings are taken away by their drunkard husbands; when they are beaten up on refusing to part with their sweat-laden earnings; when they are left with nothing to manage their children; when they are forced to mortgage their children to moneylenders to see their families still breathing life; when they have nowhere to go but continue a life of hollowness and hell?

It needs a melting heart, a strong stamina, a devoted dedication of a woman in Chennai to wipe the tears of such hapless and helpless human beings.

The dreaded floods in Chennai in 1978 watered down the hopes of poor working women struggling to ebb out a living. However, their pain and misery touched the heart of a youthful enthusiastic woman aspiring for a bright career in politics.

Full of verve and zest, armed with Post Graduate degrees, intelligence and forbearance changed her mind to let go political career and embrace social work with a vow to better the lot of suffering women and bring justice to their hard work.

These poor 'working' women were selling flowers, idlis, rolling bidis, making aggarbattis, selling fish, vegetables and doing all odd jobs with no working hours fixed, earning Rs.10, 20 or 30 a day.

She did whatever she could to make help reach them. The floods afforded the lady to peep into their lives which was a hellish experience. The lady could not sleep for days thinking and lamenting about their sorry state. "Poverty is a much greater disaster than floods," she told herself. She took a silent pledge and waged a war on their gross exploitation. Days and nights did not matter to her. Time was running fast and so was she.



She exploited all her resources and wealth to consolidate her efforts. Her eyes went moist looking at the tears of such women narrating the stories of their pain. Her heart too ached in equal measure.

She went to the poor women's dwellings, the slums, shared with them their experiences, talked to their men folks, studying them and analyzing their problems. She told them straight and strong. "Shedding tears will not help you. Sitting as helpless creatures will do nothing but add to your miseries. Stop crying and get up. Let's go."

The clarion call was heard loud and clear. Soon she saw an army of 800 women rallying round her for help vowing to do anything she would say. They pleaded her to be their leader. The Working Women's Forum was born. A movement had been kicked off. History was beginning to be made.

Empowerment of poor working women was set to become a reality.

The woman is Jaya Arunachalam, 'India's Lady with the Lamp' who is one of the few valiant individuals independent India has ever produced.

Thousands of such working women today heave a sigh of relief for they are 'empowered' and are wearing self-confidence on their faces.

A Step Towards Inclusive Micro Finance

One reason why India is witnessing an escalating gap between the rich and the poor is that our growth process embraces the rich and disgraces the poor. "We need to transform the current growth process into an inclusive one for both sustainable development and equitable distribution of wealth and

prosperity to reach even the poorest", Mrs. Arunachalam told SME World. "Why should the poor be powerless when the majority of the teeming millions are still poor?" she questions. The poor who are the humble wealth creators should get their due share in the pie of development triggered by globalization.

The micro entrepreneurs running their micro businesses have been the silent contributors to India's growth story. But their ineffective enterprises have not been able to ensure them even the bare minimum necessities of life. There has been a compelling need to guide them to become more dynamic and profitable, so as to live a decent existence. "Efforts should be taken to link rural products, resources and skills with the marketing and professional skills of industry, to generate new momentum particularly in rural India," opines Mrs. Arunachalam.

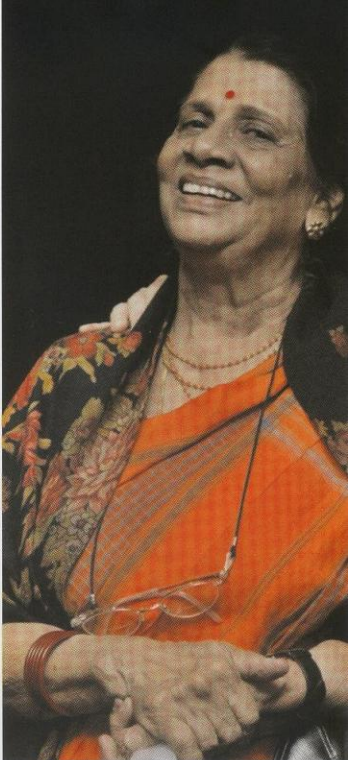
Why Are the Poor Powerless?

Our banks had been nationalized long before with a promise to deliver credit and thus help aspiring entrepreneurs fuel the country's economic development. Unfortunately, the banking system today is governed by lopsided policies which are prejudiced against micro entrepreneurs. Micro finance does exist but only on paper.

No enterprise can flourish, let alone exist without credit.

Hence this experiment in micro finance was undertaken with an objective to empower the poor with micro credit. This entailed an in-depth study of the circumstances afflicting the poor, their needs, and to devise specialized products suited to their requirements. Mrs. Arunachalam found that the poor

entrepreneurs had little or no access to working capital, trading places, no orientation of business skills nor any protective methods for risk or loss. "Microfinance has to include products such as savings, insurance, training in skills/empowerment that are not available in the regular banks to the poor due to regulatory barriers, also insufficient data regarding client level impact," envisions Mrs. Arunachalam.





With Tamilnadu Governor S.S.Barnala

Her novel experiment in micro finance thus kicked off with a promise to deliver to the poor. To make credit available to the grass roots entrepreneur.

The inspiration behind WWF

It was during the floods of 1978 that Mrs. Arunachalam realized that doling out relief material did not help the poor. They had to be empowered to help themselves. So she sat with them, spoke to them carefully studying their problems. She did not want to give them help at the first instance. Her initial approach was to get them to speak out and suggest ways in which they could be helped. "We asked them how to proceed and where to start", reminisces Mrs. Arunachalam.

Mrs. Jaya and her friends found out that women were the most pathetic entities. Most of these women worked as street vendors, pavement hawkers, handloom weavers, coir workers, handicraft workers, fisher women, lace artisans, wage labourers and those who carry on several micro enterprises. Their unprofitable businesses forced them to live in abject poverty. Health, literacy or electricity was luxury.

In many cases it was found that they had alcoholic husbands who would force them to part with their hard earned money. Most of them approached the local moneylenders for credit who exploited them because of their poverty and illiteracy. Most of their savings were taken away in interest payments and they were never able to pay the principle.

Most women found visiting banks as the most scary experience. The reason, banks were averse to processing small loans. Their complicated and tedious

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procedures were the main repellents. Women were insulted and ill-treated by the officials. Amidst this state of affairs, an idea from a banker worked as a spark which became the inspiration behind WWF. He mooted the idea that if women could get organized into a forum which could guarantee on behalf of its members, credit could be given to them.

The idea of organizing women into groups took Mrs. Jaya by a storm. What an idea? Women need not be helped by an outside body. They could get organized and derive strength from group dynamics. They could get self-empowered. Thus the Working Women's Forum was born in April, 1979. Starting from 800 women to a million women till date, it has now become a movement of 10, 78, 250 people living in 2241 slums dexterously served by 14 branches spread in different states of India. A mammoth revolution indeed.

☐ To overcome the bureaucratic delays of the formal banking systems and

☐ To prove that our poor women are bankable, their enterprises can grow and they can save and contribute to their families.

Women members in WWF are neither managed nor controlled by an outside authority. They are carefully selected and trained to shoulder key responsibilities in the administration of the organization. Thus women have been honed to become leaders in their own right and to take up the cause of poor women in the community.

WWF promotes a revolutionary form of self-governance and self management process which enables women to participate in the activities of these forums at all levels.

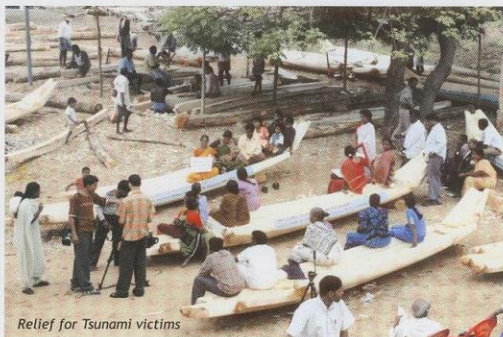
There is no doubt that this innovative form of self-empowerment has won wide appreciation and acceptance the

world over, especially in developing and third world countries. This organization is especially credited all over the world for providing an innovative micro finance model which can be suitably modified and applied in any cultural context.

The ICNW and the National Union for Working Women

Mrs. Jaya Arunachalam founded two organizations, to work as support

systems to WWF, the Indian Co-operative Network for Women Ltd. (ICNW), an informal banking system to help the poor and the National Union of Working Women (Trade Union) with an objective to take up the struggles for the poor women.



Relief for Tsunami victims

WWF- The Objectives

The micro finance model embraced by WWF operates with three important objectives:

☐ To help women escape the disastrous money lender.



With Hillary Clinton

Women members in WWF are neither managed nor controlled by an outside authority. They are carefully selected and trained to shoulder key responsibilities in the administration of the organization.

The ICNW is a legally registered autonomous cooperative network with a membership of 4, 77, 613 working poor women as shareholders. Poor women help the management staff in the selection, guarantee, and supervision of loanes including the end use of loans in their own neighborhoods. The much required 'peer pressure' is exerted to achieve a remarkable repayment schedule making the cooperatives achieve 98.81% loan recovery disbursing over 1653.39 million rupees works spontaneously.

The Indian Co-operative network for Women contributed to the much needed social and financial independence of poor women. It facilitated them to establish their own micro/small enterprises by providing them low interest loans. The micro-loan process strengthened the economic contribution of poor women to their families as well as to their communities.

In furtherance of involving poor women in the political process in their own communities and country WWF has promoted a legally registered **Trade Union** known as the **National Union of Working Women** to facilitate them to fight for their labour, land and housing rights and represent themselves in the local governance. Equally, union's concern is to fight other human right violations such as **female feticides, female infanticides, child prostitution and child labour** that affect the women on a daily basis. The initiation of a

social security programme for poor women in WWF has impacted, **maternity benefits and insurance cover to over 7,72,891** women for life, disability and health aspects.

Simple process of disbursement of credit

The modus operandi of seeking loans is unique in its own way. When a new forum member comes in to obtain a loan she must first join a neighbourhood group which has a chosen leader. While the loan is given to the individual, the responsibility for the loan rests with the leader, whose task is to collect and bring the monthly installments to the forum by a specific date. It is this procedure that binds the women together.

What impresses the loan seeking members are the conditions of credit offered such as:

- ☐ The processing costs, particularly the psychological costs are much low as our formal banking system fails treat such petty loan seekers with the required dignity.
- ☐ The layers of supervision are tight with a short span of control (members, group leaders, area organizers) thus creating a safe collection environment, and
- ☐ Neighbourhood loans have created an environment conducive to effective, positive and empowering group dynamics.

Each new group member is entitled to a first loan of Rs. 200 repayable in ten monthly decreasing payments. To





receive this loan, the new member incurs certain expenses such as cost of photograph, a passbook and so on. She is required to pay a small entrance fee and contribute Rs.20 for a share in the co-operative society.

A forum member is expected to save at least Rs.5 a month. She can also take life insurance for Rs.3.25 a year which will ensure a paid and respectable funeral and an amount of Rs.1000 given to her family at her death.

The second loan is usually between Rs.400 and Rs.800 depending on the increase in trade volume and the individual member's ability to pay. The

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maximum loan the society offers is Rs.3000. Loans between Rs.200 and Rs.2000 are repayable in 10 monthly installments, while those above Rs.2000 are payable within 20 months.

The co-operative society charges interest at the prevailing market rates, i.e. 15% per annum. However in reality, the interest rate works out to 8.25 percent as it is computed on the decreasing capital.

A remarkably high repayment rate

The much in news American investment banks went bankrupt owing to faulty financial policies. However they would now do well to draw lessons from Indian microfinance institutions like ICNW which have very few defaulters.

The forum's high repayment rate of 92-95% is one of its main claims to fame. This high rate can be explained by the tight layers of supervision the

organization provides, as embodied in:

- the leaders constant concern
- the organiser's monthly check-up on her groups' repayment schedule
- the vigilance of the forum's staff
- the peer pressure applied both within and among the groups through the organisation's grapevine.

The financial control is tight and the procedure systematic. A list is kept of all the repayment dates. Every Saturday, during the weekly organisers' meeting the organisers are told of the groups' delays. The default leaders are usually accepted back, however within two or three years, once they have repaid the loans completely.



When a group leader fails to repay her group loans and a default takes place, the procedure is as follows:

- the first month that she fails to pay the loans, the area organizer goes to check the situation and talks with the leader and her members. If the organizers find that the leader has a genuine reason

for not repaying, such as sickness in the family, she gives the leader one more month.

- when the group leader fails to repay the loans for the second month, she is automatically out. A representative from the forum office visits the area, appoints another leader and asks the group to place greater pressure on the default leader for her to pay back what she owes.





-the third month, as a last resort, the card is sent to each member, giving her the status of her account and how much she has paid. The forum does not like to use this procedure: the member's husband may find the card, discover how much money his wife has saved and make trouble. Finally the members of the group will not be able to obtain a new loan until the previous loan has been repaid.

Owing to the systematic approach to repayment, 30 percent of the arrears are recovered within a period if three months, 50 percent within three to six months and only 17 percent beyond six months.

This remarkable financial experiment proved that poor women are bankable, their enterprises can grow and can contribute to the growth process.

Liberalization and the economic restructuring brought in by the globalization process demonstrate that it is neither perpetual gain nor tangible benefits to the poor women of India, where still about 41% of population live below poverty line. Therefore to

confront such onslaughts, WWF prepares itself as a future oriented, multi-prolonged initiative and a pro-poor strategy to help the poor to face the onslaughts of globalization.

The National Commission for Enterprises in the unorganized sector appreciated the work of WWF and rated it as the best in the country and asked for an exchange programme of Varanasi weavers to Kanchipuram in Tamil Nadu to learn the techniques of surviving in the weaving industry.

WWF further believes to transfer its proven (locally, nationally regionally and globally) experiment and experience and multiply the same all over wherever it is possible and accepted. WWF thus moves in a transitional path between market responses and

social demands adopting an imperative gender focus.

Government Recognition for WWF

The efforts of WWF in making growth an inclusive process have been duly recognized and appreciated The National Commission for Enterprises in the Unorganized Sector. Appreciating the rich experiences of WWF in facing myriad challenges facing the informal sector, the commission invited WWF to join hands in its efforts in improving the living/working conditions of the unorganized working poor.

WWF was asked to testify before the National Commission for Enterprises in the unorganized sector regarding its activities and programs. The commission appreciated the work of WWF as the best in the country and asked for an exchange programme of Varanasi weavers to Kanchipuram in Tamil Nadu to learn the techniques of surviving in the weaving industry.

Reproductive Health Care Programme

The Reproductive Health care Programme undertaken by WWF has remarkably helped poor women and children (including HIV/AIDS) in villages and shanty towns strengthen their health consciousness. This is an initiative to establish the reproductive rights of women and to ascertain that they in relation to their child bearing role are entitled to health care facilities both as a mother and as a worker.

Crucial to the programme was the enhancement of the decision-making power of women, even with reference to number of children and contraceptive choices. The programme impacted nearly **16,18,842** families



accomplishing 72% couple protection rate in the poorest communities, providing employment to 960 grass root health cadres spread out to 720 slums and 340 villages.

Efforts in Crisis Management

The initial strides in crisis management taken by WWF go back to the days of its initiation in the year 1978 when Chennai was severely affected by floods. Similarly when the tsunami killer wave hit the Marina coast of Chennai, Eastern coast of Tanjore in Tamil Nadu and few coastal areas of Andhra Pradesh on December 26th 2004 the WWF volunteers along with the President and staff visited to all the affected areas offering relief/other assistance and to assess the damage by the tsunami.

Realizing the situation of the tsunami hit victims in India many humanitarian organizations worldwide immediately got in touch with WWF on their own and offered Rs.1,17,57,667/- as an assistance. Inviting His Excellency the Governor of Tamil Nadu and the victims from the two states i.e. Tamil Nadu and Andhra Pradesh, WWF within a period of 6 months spent all the resources and distributed the infrastructural assistance/other rehabilitation reliefs. Also a workshop was conducted to those fishing families who have been in trauma by the tsunami and were reluctant to go to sea. They were counseled by the experts from oceanography and marine engineers who made efforts to persuade them to go back to the sea.

Ensuring women's reservation in the parliament

The Women's Reservation Bill a political process of reservation of 33 1/3% of seats for women to be in the Parliament has been pending over 12 years despite the initial process of facilitating grassroot women

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to assert themselves in Panchayat and Nagarpalikas. Towards this over 1 lakh women in WWF signed a petition and 8,000 members of WWF took a procession march along the Marina and presented the petition to the Governor of Tamil Nadu

-Rajen Kumar
-Taslima Khan



WWF members getting relief packages.

Details of WWF (I) and ICNW portfolio report as on June 2008.

No. of Members (Cumulative)	10,78,250
No. of Branches	14
Villages	3607
Slums	2241
Social Security Coverage (Cumulative)	772891
Reproductive Health Coverage	16,18,842
ICNW	
Out reach in Credit	4,77,613
Loan Portfolio (Rs.)	1653.39 Million
No. of Loans	14,43,053
Share Capital	68.34 Million
Members' Savings	163.55 Million
Fixed Deposits of Members	46.51 Million
Working Capital	69.86 Million
Outstanding Portfolio	106.64 Million
Financial Self-sufficiency	108%
Operational Self-sufficiency	103%
%age of women clients	100
%age of Rural clients	68.07
On lending interest rate	21% on declining balance.
Average repayment Period	12 months
Cumulative Repayment rate	98.81%
Default rate	1.19%



Jaya Arunachalam : The human face of micro-finance

A graduate in Economics and Geography, Mrs. Arunachalam has a diploma in management from Washington USA. She holds several positions to her credit including: 1. The presidentship of the National Union of Working Women 2. Presidentship of the Indian Co-operative Network for Women specially evolved by her as an informal banking system to suit the needs of poor women as a national delivery mechanism for country wide operations. She has received Honorary Doctorate from the University of Lueneburg (Germany) in the year 1999 for her exemplary work among the poorest women of India.

Dr. Arunachalam is a member of various committees constituted by the National Ministry of Labour and Rehabilitation and Health and family Welfare. She has been a member of the Steering Group on Women Development of the eighth five year plan, 1990-1995.

She was bestowed with "Stree Shakthi Puraskar" for her unmatched and outstanding services to poor working women by the Government of Tamil Nadu. In January 2003 she was conferred the International Activist Award 2003 by the Glietsman Foundation, California USA focusing on her contribution towards poverty eradication for over 25 years. As a mark of her services towards all communities she received the Rashtriya Ekta Award from the National Awareness Forum (India). Mrs. Arunachalam is the recipient of the Annual 2005 award of Global Leadership for Economic Development by Vital Voices, Washington, US.

She is also member of Global Advisory Council Vital Voices, US. In 2006 she delivered the 12th Mandeville Lecture and received the prestigious Mandeville award as her activities in many aspects challenged the core elements of the philosophic theories of Mandeville and for her remarkable social/societal merits at Erasmus University Rotterdam Netherlands.

The 10th Economic Development Leadership Award was presented to her at 27th November 2007 in New Delhi by the Economic Development forum. Recently she was conferred the 2nd Bharat Gaurav Award from the Citizen's Forum for Human rights, Ahmedabad on 28th February 2008.

She has attended and presented papers at innumerable National and International conferences and visited several countries

in North America, Europe, Africa, Latin America, Australia and Asia including China. Mrs. Arunachalam was chosen as the Chairperson at the FAQ non-Governmental Conference held at Rome in 1975.

Her latest accomplishment has been the selection of WWF's strategy as one of the best models for "Pro-poor strategy" at the expo 2000 and subsequent invitation to participate at the Global Dialogue Meet, held in Hannover, Germany. In July, 2000. She was the first South Asian women member to be elected to the Governing Council of the Society for International Development, Rome. She was also a member of the Inter-ministerial conference on Women and Children to Philippines in 1994.

She has promoted several Forums and Development organisations for the socio economic upliftment of women and has broad administrative experiences. At present she is building up an International Grassroots network among women from developed as well as developing nations called the GROOTS (Grassroot Organisations Operating Together In Sisterhood).

She has been a member of the National Credit Fund established by the Government of India and is also a trustee in the Sardar Vallabhai Patel Smarak Trust, New Delhi. She has served as a member of the National Committee organising the 50th Anniversary of India's Independence. She has been a member of the Working Group on flow of credit to SSI Sector of the Reserve Bank of India, 2004.

Mrs. Arunachalam has served as a member of a working group of the **National Planning Commission** and as the Director of a Nationalized Bank to infuse social banking interest in a commercial set up. She has also been a member of the Regional Film Censor Board to safeguard the interests of women's portrayal in the media. She is a member of National Advisory Committee of **SIDBI**. Recently she was part of a **Working Group** on Flow of Credit to Small Scale Industries Sector at the **Reserve Bank of India**.

Ms. Arunachalam is also a writer and she has translated contemporary works such as Pandit Jawaharlal Nehru's autobiography from English to Tamil. An author of "Women's Equality, a Struggle for Survival" and a co-editor "Structuring a Movement and Spreading it on..."

Social work, though immensely rewarding has been the 'road not taken' for the majority. It has been trodden by a handful who have taken to the cause of the underprivileged, the weak, the downtrodden and those sidelined by the society. Dr. Jaya Arunachalam is one such name, to reckon with.

She was awarded the Padmasri in 1987 by the President of India for her distinguished services among the poorest women in the urban and rural areas.