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*National Seminar on*  
**Strategic Measures for Inclusive Growth**  
*(3<sup>rd</sup> & 4<sup>th</sup> December 2010)*

*organized by*  
*Dept. of Management Studies, A.N. University, Rajahmundry*

*Presentation on*  
**Impact of Community Based Microfinance**  
*An Experience of SAGs Promoted by Myrada*



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*Presentation by*  
*Dr. K. Raja Reddy, APMAS, Hyderabad*

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# Background

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- **Of all the financial inclusion programmes SHG-BL is the largest programme in the country**
- **69.5 lakh SHGs having savings of Rs. 6,198 crores with 446 banks as on March 2010**
- **48.5 lakh (70%) out of 69.5 lakh SHGs have loan outstanding of Rs. 28,038 crores**
- **There are 9747 SAGs having a total corpus fund of Rs. 15,256 lakh as on March 2009-Myrada**
- **7,487 SAGs have a loan outstanding of Rs. 52.2 lakh to Sangamithra (MFI)**



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# Objectives of the Study

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- **To understand the role of CBMF in poverty reduction**
- **The specific objectives are:**
  - **To know the financial status of SAGS**
  - **How far the SAGs/CBOs linked to FFIs**
  - **Impact on SAG members' households**
    - **in terms of basic needs, infrastructure and HH economic activities and mobility**



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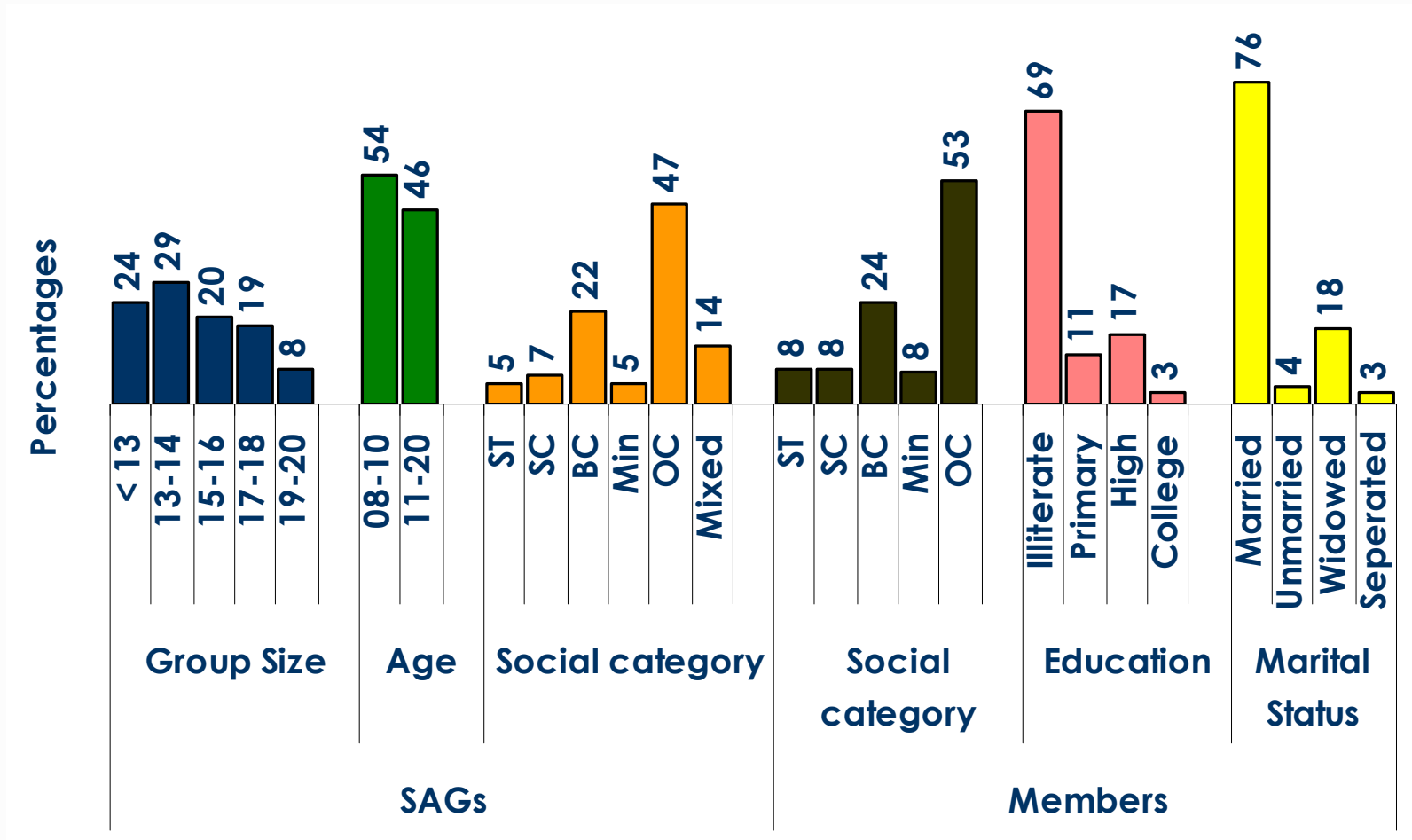
# Sampling Methodology

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- **Sampling units**
  - 2-states; 3 districts; 59 SAGs; 844 members
  - SAGs more than 8 year old
  - Purposive and random sampling
- **Data collection techniques**
  - Qualitative-WR, FGD, Case Studies, Observation
  - Quantitative-Interview Schedule
- **Nature of data**
  - Primary & secondary - SAG, Members, reports
  - Qualitative & quantitative



# Profile of SAGs & Their Members



ST-Scheduled Tribe; SC-Scheduled Caste; BC-Backward Classes; Min-Minority; OC- Open Category



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# Why did they join in groups?

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- **To avail credit**
- **Credit on flexible norms- low IR**
- **Credit for income generation activities**
- **To promote individual savings for future**
  
- **To access Govt. schemes for pro-poor**
- **Awareness and all round development**



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# Financial Status of SAGs

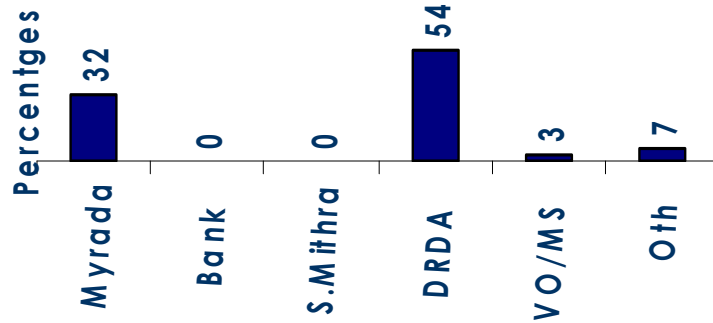
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- **Savings**
    - Two types – compulsory and voluntary
    - Weekly followed by fortnightly & monthly
    - Huge amount of cumulative savings
    - Correlation - social categories & savings
    - Distribution of group funds/savings to members
  - **Assets**
    - Majority is loans outstanding with members
  - **Liabilities**
    - Majority is external loans followed by common fund and members' savings
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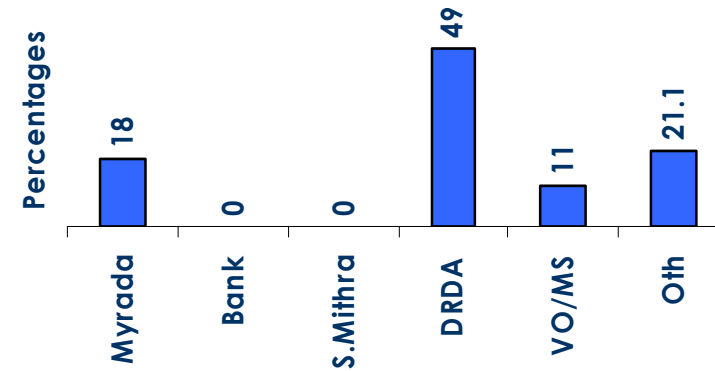


# Access to FFIs

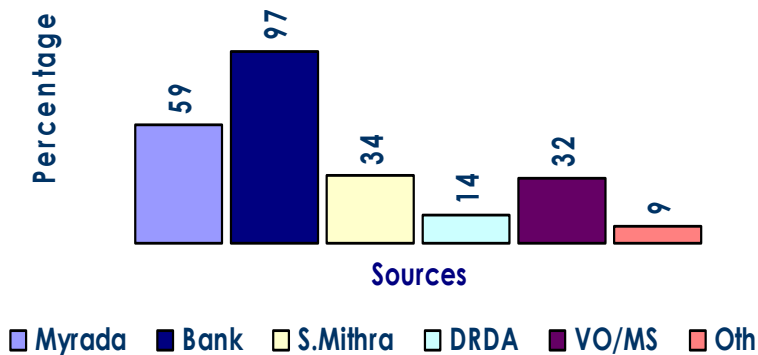
### SAGs Received Grants



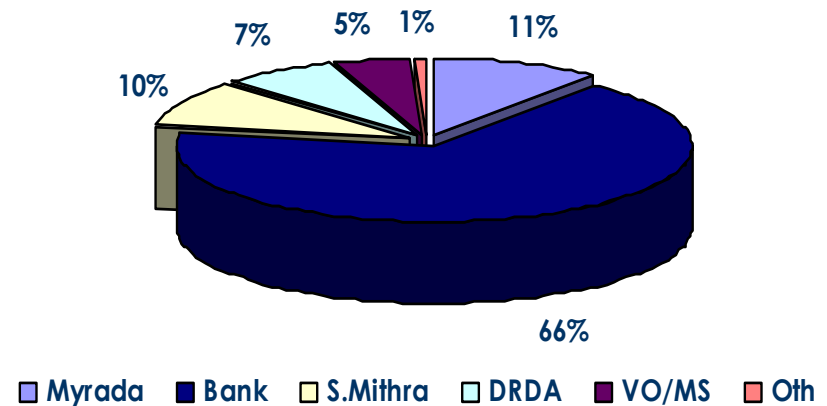
### Source-Wise Amount of Grants



### SAG Recieved Loans



### Source-Wise Loan Amount (in %)







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# Access to Credit

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- **SAGs**

- Most SAGs have loan O/S with FFIs
- Rs. 107 lakh with an average of Rs.2.02 lakh
- Major portion of loan O/S to banks
- Evolved as good Fin. Agencies; rejected BL

- **Members**

- Majority have more than one active loan
- Rs. 223 lakh with an average of Rs. 27000
- Correlation - social categories & loan size
- All are savers and borrowers

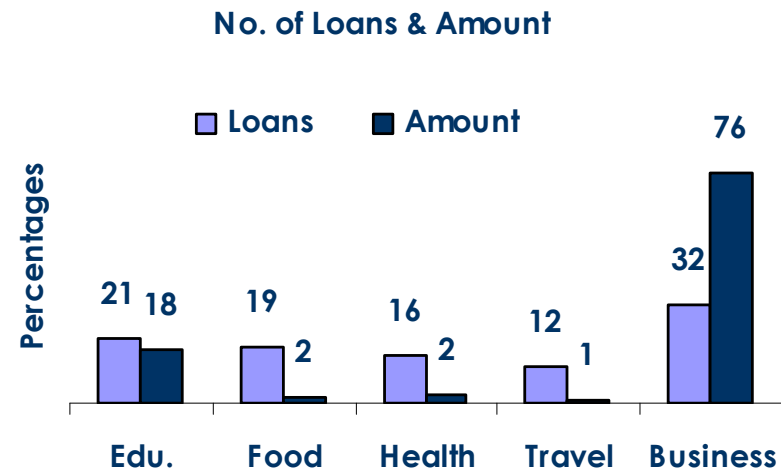


# Basic Needs

- **54% have good food security**
- **80% Improved their housing**
- **50% educated their children**
- **10% recovered from chronic ill-health**
- **17% discharged their social responsibilities**

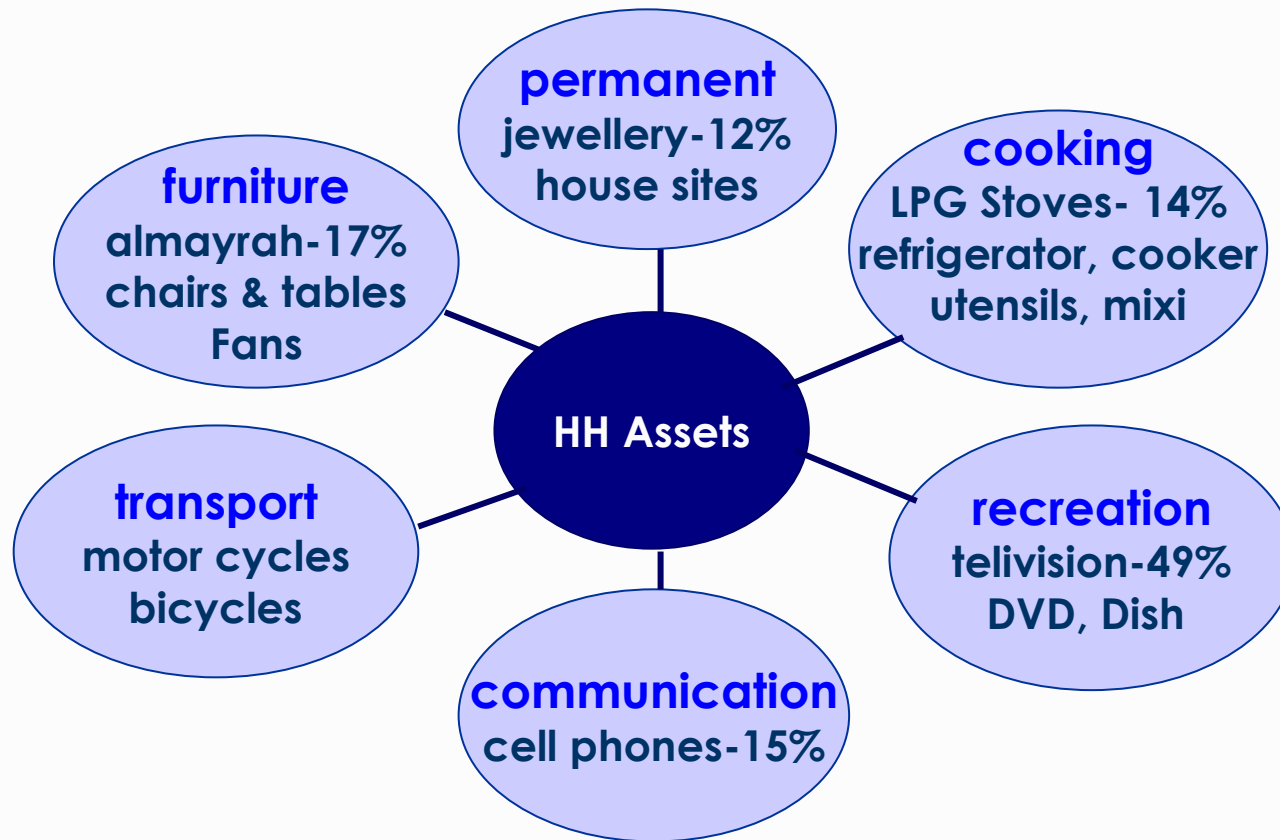
## Case Study of Mrs. Bullamma

- **Jyothi SAG, Patnam, ATP, AP**
- **Leader, SC, Illiterate, landless**
- **Sheep Business dairy, labour**
- **76 loans of Rs. 80694**
- **Between 1998 -2008**





# Household Assets





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# Infrastructure & Economic Activities

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## Infrastructure

- Agriculture** : Land-(19), garden, bore-well and bullock cart, bullock (6)
- Livestock** : Cows & buffaloes-(34), sheep/goats (12)
- Transportation** : Auto/car and tractor
- Non-farm** : Sewing machines, petty shops, coin box telephone, paddy harvesting machine, flour mill

## Economic Activities

- No. of activities** : One (61) activity followed by two (31) and three (8)
- Type of activities** : Agriculture (56) followed by self employment (28), labour (22), private, business (15), jobs (13) livestock (10)

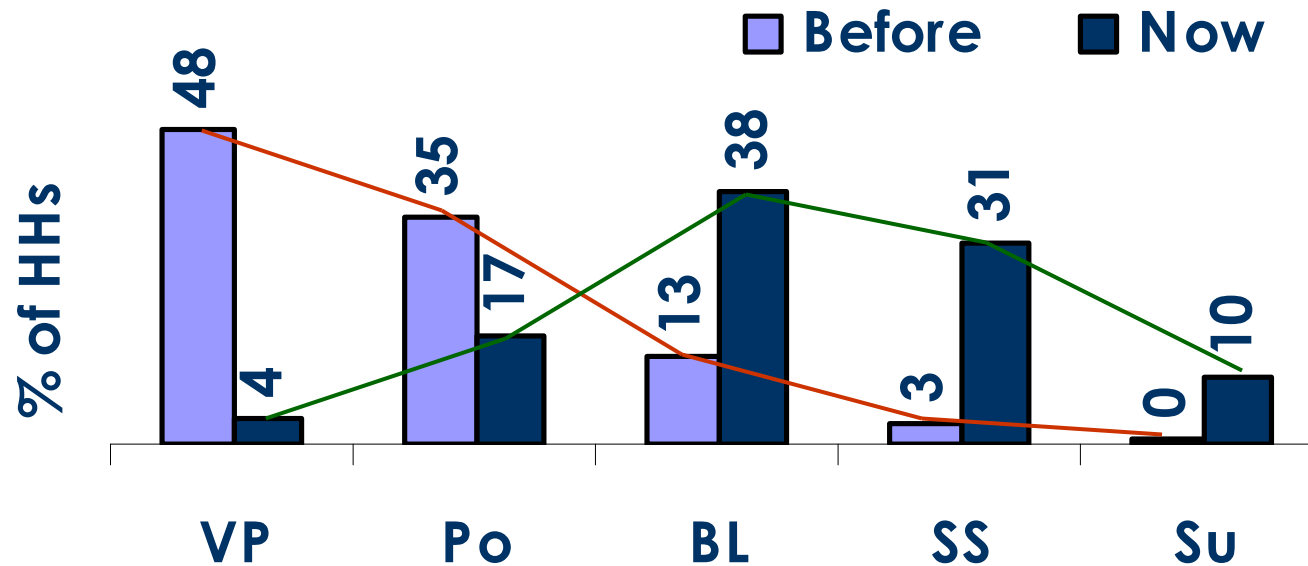
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*Note: Figures in parenthesis indicates percentage of households*



# Economic Mobility

90% have moved up; 7% have remained in the same position and 3% moved down





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# Underlying Factors for the Triumph

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- **Process approach than target approach**
- **Good systems in place**
- **Two types of loans-flexible norms**
- **Financial discipline among the members**
- **More CB inputs, household as a unit**
- **Vision Building**
- **Role of CMRC/Myrada in linkages**

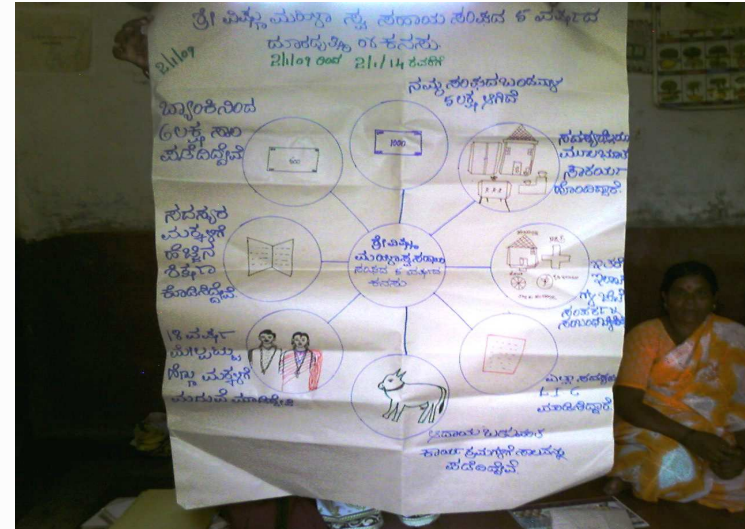


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# Some Good Practices



**SAG Members in WR exercise**



**SAG Vision**



**All the mem engaged in non-farm activities**



**Members writing the books  
President collecting the money**





# Conclusion

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- **Poor organized into groups; mobilized huge amount of savings, generated large amount of corpus fund**
- **Accessed to services of FFIs, mobilized large amount of funds, moving towards sustainability**
- **Quality of life improved- created significant amount of infrastructure, employment generation and economic mobility**
- **Finally, it is evident that the SAGs as CBMFOs can play a significant role in poverty reduction and national development process**



# Open for Discussion... & Thanks

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