

**HOUSEHOLD DEBT
STATUS OF SHG-MFI
MEMBERS IN KRISHNA
DISTRICT OF ANDHRA
PRADESH - A STUDY WITH
REFERENCE TO POST
MICROFINANCE CRISIS**

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CONTEXT

- Andhra Pradesh is the hub of microfinance industry in India.
- Many MFIs grew at a rapid pace and proliferated across AP and other parts of India
- MFIs were alleged to have unethical practices, such as charging usurious interest rates, using coercive collection practices and profiteering from the poor, in their endeavour to grow rapidly
- The Government of AP promulgated The Microfinance Institutions (Regulation of Money Lending) Ordinance, in October 2010 to clamp down these alleged practises

OBJECTIVES OF THE STUDY

- To find the Household debt status of MFI SHG members with reference to AP microfinance crisis.
- Socio-economic profile of MFI-SHG members.
- To assess the magnitude of household credit.
- Different sources of credit for the rural poor.
- Changes in the household credit and expenditure patterns and at community level

SAMPLE COVERED

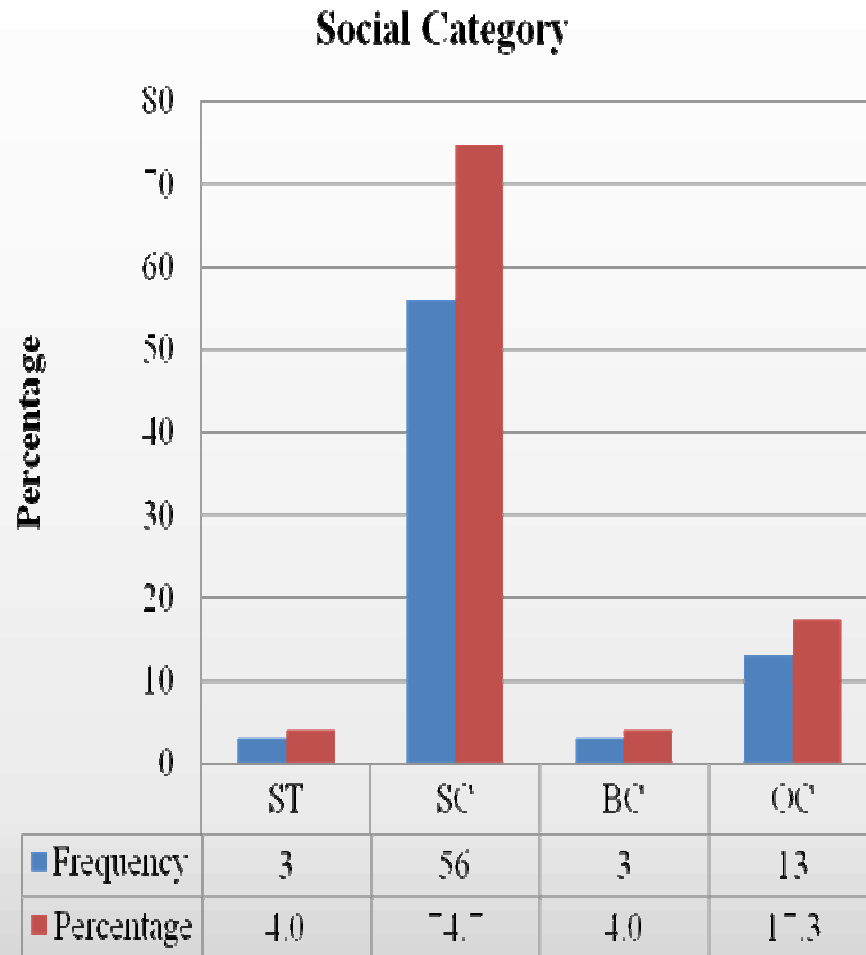
- 13 villages in 3 mandals were selected purposively where MFIs have intensive operation.
- In each village 7-10 SHG-MFI members were selected at random.
- Totally 75 members were selected for the present study.
- Data collection tools- Interview Schedule and case studies.

HOUSEHOLD MEMBER PROFILE

Demographic details				
Particulars	Male (a)	Female (b)	Total (c)	Percent
1.1 Children	49	52	101	32.2
1.2 Adult	106	106	212	67.8
1.3 Total	155	158	313	100
1.4 Working	95	84	179	57.1

Education levels				
Particulars	Male (a)	Female (b)	Total (c)	Percent
2.1 Illiterate	42	68	110	35.4
2.2 Primary	35	39	74	23.8
2.3 Secondary	68	39	107	34.5
2.4 College	10	9	19	6.12
2.5 Total	155	155	310	100

PROFILE OF THE RESPONDENTS



- Majority of the people belongs to SC category (75%) while least belongs to BC & ST and OC(each 17.3%).
- 35% of people are completely illiterate while 65% belongs to either primary ,secondary and college.

OCCUPATIONAL DETAILS

No of sources of income			
Particulars	Primary	Secondary	Tertiary
	Percentage	Percentage	Percentage
Agriculture	2.7	9.3	2.7
Agriculture Labour	52	28	5.3
Animal Husbandry	0	13.3	4
Non Farm Labour	16	5.3	0
Caste Occupation	0	0	0
NTPF Collection	0	0	0
Seasonal Business	0	1.3	0
Salaried Jobs	17.3	0	1.3
Petty Business	0	1.3	1.3
Small Enterprise	0	0	1.3
Other	12	4	0

ASSOCIATION WITH MFIS:

- Share, Spandana, Asmitha.
- Total amount disbursed is 21,31,500.
- Latest amount disbursed is 11,13,500.
- Outstanding debt is Rs 2,77,040.

MFI Latest contribution				
Particulars	Latest Amount	Percent	Outstanding	Percent
Share	493000	44	135100	49
Spandana	453500	41	91590	33
Asmitha	0	0	0	0
SKS	172000	15	50350	18
Others	0	0	0	0
Total	1118500	100	277040	100

ASSOCIATION CONTD.....

- Of the total 56% by share, 38% by Spandana, 6% by SKS.
- Around 80% of the people from one source.
- 16% from two sources
- 3% from three sources

ANNUAL HOUSEHOLD INCOME

Households income – Poverty line		
Particulars	Frequency	Percent
<40000	3	4
40001 – 60000	13	17.33
60001 – 80000	17	22.67
80001 – 100000	20	26.67
100001 - 120000	6	8
> 120001	16	21.33
Total	75	100

- The total income of HHs is Rs 72,90,100.
- BPL is low.
- While majority of the households income lies in between 60001-100000.

Income source wise		
Particulars	Amount	Percent
Agriculture	4,20,000	6
Ag.labour	35,54,400	49
Animal husbandry	2,72,900	4
Non-farm labour	8,19,000	11
Seasonal business	45,000	1
Salaried jobs	13,24,800	18
Petty business	48,000	1
Small enterprise		0
Any other(specify)	8,06,000	11
Total HH	72,90,100	100

- Majority of the households earns from Ag. labour (49%), followed by non-farm labour and salaried job each (11% and 18%).
- While other ranging from 1%-7%, others ,petty business, animal husbandry to small enterprise.

DETAILS OF LOANS OUTSTANDING:

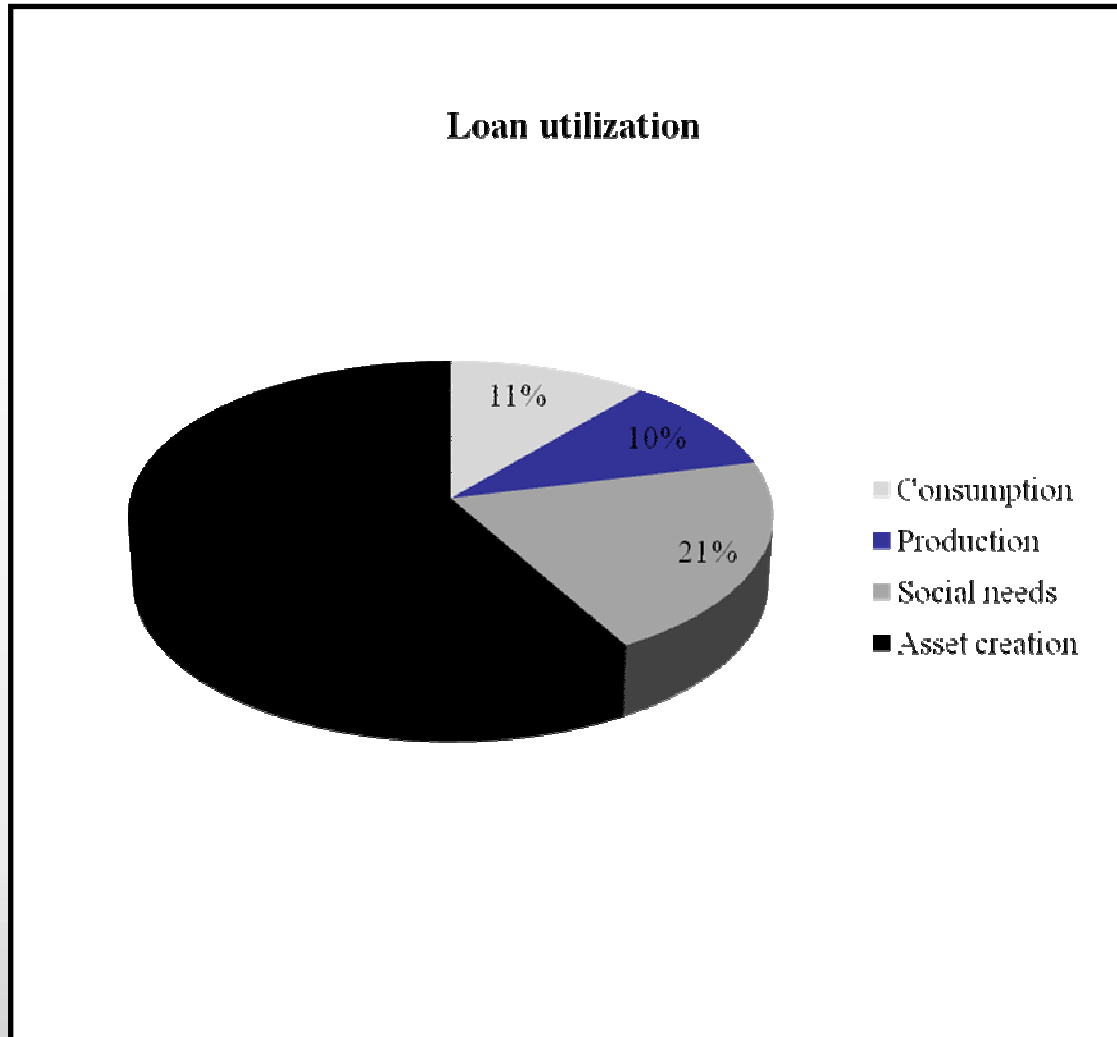
Household Debt		
Sources	Outstanding	Percent
Friends	22,10,800	51.8
Money lenders	2,14,000	5
Others	8,17,000	19.1
Banks	1,83,000	4.2
SHG-Funds	73,600	1.7
SHG-BL	7,08,700	16.6
MFOs	27,800	0.65
FED/CBOs	3,000	0.07
Subsidy loans	25,000	0.58

- Minimum age of loan is from 1 month to 72 months
- Average an HH is taken loan from 2 sources
- Outstanding is Rs 42,62,900

AGE ANALYSIS OF LOANS

Particulars	< 6 months	07-12 months	12-18 months	> 18 months
Friends & Relatives	24.7	44.3	7.2	23.7
Money Lenders	23.8	44.4	6.3	25.4
ML-Weekly	0	50.0	50.0	0
Chits	66.7	0	33.3	0
Banks	23.5	23.5	11.8	41.2
SHG Funds	29.1	38.2	10.9	21.8
SHG-BL	21.2	33.9	8.5	36.4
Fed	31.3	31.3	15.6	21.9
MFO-1	20.0	60.0	20.0	0
Subsidy loans	25.0	25.0	0	50.0
other	26.3	47.4	18.4	7.9
Total	24.9	38.9	10.1	26.0

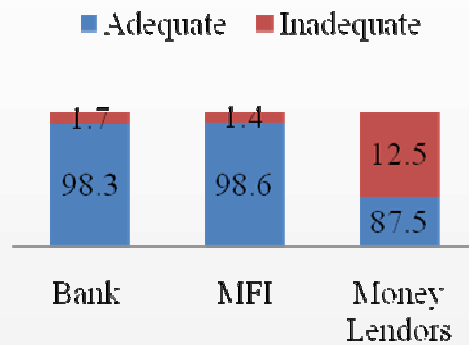
LOAN UTILIZATION



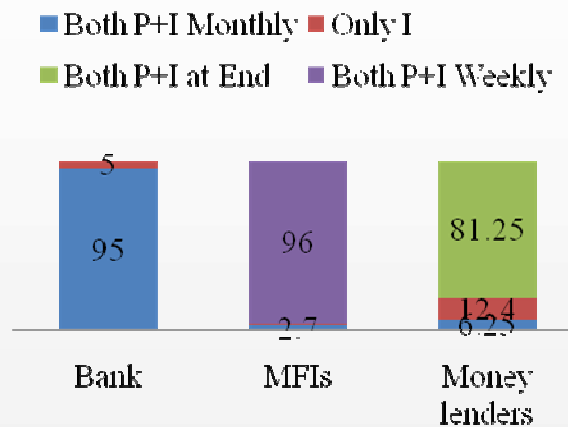
- Total amount is Rs 21,31,500

OPINION OF PEOPLE ON LENDING NORMS

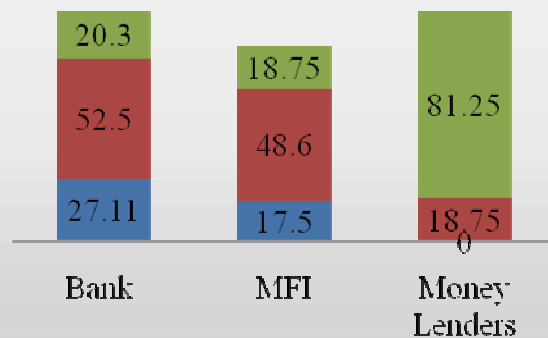
Volume of loan



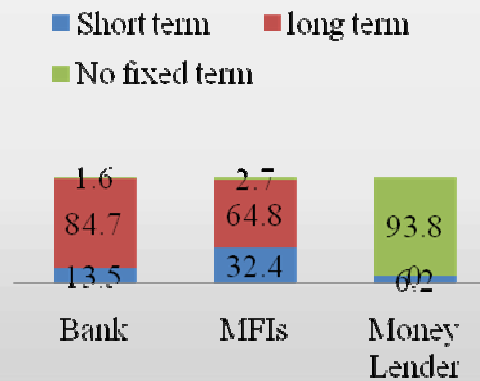
Mode of Payment



Loan Instalments



Loan Term

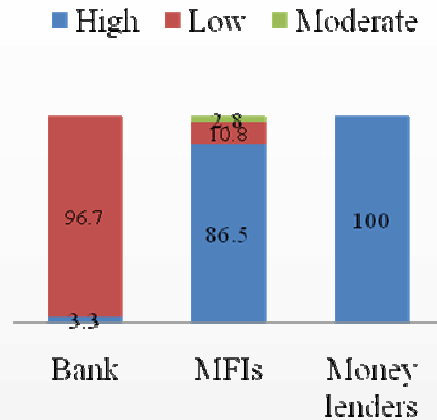


- Majority of the people felt that volume of loan is adequate.

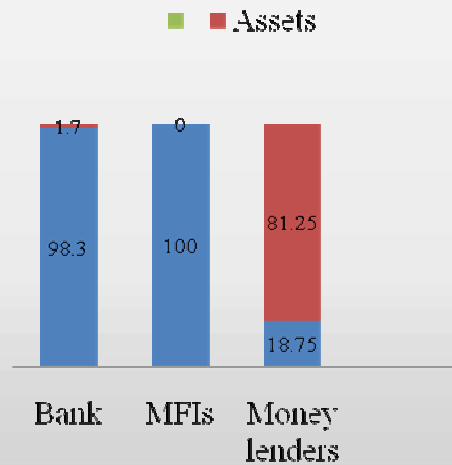
- Loan Installments – Majority of the people felt it is moderate except for MFIs

OPINION CONTD..

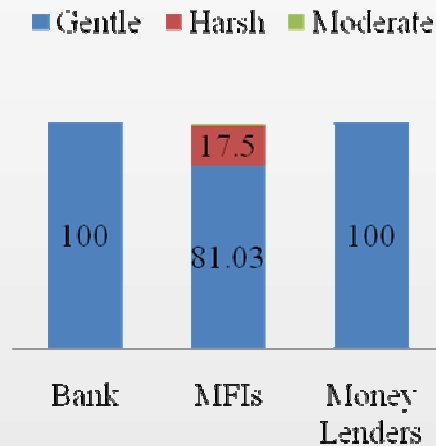
Interest Rate



Collateral Requirements

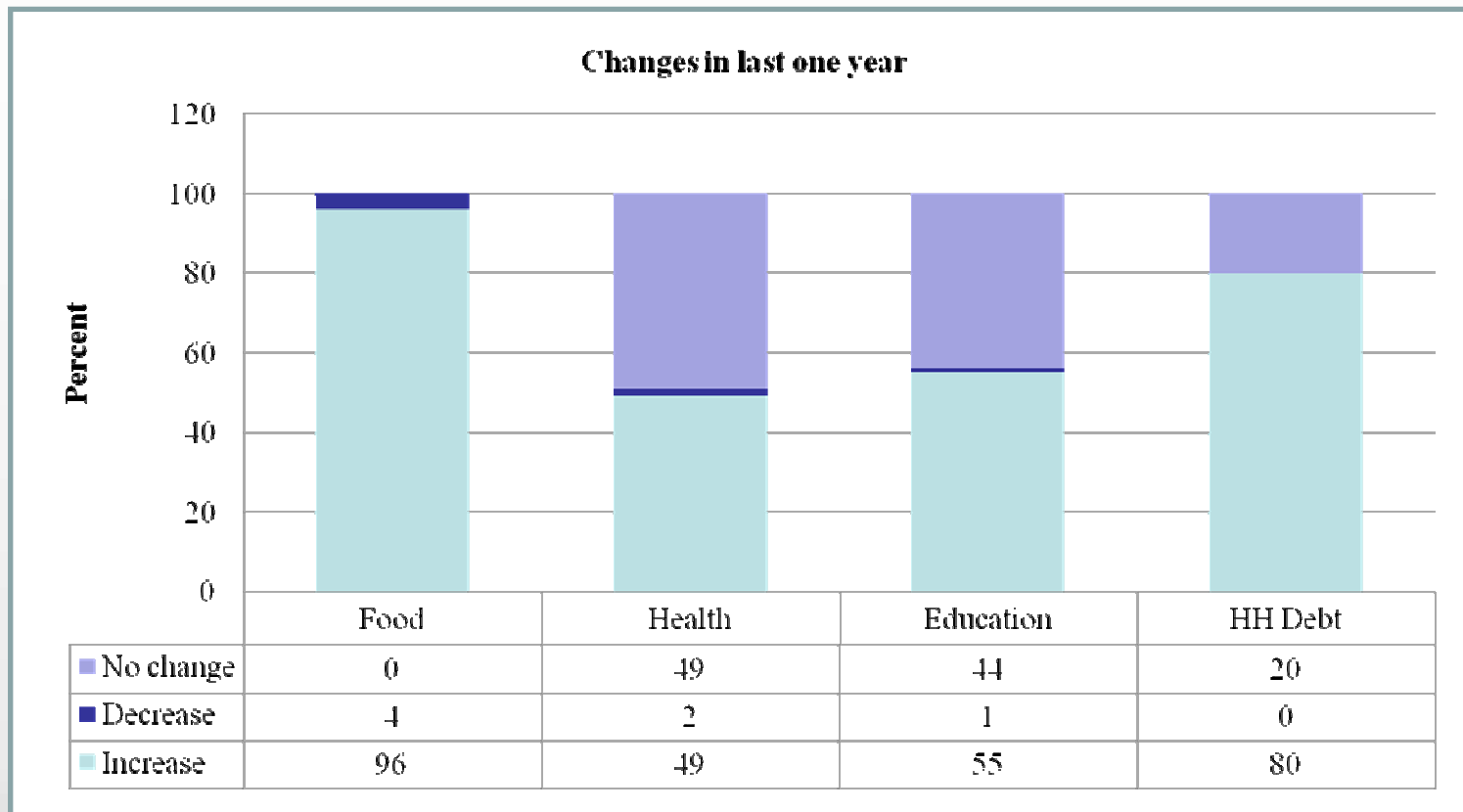


Collection Methods



- Except for money lenders majority of the people said no collateral.
- Interest rate are high for MFIs and ML.
- Collection methods – Majority is gentle for all the sources.
- 17.5% in MFIs feels it is Harsh.

CHANGES IN EXPENDITURE (LAST 1 YEAR)



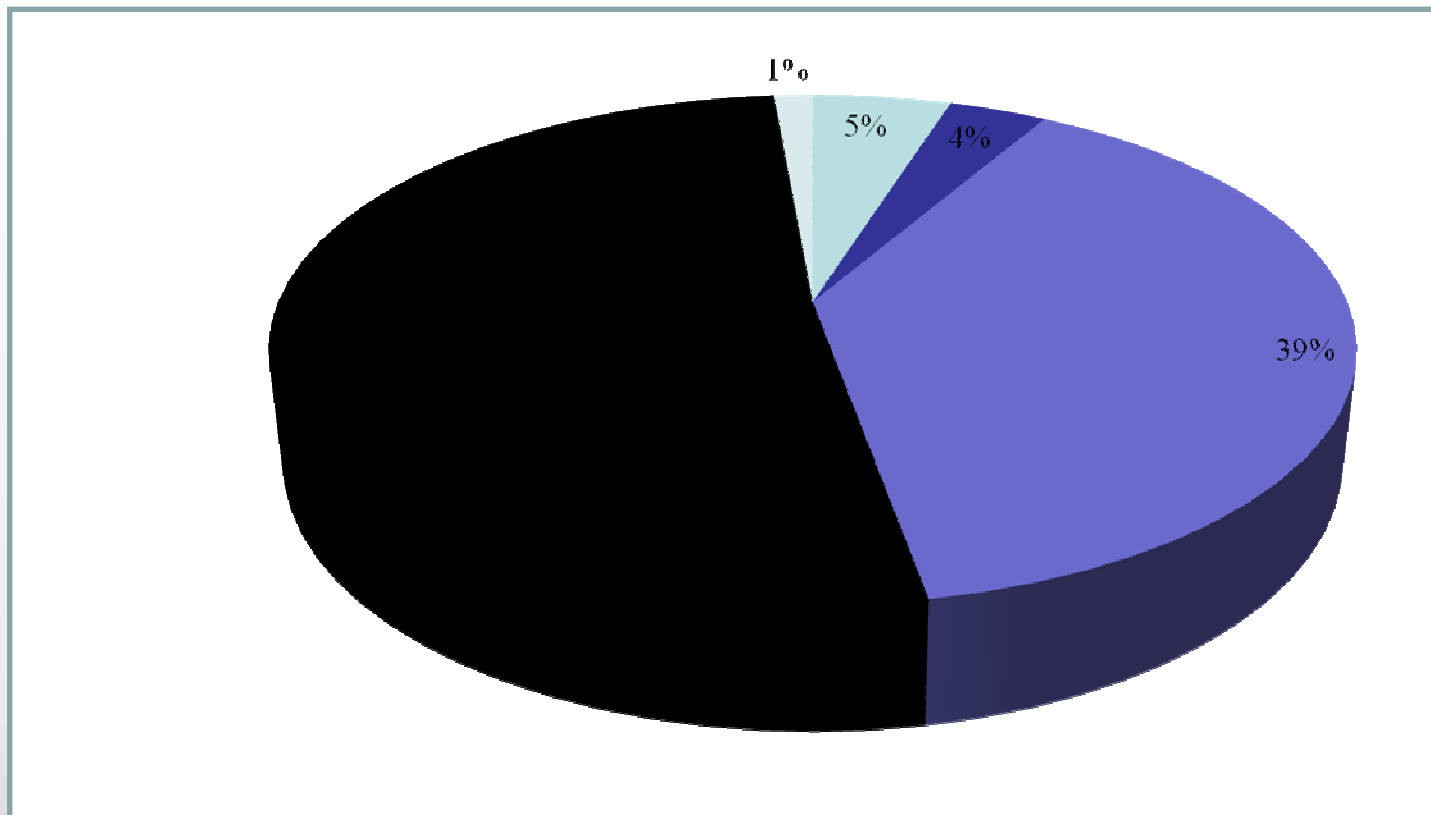
CHANGES CONTD..

- Total increase (food) - Rs 4,09,000.
- Total increase (Health) - Rs 7,25,000.
- Total increase (Education) - Rs 2,78,506.
- Total increase (HH debt) - Rs 32,69,600.

PROMOTION ON SAVINGS DURING LAST ONE YEAR

Percent

Post office Banks LIC SHG Chits

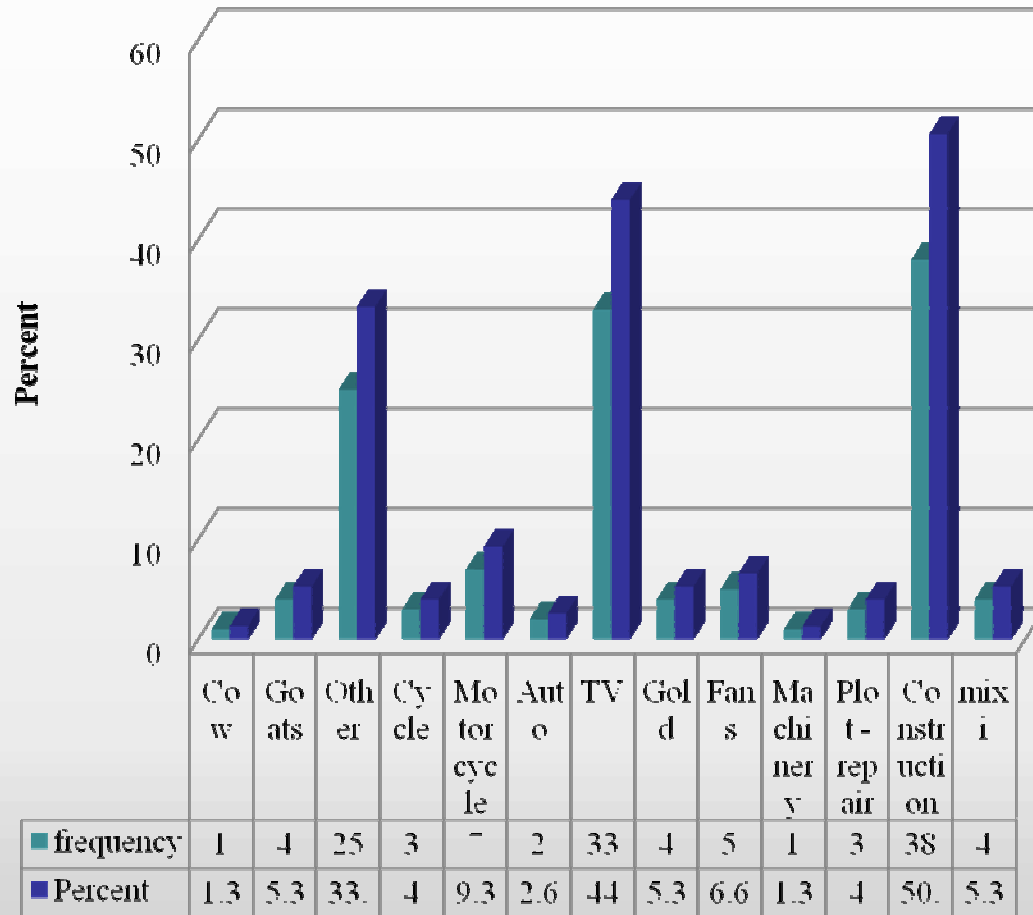


SAVINGS CONTD..

Savings			
Particulars	Minimum	Maximum	Total
Post office	400	1,800	8,776
Banks	500	1,00,000	1,04,000
LIC	15	7,200	44,350
SHG	360	2,000	61,520
Chits	600	60,000	60,600

ASSET CREATED

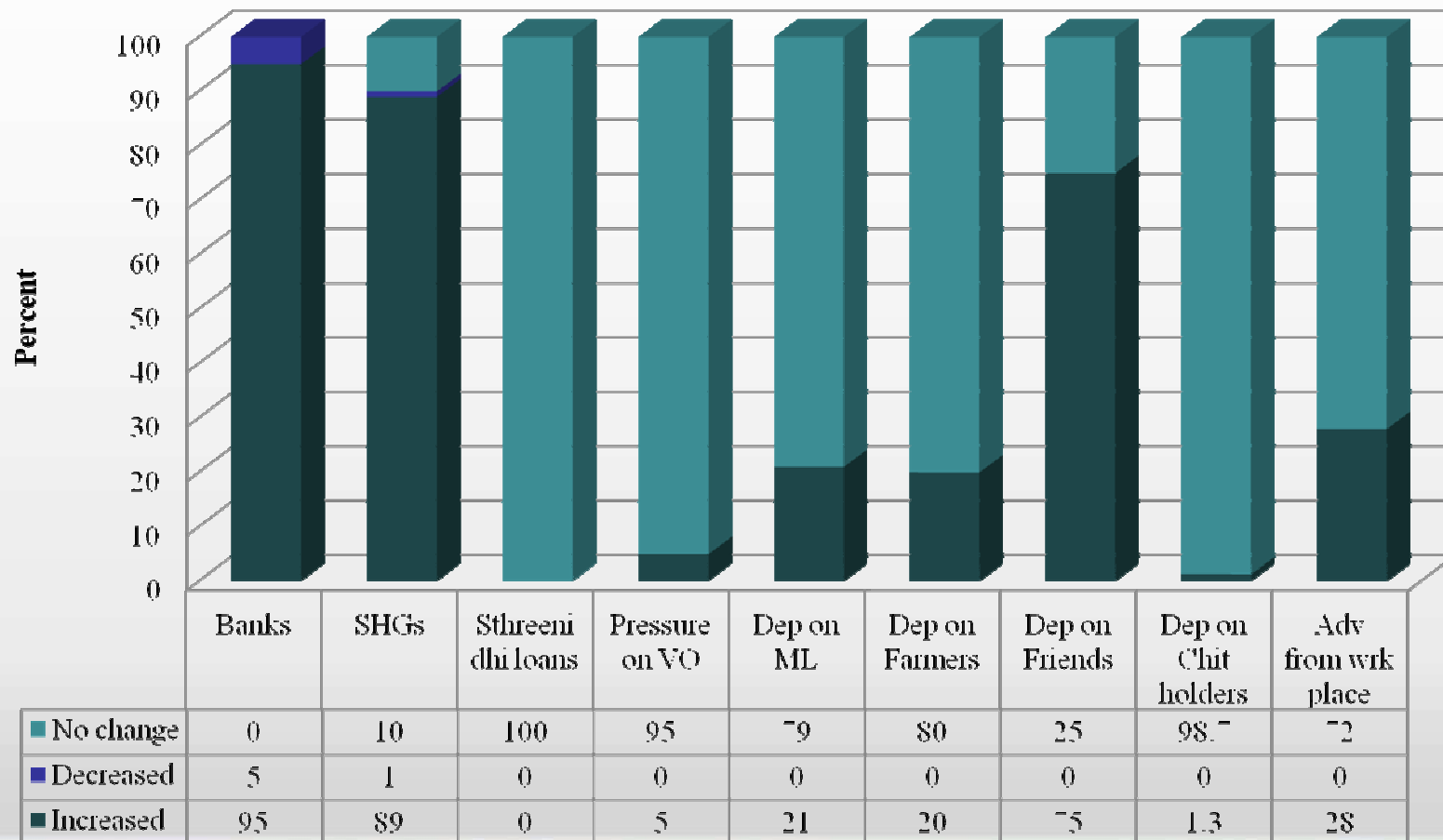
Assets Created



- Total value – 1,53,90,500
- Around 3/4th of the total is spent on the building houses and repairing.
- 4.3% of the total on the electronics goods such as TV, refrigerator, mixi etc.

VOICES OF PEOPLE ON FORMAL AND INFORMAL SOURCES OF CREDIT

Voices of people on formal and informal sources



ADVANTAGES AND DISADVANTAGES

- 33% feels its an advantage
- The reasons given are
 - No high interest rate
 - Tension free
 - No weekly payments
 - Money available with groups

DISADVANTAGES

- 67% people said that its an disadvantage.
- Reasons given are
 - Immediate money was available.
 - Used for business purpose.
 - Weekly paying was easy as most of the agricultural labors.
 - Now husbands no working properly.

CONCLUSION

- The dependency on informal credit sources has been increased during the last one and half years
- Most of the MFIs targeted SC habitations and APL categories in semi urban areas than interior villages
- Most of the SHG-MFI Members are unaware of Sthree Nidhi and its activities
- There is a positive impact on household expenditure pattern especially on food, health and education; There is no significant impact in the promotion of savings in any form either in formal or informal institutions

THANK YOU