

MICRO FINANCE



GATEWAY TO ENSURING SUSTAINABLE LIVELIHOODS

Thinking aloud - journey by SPEECH & RCPDS



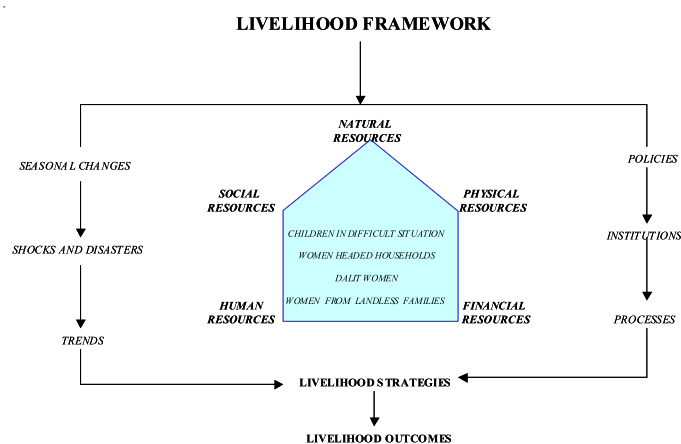
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Sustainable livelihoods and relevance of Micro Finance - overview

Basic livelihood of any individual or group of people can broadly be slotted under basic six major resource or asset categories – human, social, physical, natural, financial and political. The level, ability and strength of any individual or group (caste, age, spatial, gender, etc) or section of any community to access and have control over the aforesaid asset categories determine the livelihood pattern or status and well being of the person or group.



To broadly expand on the asset category....

Human resource/capital/asset include – Education, health, old age support, skills, knowledge, technological support, family integrity, nutrition, disability, etc.

Social resource/capital/asset include – family, community, caste position, PRI and traditional institutional arrangement, leadership, groups, harmony level, insurance, etc

Natural resources/capital/asset include – land holding, fertility, production, protection against disasters, calamities, rain, gas, water management, water management, elevation, pollution, air, etc.

Physical resource/capital/asset include – road access, drainage, sanitation facilities, communication, market access, value addition to produce, infrastructure, common infrastructure, existence of public delivery systems, administrative offices, etc.

Financial resource/capital/asset include – employment, investment pattern, credit opportunities, insurance, business opportunities, money rotation, community managed corpus funds, shares, production investments, convertibility, marketability, security, etc.

Political resource/capital/asset include – majority, leadership, voting strength, decision making strength, voicing, good governance, neutral stand, communal strength, policy influence level, institutional arrangement, etc



The living standard of any individual or social group (for ex. Children, girl children, women in general, widow/separated in particular, dalit, tribal, very interior villages, marginalized communities, war victims, HIV infected, destitute children, etc) is gauged against the level of accessibility and ability to access the above mentioned assets. Some of them may be very strong with one or two of the assets while weak with the other asset category.



The livelihood strategy and outcome of any individual or family is greatly dependent on the access and control the person has towards the policy processes and framework as well factors which are beyond the control of such an individual or community such as drought, flood, communal violence, etc.

Thus any development intervention or welfare scheme, either by NGO, INGO, government departments, political parties, religious institutions, etc is aimed at identifying the weak sections of society and the particular areas in which need improvement. To assess the level of need, various methods are used such as survey, participatory approach, scientific eco analysis, etc. The intervention plans and development schemes are based on improving the identified weak area and their contributory factors or interlinked asset concerns. However finance is required for this partnership and intervention. Of course money (financial capital) alone cannot accomplish this but using financial capital all the rest of human, social, physical, natural and political will need to back this up.

In most cases the intervention by external resources from donors (local/external), NGOs, political parties in power, etc are sectoral, temporal and time bound. No doubt the projects can achieve the set objectives and materialize partnership. But the basic question is sustainability and ownership of the authorship of development plans, benefit sharing, sustained interest on the stake.

Thus instead of delivering short term time bound, narrow front isolated projects it could be thought of creating a corpus fund. The corpus fund can strengthen not only the financial capital of the target group but also backed by parallel strengthening of human and social capital sides such as institutional arrangement, management skills of the individuals. By doing this the need assessment, management system, plan viability is locally perceived and sustained in the long run.

This does not eliminate the question of partner interest and focus, etc. For example the interest of a child development agency is primarily children in difficult situation. Though the children fall under the broad category of human capital, these children cannot be seen in isolation they are part of the family and community at large. There is a strong social responsibility for the family, immediate community in the well being of the child. Hence there is a clear need to improve the associated capitals/assets in the framework to create a sustainable change in the lives of the child. Thus while delivering direct benefits to the child, there is a clear need to strengthen the associated factors on a sustainable manner and create buffer resources to ensure sustainability. It is at this point Micro finance fully managed by the primary stakeholders themselves is necessary.





SPEECH and RCPDS jointly came together with experts in micro finance and child rights to work out operational strategies to ensure participatory rights of the child and viewing micro finance as viable gateway to ensure sustainable livelihood for the weaker and vulnerable. The joint meeting held at ECC, Bangalore during 12th and 13th of July 2006 was built on various earlier informal unit level discussions held in Sivakasi, Tiruchuli, Madurai, Kodaikanal, Nagapattinam and Chennai.

“Micro Finance is not mere money transaction but a Mechanism to act with development agenda and business mind”

Microfinance means providing very poor families with very small loans (microcredit) to help them engage in productive activities or grows their tiny businesses. Over time, microfinance has come to include a broader range of services (credit, savings, insurance, etc.) as we have come to realize that the poor and the very poor that lack access to traditional formal financial institutions require a variety of financial products.

Traditionally microfinance was focused on providing a very standardized credit product. The poor, just like anyone else, need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Thus, we see a broadening of the concept of microfinance—our current challenge is to find efficient and reliable ways of providing a richer menu of microfinance products.

Poverty is multi-dimensional. By providing access to financial services, microfinance plays an important role in the fight against the many aspects of poverty. For instance, income generation from a business helps not only the business activity expand but also contributes to household income and its attendant benefits on food security, children’s education, etc. Moreover, for women who, in many contexts, are secluded from public space, transacting with formal institutions can also build confidence and empowerment.

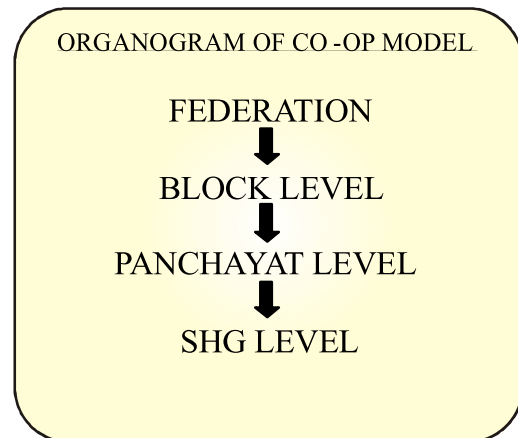
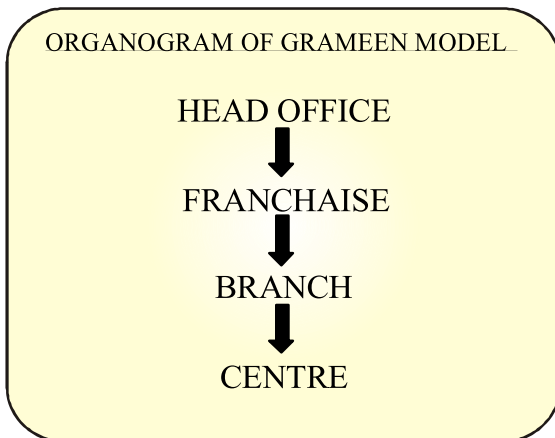
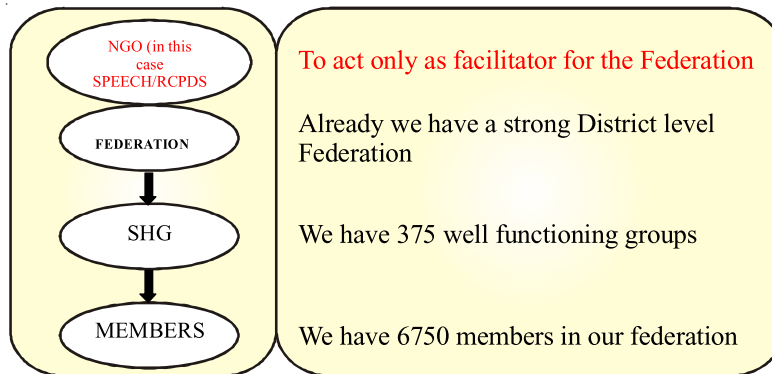
Micro Finance and MDGs

Eradicate extreme poverty and hunger

The poor have physical assets—food, clothing, housing—and financial assets, such as income or savings, with which to acquire basic necessities. Access to financial services enables the poor to increase income and smooth consumption flows, and thus expand their asset base and reduce their vulnerability. Empirical evidence shows that, among the poor, those participating in microfinance programs who had access to financial services were able to improve their well-being—both at the individual and household level—much more than those who did not have access to financial services.



Federation model



- Grameen model as well co-op model was not the choice of the team for range of reasons, some of which is listed below

- Low level people’s participation
- Lot of mediators
- Door service
- No purpose
- Irregular repayments
- Compulsory loans



After studying carefully the strengths and weaknesses of the Grameen and Co-op model,s drawing on the lessons a viable Federation model is set for the use of SPEECH/RCPDS

Portfolio at Risk (PAR)

The team discussed the term PAR in detail to internalize the same since it is crucial to understand the basic terminologies as well their implication to MFI. Thus PAR is a parameter for repayment status which is to be monitored with care. For Ex.

<i>Credit</i>	<i>Repayment To be received</i>	<i>Paid/Repayment</i>	<i>Overdue/ outstanding</i>
<i>Rs. 20000</i>	<i>Rs. 1000</i>	<i>Rs. 850</i>	<i>Rs. 150</i>

The percentage of loan repayment is 85% if we look from the installment payment. But in reality the overdue balance is only Rs150. In this case it should be treated or considered with care that it is not only the due of Rs.150/- is at risk but the whole loan amount (20000) is at high risk.

Pillars of Sound MFI

P E R F O R M A N C E		S C A L E		O U T R E A C H		S U S T A I N A B I L I T Y
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Future Expansion plan

Already we have well functioning groups in Sivakasi, Alankulam, Trichuli. The team expressed expansion plans from the current status block wise in the respected units.

<i>Trichuli Taluk</i>	-	<i>900</i>
<i>Kariapatti Taluk</i>	-	<i>100</i>
<i>Sivakasi Taluk</i>	-	<i>200</i>
<i>Alankulam/Sattur Taluk</i>	-	<i>600</i>
<i>Srivilliputhur Taluk</i>	-	<i>200</i>
<i>Thirumangalam</i>	-	<i>100</i>

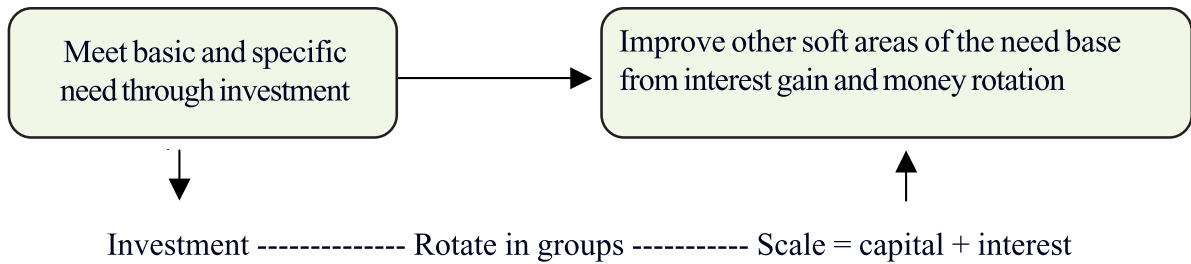


At the end of the second day it is agreed by the participants as well as facilitators that the field staff will work on the outcomes of the Bangalore workshop in context to field realities and come up with concrete data base and self help group perceptions about MFI.



The second round of meeting was held at SPEECH administrative office at Madurai on the 19th and 20th September 2006. Field staff and accounts personnel from both organizations were part of the thought process. A detailed business plan is developed based on field data.

Micro Finance, proposed to be initiated by SPEECH/RCPDS is not mere exclusive money handling institution but Meet basic and specific need through investment
 Improve other soft areas of the need base from interest gain and money rotation



Factors that can sustain MFI

- ◆ Level of investment
- ◆ Relationships
- ◆ Benefit sharing
- ◆ Expansion
- ◆ Money rotation
- ◆ Management
- ◆ Rights and responsibilities



To facilitate the federation to take on the ownership of MFI there need to be clarity on the following three factors...

Strategic Business plan

Why MFI, What Model, Objectives, plan for scale, profitability, performance, its link to other asset areas of livelihoods, proportion, etc

Immediate plan

Roles of various actors, registration, legal framework, grants and sources, strengths and weakness, forethought, etc

Capacity building

Credit rating, transfer of ownership, mainstreaming, accountability, social consciousness, constant reflection, etc.



Potentiality of expansion and criteria for inclusion of groups in SPEECH/RCPDS context was analyzed and agreed upon

- Groups promoted by other NGOs should not be blindly included
- Performance appraisal should be conducted to groups that come from other area
- tap on uncovered population with in the operational area
- tap on uncovered area surrounding the present operational area
- prioritizing the credit need which are unmet by other players
- balancing between the poor vs fertile groups, exclusive Vs inclusive; business objective vs development agenda
- strengthening the current federation base

The style of operation of the planned MFI will primarily be based on 'BOOT' model (Build, Own, Operate and Transfer). In this case, to begin with data is highly important since it serves as the base for any future discussion and directional change. Data is needed for PAL – P: to know the Performance; A: to ensure accountability; L: to enhance/facilitate Learning)

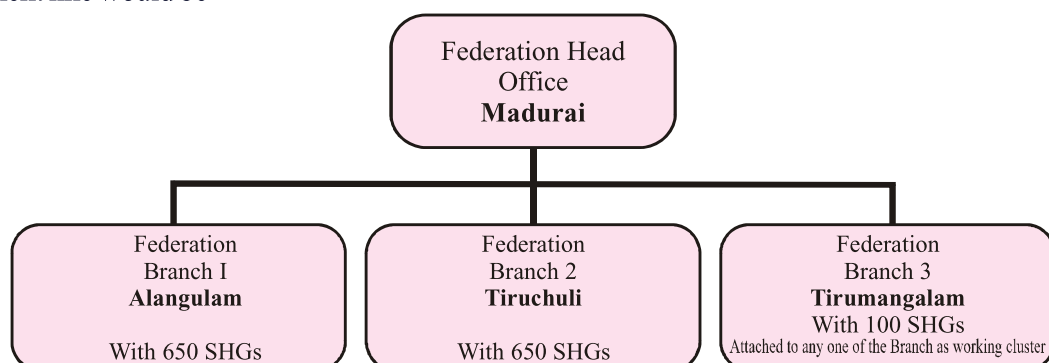
Foreseeing the group status/scale against the current (this table is the revised one to the earlier table developed in the first sitting)

Area	current	FY 07-08	08-09	09-10	10-11	TOTAL AT THE END
Tiruchuli	85	25	40	35	25	235
Reddiapatti	53	25	50	50	24	212
Kariapatti	0	0	40	30	25	100
Narikudi	0	20	50	50	30	150
Sivakasi	82	20	50	50	48	250
Vembakottai	157	50	60	65	68	400
Tirumangalam	0	20	30	30	20	100
TOTAL	377	160	320	310	280	1440

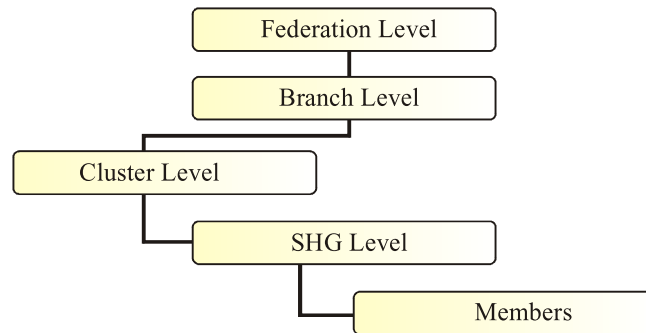
Institutional and functioning line of "Nanayam Livelihood Finance Limited (NLFL)"

SPEECH/RCPDS ——— Federation ———> SHG ———> Members

Management line would be



Monitoring and functional system would be



Local youth with basic degree standard, specially women, can be hired by the SHGs to serve as GAT (Group Auditors and Trainers) and are paid by the groups themselves. They can be positioned as part time independent consultants at the cluster level. Roles expected at various levels....

SHG level (on members)

- identification of the area
- survey of surrounding area
- Potentiality
- Identification of groups
- Organizing and strengthening of the groups
- Books maintenance
- Monitoring and auditing
- Capacity building



Cluster level (on SHGs)

- appraisal
- need assessment
- grading
- capacity building
- organizing and processing
- monitoring usage
- ensuring repayment
- reporting
- documentation and auditing



Branch level (on clusters)

- replicate cluster level system for scaling
- forecasting/new intends
- new sources tapping
- profitability and cost economic analysis
- scope assessment for scaling





Calculating overheads and profitability of NLFL

Whether NLFL is functioning or not there are certain expenses associated with running of the project. These are called the **overhead costs** (for ex. Salaries, insurance, electricity, rent, etc). Thus **breakeven volume of funds** is calculated using the formula below –

‘X’ amount is needed to meet overhead costs - to meet the sum of X, ‘Y’ amount or quantum of business is needed. Thus

$$\text{Breakeven volume of operating costs} = \text{overheads} + \text{disbursement}$$

Key/basic characters of a successful loan depend on

- timeliness
- simplicity
- cash flow
- customer relationship
- easy accessibility
- It should provide a combination of plus points of a money lender character and system characters of a banking institution.
- NLFL motto should be ‘Development with dignity’
- ‘our inefficiency should not be put/loaded on to the communities’

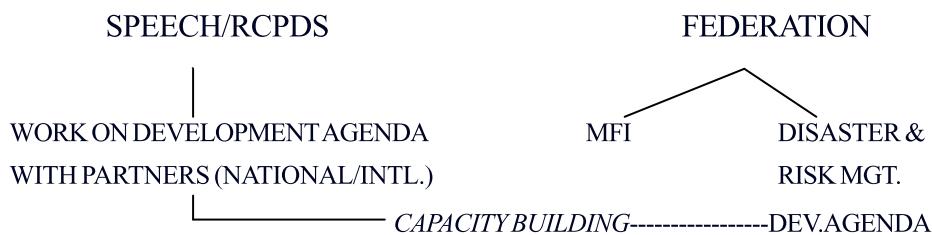
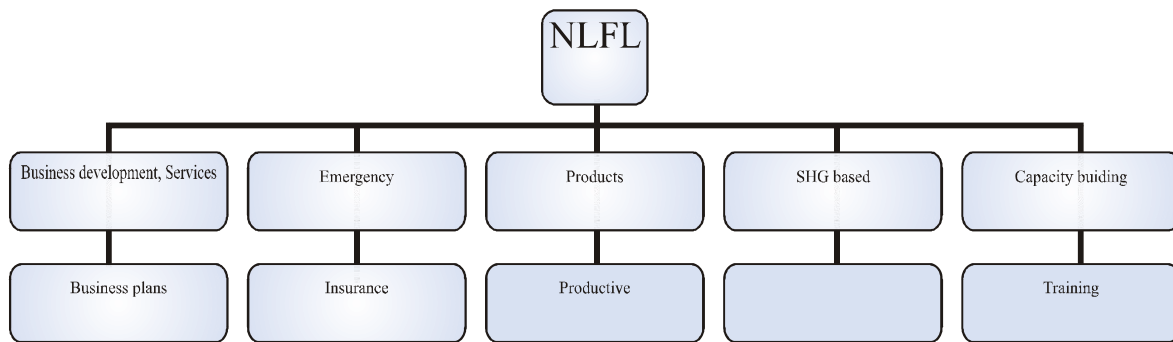
Moratorium period is the period during which time the loaner need not pay any amount.

“Effective portfolio management = Having a good financial manager and not a mere accountant”

Loan management and policy:

In the first place all the customer (in this case our SHG members) needs are to be listed and sources/access of funding also need to be decided. Broadly it is accepted that our SHGs/its members access credit from three sources – internal lending, bank/government sources and NLFL. After a series of brainstorming session the following have been agreed.

- Loan requirement can be categorized based on quantum of amount, cash flow, type and purpose
- Term of loan could be kept as short term, medium term and long term.
- Interest rates will vary according to the nature and term of loan
- NLFL can give loans only to improve capacities of livelihoods
- Any personal and social requirement should be met from internal lending of the group or any other sources
- Emergencies should be met from insurance
- Loan redemption should be viewed carefully related to the sector and appraised within the framework of the purpose
- Children needs should be prioritized
- Two wheelers and vehicles are out of purview of NLFL and may be directed to banks. However group activity associated with vehicle (auto, load auto, school trip van could be linked to the banks and NLFL can support margin money)
- Joint working groups can come forward for joint business venture for any productive purpose
- Loan provision can be made for agriculture, livestock, small business, education and house repairs
- Period of loans : short term – 12 months; medium term – 12 to 24 months; and long term – 24+ to 48 months
- Scope of NLFL could be visualized as follows....



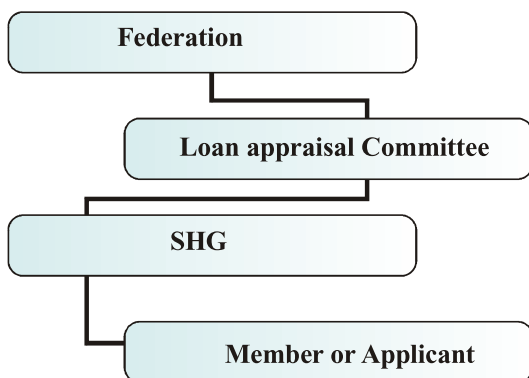
Interest rates

Interest rates will be normally decided based on the current market trends, cost of index, our organizational philosophy and correlated to Government rules and regulations.

Current possibility → Future direction
 18 % → 15% → 9 %



Loan Process



- Individual application from member through SHG to the FEDERATION
- Application form are sale in only Branch offices
- A member when need application, the SHG will purchase the application from the branch office for the needy member.

Resource Generation

Membership fees

Membership fee will be for

- Stake of the members
- Duty of both members and federation
- Rights of both
- The legal status



Membership fee is fixed as **Rs 250 per member for life time ? (requires further discussion in the next round of meeting)**

Annual subscription

Annual subscription need to be collected for the following reasons

- Regular contact with the federation
- Reassurance in the membership
- Self interest in the overall activities
- Capital growth of the members



Annual subscription will be **Rs 350 per group per annum ? (requires further discussion in the next round of meeting)**

A dully filled application form will be for

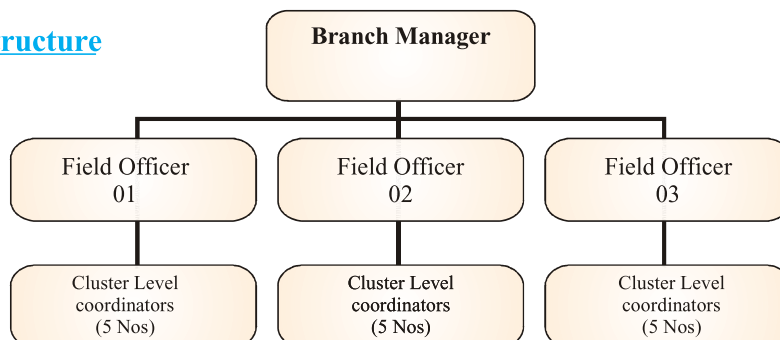
- Authentication
- Undertaking
- Accountability
- Details for appraisal
- Document evidence
- To know the profile of the person applied



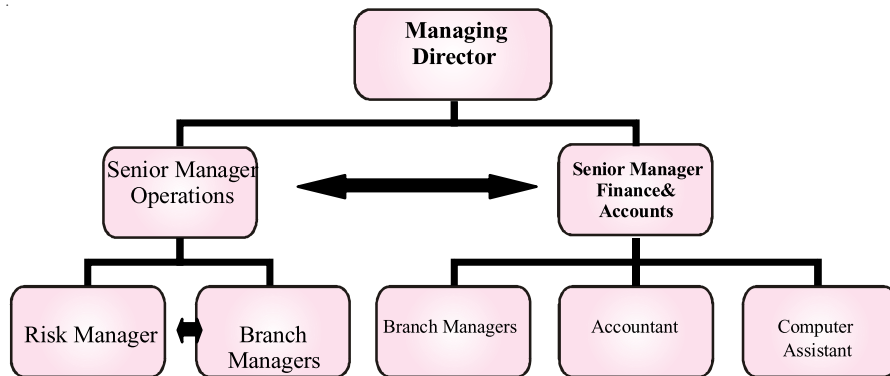
Application fee is collected to meet stationary cost and stake, commitment and rights of the applicant with the federation. Application fee also acts as a barrier to limit the number of insignificant applications.

Application and processing fee is fixed as **2% of the loan amount.** (requires further discussion in the next meeting)

Branch office staff structure



Head office Structure



Apart from this structure the team decided the following clusters are very necessary



At the end of the two days session a compact convertible Business Development Plan is made. This idea will further be discussed at the field workers, federation and SHG level by the operational team while the administration will deal with funding sources and partners to mobilize capital.



Final round of discussion and shaping is planned for the second week of December 2006.



In 1985, the erstwhile Ramanathapuram District was trifurcated to create the districts of Ramanathapuram, Pasumpon Muthuramalinga Thevar Tirumagan (later renamed Sivaganga) and Kamarajar District (later renamed Virudhunagar District).

The District headquarters is Virudhunagar town. It covers an area of 4232 sq. km. and is divided into 8 taluks, namely Aruppukkottai, Kariapatti, Rajapalayam, Sattur, Sivakasi, Srivilliputtur, Tiruchuli and Virudhunagar.

On 3rd March 1996, Sivakasi taluk was created separating the firkas of Sivakasi, Edirkottai and Salwarpatti from Sattur taluk and Mangalam firka from Virudhunagar taluk.

On 31st August 1998, Kariapatti taluk was formed by separating Kariapatti, Mudukkankulam and Kalkurichi firkas from Aruppukkottai taluk. Mallanginar firka, the 4th firka of the taluk was carved out of Kalkurichi firka.

The District is divided into two Revenue Divisions comprising four taluks each. The Aruppukkottai Revenue Division comprises Kariapatti, Tiruchuli, Aruppukkottai and Virudhunagar taluks, and Sivakasi Revenue Division of Sattur, Sivakasi, Srivilliputtur and Rajapalayam taluks.

There are 6 Assembly Constituencies in the District. 209. Rajapalayam Assembly Constituency is reserved for the scheduled castes. 204. Aruppukkottai, 205. Sattur, 206. Virudhunagar, 207. Sivakasi and 208. Srivilliputtur are the other Assembly Constituencies.

There are 2 Parliamentary Constituencies in the District. Aruppukkottai Assembly Constituency falls within 34. Ramanathapuram Parliamentary Constituency and 35. Sivakasi Parliamentary Constituency extends over all the other five Assembly Constituencies and also includes 212. Kovilpatti Assembly Constituency in Tuticorin District.

There are 6 Municipalities – Aruppukkottai, Virudhunagar, Sattur, Sivakasi, Srivilliputtur and Rajapalayam, 11 Panchayat Unions, 10 Town Panchayats, 450 Village Panchayats and 598 villages of which 506 are inhabited and 92 are uninhabited.



District Details

Revenue Divisions	2	Aruppukottai Sivakasi
Revenue Taluks	8	<u>Rajapalayam</u> <u>Srivilliputhur</u> <u>Sattur</u> <u>Sivakasi</u> <u>Virudhunagar</u> <u>Aruppukkottai</u> <u>Tiruchuli</u> <u>Kariapatti</u>
Revenue Firkas	36	
Revenue Villages	600	
Municipalities	6	Rajapalayam Srivilliputhur Sattur Sivakasi Virudhunagar Aruppukkottai
Panchayat Unions	11	Rajapalayam Srivilliputhur Sattur Sivakasi Virudhunagar Aruppukkottai Tiruchuli Kariapatti Vembakottai Narikudi Watrap
Town Panchayat	10	Seithur Chettiyar patti Masapuram Watrap S.Kodikulam W.Pudupatti Sundarapandiam Tiruthangal Mallankinar Kariapatti
Village Panchayats	450	
Members of the Legislative Assembly (M.L.A)	6	
Members of Parliament	1	Sivakasi



Physical Features

Virudhunagar District is landlocked on all sides with no direct access to the sea. It is bound on the north by Madurai, on the north-east by Sivaganga, on the east by Ramanathapuram and on the south by Tirunelveli and Tuticorin districts.

Physiographically it consists of two distinct regions. The eastern slopes of the Western Ghats in Srivilliputtur and Rajapalayam taluks and the black soil plains of Sivakasi, Virudhunagar, Sattur, Aruppukkottai, Tiruchili and Kariapatti. The average height of the hills of the eastern slopes of the Western Ghats is 1500m, though a few peaks rise to 1700m. The highest peaks are Peyimalai Mottai and Kottamalai. The foothills have rich loamy soil with good vegetation cover. The plains with black cotton soil (locally known as karisal) have underlying calcareous formations.

Virudhunagar does not have any perennial rivers. The Vaippar, Arjuna nadi, and Gundar constitute the river network of the District. Numerous streams and rivulets, activated by the monsoon, feed these rivers. The Mandiri odai and Girudhamal nadi flow into the Gundar, which irrigates the northeastern region of the District. The Sengundrapuram odai, Kausika manadi, Uppodai and Mannarkottaiyar are feeder streams of the Arjuna nadi, which flows through the central portion of the District. The Kayalkudiyar and Nichepa nadi join the Vaippar, which runs through the southern part of the District. The Arjuna and the Vaippar meet at Irukkangudi.

Minerals and Mining

The District consists of red loam, red clay loam, red sand, black clay and black loam in large areas with extents of black and sand cotton soil found in Sattur and Aruppukkottai taluks. Limestone of different grades and common use minerals like sand, clay and gypsum are the minerals of economic value found. Granite of export value occurs in small pockets in the southern regions of the District.

Climate

The climate of the region is semi-arid tropical monsoon type. It has a high mean temperature and a low degree of humidity. The temperatures range from 20° C to 37° C. April, May and June are the hottest months of the year. Virudhunagar receives scanty rainfall with an annual average of 812 mm. The South West monsoon which sets in June and lasts till August brings scanty rain. The bulk of the rainfall is received during the North East monsoon in the months of October, November and December.



Forests, Fauna and Flora

The forests are found on the eastern slopes of the Western Ghats. Only 6.3% of the total geographical area is under forests. The type range from west coast tropical evergreen forests, west coast semi evergreen forests, dry teak forests, southern mixed deciduous forests and dry grasslands. According to the National Forestry Resolution the optimum area under forests should be 1/3rd of the total geographic area. Given the nature of the topography of the District, the soil profile and the rainfall pattern this is an unattainable target. However measures have been undertaken to increase the area under forest coverage and to ensure among other things adequate pasture for live stock, supply of firewood for domestic consumption and raw material for industries. Social forestry programmes have enlarged their range of activities and the area covered by plantations is 3216 hectares. Revenue from the forest for the year 1999-2000 was Rs.53 lakhs.

Many rare and endemic varieties of flora and fauna are found along the mountain slopes. A wildlife sanctuary, spread over 480 sq. kms. was established in 1989 at Shenbagathopu in Srivilliputtur taluk.. This sanctuary is contiguous with the Periyar tiger reserve on the south-western side and the Megamalai reserve forest on the north-western side. The altitude varies from 100m to 2010 m above sea level. The sanctuary is home to the endangered, arboreal grizzled giant squirrel *Ratufa macrora*. This grayish brown squirrel weighs 1 to 1.8 kg. and is the size of a small cat. It measures about 73.5 cms. from nose to tail with the tail being 36 – 40 cm. long. They construct drays at forked branches where the crowns of neighbouring trees meet. This enables the squirrel to move away from the site by jumping from tree to tree when threatened. The home range of an individual is between 0.197 hectares and 0.611 hectares.

The sanctuary also hosts a variety of birds, mammals, reptiles and butterflies. Resident and migratory elephants are common. Other animals sighted are tiger, leopard, Nilgiri thar, spotted deer, barking deer, sambar, wild boar, porcupine, Nilgiri langur, lion-tailed macaque, common langur, slender loris, bonnet macaque, sloth bear and flying squirrel. Over 100 species of birds have been identified. The rare Great Indian horn bill is also found.

Special steps have been taken to conserve the forest areas in the sanctuary. The annual leases given for the collection of fruit and other minor forest produce has been stopped. Fruit bearing trees and other trees have been planted. This will increase the food sources as well as ensure continuity in the canopy. Soil conservation and water harvesting measures have been undertaken to improve the habitat.

The forests of Alagarkoil valley in Srivilliputtur taluk and Saduragiri are known for rare medicinal plants. The medicinal value of 275 plants has been recorded and reported. The forests host a rich variety of orchids and ferns.

Cultivated Crops

The area under cultivation accounts for 37% of the total geographic area. Agriculture provides sustenance to 52% of the working population. Productivity of agriculture is influenced by numerous factors such as soil, climate, irrigation, marketing and credit facilities and agricultural practices and techniques. The soils of the District are of poor productivity and are mainly black loamy soil (locally known as (Karisal). Cotton, pulses, oilseeds and millets, which do not require much irrigation, are the main crops grown. Paddy and sugarcane are grown where tank or well irrigation is available.



The crops cultivated are:

Black gram – raised in both irrigated and rain fed conditions. In rain fed conditions the sowing commences in September and extends up to the middle of October as pure crop and inter crop. In irrigated conditions sowing commences in February.

Green gram - In rain fed conditions the sowing commences in September and extends up to the middle of October as pure crop and inter crop. In irrigated conditions sowing commences in February.

Cowpea – The crop is raised in rain fed and irrigated conditions as pure crop and inter crop. In rain fed conditions the sowing takes place in June/July and September/October. In irrigated conditions sowing takes place in February/March.

Lablab – Is mainly cultivated as a rain fed crop during the months of June/July.

Cholam - In rain fed conditions the sowing commences in August/September. In irrigated conditions sowing commences in February/March.

Cumbu - In rain fed conditions it is sown from September to November. In irrigated conditions sowing commences in February/March.

Ragi - The crop is mainly cultivated under rain fed conditions Sowing commences in the month of September and extends to the middle of October.

Small Millets – Thinai, Varagu, Samai and Kuthraivali are cultivated under rain fed conditions alone. Thinai, Samai and Kuthraivali are sown in the months of September and extends to October. Varagu is sown in the month of July.

Maize - The crop is mainly cultivated under rain fed conditions Sowing commences in the month of September and extends to the middle of October.

Sunflower – The crop is cultivated only under rain fed conditions in the month of November.

Groundnut – It is raised both under rain fed and irrigated conditions. Under rain fed conditions sowing is taken up in the months of July/August and September/October. Under irrigated conditions the sowing is taken up in the months of April/May.

Gingelly - It is raised both under rain fed and irrigated conditions. Under rain fed conditions sowing is taken up in the months of June/July and again February/March. Under irrigated conditions the sowing is taken up in the months of February/March.

Cotton – is the major commercial crop cultivated over an area of 0.49 lakh hectares. The District is a major cotton-producing centre for the State. In rain fed conditions the sowing commences in September/October. In irrigated conditions sowing commences in February/March.



Chilli - is raised under both rain fed and irrigated conditions. Sowing commences in September and continues till November. Over 4500 hectares are under chilli cultivation

Paddy – is cultivated both under rain fed and irrigated conditions. Rain fed sowing commences during August and extend to September. Under tank fed conditions the crop is sown in the month of September and extends to October.

Sugarcane – is cultivated under irrigated conditions only. The planting is done in 4 seasons the main one being the month of June/July. Planting is also taken up in the months of December/January; February/March; and April/May.

The District has a State Seed Farm at Devadanam. This farm produces and distributes quality seeds of paddy, millets, pulses, oilseeds and vegetables. The farm also serves as a model farm on farm maintenance and scientific methods of cultivation.

Irrigation

The most striking feature of this drought prone district is absence of dependable irrigation sources such as perennial rivers. Though 33% of the cultivated area is classified as irrigated area, assured irrigation is available only for 57% through the wells, the remaining area being irrigated by rainfed tanks. Two reservoirs, namely Periyar and Kovilar at Pilavakkal in Watrap irrigate about 3800 hectares through 40 tanks. There are irrigation reservoir like Anaikootam, Kullursandai, Vembakottai and Golwarpatti.

The details of Reservoir systems in the district are :

Pilavakkal Reservoir System, Anaikuttam Reservoir Scheme, Vembakottai Reservoir, Kullursandai Reservoir, Golwarpatti Reservoir, Chennampatti Anicut . Athikulam Anicut Scheme, Ambalathadi Anicut Scheme, Irukkankudi Reservoir Project. Nagariar Reservoir near Sasthakoil, Nilayur Extension Canal.

Electricity and Power

There is no electricity generating station in the district. There are 8 sub stations in 110KV, one sub station at Aruppukkottai in 230 KV, 3 sub stations in 66 KV and 9 sub stations in 33 KV located in the District.

Animal Husbandry

As per 2001 census ,there are 5 veterinary hospitals, 28 veterinary dispensaries, 70 Govt. veterinary sub-centres, 70 visiting centres and 11 mobile veterinary dispensaries engaged in rendering service to the livestock. An Intensive Cattle Development Project with 39 artificial insemination centres was launched to improve the quality of the cattle.

There are two milk chilling plants one at Virudhunagar and another at Srivilliputtur.

This District offers considerable scope for development of sheep rearing. This District has a sizeable sheep population say as 165416 but they are often of low genetic potential. Sheep population is rich in Aruppukkottai, Sattur and Srivilliputtur Taluks. Hot climate, high mortality rate of birds high cost of food etc. are some of the significant factors arrest the development of poultry in this district.



Fisheries

As Virudhunagar is land-locked with no coastline, fishing is restricted to inland water sources. Fish farms have been established at Periyar and Vembakottai dams. Around 8.09 lakh fingerlings were reared in these farms. The fish catch in these reservoirs during 1999-2000 was 3558 tonnes. Fish ponds have been developed at the Pilavakkal dam under the drought area development programme.

Industries

The establishment of textile mills, cement factories and a number of industries in the small and medium sectors coupled with the encouragement given by the state Government in the form of incentives and setting up of industrial centres has accelerated the rate of industrialization in the District.

Cotton is a major commercial crop of the District and the cotton industry therefore occupies an important place in the economy. Rajapalayam is the chief centre for spinning mills and ginning factories. Surgical cotton and bandage cloth are manufactured here. Textile mills in the produce a variety of cotton yarn.

As the District has deposits of limestone and gypsum, the cement industry has gained a strong foothold. Tamil Nadu Cements – a Public Sector undertaking at Alangulam and Madras Cements – a Private Sector undertaking at Thulukkanpatti are two large cement producing units. Tamil Nadu Cements has an annual production capacity of 4 lakh tonnes of Portland cement while Madras Cements has an annual capacity of 4.15 lakh tonnes.

Tamil Nadu Asbestos is another Public Sector unit in the District producing asbestos cement sheets.

Sivakasi and Sattur are famous for the match industry. There are over 4500 match units. Crackers and fireworks is another important industry with about 400 units in the District. Explosives for blasting are also manufactured here. Over 70% of the total production of matches and fireworks in India is manufactured in Virudhunagar District. A large percentage of crackers are exported.

The printing industry was originally established to supply labels for the match and firework industries. Soon the industry developed and diversified into other areas of printing like books, posters, greeting cards and diaries. Sivakasi now offers state of the art, world class printing facilities.

Sundaram Fasteners and Brakes India Ltd. , private sector enterprises of the TVS group are located at Aviyur and Kanjanaiyakampatti in Kariapatti taluk. The former manufactures high density bolts and nuts while the latter manufactures automobile brakes.

There are 19335 registered small scale industrial units as on 31 December 1999 engaged in the manufacture of a very wide range of products.

Cottage and village industries are dispersed throughout the rural areas. Some common cottage industries are: making of boxes and other articles from Palmyra leaves, metal artifacts fashioned from copper and brass, and aluminium vessel manufacture for domestic use. Gem cutting has been introduced to provide employment for women.



Trade and Commerce

Virudhunagar is a traders' town. It has been involved in the marketing and distribution of commodities since British times and has a well developed network for purchase of goods and commodities. Virudhunagar, Rajapalayam, Sattur, Watrap, Aruppukkottai and Kamudi are important centres for wholesale and retail trade. Cotton, groundnut, chillies and spices are the main agricultural goods of trade. Matches, crackers, cement and textiles are marketed both within and outside the State.

Two warehouses at Virudhunagar and Rajapalayam offer facilities for storage of food grains, spices, pulses, chillies, jaggery and cotton.

Transport and Communications

Roads - Three National Highways run through the district.

NH 208 - Thenkasi, Rajapalayam, Sriviliputtur, Tirumangalam – 49.8kms.

NH 45B - Trichy, Viralimalai, Thuvankuruchi, Madurai, Aruppukkottai, Tuticorin–32.6 km.

NH 7 - Madurai to Kanyakumari – 50.40 km.

In addition to the National highways there are 162.13 km. of State Highways, 122.20 kms of major District Roads and 1378.48 kms of other District roads. There are 256 government owned and 175 private stage carriers operating in the district. Buses serve about 4 lakhs people and cover a distance of 61,523 kms per day.

Railways

Both Broad Gauge and Metre Gauge sections of the Southern Railway serve Virudhunagar. The newly laid Broad Gauge line links Tuticorin with Chennai. In the District, the Broad Gauge route line covers 43.16 km. and the Meter Gauge 125.17 km. At present ,gauge conversion takes place from Virudhunagar to Rajapalayam and once this project is over, the entire district will be ready for Broad gauge railway transportation.

Post and Telegraphs

The Post and Telegraphs network is fairly extensive. There are 4 Head Post Offices, one each at Aruppukkottai, Virudhunagar, Sattur and Sivakasi, 72 Sub Post Offices, 9 Extra Departmental Sub Offices and 196 Extra Departmental Branch Offices. There are 74 combined telegraph offices to provide telegraph facilities to the District.



Education

According to the 2001 census the percentage of literate population in the District is 62.91. The percentage of male literacy is 75.67% and female literacy is 50.17%.

	Category	No. of Institutions
1.	Primary Schools	1426
2.	Middle Schools	171
3.	High Schools	58
4.	Higher Secondary Schools	107
5.	Colleges for Arts & Science	11
6.	Teacher Training Institutions	4
7.	Engineering Colleges	5
8.	Polytechnics	8
9.	Industrial Training Institute	15

Health

The District has fully equipped Government and Private hospitals. There are 9 Government hospitals with a combined bed strength of 772 beds.

There are 36 Primary Health Centers and 284 Sub-Centers attached to Primary Health Centers in various blocks of the District.

Research Organisation and Research Schemes -Cotton Research Station, Srivilliputtur
Engaged in Research on summer Irrigated cotton, Implements the All India Co-ordinated Cotton Improvement Project

Palymar Research Centre, Thiruvnamalai, near Srivilliputtur - Conducts Research on the utilization of the whole palm tree right from the palm crown to its roots.

Regional Research Station, Aruppukottai.

The centre caters to the needs of the dry land farmers and operates a Research Centre for Aridzone fruit research. It conducts studies on various fruits crops for assessing their suitability for growing under rainfed conditions, apart from its other objects. It implements the All India Co-ordinated Fruit Improvement Project and certain other schemes started for the welfare of the Dry Land Farmers specially Adi Dravidas.

Horticulture

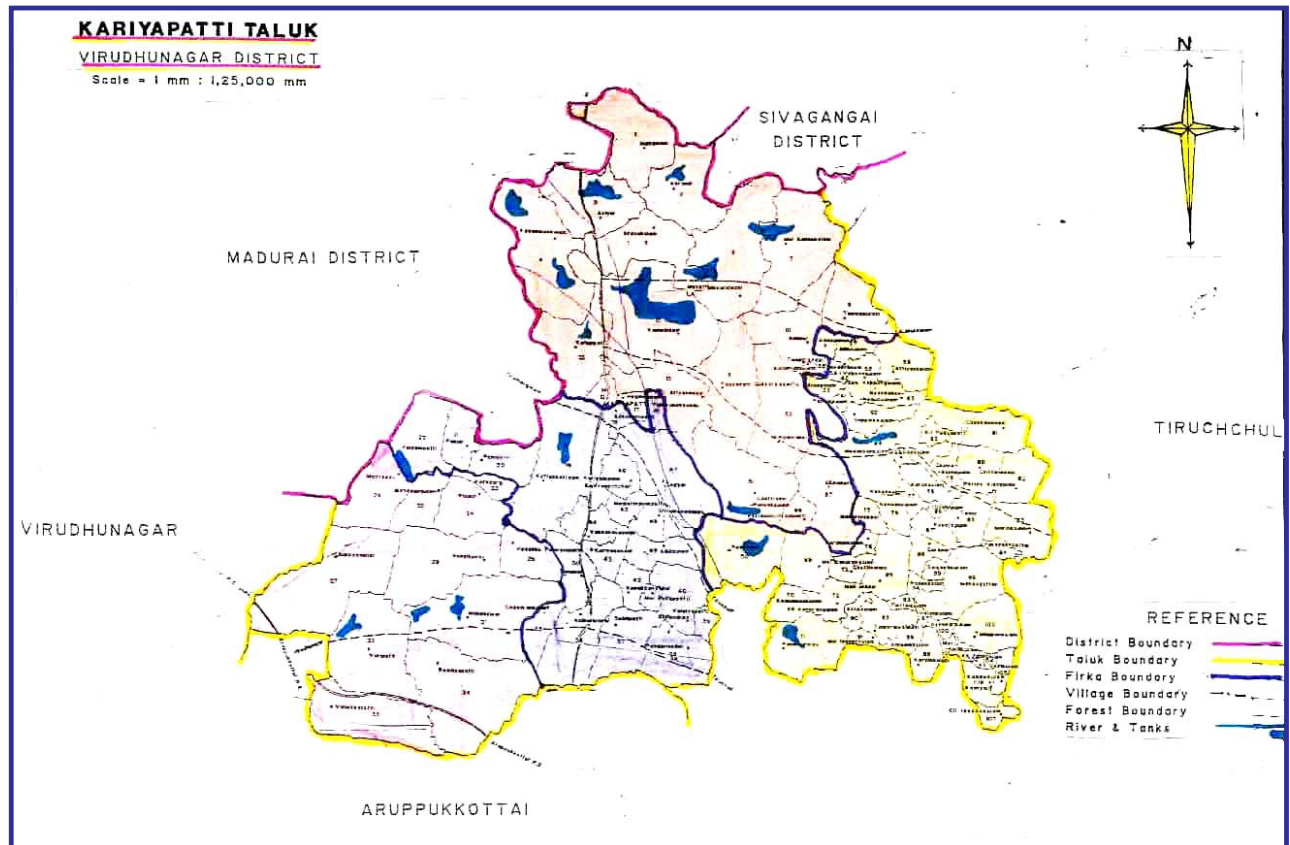
The Department of Horticulture with its headquarters at Srivilliputtur is running an Orchard-cum-Nursery for the production of quality seedlings of Mango, Cauva, Citrus, Sapota etc.

Poultry Research and Development Centre, Rajapalayam.

The centre conducts systematic survey of the poultry industry and conducts investigation of all problems affecting the poultry industry. It tenders technical help in the establishment of poultry units and supply project profiles.

TALUKS AND THEIR BASIC DETAILS

Kariyapatti Taluk:



Firkas 4 - Kariyapatti, Kalkuruchi, Mudukkankulam and Mallankinaru

No. of Revenue Villages 107

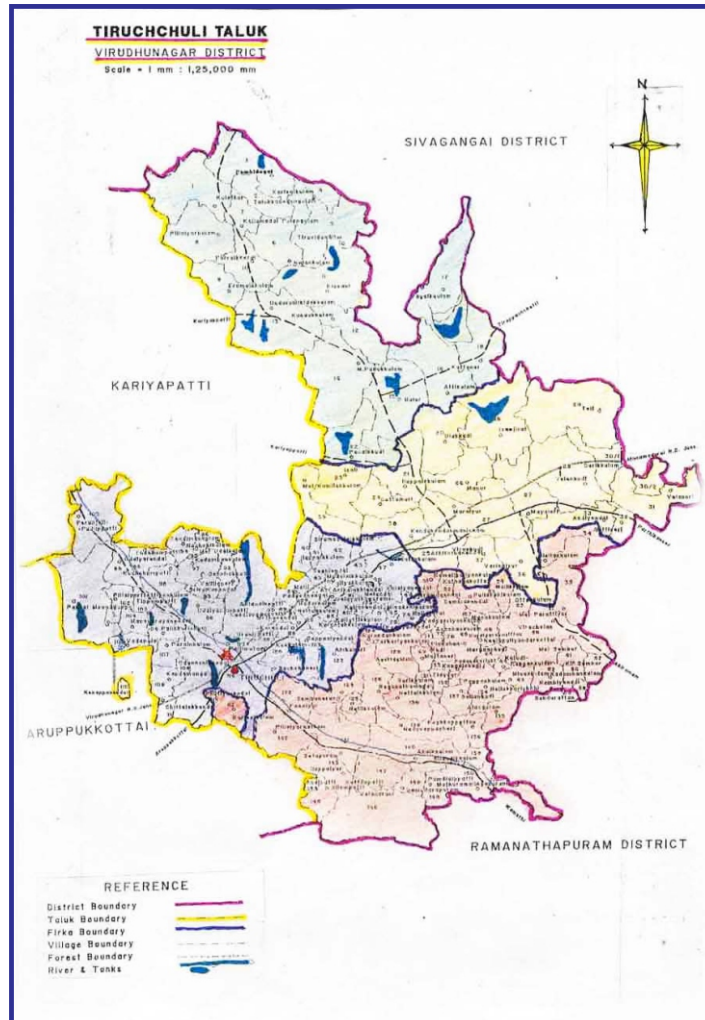
Municipality NIL

Main livelihood option Agriculture

Reservoirs NIL

Main source of drinking water River and Tube wells

Tiruchuli Taluk:



Firkas 4 Tiruchuli, Mukkulam, Veeracholan and Narikudi

No. of Revenue Villages 150

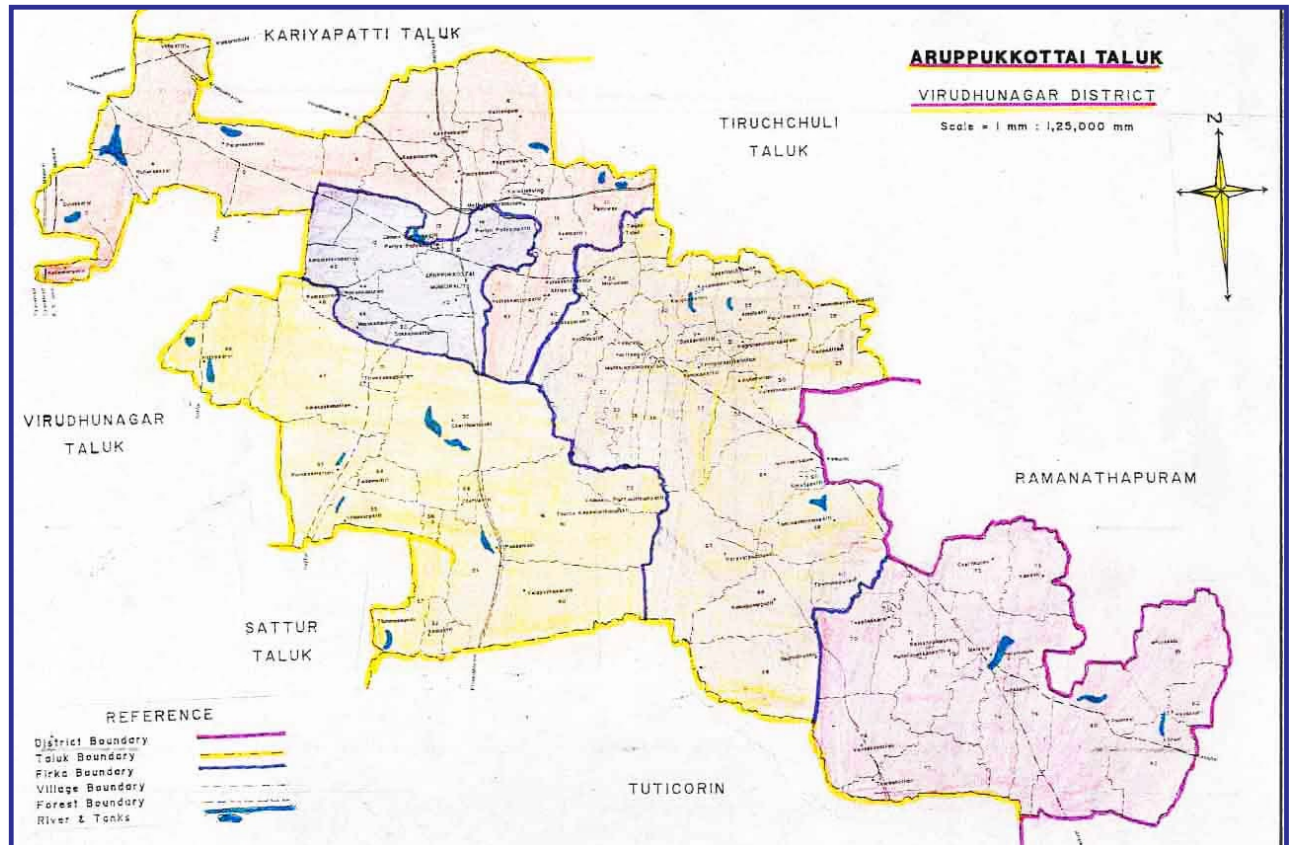
Municipality Nil

Main livelihood option Agriculture

Reservoirs Nil

Main source of drinking water Ground water

Aruppukottai Taluk:



Firkas 5 Aruppukottai, Palayampatti, Mandapasalai, Paralachi and Panthalkudi

No. of Revenue Villages 85

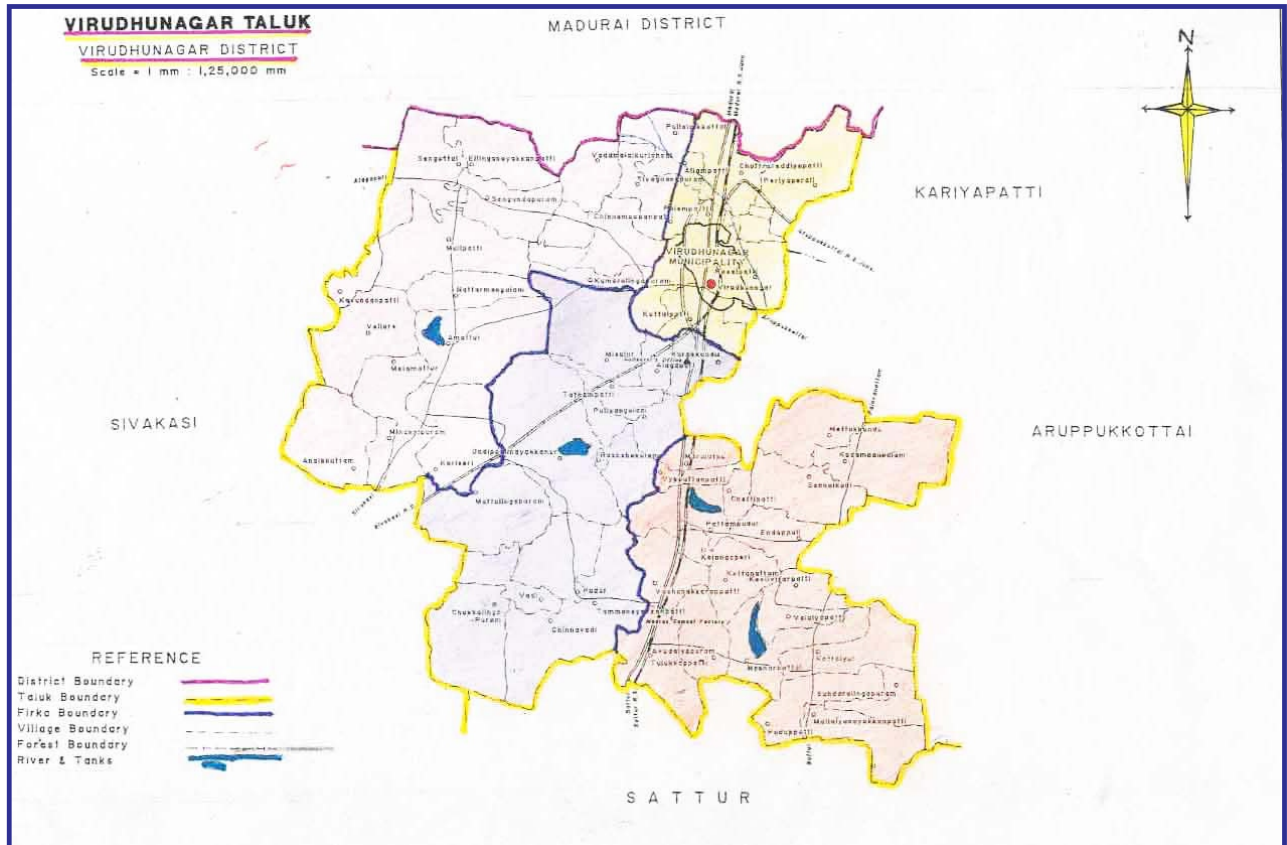
Municipality 1 Aruppukottai

Main livelihood option Weaving

Reservoirs 1 Kulloorsandai

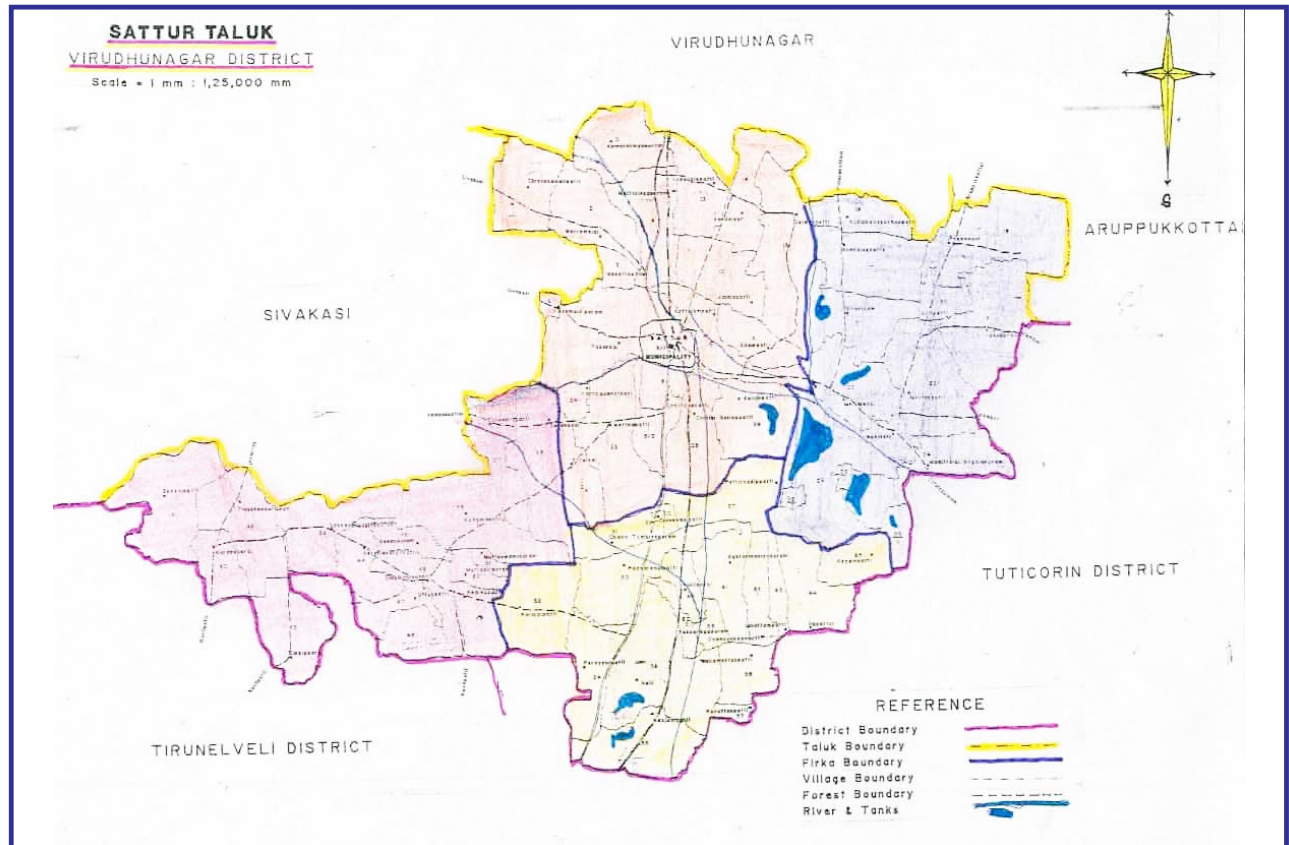
Main source of drinking water River Vaigai

Virudhunagar Taluk:



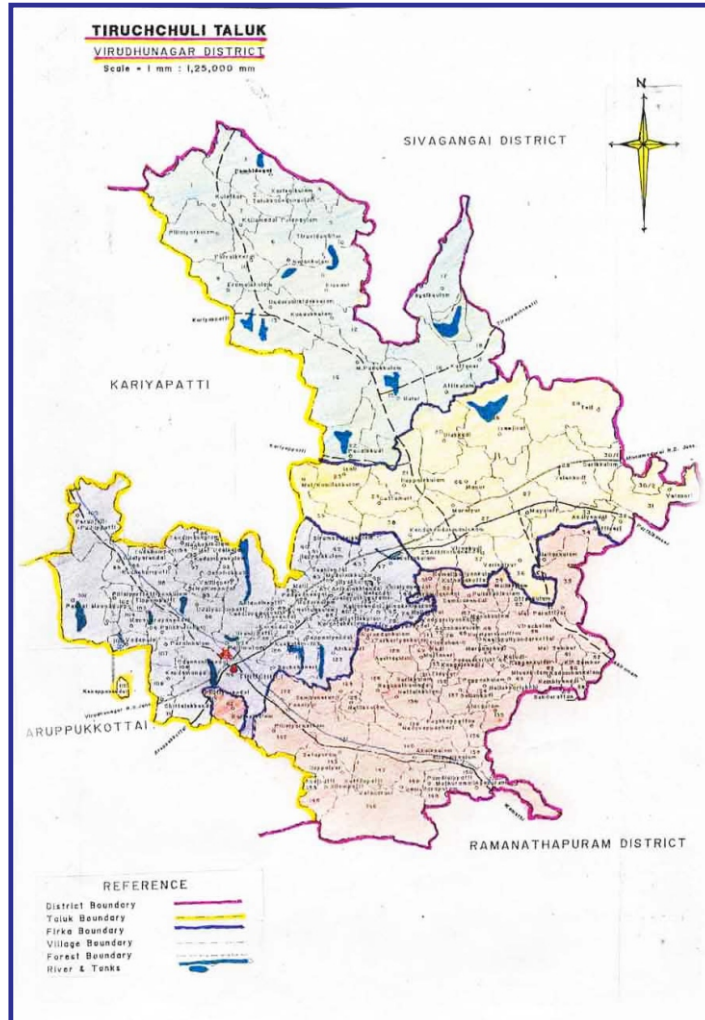
Firkas	4 Virudhunagar, Vachhakaranpatti, Ondipulinaickanur and Amathur
No. of Revenue Villages	61
Municipality	1 Virudhunagar
Main livelihood option	Business, oil extract, Tin manufacturing.
Reservoirs	1 Anaikuttam
Main source of drinking water	Tank Ondipulinaickanur, Kariseri, Anaikuttam

Sattur Taluk:



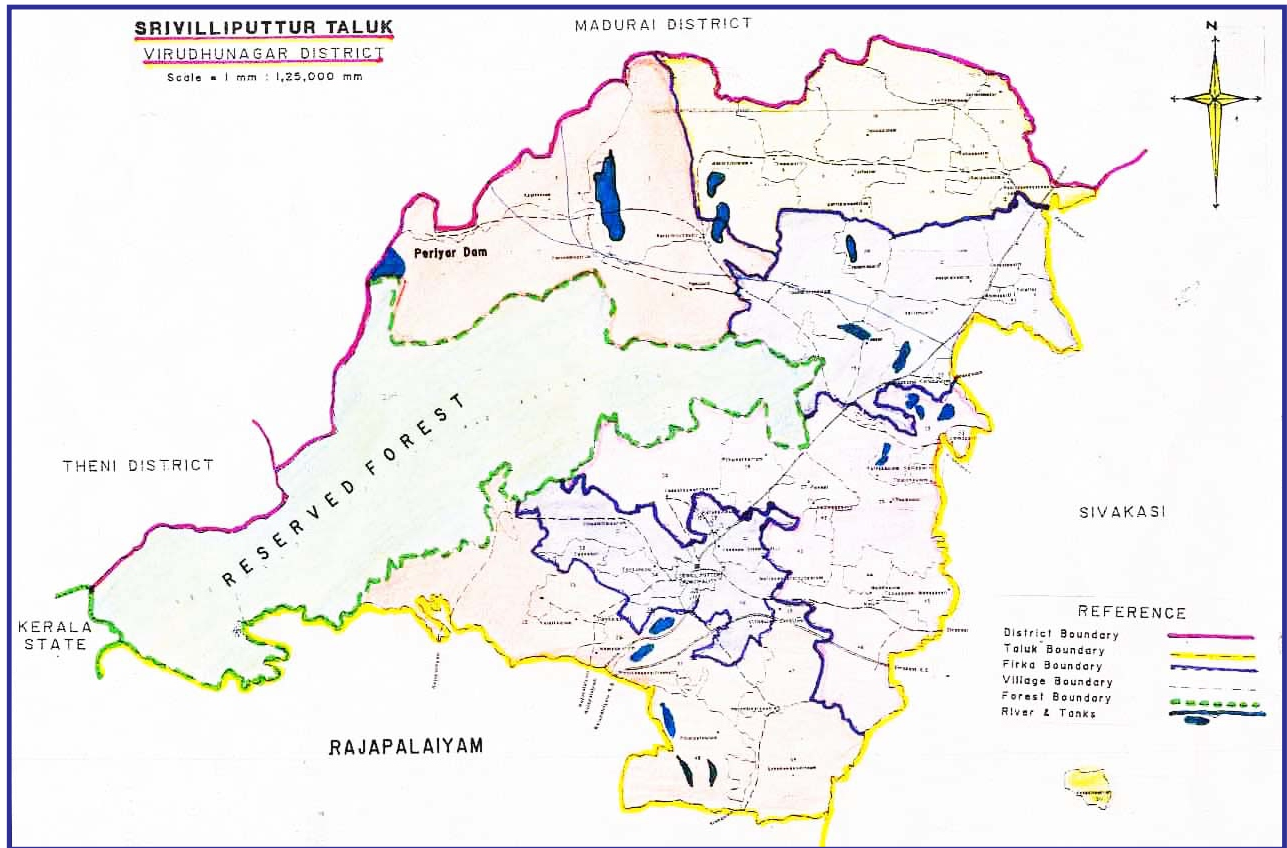
Firkas	4	Sattur, Nalli, Elairampannai and Nenmeni
No. of Revenue Villages		65
Municipality		1 Sattur
Main livelihood option		Matches, Nib
Reservoirs		1 Golvarpatti
Main source of drinking water		River Vaippar, Thamiraparani

Sivakasi Taluk:



Firkas	4 Sivakasi, Salvarpattii, Mangalam and Ethirkottai
No. of Revenue Villages	45
Municipality	1 Sivakasi
Main work	Matches, Crackers, Printing
Reservoirs	1 Vembakottai
Main source of drinking water	River Vaippar dam, Vaippar river bed at Vembakottai

Srivilliputhur Taluk:



Firkas	6 Srivilliputtur Malli Pillayarkulam Nathampatti Vathirayiruppu Kottaiyur
No. of Revenue Villages	50
Municipality	1 Srivilliputtur
Main work	Agriculture
Reservoirs	1 Kovilar
Main source of drinking water	River Periyar