Subverting Policy, Surviving Poverty: Women and the SGSY in Rural Tamil Nadu

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The Swarnajayanti Gram Swarozgar Yojana was launched as an integrated programme for self-employment of the rural poor. Being a targeted anti-poverty intervention, the SGSY prescribes quotas for women (40%) among the eligible poor and also mandates that 50% of self-help groups formed in an administrative block under the scheme be women's SHGS. This essay, through the prism of the SGSY scheme, attempts to understand how policy seeks to "mainstream" rural women from low-income households into market-oriented economic activities that seemingly facilitate a linear movement out of poverty. It examines how women themselves perceive the SGSY policy and the entrepreneurial identities it proposes they assume, and how selected women swarozgaris strive to engineer a fit between the imperatives of policy and their divergent life circumstances.

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Arguably, one of the more significant outcomes of the "gendering" of development discourses has been the discrediting of the earlier welfarist paradigms that addressed women exclusively as wives, mothers and homemakers, and the concomitant recognition of women's contribution to economic development (Kabeer 1995; Moser 1993). In India, a spate of programmes in the 1980s and the 1990s targeting women have explicitly articulated goals of economic empowerment and extended development resources (including institutional credit and productive technologies) to women in order to support their livelihood activities. The country's principal programme for the self-employment of the rural poor – the Swarnajayanti Gram Swarozgar Yojana (SGSY) – is mandated to target 40% of its benefits to women beneficiaries (GOI nd: 3.28). The recognition of women as "economic beings" by India's policy planners, from the period of the Sixth Plan (1980-85) onwards, is attributed to the growing visibility of Indian women's movements since the 1970s, as also women's studies scholarship foregrounding women's invisible labour in unorganised sectors of the economy (Agnihotri and Mazumdar 1995). It is argued that the ascendance of neo-liberal ideologies and an emergent capitalist state in India since the 1990s have also played a part in facilitating development programmes that draw women into market-based production and enhance their ability to support their households, thereby limiting the need for the State to do so (Vasavi and Kingfisher 2003). Drawing attention to the "constitutive contexts" in which gender has been framed and reframed in the decades since independence, John (1996) observes that "agency discourses" in the 1990s, as reflected in the World Bank's report on *Gender and Poverty in India* (1991), have valorised women's efficacy as economic actors on the grounds of their purportedly greater managerial and entrepreneurial skills (relative to men) and their potential contribution as "micro-entrepreneurs" and "managers" of household poverty.

In this current policy environment, this essay uses the specific case of the SGSY scheme to understand how policy seeks to "mainstream" rural women from low-income households, organised through self-help groups (SHGS), into market-oriented economic activities that ostensibly facilitate a linear movement out of poverty; how women themselves perceive SGSY policy and the entrepreneurial identities it proposes they assume; and how the selected women swarozgaris strive to engineer a fit between the imperatives of policy and their divergent life circumstances. Mosse's (2004) seminal work on the complex relationship between policy and practice directs our attention to how policy helps stabilise the interpretation of events, even as it may not, in actuality, generate events. Drawing on Mosse, this essay seeks to understand how the decisions and choices of women swarozgaris establish the SGSY as "policy (that) primarily functions to mobilise and maintain political support, that is *to legitimise rather than to orientate practice*" (ibid: 648; emphasis is mine).

A caveat is in order here. While the fieldwork that informs this study was conducted in 2005-06, certain features of the SGSY have been redesigned during the Eleventh Plan period (2007-12) (MORD, SGSY division, nd). The scheme itself is in the process of being phased out and replaced by the National Rural Livelihoods Mission (NRLM). Perhaps, as important (if not more) as looking at policymaking at the top rungs is the need to look at how the "targets" of development planning, rural women from low-income and land-poor households in this case, encounter and negotiate planners' imperatives and subsequently adapt and reshape policy packages with a view to securing a better fit with their lived realities. This essay, therefore, derives its salience from the "bottom-up" view it provides of women's engagement with the entrepreneurial impulse that drives the SGSY. Viewed in this light, the essay has relevance for the successor NRLM. Section 1 outlines the policy context that frames the study, while Section 2 provides a brief overview of the institutional context and methodology of the study. Sections 3 to 5 discuss the costs to women swarozgaris as well as the gains from their engagement with SGSY policy. Section 6 very briefly details the factors that shape women's choices to embrace (or not) "entrepreneurship" in the context of their village economies. The last section offers concluding comments.

1 Policy Context

The integration of credit-based, self-employment schemes within poverty alleviation programmes on a national scale began with the launch of the Integrated Rural Development Programme (IRDP) in 1980. Although the IRDP aimed to include 30% women among total scheme beneficiaries, a midterm review found that women constituted less than 5% of total beneficiaries and were the priority group most likely to be excluded; this led to the launch of the Development of Women and Children in Rural Areas (DWCRA) in 1982-83 which eliminated male competition by exclusively targeting women (Kabeer and Murthy 1996). In the early 1990s, women's SHGs or neighbourhood-based informal groups of about 12-20 members began to make their appearance in the rural development landscape, especially in the south Indian states. SHGs, which make regular savings and rotate the corpus as internal loans to members, are encouraged to open savings bank accounts with proximate bank branches in order to cultivate financial linkages with the institutional credit sector.[1] Vigorously promoted by the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD),[2] SHG banking helped harness the advantages of group-based financial intermediation. This was captured by early studies that documented reduced transaction costs for financing banks and high loan repayment by SHG borrowers (Puhazhendi 1995).

In April 1999, the SGSY was introduced as the outcome of a policy decision to consolidate multiple self-employment generation programmes (including the IRDP and DWCRA) into a single comprehensive scheme, based on a group approach in contrast to the earlier focus on the individual beneficiary (GOI nd). The SGSY perceives SHGs of the rural poor as ideal organisational channels for delivery of financial assistance to targeted poor households. The SGSY package consists of a mix of bank credit and government subsidy extended to eligible below poverty line (BPL) beneficiaries in order to finance income-generation activities that enable the poor to cross the poverty line by generating incremental income. The rural development administration (the District Rural Development Agency or DRDA at the district level and the block development office or BDO at the sub-district levels), which is the key designated agency for SGSY implementation, provides the subsidy component of the financial package. The loan component is provided by commercial banks. By way of addressing some of the shortcomings associated with the IRDP, the SGSY guidelines prescribe that (a) development resources be concentrated in developing a few selected economic activities in a block – the "cluster activity" approach and that (b) the rural development administration, commercial banks and the panchayat structure collaboratively undertake comprehensive planning to ensure the viability of enterprise activities selected under the scheme (ibid: 1.2-1.14).

Being a targeted anti-poverty intervention, the SGSY guidelines prescribe quotas for women (40%) among the eligible poor and also mandate that 50% of SHGs formed in an administrative

Review of Women's Studies

The Review of Women's Studies was launched in EPW in 1985 based on a proposal mooted by Alice Thorner and Maithreyi Krishna Raj.

The RWS has played a pioneering role in fostering the discipline of gender studies in India by giving space twice a year to studies by both established and young scholars who have sought to explore what was initially a new field of study and soon an established one.

For the past quarter of a century, Maithreyi Krishna Raj has overseen the organisation and selection of articles for the RWS. It has been under her guidance that the RWS has come to acquire the status it currently enjoys. She oversaw the RWS without formal acknowledgement and not many outside the field knew of her involvement. In 2008 Maithreyi Krishna Raj was formally designated as Guest Editor (Review of Women's Studies).

EPW thanks Maithreyi Krishna Raj for establishing the reputation of the RWS. The journal will always be grateful for her sustained efforts to establish the bi-annual RWS as a major forum for dissemination of research on gender.

From this issue onwards the RWS shifts to a new form of organisation of the biannual review. This is in keeping with a similar reorganisation of the editorial production of the other review issues that EPW publishes every year.

The RWS will be put together by an advisory group of scholars in the field of women's studies. The group whose members are J Devika, Mary John, Kalpana Kannabiran, Sharmila Rege, Samita Sen, and Padmini Swaminathan will decide on themes, identify authors, commission articles, review the papers and take decisions on publication. Lina Mathias from EPW will co-ordinate the effort.

This is the fruit of the first endeavour of the advisory group. EPW thanks these scholars for agreeing to be part of the advisory group and guiding the publication of the RWS. We are sure that under the supervision of this advisory group the RWS will continue to maintain its high standard of scholarship and relevance.

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block under the scheme be *women's* SHGs (ibid: 3.5, 3.28). It is instructive to note the contrast between the IRDP, which showed dismal rates of coverage of women, and the SGSY, in which women constituted 59% of total beneficiaries during the period of the Tenth Five-Year Plan (MoRD, SGSY division, nd: 1). However, reports on the functioning of the SGSY have pointed to critical lapses with regard to selecting enterprise activities in the light of available infrastructure, markets and beneficiaries' capacities as well as multiple shortcomings in the provision of economic assistance such as the absence of forward and backward linkages, poor response from banks, etc (Dasgupta 2009; MoRD, SGSY division, nd: 2). Critics argue that the SGSY is, in its essence, a "promotional" strategy (Hulme and Mosley 1996) of poverty alleviation, in that it is premised on the assumption that households can use credit-financed enterprises to make a linear, unidimensional movement from below poverty to above poverty line status (Kalpana 2005). As Hulme and Mosley (1996) note, promotional strategies do not take adequate cognisance of contextual variables such as the initial asset position of borrowers, their life circumstances and the role of the macroeconomic and policy environment in mediating the commercial success of credit-financed microenterprises.

2 Study Details

This essay draws on an ethnographic study of 27 SHGs in three villages in one administrative block in a district of northern Tamil Nadu.[3] The study was conducted over a 14-month period (February 2005-April 2006). The three study villages were marked by diverse livelihood profiles. Village 1 was among the poorer and more economically backward villages of the administrative block. About 36% of the total working population of the village was listed as employed in "household-based industries"[4] (home-based beedi-rolling being the industry in question), while 28% of the population was listed as dependent on agriculture. In village 2, two-thirds (68%) of the working population was listed as engaged in agriculture. In contrast to villages 1 and 2, the overwhelming majority (92%) of the population in village 3 were officially listed as "other workers". Daily wage labour in leather-based industries (shoe companies and tanneries) in a nearby town constituted the principal livelihood in the village. In the three villages, women from land-poor households – the principal constituency of SHGs – performed daily wage labour in agriculture, brick kilns, the construction sector, leather-based industries, home-based beedi-rolling and domestic work in wealthier households.

The 27 SHGs were promoted[5] by (i) a grass-roots NGO which is the designated block-level partner of the official Mahalir Thittam scheme (a state-NGO partnership programme);[6] (ii) an international NGO (INGO); (iii) the BDO; and (iv) the rural branch of a nationalised commercial bank. The SHGs held savings bank accounts with the branches of three different nationalised banks. All groups were women's groups and were (barring two) caste-homogeneous in composition.[7] The SHGs ranged from three to seven years in age. The number of members per SHG ranged from 16-20. Of 27 SHGs, 25 had received the Revolving Fund (of Rs 25,000)[8] made available through the SGSY scheme. Table 1 shows the distribution in the study villages of all SHGs, those that received and those that were sanctioned (but not yet disbursed) the SGSY financial (loan-cum-subsidy) assistance. The total financial assistance ranged from Rs 50,000 to Rs 2 lakh per SHG for the 13 groups that received the loan; of this, the subsidy component ranged from one-third to one-half of total loan value.[9] Of the 13 SHGs that received the SGSY loan, only two (in village 3) also secured the direct linkage loan.[10]

Table 1: SHG Distribution in Study Villages

	Village 1	Village 2	Village 3	Total
Total SHGs studied	10	8	9	27
Of total, SHGs that received SGSY assistance	5	6	2	13
Of total, SHGs sanctioned (not yet disbursed) SGSY assistance	–	–	2	2

Source: Field study.

Information on the process of securing the SGSY loan finance was obtained through open-ended, wide-ranging interviews held with the coordinators (group-level leaders) of the SHGs as well as first-hand observation of SHGs' interaction with banks and the BDO for loan sanction and related purposes. Additionally, semi-structured interviews with SHG members were held with a selected sample[11] drawn from the 18 SHGs in villages 1 and 2. These interviews provided information regarding the end use of all loans (sourced from the SHG and the bank) borrowed by each respondent during her period of SHG membership. Information on the date of loan disbursal and the loan amount borrowed, obtained from the loan ledger of the SHGs, was used to kindle respondents' memory and to elicit information on loan use.

3 Fitting Policy to Reality

In his analysis of a "participatory" rural development project, Mosse (2004) shows that the project's theory of participation did not orientate practice, as the programme was implemented by collaborating agencies through a strong vertical control of activities. Policy helped stabilise the interpretation of events by establishing causal links between participatory processes and efficient implementation, and served to secure support for the project from diverse constituencies. In our case, we see that the SGSY policy establishes causal links between the collective management of enterprises by rural women (organised into SHGs) and the generation of business incomes that enable households to cross the poverty line. This study found that the posited linear relationship – the underlying premise of the SGSY policy – was dismissed as far-fetched and impractical by women SHG members in the study villages. This had as much to do with the complete lack of any support from the DRDA/BDO structure in the sourcing of markets for enterprises as with the non-viability (in the women's perception) of group-managed business activity. SHGs that received the SGSY loan were expected to set up group-managed enterprises since the scheme anticipates greater ease in providing marketing linkages and support services to group activity (GoI nd: 3.21). However, the SHG women unequivocally asserted that collectively managed enterprises held no prospect for advancement of their SHGs, and, in fact could endanger the existence of groups. If enterprises failed, the SHG could collapse since the financing bank (also the SHG's account holder) would seize women's accumulated savings corpus. Thus, the risks of initiating group-based enterprises were seen as being unacceptably high as they entailed the loss of both social and financial capital carefully fostered through women's participation in SHGs.

Nonetheless, the SGSY scheme was much sought after on account of the coveted subsidy component, which induced women to make the scheme work for them by subverting its official borrowing purpose. Rather than being invested in a group enterprise, in 11 of the 13 SHGs that received the loan, the loan-cum-subsidy amount was equally distributed among all members, used for a variety of household-related needs of members and repaid to the bank on a collective basis through monthly instalments.[12] The two groups that were sanctioned, but had not yet received the loan, also planned to distribute the loan among group members. In the face of this radical divergence between policy and practice, it becomes important to understand exactly how the SGSY *policy is socially produced* and sustained by the "interpretive communities" or supporting actors (Mosse 2004: 646) of this study, viz, bankers, officials of the BDO, NGOs and women's SHGs, whose interests are tied up with the particular interpretations presupposed by SGSY policy and who therefore "participate in the established order as if its representations were reality".

The case of an SHG which proposed to manage a brick kiln business illustrates the modus operandi which involved a three-way nexus between the SHG, the bank and a local business owner. The SHG contacted a brick kiln owner in the neighbourhood and struck a deal with him. The owner provided documentary evidence to the bank stating that the SHG had acquired a brick kiln and leased it to him to manage.[13] The SHG women paid the brick kiln owner Rs 4,000 for providing the document and extending his cooperation. Bank staff inspected the brick kiln thrice for purposes of verification and photo documentation. However, as the coordinator of the SHG put it, "Of course the bank knew that we were not managing the brick kiln!" *Importantly, the fiction of make-believe enterprises was created and sustained by SHGs with the full knowledge of promoter NGOs, financing banks and the BDO.* This collusion was necessary since bank officials and the BDO were mandated by SGSY guidelines to ensure that an annual "quota" of loans allocated under the scheme were disbursed to SHG women who were neither willing nor able to engage in loan-financed income generation.

4 Costs of Scheme Subversion

As the case of the brick kiln demonstrates, the back-door entry of locally-based, small-scale business operators was crucial to sustaining SGSY policy on the field and SHGs incurred costs by way of pay-offs to business owners who helped them feign productive use of the loan. As an SHG coordinator remarked: "Nowadays, owners of coconut groves, shoe companies, tailoring units and poultry farms have woken up to the possibility of doing deals with SHG women who run around and beg for their documents in order to get bank loans."[14] Identifying willing enterprise owners could be difficult, especially when the former feared seizure of their enterprise by the bank, in case of loan default by the group. Some business owners feared that the SHG might claim ownership of their enterprise since it possessed legal documents authenticating purchase of the business through the SGSY loan. Such fears were reflected in the large-sized payments that SHGs made to compensate business owners for the perceived risks the latter incurred. A case in point was an SHG which succeeded in finding a small business owner willing to provide corroborative evidence for a tailoring unit after a laborious search of two months and payment of Rs 9,000.[15]

SHGs' costs of securing SGSY loans were also inflated by demands for bribes from the BDO for approving and processing the subsidy component of the SGSY loan. In the study villages, this was viewed as part of the customary bribes routinely extracted by block-level bureaucracy for any service rendered.[16] SHGs' payment to business owners for helping fabricate evidence of enterprise activity was usually higher than payment to the BDO.[17] However, in a few cases, officials of the BDO skilfully exploited SHGs' imperative to manufacture evidence of enterprise to create additional avenues for rent-seeking. Where SHGs were required (by the bank) to produce an invoice (referred to as "quotation" in local parlance) detailing the cost of raw materials and other inputs for the loan-financed enterprise, officials of the BDO acted as brokers who mediated between women's groups and local business interests to secure the invoice required to authenticate project proposals. An SHG which was required to show proof of a wedding decoration rental business, paid Rs 7,000 to officials of the BDO, who claimed to have procured the necessary invoice "at great cost" from a store in the neighbouring township.

The flexibility shown by the bank manager in terms of waiving stringent documentary evidence in support of enterprise activity did make a difference to the costs incurred by SHGs in fabricating evidence of enterprises. Two SHGs successfully reduced payment made to enterprise owners due to an "understanding" bank manager who reportedly brushed aside their documents and laughingly remarked that he knew all about their enterprise. On the other hand, the manager of another bank branch undertook unexpected supervision visits which conveyed the message that he expected the women to buy his compliance and willingness to overlook their fabrication of enterprise activity. SHGs' payment to bank officials thus depended primarily on the branch manager in question, unlike payment to the BDO for sanction of subsidy; the latter was regarded as a routine affair that had little to do with individual officials.

The expenses incurred by SHGs did not always end with loan sanction. SHGs were required to participate in government-sponsored exhibitions of SHG products that celebrated the emergence of female "micro-entrepreneurs" and SGSY-promoted livelihoods. Such exhibitions demanded that the fiction of managing enterprises be sustained over a longer period and at higher cost. Two groups, which claimed to manage shoe-making units, bought footwear at a cost of Rs 2,000 per SHG from a wholesaler to display at an exhibition organised at the BDO headquarters. An SHG, which professed to be managing a tailoring unit, was asked by the NGO to buy apparel for Rs 2,000 for the exhibition. As the SHG coordinator described it, their "quick thinking" saved them and they rented the apparel from a garments retailer for an amount of Rs 750. Officials of the BDO directed the SHGs to participate in these exhibitions with sufficient evidence of enterprise activity and threatened to withhold the subsidy on the SGSY loan if the women were reluctant to do so.

Negotiations with the BDO and business owners were conducted by SHG coordinators and all expenses incurred were paid from the group-generated corpus. In a few cases, SHG members suspected that group coordinators overstated the expenses they reportedly incurred when dealing with banks and block-level bureaucracy. When the coordinators of two SHGs announced the total expense of securing the SGSY loan as fait accompli at a group meeting, members were furious that the former had not taken them into confidence prior to clinching the deal and making the payment to the respective business owners. It appears that the multiple negotiation processes that marked the sanction of SGSY loans serve to enhance the relative power and authority commanded by group coordinators vis-à-vis members.

Table 2 shows the costs incurred SHG-wise (for the 13 SHGs that received the SGSY loan) by way of payment to the different actors involved. The total expense is shown as a percentage of the subsidy component since all costs associated with SGSY loan sanction were perceived by women as a drain on subsidy. Table 2 is organised in descending order of total expenses as percentage of subsidy. As seen in the table, SHGs 'A', 'B' and 'C' incurred high costs in paying business owners and participating in the exhibition that displayed SHG products. Close to the bottom of the scale, SHGs 'K' and 'L' gained from the bank manager's "flexibility" and thereby made no payment to business owners.[18]

The process of fabricating evidence of enterprise management was not risk-free. A case in point was that of a bank manager who disbursed the SGSY loan to two SHGs for the stated business of "cement stone manufacture", but made the release of the subsidy component conditional on the women initiating production activity. In this case, the SHGs suffered as there was no cement stone manufacturer in the vicinity of their village, whose enterprise could be passed off as their own. The problem was compounded by the bank manager in question who (unlike his predecessor) demanded substantive proof of enterprise activity. Coordinators of both SHGs visited the bank and the BDO several times to resolve the crisis. The two SHGs estimated spending Rs 11,000 each on visits to the BDO, the bank, bribes and other expenses for a loan that eventually did not materialise. During the period of this field study, I heard several narratives of "good manager" and "bad manager", who were distinguished from each other largely on the basis of the civility and patience with which they treated rural women struggling to make sense of bank procedure on account of weak literacy skills. In the context of SGSY loan sanction, a "good manager", as perceived by SHG women, understood their reluctance to initiate enterprise activity and colluded in their subversion of the SGSY scheme, whereas a "bad manager" insisted on implementing policy.

In the study villages, SHG coordinators and promoter NGOs feared that the business of feigning enterprise management would become even more complicated when the district administration made known its intention of sanctioning SGSY loans ranging between Rs 3 lakh and Rs 5 lakh to groups that successfully completed repayment of their first loan. The large size of the proposed loans was a disquieting prospect even for an SHG coordinator in a study village who managed a family-owned poultry farm and could more easily obtain an SGSY loan for her group, using her own enterprise. An enthusiastic official of the BDO advised her group to directly apply for a first-time loan of Rs 3 lakh since "you are the only person who is actually doing the enterprise". However, she feared the repayment burden that a loan of this amount (Rs 15,000 per head) would impose on SHG members. She was not sure that her poultry farm could absorb such a large investment either.

5 The Rewards of Subversion

Interviews with SHG members revealed that women valued the SGSY scheme despite the costs, the stress and the risks of securing loans through the scheme. It was seen that informal norms that governed the sanction of internal, group-sourced loans restricted the size of loans borrowed by poorer women members of SHGs generally perceived (by co-members) to be less creditworthy. SGSY loans, which were equally distributed, were sometimes the only source for poorer SHG members to access relatively large sized loans of Rs 5,000 or Rs 10,000 (depending on total loan amount). Yet another difference between bank loans and internal loans relates to borrower control over the timing of loan access. Bank loans were supply-driven since SHGs exercised no control over bank and BDO-determined processes of loan sanction. Hence, when an SGSY loan was accessed by an SHG, an SHG member may not have a pressing or immediate requirement for a loan at that point of time. Women were consequently able to use SGSY loans to fulfil long-term needs of households (as distinct from immediate or emergent needs) such as the acquisition of assets, the purchase of jewellery in particular, the redemption of old debt and improvements to housing.

As part of this study, information was gathered from 97 sample respondents[19] on the end uses of all loans they borrowed during their period of SHG membership. Loan-use data was thus collected for a total of 495 loans amounting to Rs 11.7 lakh. Of the

Table 2: SHG-wise Expense Incurred to Access SGSY Loan (Rs)

SHG	Stated Business Activity	Total Amount	Subsidy Comp	Payments & Expenses					Expense as Percentage of Subsidy#
				Business Owner	BDO	Bank	Misc Expense*	Total Expense	
A	Tailoring	1,00,000	35,000	9,000	500	-	2,300	11,800	34
B	Shoe-making	1,00,000	35,000	2,000	500	-	4,706	7,206	21
C	Shoe-making	1,00,000	35,000	2,000	500	-	4,706	7,206	21
D	Retail trade	50,000	16,000	-	600	-	2,000	2,600	16
E	Wedding decoration rental	2,00,000	1,00,000	3,000	7,000	2000	-	12,000	12
F	Brick kiln	1,00,000	50,000	4,000	500	500	-	5,000	10
G	Coconut grove leasing	1,00,000	50,000	2,000	500	500	1,000	4,000	8
H	Milch cattle	2,00,000	1,00,000	1,600	6,000	-	-	7,600	7.6
I	Coconut grove leasing	1,00,000	50,000	2,000	500	1,000	-	3,500	7
J	Coconut grove leasing	1,00,000	35,000	700	300	-	300	1,300	4
K	Coir (rope) making	1,00,000	35,000	-	500	-	485	985	3
L	Manure preparation	1,00,000	35,000	-	500	-	392	892	2.5
M	Retail trade	50,000	16,000	-	200	-	-	200	1

*Includes, primarily, the costs of participation of SHGs at exhibitions that showcased SGSY-financed enterprises; # percentage figures.
Source: Field study.

495 loans, 390 loans (79%) were internal or SHG-sourced (amounting to Rs 8.15 lakh) and 105 (21%) were bank loans (amounting to Rs 3.51 lakh) sourced under the SGSY scheme.[20] Table 3 shows the percentage break-up of the total amount of bank vis-à-vis internal loans across different end uses.

Table 3 shows that the total percentage of SGSY loans used to acquire housing assets, other assets and to redeem debt (41%) is significantly higher than the use of internal loans for the same purpose (24%). One SHG member used her SGSY loan to plaster with cement a newly-constructed brick walled part of her house; another to replace the thatched roof that "constantly dripped water" with cement roofing; a third invested her loan of Rs 5,000 in gold jewellery and a steel cupboard; a mother and daughter (members of the same SHG) pooled their loans of Rs 5,000 each to raise the compound wall of their house and build a toilet and bathroom; yet another mother and daughter used their loans of Rs 10,000 each (supplemented by an informal loan of Rs 15,000) to buy a plot of housing land for Rs 35,000. Table 3 also shows that a higher volume of SHG borrowers' internal loans were invested in income-generation activities relative to bank loans, although the SGSY carried the official mandate of investment in income-generation. Evidently, SHG members preferred to make need-based investment in income-generating activities rather than as dictated by the sanction schedules of external agencies.

Loan-use narratives of SHG women reveal that internal loans borrowed for medical expenses were used for sudden, unanticipated medical emergencies and illnesses, whereas bank loans helped them seek elective medical treatment for conditions deriving from chronic, long-term illnesses. A case in point was an SHG member, who was gradually losing her mobility, and used her SGSY loan to consult doctors at a private hospital in the district headquarters and the principal government hospital in Chennai. Another member of the same SHG used her SGSY loan (of Rs 5,000) to seek treatment for her 19-year-old daughter for delayed puberty. A third member used her SGSY loan to cover doctor's fees for a hysterectomy surgery performed at the "free" government hospital in order to secure better quality treatment. Thus, the SGSY scheme was perceived by women beneficiaries as facilitating access to subsidy-bearing bank credit, prized because of the valued end uses made possible through subversion of the formal objective of the scheme.

Table 3: Loan-Use Pattern of Bank Loans and Internal Loans (Percentage shares)

Loan Use	Quantum of Bank (SGSY) Loans	Quantum of Internal Loans
Income generation#	12	27
Social obligations of household and kin@	15	23
Housing assets*	18	13
Other assets**	11	2
Debt redemption~	12	9
Medical expenses	15	9
Education expenses	5	8
Miscellaneous household expenses^	12	9
Total	100	100

Includes investment in any economic activity that promises return including agriculture, animal husbandry, non-farm activities, etc; @ includes expenses relating to observance of social functions in the household as well as gifts and financial assistance to relatives and friends;
* include improvement to existing housing infrastructure and construction of new houses;
** include the use of loans to purchase non-housing assets such as gold jewellery, vehicles and household consumer durables; ~ includes the redemption of both jewellery pledged as security for informal loans and repayment of old debt borrowed from informal lenders;
^ include expenditure on food, rent, clothing and other daily necessities.
Source: Field study.

The value that women attached to sustaining SGSY policy on the field (Mosse 2004) was reflected in their efforts to ensure disciplined, on-time loan repayment, enabling banks to reap the rewards of scheme subversion as well. Timely repayment of SGSY loans was maintained through severe disciplinary pressures initiated by SHG coordinators and sustained by intra-group peer dynamics. SGSY loans were repaid not through enterprise incomes as anticipated by policy, but through incomes earned by SHG women and their earning household members via multiple forms of wage and self-employment. In this respect, SGSY loan repayment did not differ from repayment of internal or group-sourced loans, despite the larger loan sizes that they entailed for some SHG members.

SHGs were more likely to use punitive strategies (such as verbal abuse of borrowers or fines for late repayment) to ensure repayment of bank (relative to internal) loans. Defaulting on a bank loan was inconceivable since the bank was regarded by SHG women as a highly valued external contact. Importantly, the prospect of access to a higher-order SGSY loan was a powerful positive incentive that ensured timely and even quicker-than-warranted repayment. While the repayment duration permitted by financing banks varied between three and five years, seven of 13 SHGs completed loan repayment in 18 months or even less time in order to apply for the subsequent loan.[21]

6 Enterprises: Choosing Not to Invest

As this study found, SGSY-sourced financial assistance did not culminate in the collective management of group-owned enterprise activity and therefore SGSY policy did not shape the forms that female "entrepreneurship" took in the study villages. The business activities that SHG members undertook were household-based enterprises in trade and services (such as home-based eateries and petty stores) that were jointly managed by household members (usually a husband-wife team) and were heavily reliant on intensive use of family labour. The avoidance of hired labour was critical to the economic viability of these enterprises. SHG participation per se did not induce SHG women or their family members to initiate enterprise activity. Of 97 sample respondents, 33 directly invested some part of their SHG loans to finance a total of 37 income-generation activities.[22] Only 17 of the 37 activities (46%) were initiated by respondents after joining SHGs, with the remaining having existed prior to joining SHGs. SHG member households, which did not own capital assets (that could serve as a financial cushion in case of a business downturn) nor had prior entrepreneurial experience, were unwilling to make investments in new business activity.[23]

Loan-use data of 97 sample respondents shows that no more than 22% of total quantum of all loans (bank and internal)[24] was invested in any form of income-generation activity, whether agriculture, animal husbandry or microenterprises. The failure of the monsoons in Tamil Nadu for about four years concurrent and prior to the period of study (2001-05) resulted in the considerable scaling down of agricultural activity (reflected in fewer cultivation cycles per year) and thus of wage labour opportunities in agriculture. The ensuing situation of "no rains, no work" widely reported in the study villages threw a number of existing small businesses such as brick kilns (which depended on water) into crisis, besides dampening effective purchasing power, thereby adversely affecting the prospects of non-farm businesses as well. SHG women reported a saturation of village markets by existing businesses and regarded the prospects of new enterprise activities with scepticism. In such a context, *women valued unconditional control over end use of loans and the ability to use loans for income generation only when they judged the environment favourable and their household circumstances conducive to permit such use.* Such control was complete and automatic in the case of internal loans and had to be obtained at considerable cost and effort in the case of SGSY loans, through policy subversion.

7 Conclusions

The success of any development project is contingent on the active enrolment of supporting actors (including beneficiaries) who tie their interests to the established project order (Mosse 2004). This essay shows how bankers, the BDO and women's SHGs gained from the make-believe exercise of collective enterprise management by rural women swarozgaris. In addition to the policy-level incentives that motivated banks to meet "priority sector" lending targets, the SGSY scheme did not disappoint local bank personnel in terms of desired repayment performance. Women's participation in the scheme – albeit on their terms – enabled the BDO to fulfil its mandate of implementing anti-poverty schemes in the field. Moreover, the new channels of rent-seeking that were created by the SGSY scheme were accentuated when the BDO doubled up as intermediary between SHGs and business owners, promising to secure the sought-after invoices.

As seen in other institutional and programme contexts (Jackson 1997: 163), this study finds that targeted women beneficiaries of development projects are not merely passive recipients who are acted upon by policymaking and implementing institutions, but active agents who subvert instrumentalist policy packages and shape programmes through their demands and struggles. A case in point, specific to microfinance, is a study of four projects in Vietnam and Nepal which documents the transgressive practices that women loan beneficiaries deploy when project stipulations are at variance with local material conditions and cultural ideologies. Among these, the study documents the subversion of production loans for purposes of household consumption (Shakya and Rankin 2008). While critical ethnographies of microfinance programmes in India that explore the mechanisms by which participants re-engineer project protocols in order to meet survival or other imperatives are harder to find, the literature does suggest that lending models which strictly mandate loan use for investment purposes are likely to see divergence between actual use of microcredit by borrowers and stated use recorded by microfinance institutions (Sinha 2005). In the case of this study, women instrumentally reshaped the SGSY package of financial assistance in ways that enabled them to shore up and diversify household assets that could be drawn upon in times of need. Notably, the use of microfinance services to build assets and thereby serve as a household-level risk management strategy (Zaman 1999) is identified as one of the more significant pathways by which microfinance access can potentially contribute to mitigating vulnerability of poor households (World Bank 2001).[25] And yet, the anxieties that SHG coordinators of this study experienced when the district administration announced larger-sized loan packages – anxieties deriving from the exhausting and risk-fraught efforts required to sustain "policy that does not orientate practice" – impels us to engage with the terms on which ongoing state-sponsored livelihood initiatives incorporate women.

The NRLM aims to bring a woman member from each identified rural poor household under the SHG network; the latter is sought to be promoted as a key feature of the universal social mobilisation strategy espoused by the NRLM (MORD nd: 8). At the start of the Eleventh Plan, the Ministry of Rural Development identified as a critical shortcoming the SGSY's singular, exclusive focus on self-employment as the means to improve living standards of the poor (MORD, SGSY division, nd: 13). Building on this understanding, the NRLM's Framework of Implementation acknowledges that multiple livelihoods (including wage employment) currently sustain BPL households and therefore proposes to expand existing employment options within the principal livelihoods (such as agriculture, livestock, fisheries, forest produce) that account for the bulk of the working poor of the country, in addition to supporting microenterprises (MORD nd). Moving away from the older expectation that SHGs choose from a predetermined list of income-generation activities, the NRLM aims to extend capital subsidy support to SHGs' investment plans that are constituted by household-level investment plans of members and include both livelihood and other essential needs (ibid: 17-19).

While these changes suggest a significant departure from the earlier rigidities of the SGSY and its promotional underpinning, it remains to be seen what the women SHG members and daily wage earning poor of this study can expect (from the NRLM) by way of improvement in their everyday work lives. In the administrative block in which this study was conducted, SHG women used the platform provided by monthly block-level meetings (held to discuss the routine management and smooth functioning of SHGs, bank loan repayment, etc) to raise issues relating to the unsanitary work environment of leather-processing industries; the pitiably low wages that were offered by the smaller and more numerous shoe companies and women's inability to negotiate a better deal; the absence of toilets in some of these units despite the preponderance of women workers; and the Rs 10-a-day wage that home-based beedi work offered. In effect, SHG women – agricultural daily wagers, construction and brick kiln workers, beedi workers and shoe company employees – were drawing attention to all the sites in which they labour and the multiple forms their livelihoods assumed, despite the evident inability of either NGO staff or the government officials in attendance to meaningfully respond to the range of issues they raised. Women were asking not only that the state expand opportunities in paid work for women, but that it proactively intervene in order to restructure their work environments and help enhance monetary returns to their labour. Their demands remind us that, despite the successful "mainstreaming" of women by anti-poverty livelihood programmes and the undeniable emergence of women as a constituency in Indian development planning, the Indian state has had little success in transforming the material conditions that place women of impoverished households in subordinate positions in wage labour markets.

Commenting on the framing of gender issues within discourses of the Indian state and influential actors such as the World Bank in the 1990s, John (1996) observes that documented findings about the strenuous and multiple forms of labour that poor women perform to ensure household survival are no longer presented as arguments about women's exploitation (as in the Shramshakti [1988] report for instance), but have become signifiers of women's efficiency as economic actors. In this context, a question that emerges is whether the collective energies of women organised through SHGs, the "platforms of the poor" (as described by the NRLM) (MORD nd: 8), can generate a countervailing discourse that will drive the NRLM to seriously engage with macro policies, which sustain exploitative conditions of employment in the lowest segments of the unorganised sector. Also, would it frame its operational guidelines by assiduously taking its cues from women's demands, some explicitly articulated and some not so?

NOTES

1 The SHG-bank linkage scheme, introduced in 1991-92 by RBI and NABARD, aimed to enhance utilisation of the formal credit sector by sections of the poor, hitherto regarded as credit-unworthy. Direct linkage loans can be used for any purpose (including consumption) and are linked to the amount of SHGs' internal savings (RBI 2009: 2-4).

2 Incentives to banks to lend to SHGs include the incorporation of these loans within priority sector lending and NABARD re-finance at lower interest rates of all loans made by banks to SHGs (RBI 2009).

3 The study was conducted as part of the doctoral dissertation of this researcher. In this essay, the names of the study villages, the promoter NGOs as well as SHGs interviewed study have been withheld, whilst all relevant contextual information is provided.

4 Data on the distribution of working population in each village was sourced from the Primary Census Abstract, Census of India 2001, Office of the Registrar General, India.

5 Agencies who "promote" or "sponsor" SHGs may offer a range of services that include group formation, training in accounts maintenance, financial auditing, troubleshooting, etc.

6 The Tamil Nadu Corporation for Development of Women (TNCDW), a Government of Tamil Nadu undertaking, partners with a statewide network of NGOs in order to ensure the formation and smooth functioning of women's SHGs. In July 2006, the TNCDW was transferred from the administrative control of the social welfare department to that of the department of rural development and panchayat raj. See Tamil Nadu WOMEN.org,http://www.tamilnaduwomen.org/About _TNCDW.php, last viewed on 22 April 2011.

7 Fifteen SHGs were composed of the scheduled castes (SCs), 10 of the Other Backward Classes (OBCs) and two were mixed caste (SC and OBC).

8 As per the scheme, the loan-cum-subsidy is preceded by a Revolving Fund that aims to augment SHGs' loanable corpus (GOI nd: 3.17).

9 The SGSY loan-cum-subsidy amount is shown SHG-wise in Table 2. The administration of subsidy was back-ended. The loan and subsidy amount was fully transferred to the SHGs. The subsidy was repaid by the SHGs in entirety and subsequently returned by the bank to the SHGs.

10 In the study villages, the subsidy component greatly enhanced the appeal of the SGSY vis-à-vis the non-subsidised direct linkage scheme. Bank managers were also found reluctant to make large-sized loans to the SHGs under the linkage scheme, even though the scheme permits banks to make loans that can be four times the quantum of group savings (RBI 2009).

11 Of a total of 327 members in 18 SHGs, 100 sample respondents were interviewed. The sample was selected on the basis of proportional representation of household occupational profile of members, caste group (SC, OBC) and type of SHG programme the women belonged to (Mahalir Thittam, INGO, BDO, bank). Eventually, a sample of 97 members was interviewed from the 18 SHGs.

12 The two SHGs that invested the loan in business did so under great pressure from the bank manager to conform to the objective of the scheme, that is, investment in economic activity. They chose retail trade (as opposed to any manufacturing activity) to minimise risks.

13 The documents declared that he had received a total amount of Rs 1 lakh (the SGSY amount) for a truckload of coal, and for procuring clay, mud and water.

14 The full list of stated business activities is provided SHG-wise in Table 2.

15 Another example is that of an SHG which was sanctioned a loan of Rs 3 lakh (not disbursed during the field study) for the stated purpose of cement stone manufacture. The owner of a cement stone making factory in the village demanded payment of Rs 50,000 for providing the required fake documents. The raw materials supplier demanded a payment of Rs 15,000 to cover the sales tax, which he claimed he would have to pay, given that the bills submitted to the bank would record a large transaction, even if he did not actually make a sale to the SHG.

16 Payment to the BDO for sanction of subsidy was not unique to the study villages. Prior to the field study in the three villages, interviews with 12 NGOs active in SHG promotion in six districts of Tamil Nadu were conducted. All NGOs interviewed reported payment (varying in magnitude) to the BDO in order to ensure timely sanction of SGSY loans.

17 This can be seen by comparing the figures in the relevant columns in Table 2.

18 SHGs 'D' and 'M' were the only groups that invested the loan in enterprise activity under great pressure from the bank manager. They bought and sold raw materials used in mosaic stone manufacturing to small mosaic stone-making units based in their village. SHG 'D' spent Rs 2,000 ("miscellaneous expenses") to conduct a lavish inaugural function to launch the new business activity.

19 Refer to endnote 11.

20 None of the 18 SHGs from which the sample respondents were selected had received the direct linkage loan.

21 The women were greatly dismayed when they learned that the bank would only return the subsidy component at the end of the three-year period.

22 Four women invested their loans in two activities each.

23 The limitations that inhibit sections of poor households (in particular the poorest) from making productive use of enterprise-linked credit are, by now, well recognised. See, for example, Hulme and Mosley (1996).

24 Of a total of Rs 11.7 lakh borrowed by SHG sample respondents, Rs 2.62 lakh was used for purposes of income generation.

25 Research documenting the limited impact of microfinance upon enhancing incomes of poor borrowers has made the dominant conceptualisation of microfinance as a poverty alleviation strategy focus increasingly on the effects of microfinance on *non-income* dimensions of poverty, such as mitigating risks and household vulnerabilities (Kalpana 2005).

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