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# **Credit Requirements of Tribal Households in TPMU Areas and Delivery Mechanisms in Andhra Pradesh**



**Study conducted by  
Sadhikaratha Foundation**

***Presentation by Dr. K. Raja Reddy***

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# Study Objectives

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- To know the outreach of SHG programme in Tribal AP
- To assess the debt status, credit sources of tribal HHs
- To assess the quality of CBOs-SHG, VOs and MSs
- To assess the SHGs' access to credit
- To know the RR from SHG to bank, VO & SN
- To assess the credit demand at various levels
- To know the problems in accessing credit
- To evolve mechanisms for credit disbursement in the absence of technology



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# Sample Covered

TPMU	Mandals	VOs	SHGs	HHs	Banks	Staff
1. Badhrachalam	3	9	18	27	5	6
2. Eturnagaram	3	9	18	27	3	10
3. Paderu	3	9	18	27	2	2
4. RC Varam	3	9	18	27	1	1
5. Seethampet	3	9	18	27	3	3
6. Srisailam	3	9	18	27	2	2
7. Utnoor	3	9	18	27	3	6
<b>Total</b>	<b>21</b>	<b>63</b>	<b>126</b>	<b>189</b>	<b>19</b>	<b>30</b>



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## SHG-BLP in TPMU Areas

Name of ITDA	Total No. of SHGs	SHGs credit linked to bank	% of SHGs credit linked to bank	Amount of loan outstanding (in lakhs)
1. Badhrachalam	15,109	12,236	80.9	14,969
2. Eturnagaram	4,155	3,856	92.8	4,420
3. Utnoor	12,674	10,224	80.6	12,304
4. Paderu	8,714	3,391	38.9	2,589
5. Parvathipuram	6,140	3,905	63.6	3,379
6. R.C.Varam	4,436	3,546	79.9	2,252
7. Seethampet	6,640	5,199	78.3	6,079
<b>Total</b>	<b>57,868</b>	<b>42,357</b>	<b>73.2</b>	<b>45,993</b>
<b>Andhra Pradesh</b>	<b>10,75,605</b>	<b>8,68,082</b>	<b>80.7</b>	<b>11,52,667</b>

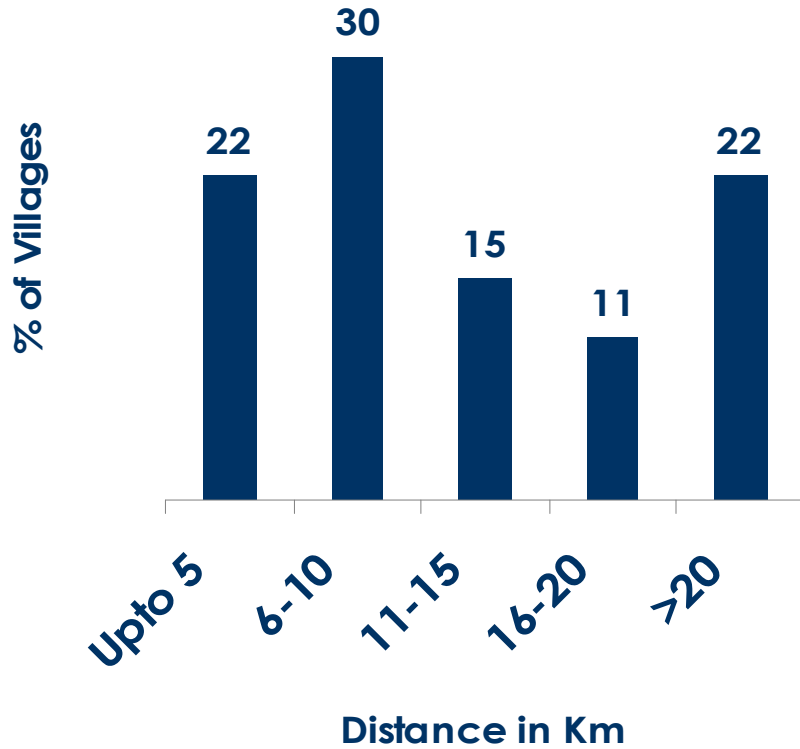
*As on December 2012*



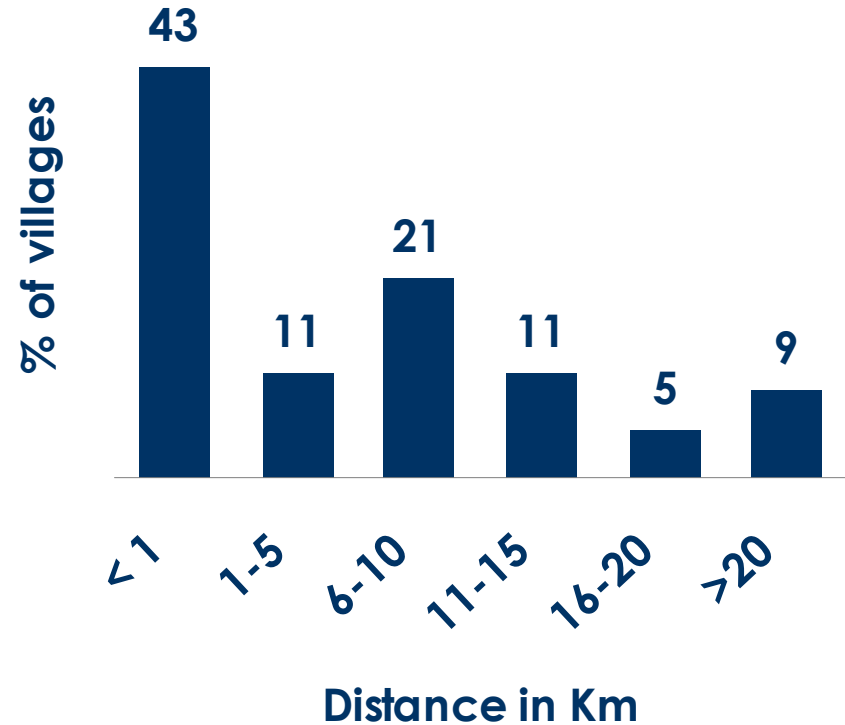
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# Banking & Internet Facilities

## Distance to Banks



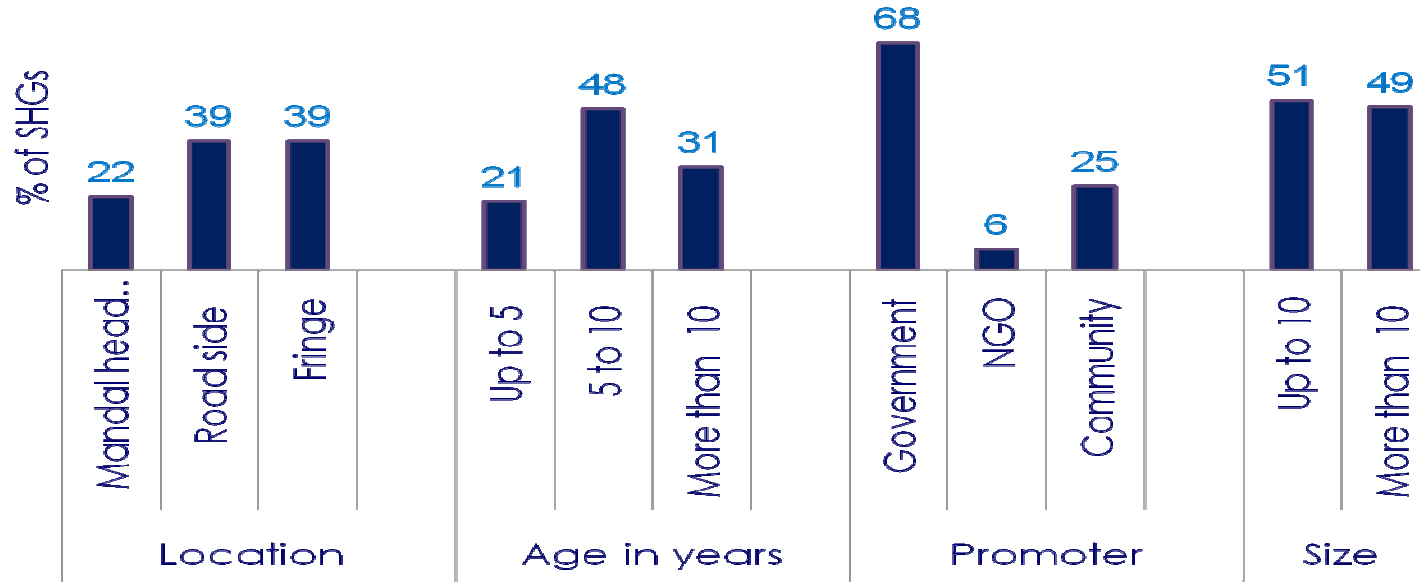
## Access to Internet





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# Profile of SHGs & Households

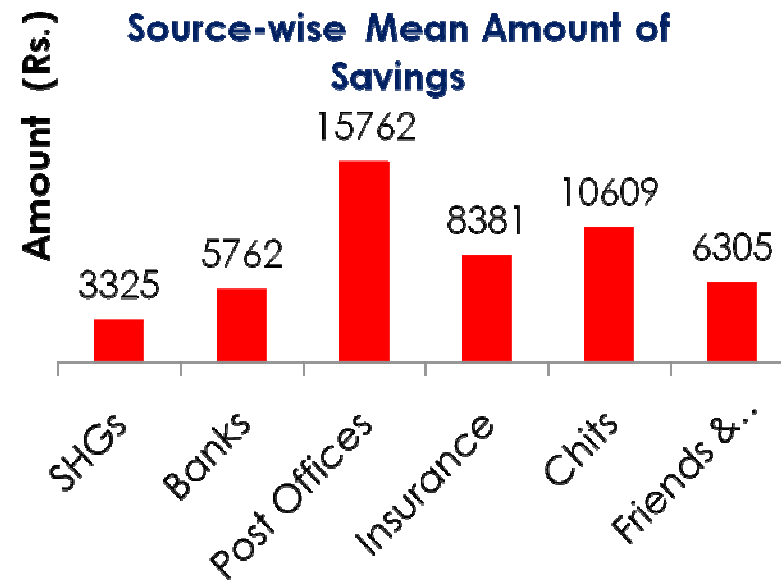
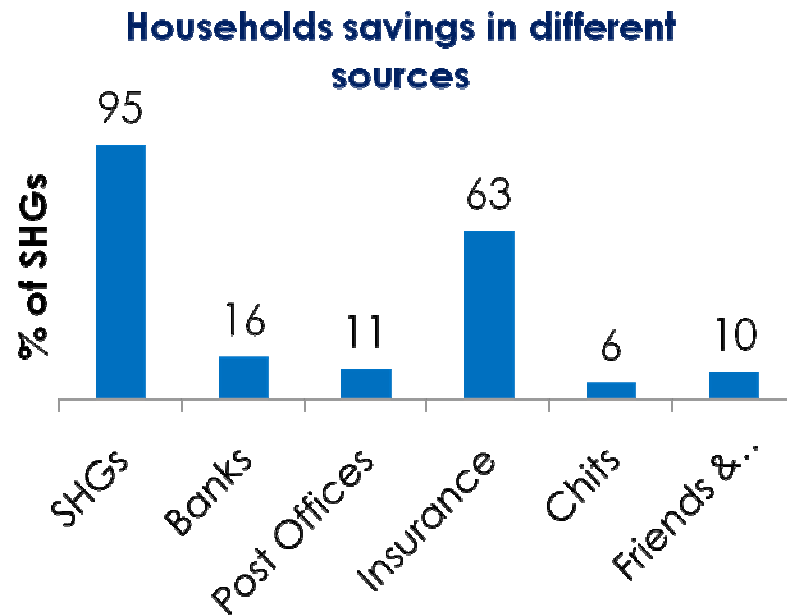


- **More female (52%) than male (48%)**
- **Many are non-working (45%)**
- **Majority of the HHs are marginal & small farmers**
- **Primarily depend on agriculture and labour**
- **Migration is negligible**



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# Household Savings

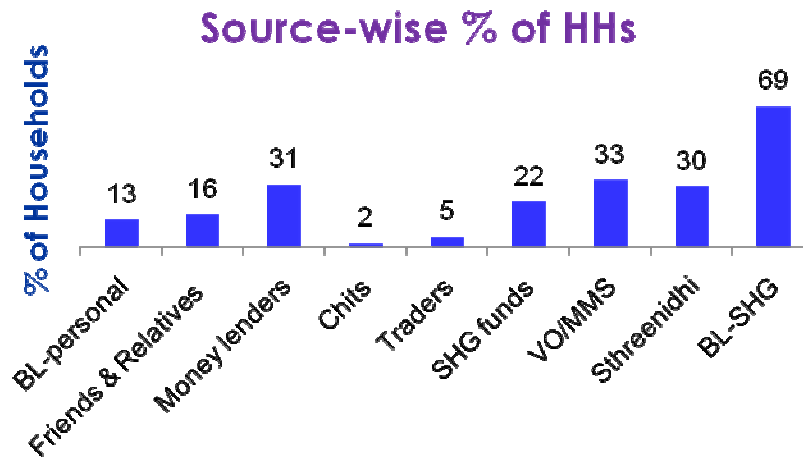


- **43% of HH savings with ins. agencies; 26% with SHGs**
- **14% with Post Offices; 7% with Banks**
- **5% with Chits and 5% with Friends & Relatives**

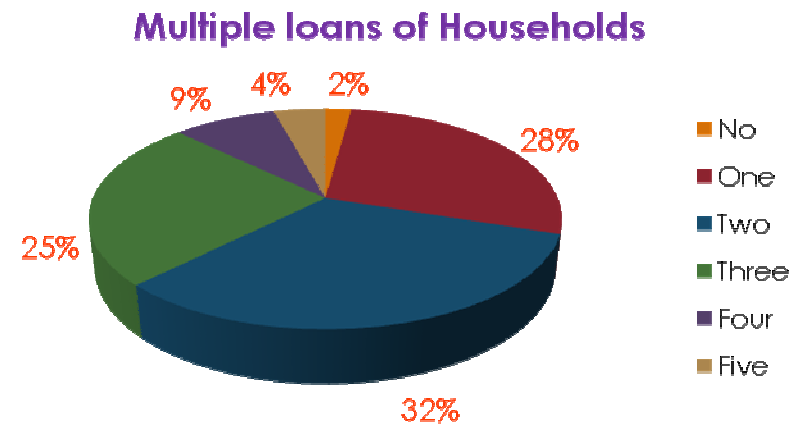
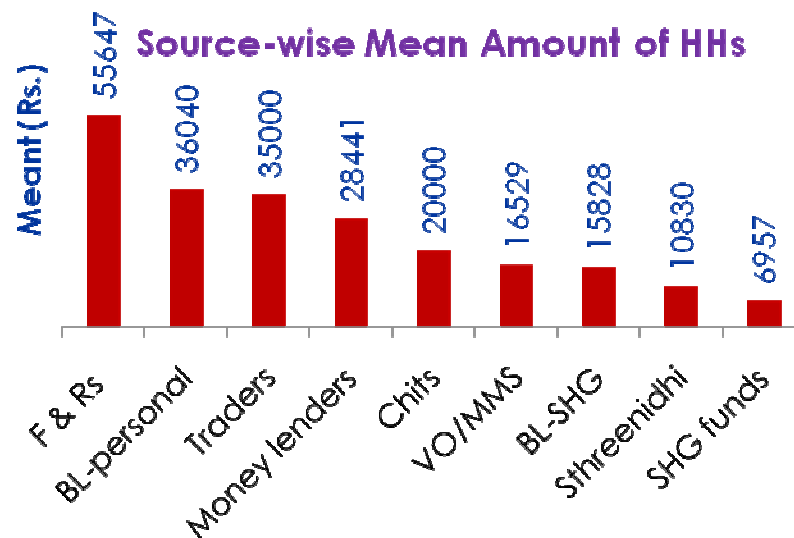
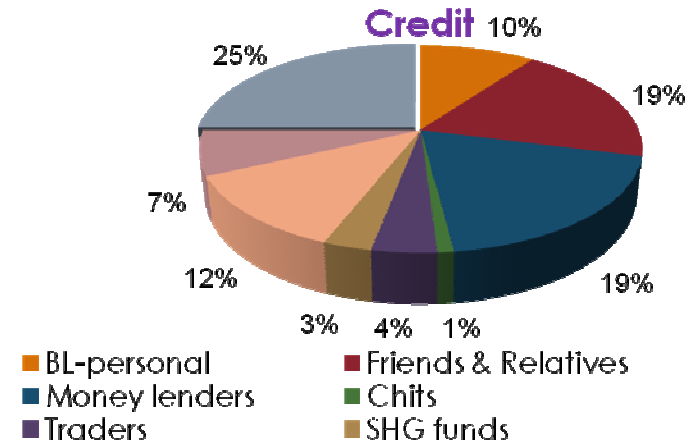
HH-Household; SHG-Self Help Group



# Debt Status of Households



### Source-wise Amount of Household Credit







## Source and Purpose-wise Number of Loans and Amount (in %)

Purpose	Loans		Amount	
	Non-formal	Formal	Non-formal	Formal
1. Consumption	1.0	6.6	0.1	3.3
2. Production	41.0	53.8	25.6	55.8
3. Social needs	49.0	26.9	62.2	26.9
4. Asset creation	9.0	12.7	12.1	14.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Amt. Rs. In lakhs</b>	<b>100</b>	<b>316</b>	<b>36.94</b>	<b>48.98</b>



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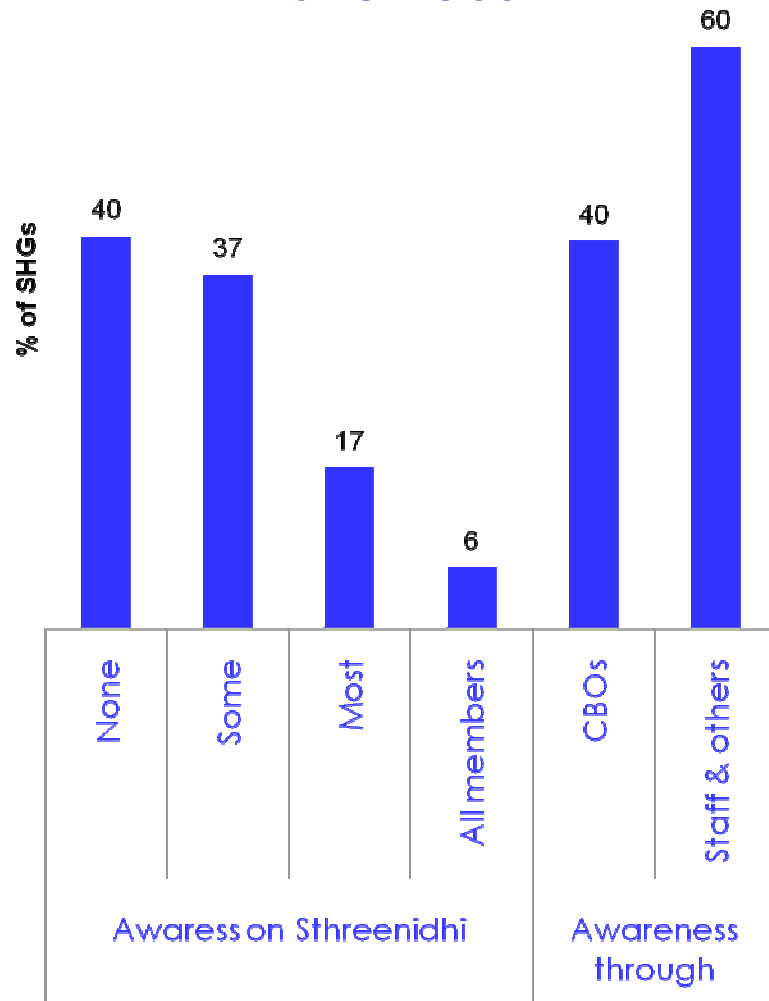
# Average Amount of Interest Per Month Paid by the HH on Loan Outstanding

Credit source	Number		Loan outstanding		Interest per month		Avg. Amount	
	HHs	Loans	Amount In lakhs	%	Amount	%	HH	loan
1.Non-formal	88	100	28.93	42.8	75,623	66.1	859	756
2. Formal	179	316	38.7	57.2	38,705	33.9	216	122
<b>Total</b>	<b>185</b>	<b>416</b>	<b>67.6</b>	<b>100</b>	<b>114,328</b>	<b>100</b>	<b>618</b>	<b>275</b>

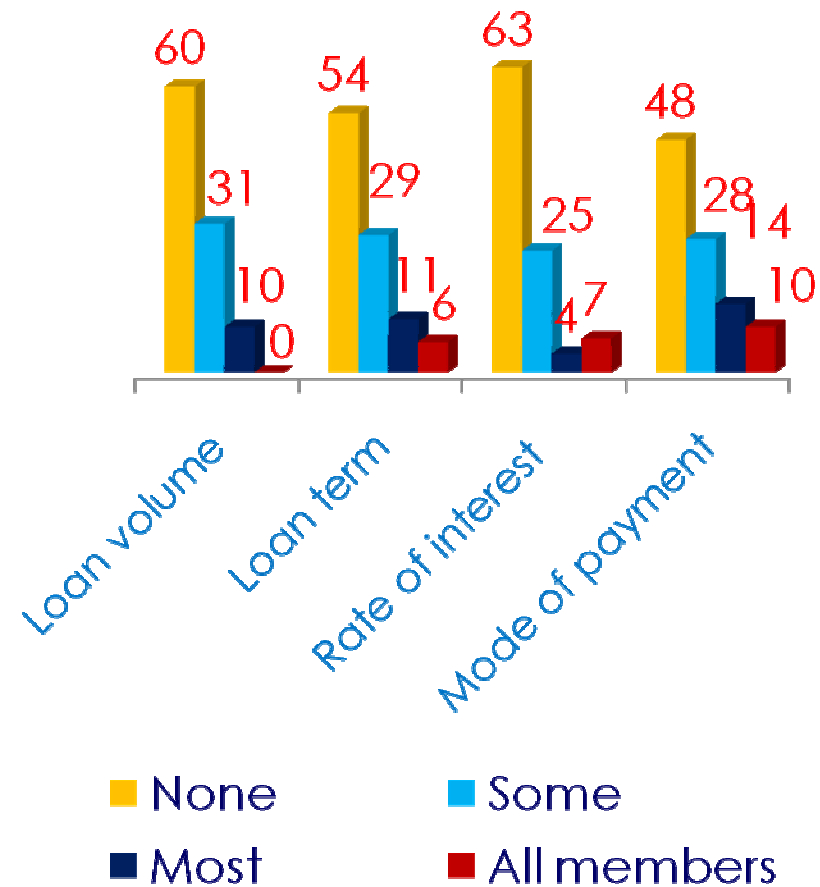


# Awareness on Sthree Nidhi

## Awareness



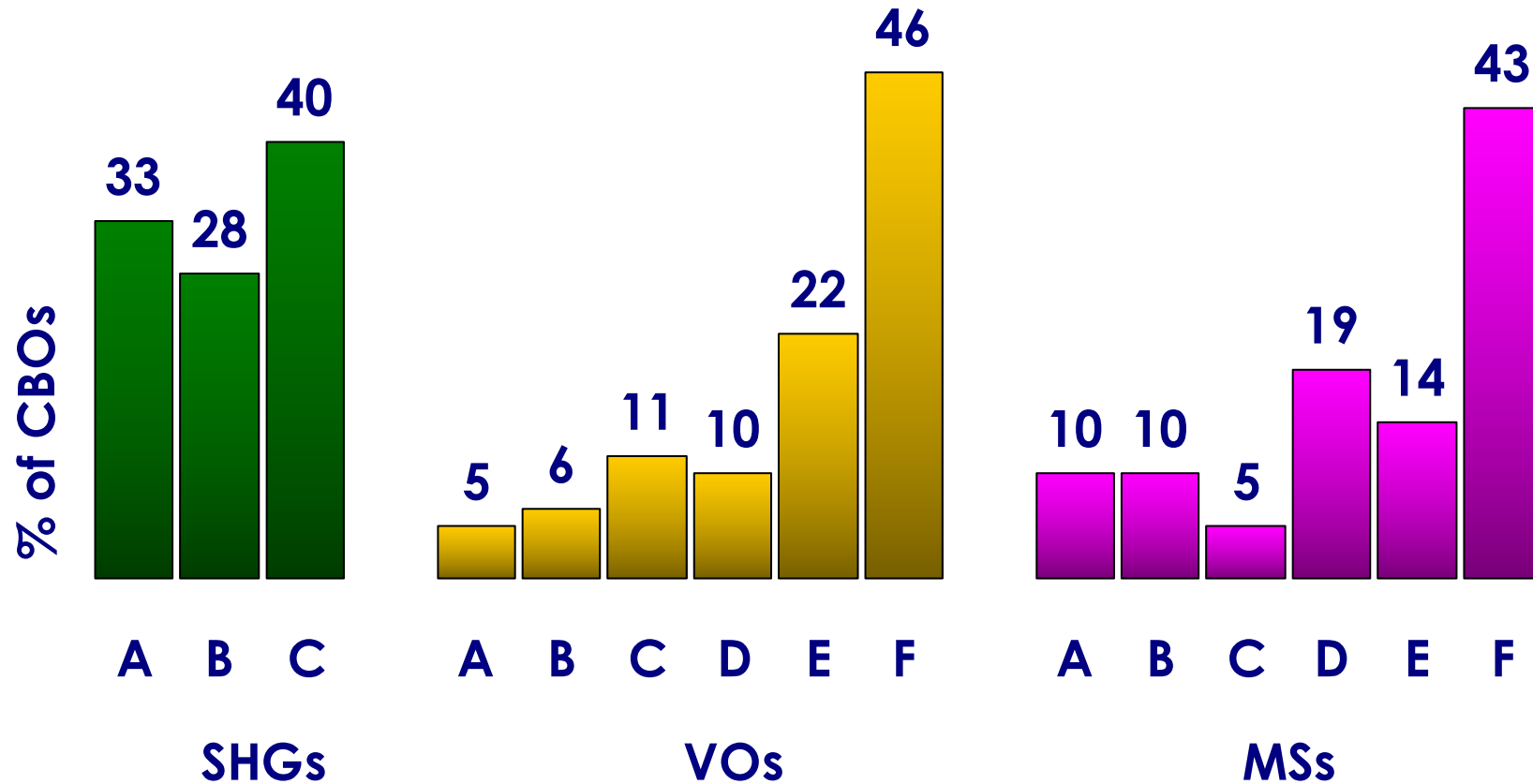
## Loan terms & conditions





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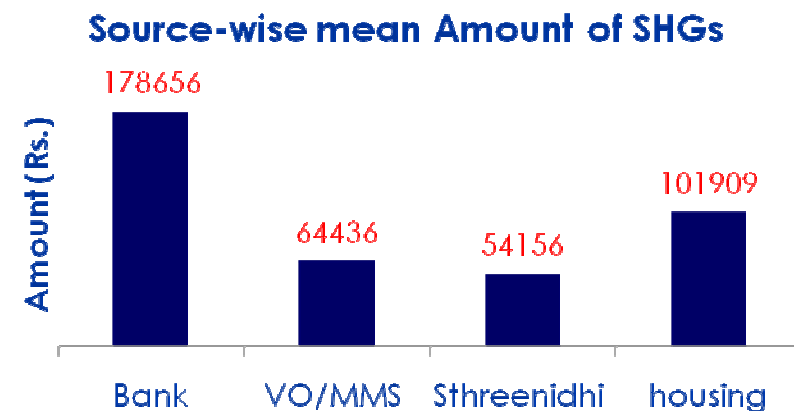
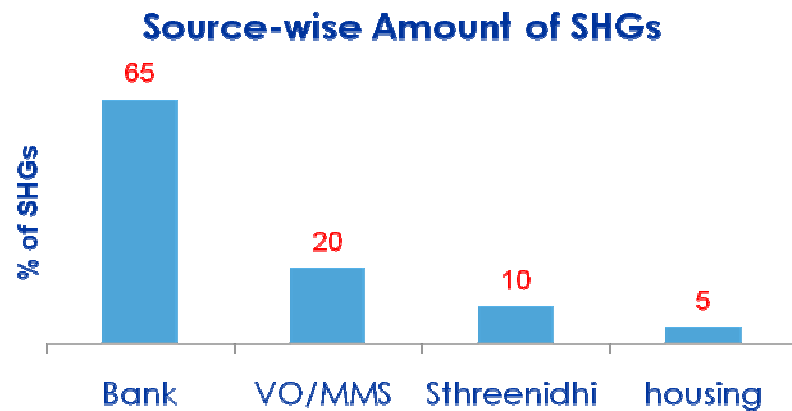
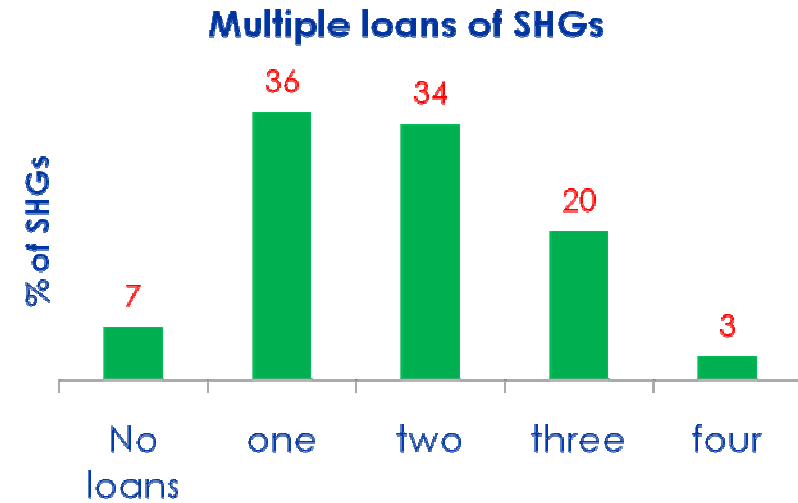
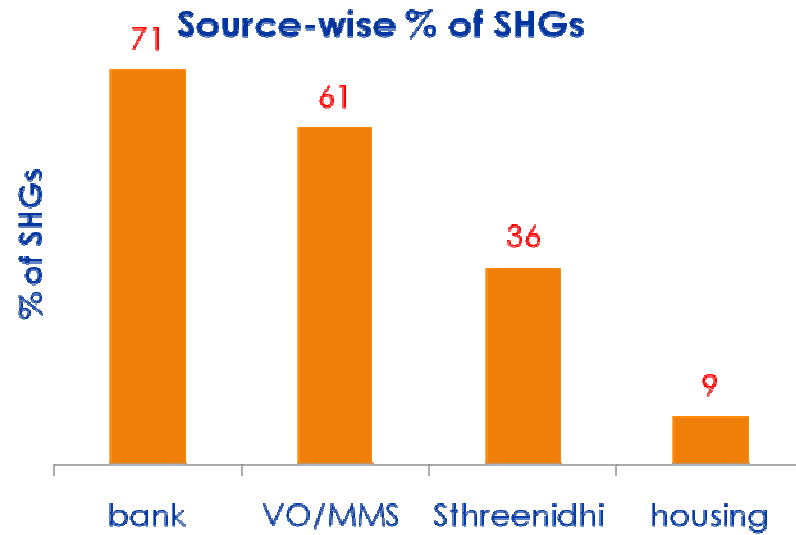
# Grades of SHGs, VOs and MSs



SHG-Self Help Group; VO-Village Organization; MS-Mandal Samakhya

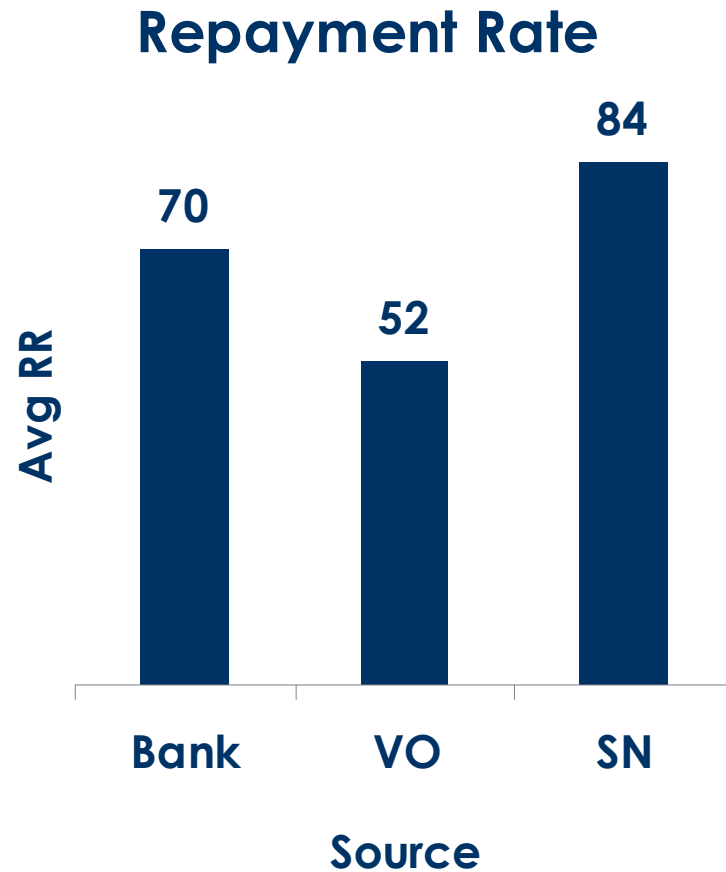


# SHGs Access to External Credit Agencies





# Repayment Rate from SHGs to External Credit Agencies



### Grades and Average Repayment rate

<u>Grade</u>	<u>Bank</u>	<u>VO</u>	<u>SN</u>
A Grade	93	72	82
B Grade	78	57	89
C Grade	47	33	84



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# Reasons for Default

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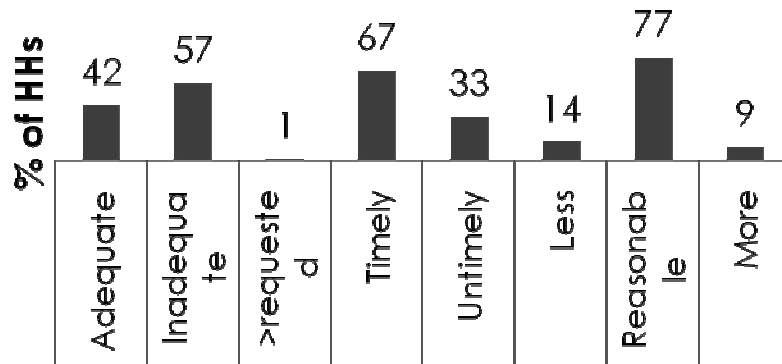
- **Less availability of work and failure of crop**
- **Unexpected expenses in the HH**
- **Default of other SHG members**
- **Multiple loans and large installment amount**
- **No alternative income and credit sources**
- **Influence of other subsidy programs**
- **Political promises on waiving of loans**
- **Credit linkage to poor quality SHGs-B & C grades**



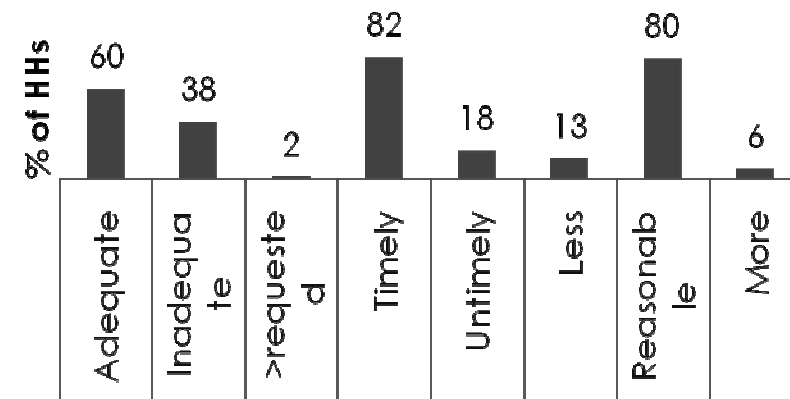
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# Opinion of Loan Borrowers

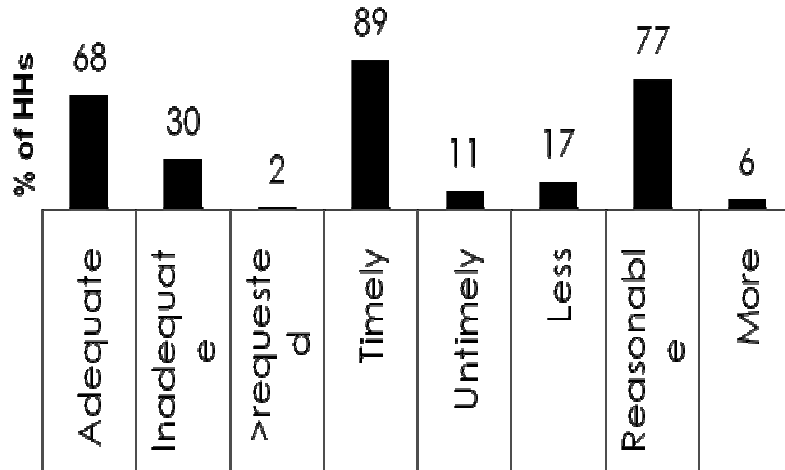
**Bank linkages**



**VO loans**



**Shree Nidhi loan**



## Opinion on ideal size of loan per member

source	Mean (Rs.)
Bank linkages	31,345
Vo loan	22,503
Sthrenidhi loan	24,369





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# Credit Demand for the Next One Year

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## Household level

- **87% of HHs estimated a credit demand of Rs. 79 Lakhs with an avg of Rs. 47,879 per household**  
*(58% of HHs for IGA; 40% of HHs for SN; 9% of HHs other purposes)*

## SHG level

- **There is a demand for Rs. 60 lakh with an average of Rs. 16,304 from 26% of SHG members- loan applications are in pending**
- **83% of SHGs estimated a credit demand of Rs. 261 lakhs with an average of Rs. 2.5 lakhs for the next one year**



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# Issues - SHG and VO level

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## SHGs

- Poor quality of CBOs (40% of SHGs are C grade)
- Large idle funds at SB A/cs average Rs.16,878
- Poor awareness on Sthree Nidhi criteria and CCL
- Low awareness on lending norms
- Poor book keeping
- Eligible SHGs are not accessing bank linkages
- Multiple loans

## VOs

- Funds misused by VO leaders
- No regular VO meetings
- Poor CIF recovery
- Monthly installments
- Delay in sanctioning
- Low awareness on VOs
- High installment amount
- Sanctioning to few SHGs
- No intermediary & emergency loans



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# Issues - Bank and SN level

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## Banks

- Less focus on fringe villages
- Less quantum of loans
- Enormous delay in process
- Repeated visits to bank
- Payment to staff (300 – 500)
- Conventional behavior of bankers
- Staff recommendation
- No PV to eligible SHGs
- Monthly repayment norm

## Sthree Nidhi

- > 48 hours to sanction loan
- Equal distribution of SN loans
- High dependence on IKP staff
- Half yearly installments instead of monthly
- SN technology is difficult to operate by the women
- IVRS handsets with CAs
- SHGs are unable to differentiate BL and SN loan
- Share capital paid to SN, but not sanctioned loans



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# Issues – staff

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## Staff – Individual

- Staff have a feeling that transfer to ITDA area is a punishment –De-motivation
- Inability of the women staff to work in fringe villages
- Absenteeism
- Favoritism towards local staff
- Misuse of funds by the staff
- Lack of community ownership
- No/ poor coordination between DPMU, TPMU, IKP/SN staff
- Domination of the local staff

## Staff & Quality of CBOs

- No .of staff and quality of CBOs are not positively correlated
- Quality of MSs are good in less no of staff & local staff
- Quality of VOs and SHGs are good where non-local staff are more
- Poor quality MSs and SHGs are high in the mandals, where there is more women staff
- Staff unwilling to promote SN loans due to fear of default & responsibility



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# Way Forward

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- **More focus on strengthening of CBOs through CB**
- **Awareness on SN activities & lending norms**
- **Credit linkage to quality groups**
- **Clear monitoring system- DPMU/TPMU,IKP and SN**
- **BC model in network coverage areas**
- **SN loans through MSs & VOs in fringe villages**
- **Credit linkage to VOs for livelihood projects**

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**Open for Discussion  
&  
Thanks**