

WHAT THE SHG MEMBERS DOING WITH LARGE LOANS?



PRESENTATION

By
APMAS

Research & Advocacy, APMAS,
Hyderabad

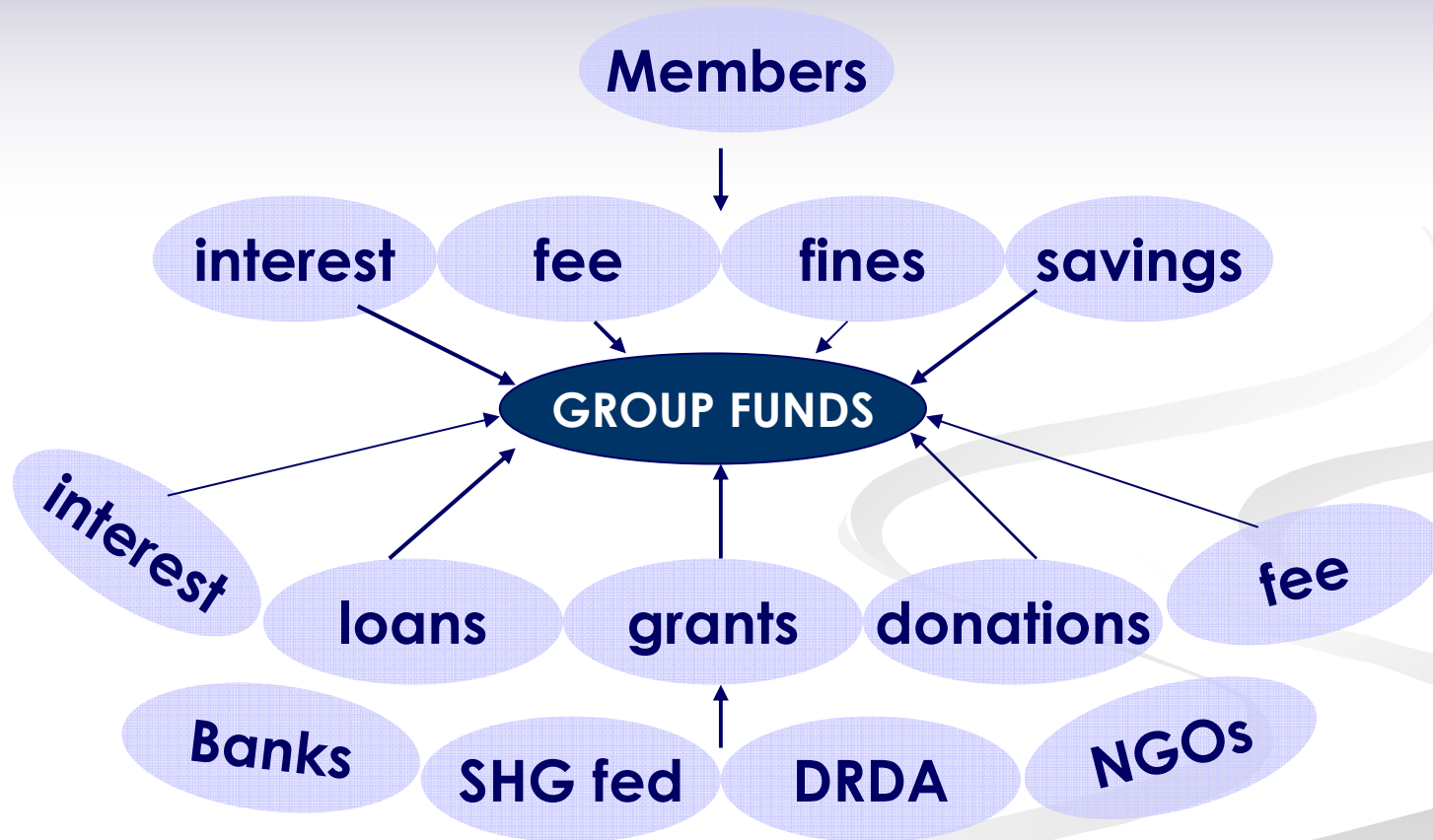
ABOUT APMAS

- **Vision: Sustainable Self Help Movement in India**
- **A public society began work in July 2001**
- **A National Level Technical Support Organization for strengthening SHGs & SHG Federations**
- **Areas of work include capacity building, rating, livelihood promotion, research & advocacy**
- **Services provided for fee**
- **Focus on SHPIs and SHG Federations**
- **Supported by DFID/CARE, Aga Khan Foundation, Ford Foundation and InWEnt of Germany**



SHGs AND THEIR FUND SOURCES

Internal Sources / Primary Stakeholders



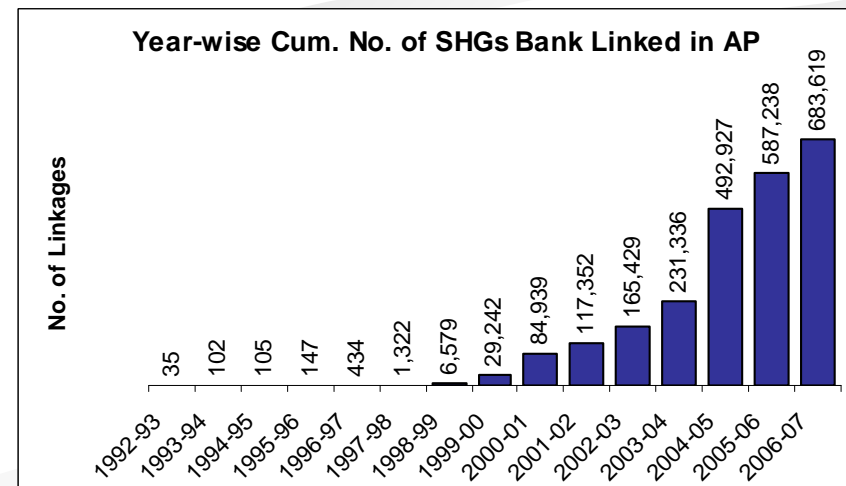
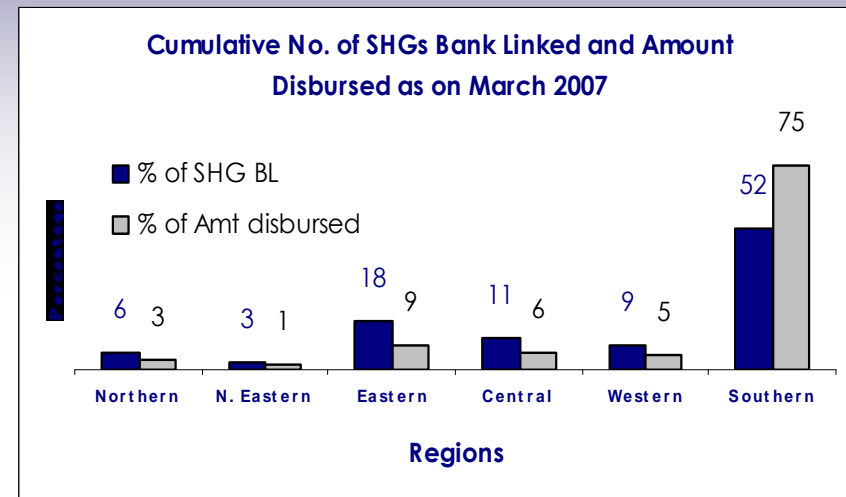
External Sources / Secondary Stakeholders

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NABARD BANK LINKAGE PROGRAMME

- 3.36 million SHGs in the country; 42% in Southern region
- 2.92 million cumulative no. of SHGs bank linked in India
- Rs. 180,407.42 millions disbursed to SHGs
- 68,903 SHG Federations in the country: 89% in southern region; 42% are in AP
- Rs. 139.93 millions disbursed to 297 SHG federations in AP

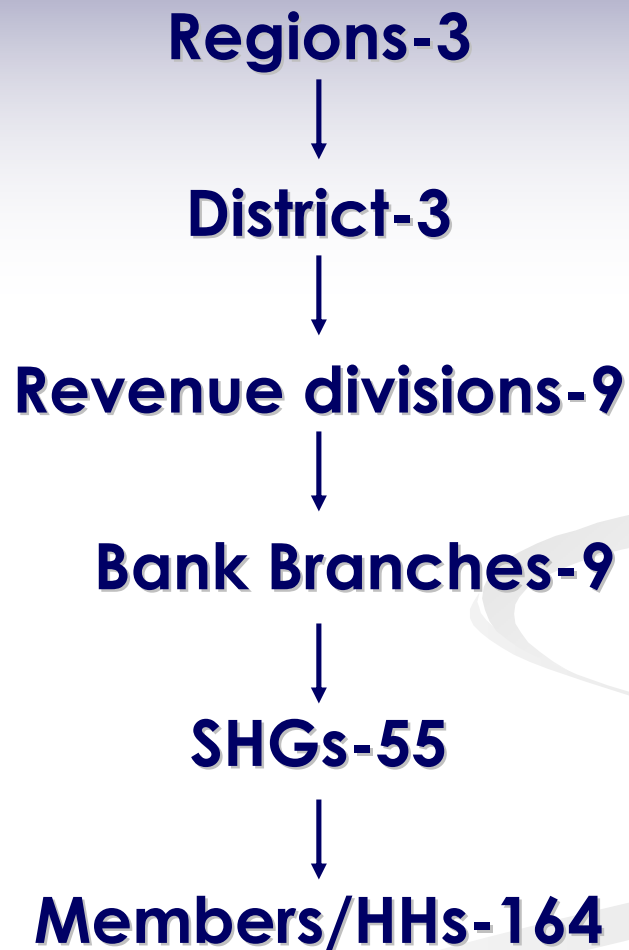


OBJECTIVES OF THE STUDY

- **To know the socio-economic profile of the SHG loan borrowers**
- **To understand the loan utilization patterns**
- **To understand the dynamics of large loans at household and SHG levels**

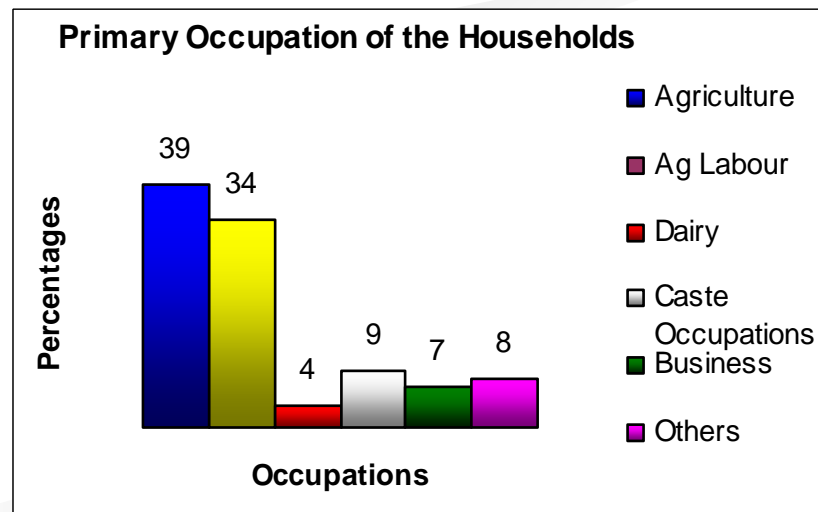
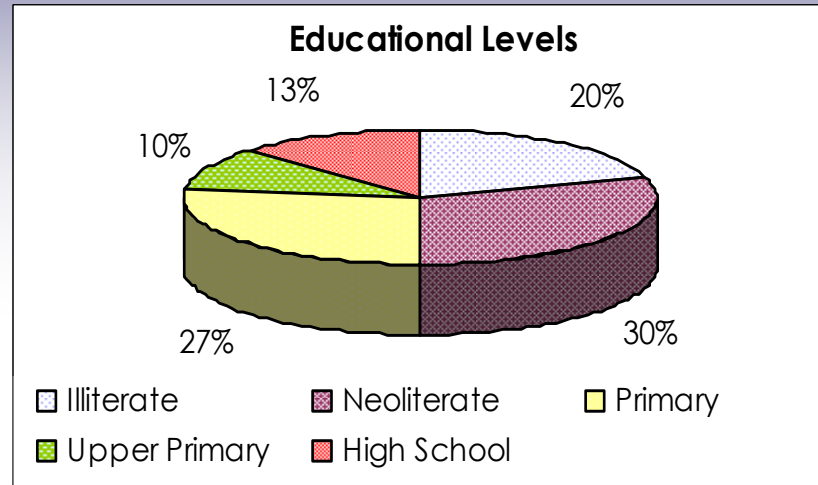


SAMPLING DESIGN



MEMBERS' PROFILE

- More or less BCs and OCs are one-third each followed by one-fourth of SCs
- Most of the members are married; and middle aged
- Majority members are landless followed by marginal & small farmers
- Almost all are White Ration Card holders (BPL category)
- One quarter are in huts and thatched houses

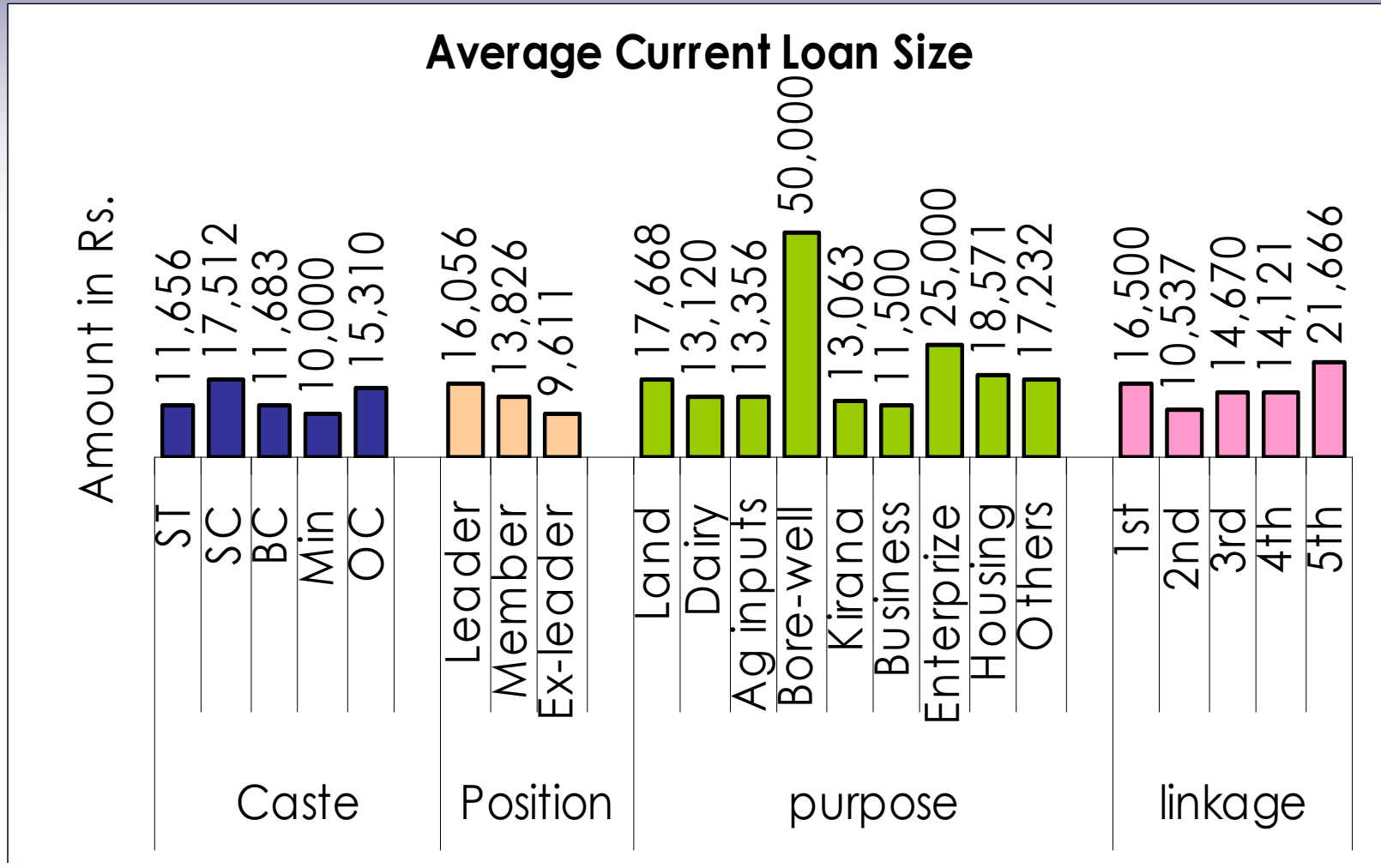


MEMBER SAVINGS

- Savings are monthly and compulsory
- Rs. 42-avg. monthly savings of the member
- Most of the members saving Rs. 50 (51%) or Rs. 30 (43%)
- Rs. 2,727- average cumulative savings
- Multiple factors influence the size of monthly and cumulative savings of a member
- Majority SCs saving up to Rs. 30; other social categories are saving Rs. 50 & above



CURRENT LOAN SIZE



PURPOSE OF LOAN

| Purpose | % |
|------------|----|
| Land | 2 |
| Ag inputs | 20 |
| Bore-well | 1 |
| Dairy | 32 |
| Kiosk | 24 |
| Seasonal B | 5 |
| Housing | 9 |
| Others | 9 |



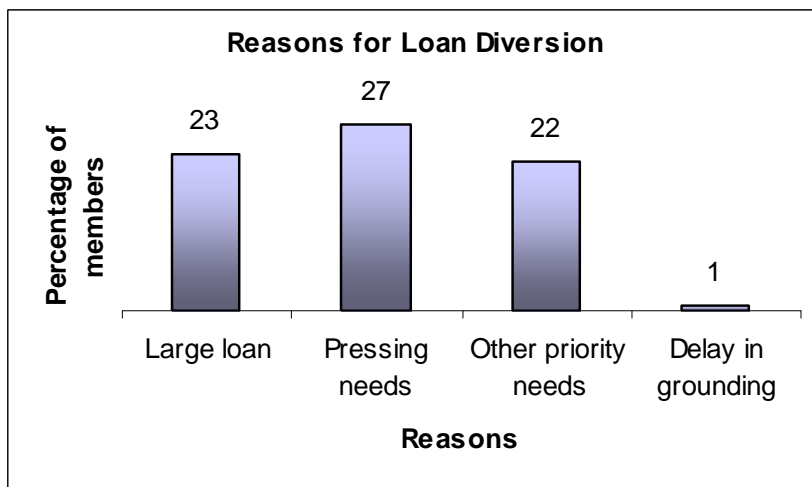
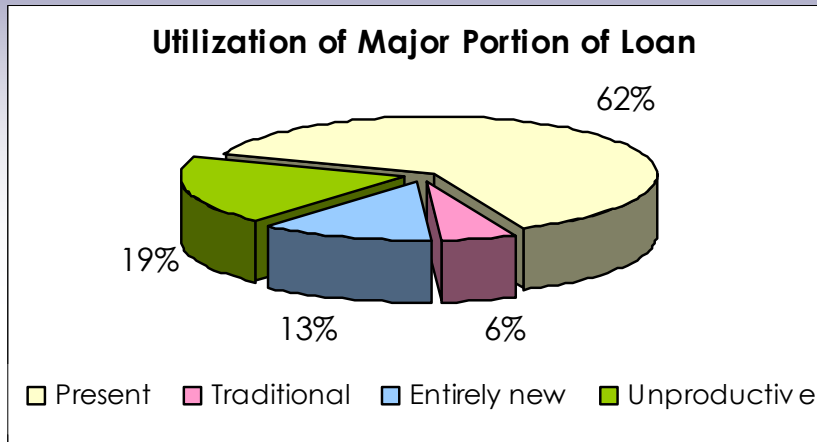
RATIONALE IN PROPOSING THE ACTIVITY

| | | |
|------------------|-----------------------------|------|
| Skills | • More skills on IGA | (42) |
| | • Requires less skills | (23) |
| Capital | • Requires less capital | (23) |
| Market | • Good facilities | (42) |
| | • Demand & price | (22) |
| | • Expansion of activity | (45) |
| Credit | • To get large loan | (18) |
| | • Lending to other members | (2) |
| SHG norms | • Not proposed any activity | (3) |

Note: Figures in parenthesis indicate % of SHG members



LOAN UTILIZATION



- Majority of the members, major portion of loan spent on present occupation
- Large percentage of SCs and BCs major portion of loan on new activities
- where as STs on present occupation

LOAN UTILIZATION...

| Purpose | Item | % of SHG members | % to total loan | Average amount in Rs. |
|-------------|-----------------------|------------------|-----------------|-----------------------|
| Consumption | Food material | 11.6 | 3.3 | 4,020 |
| | Children education | 13.4 | 5.5 | 5,864 |
| | Health | 10.4 | 3.3 | 4,559 |
| | Life-cycle ceremonies | 4.3 | 2.2 | 7,464 |
| Production | Agriculture inputs | 20.7 | 17.0 | 11,725 |
| | Cattle | 32.3 | 24.1 | 10,621 |
| | Petty business | 22.0 | 16.5 | 10,754 |
| | Seasonal business | 4.3 | 2.1 | 6,857 |
| | To pay private loans | 1.8 | 0.9 | 6,667 |
| | To pay SHG loans | 1.2 | 1.1 | 13,200 |
| Assets | Housing | 12.2 | 13.2 | 15,435 |
| | HH articles | 2.4 | 0.5 | 3,000 |
| | Ornaments | 1.2 | 0.6 | 6,500 |
| | Occupational tools | 14.6 | 9.8 | 9,517 |



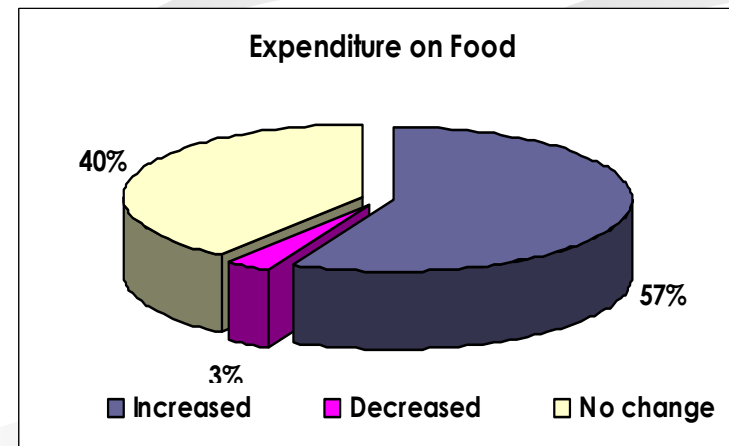
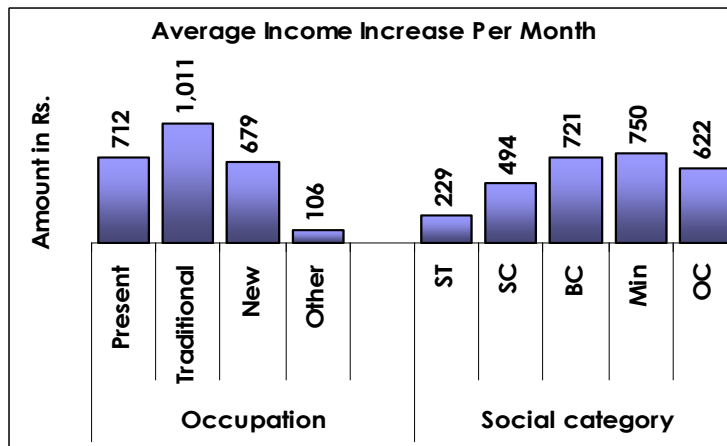
LOAN UTILIZATION...

| | | % of loan amount | | | | spent | |
|-------------|-----------------------|------------------|-------|-------|--------|-------|------|
| | | < 25 | 26-50 | 51-75 | 76-100 | Yes | No |
| Consumption | Food material | 6.1 | 3.0 | 0.6 | 1.8 | 11.6 | 88.4 |
| | Children education | 5.5 | 4.9 | 1.2 | 1.8 | 13.4 | 86.6 |
| | Health | 4.3 | 3.7 | 0.6 | 1.8 | 10.4 | 89.6 |
| | Life-cycle ceremonies | 0.6 | 1.8 | 0.6 | 1.2 | 4.3 | 95.7 |
| Production | Ag inputs | 1.8 | 4.3 | 1.8 | 12.8 | 20.7 | 79.3 |
| | Purchase of cattle | 2.4 | 2.4 | 4.9 | 22.6 | 32.3 | 67.7 |
| | Petty business | 1.2 | 5.5 | 4.3 | 11.0 | 22.0 | 78.0 |
| | Seasonal business | -- | 1.2 | 1.8 | 1.2 | 4.3 | 95.7 |
| | To pay private loans | 1.2 | -- | -- | 0.6 | 1.8 | 98.2 |
| | To pay SHG loans | -- | 1.2 | -- | -- | 1.2 | 98.8 |
| Assets | House building | 1.2 | 1.8 | 0.6 | 8.5 | 12.2 | 87.8 |
| | HH articles | 1.2 | 1.2 | -- | -- | 2.4 | 97.6 |
| | Ornaments | 0.6 | 0.6 | -- | -- | 1.2 | 98.8 |
| | Occupational tools | 3.0 | 3.7 | 0.6 | 7.3 | 14.6 | 85.4 |

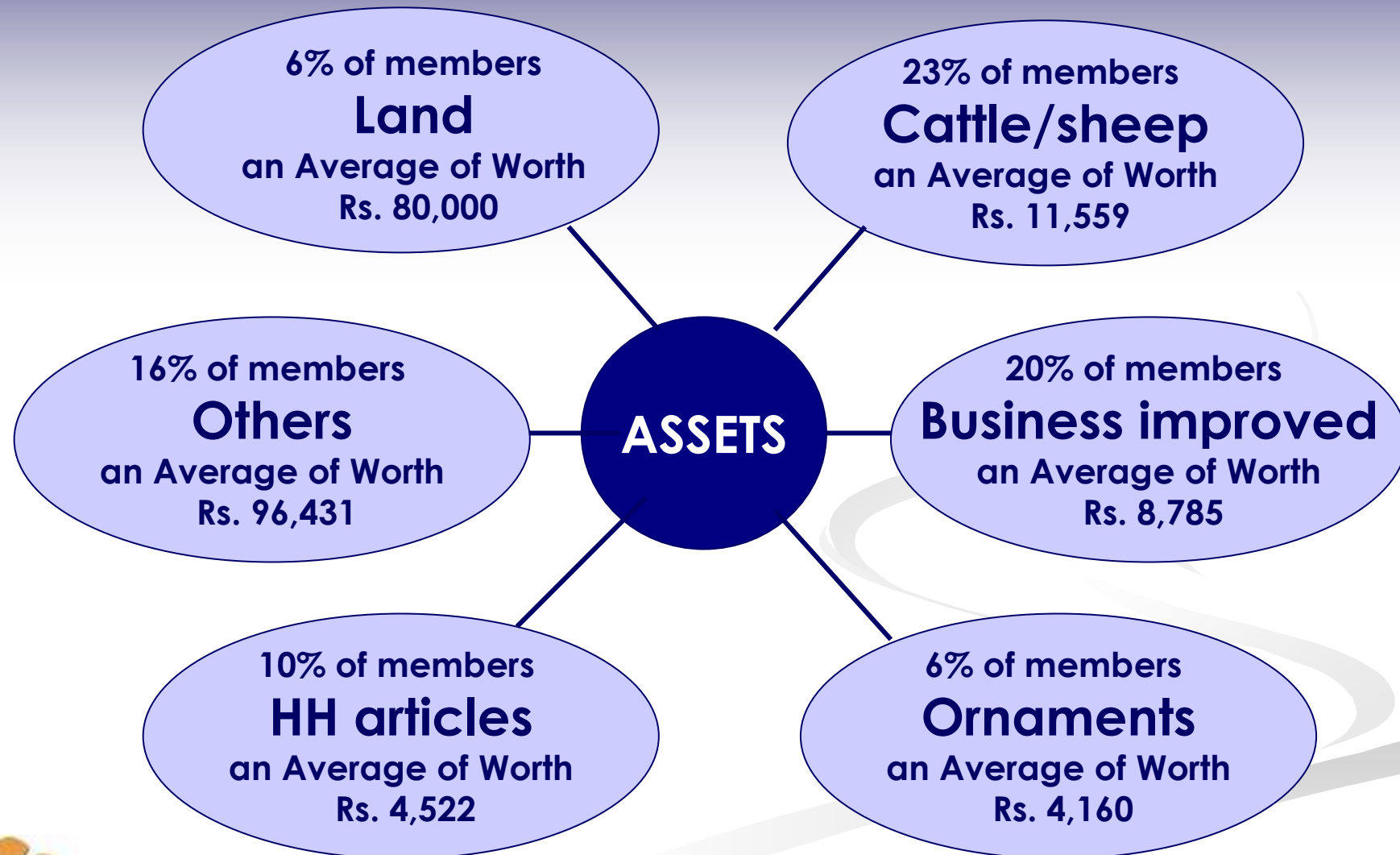


DYNAMICS AT HOUSEHOLD LEVEL

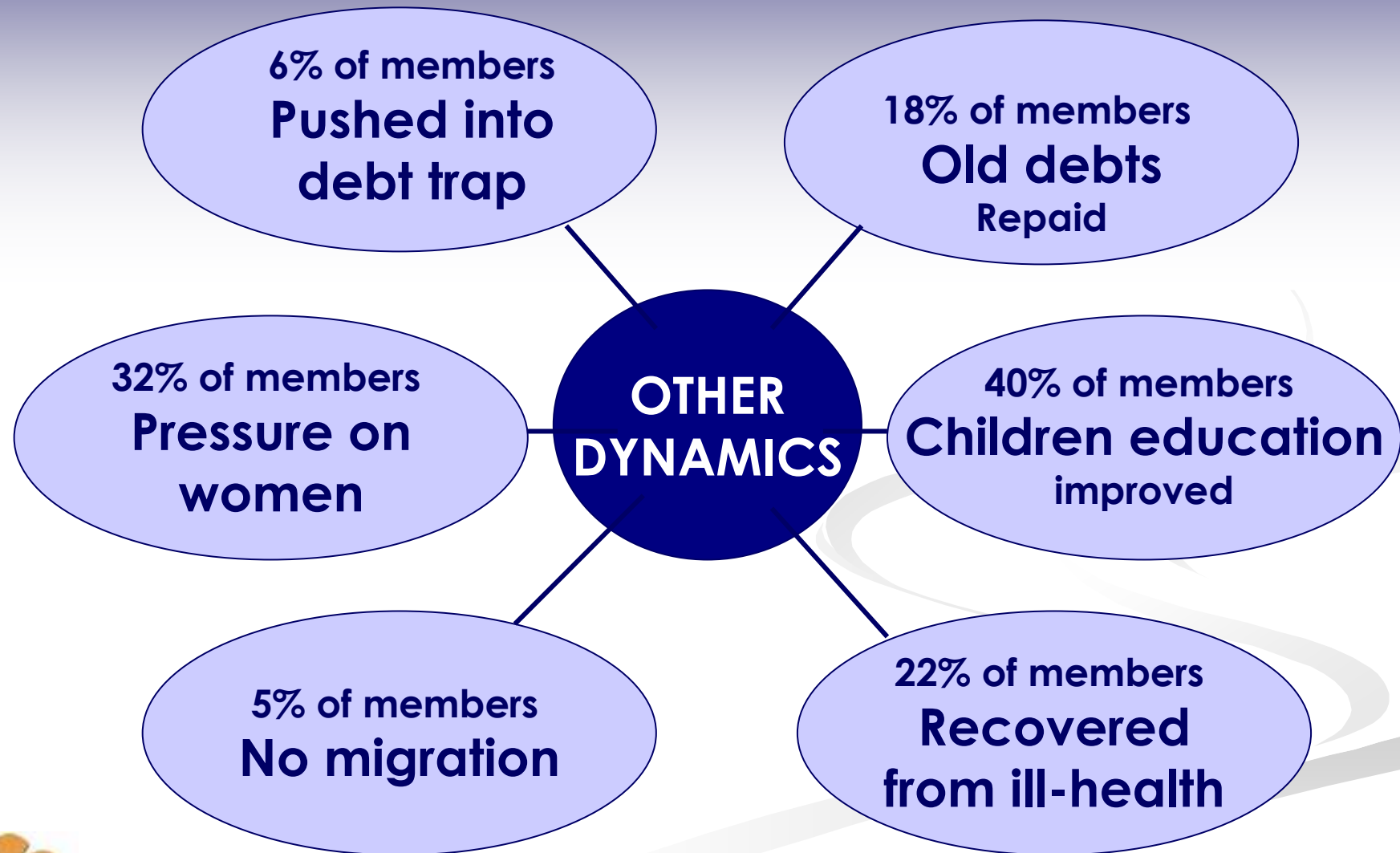
| Savings at | % of members | Sum | Mean in Rs. |
|-------------------|--------------|--------|-------------|
| • Post Office | 5 | 5,500 | 688 |
| • Banks | 4 | 19,034 | 3,172 |
| • Chit funds | 2 | 68,000 | 22,667 |
| • Savings in SHGs | 1 | 720 | 720 |
| • Insurance | 17 | 12,133 | 433 |
| • Money lending | 1 | 6,431 | 1,072 |



CHANGES IN HH – ASSET CREATION



CHANGES IN HH – ASSET CREATION



DYNAMICS AT SHG LEVEL

| | | |
|-----------------|---------------------------------|------|
| Economic | • Large loans | (85) |
| | • More group corpus | (21) |
| | • Access to formal institutions | (53) |
| | • Credit from SHG federations | (20) |
| Social | • More solidarity | (67) |
| | • More respect in bank/HH | (67) |
| | • Quarrels | (4) |
| | • Membership | (3) |

Note: Figures in parenthesis indicate % of SHG members



CONCLUSIONS

- **Majority are landless, primarily depended on agriculture and labour**
- **Majority are married; middle aged and illiterate women**
- **Social composition of the loan borrowers not reflecting the general population or poverty categories**
- **More large loans to more no. of OCs and BCs categories**



CONCLUSIONS...

- **Loan size is reasonably good to take up IGA**
- **Though all are accessed to bank loan, significant no. of members not borrowed from internal funds**
- **Majority invested on lineal activities rather than lateral economic activities**
- **Though most of the members proposed loan for IGA, many diverted a portion of loan to unproductive activities even in repeat linkages**



CONCLUSIONS...

- **Less to moderate impact on households- income, expenditure on food and savings**
- **Majority have created assets, either directly with loan or indirectly with the earnings out of IGA**
- **Substantial impact on children education, health and debt status of the household**
- **High impact at SHG level –Promoting functional and to some extent financial sustainability of SHGs**



Open for Discussion

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Thanks

