

IMPACT AND SUSTAINABILITY OF SELF HELP GROUP BANK LINKAGE PROGRAMME IN INDIA

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Study commissioned by



Study conducted by



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We sincerely hope that all the major stakeholders, including policy makers, practitioners and professionals in the development sector find this report useful to understand the impact of the SHG Bank linkage and to enhance the effectiveness of the program implementation through appropriate policy and strategy changes. We welcome any feedback or suggestions on the report.

Contents

Executive Summary	1
1. Context of the study	1
2. Objectives & methodology	1
3. Socio-economic profile of sample SHGs & SHG members.....	2
4. SHG Bank linkage programme in the sample states – At a glance	2
5. The quality of SHGs credit linked to banks	3
6. SHGs’ access to credit	4
7. Trainings on institutional & capacity building and skill development.....	4
8. Repayment rate (RR) from SHGs to banks and incidence of default.....	5
9. Impediments to SHGBLP	5
10. Perceptions of banks & Other SHPIs on SHG Bank linkage	6
11. SHGs and the Government social security & development programmes.....	6
12. Impact of SHG Bank linkage on household economic activities.....	7
13. SHGs and Women Empowerment	7
14. Policy Recommendations.....	8
1 Chapter: INTRODUCTION	11
1.1 The Context.....	11
1.2 Objectives of the study	15
1.3 Research methodology	15
1.4 Data entry and analysis	21
1.5 Limitations of the Study	22
1.6 Structure of the report.....	23
2 Chapter: PROFILE OF SAMPLE SHGs AND MEMBERS	24
2.1 SHG MOVEMENT IN INDIA	24
2.2 SOCIAL PROFILES OF SAMPLE STATES	30
2.3 SOCIO ECONOMIC PROFILES OF SAMPLE DISTRICTS.....	31
2.4 SELF HELP GROUPS	36
2.5 SHG MEMBERS	39
2.6 CONCLUSIONS	40
3. Chapter: STATUS OF SELF HELP GROUPS	42
3.1 MEETINGS	42
3.2 SAVINGS	45
3.3 BOOK KEEPING	48
3.4 LEADERSHIP.....	51
3.5 GROUP NORMS	52
3.6 LENDING ACTIVITIES OF SHGS.....	54
3.7 GRADES OF SHGs.....	55
3.8 BEST PRACTICES AND VARIOUS ISSUES	57
3.9 CONCLUSIONS	62
4. Chapter: CREDIT BEHAVIOUR	64
4.1 SHGs’ ACCESS TO FINANCIAL RESOURCES.....	64
4.2 STATUS OF CURRENT LOANS	65
4.3 REPAYMENT AND DEFAULT MANAGEMENT	67
4.4 TRAININGS ON INSTITUTIONAL & CAPACITY BUILDING AND SKILL DEVELOPMENT	71

4.5	LOANS: PURPOSE AND UTILIZATION	72
4.6	ISSUES AND PROBLEMS	76
4.7	CONCLUSIONS	86
5.	Chapter: VOICES OF SELF HELP PROMOTING INSTITUTIONS	88
5.1	BANKERS' PERCEPTIONS ON SHG BANK LINKAGE PROGRAMME	88
5.2	NGOs' PERCEPTIONS OF SHG BANK LINKAGE PROGRAMME.....	93
5.3	FEDERATIONS' PERCEPTIONS ON SHG BANK LINKAGE PROGRAMME.....	97
5.4	CONCLUSIONS	99
6.	Chapter: WOMEN EMPOWERMENT	101
6.1	SELF CONFIDENCE	101
6.2	ACCESS AND ATTITUDE OF LOCAL INSTITUTIONS.....	102
6.3	ACCESS TO FAMILY RESOURCES	104
6.4	CONTROL OF SHG & OTHER LOANS.....	105
6.5	MOBILITY	105
6.6	DECISION MAKING	106
6.7	POLITICAL PARTICIPATION.....	107
6.8	GENDER.....	109
6.9	NETWORKING WITH FELLOW MEMBERS	109
6.10	CONCLUSIONS	110
7.	Chapter: IMPACT OF SELF HELP GROUP BANK LINKAGE PROGRAMME.....	112
7.1	IMPACT AT HOUSEHOLD LEVEL	112
7.2	IMPACT AT VILLAGE LEVEL	126
7.3	IMPACT AT GROUP LEVEL.....	128
7.4	ACCESS TO WELFARE AND DEVELOPMENT PROGRAMMES	131
7.5	CONCLUSIONS	134
Chapter-8:	POLICY RECOMMENDATIONS	137
8.1	MAJOR FINDINGS	137
8.2	POLICY RECOMMENDATIONS	139
8.3	CONCLUSION	146
REFERENCES	147
ANNEXURE-1:	SAMPLE COVERED	149
ANNEXURE-II:	STATE-WISE STUDY TEAM MEMBERS.....	150
Annexure-III:	NUMBER OF SHGS IN INDIA ACCORDING TO NRLM AS ON AUGUST 2016	
	151
Annexure-IV:	DETAILS OF TRAININGS RECEIVED BY SHG MEMBERS	152
ANNEXURE-V:	DATA COLLECTION TOOLS	153
ANNEXURE-VI:	STATE-WISE PERFORMANCE OF SHGs.....	167
ANNEXURE-VII:	SHPI-WISE PERFORMANCE OF SHGs	171
ANNEXURE-VIII:	CASELETS.....	174
1.	Bagan Bazar	174
2.	Collective Farming.....	175
3.	Grain Bank for food security	175
4.	Strength in unity	176
5.	Rice Mill in the Village	177
6.	Illiteracy has not made any barrier to earn	177
7.	A step towards leadership -Participation in gram panchayat elections	177
8.	From Voiceless to Vocal	177

9.	Protest gave us Positive Effects	178
10.	Determination can lead one to achieve the dream one pursue	179
11.	'Barli' the Whistle Blower for the Women Empowerment	179
12.	Loan helps to cope up with health and Income	180
13.	Bank loan ensures family nutrition	180
14.	Self Interest before advantage of all.....	181
15.	Path of Entrepreneurship.....	181
16.	Manufacturing Agarbatties is a Good Business	182
17.	No business is said to be small.....	182
18.	SHG helped in establishing a hotel	183
19.	Bank loan backs the smile	183
20.	Vegetable Farming is the best among all	183
21.	Andhere se Ujale ki ore	184
22.	Vermi compost.....	185

List of Tables

Table 1-1 Criteria for the Selection of Districts in a State	17
Table 1-2 State-wise Coverage of Sampling Units	18
Table 2-1 Presence of SHG Federations in the Sample States	27
Table 2-2 Banks Engaged in SHGBLP in the Sample States	28
Table 2-3 Status of SHGBLP in the Sample States as on March 2016	28
Table 2-4 Non Performing Assets as Percentage to Loan Outstanding	29
Table 2-5 Grant Support Sanctioned to NGOs Functioning as SHPIs	30
Table 2-6 Socio-economic Profile of the Sample States	31
Table 2-7 Demographic Profile of Sample Districts.....	35
Table 2-8 Size of SHGs (in %).....	36
Table 2-9 Age of SHGs (in %).....	37
Table 2-10 State-wise Sample SHGs and the SHPIs (in %).....	37
Table 2-11 State-wise Social Composition of Sample SHG Members (in %).....	38
Table 2-12 State-wise SHGs Affiliation with Banks (in %).....	39
Table 2-13 Distance to Banks (% of SHGs).....	39
Table 2-14 Social Conditions of Sample SHG Members (in %).....	40
Table 3-1 State-wise Periodicity of SHG Meetings (% of SHGs).....	42
Table 3-2 Age of SHGs and Periodicity of SHG Meetings (% of SHGs)	43
Table 3-3 SHPI-wise Periodicity of SHG Meetings (% of SHGs)	43
Table 3-4 SHGs' Age and Regularity of Meetings during Last 6 Months (% of SHGs)	43
Table 3-5 Periodicity of Savings Collection (% of SHGs)	45
Table 3-6 Amount of Savings Per Month, Per Member (% of SHGs)	45
Table 3-7 Members Savings with the SHGs (% of SHGs)	46
Table 3-8 SHPI-wise Members Savings with SHGs (% of SHGs)	47
Table 3-9 Details of Savings Promoted at SHG Level.....	47
Table 3-10 Status of SHG Books (% of SHGs).....	48
Table 3-11 SHPI-wise SHGs and Book Writers (% of SHGs).....	49
Table 3-12 Age of SHGs and the Book Writers (% of SHGs).....	49
Table 3-13 Honorarium to Book Writers (% of SHGs).....	50
Table 3-14 Awareness of Members on Role & Responsibilities of Leaders (% of SHGs)	51
Table 3-15 Age of SHGs and Leadership Rotation (% of SHGs)	52
Table 3-16 SHPI-wise SHGs having the Practice of Collecting Fines (% of SHGs)	53
Table 3-17 Grades of SHGs (% of SHGs).....	56
Table 4-1 Extent of Funds Mobilized from External Credit Agencies.....	64
Table 4-2 Repayment Rate from SHGs to Bank (% of SHGs).....	67
Table 4-3 SHPI-wise Repayment Rate from SHGs to Banks (% of SHGs).....	68
Table 4-4 Period of Overdue (% of SHGs).....	69
Table 4-5 Purpose of Current SHG Bank Linkage Loans	73
Table 4-6 Disbursement of Current SHG Bank Linkage Loan	75
Table 4-7 Loan Diversification (in %).....	76
Table 4-8 SHGs' Age and Amount of Funds in SHG SB Account (% of SHGs).....	77
Table 4-9 Average Amount of Funds in SHG Savings Bank Account (in Rs.).....	77
Table 4-10 Time Taken to Get Current SHG Bank Linkage (% of SHGs)	81
Table 4-11 Agency Proposed the Current SHGBLP Loan (in %)	82
Table 4-12 Amount Spent to Get the Current Loan under SHGBLP (% of SHGs).....	83
Table 4-13 Refund of Members' Savings (% of SHGs).....	83

Table 4-14 Pattern of Internal Lending of Bank Loans (% of SHGs).....	85
Table 4-15 SHGs' Awareness on Cash Credit Limit (% of SHGs).....	85
Table 5-1 Learnings of Bankers during their Field Visits.....	90
Table 5-2 Linkage-wise Average Amount of Loan to SHGs.....	90
Table 5-3 Default Management Strategies.....	92
Table 5-4 Impact of SHGs at Household and Village Levels According to NGOs.....	96
Table 5-5 Capacity Building Programmes for Federations	97
Table 6-1 Capacity to Raise Issues in Meetings (% of SHG members)	102
Table 6-2 Opinion on the Changes in the Attitude of Staff (% of members)	103
Table 6-3 Access to Family Resources (% of members)	104
Table 6-4 Members' Control on SHG & Other Loans (% of Members).....	105
Table 6-5 Mobility of SHG Women (% of Members).....	106
Table 6-6 Role of SHG Women in Household Decisions (% of Members).....	107
Table 6-7 Political Participation of SHG Members (% of Members)	108
Table 6-8 Kinds of Help Taken from Fellow SHG Members (% of members).....	110
Table 7-1 Impact on Household Members (% of members)	112
Table 7-2 Impact on Households (% of members).....	114
Table 7-3 Important Changes Observed in Life (% of members).....	117
Table 7-4 SHG Savings to the Total Household Savings (% of members)	118
Table 7-5 SHG's Share in Total Household Debt (% of SHG members).....	120
Table 7-6 Income Generation Activities Taken Up by the SHG Members (in %).....	122
Table 7-7 Investments Made on IG Activities and Income Earning Per Month.....	122
Table 7-8 Asset Creation by the SHG Members.....	124
Table 7-9 Asset Creation by the SHG Members (% of Members)	125
Table 7-10 Percentage of SHGs Involved in Addressing Social Issues.....	127
Table 7-11 Age of SHGs and the Incidence of Dropouts (% of SHGs)	129
Table 7-12 Changes in Savings per Month, per Member (% of SHGs).....	131
Table 7-13 SHG Households Benefitted by Govt. Programmes (% of HHs)	131
Table 7-14 Toilet Facility among the SHG Member Households (% of HHs).....	132

List of Figures

Figure 1-1 Map showing the sample states and districts.....	19
Figure 2-1 SHGs Having Active Loans with Banks (in %)	29
Figure 2-2 Social Categories of SHGs.....	38
Figure 3-1 Members Attendance in SHG Meeting (% of SHGs)	44
Figure 3-2 Meeting Agenda during the Last Six Months (% of SHGs).....	44
Figure 3-3 Average Amount of Saving Per Month, Per Member	46
Figure 3-4 Books of Accounts (% of SHGs).....	48
Figure 3-5 Record Keeping (% SHGs).....	50
Figure 3-6 Leadership Rotation in SHGs (% of SHGs)	52
Figure 3-7 Loans to Members from Internal Funds (% of SHGs).....	55
Figure 3-8 Grades of SHGs	55
Figure 4-1 Percentage of SHGs have Loans with External Agencies	65
Figure 4-2 Average Amount of Current Loan to SHG under SHGBLP	66
Figure 4-3 Average Loan Repayment Rate from SHGs to Bank (% in).....	68
Figure 4-4 Reasons for Defaulting (% of SHGs)	70
Figure 4-5 Action Against Defaulters (% of SHGs)	71
Figure 4-6 Trainings Attended by the SHG Members (% of members)	72
Figure 4-7 SHGBLP Loan Used for Number of Purposes (% of SHG Members).....	74
Figure 4-8 Average Amount of Funds in SHG SB Account (in Rs.).....	77
Figure 4-9 Velocity of Internal Lending (% of SHGs).....	78
Figure 4-10 Preparation of Micro Credit Plans (% of SHGs).....	80
Figure 4-11 SHG Age and No. of Credit Linkages (% of SHGs).....	81
Figure 4-12 Refund of Members' Savings (% of SHGs).....	84
Figure 5-1 Quality of SHGs According to Bankers.....	88
Figure 5-2 Reasons for the Delay of SHG Credit Linkages with Banks	91
Figure 5-3 Opinion of Bankers on SHGs Impact on Bank Branch	92
Figure 5-4 Role of NGOs in SHG Credit Linkage with Banks (% of NGOs).....	96
Figure 6-1 Self-confidence Levels among the Members (% of Members).....	101
Figure 6-2 Opinion on Children Education (% of SHG member).....	109
Figure 6-3 Discussion of Problems with Fellow SHG Member (% of Member).....	109
Figure 7-1 Impact on Households Due to SHG Participation (% of HHs).....	113
Figure 7-2 SHG Members have Individual Savings Accounts (% of members).....	117
Figure 7-3 Avg. Percentage of Members' Savings with SHGs (% of members)	119
Figure 7-4 SHG's Share in Household Debts (% of households)	120
Figure 7-5 SHG Members Taken Up Income Generating Activities (in %)	121
Figure 7-6 Changes at Village Level.....	126
Figure 7-7 Incidence of Membership Withdrawal (% of SHGs)	128
Figure 7-8 Reasons for Membership Withdrawal	129
Figure 7-9 Changes in Monthly Savings Amount Per Member (% of SHGs).....	130
Figure 7-10 SHGs in the Implementation of Govt. Programmes (% of SHGs).....	134

ABBREVIATIONS & ACRONYMS

AGM	: Assistant General Manager
AKRSP	: Aga Khan Rural Support Programme
ANM	: Auxiliary Nurse Midwife
AP	: Andhra Pradesh
APL	: Above Poverty Line
APMAS	: Mahila Abhivrudhi Society, Andhra Pradesh
ASHA	: Accredited Social Health Activist
AS	: Assam
BC	: Backward Class
BDC	: Block Development Committee
BPL	: Below Poverty Line
CB	: Commercial Bank
CBO	: Community Based Organization
CBRM	: Community Based Recovery Mechanism
CCL	: Cash Credit Limit
CIF	: Community Investment Fund
CMRC	: Community Managed Resource Centre
CRI	: Critical Rating Index
DCCB	: District Central Cooperative Bank
DFID	: Department For International Development
DHAN	: Development of Humane Action
DPIP	: District Poverty Initiatives Project
DRDA	: District Rural Development Agency
DWCRA	: Development of Women & Children in Rural Areas
FC	: Farmers' Club
FD	: Fixed Deposit
FGD	: Focus Group Discussion
Fig.	: Figure
FIP	: Financial Inclusion Programme
GP	: Gram Panchayat
HDI	: Human Development Index
HH	: Household
HIV	: Human Immuno Deficiency Virus
IAY	: Indira Awas Yojana
ICDS	: Integrated Child Development Services
IFAD	: International Fund for Agricultural Development
IGA	: Income Generating Activity
ISL	: Individual Sanitary Latrine
JDY	: Jan Dhan Yojana
JLG	: Joint Liability Group
KA	: Karnataka
LDM	: Lead District Manager

LPG	: Liquid Petroleum Gas
MACS	: Mutually Aided Cooperative Society
MAVIM	: Mahila Arthik Vikas Mahamandal
MCP	: Micro Credit Plan
MEDPS	: Micro Enterprise Development Programmes
MEPMA	: Mission for Elimination of Poverty in Municipal Areas
MFI	: Micro Finance Institution
MCID	: Micro Credit Innovations Department
MGNREGS	: Mahatma Gandhi National Rural Employment Guarantee Scheme
MH	: Maharashtra
MMS	: Mandal Mahila Samakhya
MS	: Mandal Samakhya
MP	: Madhya Pradesh
MYRADA	: Mysore Resettlement and Development Agency
NA	: Not Available
NABARD	: National Bank for Agriculture and Rural Development
NABFINS	: NABARD Financial Services Limited
NBFC	: Non Banking Finance Corporation
NGO	: Non-Government Organization
NRLM	: National Rural Livelihoods Mission
OAP	: Old Age Pension
OC	: Open Category
OR	: Odisha
PDS	: Public Distribution System
PEDO	: People's Education and Development Organisation
PLF	: Primary Level Federation
PMEGS	: Prime Minister's Employment Generation Scheme
PRADAN	: Professional Assistance for Development Action
PRI	: Panchayat Raj Institutions
RBI	: Reserve Bank of India
RDT	: Rural Development Trust
RF	: Revolving Fund
RMG	: Raithu Mitra Group
RR	: Repayment Rate
RRB	: Regional Rural Bank
RSETI	: Rural Self Employment Training Institute
SB A/c	: Savings Bank Account
SBL	: SHG Bank Linkage Programme
SC	: Scheduled Caste
SERP	: Society for Elimination of Rural Poverty
SGSY	: Swarnajayanthi Gram Swarozgar Yojana
SHG	: Self Help Group
SHGBLP	: SHG Bank Linkage Programme
SHPI	: Self Help Promoting Institution

SIDBI	:	Small Industries Development Bank of India
SKDRDP	:	Shri Kshetra Dharmasthala Rural Development Project
SLBC	:	State Level Bankers' Committee
ST	:	Scheduled Tribe
UNDP	:	United Nations Development Programme
UP	:	Uttar Pradesh
VO	:	Village Organization
WB	:	World Bank
WDC	:	Women Development Corporation
ZS	:	Zilla Samakhya

FACT SHEET

Title of the study: Impact & Sustainability of SHGBLP in India		
A. SHGBLP in Sample States as on March 2016 (Source: NABARD)		
• Number of SHGs have savings account with bank (in lakh)	:	38.37
• Average amount of funds in SHG SB account (in Rs.) per SHG	:	15,942
• Number of SHGs have loan outstanding with banks (in %)	:	57
• Average loan per SHG (Rs. in lakh)	:	2.33
• Non-performing assets (NPA) (in %)	:	12.2
B. Sample Covered		
• Number of States (AP, AS, KA, MH, OR, UP)	:	6
• Number of Districts	:	12
• Number of SHGs	:	432
• Number of SHG Member Households	:	864
C. Profile of SHGs		
• ST & SC groups (% of SHGs)	:	22
• Other SHGs (% of SHGs)	:	78
• Average age of SHG (in years)	:	7.76
• Average size of SHG (No. of members)	:	11
• SHGs reported dropouts (% of SHGs)	:	56
• Average distance to bank (in Kms)	:	5.6
D. Savings		
• Average savings per month per member (in Rs.)	:	84
• Average savings per SHG (in Rs.)	:	51,680
• Average savings per member (in Rs.)	:	4,583
• SHGs withdrawn & distributed savings (in %)	:	39
• Avg. amount of funds in SHG bank account (in Rs.)	:	31,641
• SHGs using own funds for internal lending (% of SHGs)	:	69
E. Meetings		
• SHG meetings – monthly (% of SHGs)	:	56
• SHG meetings – Weekly /Fortnightly (% of SHGs)	:	38
• Avg. percentage of meetings conducted in the past 6 months	:	89
• Members' attendance in meetings (% of members)	:	82
F. Book Keeping		
• Books are kept with the SHG leaders (% of SHGs)	:	81
• Books written by SHG members (% of SHGs)	:	59
• SHGs pay honorarium to book writers (% of SHGs)	:	19
• Avg. monthly honorarium to book writers per SHG (in Rs.)	:	82
G. Leadership		
• Leadership rotation in SHGs (% of SHGs)	:	41
• Number of women SHG members elected for local bodies	:	83
• SHGs have the norms of fines and penalties (% of SHGs)	:	63
H. Grades of SHGs		
• A-grade (% of SHGs)	:	68
• B-grade (% of SHGs)	:	24
• C-grade (% of SHGs)	:	8

I. Credit access to SHGs (current loans)		
• Average loan under SHGBLP (Rs. in lakh)	:	1.99
• Average loan from Federations (in Rs.)	:	70,514
• Average loan from NGO-MFIs (in Rs.)	:	91,797
• Average time taken to get bank loan (in weeks)	:	4
• Average amount spent to get bank loan (in Rs.)	:	1,031
J. Repayment Rate		
• Average loan repayment rate from SHGs to Banks (in %)	:	88
• SHGs reported active defaulters (% of SHGs)	:	27
• Average amount of overdue per SHG (in Rs.)	:	10,906
K. Profile of SHG members		
• ST & SC members (in %)	:	33
• Literacy levels (in %)	:	73
• Female headed households (in %)	:	16
• Incidence of migration (% of households)	:	17
L. Women Empowerment (% of Members) B-Before / P-Present		
• Confidence to approach bank –Before / Present –B / P	:	20/97
• Use of SHG loans – Equal & above role – B / P	:	44/94
• To attend SHG work outside the village – Go alone –B / P	:	07/63
• Decision making on daughter’s marriage –equal role	:	54
• Casting of own vote – Independently – B / P	:	51/87
• Work burden increased – B / P	:	23/57
• Husband sharing the household work increased B / P	:	16/27
• Women taking up non-traditional activities – increased B / P	:	10/51
• SHGs involved in social activities	:	75
• Sending both son & daughter to same school	:	52
• Positive attitude of men towards women (% of members)	:	66
M. Access to Development Programmes (% of HHs)		
• Households accessed to PDS/ration card	:	88
• Households benefitted with PMJDY	:	34
• Households participated in MGNREGS	:	41
• Households having functional toilets	:	63
N. Impact at Household Level		
• SHG women having Individual savings bank A/c (% of members)	:	88
• Percentage of SHGs’ savings against total household savings	:	27
• Households having 100% of their loan from SHGs (% of HHs)	:	64
• Households taken up economic activity (% of HHs)	:	27
• Average monthly income from economic activity (in Rs.)	:	4,623
• Households purchased cattle (% of HHs)	:	17
• Households purchased goat and sheep (% of HHs)	:	16
• Households reported improvement in income (% of HHs)	:	87
• Repaid household old debts (% of HHs)	:	36
• Households reported more work to members (% of HHs)	:	61
• Increase in education of household members (% of HHs)	:	52
• Increase in health status of household members (% of HHs)	:	51
• Households reported increase in food security (% of HHs)	:	18

Executive Summary

1. Context of the study

India's Self Help Group (SHG) movement has emerged as the world's largest and most successful network of women-owned Community Based Microfinance Institutions (CBMFIs). The SHG Bank Linkage Program (SHGBLP) spearheaded by NABARD had a modest beginning with 225 credit linked groups and a loan amount of Rs. 29 lakh in 1992-93. Since then, the program has grown exponentially. As per microfinance report of NABARD, as on 31st March 2016, 79.03 lakh SHGs have savings accounts in banks, with a total savings amount of Rs.13,691 crore. As per the estimates of NABARD based on several research studies, only one-third of their savings is in the bank account and the remaining two-thirds is with SHG members in the form of loans. The total SHG owned fund (savings, grants & interest income) is estimated as Rs.30,000 crore approximately. Over 46.72 lakh SHGs have active loan accounts with banks, having a total loan outstanding of Rs. 57,119 crore. The SHGs in India are managing a total fund (own funds & bank loans) of approximately Rs.87,000 crore.

Over a period of more than 2-decades of linkage banking in India, the system has evolved and matured enabling SHGs access large loans under SHGBLP besides loans that SHGs are able to access from their own federations and NGO-MFIs. The percentage of non-performing assets of banks under SHGBLP has been increasing over the years from 2.9% to 6.45%. Though NGOs have promoted a large number of savings linked SHGs, there is inordinate delay in SHG credit linking from banks. More than half of the States & Union Territories (20 out of 34) have reported less than 50% of SHGs credit linked (NABARD, 2016).

2. Objectives & methodology

The broad objective of the present study is to assess the impact and sustainability of SHG bank linkage programme in India. The specific objectives of the study are:

- i. To know the status of SHGs promoted by various SHPIs – government, non-government organizations, banks and SHG federations;
- ii. To assess the impact of SHGs on economic activities, household welfare and social empowerment of SHG members;
- iii. To know the perceptions and support of bankers for SHGs, JLGs, microfinance, credit linkage and banker SHG relations;
- iv. To understand the adequacy & efficacy of capacity building activities for SHG members as well as stakeholders, micro entrepreneurship development programmes, livelihood programmes;
- v. To assess the extent of dormancy in SHGBLP, reasons for it and scope for the revival of dormant SHGs, and the problems and prospects towards sustainability of SHGs;
- vi. To compare the quality, standards and best practices of SHGs promoted by different SHPIs;

- vii. To know the role and capability of SHPIs, SHG federations and other stakeholders; and
- viii. To develop strategic and policy recommendations based on the study findings.

The study covered a sample of 432 SHGs and 864 women members drawn from the sample SHGs from a sample of 40 blocks drawn from 12 districts of 6 states to assess the performance of the SHGs and the impact of the SHG bank linkage. To understand the perspective of various secondary stakeholders on the impact of SHGBLP, 35 bank officials, 16 Govt. Officials and 17 NGO chief functionaries were interviewed. During the study, discussions were held with office bearers of 13 SHG federations and 12 focus group discussions were conducted with SHG members. The 6 Indian states covered in this study are Andhra Pradesh, Assam, Karnataka, Maharashtra, Odisha and Uttar Pradesh. Data was collected from both primary & secondary sources by using qualitative as well as quantitative research methods.

3. Socio-economic profile of sample SHGs & SHG members

In terms of number of below poverty line (BPL) households, population density and female literacy the sample states are differing from each other. Of the sample districts, Anantapur is the largest and Darrang is the smallest in terms of their geography and population & its density. Unlike the majority of districts, the female population is more in West Godavari, Dakshin Kannada and Koraput districts. The rural population is high across the districts; however, the percentage of urban population is more in Dakshin Kannada, Saharanpur, Anantapur and Cuttack as compared to other districts. The average literacy rate is varying between the districts: highest in Dakshin Kannada with 88.6% and lowest in Koraput with 49.2%, and similarly the female literacy. Agriculture is prominent across the sample districts. Small scale industries are prominent in some of the districts.

The group size ranged between 10 and 15 members, with the size varying between the states and promoters. The average age of sample SHGs is 7.76 years, which is higher as sampling was done from the list of SHGs that have been in existence for more than three years and currently have an active bank loan. Government is the largest SHG promoter (43%) in all the states. Uni-caste (homogenous) and multi-caste (heterogeneous) groups are more or less equal in number. A large number of SHGs are linked to commercial banks followed by RRBs and DCCBs. In the state of Assam, RRBs are predominant in linkage banking. For majority of the SHGs, the distance to the bank is less than 5 km.

There is a significant coverage of poorest of the poor such as SCs (26%), STs (7%), female headed households (16%) and migrant households (17%).

4. SHG Bank linkage programme in the sample states – At a glance

As on March 2016, there are 38.37 lakh SHGs that hold a savings account with a bank in the sample states (NABARD, 2016). The average amount of funds in SHG bank account is more (Rs. 19,348) in sample states than the national average (Rs. 17,324 per SHG). Majority of the States & Union Territories in the country (20 out of 34) have less than 50% of active loans with banks. The ratio between SHGs' funds in bank account and loan outstanding to banks is 1: 4. More or less it is similar in sample states except, Assam (1:6)

and Karnataka (1:5). The percentage of non-performing assets (NPA) in the majority of sample states (4 out of 6) is more than the national average (6.45%). In the sample states, more number of commercial banks (181 banks) engaged in SHG bank linkage programme followed by cooperative banks (20) and RRBs (97).

According to the National Rural Livelihood Mission, there are 50.1 lakh SHG loan accounts in the country. In which, 47% are NRLM compliant, 18% are non-NRLM compliant, 10% are SGSY accounts and the remaining are unmapped accounts (25%). But it has reported that there are 40.1 lakh SHGs in the country. It means about 20% of SHGs have loan accounts but in existence. Further, a majority of the state & Union Territories (23 out of 34) have more than 50% of unmapped SHG loan accounts in the country.

5. The quality of SHGs credit linked to banks

Monthly meetings are common (56%); however, weekly meeting are predominant in Karnataka (51%) and Assam (100%) states, under-developed districts (45%) and in A-grade SHGs (50%). Regularity of meetings is a concern in AP and in underdeveloped districts, older SHGs and government promoted groups. The meeting agenda mostly confined to financial aspects; social and development issues did not have a significant focus of the meetings. Monthly savings are common. There are mandatory savings at two levels: members with SHGs and SHGs with federations. Individual SHG members have a large amount of savings in their SHGs (Rs. 4,527). However, it is interesting to note that the average savings per member in older SHGs is relatively less as many SHGs indulge in periodically withdrawing savings for distributing among members and in some cases the members' savings is adjusted towards repayment of loan instalments. It may be important to note that the promoters and the Bankers have not given importance to savings mobilization and effective utilization of the savings to meet members' credit needs due to undue emphasis on bank loans.

The quality of books maintained by credit linked SHGs is good, and the books are mostly up-to-date and accurate. The SHG members are the book writers in majority of the SHGs (71%) across the states, except in AP, where paid book keepers are prominent (51%). Mostly the SHG records are kept with the leaders (81%) across the states. Except in Andhra Pradesh, most of the SHGs (81%) have not been paying any honorarium to the book writers, which is a concern as unpaid book writers may not be accountable. Leadership rotation is a concern: majority of the SHGs (59%) have not even changed their leaders once since their formation.

The SHGs have formulated clear entry and exit norms for enrollment and withdrawal of membership. There are norms like fines & penalties for the smooth functioning of SHGs and to inculcate discipline among the members in many SHGs (60%). However, there is no strict enforcement and adherence to these norms in majority of the SHGs.

Based on the grading done of sample SHGs using Critical Rating Index tool, the quality of SHGs is good: majority are A-grade (68%) followed by B-grade (24%) and C-grade (8%). However, the grades of SHGs are varying among states, development of districts, location of the group, promoter, age of SHGs and association with type of bank. According to a study conducted by ENABLE network in the year 2010, 46% SHGs are in A-

grade, 36% are in B-grade and the remaining is C-grade (18%). It means that there is a significant improvement in the quality of SHGs during the five years.

6. SHGs' access to credit

Banks are the major external credit source followed by federations and NGO-MFIs which have provided supplementary credit to a small number of SHGs. Besides SHG bank loans, a small number of SHGs have active loans with federations (16%) and NGO-MFIs (8%). Except in AP, most of the SHGs have loan outstanding with only one agency across the states. The loan volume varies from one source to other: The size of bank loan is bigger (Rs. 1.99 lakh/SHG) than NGO-MFIs (Rs. 91,797/SHG) and federations (Rs. 70,514/SHG). Further, the volume of bank loan depends on multiple factors such as number of linkages/doses, SHG age, social category, promoter, SHG quality, SHG savings, type of bank, etc.

Equal distribution of bank loan is found in the majority of SHGs (61%). However, need based lending is predominant in Assam (67%), Karnataka (75%) and UP (68%). The members have articulated several reasons for the equal distribution of bank loan: equal saving so loan also equal; spread the risk of default; book keeping and accounting is easy and high demand for low cost loans; bank loans are cheaper than loan from SHG own funds.

There is no internal lending with own funds in 31% of SHGs even though they have large funds lying in their SB accounts (Rs. 31,641 per SHG). This is a major concern in AP (64%) and Odisha (53%). This clearly indicates undue emphasis on bank loans with inadequate attention to optimum use of SHG members' savings. Bankers discourage the SHGs withdrawing their savings when there is a large bank loan given. SHGs' savings in the bank account may be seen as their collateral for the loan. In the state of Andhra Pradesh, SHGs do not effectively use their savings as loans from Banks and also from Stree Nidhi (a cooperative bank owned by the SHG federations) are interest-free.

7. Trainings on institutional & capacity building and skill development

About two-thirds of SHG members have undergone 1 to 4 trainings on SHG concepts, financial management, social issues, development programmes and livelihoods. A majority of the trainings are on SHG concept. Trainings on on-farm, off-farm and non-farm activities are limited. Most of the members said that the trainings are very good (99%) and useful (97%). SHG members borrowed bank loans mostly for production (76%) followed by social needs (14%), asset creation (10%) and consumption (<1%). But the amount is largely for production (73%), asset creation (14%), social needs (13%) and consumption (<1%). The bank loan is predominantly used for one purpose (76%) which can be seen as a good practice.

The largest portion of loan is used for production (59%) especially purchase of livestock, petty business, agriculture inputs and purchase of machinery followed by social needs (25%), asset creation (16%) and consumption (<1%). But a portion of loan borrowed for production (14%) is diverted for social needs, particularly repayment of high cost loans, health expenses of family members, children's education & marriages, asset creation and for food material because of several reasons.

8. Repayment rate (RR) from SHGs to banks and incidence of default

The loan repayment rate of SHGs to banks is good, on an average 88%. Whereas, according to the ENABLE study, the loan repayment rate of SHGs to bank is 72%. It means the repayment rate has increased as it could be because of improvement in SHG quality. The repayment rate is high in Karnataka (92%), community promoted SHGs (94%), older SHGs (96%), Minorities (96%), and developed districts (91%), repeat linkages (92%), DCCBs (93%) as compared to other states, promoters, newer SHGs, social categories, underdeveloped districts and banks. About one-third of SHGs have reported an overdue within their SHG (members not repaying in a timely manner to the SHG) which is a concern. However, one half of the SHGs reported overdues are for less than 3 months. The average amount of overdue is high in UP, underdeveloped districts, 6-9 year SHGs, NGOs, SCs and Commercial Banks.

Defaulting is of two types: genuine and wilful. Of the genuine reasons, Ill-health (61%) and less availability of work (59%) are prominent; political promises and operational issues (9%) at group level are the major reasons for wilful default. All the stakeholders have been involved in the recovery of loans at all levels – SHGs, banks and SHPIs – Govt., NGOs, and federations.

9. Impediments to SHGBLP

There are many impediments in the implementation of the SHG bank linkage programme at all levels. A large amount of group funds (an average of Rs.31,641 per SHG) stay in SHG' SB accounts over the years (Rs. 11,900 according to the ENABLE Study, 2011) due to informal practices of banks as a risk mitigation strategy and the undue emphasis of groups to get optimum credit and protect group funds. As a result there are mixed results: SHGs are unable to use their own funds optimally, they are dependent on traditional credit sources for small loans and less interest income on group funds; but the groups have been getting large loans.

SHG micro credit plans, which are a prerequisite for credit linkage with banks, have not been adding any value to SHGBLP as these are not taken into consideration by bankers while determining the loan volume. SHGs spend a considerable amount of time (on an average 4 weeks) and funds (Rs.1,031) to get bank linkage. Further, there is an enormous delay in getting the 1st linkage: many older SHGs have got 1st dose of credit only recently.

Most of the current bank loans are demand driven, proposed by the SHGs. However, the federations and NGO-MFIs have also proposed a current SHG loan which is a cause for concern. The private banks in consultation with federations and NGO-MFIs have been providing large loans to SHGs without considering the SHG quality and total savings. Even though lending to SHGs is collateral free, nevertheless, many SHGs have endowed formal or informal collateral either by themselves and / or the promoters. Though there is a much debate on Cash Credit Limit (CCL), it has not been implemented effectively, mostly because of low awareness levels among the SHGs and banks. All these issues discussed above have an impact over the years on the sustainability of SHGs, their institutions and the bank linkage.

10. Perceptions of banks & Other SHPIs on SHG Bank linkage

According to banks and NGOs, the quality of SHGs is good: Majority of SHGs are A-grade followed by B and C grade SHGs. The incidence of SHG dormant accounts is minimal and it is limited to some bank branches. Of all, internal conflicts are the major reason for dormant SHGs across the promoters. Of the other reasons, banks differ from NGOs: migration and loan defaulting are important as per banks; whereas NGOs said that delay in getting bank linkage and involvement of men & political leaders in SHG affairs are the important reasons.

The banks have provided capacity building inputs to groups informally during SHG's visit to banks or staff visit to SHGs; whereas, the NGOs conducted formal trainings and workshops to SHGs and SHG federations; but federations provided capacity building inputs mostly during monthly review meetings. The capacity building inputs are mostly on 'basic elements of SHGs', 'SHG bank linkage programme', 'financial literacy'. Nevertheless, the NGOs have provided trainings on livelihood promotion activities apart from the SHG concepts.

The banks, NGOs and federations differ in their opinion on the reasons for delay or poor SHG credit linkages. Banks felt that poor book keeping and internal dynamics at SHG level and inadequate human resources and other priorities of banks are the major reasons for delays; whereas, NGOs and federations felt that bankers' attitude is the major cause for inadequate SHG bank linkage.

About the kinds of services, banks pay much attention on financial services; whereas, NGOs and federations provide non-financial and developmental services. At all stages of SHGBLP implementation, the role of promoters is critical in group formation, training and handholding.

The banks, promoters and federations have said that there is a significant impact of SHG bank linkage: more confidence and mobility at individual level; improvement in household income, taking up supplementary or expansion of existing household economic activities, improvement in children education and improvement in household members' health; and more women's participation in addressing social & community issues and reduced dependence on money lenders at village level. At bank branch level the volume of business has increased, good loan recovery especially bad debts, more savings & deposits mobilization and more rapport with public.

11. SHGs and the Government social security & development programmes

SHGs and their federations are seen as an institutional mechanism for the poor to access various government schemes and programs. Most of the member households (88%) have been accessing rations from 'Fair Price Shops'. A large number of member households got employment under MGNREGS (43%), especially in AP (66%), Assam (60%), Karnataka (49%) and Odisha (44%). Many SHGs benefitted from JDY in Maharashtra, Odisha and UP. Some of the households benefitted from pensions, housing, insurance, health, educational incentives across the states.

Participation in the implementation of welfare programmes is low to moderate: it is comparatively higher in Swachh Bharat Mission (44%), Pulse Polio (34%) and girl child enrolment (32%) than in mid-day meal, family planning, MGNREGS payments, pension

distribution programmes. The SHGs mostly played the role of information sharing and community mobilization.

SHGs' involvement in social issues at the village level is effective and positive. The issues they have addressed are mostly related to drinking water (51%) & sanitation (26%), domestic violence (27%), women's rights (24%) and the anti-arrack movement (22%); there is not much action on anti- child labour and marriages adolescent girls.

12. Impact of SHG Bank linkage on household economic activities

The SHGs have brought significant change in the lives of their members at individual, household, group and community level. The members have opened individual savings bank accounts (88%), most household savings is with banks (27%). Some of the SHG members have savings only in SHGs. The majority of the households (64%) owe a major portion of their debt to SHGs.

The incidence of entrepreneurial activities taken up by the SHG members is lower (27%). Dairy, petty business, goat rearing, milk collection & selling, tailoring are the most important of the income generation activities. Most of the households have taken up these as supplementary activities. About two-thirds of SHG member households have procured an array of assets with SHG loans. Of all the assets, livestock is predominant (40%) followed by agriculture machinery (13%) and housing (12%).

The entire family is benefitted from SHGs in multiple ways: the member and her husband mostly are benefitted by having more work (member- 69% and husband - 41%) and new economic activity (member - 49% and husband 51%); children's education (55%) and health improvement (47%). The other important changes at the household level are: improvement in household income (90%), repayment of high cost loans (27%) and reduced dependency on moneylenders. There are mixed effects on the life of members: work burden (23% to 56%) and responsibility for household credit (38% to 47%) are increased. Women are also taking up more non-traditional activities. There is not much change in sharing household work with husband (16% to 27%).

13. SHGs and Women Empowerment

There is a significant increase in the confidence levels of SHG women. The utmost development is that most of the SHG members have approached institutions: Gram Panchayat, Block Development Office, Hospitals and Banks, though approaching police stations are minimal. The women's mobility is high to 'go for shopping outside the village' and 'attend SHG work outside the village' as compared to earlier.

There is a definite move toward more financial independence or equal sharing within the family. The women's control over financial assets is increased between three and five times. The women have an equal role followed by 'major' and 'solely' in making household decisions. further, the women's role is comparatively more 'major' in making decisions on 'promotion of family savings', 'taking up of new activity' and purchase of gold and silver/ cattle' than in decisions on other matters, as it is because of more women contribution.

There is not much discrimination between boys and girls in schooling and age at marriage. Women's participation in politics is very low. Most of the women participated in voting,

and made choices independently rather than on family interest or others pressure. The women's participation and raising voices in Gram Sabha meetings is enormously increased.

14. Policy Recommendations

There is a felt need to promote SHGBLP in an accelerated manner so as to reach the unreached women and cover the under-covered and uncovered areas. There is still need for building the capacities of the SHGs and their federations, focusing on livelihood promotion and supporting the SHG members to graduate to directly borrowing from bank to pursue their microenterprises. Sooner it is done, better it will be for the country. It will be a win-win situation for all stakeholders. Further, there is a need to take certain policy initiatives to ensure the sustainability of SHGBLP, particularly on financial literacy, enterprise promotion, ensuring convergence with the other major initiatives of the Government like Standup India, Startup India, Pradhan Mantri Mudra Yojana (PMMY), National Skill Development etc. In this context, the following recommendations are made:

a) To improve the quality of SHGs

Continued capacity building of the SHGs and their federations is necessary for sustaining the impact that the SHG movement has created. The SHGs and SHG federations have to be strong and vibrant. Their quality must be improved, through continuous need based and regular capacity building exercise by SHPIs, NABARD and other stakeholders.

i) Savings: Across India, all SHGs mobilize mandatory savings from their members. It would be appropriate to promote voluntary (purpose-based) savings among SHG members. Many large SHPIs have piloted voluntary savings among the SHGs and in some cases with the SHG federations. NABARD and NRLM should formulate guidelines for promoting voluntary savings among the SHGs. This would require additional training and special focus on financial literacy. Nearly 40% of SHGs have withdrawn their savings sometime or the other. This can be effectively addressed if there is a mechanism for all the SHGs to have annual audit and a strong support system to ensure optimum use of the members' savings.

Based on the annual SHG audit, members of the SHG can be paid dividend based on their annual surpluses, which can be added to members' savings further incentivising savings in their SHGs reducing the dependency on the bank loans.

ii) Revival of dormant groups: Many SHGs were promoted across the country under SGSY programme. The majority of the groups became dormant because of varied reasons. As a result, there is a delay in getting bank loans. Adopt CRP system to revive the dormant groups and to improve the quality of groups as well as speed up the SHGBLP.

iii) Holistic Approach: The study reveals that the SHGs focus predominantly on financial agenda during their meetings. It is also observed that the SHGs and their federations act as channels for delivery of various schemes of the Government. Capacity building & mentoring support to SHGs should focus on addressing larger social issues. SHPIs could develop social capital to support the SHG agenda related to livelihoods, social and political empowerment, building on some of the learnings from

the pioneer states. Though SHGs have significantly contributed to women's empowerment, its full potential is yet to be realised as the agenda of the SHGs is restricted merely to savings & credit.

Appropriate policy guidelines may be developed to enable the institutional platform of the SHGs and SHG federations to be used for addressing larger issues of health, education and women's empowerment. SHG movement addressing the strategic needs of the women still seem to be an issue. The institutional architecture of SHGGBLP should be used effectively to promote women's leadership and socio-political empowerment of members.

b) Capacity Building to various stakeholders

i) **SHG Governance & Bookkeeping:** Book keeping still requires considerable attention. Systematic training to book keepers, drawn from either the SHG or from the community, and an effective monitoring system is necessary. Digitization of SHGs (mobile bookkeeping as was implemented in Andhra Pradesh) could be one of the ways to address this issue. SHGs must take responsibility for accurate and up-to-date book keeping by paying an appropriate honorarium to the book writer. SHPIs and SHG federations must work to institutionalize the system of annual SHG audit by "community auditors" for transparency. Completion of annual audit of an SHG might be an appropriate time for election of the new SHG leaders.

ii) **Training of Bankers & SHPIs:** In the first 10 years of SHG Bank linkage, NABARD played a pivotal role in orienting the bankers and in training the SHPIs on the entire process of SHG Bank linkage. During the study, discussions were held with SHPIs and Bankers. It was revealed that their understanding about the Cash Credit Limit (CCL) is not adequate. Such trainings are most needed particularly in the states which have low per capita SHG loan. Training and capacity building must be seen as a continuous process. Innovations like Community Based Recovery Mechanism (CBRM) that is being successfully implemented in Andhra Pradesh need to be institutionalized in all the states.

iii) **Sustainability of the SHG movement:** The role of Government of India (NRLM) is praiseworthy in promoting SHG federations at the village and cluster level to sustain the SHG movement. However, the SHG federations are yet to become fully operational based on the principle of subsidiarity by providing value-added services like training, monitoring, audit, etc., to their member organizations. There is a felt need for evolving and implementing appropriate policy guidelines on the SHG federation system.

c) To promote livelihoods

i) **Training on Agriculture & Allied Sectors:** The study findings indicate that about 41% of the credit is used for non-productive purposes. It is necessary to have an effective financial literacy training through the SHG system and to also provide training based on the economic activity taken up by the SHG members. Limited training and handholding support is provided to SHG members on the specific livelihoods taken up by them. Agriculture and allied activities are predominant

livelihoods of the rural poor. Specific trainings that will increase their incomes and reduce their expenditure and risk will have to be planned and conducted by the SHPIs. Some of the SHGs can also be linked to the Farmers Producer Organizations (FPOs) coming up across India. NABARD should take a lead in this regard, guide and support the process.

ii) Enterprise Training & Linkages: In matured SHGs, women members are taking up enterprises to increase their household incomes. These women require trainings on enterprise management and also on specific skills related to that enterprise. Facilitating linkages with markets is critical for the sustainability and profitability of their enterprise. Most importantly, such entrepreneurs require larger scale of finance which may not be serviced by the SHGs. In such cases, linking these entrepreneurs to the banks to access individual loan is important, by converging with the other government initiatives for enterprise promotion as mentioned earlier. NABARD needs to play a key role in this sphere as in agro based enterprises.

d) SHG Bank Linkage Programme

Capacity building to facilitate SHG Bank linkage by addressing some of the operational issues, scaling up innovations like computerization of SHG accounting system, ensuring a strong support system for the SHGs is important. Certain innovations and best practices like the “Bank Mitra” and the SHPIs (particularly SRLMs) having partnership with banks, orientation to bankers on a mission mode on SHG bank linkage are very important for improved SHG Bank linkage in the States that have low per capita SHG lending, particularly Assam, Odisha, Maharashtra and Uttar Pradesh. Loan volume should be decided based on velocity of internal lending of own funds rather than amount of funds in SB account. SHG Bank linkage in a timely manner with adequate loan sizes will surely serve as a major capacity building input for the SHGs.

In many of the sample states, the practice of equal distribution is still prevalent. For optimum utilization of bank loans, appropriate policies and capacity building efforts must be initiated to promote need-based lending. Credit and its utilization, monitoring through digitization is recommended. Training SHG members and also the field staff of the banks on CCL to ensure that they fully benefit from the unique features of the CCL would be an important initiative of NABARD and NRLM.

All members of the SHGs should also be encouraged to have individual bank accounts and matured SHG members to be supported to access larger individual loans directly from the banks for their enterprise needs, based on their credit history in the SHGs. SHPIs and NABARD must strongly promote graduation of SHG members to avail individual loans from the banks directly, in addition to their access to credit through their SHG. Graduation was also one of the elements of the initial vision of SHG Bank linkage programme.

1 Chapter: INTRODUCTION

1.1 The Context

India's Self Help Group movement has emerged as the world's largest and most successful network of Community Based Organizations (CBOs). It is predominantly a women's movement. As some experts have pointed out, it is a development innovation in its own right and a home grown model. The SHG Bank Linkage Programme (SHGBLP), which is India's own innovation, has proved to be one of the most effective poverty alleviation and women's empowerment programmes. The SHGBLP had a modest beginning with 225 credit linked groups and a loan amount of Rs. 29 lakh in 1992-93. Since then, the program has grown exponentially and got transformed as a mass movement across the country and the largest community based microfinance model in the world. As per the microfinance report of National Bank for Agriculture and Rural Development (NABARD), as on 31 March 2016, about 79.03 lakh SHGs have savings accounts in banks, with an aggregate savings amount of Rs. 13,69,139 lakh. While assuming that one-third of their savings was kept in bank accounts and the remaining two-thirds was with SHG members in the form of loans. The total own funds mobilised would be about 41,000 crore. Over 46.72 lakh SHGs have active loan accounts with banks, having a total loan outstanding of Rs. 57,11,923 lakh. However, there remain regional disparities in the growth of the SHG movement, with limited progress in the Eastern and Western regions.

Presently, the SHGs are able to access larger amount of loans (average of Rs. 2.03 lakh per SHG) under the bank linkage programme when compared to the initial days of the programme (Rs. 10,000 per SHG) because of their creditworthiness and good repayment ethics over a period of time. In addition, the SHGs have also mobilized an average loan of Rs. 50,000 from SHG federations, and Rs. 1 lakh from NGO-MFIs and other external credit agencies. As a result, members are able to access a large volume of credit from multiple sources. The literature suggests that small loans, especially 1st and 2nd dose of credit, were used for consumption as they were too small to take up any income generation activity. The older or the matured SHGs are getting large volume of loan in 3rd, 4th and 5th doses of credit. There are a handful of studies of how the SHG members utilize loans, primarily intended for income generation activities. Even if the loans were used for income generating activity, what is the impact on household economic activities and the overall welfare of the household members?

The loan repayment rate to banks by the SHGs is (95% plus) far the highest of all priority sector lending, for that matter in the entire loan spectrum of banks. However, over the past five/ six years, the repayment has been showing a decreasing trend. According to a NABARD publication, the percentage of non-performing assets (NPA) has been increasing over the years from 2.9% to 7.08%, though it has decreased to 6.45% during the year 2015-16. It is very high, more than 20 percent, in some of the states like Tripura, Meghalaya, Rajasthan, Odisha, Manipur, Chandigarh, Arunachal Pradesh, New Delhi, Pondicherry, Uttarakhand and UP; in some states like Nagaland, Jharkhand, Andaman & Nicobar Islands, Haryana, Himachal Pradesh, Bihar, Assam, Tamilnadu and MP it is between 10 to 20 percent; and in some states like Maharashtra, Chhattisgarh, Punjab, Gujarat, West Bengal, Mizoram, Kerala and Sikkim it is between 5 to 10 percent. The NPA

is very low, less than 5 percent, in some of the states like Jammu & Kashmir, Goa, Andhra Pradesh, Telangana and Karnataka. Of all the regions, the NPA is high in Northern Region with 19.14% and low in Southern Region with 6.45% as compared to other regions: North Eastern Region-16.49%, Central Region-15.72, Eastern Region-12.65% and Western Region-9.2%. It is essential to understand the reasons for the decrease in repayment rate and the increase in default.

Both Central and State governments through the Departments of Rural Development and Women & Child Development have promoted a large number of SHGs by implementation of various programmes like Swarnajayanthi Gram Swarojgar Yojana (SGSY), Swashakthi, Swavalambana, Mukhyamanthri Nari Yojana, PACS Programme, National Rural Livelihoods Mission (NRLM), National Urban Livelihoods Mission (NULM) etc. A large number of non-government organizations have partnered with Govt. on a programme basis to promote and strengthen SHGs. During the last one decade many state Governments like Andhra Pradesh, Telangana, Tamilnadu, Maharashtra, Bihar Rajasthan and West Bengal have been proactively engaging in SHG promotion with the financial support of international donors like the World Bank, UNDP and DFID. Similarly, NABARD has partnered with many NGOs and initiated many programmes to promote and strengthen SHGs in general and in 13 priority states in particular. Since 1980s, many NGOs have been engaging in the promotion and strengthening of SHGs with the financial support of national and international agencies. As a result, in many states, the SHG programme has reached its scale. However, there is a concern about the quality and sustainability of these institutions.

The literature suggests that a majority of the groups promoted under various Govt. programmes/ schemes, especially the SGSY groups, were formed to avail low cost & subsidized loans. However, majority of such SHGs became defunct once they got revolving fund assistance and / or SGSY loan. Even though NGOs have promoted large number of SHGs and savings linked to banks, there is an inordinate delay in credit linking with banks. Under the above circumstances, sustainability of groups is a big challenge.

The publication 'The Status of Microfinance in India 2015-16' shows that more than one half of the states and union territories (20 out of 34) have reported less than 50% of SHG bank credit linkages. However, the progress of SHGBLP is significant in some of the states like AP, Telangana, West Bengal, Bihar and Jharkhand. To sustain the SHGBLP, it is necessary to understand the factors that are hindering or contributing to SHG credit linkages with banks.

There is no handholding support to SHGs from the SHPIs, after the programme has ended. Once the donor support ended, the majority of NGOs withdrew from the programme, leaving the groups which are unable to own, manage, and control their institutions. Even though there are major SHPIs in some states, the absence of a permanent institutional mechanism like Society for Elimination of Rural Poverty (SERP) in AP and Telangana, the Bihar Rural Livelihoods Promotion Society (BRLPS) in Bihar, and the Pudhu Vaazhvu Project / Mahalirhittam in Tamilnadu has affected the growth of SHGs in these states. Further, there is a lack of political will in the ruling parties in the states along with inadequate human resources to pay adequate attention to SHG

strengthening. Even if they pay attention, the procedures adopted, the quality and the volume of capacity building inputs provided by them leave a big question.

Some of the SHPIs have introduced 'mobile book keeping' and 'e-book keeping' to improve the quality of books and transparency. The systems like 'Bank Mithra' and 'Business Correspondents' were introduced to speed up SHGBLP. Some of the organizations have adopted technological interventions like IVRS technology and web based recovery and monitoring systems to avoid delay in loan disbursement and to ensure good recovery and manage loan default. The system of cash credit limit (CCL) was introduced in the place of term loans to SHGs. The extent of awareness by the SHGs about the new system and the implementation of CCL by the banks needs to be studied. Further, how far the technological and other interventions have been adding value to sustain SHGBLP also required study.

In the year 2007, the National Council for Economic and Applied Research (NCEAR) has conducted a study on the SHG Bank linkage program covering a large sample of SHGs across the states. In the year 2011 APMAS had conducted a study on the quality and sustainability of SHGs covering a sample of 1948 SHGs in Six states viz., Andhra Pradesh, Karnataka, Gujarat, Maharashtra, Rajasthan, Bihar, West Bengal and Assam. There are numerous other studies on the self help movement in India. But most of them are small and state specific primarily focused on quality of the SHGs rather than sustainability and impact of SHGs at member, household and community levels. Therefore, it is appropriate to initiate a study of the impact and sustainability of SHGBLPs covering the regions and states in which the SHGBLP is in a great momentum.

According to K.P. & Shanmugam K, the SHG Bank Linkage programme limits its scope by providing financial assistance only and suggests that it should also focus on basic needs such as education, health, housing and social reforms. They are in support of institutional reforms in micro finance strategy of the banks in India, similar to the Grameen bank with the introduction of Grameen II. The SHG Bank Linkage model is a ray of hope when the microfinance industry is struggling because of disillusionment with the MFI model.

According to Narang and Uma (2012) the SHG bank linkage programme is not just a poverty alleviation tool but also a way to empower women to gradually break away from dominance and exploitation in the society. The authors believe that by encouraging women to become financially independent, the programme of SHG-Bank Linkages Programme provides a more favourable environment for equitable growth

Impact and sustainability: A comparative study of the growth of the SHG-Bank Linkage Programme of Six Regions in India using NABARD microfinance data from FY 2007-08 to 2013-14 concludes that after the SBL program, the number of SHGs has been increasing every year but not the financial performance of the SHGs. The rate of growth of outstanding loans and loan disbursal is constantly increasing, with considerable unevenness among the six regions (L. Manohar, 2015). The Southern region has significantly a very high outreach and North-East region has significantly low outreach. The other regions also have a lower outreach than the Southern region. The correlation between SHG savings, credit received by SHGs and loans outstanding against SHGs was strong and positively significant. The study shows that the rate of growth of SHGs is

significantly lower than the growth rate of outstanding loans per SHG. According to the study marketing was one of the barriers for income-generating activities by SHGs.

According to an analytical study by Ramakrishna H. J. K. M., Saleema B., & Mallikarjuna B. (2013) of the performance of the SHGs in India, SHGs are powerful instruments for poverty alleviation and employment generation, especially for rural women. SHGs act as means to make the women self-reliant and independent. But in the long run a strong commitment to the sustainability of their activities is still a concern in many regions of India. The study suggests that the failure rate of the SHGs can be brought down through policy measures providing compulsory education of SHG members by starting learning centres in the village itself. The authors also observe that better time management and commitment to regular meetings will contribute to sustainability of the groups.

Regional Variations: A study in Uttar Pradesh of SHGBLP suggests that the implementers of the programme resisted the expanding coverage of SHGs due to competition with other on-going programs to increase self-employment and wages, causing members to withdraw from the groups. It suggests that for sustainability of the SHGs the focus on social intermediation needs to be combined with interventions including gender awareness, education, health, sanitation, social problems, etc. As per this study, the lack of an appropriate strategy in the area of training and capacity building is the reason for the saturation of SHG Bank Linkages.

Assessment of the overall impact of the program in India shows significant regional variations of the SHGBLP in different regions. Andhra Pradesh alone has 31% share of the overall bank linkages in 2010-11 and the share of the four southern states i.e. AP, Tamil Nadu, Kerala and Karnataka is 61% in the same year. Region-wise analysis shows that in year 2010-11, around 6 lakh families in northern region availed bank loans through SHGBLP and above 6 lakh in North-East region. The Eastern region crossed 35 lakh families, the central 7 lakh and the western 13 lakh. With 102 lakh families benefitting from the programme, the Southern region is on the top (Rajeev, M., Vani, B. P., & Veerashekharappa, V, 2012).

Andhra Crises: Mader, P. (2013) attributes the SHG bank linkages crises of Andhra Pradesh not to wicked political decisions but to internal issues of the microfinance sector itself. This originated with the use of credit as an instrument of social policy in India under the impetus of neo-liberal reforms of 1990s. This scenario led to over indebtedness among the poor population as they started depending on the debt for survival. The article suggests the cause of AP crises was mainly home grown, with and the state government's intervention as an enabling factor.

Many studies of the impact and sustainability of the SHG movement show that the movement had great potential for the poverty alleviation and women empowerment. The need for sustained training and support for capacity building is one of the most important constraints faced by the SHGs (K.R. Reddy, C.S. Reddy, 2012). Banks should take up SHG linkages as a business opportunity and not just a social obligation. For addressing the issues of inequalities, engagement of the banks with the SHGs needs to be deepened to build their capacity.

1.2 Objectives of the study

In the above context, an in-depth study was proposed to understand the impact and sustainability of SHG bank linkage programme in India. The specific objectives of the study were:

- i) to know the status of SHGs promoted by various SHPIs – government, non-government organizations, banks and SHG federations;
- ii) to assess the impact of SHGs on economic activities, household welfare and social empowerment of SHG members;
- iii) to know the perceptions and support of bankers for SHGs, JLGs, microfinance, credit linkage and banker SHG relations;
- iv) to understand the adequacy & efficacy of capacity building activities for SHG members as well as stakeholders, micro entrepreneurship development programmes, livelihood programmes;
- v) to assess the extent of dormancy in SHGBLP, reasons for it and scope for the revival of dormant SHGs, and the problems and prospects for sustainability of SHGs;
- vi) to compare the quality, standards and best practices of SHGs promoted by different SHPIs;
- vii) to know the role and capability of SHPIs, SHG federations and other stakeholders; and
- viii) to develop strategic and policy recommendations based on the study findings.

1.3 Research methodology

a) **Key research questions:** To address the above study objectives, the following key research questions were formulated.

- Status of SHGs
 1. What is the quality of SHGs credit linked to banks?
 2. Do the members have access to both internal and external funds of SHGs?
 3. What is the repayment rate from SHGs to banks? What is the incidence of default? What are the reasons for low repayment and / or defaulting?
 4. How far are the SHG members served by various social security and development programmes?
- Capacity building programmes
 1. What are various programmes on capacity building, skill development, livelihood and entrepreneurship meant for SHG members?
 2. What is the adequacy and efficiency of various capacity building programmes?
- Role of banking institutions
 1. What are banker's perceptions of credit linkage of SHGs and JLGs?
 2. What should be the relationship between SHGs and banks?
 3. What are various issues in supporting SHGs and JLGs in credit linkages with banks?

- Dormancy & sustainability of SHGs
 1. What is the incidence of dormant SHGs?
 2. What are the reasons for dormancy and the possibilities of revival of dormant groups?
- Role of various stakeholders
 1. What is the role of SHPIs, SHG federations and other stakeholders in the implementation of SHGBLP?
 2. What are the capabilities of various SHPIs in addressing the issues at various levels of SHGBLP?
- Impact of SHGBLP
 1. What is the impact of SHGs on household economic activities and welfare?
 2. What is the impact of SHGs on member social empowerment?

b) Sampling design: SHGs that are credit linked to banks at least once as on date of data collection is the universe of the present study. The sample units include i) states, ii) districts, iii) blocks, iv) villages, v) SHGs, vi) SHG members, vii) district officials, viii) NGO chief functionaries and ix) SHG federations.

- i) **States:** Geographically, India is divided into six regions namely – South, East, West, North, Central and North-east. The study proposed one state from each region. In Southern region two states were proposed as there is large number of SHGs with credit linkage compared to other regions. Further, the Northern region was excluded from the study as there are few SHGs with credit linkages in those states. In a region where the state has a high density of SHGs & credit linkages with banks and there is a presence of major SHG promoters, one state was selected. Totally, 6 states were selected: AP and Karnataka from Southern region, Maharashtra from Western region, Odisha from Eastern region, UP from Northern region and Assam from North Eastern region of India (For details see map).
- ii) **Districts:** Based on a) the number of SHGs & the SHGs credit linked to banks, b) development of the district based on the human development index (HDI), c) the presence of different SHPIs, d) the presence of SHG federations, and e) the presence of MFI/NGO-MFIs, two districts were selected in a state in consultation with the major SHG promoters and NABARD regional offices. This would help in comparing the quality of SHGs as well as issues between developed and underdeveloped districts and between SHPIs.
- iii) **Blocks:** Generally, there are disparities in the growth of SHG programme between the regions in a district due to multiplicity of reasons – remoteness in terms of transport & communication, socio-economic conditions of the people, occurrence of natural resources and so on. To understand the influence of the above factors on SHGs, three blocks representing different socio-economic settings were selected in a district. Further, the study team ensured that district selection criteria have been followed while selecting the blocks.
- iv) **Villages:** In a block, four villages were selected based on location, access to headquarters, presence of NGOs, presence of federations and the number of

SHGs in a village. The villages that have more than five SHG credit linkages were selected to avoid inadequacy of sample SHGs for data collection.

Table 1-1 Criteria for the Selection of Districts in a State

Name of the state	Name of the district	Sampling criteria			
		No. of SHGs	Active loans	HDI rank	Major SHG Promoters
AP	Anantapur	67,775	55,388	11	Govt./SERP
	West Godavari	76,613	67,088	2	RDT, Poduru MACS
Assam	Darrang	2,016	1,443	22	NRLM
	Jorhat	1,856	1,398	1	SDCCC
Karnataka	Dakshin Kannada	21,476	19,215	2	Govt., SKDRDP
	Koppal	11,945	22,321	24	Kishkinda Trust
Maharashtra	Kolhapur	4,717	4,030	5	Govt., MVIM SSBVS,
	Wasim	4,794	3,850	32	Chaitanya
Odisha	Cuttack	20,789	11,722	3	Govt./NRLM, NIGAM,
	Koraput	9,037	6,965	27	Pragathi
UP	Raibareli	2,823	2,006	55	NRLM, RGMVP
	Saharanpur	2,531	1,418	9	Janhit Trust

- v) **SHGs:** Normally, there are three to six habitations in a Gram Panchayat. The main village is usually heterogeneous in social composition and the other habitations are generally homogenous in terms of household social categories. Development programmes generally start in the main village, except if the intervention is intended for a specific location, social category or community. Criteria for SHG selection were: representing many habitations and social categories, being more than three years old, at present having a loan outstanding with banks, and being promoted by different promoters. Keeping the above criteria in mind, three SHGs were selected in a village. If there were any JLGs formed to take up income generation or entrepreneurial activities within the SHGs, those SHGs were included in the sample purposively to understand the dynamics between the JLG and SHGs.
- vi) **SHG members:** There are 10 to 15 members in a group. Each group selects two or three members as office bearers to run the group activities. The office bearers have more exposure and access to various kinds of SHG services compared to regular members. To understand the impact at SHG member and household levels, one leader and one regular member were selected randomly in a SHG based on their availability.
- vii) **Bankers:** Semi structured interviews were held with the Lead Bank District Manager and Assistant General Manager (AGM) / District Development Manager (DDM) of NABARD in each district based on their availability. Further, in each district, 3 Bank Branch Managers, one in each sample block were interviewed. Totally, 35 bankers were interviewed at district and block levels. The study team

took care to cover all categories of banks: Commercial Banks (CBs) Regional Rural Banks (RRBs) and District Credit Cooperative Banks (DCCBs)

- viii) **District Officials:** The District Rural Development Agency and Women & Child Welfare Departments are the two Govt. Departments that have been playing a major role in SHG promotion. Therefore, interviews were conducted with 16 Govt. officials to gain their insights on the impact & sustainability of the SHG bank linkage programme.
- ix) **Non Government Organizations:** In terms of numbers, NGOs are next to Government in SHG promotion. To capture NGOs' experiences, the study team interacted with 17 NGOs' Chief Functionaries, at least one in each district.
- x) **SHG federations:** The study teams have interacted with 13 federations in the sample states.

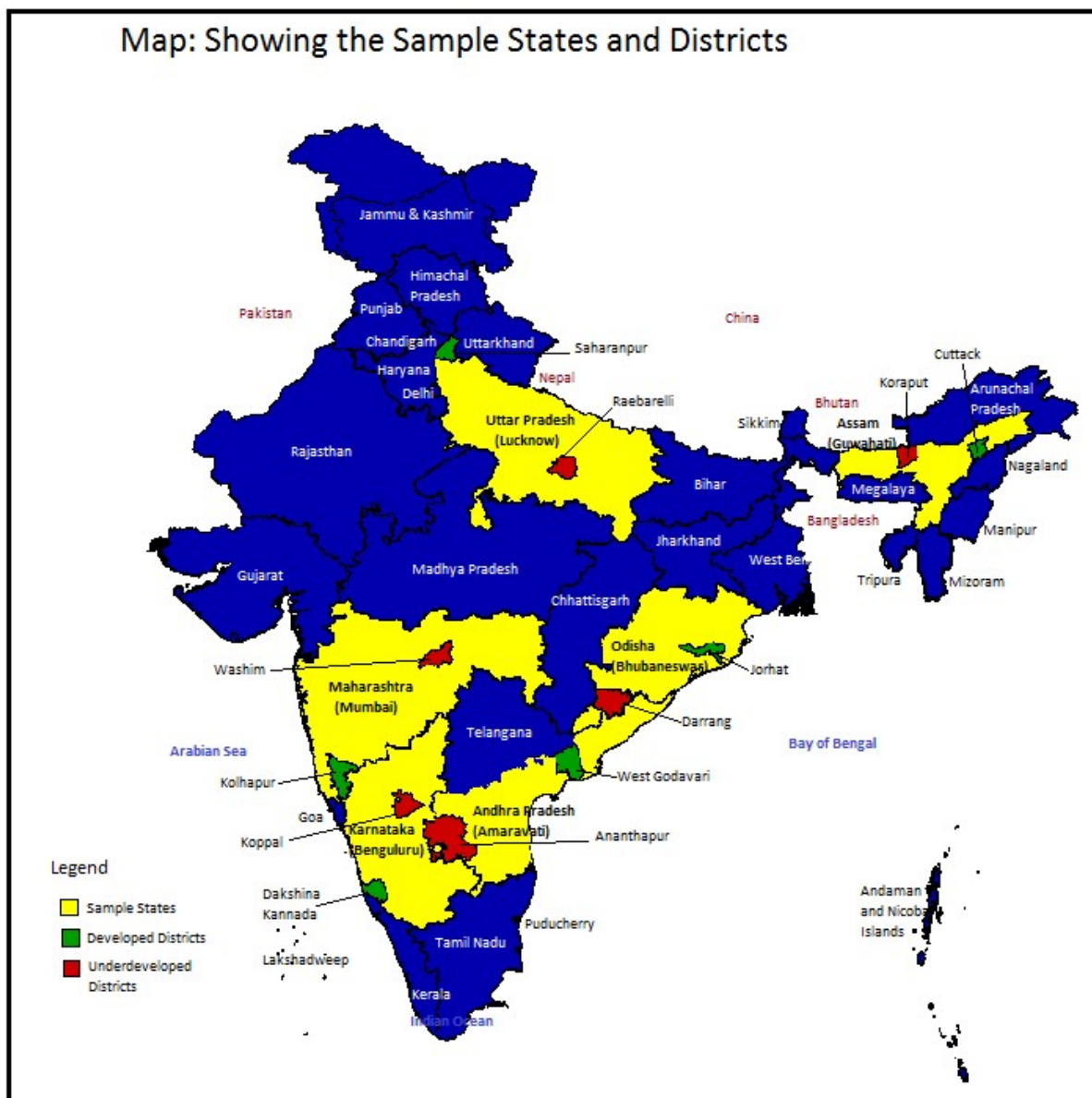
Table 1-2 State-wise Coverage of Sampling Units

S. No.	Units	AP	AS	KA	MH	OR	UP	Total
1	Districts	2	2	2	2	2	2	12
2	Blocks	8	6	7	6	4	9	40
3	GPs	23	24	33	31	22	25	158
4	SHGs	72	72	72	72	72	72	432
5	Members	144	144	144	144	144	144	864
6	Bank Branches	7	5	7	6	4	6	35
7	Govt. Officials	2	2	5	3	2	2	16
8	NGOs	3	1	4	4	2	3	17
9	Federations	2	5	1	2	2	1	13
10	FGDs	2	2	2	2	2	2	12

- xi) **FGDs:** 12 focus group discussions (one per district) were held with 10 to 15 SHG representatives in large villages to understand the dynamics at the village level since the SHGs began.

Totally, the study covered 864 members, 432 SHGs, 35 bank officials, 16 Govt. officials, 17 Non-Government Organization chief functionaries, 13 SHG federation office bearers and 12 focus group discussions with SHG members in 40 blocks of 12 districts in 6 states of India. Table-1.2 gives the state-wise details of sampling units covered for the study.

Figure 1-1 Map showing the sample states and districts



c) **A combination of methodologies:** An admixture of qualitative and quantitative methodologies was used to gather information at state and district levels as well as at member levels i.e. SHG federations, SHGs and members. Secondary data was gathered and reviewed. To know the insights of various stakeholders on the SHGBLP in the sample states and districts semi-structured interviews were conducted with representatives of different institutional heads such as Dept. of Rural Development, women & Child Welfare Department, SLBC, NGOs etc. The data collected from these stakeholders was used as the basis to understand current outreach and trends. The same data were used to decide the district and area sampling.

i) **Field research methods:** At the field level, quantitative as well as qualitative methods were used to obtain information from various stakeholders. Separate formats for different sampling units such as SHG member households, SHGs, Office bearers of SHG federations, Chief functionaries of NGOs, Government officials and bankers were developed.

1. **SHG format:** Largely covered the aspects related to SHGs such as profile of SHGs, core features of SHGs, norms and practices, membership enrolment & withdrawal, financial status, access to financial, non-financial and development services from various agencies, role of SHGs in the implementation of Government welfare & development programmes, and enterprise activities taken up by the SHGs and grading of SHGs.

To understand the quality of SHGs, all the sample SHGs were graded by administering the Critical Rating Index (CRI) tool developed by NABARD. It mainly covers i) solidarity among the members, ii) members' awareness of group norms, iii) periodicity of meetings & member attendance, iv) financial transactions within or outside the meetings, v) regularity of savings, vi) velocity of lending, vii) mode of repayment, viii) defaults and ix) book keeping. Each variable has its weightage of marks in a 3 or 4 point scale. Based on the total number of marks obtained, all the groups were graded as A, B and C. If a group scores 70 and above then it was graded as 'A', between 50 and 69 marks then it was graded as 'B' and less than 50 marks then it was graded as 'C'.

2. **Household format for SHG members:** The impact and empowerment aspects are mainly focused. In addition, the socio-economic conditions of the member households, access to credit & loan utilization, the trainings attended related to SHGs, development schemes, personal development and livelihoods were also covered.
3. **Format for bankers:** Mainly intended for capturing the perceptions of Branch Managers, the Lead District Managers and NABARD officials at the district level on SHGBLP implementation, particularly reasons for dormant / defunct SHGs, delay in SHG bank linkage and default management, and impact of SHGs on individual, groups, community and bank branch levels.
4. **Format for Self Help Promoting institutions – Govt. and NGOs:** to know the kinds of services that the promoting agencies provide to the SHGs and SHG federations, the role of SHPI in the implementation of SHGBLP and the views of SHPI on the impact of SHGs on members, households in particular and community in general. It also captured the areas that need to be improved for the better implementation of the SHG bank linkage programme.
5. **Format for federations:** Largely focussed on the kinds of services that the federations provide to SHGs, role of federations at all stages of SHGBLP implementation and the perceptions of office bearers of the impact of SHGs at different levels: individual, household village and community, and ideas for the better implementation of SHGBLP.
6. **Checklist for focus group discussions (FGDs):** to identify the changes, particularly in the village economy, community infrastructure, local politics, women empowerment and traditional credit sources/ money lending since the SHGs began.
7. **Checklist for case studies:** A checklist was developed to conduct in-depth interviews with selected SHGs, members, bankers, NGO chief functionaries, Govt.

officials in different locations as follow up on interesting stories that emerged from semi structured interviews or focus group discussions relating to SHG functioning, women's empowerment and the impact of SHGs.

ii) Piloting & standardization of tools: The draft data collection tools were shared with the Micro Credit Innovations Department (MCID) of NABARD, Study Advisory Team of APMAS and the study partner agencies for feedback. Further, APMAS pre-tested all the formats and checklists in the Nallamada Mandal of Anantapur District in Andhra Pradesh. Based on these inputs the draft tools were finalized. The data collection formats, particularly SHG and member household schedules, were translated into regional languages: Telugu, Assamese, Kannada, Marathi, Odia and Hindi.

d) Fieldwork: i) Study teams - A Six-member study team was formed with those who have 5 to 10 years of research experience to assist the Principal Investigator in finalizing the study design, reviewing secondary literature, developing data collection tools, orienting field teams, conducting extensive fieldwork, supervising field teams, analyzing data and report writing. A two day workshop was organized with the study team and technical advisory team to get a common understanding of the study design and procedures for data collection. In each study team, one member was designated as 'State Study Coordinator' and made him/her responsible for state level activities: communication with NABARD state offices, selection of study partner agency, selection of research supervisors in consultation with partner agency, selection of investigators, translation of data collection tools into regional languages and coordinating with other NGOs, Govt. officials, banks and federations.

In each state, a 5 member field team (4- research associates and 1- Research supervisor) headed by a research supervisor was formed with those who have minimum 2 years of experience in fieldwork and data collection, and knowledge of SHGs and their federations with the support of study partner agencies. A two day 'Orientation' was conducted for the field teams to provide common understanding of the study objectives, sampling selection, data collection techniques & tools, editing of filled in formats and writing of case studies. The Principal Investigator coordinated the study team, field teams as well as the study.

ii) Fieldwork schedule: The list of sample districts and fieldwork plan was prepared and shared with NABARD Head Office and Regional Offices of the states selected for the study. In turn, NABARD Regional Offices communicated the same to the district officials of NABARD by email and over phone. In addition, NABARD Regional Offices have shared the details of the AGMs / DDMs at district level including name, designation, mobile phone number and email ID with APMAS to avoid delays. The state coordinator and the study partner agency finalized the blocks and fieldwork schedule in the districts by consulting AGM/DDM of NABARD. Fieldwork was started in 1st or 2nd week of May 2016 in all the states simultaneously, and was carried out for a period of one and half months from 3rd May to 15th June 2016 in two phases.

1.4 Data entry and analysis

a) Quantitative data: All the completed SHG and Member formats were edited and coded before being sent for data entry. To enter data into a computer, Data Entry

Formats in MS Excel programme were prepared for all the data collection formats. A one day orientation and handholding support was provided to the Data Entry Operators on the process of data entry. Firstly, the data were entered in EXCEL format. Secondly, the entries were randomly checked whether the data was entered correctly or not. Thirdly, the data was cleaned and edited. Later it was transferred to Statistical Package for Social Sciences (SPSS) programme for analysis. Secondary variables were generated based on the requirement for in-depth analysis.

Data was analysed with simple statistical tools like percentages, averages, proportions etc. Frequency tables, cross tables and graphs were prepared and extensively used in the report to communicate causal relations among different variables and to draw meaningful inferences. The variables considered were 1) state – AP, AS, KA, MH, OR and UP; 2) socio-economic conditions of district- underdeveloped and developed; 3) social category –ST, SC, BC, Minorities and OC; 4) bank category – CB, RRB and DCCB; 5) SHPI – Govt., NGO and Others; 6) age of SHG – 3-6 years, 7-9 years, 10-12 years, 13-15 years and 15 & above years, and 7) SHG grade –A, B and C.

b) Qualitative data: The data collected from key informants such as the Govt. officials, NGO chief functionaries, bankers, federations and SHGs through FGDs were entered into a matrix that maps the key issues. Further, a code sheet was developed to quantify qualitative data. All the qualitative data was converted into quantitative data for further analysis.

1.5 Limitations of the Study

- i) Mismatch of SHG data provided by the banks, NGOs and Government. Records are not up to date. Some of the SHGs in the list were not found during field visits. Most SGSY groups are not functioning, and not responsive to the study team and SHPI field staff. Therefore, the study team was dependent on field staff to mobilize SHGs for interactions.
- ii) Even though the promoters sent communication well in advance to the field teams, there was a communication gap. Further, a majority of the SHG members are engaged in labour or some other work. As a result, there was only a moderate member attendance in Focus Group Discussions with SHGs
- iii) The study team had shared the list of sample SHGs to be visited and the time of visit with field staff well in advance to avoid delay, ensure maximum number of members' participation in FGD and to save time. The staff took this as an advantage to up-date group records, especially the meetings' minutes book, to project that the quality of groups is good.
- iv) The study team considered the lending and repayment of own funds while grading SHGs. This undermined the grades of SHGs, even though the repayment to banks is good.
- v) Normally, loans borrowed from banks under SHG-bank linkage programme are distributed equally to all the members. Most of the SHGs have not documented the purpose of loan in the loan ledger. Hence, the study team was unable to collect purpose-wise loan data. Further, the information on latest loan utilization was collected from the households by 'remembrance method'. In few cases,

there is a possibility of over reporting to Income Generation Activity, as they thought the study team is from government

1.6 Structure of the report

The findings of the study are presented in 8 chapters preceded by executive summary. Chapter-1 gives a brief overview of literature, explains the context and methodology of the study. Chapter-2 presents the SHG movement in the sample states, and the profile of sample SHGs and SHG members. Chapter-3 assesses the status of SHGs currently credit linked with banks in terms of five core elements of SHGs and grading by using the Critical Rating Index. Chapter-4 analyses the credit behaviour of SHGs: access to external credit, loan utilization, repayment to banks & default management, and sustainability issues with reference to SHGBLP. Chapter-5 analyses the insights of bankers and other promoters with regarding to SHGBLP. Chapter-6 evaluates the empowerment of women due to participation in SHGs. Chapter-7 focuses on SHGs' impact on individual, household, village/community and group levels. Chapter-8 provides policy recommendations based on the study findings.

2 Chapter: PROFILE OF SAMPLE SHGs AND MEMBERS

This chapter gives brief profiles of sample states followed by an overview of the SHG movement, including the spread of SHGs and their federations, savings and credit linkages with banks, NABARD-NGO collaboration in the promotion of SHGs and number of banks involved in the implementation of SHG bank linkage programme in the sample states. Thirdly, it describes the profile of sample SHGs in terms of their size, age, promoters, social composition or homogeneity and heterogeneity and association with banks. It also discusses the socio-economic conditions of the sample SHG members with reference to their social category, educational levels, types of households, incidence of migration, position in SHGs and federation.

2.1 SHG MOVEMENT IN INDIA

a) **Milestones in the history of SHG movement:** There are many milestones in the evolution of SHG movement in India. They are as follows:

- 1982: Setting up of NABARD to improve credit flow to agriculture and rural non-farm sector. NGOs promote the alternative stream of facilitating thrift and savings women SHGs as an alternative to mainstream financial services to reach un-reached segments of society.
- 1986: In 1986/87 there were some 300 SHGs in MYRADA's projects. Many of them had emerged from the breakdown of the large cooperatives organised by MYRADA. Similarly in Maharashtra (and other states) under the Integrated Child Development Services (ICDS) programme, *Mahila mandals* were established by the government with the help of NGOs such as Chaitanya. In 1987 the NGO Professional Assistance for Development Action (PRADAN), which was working on a pilot on the effectiveness of the government's poverty alleviation programme in Rajasthan, introduced savings in groups that had been provided with a grant for fodder purchase to deal with the drought conditions.
- 1987: NABARD takes the lead in partnering with NGOs, particularly MYRADA, to pilot the SHG-bank linkage model. In the late 1980s', dismayed by the poor performance of formal institutions in providing financial services to the rural areas and the poorer sections of the society, the Government of India contemplated promoting another apex bank to take care of financial needs of the poor, informal sector and rural areas. At that point of time NABARD initiated a search for alternative methods to fulfil the financial needs of the rural poor and informal sector and found SHGs as an interesting and effective means to provide the banking services to the so-called un-bankable people. NABARD initiated an experiment with MYRADA on SHG lending in 1987 by providing it with a grant of INR 1 million (U.SD 16,120) to identify affinity groups, build their capacity and match their savings after a period of 3-6 months. Encouraged by the results, the NABARD initiated the pilot project of SHG bank linkage in 1992.
- 1989: The International Fund for Agriculture Development (IFAD) assisted Tamil Nadu Women's Development Project which was first introduced in Dharmapuri district in 1989 and subsequently scaled to six more districts. The Tamil Nadu Corporation

for Development of Women Ltd. was the implementing agency and Indian Bank was the nodal bank for the project.

- 1990: SIDBI, set up in 1990 as a non-independent financial institution, aimed to aid the growth and development of micro, small and medium-scale enterprises (MSME) in India. Beginning as a refinancing agency to banks and state level financial institutions for their credit to small industries, it has expanded its activities, including direct credit to the SME through 100 branches in all major industrial clusters in India. In addition, it has been playing the development role in several ways such as support to microfinance institutions for capacity building and on-lending. IFAD supported the first state sponsored programme based on SHG concept in Tamil Nadu. The Tamil Nadu Women Empowerment Project of IFAD was implemented in Dharmapuri district through the Women Development Corporation, Govt. of Tamil Nadu. MYRADA plays key role in supporting the project.
- 1992: SHG Bank-Linkage initiated PRADAN forms the first SHG federations. SHG federations emerge to sustain the SHG movement and to provide value-added services. To overcome the inherent limitations of a small unregistered group, and as part of a withdrawal strategy, promoters facilitated the formation of federations.
- 1995: Formation and inclusion of NGO-MFIs, NBFCs and Post Offices as tools to meet the credit needs of the SHGs. Women from poor districts in Andhra Pradesh, who have benefited from a UNDP poverty alleviation programme, have discovered that social mobilisation is an important tool. SHGs incurred significant transaction costs (in terms of travel costs, opportunity cost of time) when they tried to access credit from banks. To counter this, the establishment of NGO-MFIs, NBFCs and post office interventions helped increase the supply of credit with reduced transaction costs by implementing mechanisms like door step delivery, timely access of credit and so on. Not-for profit MFIs were formed by agencies such as MYRADA, while for profit legal NBFCs were formed by agencies such as SKDRDP in Karnataka. The UNDP project was launched in 1995 in 750 villages of Kurnool, Mahabubnagar and Anantapur districts in Andhra Pradesh. It adopted social mobilisation as the means to emancipate women from abject poverty. Apart from India, the South Asian Poverty Alleviation Programme (SAPAP) was also launched in Bangladesh, the Maldives, Nepal, Pakistan and Sri Lanka.
- 1997: SIDBI starts supporting small NGOs working as micro-finance institutions. Since early years of its establishment in 1990, in line with its mandate for promotion, development and financing of the MSME sector, SIDBI had started its micro finance intervention by way of extending small loans and grants to different agencies involved in various developmental activities including micro credit.

International partners in development; it was also during this time of the late nineties and the turn of the decade that many new development programmes were launched; Swashakthi pilot project was initiated with joint assistance of IFAD and World Bank by Women Development Corporation. The Swayamsiddha Project, once again with WDC as promoter, was launched as a follow-up project of Swashakthi. The Mission Shakthi aimed at empowering women through formation

- and promotion of one lakh women's Self Help Groups over a period of 4 years - 2001-2005 and strengthening the already existing ones.
- 1999: Set up of SIDBI Foundation of Micro-Credit a part of DFID funded project; and Swarnajayanti Swarojgar Yojana (SGSY) – rural self- employment scheme launched.
- 2000: Lending to micro-finance institutions is included in RBI priority sector list.
- 2001: A number of development programmes launched: Swayamsiddha, Velugu, and Mission Shakti
- 2005: RBI introduces “No- frill account” a basic savings account for improving financial inclusion.
- 2006: NABARD introduces the innovative concept of Banking Correspondents and Banking Facilitators. In January 2006 RBI came out with the first agent led or branchless banking initiative in the form of the circular on Business Correspondent/Business Facilitator Model with fair bit restrictions on eligibility criterion. The important point remains that, apart from other lofty intent, it was a marked departure from conventional thinking and replicating global standards set in other terrain.
- 2007: NABARD issues a circular that facilitates financial support to promote SHG federations. During the late nineties and through the first decade of 2000, SHGs and SHG federations gain widespread recognition to be partners of various mainstream agencies such as financial institutions, corporate sector, and government. NABARD Financial Services Limited, [NABFINS] is a subsidiary of NABARD with equity participation from NABARD, Government of Karnataka, Canara Bank, Union Bank of India, Bank of Baroda, Dhanalakshmi Bank and Federal Bank. The main objectives of the Company are to provide financial services in two broad areas of agriculture and microfinance. Based on the recommendations of the “Committee on Financial Inclusion” two Funds, namely the “Financial Inclusion Fund (FIF)” for meeting the cost of developmental and promotional interventions for ensuring financial inclusion, and the “Financial Inclusion Technology Fund (FITF)”, to meet the cost of technology adoption was set up at NABARD with an overall corpus of INR 500 crore each.
- 2011: NRLM launched by the Ministry of Rural Development Govt. of India. NRLM has an agenda to cover 7 Crore rural poor households, across 600 districts, 6,000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country
- 2012: The SHG-Bank Linkage Programme was given a renewed thrust with the launch of SHG-2. The focus of SHG-2 would be on voluntary savings, cash credit as a preferred mode of lending, scope for multiple borrowings by SHG members in

keeping with repaying capacity, avenues to meet higher credit requirements for livelihood creation, SHG Federations as non-financial intermediary, rating and audit of SHGs as part of risk mitigation system and strengthening monitoring mechanisms. SIDBI is implementing the Poorest States Inclusive Growth (PSIG) programme funded by UK Aid through Department for International Development (DFID), UK. This project will ensure that 12 million poor households are reached with financial services and over 5 million women clients testify improvements in social status and mobility. PSIG is expected to leverage private sector financial and technical resources to reach up to 12 million direct and indirect programme participants in 4 states of UP, MP, Bihar and Odisha. The programme duration is 6 years starting from April 2012-March 2018, extendable up to 1 year i.e. March 2019.

b) Number of SHG federations: Table-2.1 shows that of the total 1,78,664 SHG federations in India, about 86,893 are in the states studied. Of these, 84,456 (97.2%) federations are primary level federations, 2,373 (2.73%) are secondary and the remaining 80 (0.09%) are tertiary level federations. Of the sample states, the number of primary level federations are high in Andhra Pradesh (50,459) followed by Maharashtra (11,359) and low in Assam (1,336) followed by Uttar Pradesh (2,619). The number of secondary and tertiary level federations is also high in Andhra Pradesh. But in Assam and Uttar Pradesh there are no tertiary level federations.

Table 2-1 Presence of SHG Federations in the Sample States

S. No.	Name of the state	Federation			Total
		Primary	Secondary	Tertiary	
1	Andhra Pradesh	50,459	1,428	22	51,909
2	Assam	1,336	3	0	1,339
3	Karnataka	7,731	159	2	7,892
4	Maharashtra	11,359	315	16	11,674
5	Odisha	10,952	364	40	11,356
6	Uttar Pradesh	2,619	104	0	2,723
Total		84,456	2,373	80	86,893
India		1,71,507	7,091	132	1,78,664

Source: *Federations in India*, APMAS, 2013

c) Banks engaged in SHG bank linkage programme: Table-2.2 shows that there are 298 banks in the sample states, where 181 are Commercial Banks, 97 are Cooperative Banks and 20 are Regional Rural Banks. Maharashtra has the highest SHG bank linkage program with 68 banks; in which majority of the banks are Commercial Banks (34) followed by Cooperative Banks (32) and Regional Rural Banks (2). Least number of banks are in Assam with 28 banks, commercial banks (25) followed by Regional Rural Banks (2) and cooperative banks (1). Remaining states were moderate with Karnataka (59), Andhra Pradesh (53), Odisha (47) and Uttar Pradesh (43) (NABARD, 2016).

Table 2-2 Banks Engaged in SHGBLP in the Sample States

S. No	Name of the state	Types of Banks			Total
		CBs	RRBs	DCCBs	
1	Andhra Pradesh	34	4	15	53
2	Assam	25	2	01	28
3	Karnataka	35	3	21	59
4	Maharashtra	34	2	32	68
5	Odisha	27	2	18	47
6	Uttar Pradesh	26	7	10	43
Total		181	20	97	298
India		753	56	297	1,106

d) **SHG Bank Linkage in the sample states:** As on March 2016, there are 38.4 lakh SHGs that have savings accounts with a bank in the sample states (NABARD, 2016). Table-2.3 shows that the number of SHGs is high in Karnataka with 9.62 lakh and low in Assam with 3.33 lakh compared to other states. All the SHGs in the sample states together have a total savings of Rs. 7,424 crore in their savings bank accounts with an average of Rs. 19,348 per SHG. As can be seen from Table-2.3, the total loans provided by the banks to SHGs is more than 4 times the total SHG savings with banks.

Table 2-3 Status of SHGBLP in the Sample States as on March 2016

S. No.	Name of the state	No. of SHGs	Savings Amount with banks in Rs. Lakh	No. of SHGs have active loan	Loan O/S Amount with banks In Rs. Lakh
1	Andhra Pradesh	9,01,517	4,14,561	8,02,227	17,22,083
2	Assam	3,33,686	11,128	1,07,137	66,031
3	Karnataka	9,62,446	1,44,242	6,32,437	7,47,475
4	Maharashtra	7,89,158	85,745	2,08,141	1,69,732
5	Odisha	4,86,686	48,587	2,13,871	1,88,335
6	Uttar Pradesh	3,63,979	38,206	2,17,159	1,52,568
Total		38,37,472	7,42,472	21,80,972	30,46,224
India		79,03,002	13,69,139	46,72,621	57,11,923

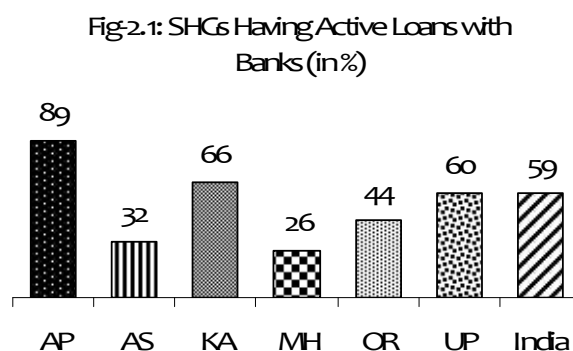
Source: NABARD, *Status of Microfinance in India 2015-16*

The average balance in a SHG saving bank account is high in Andhra Pradesh with Rs. 45,985 and low in Assam with Rs. 3,335 when compared to other states (Karnataka - Rs. 14,987, Maharashtra – Rs.10,865, Uttar Pradesh –Rs. 10,497, and Odisha – Rs. 9,983). It is more than three times in Andhra Pradesh, when compared to many sample states as the AP SHGs were able to access interest-free bank loans. With Rs. 7,423 crore of SHGs savings being with the banks in the sample states, banks have lent more than four times of SHG savings with them.

e) **SHGs active loans with banks:** i) **Number of SHGs** - According to a NABARD publication, as on March 2016, of the total 38.37 lakh SHGs in the sample states with savings bank accounts, 57% of SHGs have active loans with banks, which implies that 43%

of SHGs in the sample states that have a bank account are awaiting either for a first bank loan or a repeat bank loan. This is a major cause for concern as banks take a long time to give a loan after a SHG opens a savings bank account. Members of these SHGs tend to either borrow from moneylenders or from the commercial MFIs at high rates of interest. Of all the sample states, the percentage of SHGs that have an active loan with banks is high in Andhra Pradesh with 89% and low in Maharashtra with 26%. Figure-2.1 shows that out of six sample states, three have less than 50 percent of SHGs holding active loans with banks. It shows that there are wide disparities between states in the percentage of SHGs that have active loans with banks. At the national level 41% of SHGs that have a bank account are awaiting a bank loan, either for the first time or a repeat loan.

Figure 2-1 SHGs Having Active Loans with Banks (in %)



ii) **Amount of loan outstanding to banks:** In the sample states, 21.8 lakh SHGs have a total loan outstanding of Rs. 30,462 crore with an average of Rs. 1,39,672 per SHG, which is a little higher than the national average (Rs. 1,22,242) (NABARD, 2016). The average amount of loan outstanding to bank per SHG is highest in Andhra Pradesh with Rs. 2,14,662 followed by Karnataka at Rs. 1,18,189 and lowest in Assam with Rs. 61,632 when compared to other states (Odisha– Rs. 88,060, Maharashtra – Rs. 81,546, and Uttar Pradesh Rs. 70,256). The average SHG loan amount outstanding per SHG was more than double in Andhra Pradesh and Karnataka when compared to other states as these two states have led the SHG Bank linkage programme from the beginning with a proactive role played by the State Governments with the support of NGOs. This could be due to the fact that scaling up of SHG Bank linkage has been slow and more recently in other states. It illustrates that the SHG-BL programme, in terms of depth and breadth, is not impressive in many sample states.

iii) **Non Performing Assets (NPA):** According to NABARD as on March 2016, the percentage of NPA against the loan outstanding in the sample states is 12.2% which is nearly double the national average (6.45%). Table 2.4 shows that the percentage of NPA is the highest in Odisha with 24.93% and the lowest is in Karnataka with 2.1% as compared to other states. In the states like Assam, Maharashtra, Odisha and Uttar Pradesh the percentage of NPA has been increasing during the last five years. But in AP and Karnataka, the percentage of NPA increase is less as compared to other states.

Table 2-4 Non Performing Assets as Percentage to Loan Outstanding

S. No	State/Country	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1	Assam	8.31	4.59	8.12	7.35	10.22	13.21
2	Andhra Pradesh	2.02	3.46	3.11	3.29	6.04	3.23
3	Karnataka	2.98	3.35	3.27	3.62	6.20	2.10
4	Maharashtra	7.81	8.89	9.59	9.37	9.84	9.63
5	Odisha	6.24	11.86	18.27	18.91	15.60	24.93

6	Uttar Pradesh	11.08	12.51	18.22	20.07	19.41	20.11
	All	6.41	7.44	10.10	10.44	11.22	12.20
	India	4.72	6.09	7.08	6.83	11.1	6.45

f) **NABARD- NGO Collaboration for the promotion of SHGs:** Table-2.5 shows that as on March 2016, NABARD collaborated with 1,633 NGOs in the study states, and released a grant of Rs. 6,549 lakh against the sanctioned Rs. 15,163 lakh to promote 3,11,403 SHGs.

This clearly indicates that less than one-third of the sanctioned amount was released to the SHPIs by NABARD resulting many of the NGOs not successfully completing the projects. In spite of NABARD's support, credit linkage to NGO promoted SHGs, except for South India, has been a major challenges over the past two decades. Of the total 2,65,878 SHGs formed, 2,57,526 SHGs (97%) have opened savings accounts with bank, of which 1,54,104 SHGs (58%) were credit linked. Except in Andhra Pradesh, between 100 and 682 NGOs have collaborated with NABARD in the sample states; the number of SHGs promoted/credit linked also vary from 17,000 to 1,50,085. The number of SHGs targeted by NGOs in Uttar Pradesh is very high, almost twice compared to Maharashtra and thrice the number compared to other sample states. Around 90% of the SHGs formed by NGOs had savings linked to banks; however, of the savings-linked SHGs, only 60% of those SHGs were credit linked.

Table 2-5 Grant Support Sanctioned to NGOs Functioning as SHPIs

S. No.	Name of the state	No of NGOs	Grant sanctioned (Rs in lakh)	Grant Released (Rs in lakh)	No. of SHGs to be promoted/ linked	No. of SHGs Promoted	No. of SHGs Savings linked	No. of SHGs Credit linked
1	AP	Not available						
2	AS	116	470.94	281.91	17,119	13887	13,671	10,815
3	KA	173	660.68	302.51	20,374	19934	19,934	12,594
4	MH	341	3265.88	2044.13	85,003	75249	73,775	57,060
5	OR	321	2341.41	560.69	38,822	26632	24545	12,056
6	UP	682	8424.57	3360.63	1,50,085	130176	125601	61,579
	Total	1633	15163.48	6549.87	311403	265878	257526	154104
	India	3982	29445.13	10637.23	625235	453511	429784	246909

Source: NABARD, Status of Microfinance in India 2015-16

2.2 SOCIAL PROFILES OF SAMPLE STATES

Table-2.6 shows that the total population of the sample states varies from 3.12 crore to 19.98 crore. The ratio of below poverty line (BPL) population to the total population also varies. It is high in Odisha with 33% and low in Andhra Pradesh with 9% as compared to other states and to the national average (22%). The female literacy rate is high in Maharashtra with 76% and low in Uttar Pradesh with 57% followed by Andhra Pradesh (59%). The population density is high in Uttar Pradesh with 829 per Sq. Km and low in Odisha with 270 per Sq. Km. The density of population, percentage of BPL households, percentage of female literacy, and average population per bank will influence the growth of the SHG movement in a state.

Table 2-6 Socio-economic Profile of the Sample States

S. No.	Name of the state	Population (in crore)		Female lite-Racy-%	Population (In %)		Population density per Sq. km
		Total	BPL %		SC	ST	
1	Andhra Pradesh	8.45	9.2	59.1	16.4	7	308
2	Assam	3.12	31.9	66.3	7.1	12.4	398
3	Karnataka	6.10	20.9	68.1	17.1	7	319
4	Maharashtra	11.23	17.3	75.9	11.8	9.35	365
5	Odisha	4.19	32.6	64	17.1	22.8	270
6	Uttar Pradesh	19.98	29.4	57.2	20.6	0.56	829
India		121.02	21.9	65.5	16.6	8.6	382

Source: Census of India, 2011

2.3 SOCIO ECONOMIC PROFILES OF SAMPLE DISTRICTS

The study has covered 12 districts from 6 sample states: Anantapur and West Godavari from Andhra Pradesh, Darrang and Jorhat from Assam, Dakshin Kannada and Koppal from Karnataka, Kolhapur and Washim from Maharashtra, Cuttack and Koraput from Odisha and Raebareli and Saharanpur from Uttar Pradesh. A brief socio-economic profile of sample districts is as follows:

i) **Anantapur:** Anantapur is a district in the Rayalaseema region of Andhra Pradesh, India. The district has five revenue divisions with 63 mandals/ sub-districts. It is the largest district in the state with an area of 19,130 sq. kilometers with a population density of 213 per square kilometers. According to the 2011 Census of India, it has a population of 40.81 lakh with 9.68 lakh households, ranking it as the 7th most populous district in the state. Of the total population, 50.6% are male and 49.4% are female; 71.93% are in rural areas and 28.07% lives in urban. Anantapur has a sex ratio of 977 female for every 1,000 males, and an average literacy rate of 63.57% (see table-2.7).

Anantapur receives very less rainfall due to its location in the rain shadow area of Indian Peninsula. The economy is principally agrarian with a developing industrial sector. The prominent crops include groundnut, sunflower, rice, cotton, maize, chilies, sesame and sugarcane. It is a major producer of Dolomite and Iron Ore. Silk trade, limestone quarrying, iron and diamond mining are prominent. In 2006 the Indian government named Anantapur one of the country's 250 most backward districts (out of a total of 640). It is one of the thirteen districts in AP currently receiving funds from the Backward Regions Grant Fund Programme (BRGF).

ii) **West Godavari:** According to the 2011 census it has a population of 39.37 lakh in which 19.65 lakh (49.9%) are male and 19.72 lakh (50.1%) are female. Of the total population, 79.46% are living in rural areas and the remaining 20.54% are in urban. The district has a population density of 509 inhabitants per square kilometers. Its population growth rate over the decade 2001-2011 was 3.51%. The SC and ST population comprises of 20.62% and 2.77% respectively in the district. West Godavari district has a sex ratio of 1004 females for every 1000 males, and an average literacy rate of 74.63% (see table-2.7).

iii) Darrang: is an administrative district in the state of Assam, India. The district headquarters are located at Mangaldoi. According to the 2011 census, it has a population of 9.29 lakh in which 4.75 lakh (51.2%) are male and 4.53 (48.8%) are female. Of the total population, 93.9% lives in rural areas and the remaining 6.1% are in urban. It occupies an area of 3,481 square kilometers. The district has a population density of 586 inhabitants per square kilometers. The SC and ST population comprises of 4.34% and 0.91% respectively in the district. Darrang has a sex ratio of 954 females for every 1000 males, and an average literacy rate of 63.08% (see table-2.7). 868,532 (57.74%) are Hindus, 534,658 (35.54%) are Muslims, and 97,306 (1.75%) are Christians.

In 1990 Darrang district became home to Manas National Park, which has an area of 500 square kilometers. It shares the park with four other districts. It is also home to Orang National Park, which it shares with Sonitpur district. Orang was established in 1999 and has an area of 79 km² (30.5 sq. mi). Apart from the two national parks, it's also home to a wildlife sanctuary: the Bornadi.

iv) Jorhat: Jorhat is an administrative district of Assam, located in the central part of Brahmaputra Valley. In 1983 Jorhat was carved out of Sibsagar District and was made a separate district. According to the 2011 census it has a population of 10.92 lakh in which 5.57 lakh (51%) are male and 5.35 lakh (49%) are female; 79.8% lives in rural areas and the remaining are in urban areas (20.2%). The district has a population density of 383 inhabitants per square kilometer. It has a sex ratio of 956 females for every 1000 males, and an average literacy rate of 82.15% (see table-2.7). The district has SC and ST population of 7.61% and 12.09% respectively of the total population. However, the Majuli Sub-Division has a tribal population of 70% who are primarily "Misings".

There are about 135 tea gardens. The predominant field crop is rice, with per capita food grain production of 205 kg per annum. The district has a number of small scale and cottage industries in the field of cane work and bamboo work, silver jewellery, furniture making, brass smithy, umbrella making, soap manufacturing, packaged food manufacturing etc.

v) Dakshin Kannada: According to the 2011 census it has a population of 20.9 lakh in which 10.35 lakh (49.52%) are male and 10.55 lakh (50.48%) are female. Of the total population, 52.3% are in rural areas and the remaining 47.7% lives in urban. The district has a population density of 430 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 3.42%. The SC and ST population comprises of 7.09% and 3.94% respectively in the district. Dakshin Kannada district has a sex ratio of 1020 females for every 1000 males, and an average literacy rate of 88.57% (see table-2.7).

vi) Koppal: Koppal district is an administrative district in the state of Karnataka in India. In the past Koppal was referred to as 'Kopana Nagara'. Hampi, a World heritage center, covers some areas of Koppal District. According to the 2011 census it has a population of 13.9 lakh in which 6.99 lakh (50.4%) are male and 6.9 lakh (49.6%) are female. Of the total population, 83.2% are in rural areas and the remaining 16.8% lives in urban. The district has a population density of 250 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 16.21%. The SC and ST population comprises of 18.61% and 11.82% respectively in the district. Koppal has a sex

ratio of 986 females for every 1000 males, and an average literacy rate of 68.09% (see table-2.7).

The major crops grown in the district are paddy, maize, jowar, bajra, sunflower and groundnuts. The district has varied agro climatic regions suitable to grow many horticultural crops. The district has well established research and extension institutions viz., agriculture Research Station, Krishi Vigyan Kendra, Sericulture Training Centre and Animal Husbandry training Centre.

vii) Kolhapur: Kolhapur district is one of 35 districts in Maharashtra. According to the 2011 census Kolhapur district has a population of 38.76 lakh in which 19.81 lakh (51.1%) are male and 18.95 lakh (48.9%) are female. This gives it a ranking of 65th in India (out of a total of 640). Of the total population 68.3% are living in rural areas and the remaining 31.7% are in urban areas. The district has a population density of 504 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 10.01%. Kolhapur has a sex ratio of 953 females for every 1000 males, and an average literacy rate of 81.51% (see table-2.7).

Geographically Kolhapur is covered under Krishna valley; more particularly its tributaries: Vedganga, Dhodhganga, Bhogavati, Kumbhi, Kasari and Ghatprabha. Agriculture is the primary economy of the district. The main crop is sugarcane, and 14 sugar factories are operating in the district. The other crops are paddy, groundnut, wheat, jowar, nanchani (finger millet) etc. There are 1,723 Cooperative Societies in the district. The district has two centers of tourism, the Mahalaxmi temple in the town of Kolhapur and the Bahubali statue and festival at Atigre village.

viii) Washim: Washim district is located in the eastern region of Vidharbha, Maharashtra. It was formed on 1 July 1998. According to the 2011 census, it has a population of 11.97 lakh in which 6.20 lakh (51.8%) are male and 5.77 lakh (48.2%) are female. This gives it a ranking of 398th in India (out of a total of 640). Of the total population, 82.3% are living in rural areas and the remaining 17.7% are in urban areas. The district has a population density of 244 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 17.34%. Washim has a sex ratio of 930 females for every 1000 males, and an average literacy rate of 83.25%. The SC and ST population comprises of 19.17% and 6.72% respectively in the district (see table-2.7).

The economy of district is primarily dependent on agricultural sector, and more than 80 percent persons are engaged in agricultural activity.

ix) Cuttack: It is one of the 30 districts of Odisha state in East India. The district covers an area of 3,932 square kilometers. This district was subdivided into 15 tehsils and 15 Revenue Blocks. According to the 2011 census, Cuttack has a population of 26.24 lakh in which 13.53 lakh (51.5%) are male and 12.72 lakh (48.5%) are female. This gives it a ranking of 156th in India (out of a total of 640). It has a population density of 667 inhabitants per square kilometer. It is the second most populous district of Odisha (out of 30), after Ganjam. Cuttack has a sex ratio of 940 females for every 1000 males, and an average literacy rate of 85.5% (see table-2.7).

Agriculture is a mainstay of Cuttack's economy. The nearby villages are known for their high-quality and surplus production of crops, vegetables and fruits. Cuttack is widely

known as the commercial capital of Odisha. It is believed to have the largest GDP among all cities in Odisha due to its large business houses and wide range of industries ranging from ferrous alloys, steel and logistics to agriculture and traditional industries like textiles and handicrafts. There are 11 large-scale industries in and around Cuttack mostly in Choudwar and Athagarh.

x) Koraput: It was a part of the erstwhile Madras Presidency and became a district of Odisha state on 1 April 1936. In October, 1992, erstwhile Koraput district was divided, resulting in the creation of Malkangiri, Rayagada and Nabarangpur districts along with present Koraput district. There are 2 sub-divisions and 14 blocks in the district. According to the 2011 census, it has a population of 13.8 lakh in which 6.79 lakh (49.2%) are male and 7.01 lakh (50.8%) are female. This gives it a ranking of 356th in India (out of a total of 640). Of the total population, 83.6% are living in rural areas and the remaining 16.4% are living in the urban. The district has a population density of 157 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 16.86%. The SC and ST population comprises of 14.25% and 50.56% respectively in the district. Koraput has a sex ratio of 1032 females for every 1000 males, and an average literacy rate of 49.21% (see table-2.7).

The district economy mainly depends on agriculture. There are only five large scale industries located in the district: manufacturing & Processing Alumina, Paper, Cement, Aeronautical Engine & hydro-electricity. The principal economic mineral deposits in the district are Limestone & Bauxite, besides this, occurrence of China clay, Nepheline Synite, Gold, Black & Multi colored rocks named as Decorative Stone are also found in it. In 2006 the Ministry of Panchayat Raj named Koraput one of the country's 250 most backward districts (out of a total of 640. It is one of the 19 districts in Odisha currently receiving funds from the Backward Regions Grant Fund Programme (BRGF).

xi) Raibareli: According to the 2011 census, it has a population of 34.06 lakh in which 17.53 lakh (51.46%) are male and 16.53 lakh (48.54%) are female. This gives it a ranking of 92nd in India (out of a total of 640). Of the total population, 90.96% are living in the rural areas and the remaining 9.04% are in the urban. The district has a population density of 739 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 18.56%. Raibareli has a sex ratio of 943 females for every 1,000 males, and an average literacy rate of 67.25% (see table-2.7).

xii) Saharanpur: Saharanpur district is the northernmost of the districts of Uttar Pradesh state, India. Bordering the states of Haryana, Himachal Pradesh and Uttarakhand, and close to the foothills of Shivalik range, it lies in the northern part of the Doab region. According to the 2011 census, it has a population of 34.66 lakh in which 18.34 lakh (52.91%) are male and 16.32 lakh (47.09%) are female. This gives it a ranking of 92nd in India (out of a total of 640). Of the total population, 69.23% are living in the rural areas and the remaining 30.77% are in urban. The district has a population density of 940 inhabitants per square kilometer. Its population growth rate over the decade 2001-2011 was 19.66%. The SC and ST population comprises of 22.05% and 0.03% respectively in the district. Saharanpur has a sex ratio of 890 females for every 1,000 males, and an average literacy rate of 70.49% (see table-2.7).

Table 2-7 Demographic Profile of Sample Districts

S. No.	Particulars	AP		AS		KA		MH		OR		up	
		Anantapur	West Godavari	Darrang	Jorhat	Dakshin Kannada	Koppal	Kolhapur	Washim	Cuttack	Koraput	Raebareli	Saharanpur
1	Total Population (in lakh)	40.81	39.37	9.29	10.92	20.90	13.90	38.76	11.97	26.24	13.80	34.06	34.66
2	Male (in lakh)	20.64	19.65	4.75	5.57	10.35	7.00	19.81	6.20	13.53	6.79	17.53	18.34
3	Female (in lakh)	20.17	19.72	4.53	5.35	10.55	6.90	18.95	5.77	12.72	7.01	16.53	16.32
4	Rural population (in %)	71.93	79.46	93.9	79.8	52.3	83.2	68.3	82.3	72.0	83.6	90.96	69.23
5	Urban Population (in %)	28.07	20.54	6.1	20.2	47.7	16.8	31.7	17.7	28.0	16.4	9.04	30.77
6	SC population (in %)	14.29	20.62	4.34	8.12	7.09	18.61	13.01	19.17	19.00	14.25	NA	22.05
7	ST population (in %)	3.78	2.77	0.91	12.81	3.94	11.82	0.78	6.72	3.57	50.56	NA	0.03
8	Population Growth (in %)	12.10	3.51	22.19	9.31	10.11	16.21	10.01	17.34	12.10	16.86	18.56	19.66
9	Area Sq. Km	19,130	7,742	1,585	2,851	4,861	5,570	7,685	4,898	3,932	8,807	4,609	3,689
10	Population Density/km ²	213	509	586	383	430	250	504	244	667	157	739	940
11	Proportion to state pop. (in %)	4.83	4.65	2.98	3.50	3.42	2.28	3.45	1.07	6.25	3.29	1.70	1.73
12	Sex Ratio (Per 1,000)	977	1004	954	962	1020	986	957	930	940	1032	943	890
13	Average Literacy (in %)	63.57	74.63	63.08	82.15	88.57	68.09	81.51	83.25	85.5	49.21	67.25	70.49
14	Male Literacy (in %)	73.02	77.92	67.87	87.63	93.13	78.54	88.57	90.55	91.11	60.32	77.63	78.28
15	Female Literacy (in %)	53.97	71.36	58.04	76.45	84.13	57.55	74.22	75.48	79.55	38.55	56.29	61.74
16	Workers ((in %)	49.9	45.0	35	45.7	47.7	47.10	44.00	47.60	35.70	50.30	NA	29.90
17	District HDI rank in the state	11	2	22	1	2	24	5	32	3	27	55	9

This district is part of a fertile belt. It is primarily an agricultural area. A well-developed irrigation system of Gangetic-canals and tube-wells supports a thriving agricultural economy of multiple crops and bumper yields. In addition to farming of major food grain crops like wheat, rice etc., cash crops like sugar cane and potatoes etc. are cultivated on a wide scale. Fruit orchards and horticulture are also important for local and export markets. Even though Dehradun is more famous for basmati rice, a lot of it is grown in the Saharanpur area. The district has several agro-based industries: paper, tobacco, wood-work etc. The region produces agro-based and industrial goods which are sent to the various parts of the country. Besides exporting goods from here, the region also imports Coal, Iron-ore, Cement, Salt, Petroleum Products, Fertilizers, Oil-Seeds and Leather from Punjab, Haryana, Rajasthan, Delhi and Bihar.

In conclusion, the districts selected for the study vary in terms of their geographical area, population and its density, rural urban population, literacy and presence of Scheduled Caste and Scheduled Tribes population. Anantapur is the largest and Darrang is the smallest in terms of their geography and population & its density as compared to all other sample districts. Unlike the majority of the districts, the female population is more in West Godavari, Dakshin Kannada and Koraput districts. The decadal population growth of sample districts is varying: it is lowest in West Godavari in AP with 3.51% and highest in Darrang in Assam with 22.19%. The rural population is high across the districts; however, the percentage of urban population is more in Dakshin Kannada, Saharanpur, Anantapur and Cuttack as compared to other districts. The average literacy rate is varying between the districts: highest in Dakshin Kannada with 88.6% and lowest in Koraput with 49.2%, and similarly the female literacy. Agriculture is prominent across the sample districts. Major crops include paddy, sugarcane, jowar, maize, horticulture crops etc. Small scale industries are prominent in some of the districts; and tourism has been gaining an importance in some districts.

2.4 SELF HELP GROUPS

a) **Group size:** The group size at present varies from 8 to 20 with an average of 11.42 members. Table-2.8 shows that of the total SHGs, the majority consists of up to 10 members (51%) followed by between 11 and 15 (43%) and 16 & above (6%). Among the states, proportion of up to 10 member SHGs is highest in AP (72%) and lowest in Karnataka (29%). The majority of the SHGs are 11-15 members in Karnataka (63%) and Odisha (58%). The percentage of SHGs with 16 & above members is higher in Maharashtra, Karnataka and UP compared to AP, Assam and Odisha. Further, the group size varies from one SHPI to another. The average size of SHGs promoted by themselves or their community is low (11.23), and high among SHGs promoted by a federation (11.76), compared to the SHGs promoted by government (11.43) and banks (11.5).

Table 2-8 Size of SHGs (in %)

S. No.	No. of members	AP	AS	KA	MH	OR	UP	Total
1	Up to 10	72.2	69.4	29.2	55.6	36.1	45.8	51.4
2	11-15	26.4	27.8	62.5	34.7	59.7	45.8	42.8
3	16 & above	1.4	2.8	8.3	9.7	4.2	8.3	5.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

b) Age: The age of sample SHGs varies from 3 to 21 years with an average of 7.76 years. Table-2.9 shows that many SHGs are 3-6 years old (45%) followed by 6-9 years (20%), 9-12 years (14%), 12-15 years (12.3%) and 16 & above years (8.8%). The average age of SHGs is high in AP with 12.57 years and low in Maharashtra with 5 years when compared to other states – Karnataka (9.5 years), Odisha (7.17 years) Assam (6.7 years) and UP (5.1 years). This reflects the fact that SHG promotion was started earlier in Andhra Pradesh, Karnataka and Odisha compared to other states.

Table 2-9 Age of SHGs (in %)

S. No.	Age in years	AP	AS	KA	MH	OR	UP	Total
1	3-6	6.9	55.6	27.8	75.0	45.8	58.3	44.9
2	6-9	13.9	19.4	16.7	15.3	18.1	34.7	19.7
3	9-12	25.0	8.3	20.8	5.6	20.8	5.6	14.4
4	12-15	19.4	16.7	19.4	4.2	12.5	1.4	12.3
5	15 +	34.7	0.0	15.3	0.0	2.8	0.0	8.8
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

The mean age of SHGs promoted by the government is high (9.2 years) and by the SHGs is low (3) promoted by the federations with 5.37 years when compared to other SHPIs – Community & Self (8 years), banks (7.73 years) and NGOs (6.15 years). Further, the average age of SHGs varies between developed districts (7.3 years) and underdeveloped (8.2 years) districts. It could be because the Government started promotion of SHGs in the underdeveloped districts under various women empowerment & poverty reduction Programmes.

c) Self Help Promoting Institutions (SHPIs): Of the 432 sample SHGs, 186 (43%) were promoted by government, 167 (39%) were promoted by NGOs, 50 (12%) were formed by themselves, and the other 29 were formed by federations (4%), community (2%) and banks (0.5%). Table-2.10 shows that a majority of sample SHGs in UP, Maharashtra and Odisha were promoted by NGOs where as in AP, Assam and Karnataka the SHGs were predominantly promoted by the government. The federations' contribution in SHG promotion is very minimal as they are nascent and not even promoted SHG federations in some of the sample districts.

Table 2-10 State-wise Sample SHGs and the SHPIs (in %)

S.No	Promoter	AP	AS	KA	MH	OR	UP	Total
1	Government	73.6	70.8	59.7	20.8	29.2	4.2	43.1
2	NGOs	5.6	0.0	25.0	58.3	58.3	84.7	38.7
3	Banks	.0	1.4	1.4	0.0	0.0	0.0	0.5
4	Federations	4.2	.0	2.8	11.1	5.6	.0	3.9
5	Self	15.3	27.8	5.6	6.9	2.8	11.1	11.6
6	Others	1.4	.0	5.6	2.8	4.2	.0	2.3
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

d) Social composition: The sample SHGs consist of 4,932 members. Of these, 7% are Scheduled Tribe (ST), 10% are Minorities, 22% are Backward Classes (BCs), 25% are

Scheduled Castes (SCs), and 36% are Other Categories (OCs). Table-2.11 shows that of all the states, the largest percentages of STs is in Odisha (19%); SCs in Uttar Pradesh (54%), BCs in AP (49%), Minorities in Assam (22%) and OCs in Karnataka (61%).

Table 2-11 State-wise Social Composition of Sample SHG Members (in %)

S. No.	Social category	AP	AS	KA	MH	OR	UP	Total
1	Scheduled Tribe	8.4	0.0	11.4	2.1	19.3	0.0	7.0
2	Scheduled Caste	22.7	12.5	10.6	36.2	15.3	54.4	25.2
3	Backward Classes	49.1	27.3	1.8	18.3	16.1	25.6	22.2
4	Minorities	1.4	21.5	15.3	8.4	0.0	12.8	10.0
5	Others	18.5	38.7	60.9	34.9	49.2	7.2	35.6
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0
N=		740	791	888	847	843	823	4932

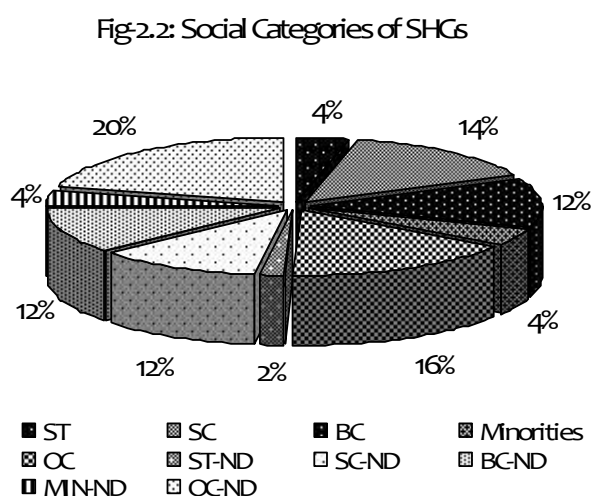
e) Homogeneity and Heterogeneity of SHGs: The sample SHGs were classified into homogeneous and heterogeneous based on the composition of different castes. If all the members of a group belong to one caste/social category, it was categorized as a homogeneous or uni-caste SHG; whereas if the group members belong to more than one caste/social category it was categorized as multi-caste or heterogeneous SHG. Multi-caste SHGs were further classified into five categories based on the numerical dominance of a particular social category – STs, SCs, BCs, Minorities and OCs.

Of the total SHGs studied, approximately half are uni-caste and the other half are multi-caste. In the homogenous category, many are OC groups (32%) followed by SC (28%), BC (23%), Minorities (9%) and ST groups (7%). A similar pattern is found among the heterogeneous groups. Of all the states, a majority of SHGs in Odisha (76%) and Assam (72%) are uni-caste/

homogeneous. Multi-caste/ heterogeneous groups are overriding in Karnataka (82%), Maharashtra (57%), UP (55%) and AP (51%). Figure-2.2 shows the homogeneous and heterogeneous social categories of sample SHGs. The Government (50%/50%) and NGOs (53%/47%) have formed more or less an equal number of homogenous and heterogeneous groups. However, banks and federations have formed majority of heterogeneous SHGs (72%).

f) Association with banks: As shown in Table-2.12, 245 (57%) of the SHGs had savings & credit linkage with Commercial Banks (CBs), 119 (28%) with Regional Rural Banks (RRBs) and the other 64 (16%) with District Credit Cooperative Banks (DCCBs). A large number of sample SHGs were associated to CBs in UP (74%), AP (72%), Odisha (68%), Maharashtra (65%) and Karnataka (42%). But in Assam, a majority (78%) of the sample SHGs was linked

Figure 2-2 Social Categories of SHGs



to RRBs. Of the SHGs linked to DCCBs, many are in UP (26%), Maharashtra (25%) and Karnataka (22%). In Assam and Karnataka a large number of SHGs had savings & credit linkage with RRBs & DCCBs.

Table 2-12 State-wise SHGs Affiliation with Banks (in %)

S. No.	Name of bank	AP	AS	KA	MH	OR	UP	Total
1	CB	72.2	19.4	41.7	65.3	68.1	73.6	56.7
2	RRB	27.8	77.8	30.6	9.7	19.4	0.0	27.5
3	DCCB	.0	2.8	27.8	25.0	12.5	26.4	15.7
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

g) Distance to bank: The distance between the SHG location and the bank ranged between 1 kilometer or less and 23 kms. Table-2.13 shows that a majority have access to banking services within 5 kms, followed by 6-10 kms (28%), 11-15 kms (15%) and less than a kilometer (5%). The average distance from SHG to the bank is high in Odisha (6.4 kms) and low in Karnataka (3.1 kms.) when compared to other states: AP (4.1 kms), UP (5 kms), Maharashtra (5 kms) and Assam (5.4 kms).

Table 2-13 Distance to Banks (% of SHGs)

S. No.	Distance in Km.	AP	AS	KA	MH	OR	UP	Total
1	< 01	2.8	.0	12.5	11.1	2.8	1.4	5.1
2	01-05	59.7	56.9	79.2	45.8	34.7	68.1	57.4
3	06-10	31.9	19.4	4.2	27.8	33.3	19.4	22.7
4	> 10	5.6	23.7	4.2	15.3	29.1	11.2	14.8
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

The average distance to bank is higher in underdeveloped districts (6 kms) than developed districts (5 kms). SHGs of more than 15 years are located in less distance to bank (4 kms) than other age groups of SHGs. The SHGs promoted by the banks, federations and community are located in less distance to bank (3 kms) than NGOs (6 kms), government (6 kms) and self promoted (5 km). This could be because of preference given to SHGs located close to banks during the initial years of the SHG bank linkage programme.

2.5 SHG MEMBERS

a) Social category: Of the 864 SHG members, OCs are the largest in number (33%) and the STs the smallest (7%). The social categories of other SHG members vary between the states (See table-2.13)

b) Educational levels: The educational levels of SHG member vary between states, districts and social categories. Table-2.14 shows that a majority are literate (73%) and the remaining are non literate (27%). Of the literate, a majority of them reached between 6th and 10th standard (41%) followed by up to 5th standard (19%) and 10th plus (13%). The literate women are highest in Assam (94%) and lowest in AP (52%) compared to other states (see table). The literacy levels of SHG women in developed districts (83%) are higher than in the underdeveloped districts (63%). The social categories of the SHG

women and educational levels are positively correlated i.e. the higher status groups have higher, educational levels

Table 2-14 Social Conditions of Sample SHG Members (in %)

S. No.	Particular	AP (N=144)	AS (N=144)	KA (N=144)	MH (N=144)	OR (N=144)	UP (N=144)	Total (N=864)
A Social category								
1	ST	7.6	0.0	12.5	1.4	20.1	0.7	7.1
2	SC	22.9	13.2	13.9	43.1	12.5	51.4	26.2
3	BC	47.2	22.9	1.4	16.7	21.5	27.1	22.8
4	Minority	1.4	25.7	18.1	6.9	0.0	13.2	10.9
5	Others	20.8	38.2	54.2	31.9	45.8	7.6	33.1
B Educational levels								
1	Non-literate	47.9	6.3	23.6	10.4	31.3	40.3	26.6
2	Up to 5th	19.4	6.9	25.7	16.7	20.8	23.6	18.9
3	6th - 10th	27.8	52.1	39.6	56.3	37.5	33.3	41.1
4	College	4.9	34.7	11.1	16.7	10.4	2.8	13.4
C Type of family								
1	Nuclear	93.8	75.0	43.8	56.3	64.6	70.8	67.4
2	Joint	6.3	25.0	56.3	43.8	35.4	29.2	32.6
D Household head								
1	Male	47.9	93.1	96.5	80.6	93.8	91.0	83.8
2	Female	52.1	6.9	3.5	19.4	6.3	9.0	16.2

c) Type of households: Table-2.14 shows that the nuclear family is predominant among the SHG members. Of all the states, a majority of the SHG members belong to nuclear families, except in Karnataka (44%). There is not much difference between districts in the household categories. The percentage of joint families is high among OCs with 41% and less in BCs (24%) and Minorities (24%) Of the total households, 16% are female headed families. The percentage of female headed families is highest in Maharashtra (19%).

d) Incidence of migration: 17% of the sample members migrate, of which 13% is seasonal and 4% regular. It is highest in Odisha with 31% and least in Assam with 8% compared to other states (Karnataka-8%, UP-16%, Maharashtra-19% and AP-21%). As might be expected, migration is less in developed districts (11%) than in underdeveloped districts (23%).

e) Position in SHG and Federation: 49% of the members sampled are leaders, 48% are members and the remaining are ex-leaders (2%) and book keepers (1%). About 190 (22%) of the sample have participated in SHG federations at the village or block level. Of the SHG members participating federations, 79% are members and 21% are office bearers – president, secretary and treasurer.

2.6 CONCLUSIONS

The profile of states studied is varying in terms of number of BPL households, population density and female literacy, and banking network. Nearly 50% of SHGs loan accounts in

the country are NRLM compliant. The percentage of unmapped SHG loan accounts is a concern in majority of the States & Union Territories. The Government and NGOs have promoted large number of SHG federations at village / cluster, block and district levels. SHG bank linkage programme has passed through several stages of development over the last two decades, with significant growth in the past 10 years.

In the states studied, of the banks engaged in SHGBLP, majority of the banks are Commercial Banks followed by Cooperative Banks and RRBs. The number of SHG accounts and the average amount of funds in SHG savings accounts vary across the states. The average amount of funds in SHG bank account in the sample states is more (Rs. 19,348) than the national average (Rs. 17,324 per SHG). Majority of the states and union territories in the country (20 out of 34) have less than 50% of active loans with banks even after more than two decades of SHG bank linkage programme. The ratio between SHGs' funds in bank account and loan outstanding to banks is 1:4. More or less it is similar in sample states except, Assam (1:6) and Karnataka (1:5). The percentage of non-performing assets against the loan outstanding has been increasing during the last five years. However there are differences in the growth of non-performing assets among the sample states, with NPAs being under control in South Indian States.

The group size ranged mostly between 10 and 15 members, with the size varying between the states and promoters. The majority of the SHGs studied are more than 6 years old as the SHGs' selection was purposive: more than 3 years old, credit linked to banks at least once and currently having loan outstanding with the banks. Even though NGOs initiated SHG promotion in India, the mean age of SHG promoted by the govt. is high probably because of its proactive role from the past one decade. About one half of the SHGs are homogenous or uni-caste and another one half are multi-caste. A large number of SHGs are associated with commercial banks followed by RRBs and DCCBs. RRBs are predominant in Assam. The majority of the SHGs have been accessing banking services within a distance of 5 kms.

Of the 864 SHG members selected for the in-depth study at the individual or household level, about one-third are of vulnerable social categories such as STs and SCs; another one-third belongs to upper social categories; and the remaining one third is BCs and Minorities. The literacy rate among the sample SHG women members is high (73%) as compared to national female literacy (65.46%). Nuclear families are predominant. The incidence of migration is high in Odisha as compared to other states. The leaders and members are equal in number, because in a SHG one from the leaders and one from the members were selected for an in-depth interview.

3. Chapter: STATUS OF SELF HELP GROUPS

To understand the status of SHGs, one has to analyze the basic principles of SHGs: meetings, savings, bookkeeping, leadership, group norms/governance and lending. The present chapter focuses mainly on six basic principles of SHGs and grading based on the Critical Rating Index tool. How frequently the SHGs are conducting meetings, and members' attendance in meetings? What is the agenda for SHG meetings? Are the meetings platforms for empowering the women? What kind of savings' products SHGs are promoting? And how they are using them? What is the quality of the books, who keeps and where do they keep them? How do the SHGs select their representatives and is there any leadership rotation? Do groups formulate norms about SHG functioning? If yes, are they in practice? What are the quality / grades of SHGs credit linked to bank? Does the poor quality SHG credit linked to banks?

3.1 MEETINGS

a) **Periodicity of meeting:** Table-3.1 shows that a majority (56%) of the SHGs have the practice of monthly meetings followed by weekly (38%); a small percentage of SHGs have fortnightly (3%) and irregular meetings (3%). Similar trends are found in Andhra Pradesh, Maharashtra, Odisha and Uttar Pradesh. But in Assam (100%) and Karnataka (51%) majority of the SHGs have weekly meetings. The irregular SHG meetings are mostly in Andhra Pradesh (19.4%) as a majority of the SHGs are promoted by Government.

Table 3-1 State-wise Periodicity of SHG Meetings (% of SHGs)

S. No.	Periodicity	AP	AS	KA	MH	OR	UP	Total
1	Weekly	13.9	100.0	51.4	11.1	0.0	50.0	37.7
2	Fortnightly	0.0	0.0	15.3	0.0	0.0	0.0	2.5
3	Monthly	66.7	0.0	33.3	87.5	100.0	50.0	56.3
4	Irregular	19.4	0.0	0.0	1.4	0.0	0.0	3.5
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

The occurrence of weekly meetings is higher in the underdeveloped districts (45%) as compared to the developed districts (31%), due to strong presence of NGOs. Table-3.2 shows that of all the age groups of SHGs, a majority have the practice of monthly meetings, except 6-9 year old SHGs in which an equal number have weekly (48%) and monthly (48%) meetings. Comparatively many more SHGs older than 9 years have irregular meeting schedules than younger ones. One half of A-grade SHGs, the quality groups have weekly meetings; and fortnightly meetings are found only in A-grade SHGs.

Table-3.3 shows that of the SHPIs, majority of the SHGs promoted by NGOs and Others (federations and banks) have monthly meetings. But majority of the self-promoted SHGs have weekly meetings. Further, more or less equal number of SHGs promoted by Govt has monthly and weekly meetings. There are no irregular meetings in case of SHGs promoted by NGOs and others and the percentage of self-promoted SHGs have more irregular meetings than SHGs formed by the Govt.

Table 3-2 Age of SHGs and Periodicity of SHG Meetings (% of SHGs)

S. No.	Periodicity	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	Weekly	36.6	48.2	30.6	37.7	31.6	37.7
2	Fortnightly	1.0	2.4	3.2	1.9	10.5	2.5
3	Monthly	61.9	48.2	56.5	52.8	50.0	56.3
4	Irregular	0.5	1.2	9.7	7.5	7.9	3.5
Total		100.0	100.0	100.0	100.0	100.0	100.0

Table 3-3 SHPI-wise Periodicity of SHG Meetings (% of SHGs)

S. No.	Periodicity	Govt (N=186)	NGOs (N=167)	Self (N=50)	Others (N=29)	Total (N=432)
1	Weekly	36.6	48.2	30.6	37.7	37.7
2	Fortnightly	1.0	2.4	3.2	1.9	2.5
3	Monthly	61.9	48.2	56.5	52.8	56.3
4	Irregular	0.5	1.2	9.7	7.5	3.5
Total		100.0	100.0	100.0	100.0	100.0

b) Regularity of meetings: Table-3.4 shows that in a majority of the SHGs (59%), meetings were held as per the schedule. More than one quarter of the SHGs held meetings between 76% and 99% of their scheduled meetings. Nearly 11% of SHGs conducted less than 75% of their scheduled meetings. There are no meetings in a small percentage of SHGs (3%). Of all the states, the percentage of SHGs that did not hold meetings is highest in Andhra Pradesh. The average percentage of SHG meetings is lowest in Andhra Pradesh (63%) and highest in Karnataka (99%), interestingly both being high performing states. In all the other 4 sample states, the regularity of SHG meetings is above 90%.

The regularity of meetings is more in NGO promoted SHGs (81%) than Self-promoted SHGs (38%), govt. (43%) and others (66%). Table-3.4 shows that as the age of SHGs increases the regularity of meetings has been decreasing, perhaps because of comparatively high inputs of SHPIs during the initial period, less supervision & monitoring over the years and loss of interest among the SHGs due to monotony, a factor that affects AP SHGs.

Table 3-4 SHGs' Age and Regularity of Meetings during Last 6 Months (% of SHGs)

S. No.	% of meetings	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	No	1.0	1.2	9.7	5.7	2.6	3.0
2	Upto 75	4.1	11.8	19.4	13.2	26.3	10.9
3	76-99	28.9	29.4	22.6	34.0	13.2	27.3
4	100	66.0	57.6	48.4	47.2	57.9	58.8

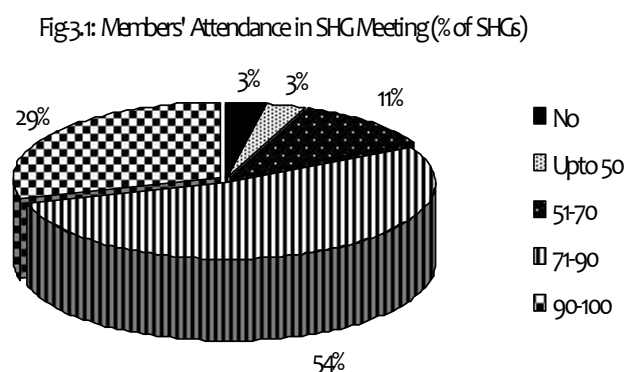
c) Members' attendance in SHG meetings: The members' attendance during the last six months ranged between 10% and 100% with an average of 82%. Figure-3.1 shows that in the majority of the SHGs (54%), member attendance is between 71 and 90 percent,

followed by between 90 and 100 percent (29%), 51-70 percent (22%) and less than 50 percent (3%). The attendance in the meetings of SHGs in the developed districts is less (80%), than in the underdeveloped districts (83%).

Similar to the regularity of meetings, the average members' attendance is low in Andhra Pradesh with 60% as compared to other states – UP (80%), Assam (83%), Karnataka (88%), Maharashtra (89%) and Odisha (90%).

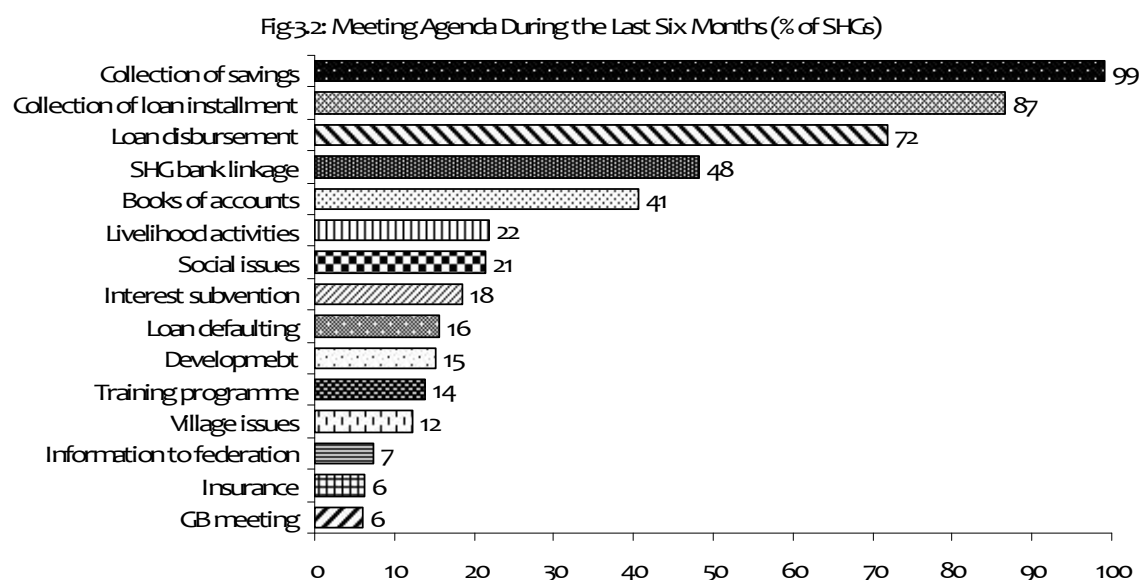
The average member attendance in SHG meetings promoted by NGOs (85%) is more, than Govt. (78%). A-grade SHGs recorded high member attendance with 95%, followed by B-grade (90%) and C-grade SHGs (39%).

Figure 3-1 Members Attendance in SHG Meeting (% of SHGs)



d) Meeting agenda: During the last six meetings, the number of agenda points varied between 1 and 12 with an average of 5. A large number had 5-6 agenda items (38%) followed by 3-4 items (36%), more than 6 items (14%), 1-2 items (9%) and no meetings (3%). The majority of the agendas include i) collection of savings (99%), ii) collection of loan instalments (87%), and iii) loan disbursement (72%). Nearly half of the agenda included

Figure 3-2 Meeting Agenda during the Last Six Months (% of SHGs)



bank linkage (48%), books of accounts (41%). More or less one fifth of them included livelihoods (22%), social issues (21%) and interest subvention (19%). A small percentage of SHGs have taken up loan defaulting of members (16%), development programmes (15%), village issues (12%), information to federations (7%), general body meetings (6%) and insurance (6%) on the agenda (see figure 3.2). These data show that the meetings were

mostly confined to financial concerns while social and development issues were not a significant focus of the meetings.

3.2 SAVINGS

a) **Periodicity of savings:** Promotion of savings is one of the core elements of SHGs. Table-3.5 shows that a majority of the SHGs have the practice of monthly savings collection (59%) followed by weekly collection (38%), fortnightly (2%) and no schedule (1%). Of all the states, monthly savings are predominant in Odisha (93%), Maharashtra (89%), Andhra Pradesh (82%) and UP (50%); whereas weekly savings collection is prominent in Assam (94%), Karnataka (50%) and UP (49%).

The percentage of SHGs collecting monthly savings is high in NGO-promoted SHGs (68%) as compared to government (51%), but the percentage of SHGs collecting weekly savings is higher in those promoted by government (44%) as compared to NGOs (31%). Of the districts, monthly savings are higher in developed districts (65%) than in underdeveloped districts (54%); whereas weekly savings are higher in underdeveloped districts (44%) than in developed districts (31%). Of all the SHG age groups, a majority SHGs have the practice of monthly savings collection, except 6-9 year old SHGs (51%). The data clearly reveal that a majority SHGs collect savings monthly irrespective of SHPI, or development of the district. In a majority of the sample states monthly savings collection is common; nevertheless weekly savings is also predominant in some of the states and 6 - 9 year SHGs.

Table 3-5 Periodicity of Savings Collection (% of SHGs)

S. No.	Periodicity	AP	AS	KA	MH	OR	UP	Total
1	Weekly	15.3	94.4	50.0	9.7	6.9	48.6	37.5
2	Fortnightly	0.0	1.4	12.5	0.0	0.0	0.0	2.3
3	Monthly	81.9	4.2	37.5	88.9	93.1	50.0	59.3
4	Irregular	2.8	0.0	0.0	1.4	0.0	1.4	0.9
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

b) **Amount of savings per month, per member:** The savings per month per member ranged between Rs. 20 and Rs.200 with an average of Rs. 84. A majority of the SHGs (58%) collect between Rs. 51-100, followed by up to Rs. 50 (35%) and more than Rs. 100. About half have been collecting a monthly savings of Rs. 100 per member, and nearly one quarter (22%) have been collecting Rs. 50 per member, per month.

Table 3-6 Amount of Savings Per Month, Per Member (% of SHGs)

S. No.	Amount in Rs.	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	Upto 50	34.5	40.0	38.7	41.5	15.8	35.4
2	51-100	63.4	50.6	50.0	52.8	65.8	57.9
3	100 & above	2.1	9.4	11.3	5.7	18.4	6.7

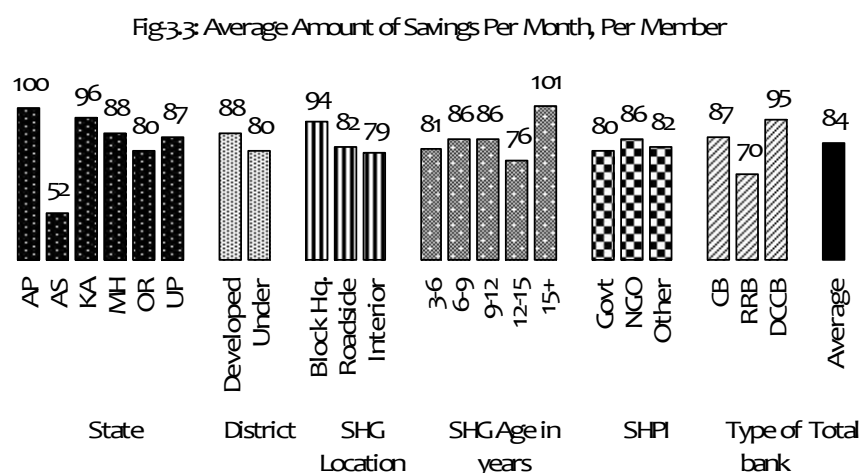
Among the states, majority of SHGs in Assam (69%) collect up to Rs. 50, and no SHG collects more than Rs. 100 from the member. Table-3.6 shows that all the SHG age groups, a majority collect between Rs. 51 and Rs. 100 per month, per member. The percentage of

SHGs that collect monthly savings up to Rs. 50 per member is less among SHGs, of more than 15 years but the percentage of collecting monthly savings of more than Rs. 100 per member is high in old SHGs as compared to all other age groups. It is notable that all new SHGs have been collecting Rs. 100 per member, per month. Presumably they do so to get a higher volume of loans under the SHG bank linkage programme since the loan volume is linked to the group corpus.

Figure-3.3 shows that the average amount of savings collected per month per member is high in AP (Rs. 100) and low in Assam (Rs. 52) compared to other states: Karnataka- Rs. 96, Maharashtra- Rs. 88, Uttar Pradesh- Rs. 87, and Odisha- Rs. 80. The amount of savings per month per member is

Figure 3-3 Average Amount of Saving Per Month, Per Member

higher in developed districts (Rs. 88) compared to under-developed districts (Rs. 80%). It is higher in NGO promoted groups (Rs. 89) compared to government (Rs. 80) and other promoters (Rs. 82). The average amount of savings of SHGs located in block headquarters is



higher (94%) compared to SHGs located in roadside (Rs. 82) and interior (79%) villages. The age of SHGs and the amount of savings per month are positively correlated.

c) Members' savings with the SHGs: The amount of members' savings with the SHGs ranged between Rs. 5,000 and Rs. 2,00,000 with an average of Rs. 51,680. A majority of the members have < Rs. 50,000 followed by between Rs. 50,000 and Rs. 1 lakh (30%) and more than 1 lakh rupees (10%). Of all the states, majority of the SHG members have < Rs. 50,000, except Karnataka (25%). In Karnataka, a majority of the SHG members (75%) have more than Rs. 50,000 of savings. In Assam, most SHG members (90%) have less than Rs. 50,000.

Table 3-7 Members Savings with the SHGs (% of SHGs)

S. No.	Amount Rs. in '000	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	Upto 50	78.9	49.4	37.1	52.8	39.5	60.4
2	50-100	20.1	44.7	43.5	26.4	26.3	29.6
3	> 100	1.0	5.9	19.4	20.8	34.2	10.0

Table-3.7 shows that a majority of the SHGs between 9 and 12 years (63%), more than 15 years (60%) and 6-9 years (51%) have more than Rs. 50,000 of members' savings. But in a majority of the SHGs between 3-6 years and 12-15 years have less than Rs. 50,000 of members' savings. The percentage of SHGs that have more than Rs. 1 lakh of members'

savings varied from 1% to 34%. The large percentage of old SHGs with less than Rs. 50,000 of members savings could be because of three reasons – there has been no/ or less increase in weekly / monthly savings per member over the years; savings have been withdrawn by all SHG members; and adjustment of members savings with the groups to external loan instalments at difficult times.

Table 3-8 SHPI-wise Members Savings with SHGs (% of SHGs)

S. No.	Amount Rs. In '000	Govt (N=186)	NGOs (N=167)	Self (N=50)	Others (N=29)	Total (N=432)
1	Upto 50	57.5	60.5	70.0	62.1	60.4
2	51-100	27.4	33.5	26.0	27.6	29.6
3	> 100	15.1	6.0	4.0	10.3	10.0
Total		100.0	100.0	100.0	100.0	100.0

Table 3.8 shows that majority of the SHGs have up to Rs. 50,000 of members' savings with them across the promoters. However, of the SHGs, more than Rs. 1 lakh of members' savings is high in the SHGs promoted by Govt followed by others (banks and federations), NGOs and Self. It is because the SHGs promoted by Govt. are older than the SHGs formed by others. The percentage of SHGs that have members' savings between Rs. 50,000 and Rs. 1 lakh is high in the SHGs promoted by NGOs as compared to other promoters. It is because of large amount of savings per month per member and less percentage of SHGs having the practice of refunding of members' savings at different points of time.

d) Savings of SHGs: The SHGs mobilize savings from their members, and use them for lending to their members. In addition, the SHGs also promote savings with their apex organizations such as SHG federations and other formal financial institutions like banks and commercial microfinance institutions like Stree Nidhi in Andhra Pradesh. As of April 2016, the sample SHGs had mobilized a total savings of Rs. 2.23 crore from their members (see table-3.9).

About 35% of SHGs have a total savings of Rs. 5.28 lakh. , Average savings with SHG federations is Rs. 3,621. No SHG in Karnataka has been promoting savings with their federations. 72 SHGs have paid a share capital of Rs. 85,367 with an average of Rs. 768 to their federations.

Table 3-9 Details of Savings Promoted at SHG Level

S. No.	Particulars	SHGs		Amount in Rs.	
		Total	%	Total	Average
1	Members' savings	432	100	22,325,649	51,680
2	Savings in federation	146	53	528,635	3,621
3	Share capital in federation	76	94	58,367	768
4	Savings in MFI/NGOs	47	65	159,200	3,387
5	Fixed deposits	35	33	1,671,306	47,752
6	Special savings	12	3	117,473	9,789

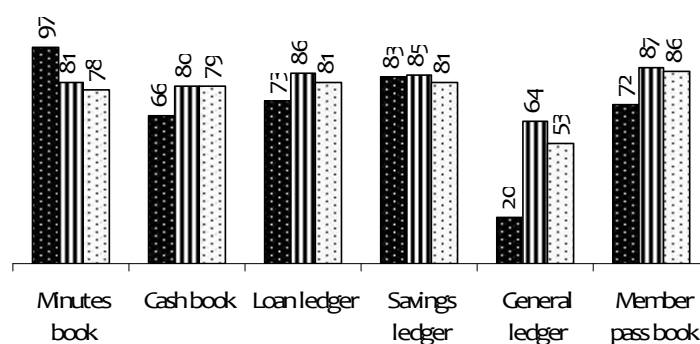
Of all the states, except in AP, no SHG has promoting savings with MFI/NGO-MFIs. Out of 72 SHGs, 47 (65%) have promoted a total savings of Rs. 1.59 lakh, (an average of Rs. 3,387 per group) with Stree Nidhi, a Credit Cooperative Federation jointly promoted by the SHG

federations and the Govt. of Andhra Pradesh. In addition, 8% of SHGs have made fixed deposits (FDs) in banks worth Rs. 16.71 lakh. These have been done voluntarily and /or involuntarily, either from their group funds and/ or a portion of loan amount because of pressure from bank branch managers at the time of credit linkage.

3.3 BOOK KEEPING

a) **Types of books:** The SHGs are expected to maintain different types of books – Minutes Book, Cash Book, Loan Ledger, Savings Ledger, General Ledger and Member Pass Book. Figure-3.4 shows that most of the SHGs maintained minutes' books

Figure 3-4 Books of Accounts (% of SHGs)



and savings ledgers; the majority maintained Loan Ledgers, Member Pass Books and Cash Books. However, majority of the SHGs did not maintain a General Ledger. Further, there is a variance between the states in maintaining different types of books (see table-3.10). Of the SHGs that are maintaining books, majority SHGs' books are up-to-date and accurate. However, only fewer are keeping their General Ledgers up-to-date and accurate.

Table 3-10 Status of SHG Books (% of SHGs)

S.No.	Type of books	AP	AS	KA	MH	OR	UP	Total
A Maintaining								
1	Minutes book	95.8	90.3	97.2	98.6	100.0	100.0	97.0
2	Cash book	58.3	93.1	25.0	95.8	68.1	56.9	66.2
3	Loan ledger	54.2	90.3	95.8	65.3	59.7	69.4	72.5
4	Savings ledger	54.2	81.9	98.6	87.5	98.6	79.2	83.3
5	General ledger	31.9	26.4	13.9	38.9	9.7	1.4	20.4
6	Member pass book	62.5	65.3	98.6	88.9	29.2	84.7	71.5
B Up-dation								
1	Minutes book	53.6	90.8	88.6	81.7	77.8	95.8	81.4
2	Cash book	71.4	85.1	94.4	85.5	61.2	85.4	79.7
3	Loan ledger	71.8	96.9	92.8	80.9	76.7	84.0	85.6
4	Savings ledger	71.8	84.7	95.8	85.7	74.6	91.2	84.7
5	General ledger	82.6	52.6	60.0	67.9	14.3	100.0	63.6
6	Member pass book	68.9	83.0	94.4	92.2	85.7	91.8	87.4
C Accuracy								
1	Minutes book	53.6	98.5	64.3	71.8	77.8	100.0	77.6
2	Cash book	59.5	98.5	88.9	73.9	59.2	97.6	79.4
3	Loan ledger	69.2	98.5	79.7	61.7	72.1	96.0	81.2
4	Savings ledger	76.9	94.9	71.8	74.6	76.1	96.5	81.4
5	General ledger	73.9	47.4	50.0	50.0	14.3	100.0	53.4
6	Member pass book	64.4	97.9	85.9	85.9	76.2	98.4	86.4

b) Writing of SHG books: Members themselves write books in a majority of the SHGs. Book keepers (25%), SHPI staff and non-members (4%) are the book writers in some of the SHGs. The number of SHGs that engaged their members as book writer is high in Assam (83%), Maharashtra (79%), Karnataka (60%) and Uttar Pradesh (58%), and low in AP (26%) and Odisha (46%). Large number of SHGs in AP has engaged book keepers (51%). The percentage of SHPI staff engaged as book writers is high in UP (33%) as compared to other states. In both, the developed and underdeveloped districts, SHG members are the book writers in a majority of the SHGs. However, a comparatively larger number of SHGs engaged book keepers in the underdeveloped districts (37%) than in developed districts (13%). In contrast, SHPI staff writing SHG books is higher in developed districts (18%) than in underdeveloped districts.

Table -3.11 shows that the SHG members are the book writers in majority of the SHGs across the promoters. The percentage of SHGs engaging book keepers is higher in the SHGs promoted by others (federations and banks) (38%) than Govt. (31%), self (24%) and NGOs (16%). Of the SHPIs, the SHGs promoted by Govt. and NGOs engaged non-members as book writers; and non-members and SHPI staff are the book writers in the SHGs promoted by banks and federations.

Table 3-11 SHPI-wise SHGs and Book Writers (% of SHGs)

S. No.	Book Writer	Govt (N=186)	NGOs (N=167)	Self (N=50)	Others (N=29)	Total (N=432)
1	SHG members	55.9	62.3	56.0	62.1	58.8
2	SHPI staff	7.5	16.8	20.0	0.0	12.0
3	Book keepers	31.2	16.2	24.0	37.9	25.0
4	Non-members	5.4	4.8	0.0	0.0	4.2
Total		100.0	100.0	100.0	100.0	100.0

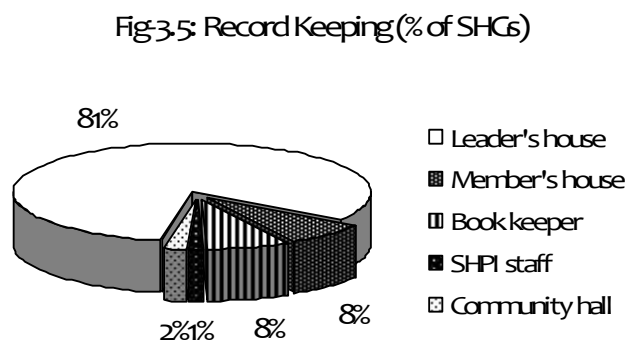
Table-3.12 shows that the group age and the SHG members engaged as book writers are negatively correlated; the group age and the SHPI staff engaged as book writers are positively correlated. This could be because of higher maturity levels and income in older SHGs, as well as the systems promoted by the SHPIs.

Table 3-12 Age of SHGs and the Book Writers (% of SHGs)

S. No.	Particulars	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	SHG member	64.9	64.7	54.8	56.6	23.7	58.8
2	Book keeper	17.0	23.5	22.6	30.2	65.8	25.0
3	SHPI staff	13.9	7.1	14.5	11.3	10.5	12.0
4	Non-members	4.1	4.7	8.1	1.9	0.0	4.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

c) Record keeping: Figure-3.5 shows that most SHGs keep their records at the leader's house (81%) followed by book keeper's house (9%), community hall (8%), member's house and SHPI staff (2%). This is because most group leaders are educated, and write group records. As a result there is less possibility for members to access group records. Further, there are chances for manipulation of records, where the book writer and the group leader is same. The group records are with a member where the group leader is non-literate. Of all the states, most of the SHGs' records are at leader's house, except in Karnataka (33%) wherein many SHGs' books are with book keepers (35%) followed by member's house (19%) community hall (10%) and SHPI staff (10%).

Figure 3-5 Record Keeping (% SHGs)



Similarly, the majority of the SHGs' records are at leader's house across the SHPIs. However, the percentage of SHGs keep their records at member's house are higher in NGO promoted SHGs (11%) than Self-promoted (10%) and Government (5%). Further, the percentage of SHGs keep their records at book keeper are higher in Govt. promoted groups than banks & federation promoted (7%), self (6%) and NGOs (5%).

d) Honorarium to book writers: Most of the SHGs (81%) have not paid honorarium to the book writer. However, about one-fifth have paid honorarium between Rs. 20 and 200. No SHG has paid honorarium to book writers in Assam. But a majority of SHGs in AP (72%) have been paying honorarium to book writers. Of all SHG age groups, a majority of old SHGs, more than 15 years, (63%) have paid honorarium to book writers (see table-3.13).

Of the SHGs paying honorarium, a little more than half have been paying more than Rs. 50. In AP, a larger number of have been paying a large honorarium to book writers than in other states. Of the districts, a comparatively larger number in underdeveloped districts (27%) than in developed districts (11%) have been paying honorarium. Similarly, a larger number of SHGs promoted by government (26%) have paid honorarium than in banks & federations (10%), NGO (11%), self (22%), and the SHG promoted by self.

Table 3-13 Honorarium to Book Writers (% of SHGs)

S. No.	Amount in Rs.	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	No pay	93.3	80.0	74.2	77.4	36.8	81.0
2	Upto 50	3.6	11.8	14.5	17.0	13.2	9.3
3	51-100	1.5	5.9	4.8	5.7	28.9	5.8
4	> 100	1.5	2.4	6.5	0.0	21.1	3.9
	Total	100.0	100.0	100.0	100.0	100.0	100.0

3.4 LEADERSHIP

To manage financial and functional affairs of group, members in a SHG choose two among them as office bearers or leaders – president and secretary. The members and leaders are expected to perform certain role & responsibilities effectively. The following discussion focuses on how far the members and leaders are aware of their role and responsibilities? How SHGs select their leaders? And how frequent the leadership rotation happens in the group?

a) Criteria for the selection of leaders: The SHGs considered multiple criteria while selecting office bearers: About two-third had 2-3 criteria while the others have taken into account more than four decisive factors. A preponderance of SHGs had given importance to: i) ability to sign/ educated (88%), ii) good communication (79%) and iii) good character (45%). In addition, some considered criteria such as i) member influence in the community (22%), ii) age – young/middle aged women (15%), iii) economically sound or better off (11%) and iv) elderly (5%). Of all the states, a large percentage of SHGs in Karnataka have given first choice to the persons with influence in the community (65%) and who can support others in case of delayed payment of savings and loan instalments. Similarly, SHGs in the underdeveloped districts have given 1st choice to the persons with influence in the village (27%).

b) SHG members' awareness on role and responsibilities of leaders: Table-3.14 shows that more than two-thirds of SHGs (68%) knew up to 5 of 10 roles & responsibilities of SHGs and members. This is similar across the states, development of districts, age groups of SHGs and SHPIs. But majority of the SHGs in Maharashtra (53%) reported awareness of more than six roles & responsibilities. A lot of SHG members are aware of many roles & responsibilities of group leaders: organizing meetings (97%), regular savings & loan repayment (78%), depositing amounts in the bank (72%), ensuring member attendance in group meetings (67%) and regular book keeping (50%). But a majority of the SHGs are not aware of other roles & responsibilities that are equally important for the smooth functioning of groups, such as coordinating with officials (29%), supporting other members (28%), attending federation meetings (22%), attending trainings (19%) and participating in government programmes (18%).

Table 3-14 Awareness of Members on Role & Responsibilities of Leaders (% of SHGs)

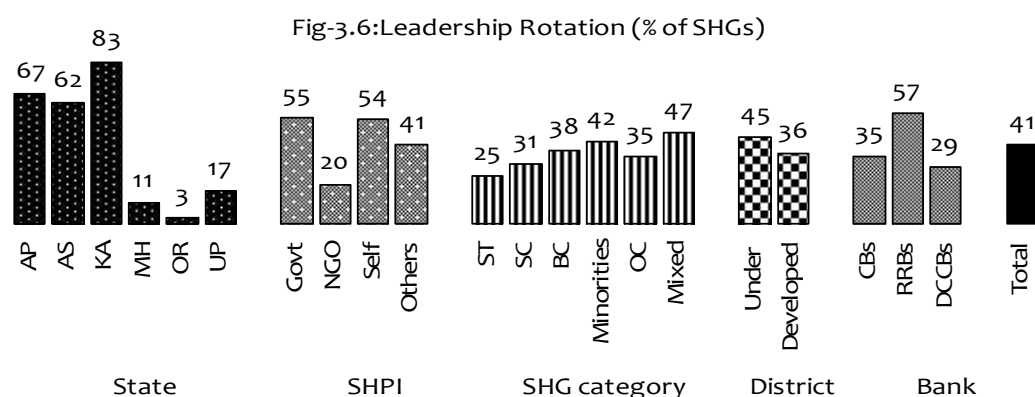
S. No.	No. of roles	AP	AS	KA	MH	OR	UP	Total
1	Up to 5	59.7	72.2	59.7	47.2	72.2	94.4	67.6
2	6 & above	40.3	27.8	40.3	52.8	27.8	5.6	32.4
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

The percentage of SHGs that have awareness on role & responsibilities of leaders is higher in the SHGs promoted by self (76%) than NGOs (71%), Government (66%) and others (48%). Whereas, the percentage of SHGs that have awareness on more than five roles and responsibilities is higher in the SHGs promoted by banks and federations than Govt (34%), NGOs (29%) and self-promoted (24%). It shows that the SHGs have more awareness on the role and & responsibilities of leaders promoted by banks and federations than other SHG promoters. It could be because of association and capacity building inputs from federations.

c) **Leadership rotation:** Leadership rotation and rotation of representation in apex bodies is very important for building leadership qualities among the SHG members. Figure -3.6 shows that 41% of SHGs have replaced their leaders between 1 and 6 times. However, a majority of the SHGs have not changed their leaders even once. Figure-3.6 shows that a majority of the SHGs have replaced their leaders in Karnataka (83%), Andhra Pradesh (67%), and Assam (62%). But in Odisha (97%), Maharashtra (89%) and Uttar Pradesh (83%), SHGs have had not practiced leadership rotation. This could be because of they are comparatively younger groups in these states & leadership rotation is not enforced.

Of the SHPIs, the occurrence of no leadership rotation is higher in NGO promoted SHGs (80%) than in banks & federations (59%), self (46%) and government (45%). Of the SHG categories, the incidence of leadership rotations is high in mixed SHGs (47%) and less in ST SHGs (25%) as compared to Minorities (42%), BC (38%), OC (35%) and SC (31%) SHG categories.

Figure 3-6 Leadership Rotation in SHGs (% of SHGs)



The table-3.15 shows that the age of SHGs and the incidence of leadership rotation are positively correlated, that is as the age of SHGs increases the frequency of leadership rotation also increases. But some SHGs of more than 12 year have not changed their leaders even once, probably due to low literacy levels, unwilling of other members to take up leadership responsibilities and good faith & performance of present leaders. The incidence of leadership rotation is higher in the underdeveloped districts (45%) than in developed districts (36%).

Table 3-15 Age of SHGs and Leadership Rotation (% of SHGs)

S. No.	No. of Times	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	No change	77.3	55.3	59.7	30.2	18.4	59.5
2	1 to 2	20.1	34.1	21.0	34.0	28.9	25.5
3	3 & above	2.6	10.6	19.4	35.8	52.6	15.0

3.5 GROUP NORMS

a) **Criteria for the selection of group members:** The groups followed multiple criteria while forming into a SHG. During focus group discussions with SHGs, the members have

narrated the conditions to be considered: i) preference to women staying in the same street, area, locality and village, ii) economically poor, can pay savings and loan instalment regularly, iii) can or willing to attend group meetings within and outside the village, iv) members know each other, v) preference to same caste women, vi) preference to middle aged women, vii) preference to those having experience in managing the group, viii) good character – friendly, help other, patient, feel ownership, listens, and have faith in others. The groups avoid women who are i) rich / landlords, ii) unable or unwilling to pay savings and loan instalments regularly, iii) migrants, iv) old age. The above observations reveal inclusion of certain categories and exclusion of others for the smooth functioning of a group. Some women who are very poor and have low financial capacity are excluded from the groups.

b) Entry and exit norms: Similarly, if a person wants to enrol in a group or withdraw membership, there are entry and exit norms. The entry norm common across the groups is that the new member should pay the amount equivalent to the savings of existing members (98%), which makes them eligible for the various entitlements on par with other group members. Very few groups have a norm of no loans immediately to the new associates (3%) but they are eligible to borrow small loans from internal funds, not bank loan. There are different exit norms: pay only accrued savings of the member as on the date (37%), pay savings plus interest (48%) and pay savings plus group earnings (15%). Savings are adjusted to loans outstanding if any. The groups do not pay savings if a member leaves in a stipulated time, generally before three years.

c) Fines and penalties: Of the sample SHGs, 63% of the groups have the practice of collecting 1 to 3 kinds of fines – delay in paying savings (45%), delay in attending meetings and /or non-attendance (44%), and delay in repaying loan instalments (30%). Of all the states except Odisha, majority of the SHGs have the practice of collecting fine from their members but in Odisha majority of the SHGs don't have the practice of collecting fines from members at SHG level. Table-3.16 shows that the percentage of SHGs have the practice of collecting fines is higher in NGO promoted groups (68%) than Govt (61%), banks & federations (59%) and self-promoted (52%). Of the SHG categories, higher percentage of SHGs have the practice of collecting fines in ST groups, Minorities and Mixed groups (69%) than OCs (51%), SCs (56%) and BCs (58%).

Table 3-16 SHPI-wise SHGs having the Practice of Collecting Fines (% of SHGs)

S. No.	Number of fines	Govt (N=186)	NGOs (N=167)	Self (N=50)	Others (N=29)	Total (N=432)
1	No fines	38.7	31.7	48.0	41.4	37.3
2	One	30.1	20.4	16.0	13.8	23.6
3	Two	22.0	21.6	20.0	20.7	21.5
4	Three	9.1	26.3	16.0	24.1	17.6
Total		100.0	100.0	100.0	100.0	100.0

The amount of fine varies from one activity to the other. In case of delay in paying savings and attending meetings, the amount ranged between Re. 1 and Rs. 5, whereas the amount is up to Rs. 50 in case of delay in paying a loan instalment. In many SHGs there are norms that are not put into practice. Most SHGs permit their members to pay monthly

savings and loan instalments on or before going to bank for depositing it. The groups are fearful if they strictly follow the norms, it will cause group cohesion to collapse instead of achieving discipline among the members.

3.6 LENDING ACTIVITIES OF SHGS

a) **Lending norms:** Lending is one of the salient features of SHG. Each SHG has some lending norms:

- *Loan size:* Normally the loan size varies between Rs. 500 and Rs. 15,000; occasionally the groups provide large loans, up to Rs. 50,000, in case of marriages, housing and serious health issues if the funds are available in the group.
- *Loan term:* Most loans are short term, between 6 months to 1 year. The loan term is extended if there is no credit demand from other members in the group.
- *Instalment frequency:* A majority of groups have the norm of monthly instalments followed by single payment at the end.
- *Pattern of payment:* Monthly payment of both principle and interest is the norm, but paying monthly interest and principle at the end is common across the SHGs irrespective of state, districts and promoters.
- *Rate of interest:* The rate of interest varies from 12 to 24 percent per annum depending on the rate of interest charged by local money lenders. Some SHGs have been charging differential rates of interest on loans based on funding sources: external funds (banks, federations and NGO MFIs) 12 to 18% and internal funds 24%.
- *Collateral:* There is no collateral in SHG lending, though some SHGs have the practice of collecting promissory notes from group members and/or their household members to avoid risk in case of default and/or death.

During interactions with SHGs, the study teams have observed that the members have a good awareness of lending norms.

b) **Extent of internal lending with group funds:** Normally, the SHGs lend to their members from funds mobilized internally from members' savings, interest earned, fines and penalties, and profit earned from any group entrepreneurial activity. About 70% of SHGs have disbursed loans of Rs. 1.76 crore to 1,912 members with an average of 6.4 members. The total loan outstanding with the members is Rs. 1.29 crore with an average of Rs. 43,198 per SHG. Currently, 31% of SHGs do not do internal lending, though there are large amount of funds in SHG saving bank accounts (sum of Rs. 54.97 lakh).

Figure 3-7 Loans to Members from Internal Funds (% of SHGs)

Fig-3.7: Loans to Members from Internal Funds (% of SHGs)

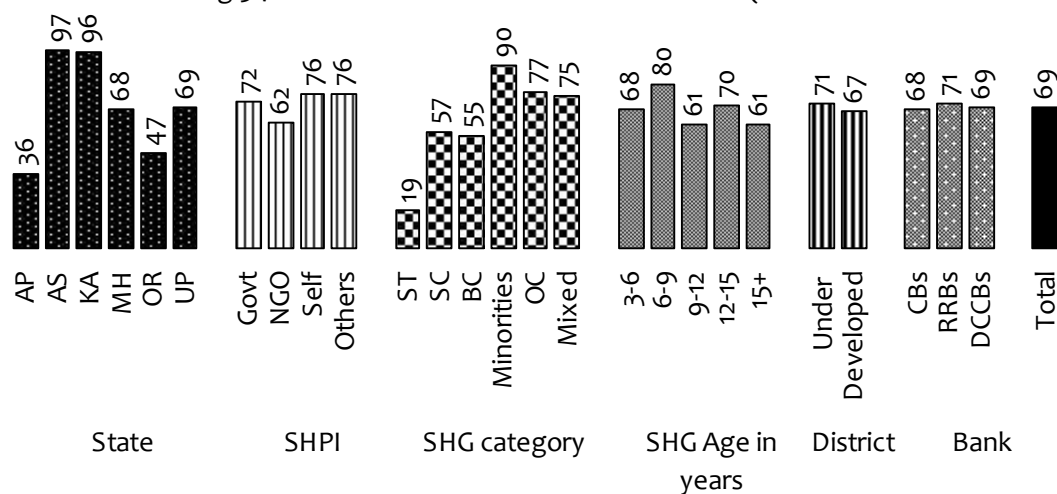


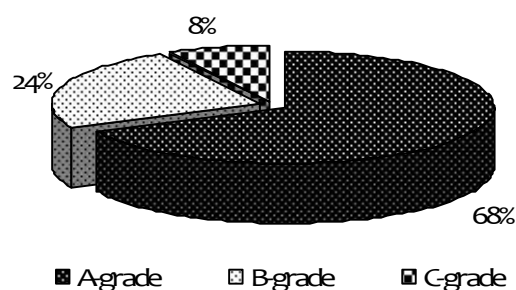
Figure-3.7 shows that majority of the SHGs have the practice of lending own funds to members in majority of the sample states. However, majority of the SHGs in AP (64%) and Odisha (53%) do not have practice of lending own funds, as there is much greater emphasis on SHGs accessing bank loans to meet the credit needs of members. Of all the SHPIs, lower percentage of SHGs have the practice of internal lending with own funds than Government, self and other which includes banks federations and community. Of all SHG social categories, higher percentage of SHGs disbursed loans from own funds; but only 20% of ST SHGs have disbursed loans from own funds. Though majority of the SHGs disbursed loans from own funds, there is no much difference between different age groups of SHGs, development of the district and type of bank that the SHGs associated with them. The reasons for no internal lending are various and shall be discussed under the heading idle funds in the coming chapter.

3.7 GRADES OF SHGs

The SHGs studied were graded based on the Critical Rating Index (CRI) tool developed by National Bank for Agriculture and Rural Development (NABARD). Figure-3.8 shows that a majority of the SHGs are A-grade (68%) followed by B-grade (24%) and C-grade (8%).

a) **SHG grade vs states:** The majority of A-grade SHGs are in Assam (98%), Karnataka (97%) and Maharashtra (87%) and lowest in Andhra Pradesh (33%); majority B-grade SHGs are in UP (54%) and Odisha (51%); and many C-grade SHGs are in AP (42%) because of absence of internal lending with own funds in majority of the SHGs. As a result, low scores and grades. However, the groups are good in terms of

Figure 3-8 Grades of SHGs



solidarity among the members, regularity of meetings and savings, financial transactions within the meetings, repayment of external loans etc.

b) SHG grade vs districts: In both types of districts, the majority of SHGs are A-grade. However, the percentage of A-grade SHGs is higher in underdeveloped districts (73%) as compared to developed districts. The percentage of B and C grade SHGs are low (22% and 6%) in underdeveloped districts as compared to developed districts (27% and 11%). It is evident that SHGs' quality in underdeveloped districts is better than the developed districts.

c) SHG grade vs Location of the group: The percentage of A-grade SHGs is higher in block headquarters (73%) as compared to roadside (69%) and interior villages (62%). The percentage of C grade SHGs is higher in interior villages compared to SHGs in roadside villages and block quarters. This is probably due to more exposure, high inputs and monitoring from the promoters.

d) SHG grade vs SHPI: Of all the SHPIs, a majority of the SHGs are A-grade. The percentage of A-grade SHGs is higher in the SHGs promoted by govt. (74%) than by NGOs' (61%). However, the percentage of C-grade SHGs is also high in government promoted SHGs (13%). On the whole, the SHGs promoted by government are better than NGOs and other promoting agencies.

e) SHG grade vs Age of SHGs: Of all age groups of SHGs, a majority are in A-grade. However, the percentage of A-grade SHGs is less in the SHGs between 9 -12 year old as compared to all other age groups of SHGs. The percentage of B-grade SHGs is high in 9-12 year SHGs and low in 6-9 year SHGs as compared to all other age groups of SHGs. The percentage of C-grade SHGs is high in old SHGs, more than 15 years (16%) and less in new SHGs (3%).

Table 3-17 Grades of SHGs (% of SHGs)

	Particulars	A-grade	B-grade	C-grade
a. State	1. Andhra Pradesh	33	25	42
	2. Assam	98	0	2
	3. Karnataka	97	3	0
	4. Maharashtra	87	13	0
	5. Odisha	47	51	2
	6. Uttar Pradesh	42	54	4
b. Status of district	1. Developed	62	27	11
	2. Underdeveloped	72	22	6
c. SHG location	1. Block head quarters	73	21	6
	2. Roadside village	69	23	8
	3. Interior village	62	28	10
d. SHG age	1. 3-6 ears	69	28	3
	2. 6-9 years	76	13	11
	3. 9-12 Years	51	36	13
	4. 12-15 years	66	23	11
	5. > 15 years	68	16	16
e. SHPI	1. Government	74	13	13

	2.	NGOs	66	38	1
	3.	Others	68	22	10
f. Type of bank	1.	Commercial Bank	64	26	10
	2.	Regional Rural Bank	75	18	7
	3.	District Credit Coop Bank	65	33	2
		Total	68	24	8

f) **SHG Grade vs Type of bank:** Of all types of banks, majority of the SHGs are in A-grade. But the percentage of A-grade SHGs is higher in RRBs than in CBs and DCCBs. On the other hand, the percentage of B-grade SHGs is high in DCCBs than in RRBs and CBs. The percentage of C-grade SHGs is high in CBs and low in DCCBs as compared to RRBs. It reveals that the SHGs credit linked to DCCBs and RRBs are better in quality than the SHGs credit linked to CBs. It could be because of high monitoring as these banks are mostly located in rural areas.

3.8 BEST PRACTICES AND VARIOUS ISSUES

a) Best Practices

i) Andhra Pradesh

- Society for Elimination of Poverty (SERP) an Organization set up by the Govt. of AP is the major promoter of SHGs and federations in the state
- SHG federations at different levels viz., village, mandal and district.
- SHG federations acting as resource agencies or self help promoting institutions
- Pancha Sutras for the improvement of SHG quality
- Savings at multiple levels-SHG, VO and Streenidhi and savings for different purposes – health, education and social needs
- Standard book keeping system across the state and majority SHGs engaged paid book writers
- Majority SHGs have the practice of leadership rotation
- Credit from multiple sources-SHG, VO, Bank and Streenidhi
- Technology based disbursement of loans to SHGs by Streenidhi; and SHG data in the website.
- Loan and asset insurance at the time of SHG credit linkage with banks and Streenidhi
- Auditing of SHGs – Sector Own Control
- Interest subvention on SHG loans from banks and Streenidhi (AP Govt)
- Bank Mitras system to facilitate SHGBLP
- Sub-committees at SHG, VO, MS and ZS levels to address the needs of members and issues

ii) Assam:

- Government (NRLM) and NGOs are the major SHPIs in the state
- Heterogeneity in SHG composition – members from multiple castes

- Weekly meetings and savings are common
- Internal lending is very high
- The practice of leadership rotation in majority SHGs
- Strict implementation of fines and penalties in case of delay in paying savings and loan instalments and maintain register for fines and penalties.
- SHGs organizing social functions at village level with their profit
- Bank Mitra System to facilitate SHG bank linkages and address various issues encountered in the process
- Both financial and non-financial services from SHG federations
- Regional Rural Banks have been playing vital role in SHG bank linkage
- Members taking up non-traditional activities like carpentry, embroidery, tailoring, beauty parlour, stationary shops, etc
- Cash Credit limit loans for taking up income generation activities
- Majority of the disintegrated SGSY SHGs were revived by the NRLM

iii) Karnataka:

- Govt. NGOs and banks (DCCBs) are the major players; MYRADA, OUTREACH, SKDRDP, Sampark are prominent
- Majority SHGs have the practice of leadership rotation
- Majority SHGs have the practice of weekly meetings and savings
- Promotion of primary level federations by the NGOs
- Federations provide non-financial services such as auditing of SHGs, grading of SHGs, facilitation of credit linkages with bank, linkages with line departments, trainings on SHG concept and skill development etc.
- NGOs or NGO-MFIs liasioning between banks and SHGs in credit linkage with banks
- Piloted SHGBLP intervention; need based lending; promotion of CMRC concept; user friendly book keeping; and greater focus on capacity building. Computerization of book keeping

iv) Maharashtra:

- Government and NGOs are the major SHG and federation promoters; Chaitanya is one of the leading agency engaged in SHG promotion
- Many existing SHGs are the old defunct SHGs in the past; revived with the same name, account and more or less with the same members
- Dashsutri and weekly meetings
- Increase of amount of savings per member per month over the years
- Savings based on the socio-economic conditions of the group members and the locality- tribal, rural and semi-urban
- Members are much interested in micro insurance and pensions especially Atal pension plan and Dhan Shree Insurance plan by SBI
- Chaitanya's Jankar system for capacity building of SHGs Promotion of federations by both Govt. and NGOs like Chaitanya

- Credit linkage of federations with banks; and federations acting as credit agencies to other federations in the neighbouring areas
- Federation at village level acting as intermediary between banks and SHGs to facilitate SHG bank linkage.
- Private banks providing loans under CCL

v) Odisha:

- Government and NGOs are the major SHG and SHG federation promoters in the state. Government promoted SHGs under various programmes
- Targeted Rural Initiatives for Poverty Termination and Infrastructure (TRIPTI) programme by Odisha Poverty Reduction Mission (OPRM)
- Odisha Livelihood Mission
- Promotion of SHG federations at block level to provide financial and non financial services to their member SHGs
- Commercial and Regional Rural banks provide credit to SHG federations
- Caste homogeneity in group formation
- Fortnightly meetings are very common in Koraput district because of the presence of a support agency Dhan Foundation
- SHGs engagement in the implementation of Govt. programmes like Midday meal, Swachh Bharat Mission (SBM), addressing drinking water supply issues and village sanitation through Gaon Kalyan Samithi
- Capacity building is mostly on institutional building and functioning

vi) Uttar Pradesh:

- Govt and NGOs are the major promoters; of the NGOs Rajeev Gandhi Mahila Vikas Pariyojana (RGMVP) is prominent. There are many other NGOs operating.
- Many SHGs have weekly meetings, learning from Andhra Pradesh experience.
- Micro Credit Loan Factories (MCLF), bank branches promoted by Baroda playing a major role in the process of credit linkage of SHGs promoted by RGMVP.
- Participation of SHG women in Panchayat Raj elections as Pradhan and BDC Member
- Promotion of Community Resource Persons called Sakhi (Samooh, bank, Sawsthya and Ajeevika) is widely practiced by RGMVP
- Focus on 'Panchasutras' for effective functioning of the SHGs
- RGMVP taking the responsibility of ensuring good repayment from SHGs to bank by having MoU with selected bank to scale up SHG Bank linkage
- Disha Micro Credit Programme (DIMC)- Loans to SHGs and JLGs that have gone through Combined Group Test and Group Recognition Test; provide loan and insurance products;
- Janahit Foundation an NGO act as facilitator between banks (Shivalik Mercantile Bank-SMB) and SHGs.

B Issues**i) Andhra Pradesh:**

- Large amount of idle funds in SHG savings bank accounts
- There is no internal lending with own funds in majority SHGs as Government of Andhra Pradesh reimburses bank loan interest to SHG members (interest-free)
- Distribution of group funds instead of paying dividend on member savings
- Equal distribution of bank loan rather than need based lending
- Meeting agenda mostly limited to financial aspects – paying off savings and loan instalments. SHG federations focus on the social agenda
- With Government being a dominant SHPI, NGOs have withdrawn from SHG promotion and in facilitating SHG bank linkage.

ii) Assam:

- More dormant SGSY groups in non-intensive NRLM blocks in the sample districts
- Equal distribution of bank loan rather than need based lending
- Low capacity & skills of NRLM staff about the SHG concept and bank linkage
- Less understanding and orientation on financial inclusion and SHG bank linkage among the bankers.
- Most of the SHGs formed under SGSY programme became dormant.
- Most of the groups formed under SGSY are looking for subsidy loans.
- Less understanding on book keeping and accounting among the SHPI staff
- Small volume of loan from banks compared to other states
- Many SHGs formed by NGOs in the past transformed into JLGs by the NGOMFIs- Example –Satra, RGVN, Bandhan etc.

iii) Karnataka:

- Large number of idle funds in SHG SB accounts
- Govt. of Karnataka not pushing the SHG Bank Linkage Programme as a top down approach.

iv) Maharashtra:

- Members formed into groups and attending meeting to access credit from banks
- There is no internal lending with own funds in majority of the groups as the SHG bank loan size is determined on the basis of extent of funds in SHG SB account
- Some of the SHGs have accounts in two banks. Promotion of savings with one bank and credit linkage with another bank. Kolhapur district – savings account with nationalized banks and credit linkage with private banks as the commercial banks are providing meagre volume of loan.

- Members are unwilling to take up income generation activity as a group because the members have different skills and interests of them as well as their household members.

v) Odisha:

- Economic heterogeneity –formation of groups with BPL and APL households
- Low awareness among the members on SHG rules, regulations, systems and procedures. Limited capacity building for the SHG members and SHPI staff.
- SHG Meeting at the residence of either president or the secretary
- Mostly no internal lending with own funds because of two reasons – to get large volume of loan in the subsequent linkage based on the funds in SHG SB account and bankers are not allowing to withdraw savings.
- Irregular payment of bank loan instalments; consequentially, low average loan repayment rate (73%)
- SHGs lending to non-members at a high interest rate
- Rotation of leadership is an issue
- No group is willing to take up group activity.
- Equal distribution of bank loan
- Majority of the SHGs are expecting a subsidy loan
- SHPIs' interest is on getting SHGBLP to all the groups promoted by them irrespective of quality, but not on issues related to the quality of SHGs
- NPA has been increasing over the years and it is demotivating the bankers.
- Bank branches are not accessible to SHGs, particularly in tribal areas

vi) Uttar Pradesh

- No internal lending among SHGs using their own funds generated from savings.
- Large amount of funds in SHG SB accounts are idle.
- Repayment of bank loans by SHGs in single instalment.
- Linkages on target approach due to pressure from government
- Large loans without providing any livelihood training to the loan borrowers under CCL
- Presence of many microfinance organizations in the state especially in Saharanpur, one of the sample districts.
- Poor cooperation from nationalized banks for SHG bank linkage programme.
- SHGs and JLGs are formed only for bank loan. Once the group repays bank loan, those groups will disintegrate. If they want further loan, once again they form into a new group with old and/or new members; whatever the amount of savings that the SHGs have in their SB account, will be returned once the group repaid the loan.
- Shivalik Mercantile Bank (SMB) don't allow withdrawal of savings for internal lending

For state and SHPI-wise performance of SHGs see Annexure -6 and 7.

3.9 CONCLUSIONS

Monthly meetings are common; however, weekly meetings are predominant in Karnataka and Assam, underdeveloped districts and in A-grade SHGs. Regularity of meetings is a concern in AP and in underdeveloped districts, older SHGs and government promoted groups; similarly, the member attendance in group meetings is like regularity of meetings. The meeting agenda included financial, non-financial and social agenda items, but is mostly confined to financial aspects, especially collection of savings and loan instalments. Social and development issues were not a significant focus of the meetings.

Monthly savings are common. However, weekly savings are predominant in the states like Assam and Karnataka, and 6-9 year old SHGs. There are only mandatory savings at two levels – members with SHGs and SHGs with external agencies such as federations and NGO MFIs. The average amount of savings collected per month, per member varies among states, socio-economic conditions of districts, SHGs' location, age of SHGs, SHPIs and the SHGs' association with the type of bank. Members have promoted large amounts of savings with their SHGs. But even the older SHGs have comparatively low cumulative savings because of distribution of members' savings in the past. A small number of SHGs has been promoting savings with their SHG federations and NGO-MFIs, as these institutions do not exist across the states studied.

The quality of books being maintained by the SHGs credit linked to banks is good. The majority of the SHGs have been maintaining 'minutes book' 'loan ledger', 'member pass book' and 'cash book'; however, a majority of the SHGs don't have a "general ledger". The books are mostly up-to-date and accurate. The SHG members are the book writers in majority of the SHGs across the states, except in AP, where paid book keepers are prominent. Mostly the SHG records are kept with the leaders across the states. Except in AP, most of the SHGs have not been paying any honorarium to the book writers, which is a concern because, if there is no honorarium paid to book writer, then the book writers may lose interest and be less accountable as it is a voluntary task.

Taking the socio-economic conditions of the SHG members into account while selecting group members, the majority of the SHGs considered multiple criteria such as capacity to sign, education, communication skill and character, and as well as some criteria that are not desirable: influence in the community, economic status and older age. A lot of SHGs are well aware of many roles and responsibilities of group leaders, but majority are not aware of other roles & responsibilities that are equally important for the smooth functioning of groups. Leadership rotation is a concern: the majority of the SHGs have not even changed their leaders once due to diversity of reasons. However, due to internal system, members rotate in attending the bank to deposit monthly savings and loan instalment, giving members exposure on par with the leaders.

The SHGs have formulated clear entry and exit norms for enrollment and withdrawal of membership. Most of the SHGs have lending norms, which vary from one SHG to the other depend on SHPI, fund source for lending, SHG social category, etc. There are norms like fines & penalties for the smooth functioning of SHGs and to inculcate discipline among the members in many SHGs, in fact, however, there is no strict enforcement of these norms in many SHGs. There is no internal lending with own funds in one-third of

SHGs even though they have large funds lying in their SB accounts. This is a major concern in AP and Odisha. It is lower among the SHGs promoted by NGOs than Government, banks & federations and self-promoted SHGs.

Based on a Critical Rating Index tool, the SHGs credit linked to banks are good: majority is A-grade followed by B-grade and C-grade. However, the grades of SHGs are varying among states, development of districts, location of the group, promoter, age of SHGs and association with type of bank.

SHG movement took birth in South India, particularly in the States of Karnataka and Andhra Pradesh. Several best practices such as systematic training for SHG members, well established SHG norms developed by the group, weekly meetings & savings, book writers drawn from among the SHG members & trained to perform their role effectively, community resource persons (CRPs) as facilitators and service providers to SHGs, leadership rotation for good governance, promotion of SHG federation for the sustaining SHGs, need-based lending to members, etc. were developed for the sustainability of the SHGs and scaled up in these states. Also, several innovations such as “bank mitra” for facilitating SHG bank linkage, Community Managed Resource Centre (CMRC), insurance cum pension scheme for SHG members, an apex lending organization (like Sangamitra Rural Financial Services in Karnataka and Stree Nidhi Cooperative Apex Federation in Andhra Pradesh), total financial inclusion through SHGs, etc., were pilot tested successfully in these states.

Uttar Pradesh, Maharashtra, Assam and Odisha benefited from the best practices and innovations from Karnataka and Andhra Pradesh as a number of SHPI staff visited these states for exposure visits and a large number of CRPs were deployed. Under the National Rural Livelihoods Mission (NRLM), the experiences and learning from South India reached almost all the part of India giving the impetus for the growth of the SHG Bank linkage.

While Karnataka and Andhra Pradesh, being pioneers of the SHG movement, have contributed to the mainstreaming of the best practices, there have been certain issues and challenges that the SHG Bank linkage programme faced in the sample states. These include sub-optimum utilization of members’ savings, limited attention to leadership rotation in SHGs and equal distribution of loans among SHG members. Over the years with Government becoming the predominant promoter of SHGs, the entire movement became top-down to some extent making the foundation weak.

4. Chapter: CREDIT BEHAVIOUR

The financial and institutional sustainability of SHGs depends on the quantity & quality of financial services that the groups provide to their members. The financial performance of SHGs depends on how best the groups mobilize savings from members, loans from banks and other credit agencies, and build group corpus for on lending to their members. This chapter discusses: how far the SHGs have access to external credit? What is the current status of those loans? What is the purpose of SHGBL loans and how do the SHGs members use those loans? What is the repayment rate from SHGs to banks and how do they manage default. Finally, what are the issues in credit linkage with banks that influence the sustainability of the bank linkage programme?

4.1 SHGs' ACCESS TO FINANCIAL RESOURCES

The SHGs have mobilized funds in the form of grants and loans from various external agencies such as Department of Rural Development Authority (DRDA), SHG federations, NGO-MFIs, banks and other sources. Of the cumulative funds of Rs. 19.77 crore, 95.6% is loans and the remaining 4% is grants from external agencies.

a) Grants: Table-4.1 shows that 51.6% of the SHGs have received grants totalling Rs. 79.82 lakh with an average of Rs. 35,796 from DRDA. The grants include revolving fund, a portion of loan as subsidy, interest subsidy and reimbursement of interest on bank loans under interest subvention programme. No SHG has received any grants from federations, NGO-MFIs, banks and other sources. The percentage of SHGs that have received grants from DRDA is high in AP with 99% and low in Karnataka with 15%, compared with other states – Maharashtra- 22%, UP- 42%, Odisha- 60% and Assam- 72%. During focus group discussions, the majority of SHGs said that the DRDA grants were distributed among the members equally. Some added the grants to the group corpus for lending; and few groups used a portion of their grant for making payments/ paying bribes to get a subsidy loan.

Table 4-1 Extent of Funds Mobilized from External Credit Agencies

S. No.	Name of the agency	Grants (Amount in Rs.)			Loans (Amount in Rs.)		
		% of SHGs	Total Amount	Average amount	% of SHGs	Total Amount	Average amount
1	DRDA	51.6	79,82,485	35,796	5.3	18,98,500	82,543
2	Federations	0.0	0.0	0.0	20.1	141,60,610	1,62,766
3	NGO-MFIs	0.0	0.0	0.0	10.4	65,35,300	1,45,229
4	Banks	0.0	0.0	0.0	100.0	16,66,14,037	3,85,681
5	Others	0.0	0.0	0.0	2.5	4,65,200	42,291
Total		51.6	79,82,485	35796	100.0	18,96,73,647	43,94,059

b) Loans: Since inception, the sample SHGs have borrowed a cumulative loan of Rs. 18.97 crore from DRDA, SHG federations, NGO-MFIs, banks, and other agencies, with an average of Rs. 4.39 lakh per group. The largest portion of the funds (88%) is from banks (88%), followed by federations (8%), NGO-MFIs (3%), DRDA (1%) and others (0.5%). The

reason for the prevalence of bank loans is that SHGs were purposively selected for the study if they were credit linked at least once and had a loan outstanding at present. The cumulative loan per SHG is varying between the states: the highest is in AP with Rs. 10.21 lakh, and the lowest is in Assam with Rs. 72,513, compared with other states – Odisha - Rs. 140,451, Maharashtra - Rs. 210,993, UP - Rs. 386,528 and Karnataka - Rs. 482,153.

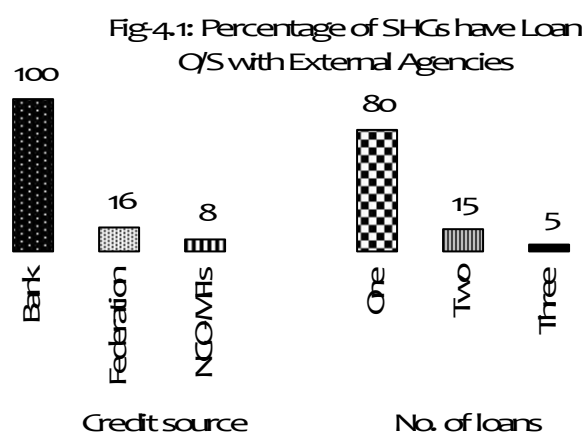
87 (20.1%) of the sample SHGs have borrowed loans from SHG federations. Of all the states, the largest percentage of SHGs that borrowed loans from federations is in AP, with 67% followed by Assam with 44%. A few SHGs in Maharashtra (4 out of 72) and UP (3 out of 72) have borrowed loans from federations. The average amount per SHG also varies between states: the highest is in AP with Rs. 2.38 lakh and the lowest is in Assam with Rs. 55,312, compared to Maharashtra (Rs. 1.50 lakh) and UP (Rs. 1.22 lakh). No SHG in Odisha and Karnataka has reported loans from federations for two reasons - absence of SHG federation in the sample blocks and districts in those states, and the limitation of federations to non-financial and social roles.

Out of 432 SHGs, 45 (10.4%) have borrowed loans from NGO-MFIs or Credit Cooperative Federations. Of these, 40 are from AP, 4 are from Maharashtra and one from UP. About 55% of SHGs in AP borrowed loans from Streenidhi, a credit cooperative federation jointly promoted by Govt. of Andhra Pradesh and Mandal Mahila Samakhyas (MMS), the SHG federations at mandal level. Though a majority of the sample SHGs received grants from DRDA, a small number of SHGs, 23 out of 432, have received loans from DRDA: 19 in Maharashtra, and two each in AP and Karnataka. No sample SHG has received a loan from DRDA in Assam, Odisha and UP because the SGSY programme was closed in 2010 and restructured as the National Rural Livelihood Mission (NRLM). In sum, the major source of loans to SHGs is banks, followed by federations, NGO-MFIs and DRDA.

4.2 STATUS OF CURRENT LOANS

a) **Credit sources:** The sample SHGs have loans outstanding from multiple credit agencies, banks, federations and NGO-MFIs. Figure-4.1 shows that the entire sample SHGs have loans outstanding with banks; for the sample, purposely selected those SHGs with loans. 70 SHGs (16%) have loans outstanding with federations, though none has in Karnataka and Odisha. Many SHGs in AP (46%) and Assam (43%) have loans outstanding with federations; whereas only a few in Maharashtra (3 out of 72 SHGs) and UP (3 out of 72 SHGs) have loans outstanding with federations. 34 (8%) have loans outstanding with NGO-MFIs. Except in AP, no sample SHG in the sample states has a loan outstanding with NGO-MFIs.

Figure 4-1 Percentage of SHGs have Loans with External Agencies



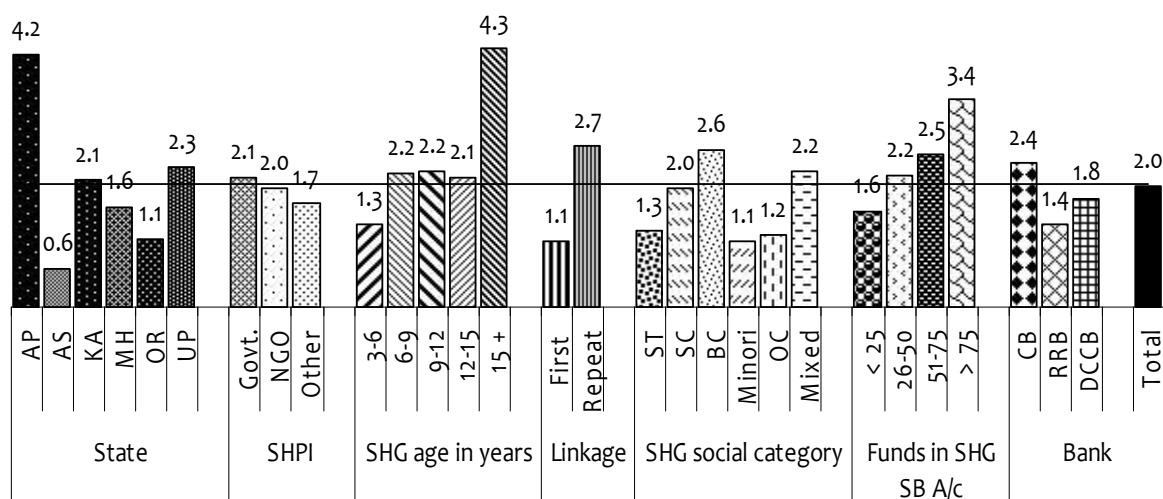
b) Number of loans: Figure-4.1 shows that a large number of SHGs have loans outstanding with one agency (80%) followed by two (15%) and three (5%). Except in AP, most of the SHGs have loans outstanding with only one agency across the sample states. In Karnataka and Odisha, this figure is 100%. The percentage of SHGs that have loans outstanding with two agencies is high in Assam (43%) followed by AP (38%); a small percentage of SHGs have loans with two agencies in Maharashtra (4%) and UP (4%). SHGs having loans with three agencies are found only in AP (28%).

c) Volume of loan: Loan volume varies from source to source, depending on the lending norms of credit agencies.

i) Banks: The sample SHGs have borrowed a total of Rs. 8.6 crore with an average of Rs. 1.99 lakh per SHG. Loan size varied between Rs. 8,000 and Rs. 6 lakh. The data in figure-4.2 shows that the average loan size is highest in AP with Rs. 4.15 lakh, and lowest in Assam with Rs. 62,722. Of the promoters, loan size is higher in government promoted SHGs than NGOs and others. There is no much difference in the average loan size per SHG between developed (Rs. 2,02,164) and underdeveloped districts (Rs. 1,96,390). It is low in newer SHGs, 3-6 years, with Rs. 1.35 lakh and high in older SHGs, more than 15 years, with Rs. 4.26 lakh. There are ups and downs in the average loan over the years; it is higher in repeat linkages than in 1st or fresh linkages. Of the social categories, the average loan size is high among BCs and low in STs. Of the bank categories, the average loan size is high in CBs and low in RRBs as compared to DCCBs.

Figure 4-2 Average Amount of Current Loan to SHG under SHGBLP

Fig-4.2: Average amount of Current Loan to SHG under SHGBLP
(Amount Rs. In Lakhs)



The average loan size and funds in SHG savings bank account are positively correlated: as the funds in a SHG SB account increases, the loan size also increases. This is not the criterion for deciding loan volume: with funds in SB a/c Rs. < 25,000, the average loan is Rs. 1.57 lakh; with Rs. 26,000- 50,000 the average loan is Rs. 2.15 lakh; with Rs. 51,000-

75,000, the average loan is Rs. 2.51 lakh and with Rs. > 75,000, the average loan is Rs. 3.42 lakh.

The volume of bank loan depends on multiple factors such as SHG age, SHG social category, no of times credit linked to banks, who promoted the group besides savings of the group

ii) Federations: 16% of the SHGs that have a loan outstanding with federations have borrowed a sum of Rs. 49.36 lakh with an average of Rs. 70,514. The average loan to SHGs from federations is high in Maharashtra with Rs. 1.3 lakh and low in Assam with Rs. 46,451 as compared to other states: AP Rs. 92,030 and Assam Rs. 46,452. The average loan is larger in underdeveloped districts (Rs. 80,721) than in developed districts (Rs. 54,259). The average loan from federation is high to mixed groups (84,735), and low to Minorities (Rs. 24,285); to other social categories, it is – STs - Rs. 50,000, SCs- Rs. 61,667, BCs- Rs. 65,357 and OCs- Rs. 68,750. During focus group discussions, the SHGs reported that paucity of funds is the reason for the small volume of federation loans. Bank and federation loans also vary among states, social categories, development of the districts and promoters.

iii) NGO-MFIs: About 8% of the SHGs that have loans outstanding with NGO-MFIs have borrowed a sum of Rs. 31.21 lakh with an average of Rs. 91,797. The average loan from NGO-MFIs is higher in under-developed districts (Rs. 96,618) than in developed districts (Rs. 82,958). It is high to mixed groups with Rs. 1 lakh as compared to SCs (Rs. 64,666) and BCs (Rs. 86,786). Like banks and federations, the average loan from NGO-MFIs to SHGs is also varies among social categories, age of SHGs and the development of districts.

4.3 REPAYMENT AND DEFAULT MANAGEMENT

a) Repayment rate (RR): There are two levels of repayment rates: from member to SHG and SHG to external agencies such as banks, federations and NGO-MFIs. The present analysis is limited to repayment rate from SHGs to bank. The RR varies between zero and 100 percent with an average of 88%. Table-4.2 shows that a majority of the SHGs have 100 percent repayment to banks (65%) followed by between 76-99 percent (19%) and less than 76 percent (16%). The percentage of repayment is highest in Karnataka (92%) and lowest in Odisha (38%). It is comparatively lower in under-developed districts (86%) than in developed districts (91%).

Table 4-2 Repayment Rate from SHGs to Bank (% of SHGs)

S. No.	RR (in %)	AP	ASM	KNT	MHR	ODS	UP	Total
1	< 75	9.7	8.3	2.8	9.7	34.7	33.3	16.4
2	76-99	29.2	26.4	5.6	0.0	27.8	22.2	18.5
3	100	61.1	65.3	91.7	90.3	37.5	44.4	65.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Of the promoters, the average loan repayment rate is higher in banks & federation promoted SHGs (96%) than government (91%), self promoted (93%), and NGO SHGs (84%). This could be because most of the community promoted SHGs are formed with their own interest and demonstrated effect of SHGs. The RR is high in the SHGs promoted by govt

because repayment is necessary to avail interest subvention and subsidy loans from government. Table 4.3 shows that majority of the SHGs have 100 percent loan repayment rate across the SHPIs. However, 100 percent RR is low in NGO SHGs than other promoters. Further, the percentage of SHGs that have less than 75 percent of RR is higher in NGO SHGs than other promoters. It shows that the RR is low in NGO SHGs than other SHPIs.

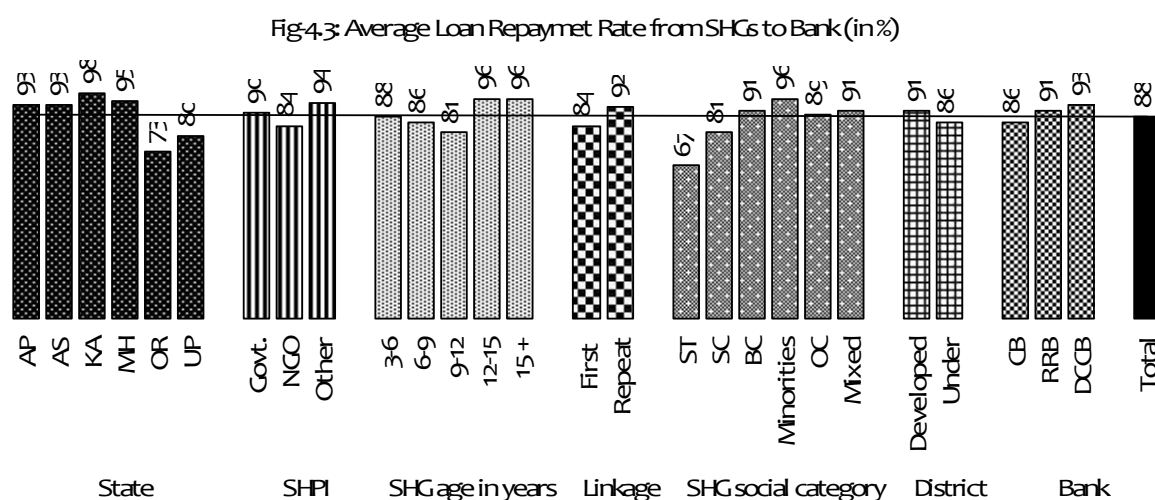
Of the age groups of SHGs, the repayment rate is higher in 12-15 year SHGs and lower in 9-12 year SHGs. This means that as the age of SHGs advance up 9-12 years, the average repayment rate has decreased; however, again it has increased in 12-15 years and further decreased in more than 15 plus year old SHGs. Of the social categories, the repayment is high in Minorities with 96% and less in STs with 67% as compared to other SHG social categories.

Table 4-3 SHPI-wise Repayment Rate from SHGs to Banks (% of SHGs)

S. No.	Periodicity	Govt (N=186)	NGOs (N=167)	Self (N=50)	Others (N=29)	Total (N=432)
1	< 75	10.8	26.3	8.0	6.9	16.2
2	76-99	25.3	14.4	16.0	6.9	18.8
3	100	64.0	59.3	76.0	86.2	65.0
Total		100.0	100.0	100.0	100.0	100.0

The repayment rate is higher in repeat linkages (92%) than fresh linkages (84%). Further, it is higher among the SHGs that have loans with multiple agencies (95%) than the SHGs having loans with two (89%) and one agencies (88%). It means multiple loans are not affecting the loan repayment. This could be because of interest subvention / reimbursement of interest on loans and subsidy loans from the government.

Figure 4-3 Average Loan Repayment Rate from SHGs to Bank (% in)



The average repayment rate is higher to DCCBs than RRBs and commercial banks. It shows that the repayment rate from SHGs to banks varies among states, socio-economic conditions of the districts, social categories, promoter, age of the SHGs and type of bank (see figure-4.3). The average loan repayment rate of SHGs to bank has risen to 88% as compared the Enable study in 2012 (72%). It means the repayment to banks has increased;

in other words default has declined. It is because of more capacity building inputs and pre & post loan recovery strategies adopted by the SHGs, banks, Govt, NGOs, and federations in recent years.

b) Defaulting - i) Period of overdue: 154 SHGs (35%) have reported an overdue of one to two years, but the majority of the SHGs have less than 3 months (17%) followed by more than one year (9%), 4-6 months (5%) and 7-12 months (4%). Table-4.4 shows that the percentage of SHGs reporting no overdues is high in Karnataka with 92% and low in Odisha with 38%. The percentage of SHGs reporting overdues for more than 3 months is high in Uttar Pradesh (45%) and less in Karnataka with 1%. The high incidence of overdues > 3 months in UP is because of repayment of loans in 2 or 3 instalments as bullet payments rather than paying in regular monthly instalments. Overdues are higher in underdeveloped districts than in developed districts; further, the percentage of SHGs overdue > 3 months is higher in under-developed districts than in developed districts.

The incidence of overdues is comparatively high in NGO (41%) promoted SHGs than govt (36%); further, the percentage of SHGs reported overdues > 3 months is more than double in NGO SHGs (28%) as compared to govt (13%). Of the social categories, the incidence of overdue is high in STs with (75%) and less in mixed groups with 30%.

Of the banks, overdues are high in commercial banks with 39% and less in DCCBs with 22%. Further, the percentage of SHGs reported overdue > 3 months is high in CBs (26%) as compared to RRBs (8%) and DCCBs (4%). These data show that the incidence of overdue is higher in Odisha, under- developed districts, STs, 1st linkages, NGO promoted SHGs, 9-12 year SHGs and commercial banks.

Table 4-4 Period of Overdue (% of SHGs)

S. No.	RR (in %)	AP	AS	KA	MH	OR	UP	Total
1	No overdue	61.1	65.3	91.7	90.3	37.5	44.4	65.0
2	1-3 months	19.4	31.9	6.9	4.2	30.6	11.1	17.4
3	> 3 months	19.4	2.8	1.4	5.6	31.9	44.4	17.6
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

ii) Amount of overdue: About 35% of SHGs have an overdue of Rs. 51.64 lakh, ranging between Rs. 1,000 and Rs. 1 lakh. Of the total overdue, a large chunk is more than three months overdue (89%) followed by less than 3 months overdue (11%). Of the SHGs reporting over dues, a majority have an overdue of Rs. 1,25,000 (60%) followed by more than Rs. 50,000 (22%) and Rs. 26-50 thousand (19%).

The average amount of overdue per SHG is highest in UP with Rs. 59,186 and lowest in Assam with Rs. 3,307 as compared to other states: Karnataka – Rs. 11,202, Odisha – Rs. 19,243 and Maharashtra – Rs. 27,733 and AP – Rs. 56,647. It is higher in under-developed districts (Rs. 38,799) than in developed districts (Rs. 27,587). The average amount of overdue is high in 6-9 year SHGs with Rs. 52,098 and low in 12-15 year old SHGs (Rs. 19,107) as compared to other age groups of SHGs: 3-6 years –Rs. 25,355, > 12 years – Rs. 35,953 and 9-12 years –Rs. 44,819.

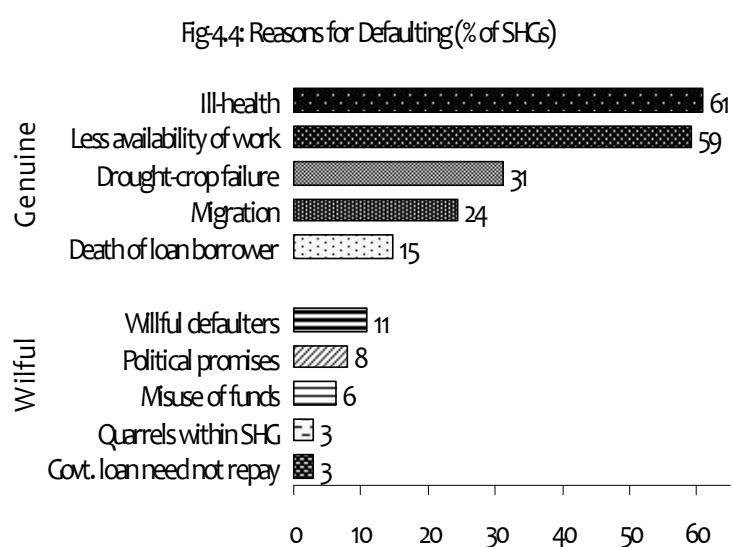
Of the SHPIs, overdues are almost double in NGOs (Rs. 43,918) than in govt promoted SHGs (Rs. 21,192). It could be because of loan recovery strategies like Bank Mitras, Sub-

committees at SHG and federation levels, regular and technology based monthly review mechanism adopted by the Govt. Of the social categories, it is highest in SCs with Rs.50,304 and lowest in Minorities with Rs.2,837 as compared to other SHG social categories: STs - Rs. 14,139, OCs - Rs. 16,047, BCs - Rs. 21,683 and mixed groups - Rs. 45,678. Of the banks, average overdue is high in commercial banks with Rs. 42,828 and low in DCCBs with Rs. 18,038 as compared to RRBs (Rs. 20,103). Like the period of overdue, amounts also vary between states, socio-economic conditions of districts, promoters, type of bank and age of SHGs.

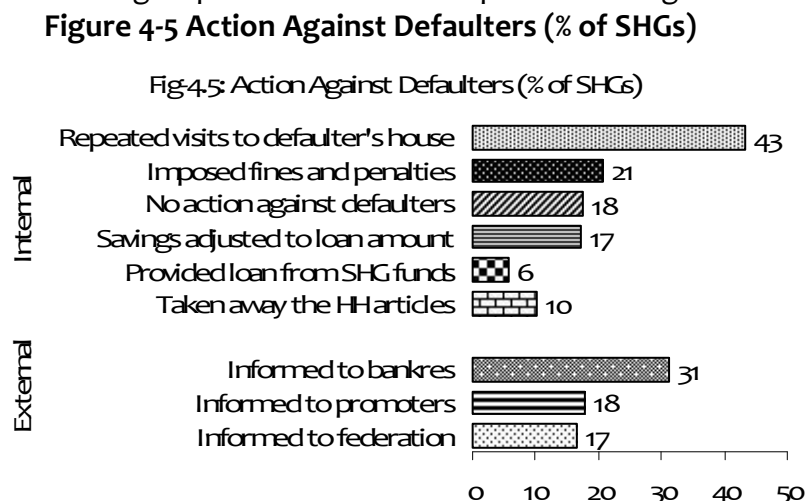
iii) Reasons for defaulting: About 40% of the SHGs have reported 1 to 5 reasons for defaulting. The majority have reported 1 to 2 reasons (29%) followed by 3 to 4 (9%) and 5 to 6 (3%) reasons. Figure-4.4 shows that of all the reasons, ill-health (61%) and less availability of work (59%) are the prominent, followed by crop failure due to drought (31%), migration (24%) and death of loan borrower (15%). Some SHGs have reported wilful default (11%), political promises during elections (8%), misuse of funds (6%), quarrels within the group (3%) and no need to pay as the loan is from government (3%).

Reasons for default vary from one state to another: political promises is the major reason in AP (12 out of 16 SHGs); less availability of work (7 out of 12 SHGs) and ill-health (5 out of 12 SHGs) in Assam; less availability of work (85%), ill-health (72%) and migration (70%) in Karnataka; crop failure due to drought (4 out of 7 SHGs), ill-health (3 out of 7 SHGs), less availability of work (3 out of 7 SHGs) in Maharashtra; less availability of work (18 out of 28 SHGs), crop failure (10 out of 28 SHGs) and wilful defaulters (11 out of 28 SHGs) in Odisha; and ill-health (82%) and less availability of work (48%) in UP. The percentage of SHGs reporting political promises as the reason for defaulting is higher in govt. promoted groups (16%) than NGOs (0%). SHGs reporting migration (37%) and less availability of work (71%) as reasons for defaulting is higher in under-developed districts than developed districts (10% and 45%).

Figure 4-4 Reasons for Defaulting (% of SHGs)



iv) Action against defaulters: The groups have taken multiple actions against the defaulters. These actions are internal and external. The data in figure-4.5 shows that of all the internal actions, repeated visits to the defaulter's house is important (43%) followed by collection of fines and penalties (21%), savings adjusted to loan amount (17%), removal of household articles (10%) and provision of loan from SHG funds to repay bank loan. Of all the external actions, information to bankers about defaulters is top (31%) followed by information to the promoters (18%) and federations. About 18% have reported that there is no action against the defaulters. The survey shows that SHGs try to manage default at their level; if not, they approach the bankers, promoters and federations to recover overdue loans. It also shows that both primary and the secondary stakeholders have been involved in the process of loan recovery.



The action against defaulters vary between states: 'repeated visits to defaulters house' (56%) and 'adjustment of savings to loan outstanding' are high in AP; information to bankers (40%) and federations (35%) is high in Assam; information to bankers (85%) and savings adjustment to loan amount (54%) are the major actions against defaulters in Karnataka; imposed fines and penalties (67%), are the prominent action against defaulters in Maharashtra. A majority of SHGs have reported no action against defaulters (57%) followed by repeated visits to defaulters house (39%) in Odisha; and in UP, the main action against defaulters is repeated visits to defaulters house (80%) followed by fines & penalties (29%) and information to promoters (28%). The actions of the SHGs promoted by government show that they have been mainly depending on external agencies to recover loans from the defaulters; whereas the SHGs promoted by NGOs have been managing default at the group level.

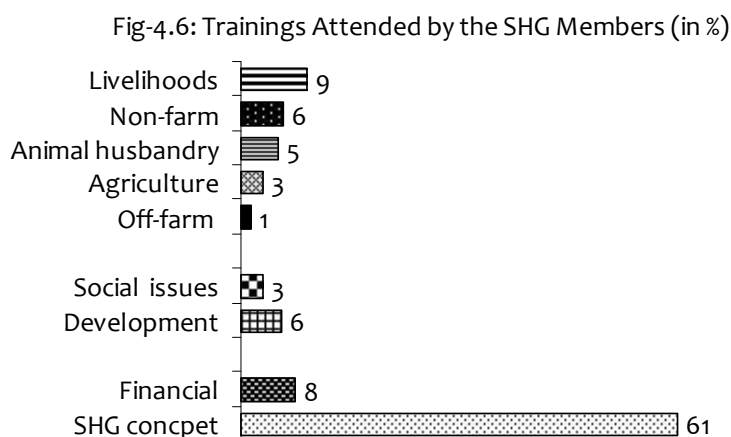
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4.4 TRAININGS ON INSTITUTIONAL & CAPACITY BUILDING AND SKILL DEVELOPMENT

a) Nature of

trainings: The data in figure-4.6 shows that about two-third of SHG members have undergone 1-4 trainings on SHG concepts, financial management, social issues, development programmes and livelihoods. Of the 61% SHG members attended trainings on SHG and federation

Figure 4-6 Trainings Attended by the SHG Members (% of members)



concepts, a majority received training on self help group concept (45%) followed by book keeping (15%) and leadership (2%). About 8% of the SHG members attended training on financial management that includes micro credit plan (3%), SHG bank linkage (2%), credit management (2%), financial literacy and insurance (1%). A small percentage of members attended training on development schemes (0.2%) and on social issues (9%) such health (5%), child marriage (1%), gender (1%), girl child education and legal aid.

About 3% of SHG members attended training on agriculture aspects such as agriculture practices, horticulture, organic farming, vermi-compost, honey collection and seed processing. Small number of SHG members attended training programmes related to animal husbandry which includes dairy (2.8%), goat rearing (2%) and poultry (0.2%).

A small number of SHG members were trained on off-farm activities like dal mill running, weaving, papad making, jute processing, chilli powder making, food processing and pickle making. Some of them attended a training on non-farm activities (6%) like carpet making, soap making, candle making, bags making, embroidery, handicraft, incense sticks, painting, solar light making and tailoring. Nearly 10% of the members attended training on livelihoods in general. It shows that majority trainings are on SHG & federation concepts; trainings on farm, off-farm and non-farm activities are very limited.

ii) Training period: it varies from one activity to the other. Trainings related to SHG & federation concepts, development programmes, social issues, farm activities and off farm activities mostly planned for 3 to 5 days. Whereas the trainings on non-farm activities such as tailoring, beauty parlour, weaving is of 1 to 4 months depending on curriculum.

iii) Opinion on trainings: The majority of the SHG members felt that the training is very good (59%) followed by good (40%) and not impressive (1%); most of the members felt that the training is useful (97%).

4.5 LOANS: PURPOSE AND UTILIZATION

To understand the purpose for which the SHG members borrow SHGBLP loans, and how they spend them, the study team collected information from 864 SHG members, one leader and one member from 432 sample SHGs.

a) Purpose of loan: Table-4.5 shows that of the 864 SHGBLP loans, a majority are for production or income generation activity (76%) followed by social needs (14%), asset creation (10%) and consumption (0.5%). The consumption loans include purchase of food materials. Of the total production loans (76%), the majority are for business, both petty & seasonal (25%), followed by purchase of livestock (24%) and agriculture inputs (20%); a small number of loans are for the purchase of machinery, transport vehicles and entrepreneurial activities. Among the social needs, many loans are for children's education (4.3%) followed by marriages (3.9%) and health (3.5%); in addition, a small portion of loans are for repaying old household debts, fairs & festivals and death & other social functions. Of the total 10% of asset creation loans, the majority are for housing (8%) followed by purchase of land & gold ornaments.

Of all the states, a majority of the SHGBLP loans are for production followed by social needs, asset creation and consumption, whereas in Karnataka many loans are for production (46%) followed by asset creation (33%) and social needs (21%). Like Karnataka, among the STs, the majority of loans are for production (75%) followed by asset creation (18%) and social needs (7%). Of the districts, the percentage of loans for asset creation is comparatively higher in developed districts (13%) than in underdeveloped districts (7%). Among the female headed households, a larger number of loans is for production (82%) and fewer for asset creation (6%), compared to male headed households (production -74% and asset creation-11%).

b) Purpose-wise loan amount: Table-4.5 shows that of the total loan amount of Rs. 2.09 crore borrowed, the major portion is for production (73%) followed by asset creation (14%), social needs (13%) and consumption (0.2%). The average amount of loan for consumption is less (Rs. 11,725) and high for asset creation (Rs. 33,220) as compared to the average amount for production (Rs.23,404) and social needs (Rs. 22,564); further, there is not much difference in the average loan size for social needs and production / income generation activities.

c) Loan use/ Disbursement of loans: To understand how the SHG members used the latest SHGBLP loan amount the study team analysed the data collected from 864 members.

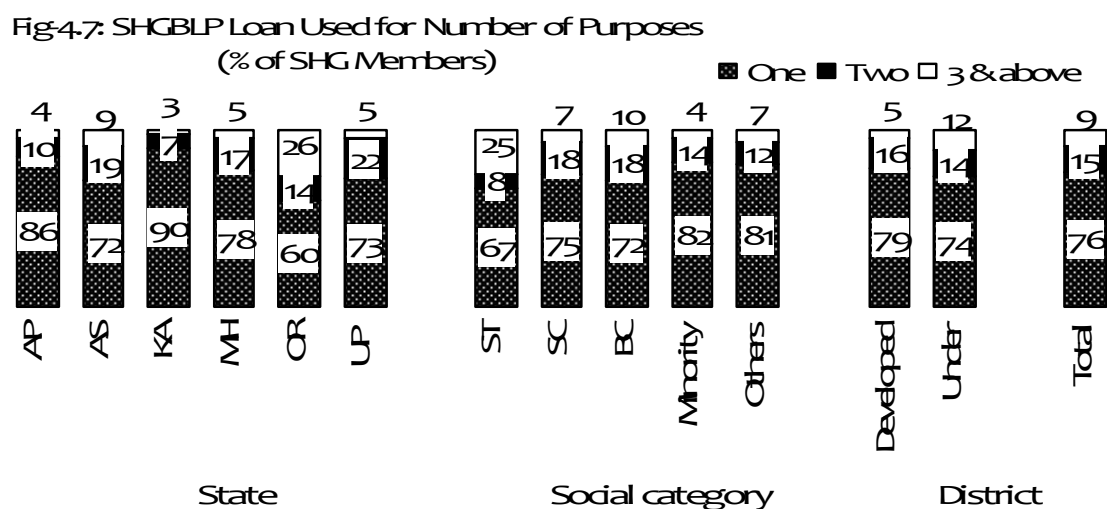
Table 4-5 Purpose of Current SHG Bank Linkage Loans

S. No.	Purpose of loan	Loans		Amount in Rs.		
		F	%	Sum	%	Mean
1	Consumption	4	0.5	46,900	0.2	11,725
1.1	Food	4	0.5	46,900	0.2	11,725
2	Production	654	75.7	1,53,06,213	73.1	23,404
2.1	Ag. inputs	172	19.9	35,37,348	16.9	20,566
2.2	Purchase of livestock	207	24.0	50,99,637	24.4	24,636
2.3	Seasonal business	39	4.5	9,50,822	4.5	24,380
2.4	Petty business	179	20.7	38,02,351	18.2	21,242
2.5	Purchase of machinery	24	2.8	7,01,200	3.4	29,217
2.6	Auto/taxi	14	1.6	5,83,300	2.8	41,664
2.7	Entrepreneurial	19	2.2	6,31,555	3.0	33,240
3	Social needs	119	13.8	26,85,132	12.8	22,564

S. No.	Purpose of loan	Loans		Amount in Rs.		
		F	%	Sum	%	Mean
3.1	Old loans repayment	15	1.7	4,16,500	2.0	27,767
3.2	Health	30	3.5	5,34,277	2.6	17,809
3.3	Children's education	37	4.3	8,13,395	3.9	21,984
3.4	Marriage	34	3.9	8,79,100	4.2	25,856
3.5	Death & Other functions	1	0.1	10,000	0.0	10,000
3.6	Fairs & festivals	2	0.2	31,860	0.2	15,930
4	Asset creation	87	10.1	28,90,125	13.8	33,220
4.1	Housing	71	8.2	23,12,125	11.0	32,565
4.2	Land purchase	5	0.6	1,75,500	0.8	35,100
4.3	Ornaments	11	1.3	4,02,500	1.9	36,591
Total		864	100.0	2,09,28,370	100.0	24,223

i) **Loan for number of purposes/activities:** The majority (76%) used the full amount for one purpose /activity, followed by two (15%) and more than three activities (9%). Figure-4.7 shows that the majority of members used the full amount for one purpose followed by two and more than two across the states. However, the percentage of

Figure 4-7 SHGBLP Loan Used for Number of Purposes (% of SHG Members)



members who used for two and three & plus purposes is high in UP (22%) and Odisha (26%) respectively. It means the loan diversification is more in Odisha and UP as compared to other states. Similar to states, members of all social categories used the full amount for one purpose, followed by two and three & plus. But the percentage of members who used the amount for three & plus activities is very high among the STs (25%) as compared to all other social categories. It means loan diversification is high among STs.

ii) **Loan use:** The total amount borrowed from banks by 864 sample members is Rs. 2.09 crore. Table-4.6 shows that these loans were used for 19 purposes, production (58%) followed by social needs (30%), asset creation (10%) and consumption (3%). Of the loans used for production, the majority are for the purchase of livestock (20%) followed by business (17%) and agriculture inputs (13), and a small number used for purchase of machinery, transport vehicles, entrepreneurial activities and skill development trainings.

Of the 30% of loans used for social needs, they were more or less equally used for health (8%), children's education (8%) and marriage & other rituals (7%). Of the 10% loans used for asset creation, they were mostly used for housing (8%).

Table 4-6 Disbursement of Current SHG Bank Linkage Loan

S. No.	Purpose	Loans		Amount in Rs.		
		F	%	Sum	%	Mean
1	Consumption	32	2.7	1,01,067	0.5	3,158
1.1	Food	32	2.7	1,01,067	0.5	3,158
2	Production	686	58	1,23,41,671	59.0	17,991
2.1	Ag. inputs	159	13.4	20,38,771	9.7	12,822
2.2	Purchase of livestock	242	20.4	47,22,599	22.6	19,515
2.3	Seasonal business	35	2.9	4,96,600	2.4	14,189
2.4	Petty business	167	14.0	28,49,251	13.6	17,061
2.5	Purchase of machinery	41	3.4	10,26,500	4.9	25,037
2.6	Auto/taxi	19	1.6	6,46,800	3.1	34,042
2.7	Entrepreneurial	21	1.8	5,58,500	2.7	26,595
2.8	IGA training	2	0.2	2,650	0.0	1,325
3	Social needs	351	30	52,47,397	25.1	14,950
3.1	Old loans repayment	61	5.1	13,88,527	6.6	22763
3.2	Health	97	8.2	9,32,699	4.5	9615
3.3	Children's education	89	7.5	10,53,845	5.0	11841
3.4	Marriage	72	6.1	17,81,966	8.5	24750
3.5	Death & Other functions	4	0.3	32,500	0.2	8125
3.6	Fairs & festivals	28	2.4	57,860	0.3	2066
4	Asset creation	120	10	32,38,235	15.5	26985
4.1	Housing	95	8.0	25,59,215	12.2	26939
4.2	Land purchase	7	0.6	1,91,000	0.9	27286
4.3	Ornaments	15	1.3	4,58,020	2.2	30535
4.4	Insurance	3	0.3	30,000	0.1	10000
Total		1189	100.0	2,09,28,370	100.0	24223

The analysis of loan amount shows that major portion of bank loan is used for production (59%) followed by social needs (25%), asset creation (15.5%) and consumption (0.5%). Of the amount used for production, the majority is for purchase of livestock (23%), business (16%), agriculture inputs (10%) and others. Of the amount used for social needs, largely for marriages (9%) repaying old debts (7%), children's education (5%), health (5%) and others. Of the total 15.5% of loan used for asset creation, largely for housing (12%), and a small portion each for purchase of land, ornaments and life insurance premiums.

iii) Loan diversification: Table-4.7 shows that the percentage of loans borrowed for consumption and social needs is lower than loans used for it. The percentage of loans borrowed for production and asset creation is higher than the loans used for it. That means 18% of the loans were used for other than the purpose for which those were borrowed. The percentage of loan amount used for consumption, social needs and asset creation is higher than the loan amount borrowed for it. It means a portion of loan

amount (14.2%) for production was used for consumption (0.3%), social needs (12.2%) and asset creation (1.7%).

Table 4-7 Loan Diversification (in %)

S. No.	Purpose of loan	Loans		Amount		Diversification	
		Purpose	Used	Purpose	Used	Purpose	Used
1	Consumption	0.5	2.7	0.2	0.5	-2.2	-0.3
2	Production	75.7	57.7	73.0	59.0	18.0	14.2
3	Social needs	13.8	29.5	12.8	25.0	-15.7	-12.2
4	Asset creation	10.0	10.1	13.8	15.5	0.0	-1.7

iv) Reasons for loan diversification: The SHG members have reported multiple reasons for using loan for purpose (s) other than intended. Other pressing needs (65%) are the most important ones, followed by reducing risk (24%), loan is small (22%), repayment of old loans borrowed on high interest rate (12%) and delay in sanctioning the loan. During focus group discussions, the members have reported that the banks provide loans mostly for income generation activities, not for social and consumption needs. Hence, SHG members propose loans mostly for income generation activities; once the loan is sanctioned, it is used as per the priorities of household credit needs. There is no monitoring from the promoters and /or banks on use of loans. Even if there were, no one is concerned as long as the loan instalments are repaid regularly.

4.6 ISSUES AND PROBLEMS

a) Idle funds: Idle fund includes the amount of funds in SHG savings bank accounts and cash in hand. The amount of idle funds varies between Rs. 260 and Rs. 1.68 lakh with an average of Rs. 32,442. Of the total idle funds of Rs. 1.4 crore, 1.37 (97.5%) crore is in SHG SB accounts and the remaining of Rs. 3.46 (2.5%) lakh is cash in hand.

i) Funds in SHG Bank (SB) Accounts: The sample SHGs have a total fund of Rs. 1.37 crore in their SB accounts with an average of Rs. 31,641. Table-4.8 shows that a majority of SHGs have less than Rs. 25,000 followed by Rs.26-50 thousands (19%), Rs. 51-75 thousands (13%) and more than Rs. 75 thousand (10%). The majority of SHGs in Assam (96%), Maharashtra (88%) and UP (81%) have less than Rs. 25,000 fund in SB accounts. The percentage of SHGs whose idle funds are less than Rs.25,000 is higher in NGO promoted SHGs than govt. SHGs. Fig-4.8 shows that the average funds in SHG SB account is high in Andhra Pradesh with Rs. 61,258 and less in Assam with Rs. 6,654 as compared to other states – Maharashtra – Rs. 10,466, UP – Rs. 15,841, Odisha – Rs. 37,769 and Karnataka – Rs. 57,858; However, the average fund in SHG SB accounts is higher in government promoted SHGs with Rs. 40,040 than in NGO SHGs (Rs. 24,978).

Of the bank categories, large funds in SB accounts are in CBs with Rs. 34,320 followed by DCCBs (Rs. 28,454) and RRBs (Rs. 27,947). The distance to banks and the funds in SHG SB accounts are negatively correlated that is lesser the distance to banks, the higher the funds in SHG SB accounts: Less than 1 km – Rs. 36,086; 1-5 km Rs. 33,018; 6-10 kms Rs.32,174; 11-15 kms 24,044; and > 15 kms Rs. 23,838. The utilization of group funds is minimal, even in SHGs located nearer to banks.

Figure 4-8 Average Amount of Funds in SHG SB Account (in Rs.)

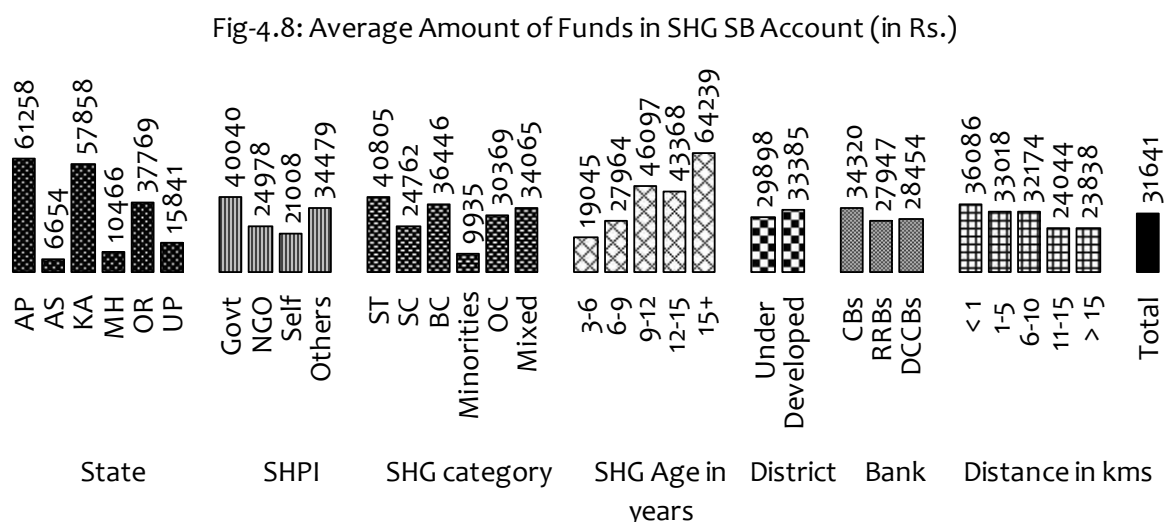


Table-4.8 shows that the majority of SHGs of 3-6 year and 6-9 year have funds < Rs. 25000 in an SHG SB account. Contrary to this, a majority of old SHGs, more than 15 year, have > Rs. 50,000. On an average, the older SHGs have larger funds in their SB accounts than younger /new SHGs (3-6 year SHGs – Rs. 19,043, 6-9 year SHGs – Rs. 27,964, 9-12 year SHGs – Rs. 46,097, 12-15 year SHGs – Rs. 43,368 and > 15 year SHGs Rs. 64,239). The average amount of funds in SHG bank account is nearly thrice (Rs. 31,641) as compared to Enable Study in 2012 (Rs. 11,900). The amount of funds in SHG bank account is high in the SHGs associated with commercial banks, older SHGs and in the states where the SHGBLP is being implemented meticulously.

Table 4-8 SHGs' Age and Amount of Funds in SHG SB Account (% of SHGs)

S. No.	Amount Rs. In '000	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	< 25	76.3	60.0	37.1	35.8	26.3	58.1
2	26-50	11.9	24.7	19.4	30.2	21.1	18.5
3	51-75	7.2	8.2	27.4	22.6	15.8	13.0
4	>75	4.6	7.1	16.1	11.3	36.8	10.4
	Total	100.0	100.0	100.0	100.0	100.0	100.0

There are multiple reasons for large funds in SHG SB accounts: i) banks not allowing SHGs to withdraw savings once the group got credit linkage, ii) banks are insisting repayment of loan instalments through SB accounts and not through the SHG loan account and iii) large amount of monthly savings in the recent years, iv) no internal lending with own funds.

Table 4-9 Average Amount of Funds in SHG Savings Bank Account (in Rs.)

S. No	State	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1	Assam	3,344	3,560	3,966	3,957	3,404	3,335
2	Andhra Pradesh	8,920	9,962	17,882	24,668	14,725	45,985
3	Karnataka	17,094	15,941	17,906	15,336	12,308	14,987
4	Maharashtra	8,522	8,749	7,470	10,806	36,630	10,865
5	Odisha	6,784	6,692	8,000	8,839	10,995	9,983
6	Uttar Pradesh	7,714	7,815	9,705	11,564	9,044	10,497

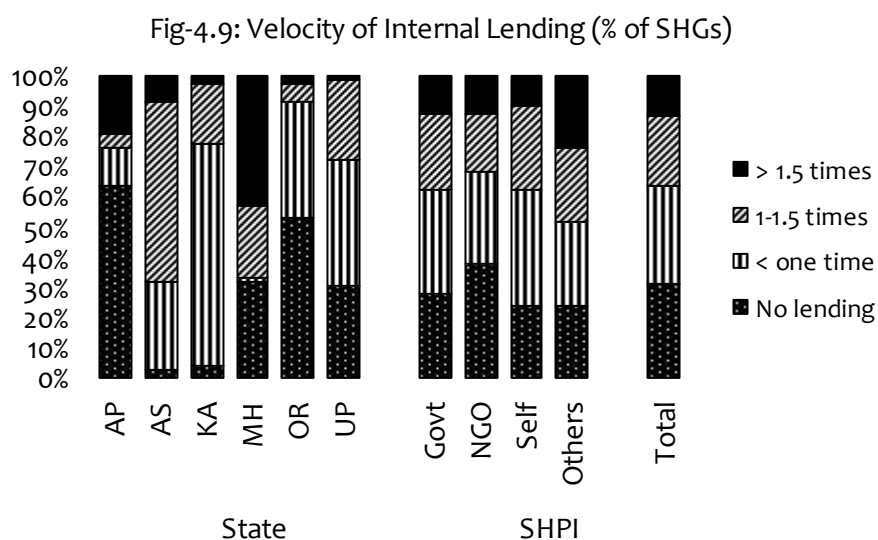
S. No	State	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	All	8,730	8,787	10,822	12,528	14,518	15,942
	India	9,403	8,230	11,230	13,322	14,368	17,324

Data source: Status of Microfinance in India 2015-16

Table-4.9 shows that the amount of funds in SHG SB accounts in the sample states and at national level has been increasing during the last five years. Of all the sample states, the average amount of funds in SHG SB account is higher in AP and lower in Assam than other states. In Assam, there is no much difference during the last five years in the average amount of funds in SHG SB accounts; where as in AP, the average funds in SHG SB accounts has been increased to five times during the last five years. But in Karnataka, there are ups and downs over the years. There is a slow increase in Odisha and Uttar Pradesh. The amount of funds in SHG SB accounts depends on velocity of internal lending of a group, and it determined by on many factors.

Fig-4.9 shows that there is no internal lending with own funds in nearly one-third of sample SHGs. Of the states, majority of the SHGs do not have internal lending with own funds in AP and Odisha. Of the 69% of SHGs that have internal lending, many SHGs have less than one time velocity of internal lending (33%) followed by between 1-1.5 times (23%) and over 1.5 times (13%). Majority of the SHGs in Karnataka have less than one

Figure 4-9 Velocity of Internal Lending (% of SHGs)



time of velocity of internal lending and majority SHGs in Assam have 1-1.5 times of velocity of internal lending. Higher percentage of SHGs in Maharashtra has more than 1.5 times velocity of internal lending than other states. It shows that the velocity of internal lending varies between states. There is no much difference in the velocity of internal lending between developed and underdeveloped districts.

Many SHGs promoted by NGOs (38%) have reported no internal lending than Government (28%), self-promoted (24%) and other –banks & federations (24%); Many SHGs promoted by others (banks & federations) have reported over 1.5 times velocity of internal lending (24%) than other SHPIs. It shows that the velocity of internal lending is good in the SHGs promoted by banks & federations. Internal lending is not high in repeat credit linkages (34%) compared to fresh linkages (27%).

Large funds in SHG SB accounts have mixed implications: Some of the SHGs are unable to use their own funds optimally; they are unable to provide credit to members, despite the fact that there is a high demand for credit from the members; they are dependent on traditional credit sources even for small loans to meet contingency needs.; bank pay a nominal interest rate on savings (3%), and whereas if groups do the internal lending they can earn up to 12% to 24%. As a result, SHGs are losing income on their own funds. Some of the bank branches that are supposed to encourage optimum utilization of own funds by the SHGs, are not encouraging for internal lending. They are linking loan size with funds in SB account and not allowing withdrawals to sustain good recovery by transferring funds from SB to loan account if there is any default. Instead of allowing SHG withdrawals, banks have been keeping large funds in SHG SB accounts, as informal collateral on the name of credit linkage and/or large volume of loan. Further, to achieve SHG Bank linkage targets and to avoid the risk of defaulting, the SHPIs too have kept quiet, though raising it in various stakeholders' forums.

The SHGs too are responsible for it to a certain extent. Instead of lending, some SHG keep funds in SB account because of repayment & recovery problems from their members and misuse of funds by the leaders in the past. Also some SHGs do so to get a large loan in the subsequent doses of credit. This discussion clearly reveals that all the stakeholders – the banks, SHPIs and SHGs are responsible for large funds remaining in SHG SB accounts; but, of all, the SHGs have been losing more than benefiting.

ii) Cash on hand: 163 SHGs (38%) have cash in hand, a total sum of Rs. 3.46 lakh with an average of Rs. 2,122. The percentage with cash in hand is high in Assam with (64%) and low in AP (21%) as compared to other states – Karnataka - 25%, Maharashtra - 31%, UP - 40% and Odisha – 46%. However, the average amount of cash in hand is highest in Maharashtra with Rs. 3,780 and lowest in AP with Rs. 420 as compared to other states – Assam – Rs. 1,120, UP – Rs. 1,826, Karnataka – Rs. 2,066 and Odisha – Rs. 3,477. Further, the average amount of cash in hand is higher in SHGs collecting savings monthly (Rs. 2,504) than weekly (Rs. 1,845).

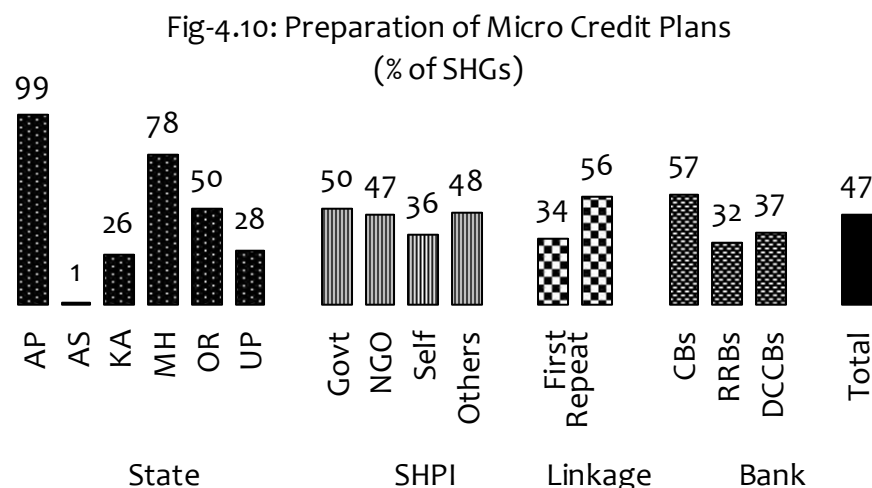
Cash in hand is higher in NGO promoted SHGs (Rs. 2680) than in government SHGs (Rs. 1,628). Of all age groups of SHGs, older SHGs have less cash in hand, i.e.: 3-6 year SHGs – Rs.2479, 6-9 year SHGs – Rs. 2,110, 9-12 year SHGs – Rs. 3,211, 12-15 year SHGs – Rs. 1,178 and > 15 year SHGs – Rs. 845. The amount of cash in hand depends on the periodicity of savings collection, promoter, distance to bank and age of SHG. Large amount of cash in hand has negative implications: i) possible misuse of funds by the leaders, ii) security, and iii) loss of interest on group funds.

b) Preparation of micro credit plan (MCP): Preparation of a micro-credit plan is one of the pre-requisites for SHG bank linkage. It covers the credit requirement for income generation activities, social needs and repayment of old loans borrowed on high interest rate from the traditional credit sources, and income sources to repay loan instalments. Nearly, one half of the sample SHGs prepared micro credit plans at the time of credit linkage with banks.

Figure-4.10 shows that a majority of the SHGs prepared micro credit plans in AP, Maharashtra and Odisha; little more than a quarter of SHGs prepared MCP in Karnataka and UP; and very few SHGs prepared them in Assam. It shows that MCP is not a

Figure 4-10 Preparation of Micro Credit Plans (% of SHGs)

prerequisite to get bank loan. There is no much difference between government (50%), NGO (47%) and banks & federation (48%) promoted groups in the preparation of micro credit plans. However, the percentage of SHGs prepared MCP is lower in self promoted SHGs (36%)



compared to others. Of all the banks, majority of the SHGs prepared MCP associated with commercial banks (57%) than DCCBs (37%) and RRBs (32%). The percentage of SHGs prepared MCP is higher in repeat credit linked SHGs than 1st time credit linked SHGs. It shows that during the 1st linkage the SHGs, promoters and banks are not giving much importance to MCP as the loan size is small.

i) MCP and credit estimation: The SHGs that prepared MCP (47%) had an estimated total credit requirement of Rs. 5.81 crore with an average of Rs. 2.86 lakh per SHG. Those that have not prepared MCP (53%) requested a total loan of Rs. 3.65 crore with an average of Rs. 1.6 lakh per SHG. There is a significant difference in credit estimations between the SHG that have prepared and not prepared micro credit plans. MCP enables better estimation of credit.

ii) Gap between demand and supply: The sample SHGs requested a sum of Rs. 9.46 crore with an average of Rs. 2.19 lakh per SHG. But banks sanctioned a total of Rs. 8.61 crore with an average of Rs. 1.99 lakh loan per SHG. Of the loans requested, 90% was sanctioned. During focus group discussions, the SHGs have mentioned that the banks decide loan size based on group savings, group quality and number of linkages, but not on the basis of micro credit plans. Thus, most of the SHGs prepare micro credit plans based on the instructions of bankers and/ or promoters to avoid further delay in loan sanctioning. MCPs did not add any value in SHGBLP as the banks and SHGs are not concerned about it.

c) Number of visits made & time taken to get the current bank linkage: The number of SHG visits made to bank for following up loan applications and the time taken influences the loan cost.

i) Visits made: Number of visits to bank varies between 1 and 15 with an average of 3.5. Number vary from state to state: the average number is higher in Karnataka with 4.94 visits and lower in AP with 2.17 visit, compared to other states – UP – 2.47, Maharashtra – 2.96, Odisha – 3.75 and Assam - 4.68. The SHGs that are associated with RRB (4.08) have made more visits to bank as compared to CBs (3.27) and DCCBs (3.26). The number of visits and the number of credit doses are highly correlated. The number of visits have been reduced over the linkages or doses – 1st linkage – 3.85, 2nd linkage-3.33; 3rd linkage-3.25, 4th linkage -3.17, 5th linkage-3.26, and 6th linkage – 2.73. The SHGs promoted by the

government (3.88) made more visits than NGO promoted SHGs (3.11). This is because of the NGOs, being a promoter as part of SHG bank linkage facilitation made some visits to bank.

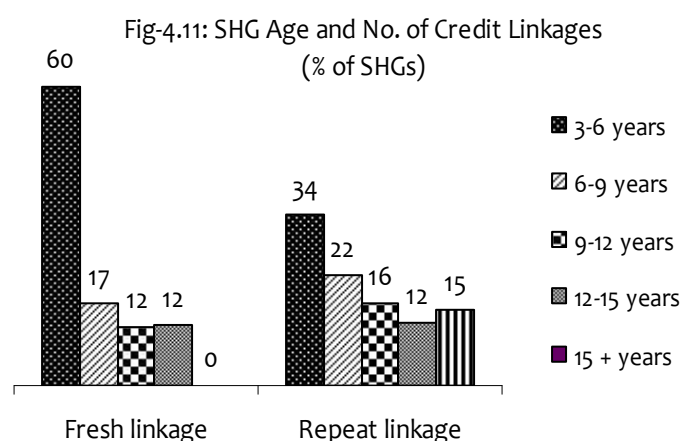
Table 4-10 Time Taken to Get Current SHG Bank Linkage (% of SHGs)

S. No.	Time in weeks	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	1-2	43.3	29.4	64.5	52.8	76.3	47.7
2	3-4	25.3	37.6	25.8	30.2	21.1	28.0
3	5-6	9.8	4.7	3.2	7.5	2.6	6.9
4	7-8	13.9	21.2	4.8	3.8	0.0	11.6
5	9 & above	7.7	7.1	1.6	5.7	0.0	5.8
Total		100.0	100.0	100.0	100.0	100.0	100.0

ii) Time taken to get current bank linkage: Time taken means the period from the day that the SHG submitted loan application to the day that the loan was deposited into their SB or loan account. It varies between 1 and 52 weeks with an average of 4.37 weeks. Nearly one half of the SHGs got credit linkage within a fortnight, 28% of SHG got a linkage between 3 and 4 weeks, nearly one-fifth of SHGs got a linkage between 1 and 2 months and a small number of SHGs took between 2 and 6 months. Of all the states, a majority SHGs in Karnataka (82%), AP (76%) and Odisha (53%) got a credit linkage within 2-weeks, whereas a majority of the SHGs in Assam (58%) got a linkage after 4 weeks. The percentage of SHGs that got a linkage within 2-weeks is higher in government promoted SHGs (54%) than NGOs (44%). A large percentage of SHGs associated with DCCBs (60%) got a linkage within 2-weeks as compared to CBs (45%) and RRBs (46%). Table-4.10 shows that a majority of the older SHGs, 9-12 years, and 12-15 years and > 15 year old got a linkage within 2-weeks as compared to newer SHGs.

iii) SHG age vis-à-vis number of linkages: 58% of current SHG bank linkages are repeat linkages - between 2 and 8 times and the remaining 42% are fresh linkages. A large percentage of current linkages are fresh ones in Assam (76%), Odisha (71%) and Maharashtra (58%), whereas a majority of current linkages are repeats in AP (100%), Karnataka (85%) and UP (69%). There is no difference between government and NGO promoted SHGs. Though a majority of current SHG linkages are repeat linkages across the banks, the percentage of fresh linkages are more than double in the SHGs associated with CBs (46%) and RRBs (46%) as compared to DCCBs (21%). Figure-4.11 shows that of the SHGs credit linked for the 1st time, a majority

Figure 4-11 SHG Age and No. of Credit Linkages (% of SHGs)



of the SHGs are 3-6 years old (60%). But about 40% of SHGs that are credit linked for the 1st time are > 6 years old; there are also some SHGs of more than 10 years old whose current linkage is the 1st one. This shows that there is an enormous delay in SHG credit linking with banks. As most of the members were formed into SHGs primarily to access credit and avail low cost loans, the delay in SHG credit linkages might affect the functioning of SHGs: incidence of drop outs, group solidarity, meagre credit services to their members, small savings etc.

d) Who proposed loans? Are the SHG bank loans demand driven or supply driven? Table-4.11 shows that most SHGs (97%) proposed the current loan, followed by promoters (38%), federations (15%) and banks (5%). This means that the current loans are demand driven. Where institutions have been acting as intermediaries between SHGs and banks, banks have proposed repeat loans especially 3rd and 4th doses of credit to some SHGs with a good repayment track record. In some cases, private banks proposed large loans to SHGs where the public banks are reluctant to provide large loans to SHGs. Further, many private banks, as a shortcut measure, provide bulk loans to commercial microfinance institutions (MFIs) to push their credit business.

Many MFIs have closed their operations in recent years probably because of microfinance crisis across the country. This might be the reason for private banks providing large loans without considering the quality of SHGs in consultation with promoters and federations, and made them responsible for recovery by paying a fee for their services. It shows that private banks have realized that the SHG lending is another area for business expansion through intermediaries / support agencies.

Table 4-11 Agency Proposed the Current SHGBLP Loan (in %)

S. No.	Name of the agency	AP (N=72)	AS (N=72)	KA (N=72)	MH (N=72)	OR (N=72)	UP (N=72)	Total (N=432)
1	SHG	98.6	100.0	98.6	87.5	95.8	98.6	96.5
2	SHPI	5.6	9.7	22.2	81.9	58.3	48.6	37.7
3	Federation	15.3	37.5	11.1	8.3	12.5	5.6	15.0
4	Bank	1.4	.0	1.4	16.7	5.6	1.4	4.4

e) Collateral to bank loan: As per the Reserve Bank of India (RBI) guidelines, banks should lend SHGs without any collateral. A majority of the SHGs did get bank loans without any collateral/ surety (53%). Nevertheless, many SHGs had provided collateral either by themselves or by the promoters. Collateral is in different forms: huge savings in SB accounts (31%), promoter's surety (20%), group funds/savings as fixed deposit (8%), a portion of loan as fixed deposit (6%) and linking to insurance (4%). Even though the SHG loans are collateral free loans, the banks have been practising an informal means to mitigate anticipated risk and ensuring good recovery through adjustment of savings and/or fixed deposits to loans outstanding in case of irregular loan repayment and default. Wherever the promoters are acting as 'intermediaries' on commission basis, between SHGs and banks, they have been providing guarantees to banks

f) Amount spent to get the bank linkage: Whether the loan is a high cost one or low cost one depends on direct and indirect costs. Direct costs are the rate of interest; the indirect costs include labour, food expenses, travel, stationary, photographs, documentation fee, service fee paid to federations, book keeper charges, etc. In our data

daily labour/ wage are not included in the amount spent to get the current bank loan. The sample SHGs spent a sum of Rs. 4.46 lakh with an average of Rs. 1,031 per SHG. Table-4.12 shows that about 45% of SHGs have spent < Rs. 500, followed by Rs. 501-1000 (25%), Rs. 1001-1500 (12%), > Rs. 2000 (11%) and Rs. 1501-2000 (8%). The average amount spent to get a loan is highest in AP with Rs. 1,391 and least in Maharashtra with Rs. 702, compared to other states: Assam - Rs. 1,139, Karnataka - Rs. 1,103, Odisha - Rs. 939 and UP - Rs. 918. The amount is higher in government promoted SHGs (Rs. 1,163) than NGOs (Rs. 842).

Table 4-12 Amount Spent to Get the Current Loan under SHGBLP (% of SHGs)

S. No.	Amount in Rs.	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	<500	52.1	49.4	41.9	26.4	31.6	45.1
2	500-1000	20.6	24.7	32.3	34.0	18.4	24.5
3	1001-1500	9.8	10.6	8.1	13.2	31.6	12.0
4	1501-2000	7.2	7.1	9.7	9.4	5.3	7.6
5	> 2000	10.3	8.2	8.1	17.0	13.2	10.6
Total		100.0	100.0	100.0	100.0	100.0	100.0

The amount spent to get a bank loan is less in younger SHGs than older SHGs: 3-6 years Rs. 920, 6-9 years Rs. 850, 9-12 years Rs.1026, 12-15 years Rs. 1,483 and > 15 years Rs. 1,387. Of the banks, SHGs associated with DCCBs have spent a larger amount (Rs. 1,200) than SHGs of CBs (Rs. 954) and RRBs (Rs. 1,096). The distance to bank and the amount spent to get the loan are positively correlated, i.e. as distance increases the amount also increases: < 1 km - Rs. 864, 1-5 kms - Rs. 996, 6-10 kms - Rs. 1051, 11-15 kms - Rs. 1064 and > 15 kms - Rs. 1405. Like distance, as the loan size increases the amount spent to get loan also increases. In sum, the amount spent on to get bank loan depends on distance to bank, loan size, SHG age, number of linkages, association with types of banks and promoter.

g) Refund of members' savings: Of the 432 SHGs, 167 (39%) refunded a total savings of Rs. 65.38 lakh with an average of Rs. 39, 152 per SHG. Of all the states, a majority of the SHGs in Assam (56%) has refunded members' savings, compared to other states. Table-4.13 shows that there is a relationship between the age of SHGs and the practice of refund of members' savings. As the age of the group increases the percentage of SHGs refunding members' savings also increases.

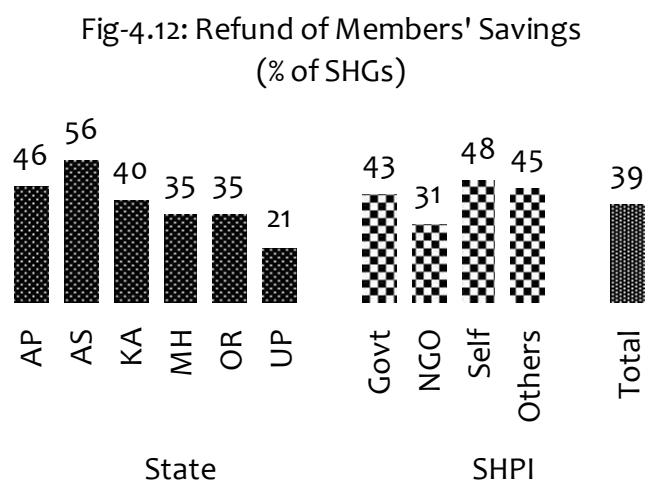
Table 4-13 Refund of Members' Savings (% of SHGs)

S. No.	Particulars	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	Distributed	22.2	43.5	45.2	62.3	68.4	38.7
2	Not distributed	77.8	56.5	54.8	37.7	31.6	61.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Figure 4.12 shows that of all the SHPIs, lesser percentage of NGO SHGs (31%) has refund members' savings than Govt (43%), bank & federations (45%) and self-promoted (48%) SHGs. It could be because of more capacity building inputs and close monitoring of NGOs.

During focus group discussions, the SHGs have reported a variety of reasons for refund of members' savings / group funds: i) groups having high internal funds, ii) difficulties in managing large amount of funds, iii) availability of credit from multiple external sources, iv) at the time of external loan disbursement to members, the cumulative savings also combine with the loan to take up economic activities with a large funds, v) to avoid idle funds in the group, vi) delay in getting bank linkage, vi) at the time of settlement of savings of dropouts.

Figure 4-12 Refund of Members' Savings (% of SHGs)



The practice of refunding members' savings has its implications on the SHG bank linkage programme.

Members' savings with the group has been decreased. Savings is the major fund source for internal lending. Once, group refunds members' savings, it lowers group's velocity of internal lending which minimizes interest earned on internal loans, and size of bank loan. Now-a-days, banks have been assessing the creditworthiness of a group based on the funds in SHG bank account rather than velocity of internal lending of a group. Further, innate delay in getting SHG bank loan has been led to de-functioning of SHGs. If the groups are not active, it is not possible to credit link with banks.

h) Pattern of internal lending of bank loans: Table-4.14 shows that a majority of the SHGs have the practice of equal distribution of bank loan (61%). However, need based lending is predominant in Assam (67%), Karnataka (75%) and UP (68%). It is because the private commercial banks in UP and Karnataka provided CCL loans to 4 to 5 members in a group under SHG Bank linkage programme with the financial intermediation of federations and NGO-MFIs. In Assam, no additional loans will be given to the members having loan outstanding to provide credit for as many members in the group. Equal distribution is predominant in the SHGs promoted by all the SHPIs. However, need based lending is higher among self-promoted SHGs (48%) than NGO (41%), Government (37%) and other SHGs (24%).

Need based lending is high in DCCBs (53%) as compared to RRBs (42%) and CBs (34%). Of the social categories, need based lending is major (68%) in SHGs of Minorities. There is no significant relation between the pattern of internal lending of bank loans and the socio economic conditions of the districts, promoters and age of SHGs. According to a study conducted by APMAS in 2003, all the SHGs have the practice of equal distribution of external loans especially bank loans. But as per the present study, need based lending is predominant in some of the states which is a good phenomenon. It is because of need based CCL loans in the place of term loans.

Table 4-14 Pattern of Internal Lending of Bank Loans (% of SHGs)

S.No.	Particulars	AP	AS	KA	MH	OR	UP	Total
1	Need based	0.0	66.7	75.0	20.8	2.8	68.1	38.9
2	Equal distribution	100.0	33.3	25.0	79.2	97.2	31.9	61.1
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

During focus group discussions, the members have reported the reasons for equal distribution as: i) all the members paying same amount of savings, therefore equal distribution, ii) if a member defaults, it is a risk to all other members in the group, thus equal distribution, iii) easy to repay small loan instalment, iv) to avoid problems in distributing interest subsidy on loan, v) easy to maintain books of accounts, vi) demand for low cost loans due to differential rate of interest on loans, bank loans are cheaper than loan from SHG own funds.

i) Awareness on Cash Credit Limit (CCL): Table-4.15 shows that 38% of SHGs are unaware of CCL system. Of all the states, a majority of the SHGs in Assam (97%), Maharashtra (69%) and Odisha (51%) are unaware of it. Of the SHGs that are aware of CCL (62%), the majority of SHGs availed loan less than their loan eligibility (41%); 22% of SHGs optimally availed loan as per their eligibility. A majority of SHGs in UP (81%) and Karnataka (68%) got loan less than their eligibility. Of the SHG social categories, a majority of the Minorities (74%) and OCs (61%) are not aware of CCL. The awareness levels on CCL among the Government promoted SHGs is low (62%) compared to NGO-SHGs (68%). A majority of the SHGs associated with RRBs (56%) are not aware of CCL as compared to CBs (31%) and DCCBs (31%). Table-1 shows that awareness on CCL is more in older SHGs than younger SHGs. It indicates that the awareness levels on CCL system is vary between the states, SHG social categories, age and the type of bank.

During interactions with SHGs, the members have reported several reasons for availing less than their loan eligibility: even though the loan was sanctioned under CCL category, but in practice it is a term loan. As earlier, all the members borrow bank loan equally and repay in equal monthly instalments; there is no need based lending. Once the group completely repay the loan, then only SHGs approach bank for next dose of credit. But not availing CCL facility because of 'fear of default' and few members only benefit with large loans and interest subvention. They also mentioned that they are more comfortable with term loans than CCL, because it is expensive and time consuming.

Table 4-15 SHGs' Awareness on Cash Credit Limit (% of SHGs)

S. No.	Awareness	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	Not aware	49.0	38.8	27.4	30.2	2.6	37.5
2	Equal amount	11.3	23.5	35.5	13.2	60.5	21.8
3	Less amount	39.7	37.6	37.1	56.6	36.8	40.7
Total		100.0	100.0	100.0	100.0	100.0	100.0

During the interactions, the bank branch managers have reported the problems in the implementation of CCL as: i) majority of the SHG accounts are SGSY, therefore it is very difficult to implement, ii) low awareness among the SHG members, iii) members are not

interested on CCL loans, iv) banks are not interested in the implementation of CCL, v) majority of the members not taking up economic activities, vi) not succeed as long as the commercial microfinance institutions are active and vii) no follow up by either banks or the promoters.

4.7 CONCLUSIONS

The SHGs have accessed credit from multiple agencies: banks, federations and NGO-MFIs. Banks are the major external credit source; federations and NGO-MFIs have provided supplementary credit to a small number of SHGs. About one half of SHGs received grants from DRDA in the form of revolving fund, interest subvention and loan subsidy. There are variations between states in the SHGs accessing grants from DRDA and loans from federations and NGO-MFIs.

Besides SHG bank loans, a small number of SHGs have active loans with federations and NGO-MFIs. The loan volume varies from one source to other: The bank loan is bigger than NGO-MFIs and federations. Further, the volume of bank loan depends on multiple factors such as number of linkages/doses, SHG age, social category, promoter, SHG quality/grade, SHG savings, type of bank etc.

SHG members borrowed bank loans mostly for production / income generation activities followed by social needs, asset creation and consumption. Production needs are mainly to purchase cattle, do business and get agriculture inputs. Of the social needs, children's education & marriage and health are the major ones; and housing is top in asset creation. The bank loan is used predominantly for one purpose, though a small number of members spread out for multiple purposes. Like purpose of loans, the largest portion of the loan is used for production, followed by social needs, asset creation and consumption. But a portion of loan borrowed for production is diverted for social needs, particularly for repayment of old loans, health and children's education and marriages, and asset creation and consumption/ food. The various reasons are other pressing needs, reducing risk, repayment of old loans borrowed on high interest rate, and small size of the loan. Further, banks do not provide loans for consumption and social needs. Therefore, the members borrow loans for production purposes and use it for what they required.

The loan repayment rate of SHGs to banks is good, on an average 88%. The repayment rate is high in Karnataka, community promoted SHGs, older SHGs, Minorities, developed districts, repeat linkages, DCCBs as compared to other states, SHPIs, newer SHGs, social categories, underdeveloped districts and banks. About one-third of SHGs have reported an overdue, which is a concern. However, one half of the SHGs reported overdues are less than 3 months and another one half are more than 3 months which is a concern. The average amount of overdue is high in UP, underdeveloped districts, 6-9 year SHGs, NGOs, SCs, CBs as compared to other states, socio economic conditions of districts, age of SHGs, promoter, social categories and type of banks. Defaulting is of two types: genuine and wilful. Of the genuine reasons ill-health and less availability work are prominent; political promises and operational issues at group level are the major reasons for wilful default. All the stakeholders have been involved in the recovery of loans at all levels – SHGs, banks and SHPIs.

There are impediments in the implementation of the SHG bank linkage programme at all levels. A large amount of group funds stay in SHG SB accounts over the years due to

informal practices of banks as a risk mitigation strategy and the vested interest of groups to get optimum credit and protect group funds. The average amount of funds in SHG SB account vary between the states, SHPIs, SHG age, type of bank and distance to bank. No internal lending with own funds is a concern; majority of the SHGs have no lending to less than one time velocity of internal lending. The amount of idle funds of SHGs in their bank accounts has been increasing during the last five years in some of the states like AP, Odisha. As a result there are mixed results: SHGs are unable to use their own funds optimally, they are dependent on traditional credit sources for small loans, and they have less income for groups and large loans to groups under SHGBLP. SHG micro credit plans, which are a prerequisite for credit linkage with banks, have not been adding any value to SHGBLP as these are not taken into consideration by banks while determining the loan volume. SHGs have been spent a considerable amount of time and funds to get the current linkage. Further, there is an enormous delay in getting the 1st linkage: many old SHGs have got 1st dose of credit only recently. Most of the current bank loans are demand driven, proposed by the SHGs. However, some federations and NGO-MFIs have also proposed current SHG loans which are a concern.

The private banks in consultation with federations and NGO-MFIs have been providing large loans to SHGs without considering the SHG quality and total savings. Even though lending to SHGs is collateral free, nevertheless, many SHGs have provided formal or informal collateral either by themselves and / or the promoters. The majority of the SHGs have spent, on an average of Rs. 1031 per SHG, to get the current linkage. The amount depends on distance to bank, loan size, number of linkages, association with the banks and promoters. Though there is a much debate on CCL, it has not been in the implementation, mostly because of low awareness levels among the SHGs and banks. All the issues discussed above have an impact over the years on the sustainability of SHG and their institutions and the bank linkage programme.

5. Chapter: VOICES OF SELF HELP PROMOTING INSTITUTIONS

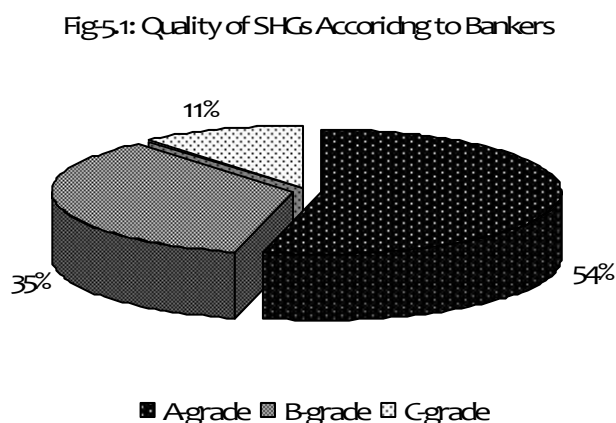
To understand the perspective of bankers, NGOs, federations on SHG bank linkage programme, the study teams have conducted semi-structured interviews about the status of SHGs, SHGs with loans outstanding with banks, repayment rates, number of NPA accounts, and number of dormant accounts. The study team also conducted structured interviews with the branch managers or the person in-charge of the SHG programme to know their views on the impact and sustainability of the SHG bank linkage programme. 36 bank branch managers and 12 Assistant General Managers / District Development Managers of NABARD and Lead Bank District Managers (LDMs) were interviewed.

5.1 BANKERS' PERCEPTIONS ON SHG BANK LINKAGE PROGRAMME

a) Quality of SHGs

i) **Assessment of SHG quality:** Grading is the predominant mode of assessment of quality of SHGs. The most important things looked at are group savings (63%), book keeping (57%) internal lending (41%) and meetings & member attendance (41%). The other things considered are preparation of micro credit plans (23%), activities proposed by the SHG members or the purpose of loans (18%), activity of the SHG (5%), SHG size (5%). Grading is done mostly by the promoters, and the bankers rely on it. The bankers are particularly interested in the total savings of the SHG and book keeping rather than other aspects. The study team collected the opinion of bankers on the quality of SHGs in their operational area. On an average, the quality of groups is good. Figure-5.1 shows that a majority of the SHGs are A-grade (54%) followed by B and C grade.

Figure 5-1 Quality of SHGs According to Bankers



ii) **Dormant SHG Accounts:** Of the total 10,710 SHG SB accounts, 276 (2.57%) are dormant accounts in 32 bank branches that were studied. Of the 32 bank branches only 16 (50%) reported 'dormant accounts' ranging between 5 and 42, an average of 17 per branch.

iii) **Reasons for dormant accounts:** The reported reasons for dormant accounts are: i) internal conflicts (49%) such as misuse of group funds and / or loan instalment amount, absence of leadership and death of key members in the group, ii) migration (33%), iii) loan defaulting (15%), iv) no handholding support or follow

up on the SHGs formed under SGSY programme (18%), v) SGSY groups becoming defunct after getting a revolving fund and / or subsidy loan (11%) and vi) involvement of local political leaders in SHG affairs (9%).

b) Capacity building and relationships with SHGs

i) Capacity building of SHGs: The banks have provided capacity building inputs to SHGs in various ways: one to one interactions at the time of credit linkage & during field visits, training and workshops through SHPIs, participating in federation review meetings, bankers meetings at block /district level, and at SHGs' visit to banks for SHG financial transactions. The inputs mainly focussed on the importance of book keeping (67%), financial literacy (53%), training on agriculture & allied activities (33%), insurance schemes (26%), and awareness of the cash credit limit (3%). Some banks reported that they provide capacity building inputs through promoters but not directly by them. Further, banks conduct trainings or orientation workshops to the federation office bearers, NGO staff, Govt. personnel at different levels who are involved in the capacity building of SHGs and SHG federations.

ii) Technical and marketing support: About 35% of the banks have provided support to attend various events (Melas) organized at district and state levels to sell their products. One-fourth of the respondents have reported that the banks have linked SHGs with line departments for various technical and marketing services. About one-fifth have reported that banks have been mobilizing SHG members for skill development programmes organized by RSETI through MEDPS and PMEGS. Further, banks extend financial support to SHPIs for conducting skill development training programmes to SHGs. A small number of banks have provided technical assistance in preparing business plans, and information on the service providers. However, this was not corroborated with the SHGs during the discussions.

iii) How do the banks maintain relationships with SHGs: Field visits to SHGs are the most important (84%). During their official visits bank staffs interact with SHGs at their locality. The other systems include i) follow up with SHPIs (20%), ii) Bank Mithra system (19%), iii) timely grounding of loans, iv) attending workshops & training camps (12%) at grass root level, attending federation meetings (10%), preference to SHGs during their visits to bank (12%), separate counter / cell for SHG transactions (3%) and promotion of innovative livelihoods (3%).

iv) Learning during visits to SHGs: In response to a question 'have you made any visits to SHGs during the last one year, and what was your learning', most of the bankers have said 'Yes'. The bankers reported mixed observations during SHG visits: cohesiveness at group level, awareness regarding SHGs, women empowerment, book keeping, savings, meetings, leadership, financial literacy, livelihoods etc. The observations made by the bankers are largely encouraging, even though some of the aspects are discouraging. Of the positives, the important change is more women empowerment, and of the negatives, low awareness of the SHG and bank linkage programme. The details are given in table-5.1.

Table 5-1 Learnings of Bankers during their Field Visits

(a) Positive Observations	(b) Concerns/ issues
<ul style="list-style-type: none"> Women are more empowered (47%) in terms of mobility, decision making, making IGA choices, confidence levels, individuality, communication Regularity in meetings (36%) in terms of periodicity, member attendance, participation in discussions, diversity in meeting agenda Cohesiveness at group level (24%): More cooperation between members in organizing meetings & paying monthly savings and loan instalment Awareness (18%): More awareness of group norms and SHGBLP Proactive role of SHPIs (14%): NRLM is actively working at field level Savings (11%): Increase in monthly savings, Book keeping (8%): Up-dating of books Recognition (6%): Gained popularity at village level Repayment (6%): Improvement in repayment rate. 	<ul style="list-style-type: none"> Awareness (11%): low awareness of SHG concept, bank linkage and loan utilization Dependency (8%): The SHGs have been depending more on the promoters than functioning independently Meetings (8%): Irregular meetings and member attendance Book keeping (3%): Poor quality of books- no financial details Leadership: No leadership rotation in many SHGs Repayment (3%): less repayment and increase in SHG defaulting; loans for consumption.

c) Opinion regarding SHGBLP

i) Criteria for deciding loan volumes: The cumulative savings of SHG and / or the total funds in savings bank account (100%) is most important. Other criteria include the quality of document that the promoter submits to the bank (44%), internal lending (32%), activity proposed by the SHG (31%), micro-credit plan (22%), grading (10%), book keeping (7%), number of members in the group (7%), number of linkages (5%) etc. Table-5.2 shows that the loan volume increases as the loan cycles increases. About 60% of the sample banks branches have provided credit up to 3 linkages and the remaining have provided between 4 and 6 credit linkages.

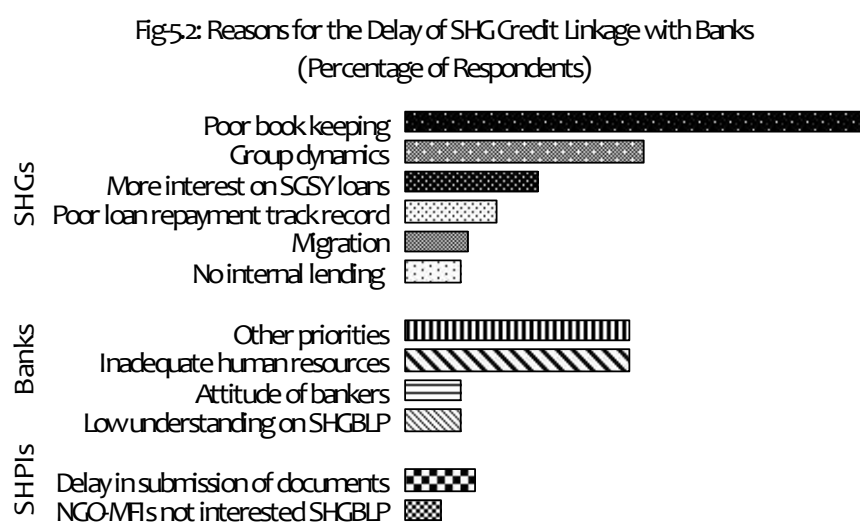
Table 5-2 Linkage-wise Average Amount of Loan to SHGs

Average amount of loan	First N=32	Second N=28	Third N=19	Fourth N=12	Fifth N=11	Sixth N=10
Minimum	36,900	139,300	189,500	429,200	463,600	500,000
Maximum	71,300	217,900	339,500	533,300	577,300	650,000

ii) Reasons for delay in SHG credit linkage with banks: Delays are broadly categorized into three groups: SHGs, promoters and banks. The reasons from the SHG side includes poor book keeping (66%), group dynamics (34%) such as absence

of many members at the time of credit linkage, misuse of funds within the group, absence of leader; more willing towards subsidy loans than SHGBLP (19%), poor loan repayment track record (13%), migration (9%), poor functioning of SHG (8%), no internal lending (8%), less savings or funds in SHG savings account and multiple finances (3%). From the bankers end, the most important reason is other priorities (32%) and inadequate human resources (32%); the other factors causing delay are attitude of bankers (11%), low awareness among bankers on SHGBLP (8%), many SHG accounts in the branch (3%) and staff transfers of the branch manager and officer in-charge of the SHG programme (3%). From the SHPIs end, it is because of delay in submitting loan documents (10%) and the NGO-MFI SHPIs are not interested in SHGBLP (5%). In sum, the quality of SHGs, inadequate & quality human resources at bank level and the promoters' nature of activities have been causing the delay in SHG credit linkage with banks.

Figure 5-2 Reasons for the Delay of SHG Credit Linkages with Banks



iii) Loan repayment from SHGs to banks: The average loan repayment rate from SHGs to banks varies from 50 to 100 percent with an average of 83%. Of all the states, the average repayment rate from SHGs to banks is highest in Maharashtra with 93% and least in Assam with 73% as compared to other states: Odisha-90%, Uttar Pradesh-87%, Andhra Pradesh-85% and Karnataka-79%.

iv) Reasons for defaulting: Internal conflicts (38%), poor record keeping and misuse of funds are the major reasons for defaulting at the group level. There are two types of default at the member level: wilful and genuine. Wilful default is because of internal conflicts, misuse of funds by the group members or SHPI staff, political promises of local leaders (14%), no repeat linkage (7%) and dropouts (3%). Genuine default is mostly because of natural calamities such as drought and floods (31%), household problems (21%), migration (17%), death of loan borrowers (14%), crop failure (10%) and less availability of work (7%). Besides, there is no follow up and continuous monitoring by the SHPIs, banks and SHGs on loan utilization and

repayment of loans. According to banks, wilful default is more than genuine default, which is a big concern.

v) Default management: Table 5.3 shows the multiple strategies followed by the banks. These strategies can be divided into two: pre and post defaulting. Regular interactions during SHGs' visits to bank and continuous follow up & review with Bank Mithras and promoters are the major strategies during pre-defaulting stage. Regular communication to promoters on loan repayment, awareness creation on the advantages of regular repayment and loan subsidy portion required as a fixed deposit are other strategies. Of the post defaulting strategies, joint visits of bankers & promoters and sharing of defaulters list in monthly review meetings of federations and SHPIs are the most common. In addition, the backing of Bank Mithras, CRPs, and federation loan recovery committees is immensely important in the recovery of loan overdues. Some of the banks have even resorted to renewal of loans; large loans in the subsequent dose and adjustment of group savings to loan recover the overdues.

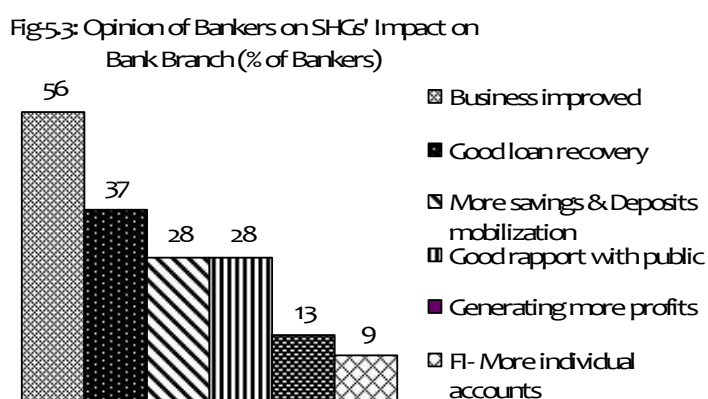
Table 5-3 Default Management Strategies

(a) Preventive	(b) Default Management
<ul style="list-style-type: none"> Regular interactions during SHGs' visits to bank (49%) Regular follow up/ reviews with Bank Mithra (27%) and the promoters (24%) Regular communication to promoters on loan repayment (7%) Awareness about interest subvention (5%) under SHGBLP Subsidy amount as fixed deposit (3%) Fund transfers from savings to loan account (3%) 	<ul style="list-style-type: none"> Joint visits of bankers and promoters to SHGs for recovery (48%) Sharing of defaulters list with promoters/federations (39%) in monthly review meetings Assistance of Bank Mithras, CRPs, BCs, and Loan Recovery Committee (29%) Renewal of loans (7%) Large repeat loans (3%) to recover earlier loan Adjustment of savings to loan (3%)

d) Opinion about the impact of SHGBLP

i) Impact of SHGs at village level: The bankers have said that the SHGs have created much socio-economic impact at the village level: i) addressing social issues (67%) such as child labour, child marriages, girl child education, domestic violence, alcoholism and female infanticide; ii) reduced dependency on money

Figure 5-3 Opinion of Bankers on SHGs Impact on Bank Branch



lenders (55%); iii) addressing community issues (15%) such as drinking water and sanitation; improvement in accessing entitlements from the Government (8%); iv) more respect to women (5%); and v) networking of peoples institutions (6%).

ii) SHGs – Impact on bank branch: The opinion of bankers on the impact of SHGs on bank branches is multidimensional and enormous. The data in figure-5.3 shows that the majority of the bankers have said that the ‘business has improved’ because of SHGs (56%); the recovery rate has increased, especially the recovery of bad debts; some of the branches have recorded profits only because of SHGs (13%); and there is an increase in savings & deposits mobilization (28%). The relationship between banks and the public in terms of communication and networking has been increased (28%). Further, as a result of SHG banking, there is an increase in the opening of individual savings bank accounts.

iii) Training/ exposure on CBMF: Out of 43 respondents, only 13% have attended training on the SHG concept, SHGBLP and microfinance organized by Bankers Institute of Rural Development (BIRD), National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI). This indicates that a majority of the bankers may not be aware of the intricacies of SHGs and SHG federations, and SHGs linking with banks. For them there is no difference between community-based microfinance and regular banking.

iv) Effects of SHGs acting as Business Correspondents (BCs): The bankers have reported i) it is easy to credit link SHGs with banks & recover loans (65%), ii) improved communication between SHGs and banks (12%), iii) ease in reaching remote villages (4%), iv) SHGs get additional income (4%) and v) lessen the business volume of microfinance institutions (4%). It shows that SHGs as BCs can play a vital role in reaching the un-reached and in loan recovery; further, it also helps SHGs in attaining financial sustainability.

v) Effects of MFIs lending to JLGs on SHGBLP: The bankers have a mixed opinion on the effect of MFIs lending to JLGs on SHGBLP: About 45% of the respondents have reported that there is no effect on SHGBLP; but 35% have reported that i) repayment is a problem, ii) conflicts arise within the group (16%), iii) SHGs approach MFIs for loans (16%), iv) multiple lending (12%) and v) more interest in credit disbursement than women empowerment (4%).

5.2 NGOs’ PERCEPTIONS OF SHG BANK LINKAGE PROGRAMME

The study team has conducted interviews with the NGO chief functionaries to collect information on their engagement in promotion of SHGs and SHG federations, core strengths, role in the implementation of SHG bank linkage programme, quality issues in SHGs and the impact of SHGs at individual, household and community levels.

a) NGOs’ engagement in the promotion of SHG & SHG federations

i) Outreach: Out of 17 NGOs, 4 have been working in multi states and the remaining have operations within the state. Many organizations have been

operating in 1 to 2 districts (12 out of 17 NGOs). However, of all the NGOs, Rajeev Gandhi Mahila Vikas Pariyojana (RGMVP) has been working in as high as 48 districts in UP, even though its operations are limited to UP. About one half of the NGOs visited have been working in less than 10 blocks, in the other one half, most have been working in 11 to 30 blocks. RGMVP and Rural Development Trust (RDT) have been working in 308 and 120 blocks respectively. Most NGO operations are limited to some blocks and a few districts.

ii) Promotion of SHGs and federations: The sample NGOs have formed a total of 85,234 SHGs. Out of 17 NGOs, 6 have promoted 117 SHG federations; 4 NGOs formed 959 Joint Liability Groups (JLGs); 7 NGOs formed 1,310 farmers clubs; and 3 agencies have promoted 32 farmer producer organizations (FPOs).

iii) Funding support: The NGOs have received financial assistance to form SHGs from different sources: Government – Dept. of Rural Development, Dept. of Women & Child Development, Dept. of Social Welfare, National Rural Livelihoods Missions (NRLM); banks such as NABARD, NABFINS, SIDBI, YES Bank; and national and international funding agencies such as Indo Global Social Service Society, BASIX, Sri Kshethra Dharmasthala Rural Development Trust (SKDRDT) and Ananya Finance for Inclusive Growth.

b) NGOs support to SHGs

i) Support provided to SHGs and SHG federations: Out of 17 NGOs visited, most of the agencies have been promoting savings (88%), providing credit (94%), grading SHGs (88%), conducting auditing (88%), facilitating insurance services (88%) and providing on the job support (35%). Their support has been both financial and non-financial.

ii) Training provided to SHGs: Most of the NGOs have conducted training on the concept of SHG (94%), SHG federations (100%), financial management (82%), book keeping (94%), auditing (77%), grading of SHGs (77%), government programmes (71%), gender issues (65%) and leadership (56%). A small number of NGOs has provided training on Annual General Body elections (35%). This shows that a majority of the NGOs have provided capacity building training to SHGs on various topics.

iii) Training related to livelihood promotion: Out of 17 NGOs, the majority of agencies have provided training on skill development of SHG members (77%), agriculture innovations (71%) and micro-enterprise activities (56%). Some NGOs have provided training on identification of livelihood activities (35%) and writing proposals for funding (41%). Further, a majority of the NGOs have been working with SHGs on health (82%) and education (80%), and a few agencies on gender (29%).

iv) Material Development: Out of 17 NGOs, 12 have developed booklets on the SHG concept, and one or two organizations have developed booklets on Community Resource Persons, farm activities, government programmes, SHG

books of accounts, savings & credit charts, video film on income generation activities, training material on Village Organizations and microfinance. This shows limited engagement of NGOs in the development of training material, hand books, modules on SHGs, SHG federations and livelihood promotion, perhaps because of limited skills.

v) Core strengths of NGOs: Long years of experience in SHGs promotion (50%) and linkages with various government departments, banks, and people's institutions (57%) are stated as the core strengths of NGOs. Other important strengths are dedicated human resources (29%), community mobilization (14%), capacity building skills (14%), documentation skills (14%) and strong organizational leadership (7%).

c) Quality of SHGs

i) Grading: According to NGOs' opinion the quality of SHGs is moderate. A majority of the SHGs are A-grade (51%). Nevertheless, there are good number of B-grade (38%) and C-grade (12%) groups.

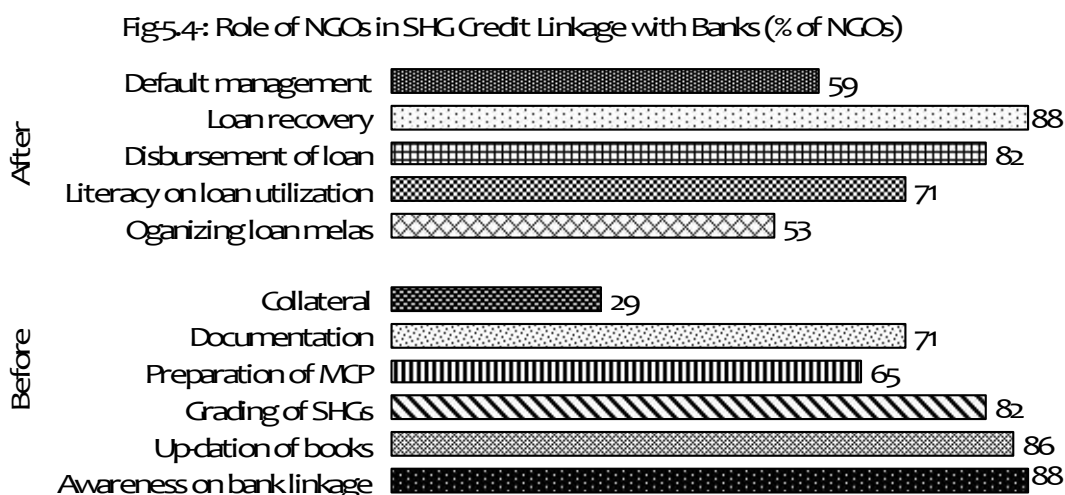
ii) Reasons for dormancy in SHGs: Of all, internal dynamics at SHGs (81%) (misuse of funds, no internal lending, indolent leadership, irregular meetings, no monitoring and hand holding support from SHPIs), delay in getting bank linkage (63%), involvement of men & local political leaders in SHG affairs (50%) are important. The other reasons include multiple membership & ineligible members such as employees, membership in dual SHGs, women from rich farmer households (31%), migration (26%), defaulting of bank loans (25%) and delay in getting SGSY loan (6%) and membership in JLGs formed by MFIs (6%).

iii) Problems in the revival of dormant SHGs: SHG members are unwilling to repay the bank / SGSY loans (80%), unwillingness of household members to continue their women in SHGs (27%) and migration (20%) are the major problems from SHG end to revive the defunct SHGs. The NGOs also reported the problems from their end as inadequate staff to take up revival of SHGs (20%) and lack of financial resources (7%).

d) NGOs in the implementation of SHG Bank linkage programme

i) Role of NGOs: Figure-5.4 shows that the NGOs have involved at all stages of SHGBLP implementation. Most of the NGOs have played a vital role before the SHGs credit linked with banks: conducted awareness camps on SHG bank linkage (88%), up-dated SHG books of accounts (86%), graded all the SHGs to be credit linked (82%), assisted in preparing micro credit plans (65%), taught financial literacy about loan utilization (71%), conducted 'loan melas' to handover loan cheques to SHGs (53%) and provided collateral on behalf of SHGs (29%) where the NGOs have been playing the 'intermediation role' between SHGs and banks. During the loan period, the NGOs have persistently monitored loan recoveries (88%) and played a key role in collecting overdues from default SHGs (59%).

Figure 5-4 Role of NGOs in SHG Credit Linkage with Banks (% of NGOs)



ii) **Problems in SHGs credit linkage with bank:** The NGOs have reported bankers' attitude (58%) as the major concern in SHGs credit linkage with banks. The other problems are i) demand from the bankers for FDs and / or linking loan with fixed deposit, ii) groups interested on SGSY subsidy loan, but not in SHGBLP, iii) low cognizance of SHG bank linkage programme among the SHGs and bank staff, iv) most of the SHGs formed and credit linked under SGSY were defaulted and became defunct, and v) target approach of banks and the promoters.

e) Impact of SHGs

The NGOs see many changes in the household economic activities, in social empowerment of women and at the village level - similar to the list of changes reported by the bankers. Table-5.4 shows that the increase in household income, taking up additional income generation activities and asset creation are the most important of the changes reported at household level. Further, there is significant change in women's involvement in addressing social issues at individual and community levels. The important changes at the village level are more access to banks for financial services, less dependency on traditional credit sources and access to various welfare & development programmes.

Table 5-4 Impact of SHGs at Household and Village Levels According to NGOs

Particulars	Impact
<ul style="list-style-type: none"> Household economic activities 	: i) Increase in household income (88%), ii) expansion of household economic activities, iii) asset creation (47%), iv) repayment of old loans and v) credit easily available.
<ul style="list-style-type: none"> Social Empowerment 	: i) Women are addressing social issues (71%), ii) more women's participation in addressing social issues (65%), iii) higher confidence levels (24%), iv) gender equality (18%), v)

- development of leadership qualities (18%), vi) more recognition of SHG women in the community (18%), vii) awareness of development programmes (12%), viii) improvement in children's education (41%), ix) improvement in HH members health and x) higher women's confidence levels,
- Changes at village level : i) Freedom from money lenders (77%), ii) involvement in addressing various social and community issues (76%), iii) involvement in the identification of beneficiaries for various development programmes (62%), iv) identity to SHGs at village level (39%), v) more access to banks (15%), vi) women leadership in Gram Panchayat (15%) and more infrastructure development (8%).

5.3 FEDERATIONS' PERCEPTIONS ON SHG BANK LINKAGE PROGRAMME

The study team has collected information from 12 SHG federations, two from each state, promoted by different organizations.

a) About the sample federations

The sample federations are of three types: financial, non-financial and multipurpose, registered under Cooperative Act or Societies Act. Primary level federations (PLF) are at one village or cluster of villages, and the secondary level federations (SLF) are at block or sub/district level. The PLFs are formed with 10 and 40 SHGs depending on the size of the village and number of SHGs present in the village. The secondary level federation comprises between 20 and 40 primary level federations.

To build the federations as member owned, managed and self-reliant organizations, the promoters conducted many training sessions, orientation workshops and exposure visits for federation office bearers. The data in table-5.5 shows the training received by the federations from the promoters and other agencies.

Table 5-5 Capacity Building Programmes for Federations

Trainings	(a) NGO	(b) Govt.	(c) Others
1- SHG Concept	4	10	0
2- Federation Concept	3	9	0
3- Financial inclusion/literacy	3	10	4
4- Community based Insurance	3	7	2
5- Book keeping/Auditing	3	10	0
6- Microfinance	3	10	2
7- Exposure visits to federations	3	4	0
8- Livelihoods	3	6	0
9- SHG Bank Linkage Program	3	11	2
10- Social issues	3	3	1
11- Development programs	3	3	0

b) Services to member SHGs

The federations have provided financial, non-financial, developmental and livelihood services to SHGs, as follows:

- i. Financial services include promotion of savings, financial intermediation, providing credit and facilitation of insurance services.
- ii. Non-financial services embrace auditing of SHGs, enabling SHG bank linkages, handholding support in maintaining SHG books of accounts, loan recoveries through sub-committees, awareness training on cash credit limit (CCL), grading of SHGs and promotion of new groups & revival of defunct groups.
- iii. Livelihood services contain providing knowledge on agriculture innovations; extending marketing services by purchasing SHG and/ or member household produces, supplying agriculture inputs at low cost through bulk purchases; and training on skill development.
- iv. Development services include awareness of welfare & development programmes, implementation of government programmes channelled through SHG federations and awareness creation on various social and women empowerment issues

c) Role of Federations in SHG Bank Linkage Programme

i) The role of federation in SHGBLP: The federations have extended support to SHGs at all levels of the SHG bank linkage in many ways: i) grading of SHGs which is a pre-requisite for SHG credit linkage; ii) extended hand holding support to Bank Mithras/ Sakhi in the process of loan documentation; iii) maintenance of SHG books of accounts; iv) extended handholding support to Community Resource Persons in the preparation of SHG micro credit plans (MCP); v) loan recovery with the assistance of Community Based Recovery Management (CBRM) sub-committee; and vi) awareness of loan utilization & repayment of loan.

ii) Quality assessment of SHGs: To assess the quality of a SHG, the federations have been considering multiple factors: i) Group assets' quality, ii) the velocity of internal lending with own funds, iii) loan repayment track record, iv) regularity of meetings & savings, and v) the quality of SHG books. It shows that the federations have given importance to the 'Pancha Sutras' rather than the amount of funds in SHG SB account.

iii) Reasons for delay of SHG credit linkage: Like bankers, the federations also reported diverse reasons for the delay. They are:

- *Banks:* i) inadequate staff at branch level; ii) attitude of bankers – not cooperative and no/less faith in SHGs; iii) bank branch is far away; iv) delay in loan processing due to other priorities such as crop loan, administration work, etc.; and v) provision of limited number of loans to SHGs.
- *SHGs:* i) delay in SHG grading, ii) internal conflicts; iii) incomplete documentation; iv) irregular meetings & savings; v) non-availability of leaders; vi) poor quality of books, not up-to-date; vii) delay in repayment of loans; viii) more interest in

subsidy loans than SHGBLP loans – loan volume is small; and ix) less trust among the members within the group, thus not coming forward for credit linkages.

iv) Loan recovery strategies: The federations have been following, more or less, similar strategies of banks to ensure recovery and collection of overdues. However, there are a few strategies that are exclusive to federations: i) exclusion of default members from voting in annual general body meetings, ii) meetings with bankers, and iii) threats of no loans in future.

v) Dormant SHGs: The federations have reported more or less similar reasons as the banks for dormancy of SHGs. Further, the federations have reported problems in revival of dormant or defunct groups: i) loans to few members only; ii) members are not interested in revival of SHGs as the members are unwilling to repay the loan; and iii) delay in getting credit linkage/ subsidy loan.

The federations have followed multiple strategies to revive dormant SHGs or SHGs credit linked & defaulted. They are: i) providing loans to repay SHGBLP loans; ii) facilitating large repeat bank loans, iii) exposure visits to model SHGs and iv) regular visits to SHGs by the loan recovery sub-committee members.

d) Impact of SHGBLP on federations

i) Impact on SHGs:

- **Impact on functioning:** i) Much improvement in SHGs' accountability to federations, ii) increased cooperation between SHGs and federations, iii) regularity in paying monthly savings and loan instalments and iv) an increase in work load.
- **Sustainability:** i) Collecting fees from SHGs based on the volume of loans toward SHGBLP loan facilitation, ii) CBRM committees have started working effectively and iii) federations' monitoring on SHGs has increased.

ii) Impact of federations acting as Business Correspondents: The federations have cited the following advantages and disadvantages of it.

- **Advantages:** i) Quantum of bank business increased; ii) banks are cooperative; iii) avoidance of multiple borrowings; iv) low defaulting and timely recoveries; v) effective functioning of loan recovery committees; and vi) strengthened relationship between SHGs and federations.
- **Disadvantages:** i) Comparatively high rate of interest; ii) banks have limited understanding of SHG federations; and iii) pre-notion of the risk of SHG federation defaulting.

5.4 CONCLUSIONS

Both banks and NGOs have felt that the quality of SHGs is good in their operational area: more A-grade SHGs followed by B and C grade. The incidence of SHG dormant accounts are minimal and are limited to some bank branches. All the promoters have reported that the 'internal conflicts' are the major reason for defunct SHGs. Of the other reasons, banks

differ from NGOs; as per banks, migration and loan defaulting, especially SGSY loans, are the important reasons; whereas NGOs have reported the delay in getting bank linkage and involvement of men & local political leaders in group affairs as the important reasons. Opposition from SHGs and their household members to repay bank loans especially SGSY loans and unwillingness to continue in SHGs because of loan defaulting and migration are the major impediments in reviving defunct SHGs. Inadequate human and financial resources are the main constraints from the promoter's side.

All the promoters have provided capacity building inputs to SHGs directly or indirectly, formally or informally. Mostly, the banks provided capacity building inputs to groups informally during SHG's visit to banks or staff's visit to SHGs; whereas, the NGOs conducted formal training and workshops to SHGs and SHG federations; federations provided capacity building inputs mostly during monthly review meetings. The capacity building inputs are mostly on 'basic elements of SHGs', 'SHG bank linkage programme', 'financial literacy' that includes promotion of savings, loan utilization for income generation activities and loan repayment across the promoters. The NGOs have provided trainings on livelihood promotion activities apart from SHG concepts.

The banks, NGOs and federations differ from each other on the reasons for delay or poor SHG credit linkages. Banks felt that poor book keeping and internal dynamics at SHG level, and inadequate human resources and other priorities from bank end are the major reasons; whereas, NGOs and federations experienced bankers' attitude as the major cause.

The kinds of services that the banks, NGOs and federations have been providing to SHGs also vary. The banks pay much attention on financial services; whereas, NGOs and federations provide non-financial and developmental services. But some NGOs and federations provide financial services too. At all stages of SHGBLP implementation, the role of SHPIs is much more value adding: creating awareness of SHGBLP, extending handholding support in fulfilling prerequisites to get a bank loan, loan documentation, loan disbursement, recovery and default management. Default at the member level is of both genuine and wilful types. Genuine default is mostly due to failure of household economic activities and unexpected expenses for health and other life cycle ceremonies. Wilful default is because of internal conflicts, misuse of funds and political promises. Though the default management strategies seem to be multiple, it is a joint effort of banks, promoters, federations and SHGs. Some of the default management strategies like encouraging mounting of large funds in SHG bank account and impounding of savings have negative effects on SHGs.

The banks, promoters and federations have said that there is a significant impact of SHGs at individual, household, community and bank levels due to women's participation in SHGs. The major changes at individual level are more confidence levels among women and mobility. At the household level there is an improvement in household income, taking up supplementary or expansion of existing activities, improvement in children's education and health of household members. At the community level, the women's participation in addressing social and community issues has increased and financial relations with money lenders have weakened. At the bank branch level the volume of business has increased, there is good loan recovery especially from bad debts, more savings & deposit mobilization and more rapport with public.

6. Chapter: WOMEN EMPOWERMENT

Women Empowerment refers to improving the social, economic, political and legal strength of the women, to ensure equal-rights to women, and to make them confident enough to claim their rights, such as: freely live their life with a sense of self-worth, respect and dignity; have complete control of their life, both within and outside of their home and workplace; make their own choices and decisions; have equal rights to participate in social, religious and public activities; have equal social status in the society; have equal rights for social and economic justice; determine financial and economic choices; get equal opportunity for education; get equal employment opportunity without any gender bias; get safe and comfortable working environment; have their voices heard.

This section discusses how far the SHG women have been empowered because of SHG membership. To understand empowerment, data was collected on self confidence levels of SHG women, attitudes of institutional staff towards SHG women, access & control over household resources, mobility at individual level, and individual role in making household decisions, political participation, gender equity and networking with SHG women in solving personal issues. To know the improvement or change in women empowerment, data was collected at two points of time: at present when compared to at the beginning of the group and at the beginning of the group when compared to before joining the group. To measure the level of participation, a 1 to 4 or 5 point scale was used.

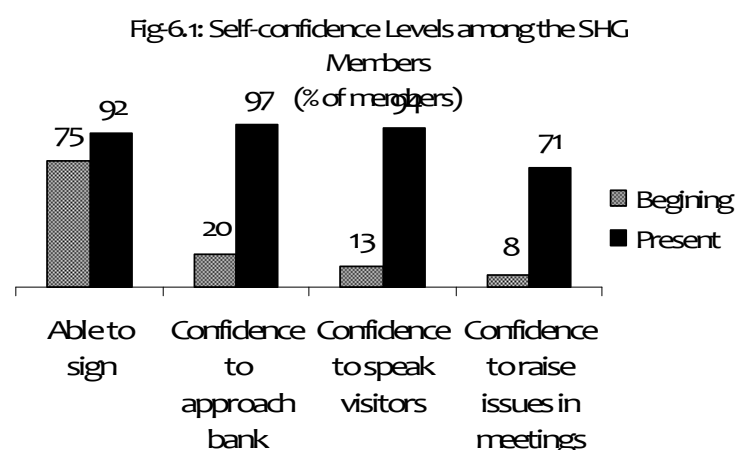
6.1 SELF CONFIDENCE

To understand the self-confidence levels of SHG members, the study team collected information on those aspects that indicates confidence levels of a person such as i) ability to sign, ii) confidence to approach bank, iii) to speak to visitors/outside and iv) confidence to raise issues in meetings.

a) Able to sign: Figure-6.1 shows that the members who have ability to sign have risen from 75% to 92%. The lowest increase is in Maharashtra (8%) and the highest is in AP (33%). Between districts, it is highest in under-developed districts (22%) and lowest in developed districts (12%). But the starting point is high in developed districts (82%) as compared to underdeveloped districts (68%).

Among the social categories, the increase is highest in STs (26%) and least in OCs (10%) as compared to others – Minorities (24%), BCs (20%) and SCs (17%) due to different starting points. The highest percentage of women able to sign is among minorities (97%) and least

Figure 6-1 Self-confidence Levels among the Members (% of Members)



in STs (80%). The gap between the social categories of women able to sign has decreased. Members and leaders have almost the same ability to sign, 86-87%.

b) Confidence to approach the bank: The number of members who can approach a bank has grown remarkably from 20% to 97%. It has grown particularly high in Karnataka from 7% to 99%. Among the districts, it is more than 95%. Among the social categories, it is more or less 95%. There is no much difference between members and leaders in the ability to approach a bank, for both are over 95%. This is because of the practice of depositing of savings and loan instalments in bank by the group members on a rotation basis. Visits to banks have increased their communication skills.

c) Confidence to speak with visitors / outsiders: There is a huge change in the number who can speak to visitors, from 13% to 94%. Among the states, Karnataka records the highest change from 4% to 93%. Nevertheless, all the states recorded an increase of over 80%, except Assam (74%). There is not much difference between districts and between leaders & members. Among the social categories, STs show a large number, from 5% to 95% followed by Minorities, from 2% to 93%. These increases are because of the internal systems such as rotation system of members attending bank to deposit cash collected in meetings, sharing information as group representative in federation meetings, participation in discussions during federation & the group meetings, trainings and exposure visits.

d) Capacity to raise issues in meetings: Table-6.1 shows that the capacity to raise issues in meetings has increased from 8% to 71%. Among the states, the highest increase is in AP (83%) and the lowest is in UP (39%); there are variances between states in the number of women that have the capacity to raise issues in meetings. There is not much difference between developed and under-developed districts. But the leaders are more able to raise issues (77%) than members (65%). Among the social categories, STs (79%), OCs (77%) and BCs (76%) are more able to raise issues in meetings than SCs (65%) and minorities (55%).

Table 6-1 Capacity to Raise Issues in Meetings (% of SHG members)

S. No.	Percentage	AP	AS	KA	MH	OR	UP	Total
1	At present	96.5	51.4	77.1	91.7	69.4	42.4	71.4
2	At the beginning	13.9	4.2	4.9	12.5	6.9	3.5	7.6

The confidence levels among members with a long association are higher compared to the newly joined members. The confidence levels of SHG women vary between states, social categories, position in the group and development of the district.

6.2 ACCESS AND ATTITUDE OF LOCAL INSTITUTIONS

The first thing to note is the numbers approaching institutions. Table-6.2 shows that most of the SHG members have visited Gram Panchayat (85%), block level office (70%), hospitals (96%) and banks (99%), but a majority of the respondents have never visited the police station (85%). The percentage of SHG members that have never visited the block office is higher (30%) than the Gram Panchayat (15%) because the GP is the lowest unit in the administration. Among the states, a majority SHG women in UP (55%) has never

visited the GP office and a majority of the SHG women in Maharashtra (52%) and UP (81) have never visited the block office. There is not much difference between developed and underdeveloped districts. Of the social categories, the percentage of SHG women that has never visited Gram Panchayat is higher among Minorities and lower among OCs; whereas going to the block office among SCs is high and low among STs.

a) **Gram Panchayat:** A majority of the women have reported the GP staff is 'more respectful' during their visits across the states, districts, position in the group-member or leader and social categories.

Table 6-2 Opinion on the Changes in the Attitude of Staff (% of members)

S. No.	Opinion	Gram Panchayat	Block Office	Police station	Hospitals	Banks
1	Not visited	15.2	29.7	85.0	4.1	1.3
2	More respect	68.5	39.8	2.1	29.7	92.1
3	Not responsive	10.4	14.5	8.6	33.3	2.8
4	No change	5.9	16.0	4.4	32.9	3.8
Total		100.0	100.0	100.0	100.0	100.0

b) **Block Development office:** Of the social categories, a majority of women have reported 'more respect' during visits to the BDO office, except STs ('not responsive'-36% and 'no change'-23%). The attitude of BDO staff between the states varies: a majority of members have reported more respect in Assam (68%), Karnataka (68%) and in AP (43%), whereas a majority of women have reported not responsive in Odisha (51%); many members in AP have reported no change (42%). There is not much difference in the attitude of staff at BDO office between the districts. However, there are differences between social categories: a majority of the Minority (50%) and OC (47%) women have reported more respect at BDO office, but many STs have reported not responsive (36%).

c) **Hospitals:** Table-6.2 shows that many SHG members have reported that the hospital staff are 'not responsive' followed by 'no change' and 'more respect'. The attitude of hospital staff varies among the states: a majority of women have reported 'no change' in Assam (76%) and AP (58%), whereas the majority of women have reported 'not responsive' in UP (54%), Karnataka (59%) and Odisha (76%). In Maharashtra a majority (90%) of SHG women have reported 'more respect.' A small number of women have received 'more respect' across the social categories. There is not much difference between leaders and members in the attitude of hospital staff during the visits.

d) **Banks:** The majority of the women have reported receiving 'more respect' during their visits across the states, districts, position in SHG and social categories.

This discussion clearly states that a majority of the SHG members have reported receiving 'more respect' during their visits to Gram Panchayat, block office and in bank. But with regard to police stations and hospitals, many SHG members have reported 'not responsive' followed by 'no change'.

6.3 ACCESS TO FAMILY RESOURCES

To understand how far the SHG members access family resources, data was collected on 'sale of small quantity of household produce', 'raising hand loans' and 'medical expenses'. The analysis was done with the help of the four point scale: i) was/is their role minor, ii) equal, iii) major or iv) do they have total control over family resources.

a) Sale of small quantity of HH produce: Table-6.3 shows a definite move toward more financial independence or equal sharing within the family. The majority of members moved from playing a 'minor' role (55% to 12%) in selling household produce. Now, a majority of the members have an 'equal' role followed by 'major' and 'do solely'. Of all the states, Maharashtra shows the greatest change, from 63% playing a 'minor' role to 29% selling now 'independently' followed by 'equal' (15%) and 'major' role (48%). Of all the social categories, a majority of members have moved from 'minor' to 'equal' role followed by 'major' role and 'independently'. Women from backward classes show somewhat more independence: 21% sell 'independently' and only 9% play a 'minor' role. The majority of the SHG leaders and members have moved from 'minor' to 'equal' role followed by 'major' role and 'independently'.

b) Raising hand loans: Table-6.3 shows that a majority of the members who played a 'minor' role in the past have moved to a mostly 'major' role followed by 'independently' and 'equal' role. Of all the states, the greatest change is in Uttar Pradesh: from 65% playing a 'minor' role to 52% playing a 'major' role in raising hand loans. The lowest change recorded is in Karnataka: a small number has moved from 'minor' roles (56% to 31%) to 'equal' and above as compared to past. As above, leaders are more independent than members: only 12% play a 'minor' role whereas 16% of members do. Further, the percentage of leaders playing a 'major' role and 'independently' is high compared to members.

Table 6-3 Access to Family Resources (% of members)

S. No	Role	Sale of small quantity of HH		Raising of hand loans		Medical expenses	
		Before	Present	Before	Present	Before	Present
1	Do solely	3.2	13.7	5.0	13.2	4.5	12.4
2	Major role	9.5	23.6	13.5	35.5	8.3	23.7
3	Equal	32.2	51.0	31.4	37.4	40.0	51.0
4	Minor	55.1	11.7	50.1	13.9	47.1	12.8
Total		100.0	100.0	100.0	100.0	100.0	100.0

c) Medical expenses: Table-6.3 shows that many SHG members have moved toward an 'equal' role followed by 'major' role and 'independently' in accessing family resources for medical expenses. Further, the percentage of SHG members playing a 'major' role and 'independently' has more than doubled compared to 'equal' role. The highest change is reported in UP, ('minor' role from 54% to 8%); and the lowest change is in Karnataka (minor role from 60% to 32%); however, now, a majority of the SHG members in Karnataka show 'major' role (50%) in accessing family resources for medical expenses.

6.4 CONTROL OF SHG & OTHER LOANS

To understand the control of SHG member's over SHG & other loans, data was collected on 'use of earnings of income generation activities (IGA)', 'use of SHG loans' and 'personal savings' with the help of a four point scale: do they have i) minor, ii) equal, iii) major or iv) total control over the household resources.

Table 6-4 Members' Control on SHG & Other Loans (% of Members)

S. No.	Amount of control	Use of earnings of IGA		Use of SHG loan		Use of personal savings	
		Before	Present	Before	Present	Before	Present
1	Total	2.2	16.9	3.6	17.4	5.4	24.2
2	Major	4.6	18.3	8.6	42.7	14.8	36.7
3	Equal	21.6	49.0	31.6	33.8	27.3	33.1
4	Minor	47.9	11.5	43.4	6.1	41.0	6.0
5	No control	23.6	4.4	12.8	0.0	11.5	0.0
Total		100.0	100.0	100.0	100.0	100.0	100.0

Table-6.4 shows that the members' 'major' or 'total' control over these financial assets has increased between 3 and 5 times: from 7% to 36% of earnings, from 12% to 60% of earnings from 20% to 60% of use of personal savings. Those with 'minor' or 'no control' has drastically declined from 71 to 16% in use of earnings, 56% to 6% in use of SHG loans and 53% to 6% in use of personal savings. Of all the states Uttar Pradesh reported the highest decline in SHG members' 'minor' or 'no control' over use of earnings, whereas as Odisha reported the lowest, from 77% to 44% only. Regarding the use of SHG loans, UP has the highest decline playing 'minor' or 'no control' in use of earnings from 88% to 2% and Karnataka the lowest, from 78% to 32%. A similar trend is found in use of personal savings. In using SHG loan and personal savings, 'no control' is not found across the states. There is not much difference between leaders and members on the control over these financial assets.

6.5 MOBILITY

The study team collected data regarding whether members 'go alone' or take the help of family or group members to visit shops outside the village, to attend SHG work outside the village and go to Government office on household work; this helped to assess the growth in self-confidence and negotiating skills.

a) Go for shopping outside the village: Women's mobility has tripled since joining SHGs: 76% go to shops outside the village alone, compared to 15% earlier. Further, situation of 'dependency on family members', 'dependency on other members', 'don't usually go' and 'never gone' has significantly declined (see table-6.5). Of all the states, Karnataka has the most mobile women: 98% of the women go to shops alone. Odisha reported the least: 49% of the women 'go alone' but 22% depend on others, have never gone (8%) and don't usually go (5%) to shops outside the village.

b) To attend SHG work outside the village: Table-6.5 shows that a majority of women (63%) 'go alone' for SHG work outside the village compared to 7% earlier. Further,

the women who depend on ‘family members’ and ‘others’ has fell down to half; and the women ‘never gone’ and ‘don’t go usually’ has dropped off. Of all the states, women’s mobility is highest in Karnataka: 94% go alone to attend SHG work outside the village compared to less than 1% earlier, and dependency on family members is reduced from 38% to 2%. As above Odisha reported low women’s mobility: 16% go alone compared to 2% earlier; still many members are depending on others (47%) and have never gone (30%) to attend SHG work outside the village.

Table 6-5 Mobility of SHG Women (% of Members)

S. No.	Mobility	Go for shopping outside the village		To attend SHG work outside the village		Go to Govt. office on HH work	
		Before	Present	Before	Present	Before	Present
1	Go alone	15.9	79.9	7.4	63.3	4.5	47.9
2	With family members	39.1	12.8	12.2	5.7	31.5	35.4
3	With others	13.0	4.4	41.7	24.1	15.7	11.0
4	Don’t usually go	18.5	1.5	15.2	1.0	23.7	3.2
5	Never gone	13.5	1.4	23.6	5.9	24.5	2.4
Total		100.0	100.0	100.0	100.0	100.0	100.0

c) **Go to Govt. office on household work:** The women’s mobility is low ‘to go to Govt. offices on household work’ compared to ‘go to shops outside the village’ or ‘to attend SHG work outside the village’. Though there are radical changes in women who go alone to govt. offices on household work, from 5% to 48%, nevertheless many continue to depend on family members (35%) and on others (11%). It could be because SHG members have lower exposure to govt. offices compared to other offices. The other reason could be that because SHPIs and/ or federations play a greater role than SHGs in managing affairs with the government, the SHGs have less exposure to government offices.

6.6 DECISION MAKING

To assess the changes in the role of women in decision making, the study team collected data on the kind of role played by the women while taking decisions on the purchase/sale of household assets, promotion of family savings, children’s education/marriage, and casting of own vote, by using a four point scale: i) decide solely, ii) major role, iii) equal role, and iv) minor role. This is with reference to other members in the household like the husband, parents-in-law, married sons etc. Table-6.6 shows that a large number of SHG members have an ‘equal’ role in decision making on the purchase of land or house, son’s and daughter’s education and marriage, and taking up a new activity. Even though a large percentage of women have an ‘equal’ role in decision making on the promotion of family savings, an equal number of women have played a ‘major’ role or decided solely. A similar trend is found in decision making on the purchase of gold/ silver/ cattle.

Of all the social categories, in most decisions, women have played an ‘equal’ role followed by ‘major’ and ‘solely’. Of the male headed households, in the majority of decisions, women have played an ‘equal’ role, followed by ‘major’ and ‘solely’; whereas in

female headed households, 'equal' role is followed by 'solely' and 'major' role; further, in female headed households, the majority women have taken decisions 'solely' on the promotion of household savings. There is no significant difference between members and leaders in their role in decision making.

Table 6-6 Role of SHG Women in Household Decisions (% of Members)

S.No.	Role in decision making	Purchase of land or housing	Promotion of family savings	Son's education	Daughter's education	Son's marriage	Daughter's marriage	Taking up of new activity	Purchase of gold/silver/ Cattle
1	Solely	6.5	14.5	4.2	4.2	3.7	3.5	9.3	11.0
2	Major	12.6	28.8	12.6	14.6	7.6	9.3	17.7	19.8
3	Equal	54.1	45.8	65.2	57.1	59.6	53.5	50.1	46.1
4	Minor	12.8	9.1	2.4	3.5	2.8	4.2	13.8	10.4
5	No role	4.7	1.3	2.0	2.3	2.3	2.5	4.7	3.5
6	NA	9.3	.5	13.7	18.4	24.0	27.1	4.4	9.3
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

6.7 POLITICAL PARTICIPATION

To understand the participation of SHG members in various activities of political parties, including election campaigning, the data was collected on 'whether the members have contested for political office or not', 'whether they have exercised their vote independently or not', whether they campaigned for a candidate', and 'whether raised voice in Gram Sabah / village meetings or not.

a) Contested for a political office: Table-6.7 shows that of the 864 sample SHG members, the percentage of women who contested for political office has risen from 14% to 16%. Further, the percentage of women who contested 'independently' has increased 3% to 12%; and the number of members who 'contested due to family interest and others' pressure' has declined. The percentage of women who contested for a political office is higher in male headed households (17%) than female headed households (11%). The participation of female headed households has increased from 5% to 11%.

Of the 4,932 members of 432 sample SHGs, 89 (2%) members from 77 (18%) SHGs contested in elections. Of the contested, 83 (93%) won in the elections. It seems that the women's success rate in elections is high, perhaps because of SHG networking in the village.

Table 6-7 Political Participation of SHG Members (% of Members)

S. No.	Participation	Contested for a political office		Casting of vote		Campaigning for any candidate		Raised voice in Gram Sabha	
		B	P	B	P	B	P	B	P
1	No	85.6	83.9	13.5	3.4	78.5	63.8	72.7	43.9
2	Independently	3.4	11.6	51.3	87.2	4.1	30.4	8.0	47.7
3	Family interest	8.1	3.1	31.7	9.4	13.8	5.7	11.7	8.4
4	Others' pressure	2.9	1.4	3.5	0.1	3.7	0.1	7.6	0.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

B-At the beginning; P-At present

b) Casting of vote: Table-6.7 shows that most SHG members have participated in voting, more than before, from 86% to 97%. The number of the SHG members who voted independently has reached 87% from 51%. The percentage of women voting on family interest and others' pressure has dropped immensely. This could be because of leadership rotation and a democratic form of decision making in the groups and the secret ballot system in the elections.

c) Campaigning for any candidate: The SHG members' participation in election campaigning is low. Table-6.7 shows that a majority of the members never campaigned for any candidate. However, the percentage of SHG members who have campaigned for a candidate has increased from 21% to 36%. The percentage of women who have campaigned independently has risen. A majority of the members did so 'independently' rather than because of family interest and others' pressure. Two reasons for this may be – i) association with SHGs and ii) engagement of SHG women by the political parties on daily wage basis during election campaigning.

d) Raised voice in Gram Sabha: The SHG members' participation in Gram Sabhas has increased from 27% to 56%. Further, there is an enormous increase in the percentage of SHG members who raised voice independently in Gram Sabha (from 8% to 48%); moreover, no member is acting on others' pressure. The reason might be that the govt. has been identifying the target population for various welfare & development programmes through Gram Sabhas, and some of the programmes are linked to SHGs. Further, members acquired knowledge of various government pro-poor programmes during SHG and Federation meetings, trainings, exposure visits etc. So, many SHG members have raised a voice in their Gram Sabhas to claim their entitlements.

e) Participation in rallies, campaigns and political meetings: Of the 864 SHG members, 51% participated in 1-6 rallies/campaigns/ political meetings. The most common were rallies for drinking water (47%) followed by the anti-liquor movement (34%), school issues (30%), access to government programmes (24%) and anti-domestic violence (20%). A small number of SHG members have been involved in rallies of anti-child marriages (12%), anti-dowry (11%), anti-public violence and others.

6.8 GENDER

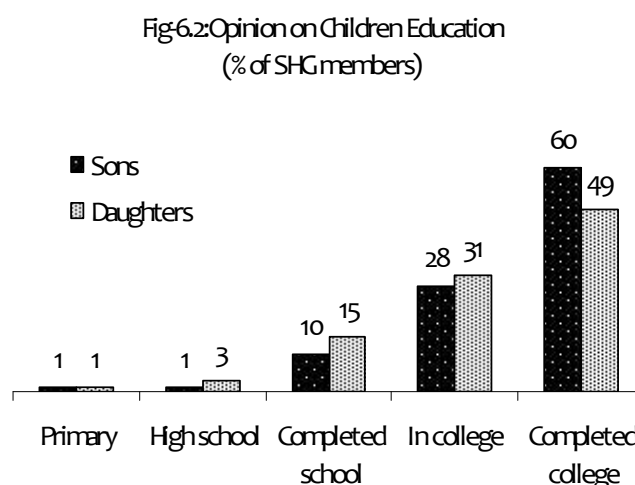
Gender disparity is one of the indicators to assess the empowerment of Women. To assess it, information was collected on 'children going to the same school', 'level of schooling do you want them to reach' and 'the age they want them to marry'.

a) **Equality in schooling:** 37% of the SHG women have either sons or daughters or no eligible school going children. Of the eligible SHG members, a majority of them are sending their children to the same school (52%) irrespective of gender. However, a small number of SHG women are sending children to different schools (12%). The equality in school choice is because of more training on gender equality at group and federation level meetings.

b) **Level of schooling:** The data in figure-6.2 show that the percentage of women who reported 'completed college education' have more sons than daughters. Further, of all levels of education, daughters are overriding sons. It specifies that the SHG women have been giving importance to their daughters' education, on par with their sons.

c) **Age at marriage:** The average age at marriage proposed for their sons is between 20 and 30 with an average of 26 years; whereas for the daughter, between 18 and 25 with an average of 21 years. There is a little difference in the maximum and the minimum age at marriage proposed for sons and daughters. However, no SHG woman has proposed at less than 18 years for either sons or daughters. This reflects their high aspirations for their children's education.

Figure 6-2 Opinion on Children Education (% of SHG member)

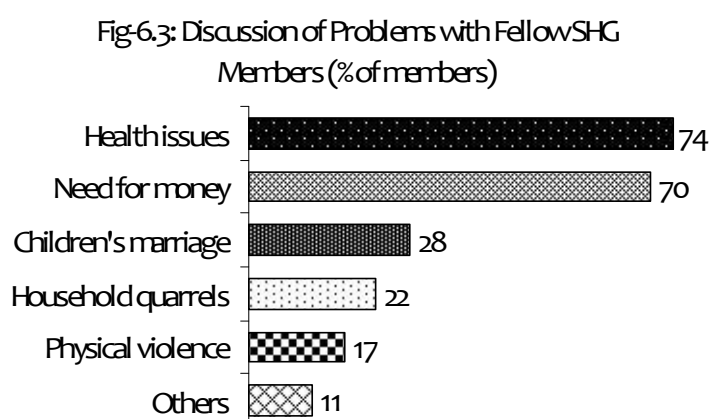


6.9 NETWORKING WITH FELLOW MEMBERS

a) **Discussion of personal problems with SHG members:** The SHGs play an important role in providing social network of help to members.

Most of the SHG members have discussed one to seven personal problems with fellow group members. Figure-6.3 shows that of all the problems, health (74%) and need for money (70%) are the top concerns. The other problems in discussions are children's marriage (30%), household quarrels (22%), and physical violence (17%). A very

Figure 6-3 Discussion of Problems with Fellow SHG Member (% of Member)



few discussed some of the issues like alcoholism of husband, extra marital relations of husband, eve-teasing and disputes related to land with fellow group members. There is no much difference in the percentage of women who have discussed personal problems between the developed and underdeveloped districts. However, there is a difference between the states: Of the women who discussed health issues, the highest is in Maharashtra (85%) and the lowest is in Uttar Pradesh (56%): a majority woman discussed physical violence (65%) and children's marriage (65%) in Karnataka. Of the women who discussed need for the money, the highest is in AP (90%) and Maharashtra (89%), and the lowest is in Karnataka.

b) Taken help from fellow members: About 90% of the SHG members have taken help for one to five problems from their fellow members. Table-6.8 shows that a large percentage of SHG members have taken help for solving household issues (54%), for medical assistance (49%) and for timely payment of loan instalment. In small numbers, they have taken help to share household duties (17%) and at work site duties. Very few have taken help for getting pensions (2%), for getting scholarships to their children (5%), marketing household produce (4%) and support in elections (3%). There is not much difference between the districts on these issues. A majority have taken help to pay timely loan instalment in AP (71%) and Karnataka (57%). A large percentage of members have taken medical assistance across the states. In Odisha a large percentage of members have shared household duties, perhaps because of a high incidence of migration.

Table 6-8 Kinds of Help Taken from Fellow SHG Members (% of members)

Particulars	AP N=89	ASM N=143	KNT N=142	MHR N=135	ODS N=140	UP N=133	Total N=782
1. Solve household issues	10.1	40.6	93.7	70.4	18.6	74.4	53.7
2. Medical assistance	40.4	41.3	57.0	48.9	45.7	59.4	49.2
3. Timely payment of loan	70.8	42.0	57.0	26.7	15.0	9.8	35.0
4. Sharing of HH duties	6.7	18.9	9.9	21.5	40.0	.8	17.0
5. Sharing of work site duties	4.5	29.4	7.0	27.4	25.0	0.0	16.4
6. Others	36.0	2.8	7.7	28.9	16.4	3.8	14.6

6.10 CONCLUSIONS

There is a significant increase in the confidence levels of SHGs women with reference to their ability to sign, approach the bank, speak to visitors/outsider and raise issues in meetings. But the confidence levels of SHG women are lower in 'raising issues in meetings'. There are variances in the increase of SHG women confidence levels among states, socioeconomic conditions of the districts, leaders & members, social category of members.

The utmost development is that most of the SHG members have approached institutions: Gram Panchayat, Block Development Office, Hospitals and Banks, though visit to a police station is minimal. The GP and bank staff show more respect to SHG women than block development office and hospitals. The hospital staff are 'not responsive' and there is 'no change' in their attitudes towards SHG women. Further, the attitudes of staff towards SHG women depend on the distance and frequency of visits made to those offices.

There is a definite move toward more financial independence or equal sharing within the family. The majority of the members who play a minor role in 'sale of small quantity of household produce', 'raising of hand loans', and 'medical expenses' in the past moved mostly to a major role followed by equal and independently. The women's control over financial assets such as 'use of earnings of economic activity, 'use of SHG loan' and 'use of personal savings' has increased between three and five times. Those with 'minor' or 'no control' have drastically declined.

The women's mobility is high to 'go to shops outside the village' and 'attend SHG work outside the village' as compared to earlier: most of the women go alone, and dependence on family members and other has decreased; further, most of the women have been going out who were 'never gone' and 'don't usually go'. However, the women's mobility is low to 'go to government office on household work' as compared to 'go to shops outside the village', and 'to attend SHG work outside the village'; there remains much more dependence on family members.

The women have an equal role followed by 'major' and 'solely' in making household decisions on 'purchase of land or house', 'children's education & marriages' and taking up of new activity; further, the women's role is comparatively more 'major' in making decisions on 'promotion of family savings', 'taking up of new activity' and purchase of gold and silver/ cattle' than in decisions on other matters, as it is because of more women contribution.

Women's participation in politics is very low. However, there is an improvement in the percentage of women who have contested for a political office on their own / independently' than on family members' or 'others' pressure. Most of the women participated in voting, and made choices independently rather than on family interest or others pressure. There is not much improvement in women's participation in election campaigning for a candidate. The women's participation and raising voices in Gram Sabah meetings has enormously increased, especially the percentage of women who raised voices independently. The members' participation in rallies, campaigns and meetings is more in addressing common problems at large such as drinking water, anti-liquor movement, and awareness on government programmes than on core women issues.

There is not much discrimination between boys and girls in schooling and age at marriage. Further, more female children are in college than male children, and all the SHG women proposed more than 21 years and 18 years as age at marriage for a man and woman respectively.

The SHGs have played an important role in providing a social network of help to members: most of the women have discussed the personal problems, health and need for the money with their fellow members. Further, most of the members have taken help from their fellow members in solving household issues, for medical assistance and for timely payment of loan instalments. There are differences among states, socioeconomic conditions of the districts, between leaders and members. On the whole there is a significant improvement in women empowerment because of their participation in SHGs.

7. Chapter: IMPACT OF SELF HELP GROUP BANK LINKAGE PROGRAMME

The SHG bank linkage programme is a forerunner to the concept of financial inclusion with the very same objective of reaching the unreached through various financial services. SHGBLP is a step forward than mere financial inclusion as it encompassed several social issues besides financial products. The main objective of the SHG bank linkage programme however is to provide financial services to the households that are outside formal institutions, and to enhance the economic status through the promotion of income generation or entrepreneurial activities. This section of the report analyses the impact of SHG bank linkage programme at individual and household levels, in particular and at SHG and community levels in general. What are the important changes that have happened in one's individual life, and at the household level? Is there any improvement in the promotion of savings at individual and household levels? Is the households' dependency on traditional credit sources reduced? What are the changes in the economic activities of the households? What kind of assets household created with SHG credit? How far the SHG member households accessed government welfare & development programmes.

7.1 IMPACT AT HOUSEHOLD LEVEL

a) **Impact on Individual household members:** The SHGBLP has impacted the lives of not only members of SHGs but all members of the family including children. Table-7.1 shows that SHG members have benefitted from more work (70%), new economic activity (49%) and an increase in health status (19%). The husband is also benefitted similarly. The children have benefitted by being able to complete high school (55%) & college education (38%), and in improved health. For other affiliates in the family, the largest improvement is in their health (49%), food (36%) fairs & festivals (21%) and marriages (11%).

Table 7-1 Impact on Household Members (% of members)

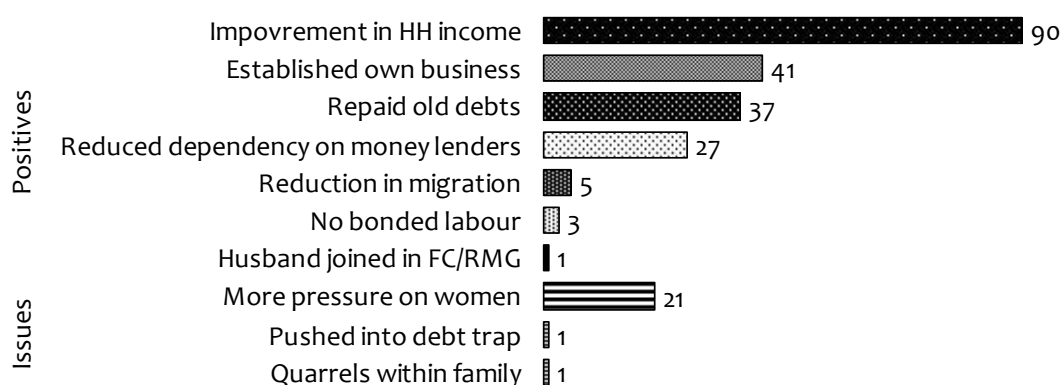
S.No.	Benefits	SHG member	Husband	Children	Others
1	More work	69.3	40.6	1.4	25.8
2	New economic	49.1	50.7	4.3	12.2
3	High school	0.3	0.1	55.3	6.6
4	College	0.5	0.1	36.5	0.4
5	Health improved	18.7	26.7	31.7	45.8
6	Marriage	2.9	6.4	9.2	10.7
7	Delivery	0.4	2.2	1.3	3.7
8	Fairs & festivals	1.8	4.9	2.5	21.0
9	Pilgrimage/tours	0.6	1.7	0.5	9.2
10	Food	7.1	5.9	5.9	36.1
11	Vehicle	0.0	1.7	0.6	0.7

b) **Impact on household:** Figure-7.1 shows that the largest contribution of SHG participation is improved household income (90%). Repayment of old debts (37%) and

reduced dependency on money lenders (27%) have also benefitted considerable numbers. SHGBLP also has impacted on reduction in migration (5%) and bonded labour (3%). The menfolk joined in Farmers Club/ Raithu Mitra Group (RMG) (1%). Some members have also reported that there was a ‘more pressure on women’ due to SHG participation (21%). A small number of households have also reported they were pushed into a debt trap and

Figure 7-1 Impact on Households Due to SHG Participation (% of HHs)

Fig-7.1: Impact on Households Due to SHG Participation (% of HHs)



had more quarrels in the family.

There is not much difference in the changes between developed and underdeveloped districts. However, there are significant differences among the states and social category of the members. Most of the households across the states have reported improved household income. The percentage of household reporting repaid old debts is high in Karnataka (87%) and AP (56%) compared to other states; starting own business is high in Maharashtra (63%) and Karnataka (56%); a higher percentage of women in Karnataka (56%) and Odisha (33%) have reported more pressure on women.

i) Improvement in household income: As mentioned above, SHGBLP has contributed to increased incomes of households significantly. Table 7.2 shows that most of the households have reported that there is an improvement in household income due to SHGs across states. The percentage of households reported improvement in household income is high in Karnataka (94%) and low in Maharashtra as compared to other states. There is no much difference in it between developed and underdeveloped districts. Large percentage of Minority households has reported improvement in household income than other social categories. High percentage of households those have more than 15 years of SHG association have accounted improvement in household income. Further, more percentage of A-grade SHG households have reported improvement in household income than B grade and C-grade SHGs. Though majority of the households accounted improvement in household income it is vary between states, districts, social categories and SHG grades.

ii) More work to household members: Of the sample states, majority of the households in UP (91%), Karnataka (68%), Assam (63%) and Odisha have got more work due to SHG credit. More percentage of Minority households (71%) has accounted more work than other social categories. It could be because SHG credit facilitated better livelihood opportunities and their household industries.

Table 7-2 Impact on Households (% of members)

S. No.	Particulars	HH income improved	More work	Edu-cation	Health	Food	Repayment of old debts
A	State						
1	AP	82.6	38.9	18.8	5.6	9.7	53.5
2	AS	86.1	63.2	59.0	63.2	.7	45.8
3	KA	94.4	68.1	94.4	81.9	49.3	86.8
4	MH	75.7	49.3	60.4	88.2	27.8	9.0
5	OR	88.9	55.6	17.4	43.1	16.0	2.1
6	UP	91.7	91.0	61.1	26.4	4.2	16.7
B	District						
1	Developed	83.8	61.6	51.2	50.0	14.8	35.9
2	Under Dev.	89.4	60.4	52.5	52.8	21.1	35.4
C	Social category						
1	ST	90.2	57.4	45.9	49.2	36.1	32.8
2	SC	85.8	63.3	51.3	47.8	21.2	28.3
3	BC	86.8	64.5	44.2	36.0	9.6	27.4
4	Minority	91.5	71.3	66.0	59.6	12.8	50.0
5	Others	84.6	54.2	54.2	62.6	18.9	43.0
D	HH head						
1	Male	87.0	63.4	56.1	55.0	18.8	35.1
2	Female	84.3	48.6	30.0	32.9	13.6	38.6
E	SHPI						
1	Govt.	86.3	57.5	51.6	50.3	20.2	48.1
2	NGO	88.6	68.9	53.9	50.6	14.4	19.8
3	Self	81.0	59.0	42.0	53.0	13.0	44.0
4	Other	86.2	41.4	58.6	60.3	32.8	32.8
F	SHG age in years						
1	3-6	85.8	61.6	53.4	61.9	14.7	23.2
2	6-9	87.6	72.4	60.0	42.9	15.9	38.8
3	9-12	85.5	59.7	46.0	46.0	21.8	42.7
4	12-15	84.9	50.9	50.0	48.1	26.4	50.0
5	15 +	92.1	48.7	38.2	30.3	21.1	60.5
G	SHG grade						
1	A-grade	89.2	62.5	61.0	62.0	20.0	41.3
2	B-grade	85.2	61.9	38.1	35.7	14.3	14.3
3	C-grade	68.6	45.7	17.1	10.0	11.4	52.9
	Total	86.6	61.0	51.9	51.4	17.9	35.6

It is high among the male headed households (63%) than female headed households (49%). It could be because normally SHG women give SHG loan to their male household head. Of

the SHPIs, the percentage of households reported more work is high in the NGO promoted SHG members (69%) and least in bank & federation promoted SHG members than other promoters. It is because of close monitoring of NGOs on households SHG loan utilization. It is high among the members of younger SHGs than members of older SHGs. The percentage of households reported more work is high in A-grade and B-grade SHG members than C-grade as it could be because of larger loans and investments on existing and /or new household economic activities.

iii) Repayment of old debts: Participation in the SHGBLP enabled many households to repay their old debts from informal sources at very high rates of interest. Table 7.2 shows that of the states studied, the highest percentage of households repaid old debts from SHGs credit is in Karnataka (87%) and the least is in Odisha (2%) as compared to other states. It could be because of low volume of loan and less frequency of repeat loans in Maharashtra, Odisha and Uttar Pradesh. About half of the Minority households repaid old debts than other social categories. It is comparatively high among the female headed households (39%) than male headed households (35%).

There is a positive relationship between the period of households' association with SHGs and the percentage of households repaid old debts; It means if SHG age increases the percentage of households repaid old debts also increases; the majority of the households associated with more than 12 year old SHGs have accounted repayment of old debts more than others. The household members repaid old debts is high in C-grade than A and B grade SHGs. It shows that majority of the SHG member households have repaid old debts from SHG credit in the states like Karnataka and AP, Minority social categories, members in Older and C-grade SHGs.

iv) Education: SHGBLP has made a significant impact on the education of children. Table-7.2 shows that of all the states, majority of the households reported improvement in household members' especially children's education in Karnataka (94%), Maharashtra (60%) and Assam (59%) as compared to other states. Of all the social categories, majority of Minority (66%), OC (54%) and SC households have reported improvement in household members' educational levels than others. It is nearly double in male headed households (56%) than female headed households (30%).

Except self promoted SHG members, the members promoted by other SHPIs have accounted improvement in their household members' education. The majority of the A-grade SHG members have reported improvement in household members' education than B and C grade SHG members. It show that, majority of the members reported improvement in education in the states like Assam, Karnataka and Maharashtra, social categories like Minorities and SCs, male headed households, members promoted by NGOs, Govt, and banks & federations and members of A-grade SHGs.

v) Improvement in health: Table-7.2 shows that majority of the members have reported improvement in household members' health in Maharashtra (88%), Karnataka (82%) and in Assam than other states. It is found in majority of the households across the districts. Of all the social categories, majority of OC (63%) and Minority households have

reported improvement in health than other categories. It is high in male headed households than female headed households.

The majority of the households, irrespective promoters have reported improvement in health. The majority members of younger SHGs have reported improvement in health than the members of all other SHG age groups. Similarly, majority A-grade SHG members have reported improvement in health than B and C-grade SHGs. It shows that there is improvement in household members' health in the states like Maharashtra, Karnataka and Assam, among OCs, male headed households, members of SHGs promoted all SHPIs and A-grade SHGs.

vi) Food security: Table-7.2 shows that of all the states, minority of members have reported improvement in food consumption. However, the percentage of members reported improvement is high in Karnataka (49%) and least in Assam (1%) as compared to other states. Of the social categories, high percentage of ST members (36%) has reported improvement in food consumption than others.

The percentage of household reported improvement in food consumption is comparatively high in bank & federation promoted members than Govt, NGOs and self-promoted. It is high among the members of older SHGs than younger and A- grade SHGs. It shows that the impact of SHGs on improvement in food consumption of SHG member households is minimal across the states, development of the districts, social categories, gender of the household head, promoter and grade of SHGs.

c) Changes in life: i) Work burden – Table-7.3 shows that the percentage of SHG members reporting the work burden 'increased' has risen from 23% to 59%. In contrast, the percentage of SHG members reported 'decrease', 'no change' and 'already doing' has correspondingly decreased. The highest number is in Odisha (96%) and the lowest is in Maharashtra (8%). There is not much difference between the districts.

ii) Responsibility of household credit mobilization: Table-7.3 shows that there is an equal increase in both the instances where the SHG members have reported 'increase' as well as 'decrease' compared to the beginning of the SHGs. Of all the states, AP (67%), Odisha (66%) and UP have reported 'increase' of response for household credit, whereas Assam (73%), Karnataka (37%) and Maharashtra (1%) have reported 'decrease'. However, there is not much difference between districts in the 'increase' or 'decrease' of response for household credit. Of the social categories, 'increase' of response for household credit is high among STs (51%), BCs (35%), and SCs (8%); 'decrease' is high among minorities (27%) and low in BCs (3%).

iii) Husband sharing the household work: Table-7.3 shows that the majority of the SHG members have reported 'no change' in husband sharing the household work, both at the beginning of the group and at present. But the percentage of SHG members reporting 'increase' of husband sharing the household responsibility has risen from 16% to 27%. Among the states, it is highest in Maharashtra and (47%) and the lowest in Assam (3%). Among the social categories, it is highest among BCs (26%) and lowest among Minorities (7%). Between districts, a majority of the households have reported 'no change' regarding husband sharing the household work at the beginning of the group and at present.

iv) **Women taking up non-traditional work:** Table-7.3 shows that there is a significant increase in the women taking up non-traditional activities from 10% to 51%. It is highest in AP with 67% and lowest in Assam with 40% compared to other states. But in Karnataka the percentage of women taking up non-traditional activities has decreased from 48% to 3%.

Of the social categories, the percentage of women reporting an increase in women taking up non-traditional activities is highest among BCs with 68% and lowest in OCs with 20% compared to other social categories: SCs-48%, ST-41%, and Minorities-35%. The leaders have reported a higher percentage of increase (55%) in women taking up non-traditional activities than members (47%)

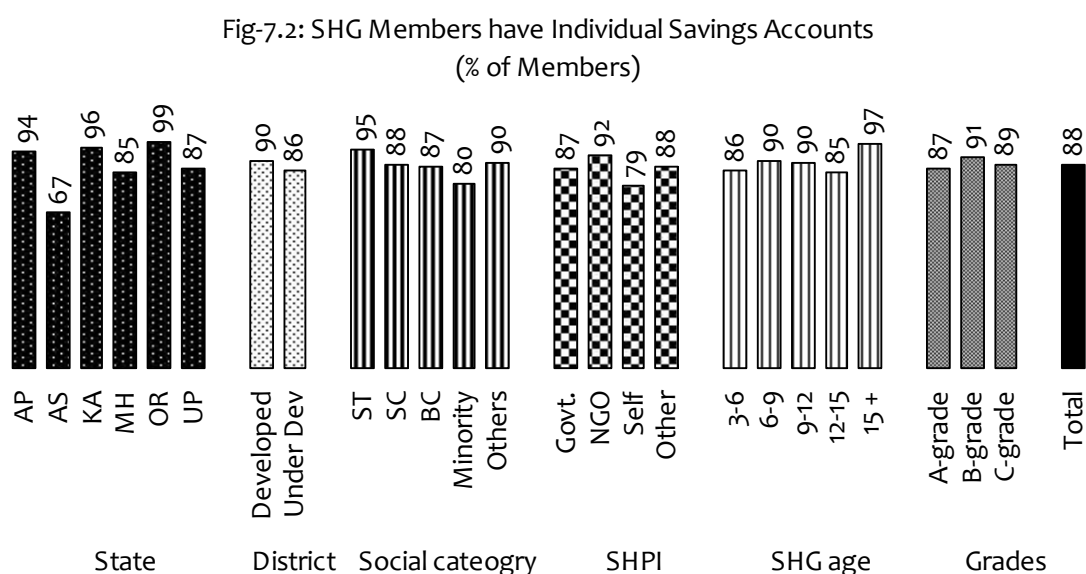
Table 7-3 Important Changes Observed in Life (% of members)

S. No.	Change observed	Work burden		Response for household credit		Husband sharing the HH work		Women taking up non-traditional activities	
		B	P	B	P	B	P	B	P
1	Increased	22.5	59.4	38.1	47.0	15.7	26.9	10.2	51.4
2	Decreased	38.8	23.4	30.9	40.9	18.9	10.7	35.0	12.8
3	No change	27.5	13.2	24.3	6.4	49.2	52.2	42.2	35.8
4	Already doing	11.2	4.1	6.7	5.8	16.2	10.2	12.6	0.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

B-At the beginning of the group; P- At present

d) **Promotion of savings - i) Individual savings:** Fig-7.2 shows that 88% of the surveyed members have an individual savings bank account, with a total savings of Rs. 31.7 lakh, an average of Rs. 4,165. However, the percentage of SHG members with an SB account is lowest in Assam (65%) compared to all other states. It could be because of

Figure 7-2 SHG Members have Individual Savings Accounts (% of members)



non-availability by banking service near to them. There is no much difference between underdeveloped and developed districts in the promotion of individual savings bank account of SHGs members. Of the social categories, large percentage of ST members and less percentage of Minority SHG members have an individual savings bank account compared to other social categories.

Large percentage of SHG members promoted by NGOs has individual savings bank account than bank & federations, Government and self-promoted SHG members. Most of the SHG members whose association is more than 15 years with SHGs have individual savings bank account than other age groups of SHG members. There is no much difference between the quality of SHG that the member is associated with and members having individual savings bank account. It clearly indicates that majority of the SHG members have individual savings bank account. However, there are differences in the percentage of members having individual savings bank account between the states, SHPIs, years of members' association with SHG and grades of member's SHG.

Of the 864 SHG members surveyed, 12% of SHG members have savings accounts with the post office, for a total savings of Rs. 6.84 lakh with an average of Rs. 6,839. A small percentage of SHG members have savings in the form of chits (3%), and some of the members (17%) have savings in the form of life insurance policies. The average amount of individual savings varies from source to source: banks Rs. 4,165, post office Rs.6,839, chits Rs. 20,196, insurance Rs. 21,020 and other Rs. 17,051. Of all the formal and informal sources of savings, the SHG women have individual savings mostly with banks because of their association with banks as SHG members, and disbursement of SHG loans, personal loans from banks and subsidies from government through personal bank account instead of payments made in cash.

ii) Members' savings: The sample members have a total savings of Rs. 1.58 crore, an average of Rs. 18,304, with multiple sources ranged between 1 and 6. All the members have savings with SHGs, as it is mandatory in SHGs. In addition, most members have savings with banks (96%) followed by post office (15%); a small percentage of households have savings with CBOs (5%), friends & relatives (4%), in the form of chits (4%) and other sources (3%).

Of the total Rs. 1.58 crore members' savings, a major portion is with banks (51%) followed by SHGs (27%), post office (6%), CBOs (6%), chits (4%), friends & relatives (3%) and other sources (2%). The largest portion of household savings is with formal institutions where there is high safety and low risk.

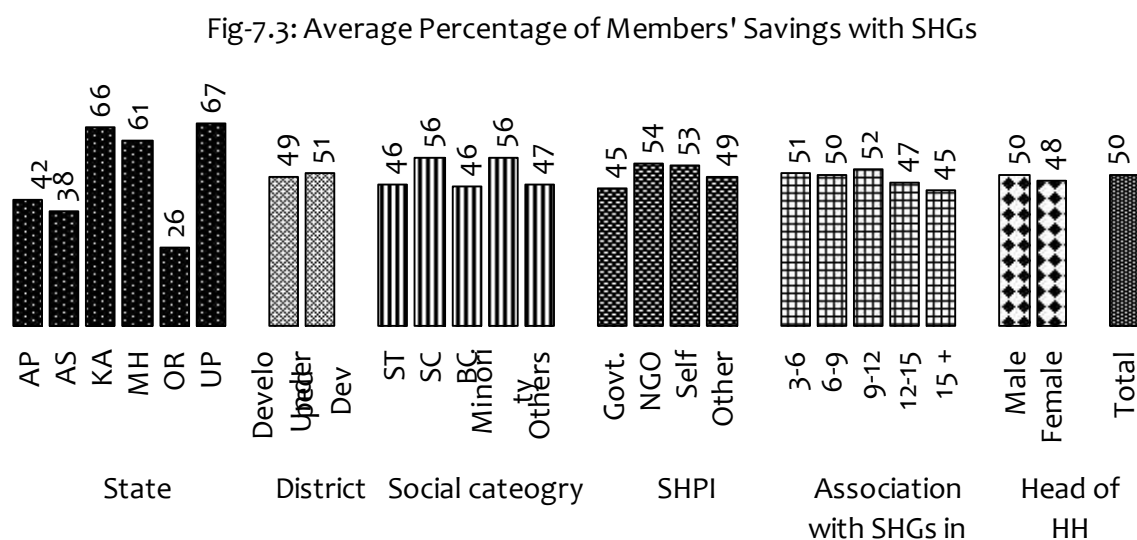
Table 7-4 SHG Savings to the Total Household Savings (% of members)

S. No.	% of savings	AP	AS	KA	MH	OR	UP	Total
1	< 50	61.1	72.2	23.6	36.8	88.2	27.1	51.5
2	50-75	18.1	15.3	40.3	16.0	7.6	20.1	19.6
3	> 75	20.8	12.5	36.1	47.2	4.2	52.8	28.9
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-7.4 shows that in a majority of the households, the percentage of savings with SHGs to the total household savings is less than 50 percent. Nevertheless, nearly one half of the households (49%) have more than 50% of their household savings with SHGs.

Further, out of 864 households, 8% have savings exclusively with SHGs. The percentage of households having more than 75% of savings with SHGs is highest in UP with 53% and lowest in Odisha with 4%, compared to other states.

Figure 7-3 Avg. Percentage of Members' Savings with SHGs (% of members)



The majority of the SHG member households promoted by Government (57%) and self-promoted (52%) have less than 50% of savings with SHGs to the total household savings. The percentage of households having more than 75% of savings with SHGs is higher in NGOs (36%) than Self-promoted members (26%), Government (24%) and others: banks & federations (24%). It is higher in developed districts (32%) than underdeveloped districts (26%).

Fig-7.3 shows that the average percentage of household savings with SHGs is highest in UP with 67% and lowest in Odisha with 26% as compared to other states, and it is more than 50% in UP, Karnataka and Maharashtra. There is no much difference in it between developed and underdeveloped districts. Of the social categories, the percentage of household savings with SHGs more than 50 percent is in SC and Minority households. It is higher in NGO and self-promoted SHG member households than others. There is no much difference in it between male and female headed households. It shows that there is no significant difference in average percentage of household savings with SHGs between districts, social categories, and promoters, household's association with SHGs and head of the households. However, there is a significant difference in it between the states.

e) SHG's share in household debts: Out of 864 households, all except four have reported debts, a sum of Rs. 34.21 crore with an average of Rs. 39,873 per household. The households have debts with multiple sources: between one and six. About 75% of the households have debts with 1-2 sources and the remaining with more than two sources. Almost all the sample SHG member households have borrowed loans from SHGs under SHGBLP programme; a little more than half of the members have borrowed loans from SHG own funds (52%); some of the household are indebted to friends & relatives (16%),

money lenders (13%), banks (13%), SHG federations (8%), NGO-MFIs (7%) and chit owners (1%). The SHG's portion to the total household's debt varies between 0% and 100%.

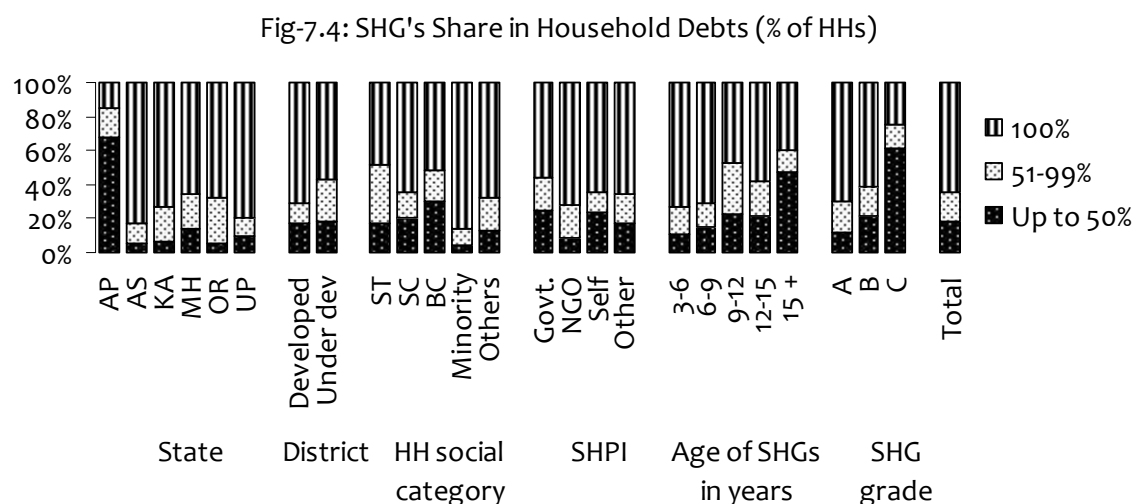
Table 7-5 SHG's Share in Total Household Debt (% of SHG members)

S. No.	% of debt	AP	AS	KA	MH	OR	UP	Total
1	Up to 50	67.4	5.6	6.3	13.9	5.1	9.7	18.1
2	51-99	18.1	11.8	20.1	20.1	26.8	11.1	17.9
3	100	14.6	82.6	73.6	66.0	68.1	79.2	64.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-7.5 shows that of the sample households, a majority (64%) are indebted to SHGs only. However, 18% of the households are indebted between 51-99 percent of the household debt, and another 18% of households owe less than 50% of household debt to SHGs. It means that SHG is the major credit source for the majority of the households, probably because most of the members repaid high cost loans from money lenders, friends & relatives, personal and agriculture loans from banks and NGO MFIs with SHG loans. The percentage of households totally indebted to SHGs is higher in developed districts (71%) than under-developed districts (57%), perhaps because of high financial literacy levels.

Fig-7.4 shows that of all the states, except AP, a majority of the households are totally indebted to SHGs. The percentage of households totally indebted to SHGs is higher in developed districts (71%) than underdeveloped districts (57%). It shows that the SHG members in developed districts are effectively using the SHG credit source. The higher percentage of Minority households totally indebted to SHGs than other household social

Figure 7-4 SHG's Share in Household Debts (% of households)

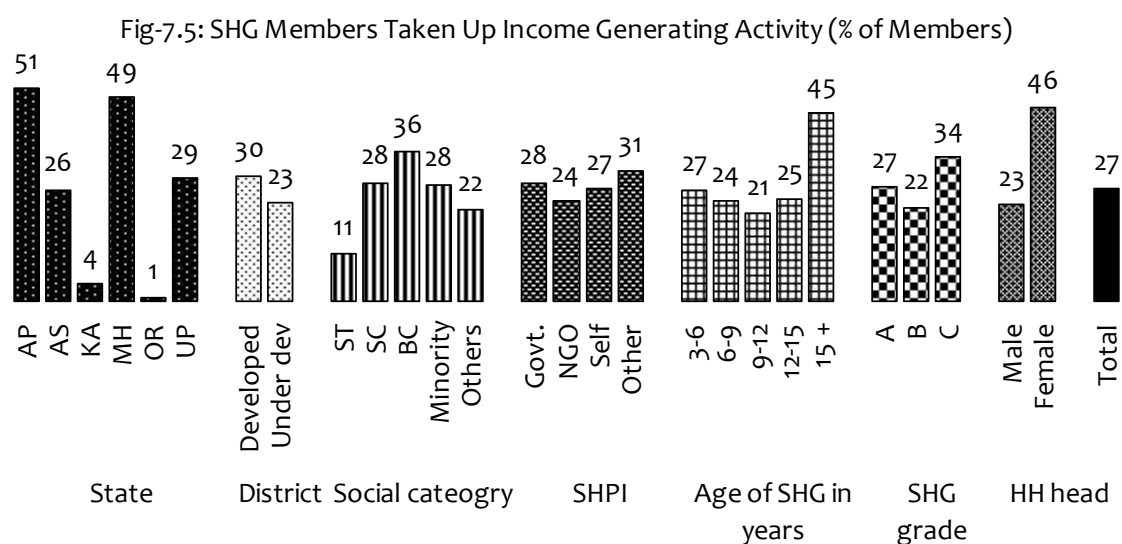


categories. Irrespective of SHPI, majority of the households are totally indebted to SHGs. The majority of the households associated with A (70%) and B grade (62%) SHGs are totally indebted to SHGs. However, majority of the households associated with C grade SHGs (62%) are indebted to SHGs upto 50% only. It could be because of large volume of credit to quality SHGs. The households totally indebted to SHGs over a period of time have been decreasing, again increasing and decreasing. However, the percentage of households

totally indebted to SHGs is higher in members of younger SHGs than the members of older SHGs. It could be because of large volume of loan in recent years and less number of repeat linkages to old SHGs.

f) Promotion of Income Generating Activities: i) Incidence of income generation activities - Of the total 864 members, 230 (27%) have taken up some income generation activity (IGA) with their SHG loan. Figure-7.5 shows that about half in AP (51%) and Maharashtra (49%) have done so; a small percentage in Assam (26%) and UP (29%) have done so, and a few members in Karnataka (4%) and Odisha (2%). There is a little difference between the leaders (30%) and members (24%) who have taken up IGA. The percentage of SHG members who have taken up IGA is higher among BCs with 36% and lower in STs with 12%, compared to other social categories.

Figure 7-5 SHG Members Taken Up Income Generating Activities (in %)



The incidence of members taken up income generation activities is high in developed districts (30%) than underdeveloped (23%) districts. There is no much difference in it between the promoters. Large percentage of households associated for more than 15 years with SHGs (45%) have taken up income generation activity than others. More number of households who are in C-grade SHGs has taken up IG activities than members in A and B grade SHGs. More percentage of female headed households has taken up IG activities than male headed households. It shows that the percentage of SHG member households taken up IG activities vary between states, social categories, years of association with SHGs, quality of groups that the households have membership and head of the family.

ii) Type of income generating activities: Table 7.6 shows that nearly three fourth of SHG members have not taken up any income generation activity with SHG loans. It is high in Odisha (99%), Karnataka (96%), Assam (74%), Uttar Pradesh (71%) and Maharashtra (51%). However, more or less half of the SHG member households have taken up IG activities in Andhra Pradesh (51%) and Maharashtra (49%). Of the 230 IG activities, dairy (23%) is prominent followed by petty business/ kirana shops (15%), goat/sheep rearing (14%), tailoring (11%), weaving (9%), milk collection & selling (9%). A small number of members

have taken up vegetable vending (4%), garment shops (4%), bakery shops (2.2%), beauty parlour/ hair dressing saloons (2.2%), tractor rental (0.9%), flour mills (1.3%), hotels (1.3%), carpentry (0.9%), cycle repair shop (0.4%), flower business shop (0.9%), poultry (0.4%), phenyl making (0.4%), papad making(0.4%), nursery (0.4%), mobile shop (0.4%) and honey bee business (0.4%).

Table- 7.6 shows that the income generating activities vary from state to state: a high percentage of households have taken up dairy in AP, weaving in Assam (53%), bakery in Karnataka (33%), sheep/goat rearing in Maharashtra (30%), petty / kirana shops in UP (41%). Most of the households have taken up IG related to agriculture and allied activities; a small number of households have taken up non-farm activities.

Table 7-6 Income Generation Activities Taken Up by the SHG Members (in %)

Activity	AP	AS	KA	MH	OR	UP	Total
1. No IGA	49.3	73.6	95.8	51.4	99.3	70.8	73.4
2. Dairy	24.3	0.7	0.0	6.3	0.0	4.9	6.0
3. Petty shop	8.3	2.8	0.0	1.4	0.0	11.8	4.1
4. Sheep/goat rearing	6.9	0.0	0.0	14.6	0.0	0.0	3.6
5. Tailoring	3.5	2.1	0.7	8.3	0.0	2.8	2.9
6. Milk collection & selling	0.0	0.0	0.7	8.3	0.0	5.6	2.4
7. Weaving	0.7	13.9	0.0	0.0	0.0	0.0	2.4
8. Others	6.9	6.9	2.8	9.7	0.7	4.2	5.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 7-7 Investments Made on IG Activities and Income Earning Per Month

Activity	SHG		Amount		Income per	
	Members		Invested in Rs.		month in Rs.	
	F	%	Sum	Mean	Sum	Mean
1. Dairy	52	22.6	26,86,800	51,669	3,18,000	6,115
2. Sheep/goat rearing	31	13.5	7,38,466	23,821	93,300	3,010
3. Milk collection & selling	21	9.1	7,64,000	36,381	64,800	3,086
4. Vegetable vending	8	3.5	3,00,500	37,563	36,400	4,550
5. Petty shop	35	15.2	16,10,000	46,000	1,70,200	4,863
6. Tailoring	25	10.9	5,10,950	20,438	81,800	3,272
7. Weaving	21	9.1	3,44,000	16,381	50,700	2,414
8. Garments shop	7	3.0	3,95,000	56,429	35,000	5,000
9. Flour mill	3	1.3	2,45,000	81,667	20,400	6,800
10. Hotel business	3	1.3	2,00,000	66,667	30,000	10,000
11. Bakery	5	2.2	4,57,000	91,400	50,000	10,000
12. Beauty parlour	5	2.2	3,05,000	61,000	27,400	5,480
13. Tractor	2	0.9	3,00,000	150,000	12,000	6,000
14. Carpentry/furniture	2	0.9	70,000	35,000	11,250	5,625
15. Cycle shop	1	0.4	50,000	50,000	7,000	7,000
16. Flower business	2	0.9	55,000	27,500	25,000	12,500
17. Poultry	1	0.4	80,000	80,000	10,000	10,000
18. Phenol making	1	0.4	5,000	5,000	1,000	1,000

19. Papad making	1	0.4	15,000	15,000	800	800
20. Nursery	1	0.4	20,000	20,000	5,000	5,000
21. Mobile shop	1	0.4	1,00,000	100,000	7,000	7,000
22. Honey collection	2	0.9	50,000	25,000	6,250	3,125
Total	230	100.0	93,01,716	40,442	10,63,300	4,623

iii) Investments made: Table-7.7 shows the 230 SHG member households that have taken up IGA have made an investment of Rs. 93.01 lakh with an average of Rs. 40,442. Of the total investments, the major portion is on dairy (29%), petty / kirana shops (17%), milk collection & selling (8%) sheep & goat rearing (8%), followed by other activities with less than 5% of the total investment.

iv) Income per month: The 230 (27%) households who have taken up IGA have reported a total monthly income of Rs. 10.63 lakh with an average of Rs. 4,623 per household. The average income per month varies from one activity to the other. The households engaged in flower business, bakery, poultry and hotel business have been earning an average income of more than Rs. 10,000; whereas the households engaged in mobile shop, cycle repair shop, flour mill, dairy, tractor hiring, carpentry/furniture, and beauty parlour have been earning an average monthly income between Rs. 5,000 and Rs. 7,000; and the households running garment shops, petty / kirana shops, vegetable vending, tailoring, honey bee business, milk collection & selling, sheep/goat rearing, weaving, phenyl making and papad making have been earning less than Rs. 5,000 per month through IG activities.

g) Asset creation: About two-thirds of SHG member households have procured one to six assets of different types. Table-7.8 shows that the total value of assets is approximately Rs. 1.62 crore. The percentage of members that purchased assets is highest in AP (92%) and lowest in Maharashtra (47%), compared to other states. Further, large number of assets was acquired in AP and Karnataka, because of the large volume of loans to members. About 40% of the SHG members purchased cows (17%), sheep/goat (16%), bullocks (2%) and poultry (5%). Another 13% and 12% of SHG members have purchased agriculture machinery and houses respectively. Nearly one-fifth of the members purchased agriculture machinery (13%), auto/taxi (2%) and occupational tool kits (5%). About one-fifth of the members have acquired permanent assets such as a house (12%), gold/silver (7%) and land (1%). Some members have purchased household appliances such as utensils (6%) refrigerator (2%), LPG stove (2%), and television (2%). Very few members have purchased mobile phones (2%), and vehicles such as cycle and motor cycle.

i) Milch cattle: Out of 864 SHG members surveyed, 17% have purchased milch cattle. Table-7.9 shows that the percentage of households purchased milch cattle is high in UP (30%), AP (29%) and least in Odisha (6%) than other states. It is almost double in underdeveloped (22%) districts than developed districts (12%). Of the social categories, high percentage of SC households and least percentage of Minority households purchased milch cattle as compared to other social categories. More percentage of SHG members promoted by Government (20%) has purchased cattle than other SHPIs. The members those have more than 15 years of association with SHGs have purchased high percentage of cattle than other members. It could be because of more access to SHG credit over the years. It shows that the percentage of SHG members purchased cattle is

high in the states like AP, UP and Karnataka, underdeveloped districts, SCs, Government promoted SHG members and the households have long years of association with SHGs.

ii) Sheep/ goats: Table-7.9 shows that nearly 16% of the SHG members purchased sheep /goats. It is high in Assam (28%) and Maharashtra (26%) compared to other states. Like cattle, the households purchased sheep/ goats are high in underdeveloped districts than developed districts. Of the social categories, high percentage of STs (26%) purchased sheep/ goats than other social categories. It indicates that the states that have more grazing facility and the people living in forest regions have purchased sheep/ goats.

Table 7-8 Asset Creation by the SHG Members

Name of the asset	SHG members		Amount in Rs.		
	Total	%	Total	Mean	
a) Livestock	1. Milch cattle	149	17.2	42,27,727	28,374
	2. Sheep/goat	139	16.1	1,62,1161	11,663
	3. Bullocks	20	2.3	5,89,818	29,491
	4. Poultry	43	5.0	1,16,200	2,702
b) Farm machinery	5. Machines	109	12.6	9,60,900	8,816
	6. Bullock cart	3	0.3	38,000	12,667
	7. Auto/taxi	16	1.9	7,42,000	46,375
	8. Tool kits	39	4.5	3,86,600	9,913
c). Permanent	9. Housing	101	11.7	27,71,665	27,442
	10. Gold/silver	63	7.3	27,69,000	43,952
	11. Land	12	1.4	4,26,000	35,500
d) HH appliances	12. HH articles	51	5.9	3,58,423	7,028
	13. Refrigerator	16	1.9	2,49,833	15,615
	14. LPG stove	15	1.7	57,000	3,800
	15. TV	18	2.1	1,88,500	10,472
e) Communication	16. Mobile	20	2.3	61,100	3,055
f) Transport	17. Cycle	13	1.5	40,500	3,115
	18. Motor cycle	6	0.7	3,01,000	50,167
g). Other	19. Any other	32	3.7	2,89,500	9,047

iii) Poultry: About 5% of households purchased poultry. It is high in Assam (15%) and Odisha (13%) as compared to other states. Of all the social categories, high percentage of STs (21%) purchased poultry than other categories. And it is also high in the households those have 12-15 years of association with SHGs.

iv) Farm machinery: Table-7.9 shows that nearly 13% of SHG members procured farm machinery. It is high in Odisha (43%) and AP (19%) as compared to other states. The households purchased farm machinery is high in STs (21%), and least in Minorities (2%) as compared to other social categories. But high percentage of SHG members promoted by banks & federations (21%) has purchased agriculture machinery than Govt, NGO and self promoted SHG members. More number of B and C grade SHG members has purchased agriculture machinery than A- grade SHG members.

v) **Housing:** Table-7.9 shows that nearly 12% of the SHG members improved their housing. It is high in Karnataka (34%) as compared to other states, and is high in developed districts (15%). No SHG member in Assam had invested in housing. The percentage of SHG members improved housing is high in STs (21%) and low in SCs (8%) than other social categories; more percentage of C-grade SHG members (26%) and the members of more than 15 years old SHGs (21%) have improved their housing.

vi) **Gold and silver:** Nearly 7% of SHG members purchased gold and / or silver. It is high in AP (28%), developed districts (8%), BCs (15%), members of old SHGs (29%) and C-grade SHGs (17%) than others.

vii) **Household articles:** Like gold and silver, high percentage of SHG members in AP (26%), developed districts (8%), BCs (12%), members of old SHGs (16%) and C-grade SHGs (26%) have purchased household articles than other categories.

Table 7-9 Asset Creation by the SHG Members (% of Members)

S. No	Particulars	Sheep			Farm machiner	House	Gold/silver	HH article
		Cattle	/ goat	Poultry				
A	State							
1	Andhra Pradesh	29.2	11.1	1.4	18.8	14.6	27.8	25.7
2	Assam	9.7	27.8	14.6	2.1	0.0	0.0	0.7
3	Karnataka	20.1	7.6	0.7	7.6	34.0	12.5	2.1
4	Maharashtra	9.0	25.7	0.0	1.4	2.1	0.0	2.1
5	Odisha	5.6	16.7	12.5	43.1	8.3	3.5	2.8
6	Uttar Pradesh	29.9	7.6	0.7	2.8	11.1	0.0	2.1
B	District							
1	Developed	12.5	9.5	4.4	10.0	15.3	8.3	7.6
2	Underdeveloped	22.0	22.7	5.6	15.3	8.1	6.3	4.2
C	Social category							
1	STs	11.5	26.2	16.4	21.3	21.3	9.8	4.9
2	SCs	22.1	16.8	1.8	8.4	8.0	2.7	5.3
3	BCs	16.8	15.7	4.6	14.2	10.2	14.7	12.2
4	Minorities	8.5	13.8	5.3	2.1	14.9	4.3	0.0
5	Others	17.8	14.3	5.2	16.4	12.6	6.3	4.2
D	SHPI							
1	Govt.	20.4	17.5	7.5	12.9	13.2	10.2	7.8
2	NGO	15.3	15.9	3.0	11.7	11.4	3.9	3.3
3	Self-promoted	15.0	12.0	5.0	10.0	9.0	9.0	7.0
4	Other	12.1	15.5	0.0	20.7	8.6	5.2	6.9
E	SHG membership							
1	3-6 years	14.4	17.0	3.6	9.3	5.2	1.8	2.3
2	6-9 years	20.6	14.7	5.9	10.6	14.7	6.5	5.3
3	9-12 years	11.3	19.4	4.8	22.6	17.7	8.1	8.1
4	12-15 years	17.9	16.0	10.4	15.1	17.0	12.3	10.4
5	15 + years	32.9	9.2	2.6	14.5	21.1	28.9	15.8
F	SHG grade							

With regard to impact on the economy of village, the groups have reported as i) improvement in agriculture, ii) credit on low interest rates for agriculture inputs, iii) dairy development, iv) more investments on children education resulted more employment and cash flows into the village, and v) more land development programmes.

With regard to women empowerment, the SHGs have reported the change as: i) leadership qualities increased, ii) more vocal, iii) women have been demanding for their rights and entitlements; iv) men and officials have been giving more respect to SHG women, v) more women participation in addressing social and community issues, vi) move from minor role to equal role in decision making.

b) Membership in other Community Based Organizations: About one-fifth of sample SHG women have membership in other community based organizations (CBOs) such as women's groups other than SHGs (48%), School Educational Committees (SEC-34 %), Watersheds (7%), Vana Samrakshana Samithi (VSS) (3.4%), Farmers Clubs (FCs-2%) and joint liability groups (JLGs 1%).

c) Participation in public offices: Members' participation in elections was not very significant. About 4.5% (39 Out of 864) SHG women members were elected to a public office. Of all the states, the largest percentage of SHG women was elected in Maharashtra (8%) and UP (8%). Of the social categories, the highest percentages of SC (8%) & STs (7%) were elected to public office, probably due to political reservations for them.

d) SHGs' involvement in addressing social issues: The important social issues addressed by SHGs included drinking water, drainages, domestic violence, banning of liquor women rights and road connectivity. The majority of the SHGs have been involved in addressing one to eight social issues. However, about one-quarter of SHGs has not been involved with any social issue. Table 7.8 shows that about one half of the SHGs have addressed drinking water problems by bringing the problem to the notice of the Gram Panchayat and/ or to the concerned officials. About one quarter were involved in securing drainages in their habitations (26%), tackling domestic violence (27%), participating in anti-arrack awareness campaigns (22%) and women rights (23%). A small percentage were involved in dealing with road connectivity (17%), child marriages (5%), eve teasing (5%), AIDS control campaign (3%) and child labour (3%).

Table 7-10 Percentage of SHGs Involved in Addressing Social Issues

S. No.	Issue/ Problem	Under-developed Districts	Developed districts	Total
1	Drinking water	54.7	46.5	50.8
2	Drainage	31.8	18.7	25.5
3	Connectivity roads	21.8	12.3	17.2
4	Domestic violence	22.9	31.0	26.8
5	Anti-arrack movement	14.1	29.7	21.5
6	Women rights	18.8	28.4	23.4
7	Child labour	4.1	1.9	3.1
8	Child marriages	8.8	1.3	5.2
9	Eve-teasing	5.3	5.2	5.2
10	AIDS Control campaign	2.9	3.2	3.1

Of all the states, the majority of SHGs in Karnataka (79%), Maharashtra (79%), Andhra Pradesh (69%) and Odisha (68%) have been involved in addressing drinking water problems; in Maharashtra, a majority of the SHGs were involved in cleaning the drainage canals in the village; and in UP, a majority were involved in dealing with domestic violence (60%).

Table-7.10 shows that the involvement of SHGs in developed districts is comparatively higher in addressing social issues like domestic violence, anti-arrack movement and women rights than in underdeveloped districts. Whereas the involvement of SHGs in underdeveloped districts is higher in addressing basic amenities such as drinking water, drainage and connectivity roads than in developed districts.

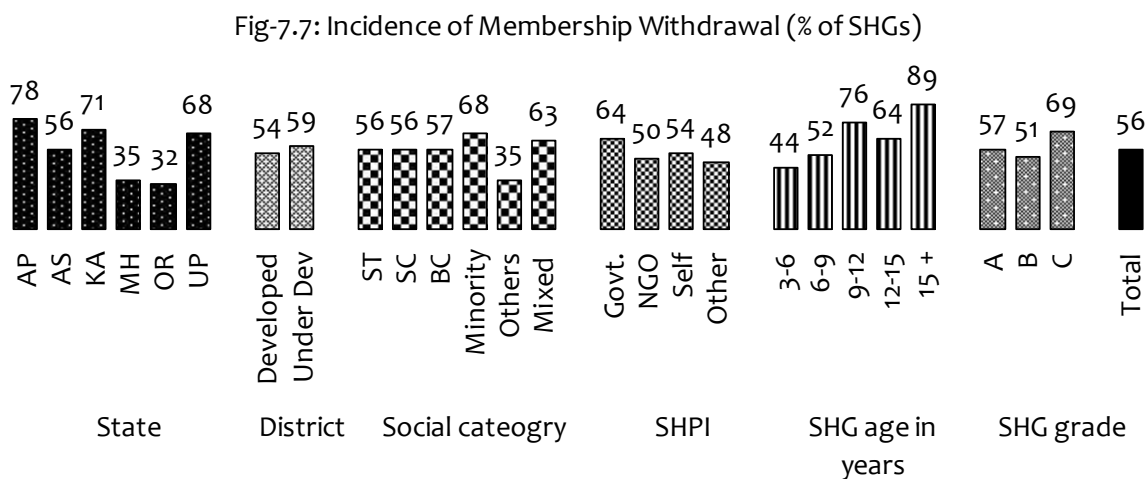
Of all the social categories, many ST (42%) and SC (28%) groups are more involved in anti-arrack movement activities than the other social activities as the consumption of arrack or the country liquor is rampant among SCs and STs . The SHGs’ involvement is high in the issues directly related to women and/or the problem of every one. During focus group discussions with the SHGs, the members have reported that the SHGs played a critical role in bringing the issues to the notice of the concerned officials by appealing orally, submitting written complaints, organizing dharnas based on the severity of the problem and concerned officials’ response to their action.

7.3 IMPACT AT GROUP LEVEL

The sample SHGs were formed with 5,291 members, for an average of 12.25 members. At present, there are 4,932 members with an average of 11.42 members in a group. The following discussion is on the incidence of dropouts, reasons for it, and how the SHGs are surrogating the dropouts for sustainability.

a) **Incidence of membership withdrawal:** 244 SHGs (56%) have reported a total of 595 dropouts ranging from 1-7, on an average of 2.44 members per group. A majority of the SHGs had 1-2 dropouts (36%) followed by 3-4 (13%) and more than four members (7%). Fig-7.7 shows that of all the states, the incidence of dropouts is high in AP with 78% and least in Odisha with 32%, compared to other states. It is higher underdeveloped districts

Figure 7-7 Incidence of Membership Withdrawal (% of SHGs)



(59%) than in developed districts (54%).

The incidence of membership withdrawal is high in Minorities (68%) and low in OCs (35%) as compared to other SHG social categories. It is high in the SHGs promoted by Government (64%) and low in bank & federation promoted SHGs (48%) than others. The occurrence of membership withdrawal is high in C-grade SHGs (69%) than A (57%) and B grade (51%) SHGs.

It could be because of delay in getting credit linkage with banks due to low quality of SHGs. The prevalence of dropout in a SHG varies between states, promoter of the groups, social category, age and quality of SHGs.

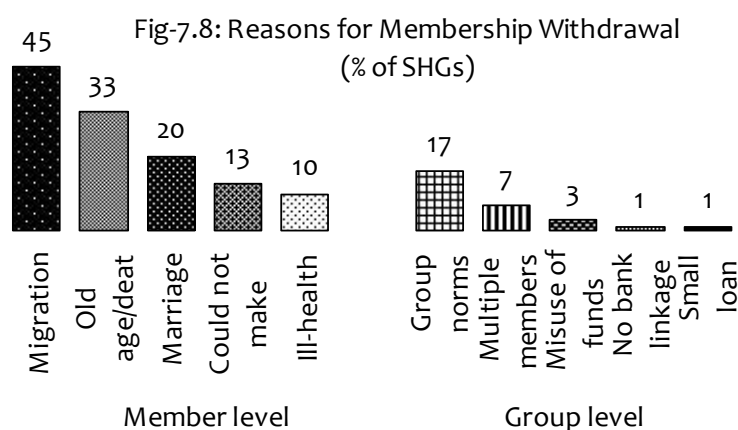
Table-7.11 shows that as the age of SHGs increases the incidence of dropouts also increases. The percentage of SHGs reported dropouts is highest in old SHGs, more than 15 years, with 89% and least in 3-6 year SHGs with 44%. With reference to the Enable Study in 2012, the incidence of SHGs reported dropouts was 38%. It has increased to 56%. As the purpose of availing low cost loans from SHG has not been served even after long waiting due to innate delay in getting bank linkage, some of the members have dropped from the groups.

Table 7-11 Age of SHGs and the Incidence of Dropouts (% of SHGs)

S. No.	No. of dropouts	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	No	56.2	48.2	24.2	35.8	10.5	43.5
2	1-2	29.4	40.0	53.2	30.2	44.7	36.3
3	3-4	9.3	8.2	14.5	22.6	26.3	13.0
4	> 4	5.2	3.5	8.1	11.3	18.4	7.2
	Total	100.0	100.0	100.0	100.0	100.0	100.0

Reasons for dropouts: Figure-7.8 shows that migration is the prominent (45%) reason followed by old age/ death (33%) and mobility due to marriage (20%). Other reasons include group norms (17%), could not make payments (13%), ill-health (10%), membership in multiple SHGs (7%), misuse of funds by the member (3%), delay in getting bank linkage (1%) and small loans (1%). This shows dropouts are due to both personal factors and group functioning. The percentage of SHGs reported migration as the reason for dropouts is highest in Karnataka with 70% and lowest in Odisha with 20%: compared to other states: UP-27%, Maharashtra-38%, AP-44% and Assam-55%. The percentage of SHGs reporting old age / death as the reason for dropouts

Figure 7-8 Reasons for Membership Withdrawal



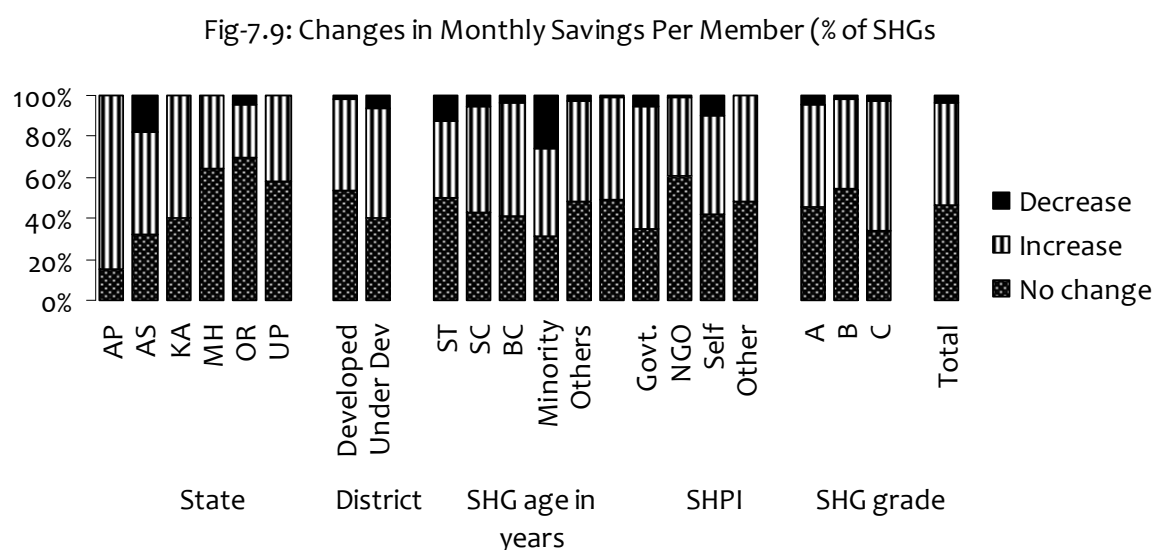
is highest in AP with 69% and lowest in UP (25%) and Odisha (25%) compared to other states: Assam-10%, Karnataka-26% and Maharashtra -29%. This could be because of there are more of old groups and groups were formed with middle-age women. In Maharashtra, many SHGs have reported group norms as the reason for membership withdrawal, where as in Odisha, could not make payment is the reason for membership withdrawals. In Karnataka, nearly one half of the SHGs have reported marriage as the reason for membership withdrawals.

b) Enrolment of new members: The SHGs have adopted a two pronged approach to maintain a minimum group size for sustainability: replacement of dropouts with the same household members and with new members. Of the 244 SHGs, 32 (13%) have replaced dropouts with 40 household members; 60 (25%) SHGs have replaced dropouts with 112 new members. Out of 432 SHGs, 35 have enrolled 82 new members, after group formation over the years.

c) Promotion of savings at SHG level: Table-7.12 shows that nearly one half of the sample SHGs increased their monthly savings per member over a period of time. However, there is no increase in a larger number of SHGs' monthly savings per member in Odisha (69%), Maharashtra (64%) and UP (58%). However, the percentage of SHGs decreased monthly savings amount per member is highest in Assam (18%) as compared to all other states. The percentage of SHGs that increased their monthly savings per member is higher in under-developed districts (54%) than developed districts (45%). The SHGs increased monthly savings per member is high in BCs (55%) and less in STs (38%) as compared to other SHG social categories. Further, there is no change in one half of ST SHGs' monthly savings per member (see fig-7.9).

Of the SHPIs, there is an increase in monthly savings per member in majority of SHGs promoted by Government (60%); but there is no change in it in majority SHGs promoted by NGOs (60%). The majority of A-grade (50%) and C-grade (63%) SHGs have increased their monthly savings per member over a period of time, but there no change in it in majority of B-grade SHGs (54%). The percentage of SHGs increased their monthly savings per member varies between states, development of the districts, SHPIs, and age, social

Figure 7-9 Changes in Monthly Savings Amount Per Member (% of SHGs)



category and quality of SHGs.

Table-7.12 shows that the age of SHGs and the increase of SHG savings per month per member are positively correlated. As the age of SHGs increases, there is an increase in the percentage of SHGs increasing their savings over a period of time. The groups reported the reasons for increasing monthly savings per member as i) to get a larger loan from bank, since loan volume depends on group savings, ii) bankers and/ or promoters suggested at the time of bank linkage, iii) more income, iv) more savings for future needs – children education & marriages, old age security etc.

Table 7-12 Changes in Savings per Month, per Member (% of SHGs)

S. No.	Changes in amount	3-6 years (N=194)	6-9 years (N=85)	9-12 years (N=62)	12-15 years (N=53)	15 + years (N=38)	Total (N=432)
1	No change	66.5	41.2	30.6	24.5	13.2	46.5
2	Increased	29.9	52.9	67.7	69.8	86.8	49.8
3	Decreased	3.6	5.9	1.6	5.7	0.0	3.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0

7.4 ACCESS TO WELFARE AND DEVELOPMENT PROGRAMMES

a) **Access to welfare Programmes:** Almost all (98%) SHG households have been accessing Government welfare & development programmes. The details are as follows (see table-7.13):

i) **Ration cards:** About 90% of the households have been accessing ration from Fair Price Shops under the PDS programme from the Civil Supplies Department. There are variances between the states in the percentage of households having ration cards. The percentage of households not having ration cards is highest in Odisha with 22% and least in AP with (1%). There is not much difference between developed and underdeveloped districts and among social categories.

Table 7-13 SHG Households Benefitted by Govt. Programmes (% of HHs)

S. No.	Programme	AP	AS	KA	MH	OR	UP	Total
1	Social security pensions	36.8	17.9	5.6	12.4	52.4	18.3	24.0
2	PDS/ration	99.3	88.6	92.3	81.8	78.3	87.3	88.0
3	ISL programme	50.7	12.9	2.8	2.2	0.0	7.7	12.8
4	Housing	47.9	11.4	33.6	20.4	23.8	3.5	23.6
5	LPG connection	26.4	2.1	38.5	24.8	16.1	4.9	18.8
6	MGNREGS	66.0	60.0	49.0	14.6	44.1	21.1	42.6
7	Insurance	27.1	0.0	0.7	22.6	14.7	3.5	11.4
8	ICDS services	31.9	24.3	10.5	20.4	7.7	12.7	17.9
9	Pulse Polio	34.7	26.4	66.4	48.2	17.5	2.1	32.5
10	JDY	2.1	3.6	1.4	48.9	93.7	54.9	34.0
11	Scholarships	18.8	0.0	7.0	16.1	0.0	2.1	7.3
12	ST & SC Loans	1.4	0.0	0.7	1.5	4.2	0.0	1.3
13	Land programmes	0.0	0.0	0.7	0.7	1.4	0.0	0.5
14	Loan waiver	92.4	0.0	0.0	1.5	0.0	0.0	15.9

ii) Mahathma Gandhi National Rural Employment Guarantee Scheme (MGNREGS): MGNREGS is the next largest govt. programme accessed by the member households (43%). The households that have benefitted from MGNREGS programme are highest in AP with 66% and least in Maharashtra with (15%) A larger number of households (54%) participated in NREGS in underdeveloped districts than developed districts (32%). However, of all the social categories, except STs (32%), majority of the household were not benefitted with NREGS programme.

iii) Integrated Child Development Services (ICDS): 18% of the households accessed health services from Anganwadi centers run by the Women & Child Welfare Department. Anganwadi center usage is highest in AP with 32% and least in Odisha with 8%. It is comparatively higher in underdeveloped districts (33%) than in developed districts (14%). A greater percentage of Minorities availed ICDS services compared to other social categories.

iv) Pulse Polio Programme: Nearly one-third of the households availed the pulse polio programme. The percentage of households that have benefitted from pulse polio is highest in Karnataka with 66% and least in UP with 2%. There is not much difference between developed and underdeveloped districts. However, there are variances between social categories in accessing the programme.

v) Individual Sanitary Latrine (ISL) Programme: Nearly one-fifth of SHG member households were benefitted by ISL programme. Across the states, the number of beneficiaries is small except in Andhra Pradesh (51%) since the AP govt. has been implementing this program through community based organizations.

About two-thirds of sample member households have toilets. Table-7.14 shows that of all the states, a majority of households in Assam (97%), Karnataka (79%) and Maharashtra (73%) have a toilet facility. A large number of households in UP (58%), Odisha 49%), and AP (47%) don't have toilets. The percentage of household that don't have toilets is double in underdeveloped districts (44%) compared to developed districts (22%). The households that don't have toilets are highest among STs with 52% and least among minorities compared to other social categories (SC-44%, BC-39% and OCs-21%). The percentage of households that have toilets not in use is minimal across the states and districts and social categories. This might be because of membership of SHGs in the Swachh Bharat Mission Programme.

Table 7-14 Toilet Facility among the SHG Member Households (% of HHs)

S. No.	Toilet	AP	AS	KA	MH	OR	UP	Total
1	Yes - in use	51.4	96.5	78.5	72.9	40.3	39.6	63.2
2	Yes - not in use	2.1	0.0	2.1	5.6	11.1	2.1	3.8
3	No toilet	46.5	3.5	19.4	21.5	48.6	58.3	33.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

vi) Social Security Pensions: There are different kinds of social security pensions: old age, widow, persons with disability (PWD), weavers and fishermen. Nearly one-quarter of SHG member households have been benefiting from pensions. The majority of the SHG member households (52%) in Odisha have been availing pensions.

vii) Jan Dhan Yojana: About one-third of SHG member households have accessed the Prime Minister's Jan Dhan Yojana (PMJDY) program. A large number of households benefitted from it in Odisha (94%), Uttar Pradesh (55%) and Maharashtra (49%) as compared to other states. There is not much difference between developed and underdeveloped districts. Of the social categories, the households benefiting from PMJDY are high among STs (50%), compared to other social categories: BCs-36%, SCs-35%, OCs-33%, Minorities-19%.

viii) Insurance: Slightly above one-tenth of SHG members have accessed insurance services. Of all the states, a comparatively larger percentage of households accessed insurance services in AP (27%), Maharashtra (20%) and Odisha (15%) than in other states.

ix) Housing: Nearly one-quarter of the member households have benefitted from the housing program. A large number of households benefitted in AP (48%) as compared to other states. This could be because of extensive implementation of Indira Awas Yojana (IAY) and bridge loans from banks under SHGBLP. Of the social categories, a majority of the STs (50%) benefitted from the IAY programme. More SHG households benefitted from the IAY in underdeveloped districts (30%) than in developed districts (17%). This could be because IAY has been implemented more extensively in rural areas than in urban.

x) Liquid Petroleum Gas connection / Cooking Gas Connections: The govt. has distributed LPG connections to the SHGs formed under the Development of Women and Children in Rural Areas (DWCRA) program. Nearly one-fifth of the member households benefitted from the program. Many SHG households benefitted with LPG connection in Karnataka (36%), AP (26%) and Maharashtra (25%) as compared to other states: Odisha 16%, UP 5% and Assam 2%. As the Social category of SHG member household increases, the percentage of households gaining LPG connections also increases.

xi) Other programmes: A small number of households benefitted from educational scholarships to their children (7%), SC & ST Loans (1%), loan waiver and distribution of surplus land (0.5%). Scholarships to children are reported mostly in AP (18%) and Maharashtra (16%). In AP, most of the SHG member households benefitted from loan waiver (92%) because the Govt. of Andhra Pradesh waived agriculture loans in the past.

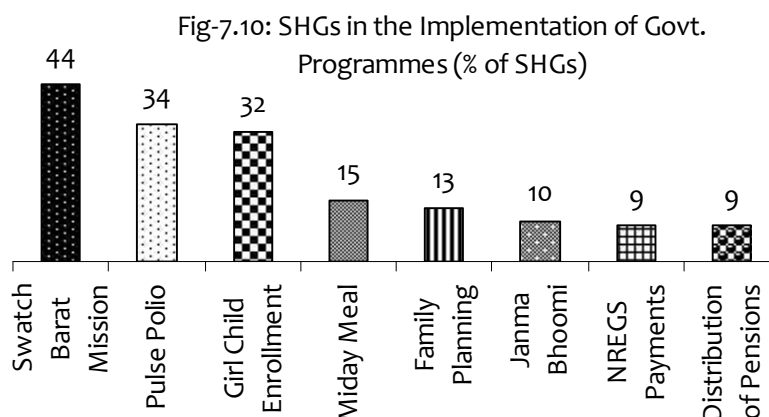
b) Involvement of SHGs in the implementation of govt. programmes: About three-quarters of SHGs (76%) participated in various programmes being implemented by the government. The details are as follows:

i) Swachh Bharat Mission: Figure-7.10 shows that of all the programmes, Swachh Bharat Mission has gained the attention of the largest number of SHGs (44%). A large number of SHGs in Assam (72%), Maharashtra (54%) and a good number of SHGs in AP (41%), UP (36%), Odisha (35%) have been involved in Swachh Bharat Mission activities – cleaning of public places, participation in awareness campaigns about open defecation free villages, construction and use of individual sanitary latrines etc. About two-thirds of the SHGs participated in the Janma Bhoomi programme, which was a pet programme of the AP Govt. It enables villagers to appeal their problems with the respective authorities to access entitlements meant for the vulnerable, and join hands with the government in community development.

ii) **Girl child enrolment:** About 32% of the SHGs were involved in the enrolment of girl children in schools at the beginning of the academic year on the request of the school management through School Educational Committees and Mothers' Committees wherein the SHG members have representation. The SHGs extended their support to the school management mainly in identifying the households with dropout & eligible children and in motivating parents & children in the enrolment process.

iii) **Pulse Polio:** Another Govt. programme which has involved about one-third of SHGs is Pulse Polio (34%). A large number of SHGs have been involved in it in Maharashtra (69%), AP (47%) and Karnataka (46%) as compared to other states. The SHGs mainly involved in provided information on the programme day, date and activities to the fellow members / groups, did mobilization and made arrangements.

Figure 7-10 SHGs in the Implementation of Govt. Programmes (% of SHGs)



iv) **Mid-day meal programme:** About 14% of the SHGs have been involved in cooking mid-day meal programme in government schools.

v) **Family planning:** Small numbers of SHGs (13%) participated in family planning awareness campaigns organized by the NGOs and government.

vi) **PDS store:** Only one SHG member has been running a ration shop in SHG's name. The store has been maintained by the household members but not by the SHG. However, many SHG members pass on information to the fellow members about the ration distribution dates in the village.

vii) **Distribution of pensions and NREGS payment:** A very small number of SHGs have been involved in the disbursement of pensions and NREGS payments.

7.5 CONCLUSIONS

The SHGs have brought an immense change in the lives of their members at all levels – individual, household, group and village/ community. The members have opened individual savings accounts, mostly with banks because of long association with them. However, there are differences in the percentage of SHG members having individual savings bank account between states, SHPIs, social categories and years of members' association with SHGs. Banks have disbursed loans through account pay /cheques, personal loans from banks and subsidies from government. Next to banks, most households' savings is with SHGs; about one-half have a major portion of savings with SHGs; some have exclusively with SHGs. As the SHG bank linkage loan volume is linked with the members' savings with SHGs and/ or group corpus, the majority of SHGs'

monthly savings per member have increased to get larger amounts of credit in subsequent linkages.

The SHG member households have debts with formal and informal financial institutions; the loans ranged between one and six in number. The SHG's portion of the total household's debt varies from small to large. The majority of the households owe a major portion of their debt to SHGs. Most likely this is because they have repaid high cost loans borrowed from traditional credit sources in order to reduce their dependence on money lenders. The majority of the households have reported that there is an increase in household income, got more work, improvement in household members educational levels and health status. Further, some of the households have repaid old debts and relieved from high interest burden, and the impact of SHGs on households' food consumption is minimal. However, the impact on households is varying between states, development of districts, social category of SHG members, period of association with SHGs and the SHPI.

About two-thirds of SHG member households have procured an array of assets with SHG loans – livestock, machinery, permanent assets (house, land, gold and silver), household appliances, communication and transport vehicles etc. Of all the assets, livestock is predominant followed by agriculture machinery and housing. The incidence of income generation activities taken up by the SHG members is lower, and it varies among states, social categories, years of association with SHGs, quality of groups that the households have membership and head of the family and position in the group- leader or member.

Dairy, petty business, goat rearing, milk collection & selling, tailoring are the most important of the income generation activities. The investments made are similar to the activities mentioned above. The average monthly income on the IGA varies from low to high depending on the activity. During discussions the members have reported that most of the households have taken up these as supplementary activities.

The entire family has benefitted from SHGs in multiple ways: the member and her husband mostly benefitted by having more work and new economic activity; children's education and health were improved; other household members have also received improvement in their quantum of work, health and access to food. The other important changes at the household level are: improvement in household income, repayment of high cost loans and reduced dependency on money lenders. There are mixed effects on the life of members: work burdens and responsibility for household credit have increased. Women are also taking up more non-traditional activities. There is not much change in sharing household work with husbands.

There are significant changes at the group level: groups have built a large corpus and are providing more credit services to members. About one half of SHGs have increased their monthly savings per member over a period of time. The SHGs increased their monthly savings per member varies between states, development of the districts, SHPIs, and age, social category and quality of SHGs. There is more cohesion / solidarity among the members, groups are more sustainable, the groups have more linkages with other institutions in the village and participation in development process.

SHGs' involvement in social issues at the village level is positive. The issues they have addressed are mostly related to drinking water & sanitation, domestic violence, women's

rights and the anti-arrack movement; there is not much action on anti- child labour and marriages. Most of the SHGs succeeded in bringing the issues into a limelight and appealed to the officials concerned for it. The members also reported changes since the beginning of SHGs: positive attitude towards women among men, women more empowered and participation in a large number of community-based organizations.

There are variations in access to welfare and development programmes among the states. Most of the member households have been accessing rations from 'Fare Price Shops'. A large number of member households got employment under NREGS, especially in AP, Assam, Karnataka and Odisha. Many SHGs benefitted from JDY in Maharashtra, Odisha and UP. Some of the households benefitted from pensions, housing, insurance, health, educational incentives across the states. Participation in the implementation of welfare programmes is minimal: it is comparatively higher in Swachh Bharat Mission, Pulse Polio and girl child enrolment than in mid-day meal, family planning, NREGS payments, pension distribution programmes. The SHGs mostly played the role of information sharing and community mobilization.

Chapter-8: POLICY RECOMMENDATIONS

8.1 MAJOR FINDINGS

The broad objective of the present study is to assess the impact and sustainability of SHG Bank Linkage Programme in India. The study covered a sample of 432 SHGs and 864 women members from a sample of 40 blocks from 12 districts in 6 states to assess the impact of SHG bank linkage and its sustainability. To understand the role and perspective of various secondary stakeholders on the impact of SHGBLP, 35 bank officials, 16 Govt. Officials and 17 NGO chief functionaries were interviewed. During the study, discussions were held with office bearers of 13 SHG federations and 12 focus group discussions were conducted with SHG members. The 6 states covered in this study are Andhra Pradesh, Assam, Karnataka, Maharashtra, Odisha and Uttar Pradesh. Data was collected from both primary & secondary sources by using qualitative as well as quantitative research methods. Based on the findings of the study, following conclusions are drawn:

The study findings suggest that the SHG Bank linkage Programme has made a significant impact in the lives of millions of poor women. SHGBLP has brought about true women's empowerment in several spheres including social, economic, political etc. SHGBLP had a significant role in reducing poverty, reducing illiteracy and promotion of well-being. However, the growth of SHGBLP and its impact has not been uniform across different geographies of the country due to quality of SHGs, bankers support and the vision of the promoters.

a) Savings & Credit

Individual SHG members have a large amount of savings in their SHGs (Rs. 4,527/member). However, it is interesting to note that the average savings per member in older SHGs is relatively less as many SHGs indulge in periodically withdrawing savings for distributing among members and in some cases the members' savings is adjusted towards repayment of loan instalments. Equal distribution of bank loan is found in the majority of SHGs (61%). However, need based lending is predominant in Assam (67%), Karnataka (75%) and UP (68%). The quality of books being maintained by the credit linked SHGs is good. One of the important reasons for good quality books is training & mentoring provided to SHG members and book writers by the SHPIs. SHG federations have also played a pivotal role.

The quality of SHG book keeping can be further improved if the SHG book writer is paid some honorarium to ensure their accountability to the SHGs. In one-third of the SHGs, there is no internal lending with own funds even though they have large funds lying in their bank accounts and there is demand for loans from the SHG members. This is a major concern, particularly in Andhra Pradesh and Odisha, as their own funds are not optimally utilized. The case of Andhra Pradesh is unique as the bank loans to SHG are "interest-free". Except for Andhra Pradesh, where the SHG Bank linkage was strongly pushed by the State Government for a period of nearly 10 years, in all the other sample states, the SHG bank linkage was to a large extent demand-driven which resulted in much smaller per SHG loan size. Andhra Pradesh does stand tall and is an "outlier".

b) SHG Quality & Performance

Based on a Critical Rating Index tool (CRI), the quality of SHGs credit linked to banks is good: majority are A-grade (68%) followed by B-grade (24%) and C-grade (8%). Even a higher percentage of sample SHGs would have obtained A grade. However, one of the important factors that resulted in a certain percentage of SHGs obtained B or C grade is due to the fact that the SHGs are not fully utilizing their own savings for internal lending. And this is particularly true in Andhra Pradesh, the pioneer in SHG Bank linkage, as the State Government reimburses to SHGs the entire interest paid on their bank loans if loans are repaid to banks in a timely manner, while their savings in the bank account earns certain interest. This is coupled with banks' willingness to give large loans (Rs.500,000/SHG) to SHGs to meet their members credit needs, which serves as a disincentive for full utilization of members savings for internal lending.

Besides SHG bank loans, a small number of SHGs have active loans from federations and NGO-MFIs. The loan repayment rate of SHGs to banks is good, on an average 88%. However, one half of the SHGs which reported overdues, the overdue are less than 3 months and another one half have more than 3 months overdues. Such high percentage of SHGs having members not repaying their loans in a timely manner to the SHG has long-term implications for SHBLP.

c) Impact of SHGBLP

i) **Individual level:** The SHGs have brought an immense change in the lives of their members at all levels – individual, household, group and village/ community. At the individual level, there is a significant increase in the confidence levels of SHG women with reference to their ability to sign, approach the bank, speak to visitors/outsider and raise issues in meetings. There is a definite move toward more financial independence or equal sharing within the family. The women's mobility is high to 'go to shops outside the village' and 'attend SHG work outside the village' as compared to earlier.

The members have opened individual savings accounts, mostly with banks because of long association with banks. About two-thirds of SHG member households have procured an array of assets with SHG loans – livestock, machinery, permanent assets (house, land, gold and silver), household appliances, communication and transport vehicles etc.

ii) **Group level:** There are significant changes at the group level. Groups have built a large corpus and are providing more credit services to members. There is more cohesion / solidarity among the members, groups are more sustainable, the groups have more linkages with other institutions in the village and participation in development process.

d) **Up-Scaling Best Practices from Karnataka and Andhra Pradesh:** SHG movement took birth in South India, particularly in the States of Karnataka and Andhra Pradesh in the early 1990s. NGOs pioneered several best practices such as systematic training for SHG members, well established SHG norms developed by the group, weekly meetings & savings, book writers drawn from among the SHG members & trained to perform their role effectively, community resource persons (CRPs) as facilitators & service providers to SHGs, leadership rotation for good governance, promotion of SHG federation for the sustaining SHGs, need-based lending to members, etc. were developed for the

sustainability of the SHGs. Also, several innovations such as “Bank Mitra” for facilitating SHG bank linkage, Community Managed Resource Centre (CMRC), insurance cum pension scheme for SHG members, apex lending organization (like Sangamitra Rural Financial Services in Karnataka and Stree Nidhi Cooperative Apex Federation in Andhra Pradesh), total financial inclusion through SHGs, etc., were pilot tested successfully in these states. These lead States directly & indirectly supported the adoption of the best practices by many SHPIs in other sample States of Assam, Odisha, Maharashtra and Uttar Pradesh.

Uttar Pradesh, Maharashtra, Assam and Odisha benefited from the best practices and innovations from Karnataka and Andhra Pradesh as a number of SHPI staff visited these states for exposure visits and a large number of CRPs were deployed. SHPIs like MYRADA, SERP Andhra Pradesh and APMAS played a proactive role as “National Resource Organizations” for up-scaling and mainstreaming the innovations and best practices from Karnataka and Andhra Pradesh. The major SHPIs covered under the study: RGMVP, Chitanya, Sampark, Mission Shakti and State Rural Livelihoods Missions benefited from that support.

While Karnataka and Andhra Pradesh, being pioneers of the SHG movement, have contributed to the mainstreaming of the best practices, there have been certain issues and challenges that the SHG Bank Linkage Programme faced in the sample states. These include sub-optimum utilization of members’ savings, limited attention to leadership rotation in SHGs and equal distribution of loans among SHG members. Over the years with Government becoming the predominant promoter of SHGs, taking over the facilitation roles that hitherto were played by the NGOs, the entire SHG movement became top-down to some extent making the foundation weak.

8.2 POLICY RECOMMENDATIONS

There is a felt need to promote SHGBLP in an accelerated manner so as to reach the unreached women and cover the under-covered and uncovered areas. There is still need for building the capacities of the SHGs and their federations, focusing on livelihood promotion and supporting the SHG members to graduate to directly borrowing from bank to pursue their microenterprises. Sooner it is done, better it will be for the country. It will be a win-win situation for all stakeholders. Further, there is a need to take certain policy initiatives to ensure the sustainability of SHGBLP, particularly on financial literacy, enterprise promotion, ensuring convergence with the other major initiatives of the Government like Standup India, Startup India, Pradhan Mantri Mudra Yojana (PMMY), National Skill Development etc.

It is in this context the following recommendations are made:

I General Recommendations:

A. To improve the quality of SHGs

Continued capacity building of the SHGs and their federations is necessary for sustaining the impact that the SHG movement has created. The SHGs and SHG federations have to be strong and vibrant. Their quality must be improved, through continuous need based and regular capacity building exercise by SHPIs, NABARD and other stakeholders.

i) **Savings:** Across India, all SHGs mobilize mandatory savings from their members. It would be appropriate to promote voluntary (purpose-based) savings among SHG

members. A number of large SHPIs have piloted voluntary savings among the SHGs and in some cases with the SHG federations. NABARD and NRLM should formulate guidelines for promoting voluntary savings among the SHGs. This would require additional training and special focus on financial literacy. Nearly 40% of SHGs have withdrawn their savings sometime or the other. This can be effectively addressed if there is a mechanism for the all the SHGs to have annual audit and a strong support system to ensure optimum use of the members' savings.

Based on the annual SHG audit, members of the SHG can be paid dividend based on their annual surpluses, which can be added to members' savings further incentivising savings in their SHGs reducing the dependency on the bank loans.

ii) Revival of dormant groups: Large number of SHGs was promoted across the country under SGSY programme. The majority of the groups became dormant because of varied reasons. As a result, there is a delay in getting bank loans. Adopt CRP system to revive the dormant groups and to improve the quality of groups as well as speed up the SHGBLP.

iii) Holistic Approach: The study reveals that the SHGs focus predominantly on financial agenda during their meetings. It is also observed that the SHGs and their federations act as channels for delivery of various schemes of the Government. Capacity building & mentoring support to SHGs should focus on addressing larger social issues. SHPIs could develop social capital to support the SHG agenda related to livelihoods and social and political empowerment, building on some of the learning from the pioneer states. Though SHGs have significantly contributed to women's empowerment, its full potential is yet to be realised as the agenda of the SHGs restricted merely to savings & credit.

Appropriate policy guidelines may be developed to enable the institutional platform of the SHGs and SHG federations be used for addressing larger issues of health, education and women's empowerment. SHG movement addressing the strategic needs of the women still seem to be an issue. The institutional architecture of SHGBLP should be used effectively to promote women's leadership and socio-political empowerment of members.

B. Capacity Building to various stakeholders

i) SHG Governance & Bookkeeping: Book keeping still requires considerable attention. Systematic training to book keepers, drawn from either the SHG or from the community, and an effective monitoring system is necessary. Digitization of SHGs (mobile bookkeeping as was implemented in Andhra Pradesh) could be one of the ways to address this issue. SHGs must take responsibility for accurate and up-to-date book keeping by paying an appropriate honorarium to the book writer. SHPIs and SHG federations must work to institutionalize the system of annual SHG audit by "community auditors" for transparency. Completion of annual audit of an SHG might be an appropriate time for election of the new SHG leaders.

ii) Training of Bankers & SHPIs: In the first 10 years of SHG Bank linkage, NABARD played a pivotal role in orienting the bankers and in training the SHPIs on the entire process of SHG Bank linkage. During the study, discussions were held with SHPIs and

Bankers it was revealed that their understanding about the Cash Credit Limit (CCL) is not adequate. Such trainings are most needed particularly in the states which have low per capita SHG loan. Training and capacity building must be seen as a continuous process. Innovations like Community Based Recovery Mechanism (CBRM) that is being successfully implemented in Andhra Pradesh need to be institutionalized in all the states.

iii) Sustainability of the SHG movement: The role of Government of India (NRLM) is praiseworthy in promoting SHG federations at the village and cluster level to sustain the SHG movement. However, the SHG federations are yet to become fully operational based on the principle of subsidiarity by providing value-added services like training, monitoring, audit, etc., to their member organizations. There is a felt need for evolving and implementing appropriate policy guidelines on the SHG federation system.

C. To promote livelihoods

i) Training on Agriculture & Allied Sectors: The study findings indicate that about 41% of the credit is used for non-productive purposes. It is necessary to have an effective financial literacy training through the SHG system and to also provide training based on the economic activity taken up by the SHG members. Limited training and handholding support is provided to SHG members on the specific livelihoods taken up by them. Agriculture and allied activities are predominant livelihoods of the rural poor. Specific trainings that will increase their incomes and reduce their expenditure and risk will have to be planned and conducted by the SHPIs. Some of the SHGs can also be linked to the Farmers Producer Organizations (FPOs) coming up across India. NABARD should take a lead in this regard, guide and support the process.

ii) Enterprise Training & Linkages: In matured SHGs, women members are taking up enterprises to increase their household incomes. These women require trainings on enterprise management and also on specific skills related to that enterprise. Facilitating linkages with markets is critical for the sustainability and profitability of their enterprise. Most importantly, such entrepreneurs require larger scale of finance which may not be serviced by the SHGs. In such cases, linking these entrepreneurs to the banks to access individual loan is important, by converging with the other government initiatives for enterprise promotion as mentioned earlier. NABARD needs to play a key role in this sphere as in agro based enterprises.

D. SHG Bank Linkage Programme

Capacity building to facilitate SHG Bank linkage by addressing some of the operational issues, scaling up innovations like computerization of SHG accounting system, ensuring a strong support system for the SHGs is important. Certain innovations and best practices like the “Bank Mitra” and the SHPIs (particularly SRLMs) having partnership with banks, orientation to bankers on a mission mode on SHG bank linkage are very important for improved SHG Bank linkage in the States that have low per capita SHG lending, particularly Assam, Odisha, Maharashtra and Uttar Pradesh. Loan volume should be decided based on velocity of internal lending of own funds rather than amount of funds in SB account. SHG Bank linkage in a timely manner with adequate loans sizes will surely serve as a major capacity building input for the SHGs.

In many of the sample states, the practice of equal distribution is still prevalent. For optimum utilization of bank loans, appropriate policies and capacity building efforts must be initiated to promote need-based lending. Credit and its utilization, monitoring through digitization is recommended. Training SHG members and also the field staff of the banks on CCL to ensure that they fully benefit from the unique features of the CCL would be an important initiative of NABARD and NRLM.

All members of the SHGs should also be encouraged to have individual bank accounts and matured SHG members to be supported to access larger individual loans directly from the banks for their enterprise needs, based on their credit history in the SHGs. SHPIs and NABARD must strongly promote graduation of SHG members to avail individual loans from the banks directly, in addition to their access to credit through their SHG. Graduation was also one of the elements of the initial vision of SHG Bank linkage programme.

II State Specific Recommendations

a) Andhra Pradesh

Andhra Pradesh has been one of the important States in India that contributed to the best practice promotion and innovations in the SHG Bank linkage in India. Under NRLM, SERP and APMAS acted as National Resource Organizations supporting the up-scaling and adoption of the best practices in many states by facilitating a number of exposure visits and by sending community resource persons to several states. Andhra Pradesh continues to be a learning ground for many SHPIs in India and other parts of the world.

In May 2014, the State of Andhra Pradesh was bifurcated into two states: Telangana and Andhra Pradesh. State bifurcation had its effect on the SHG movement in the newly formed State of Andhra Pradesh. The promises made during the Assembly Elections also had an effect on the functioning and credit discipline of the SHGs. Though Andhra Pradesh is a pioneer state with a number of innovations and significant support for the scaling up of the SHG Bank linkage programme in India, the following state specific recommendations are made for ensuring the sustainability of SHGBLP in the state.

- Around one-third of the SHGs are not using their own savings for internal lending. This is a matter of serious concern. In spite of the saturation under the SHG bank linkage programme and the supplementary credit to SHGs under the Stree Nidhi Apex Federation of the SHG (women's bank), there is still a growing "demand" for credit from the banks. This may result in SHG members neglecting their savings in SHGs. This requires an appropriate strategy and action plan.
- There is a need to have an effective system of monitoring loan utilization a member could borrow more than Rs.75,000 through the SHG system. If the loans are not used effectively for livelihood purposes and asset creation, there is a possibility of some SHG members falling into debt-traps. This requires a clear strategy and action plan from SERP.
- Government of Andhra Pradesh is pursuing the promotion of FPOs in a mission mode. These FPOs could benefit from the SHG system. It is highly recommended to build synergies between the SHG system and the FPOs.

- SHG members are accessing a number of the Government Schemes and Entitlements through the SHG system. While this is very beneficial to the SHG households, appropriate mechanisms should be promoted to ensure that the SHGs and their federations still function as per the principles of self-help, mutual-benefit and self-responsibility; also engage the attention of policy makers.
- The SHG federations are responsible for monitoring and supporting the SHGs. While a number of SHG federations have the ability to manage their affairs independently, the staff of IKP / DRDA continues to get involved in the activities perpetuating dependency. All the major stakeholders need to come together to come up with a strategy to enable the SHGs and their federations to be strengthened and they function autonomously while the Government continue to support them to address a number of social, political and women empowerment related challenges.

b) Assam

North Eastern states have certain challenges that the other States of India do not face. Assam being one of the North Eastern States, it will be inappropriate to compare it with other states from the mainland. Taking into consideration the unique characteristics of Assam, the following recommendations are made for the consideration of the policy makers & planners to strengthen the SHGBLP in the state.

- Based on the findings and recommendations of the study, a state level workshop can be planned for reflecting on the experience and learning and to re-strategize on the SHG movement in Assam as the SHG movement in Assam is still at a nascent stage and there are several challenges related to SHG bank linkage. A state-specific capacity building strategy to strengthen SHPIs and SHGs is most needed for Assam
- The study showed a very low monthly savings per SHG member (an average of Rs. 52 per month per). There is a need to focus on increasing the amount of monthly mandatory savings and exploring the possibility of introducing the voluntary savings.
- Building strong social capital, particularly the SHG book writers, is very important for effective functioning and long-term sustainability of the SHGs. These SHG book writers will have to be selected from among the SHG members, trained properly and SHPIs and proactively facilitate the process of SHGs paying a small honorarium to the book writer to ensure that they are responsible and accountable to the SHG.
- Only 32% of SHGs have a bank loan outstanding as per the study findings. One of the factors could that the SHGs do not have the capacity to prepare a micro credit plan and negotiate with the bankers for adequate loan. The bankers are to be oriented and the SHGs are to be trained for effective use of CCL facility available to them. Bankers will have to be motivated to lend to SHGs as per the credit demand of the SHGs after reviewing their micro-credit plan prepared with the support of their book writer or SHG facilitator.
- Assam has a large number of SGSY groups which are defunct. Specific strategy and action plan is needed to revive the defunct SHGs and to bring them under the SHBLP. NABARD and NRLM should facilitate such a consultation and strategy development.

c) Karnataka

The pioneering work done by Karnataka in introducing and evolving the SHG bank linkage in India is well known. Several innovations and best practices from Karnataka benefited the SHG movement in India. NABARD proactively supported the process of learning from Karnataka, particularly from MYRADA. However, with the SHG movement being nearly three decades in the State, the findings and recommendations of this study could benefit all the important stakeholders to come together for a reflection and developing an action plan for consolidation of the SHG movement in the State:

- In Karnataka, many SHGs have been in existence for more than 10 years (and some SHGs have been there for more than 20 years). With such a long period of SHGs in operation, there is some level of attrition in SHGs. Nearly two-thirds of the sample SHGs in the study reported dropouts. Some dropout may be possible due to migration, old age and death. This issue needs a deeper understanding and addressing dropouts in SHGs.
- There have been a number of Government Programmes for promoting SHGs in Karnataka, each having its own share of problems. Under NRLM, there is a need to review the experiences and learning to strengthen the SHG movement in Karnataka.
- Only a small number of SHGs paying honorarium to book writers (11%). For these book writers to take responsibility for effective functioning of the SHGs, payment of honorarium to the book writers is recommended as done by MYRADA. The CMRC model of MYRADA may be considered for adoption in the State of Karnataka. That will ensure effective training to SHGs, proper book keeping and annual audit of all SHGs by community auditors. Such a system can also support the preparation of micro-credit plans by the SHGs to obtain adequate loans from the banks.
- Capacity building and technical support for agriculture & allied activities and microenterprises seem to be necessary based on the findings of the study. This can facilitate large-scale livelihood promotion and increased uptake of the bank loans.

d) Maharashtra

Maharashtra has been one of the State where the IFAD funded SHG programs have been in implementation through MAVIM, a Government of Maharashtra Women Development Corporation, with the support of NABARD for more than a decade now. A number of NGOs including Chaitanya have been involved in promoting SHGs and their federations in the State. APMAS has been supporting MAVIM and Chaitanya for more than 10 years now, particularly in the implementation of a system of self-regulation for the SHGs in Maharashtra. MYRADA and SERP Andhra Pradesh have also supported MAVIM in adopting some of the best practices and innovations through the CRP system. The study findings and recommendations provide much-needed inputs for course correction:

- For the SHG movement to thrive, the democratic functioning of the SHGs is very important. The study findings reveal that only 11% sample SHGs had leadership rotation. Also, the findings suggest that one-third of the SHGs are not engaged in internal lending using the funds mobilized from members' savings.

- SHGs have SB account in one bank and getting loan from another bank: Large amount of loans to SHG members with the facilitation of Promoters through SHG federations. This issue may have to be looked into as this is not in keeping with the SHG Bank linkage approach. Where SHGs are not able to obtain bank loans, SHG federation can play the role of financial intermediation to supplement the funds of the SHG. However, how the SHG federation being a financial intermediary for SHG members can be sustained in the long-term by meeting the diverse and growing credit needs of the SHG members need to be thought about and a clear strategy need to be developed.
- Only 26% of SHGs have an active bank loan, which is somewhat surprising considering the tremendous work that has gone into the SHG promotion and facilitating SHG bank linkage in Maharashtra. The bankers will have to be oriented on SHG Bank linkage and CCL facility. Also, the SHGs that have been functional for at least six months must be provided credit linkage of small loans under SHGBLP.
- In Maharashtra the NPAs under the SHG Bank linkage is a cause for concern as it is high at 10%. Only a small percentage of existing SHGs are bank linked, and among these bank-linked SHGs, we need to understand the reasons for high NPA and low bank linkage. Based on that a strategy can be developed for Maharashtra.

e) Odisha

In the State of Odisha, the Hon'ble Chief Minister has taken special interest in the SHG movement and adopted a mission approach by establishing Mission Shakti as a platform for the promotion and strengthening of the SHGs and SHG federations in Odisha. With the number of NGOs that are involved in the SHG movement and Government of Odisha playing a proactive role, there has been an effort in synergizing the strategies and ensuring adequate capacity building support for NGOs and Government Officials to building capacities of SHGs and SHG federations. APMAS also provided support to Mission Shakti for a few years to improve the quality of the SHG movement.

However, as per the study findings, less than half of the sample SHGs are engaged in internal lending, leadership rotation is almost non-existent, less than half of the SHGs have an active bank loan, NPA is unacceptably high at 25%, SHGs have the practice of bullet payment for repaying the bank loans and the overall quality of the SHG movement is low. Based on that it is recommended that NABARD and Mission Shakti should develop a clear strategy and action plan on how to revive and improve the SHG movement in Odisha. It appears that the training & capacity building inputs have not reached the SHGs and their federations across the State of Odisha in spite of the investments made from the World Bank funded TRIPTI and the earlier DFID funded projects that involved SHG promotion. Mission Shakti did not have the financial resources to invest in training and capacity building though it had empanelled a number of credible NGOs to perform the role of training & mentoring for the SHGs and their federations in different districts of Odisha.

f) Uttar Pradesh

In the State of Uttar Pradesh, a number of NGOs have been involved in SHG promotion for a long time. Even APMAS worked in Uttar Pradesh for five years providing capacity

building and mentoring support to NGOs like Sramik Bharati, NEED and others. RGMVP is one of the largest NGOs working in UP promoting SHGs and their federations at different levels with the support of SERP Andhra Pradesh. The efforts from the Government of UP have been limited and under NRLM some activities have been initiated over the past two years. The overall performance of the SHGs in UP is reasonably good. However, the internal lending using own funds, leadership rotation in the SHGs and NPAs under SHG Bank linkage are major problems faced by the SHGs in UP. In the State of UP different line departments Government have promoted, however, the training inputs at the member level have been minimal. Using the findings of this study and based on the strategies of NRLM, a detailed action plan need to be developed for Uttar Pradesh which can be support by NABARD. The focus should be on the following areas:

- Full & optimum utilization of the SHG members savings for internal lending
- Training and support for SHGs to strictly implement their norms, including leadership
- Facilitating SHG Bank linkage by preparing micro-credit plan and SHG grading.

8.3 CONCLUSION

SHGBLP is a unique initiative anywhere in the world, which made a huge difference in the lives of millions of women in the country and contributed significantly to their empowerment. However, the objective is realised only partially, as there millions more who are outside the programme initiative. Efforts of all the stakeholders need to be doubled to achieve the full potential of the SHGBLP sooner than later and SHGBLP should become a role model for other similarly placed communities.

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ANNEXURE-1: SAMPLE COVERED

State	District	Block	No. of SHGs	No. of Members
AP	Anantapur	B.K. Samudram	12	24
		C.K. Palli	12	24
		Kadiri	12	24
	West Godavari	Kukkanuru	12	24
		Poduru	12	24
		Unguturu	12	24
Assam	Darrang	Dalgaon Sialmari	12	24
		Pubmangaldoi	12	24
		Sipajhar	12	24
	Jorhat	Dhekorgarah	12	24
		Titabar	12	24
		Ujani Majuli	12	24
Karnataka	Dakshina Kannada	Bantwala	12	24
		Belthangadi	12	24
		Puttur	12	24
	Koppal	Gangavathi	12	24
		Koppal	12	24
		Yallaburga	12	24
Maharashtra	Kolhapur	Karveer	12	24
		Shirol	12	24
		Kagal	12	24
	Washim	Washim	12	24
		Karanja	12	24
		Mangarulpeer	12	24
Odisha	Cuttack	Cuttack Sadar	12	24
		Tangi Choudwar	12	24
		Nischinta Koilli	12	24
	Koraput	Koraput Sadar	12	24
		Laxmipur	12	24
		Nandapur	12	24
UP	Raibarely	Bachrawan	12	24
		Lalganj	12	24
		Rahi	12	24
	Sahanapur	Nakur	12	24
		Puwarkan	12	24
		Sarsawana	12	24
Total -6	12	36	432	864

ANNEXURE-II: STATE-WISE STUDY TEAM MEMBERS

State	District	Study Team Members
1.Telangana	APMAS Hyderabad	<ul style="list-style-type: none"> • Dr. K. Raja Reddy, Principal Investigator • Mr. CS Reddy, Advisory Member • Mr. P. Mohanaiah, Advisory Member
2. AP	a. Anantapur b. West Godavari	<ul style="list-style-type: none"> • M. Nagi Reddy, State Coordinator • Mr. Tirupati, Team Leader • N. Vasu, Member • Ms. Swetha, Member • Ms. Jayalaxmi, Member • N. Srinivasula Reddy, Member
3. Assam	a. Jorhat b. Darrang	<ul style="list-style-type: none"> • Mr. N. Naveen Kumar, State Coordinator • Mr. Dipankaj Majumdar-Team Leader • Mr. Tapan Sharma, Member • Mr. Bhupen Nath, Member • Mr. Bhavesh Kumar Das, Member • Mr. Dipankar Baruah, Member
4. Karnataka	a. Koppal b. Dakshin Kannada	<ul style="list-style-type: none"> • Mr. N. Vinayaka Reddy, State Coordinator • Ms. Ramya Hegde, Team Leader • Mr. Christopher, Member • Mr. Sunil, Member • Mr. Ramesh Bhabrapur, Member • Mr. Nagaraj, Member
5. Maharashtra	a. Wasim b. Kolhapur	<ul style="list-style-type: none"> • Mr. G. Srinivas, State Coordinator • Ms. Ziya Sayed, Team Leader • Ms. Sharda Sakhare, Member • Mr. Harish Bhagat, Member • Mr. Suresh Tandale, Member • Ms. Rupali More, Member
6. Odisha	a. Koraput b. Cuttak	<ul style="list-style-type: none"> • Dr. S. Prahallad, State Coordinator • Mr. Prabodh Kumar, Team Leader • Mr. Deepak Mohanthi, Member • Mr. Surya Kampi Das, Member • Mr. Umakanth Patra, Member • Mr. Partha Sahu, Member
7. UP	a. Raibareli b. Saharanpur	<ul style="list-style-type: none"> • Mr. A. Karunakar Reddy, State Coordinator • Ms. Jaya Bisth, Team Leader • Mr. Vinay, Member • Mr. Gowri Shankar, Member • Ms. Yasmin, Member • Mr. Rajiv, Member

**Annexure-III: NUMBER OF SHGS IN INDIA ACCORDING TO NRLM AS ON
AUGUST 2016**

S. No	States & Union Territories	Number of SHGs	Total Loan A/Cs	Total SGSY A/Cs
1	Andhra Pradesh	8,78,064	11,65,467	840
2	Arunachal Pradesh	2,532	2,551	2,420
3	Assam	64,769	68,985	21,040
4	Bihar	2,19,900	2,32,092	30,384
5	Chhattisgarh	60,243	62,330	34,714
6	Goa	2,410	2,712	287
7	Gujarat	63,673	67,025	11,196
8	Haryana	9,747	12,737	2,398
9	Himachal Pradesh	11,118	11,655	2,068
10	Jammu & Kashmir	7,561	8,640	2,900
11	Jharkhand	42,725	45,918	20,856
12	Karnataka	4,18,837	6,14,726	6,351
13	Kerala	1,73,413	2,04,572	3,294
14	Madhya Pradesh	88,019	93,315	28,986
15	Maharashtra	2,16,161	2,39,947	56,188
16	Manipur	3,355	3,428	755
17	Meghalaya	1,272	1,305	402
18	Mizoram	166	168	22
19	Nagaland	2,840	2,870	1,849
20	Odisha	2,79,564	3,01,360	79,768
21	Pudicherry	7,708	8,325	76
22	Punjab	7,232	7,504	3,629
23	Rajasthan	52,761	56,950	8,348
24	Sikkim	596	618	195
25	Tamilnadu	4,61,974	6,14,619	16,769
26	Telangana	5,29,353	7,19,975	143
27	Tripura	4,788	5,223	1,020
28	Uttar Pradesh	1,11,310	1,16,384	59,040
29	Uttarakhad	15,597	17,593	7,796
30	West Bengal	2,68,958	3,20,656	79,775
31	Andaman & Nicobar	17	17	0
32	Dadra & Nagar Haveli	187	188	4
33	Daman & Diu	9	9	8
34	Lakshadweep	124	125	105
Total		40,06,983	50,09,989	4,83,626

Data source: www.nrlm.org

Annexure-IV: DETAILS OF TRAININGS RECEIVED BY SHG MEMBERS

Particular	Training on	Members	Percentage
a. SHG concepts	1. SHG concept	387	44.8
	2. Book keeping	125	14.5
	3. Leadership	18	2.1
b. Financials	4. Micro credit plan	26	3.0
	5. Bank linkage	16	1.9
	6. Credit management	13	1.5
	7. Financial literacy	8	0.9
	8. Insurance	2	0.2
c. Development	9. Govt. programmes	2	0.2
	10. Health	47	5.4
d. Social	11. Child marriage	9	1.0
	12. Domestic violence	4	0.5
	13. Gender	8	0.9
	14. Girl child education	4	0.5
	15. Legal aid	2	0.2
e. Agriculture	16. Agriculture	17	2.0
	17. Horticulture	4	0.5
	18. Organic farming	1	0.1
	19. NPM	1	0.1
	20. Vermi compost	1	0.1
	21. Honey bee collection	1	0.1
	22. Seed processing	1	0.1
	23. Dairy	24	2.8
f. Animal Husbandry	24. Goat rearing	17	2.0
	25. Poultry	5	0.6
	26. Dal mill	3	0.3
g. Off-farm	27. Weaving	3	0.3
	28. Papad making	2	0.2
	29. Jute processing	1	0.1
	30. Chilli powder making	1	0.1
	31. Food processing	1	0.1
	32. Pickle making	1	0.1
	33. Carpet making	2	0.2
h. Non-farm	34. Soap making	2	0.2
	35. Bags making	4	0.5
	36. Beauty parlour	3	0.3
	37. Candle making	4	0.5
	38. Enterprise development	1	0.1
	39. Embroidery	2	0.2
	40. Handicrafts	1	0.1
	41. Incense sticks	9	1.0
	42. Painting	1	0.1
	43. Solar light making	2	0.2
	44. Tailoring	20	2.3
	45. Livelihoods	79	
i. Livelihoods			9.1

ANNEXURE-V: DATA COLLECTION TOOLS



IMPACT AND SUSTAINABILITY OF SHGBLP IN INDIA

Study conducted by Mahila Abhivruddhi Society (APMAS), Hyderabad

Format-1 for SHG Members

Schedule No. _____

A. Identification details

- A1. Name of the state _____ A2. Name of the district _____
 A3. Name of the block _____ A4. Gram panchayat _____
 A5. Habitation _____ A6. Name of the SHG _____
 A7. Location of the Village 1- Block HQ. 2- Road side 3- Interior village

SECTION-I: SOCIO-ECONOMIC CONDITIONS OF SHG MEMBER HOUSEHOLDS

B. Socio-economic profile of member consultation

Please provide the following details. (Tick only one answer from Question B1, B3 to B8)

- B1. Social category : 1 - ST 2 - SC 3 - BC 4 - Minority 5 - OC
 B2. How old are you? _____ (in completed years)
 B3. Educational status : 1 - Non-literate 2 - Up to 5th 3 - 6th -10th 4 - College
 B4. Type of family : 1 - Nuclear/simple 2 - Joint family
 B5. Head of the family : 1 - Male headed 2 - Female headed
 B6. Household land holdings 6.1. Dry _____ acres 6.2. Wet _____ acres
 B7. Is your family migrating for work? 1- No 2- Seasonal 3- Regularly
 B8. Do you have a functional toilet: 1- Yes - in use 2- Yes not in use 3- No toilet

C. Membership with SHG and other community based organizations

- C1. How long you have been associating with SHG?: _____ Completed years
 C2. Position in group : 1 - Member 2 - leader 3 - Ex-leader 4-Book keeper
 C3. Position in Fed. : 1- President/VP 2-Secretary/JS 3-Treasurer 4- Member 5-NA
 C4. Do you have membership in other CBOs? (Tick multiple answers that are applicable)
 1 Watershed 2 Vana Samrakshana Samithi (VSS) 3 School Education Committee
 4 Farmers club 5 Joint Liability Group 6 Women's group 7. Any other _____
 C5. Are you elected to any office? 1- Yes 2- No

D. Details of household economic activities, income, savings and loans

D1. What are the economic activities of your household? How much income are you getting from each activity per annum?

- 1 - Primary _____ Rs. _____ 2 - Secondary _____ Rs. _____
 3 - Tertiary _____ Rs. _____ 4 - Other _____ Rs. _____

D2. Details of household savings

- 1 - Friends/relatives :Rs. _____ 2 - Bank - SB account :Rs. _____

- 3 - Post office :Rs. _____ 4 - Banks Fixed Deposit :Rs. _____
 5 - SHGs & federation :Rs. _____ 6 - Chits (paid & not lifted): :Rs. _____
 7 - Other CBOs :Rs. _____ 8 - Any other (specify) :Rs. _____

D3. Do you have savings account (s) in your name with any of the following agencies?

- 1a - Post office : 1- Yes 2- No 1b - If yes, amount Rs. _____
 2a - Bank : 1- Yes 2- No 2b - If yes, amount Rs. _____
 3a - Chits : 1- Yes 2- No 3b - If yes, amount Rs. _____
 4a - Insurance policies : 1- Yes 2- No 4b - If yes, amount Rs. _____
 5a - Any other _____ : 1- Yes 2- No 5b - If yes, amount Rs. _____

D4. Provide the details of household's loans having outstanding borrowed from various sources?

- 1 - Friends/relatives :Rs. _____ 2 - Money lenders :Rs. _____
 3 - Chits :Rs. _____ 4 - Banks :Rs. _____
 5 - NGO/MFIs :Rs. _____ 6 - SHG-BLP :Rs. _____
 7 - Federation :Rs. _____ 8 - SHG -own funds :Rs. _____
 9 - Any other _____ :Rs. _____

SECTION – II: ACCESS TO LOANS AND UTILIZATION

E. Access to SHG Loans and Utilization of latest large loan and repayment

E1. How many loans and amount have you taken from SHGs so far/since inception of the SHG?

- | <u>Particulars</u> | <u>(a) SHG funds</u> | <u>(b) Federation</u> | <u>(c) SHGBLP</u> | <u>(d) NGO/MFI</u> | <u>(e) Other</u> |
|--------------------|----------------------|-----------------------|-------------------|--------------------|------------------|
| 1- No. of loans | _____ | _____ | _____ | _____ | _____ |
| 2- Total amount | Rs. _____ | Rs. _____ | Rs. _____ | Rs. _____ | Rs. _____ |

E2. Give the details of current loans taken by you from SHGs

- | <u>Loan Particulars</u> | <u>:(a) SHG funds</u> | <u>(b) Federation</u> | <u>(c) SHGBLP</u> | <u>(d) NGO/MFI</u> |
|-----------------------------|--------------------------------|--------------------------|-------------------|--------------------|
| 1- Total loan Rs. | _____ | _____ | _____ | _____ |
| 2- Purpose of loan * | _____ | _____ | _____ | _____ |
| <i>*Codes:</i> | | | | |
| 1- Agriculture inputs | 2- Purchase of livestock | 3- Seasonal business | | |
| 4 - Petty business | 5 - Purchase of machinery | 6 - Auto/taxi | | |
| 7 - Health | 8 - Children's education | 9 - Marriage | | |
| 10 -Death & other functions | 11- Housing | 12 - Land purchase | | |
| 13 - Ornaments | 14 - insurance payment | 15 - Old loans repayment | | |
| 16 - Food material | 17 - Fairs & festivals | 18 -Attend training | | |
| 19 - Entrepreneurial | 20 - Any other (specify) _____ | | | |

E3. How did you spend the Current SHG Bank linkage loan? (Fill the items that are applicable)

- | <u>Activity</u> | <u>Amt. in Rs.</u> | <u>Activity</u> | <u>Amt. in Rs.</u> |
|--------------------------|--------------------|-----------------------------|--------------------|
| 1- Agriculture inputs | : _____ | 2- Purchase of cattle | : _____ |
| 3- Seasonal business | : _____ | 4- Petty business | : _____ |
| 5- Purchase of machinery | : _____ | 6- Auto/taxi | : _____ |
| 7- Health | : _____ | 8- Children's education | : _____ |
| 9- Marriage | : _____ | 10- Death & other functions | : _____ |
| 11- Housing | : _____ | 12- Land purchase | : _____ |
| 13- Ornaments | : _____ | 14- Insurance payments | : _____ |

- 15- Old loans repayment : _____ 16- Food material : _____
 17- Fairs & festivals : _____ 18- Attend trainings : _____
 19- Entrepreneurial : _____ 20 - Others (specify) _____: _____

E4. What are the reasons for using the loan amount for various purposes, if any? (*Multiple answers*)

- 1 - Loan amount is large 2 - Other pressing needs
 3 - Loan is small so used for consumption 4 - Delay in sanctioning & release of loan
 5 - To repay high rate of interest loans 6 - To reduce risk
 7 - Any other (specify) _____

E5. Have you experienced too much pressure to repay SHGBLP loans? (*Tick multiple answers*)

- 1 - Stopped attending group meetings 2 - Savings adjusted to loan
 3 - Another loan borrowed to repay old loan 4 - Quarrelled with group members
 5 - Minimized household expenditure 6 - Waste expenditures were stopped
 7 - Prepayment of loan 8 - Any other (specify) _____

E6. How did you repay ***the last six loan instalments?*** (*Multiple answers*)

- 1 - Household income 2 - Household savings 3 - Hand loans
 4 - Loans-Money lenders 5 - Loans from MFIs 6 - Group savings
 7 - Assets mortgaged/sold 8 - HH articles sold 9 - Any other (specify) _____

F Details of trainings undergone

F1. Provide the details of trainings that you have undergone? (*SHG related, personality development, income generation activity, entrepreneur*)

Codes: **(c)** Opinion: 1- Very good, 2- Good 3- Not impressive; **(d)** Usefulness: 1- Useful, 2- Not useful

<u>(a) Name of the training</u>	<u>(b) No. of days</u>	<u>(c) Opinion</u>	<u>(d) Usefulness</u>
1 _____	_____	_____	_____
2 _____	_____	_____	_____
3 _____	_____	_____	_____
4 _____	_____	_____	_____
5 _____	_____	_____	_____

F2. Have you taken up any entrepreneurial activity with SHG loans? 1- Yes 2- No

F3. If yes, furnish the following details?

- 1- Name of the activity _____ 2- Amount invested in Rs. _____
 3- Loan mobilized: Rs. _____ 4- No. of persons employed _____
 5- Average income per month Rs. _____ 6- Present status: 1- Functioning 2- Closed

G Welfare & Development Programmes

G1. Name the Govt. welfare & development programmes that **you / your household members have** benefited with them?

- 1 - Pensions 2 - PDS/ration 3 - ISL programme 4 - Housing
 5 - LPG connection 6 - NREGS 7 - Insurance -AABY 8 - ICDS services
 9 - Pulse polio 10- Rajeev Yuva Kiranalu 11- Jan Dhan Yojana 12 - Scholarships
 13 - SC & ST loans 14-Distribution of surplus land 15- Loan waver
 16 Any other (specify) _____ 17- Any other (specify) _____

H Impact of SHGs

H1. Have you procured any assets with SHG loans? What is the worth of those assets?

1 - Cows	Rs_____	2- Sheep/goats	Rs_____	3- Poultry	Rs_____
4 - Cycle	Rs_____	5 - Motor cycle	Rs_____	6 - Auto/taxi	Rs_____
7- Radio	Rs_____	8 - Mobile	Rs_____	9 - TV	Rs_____
10- HH articles	Rs_____	11- LPG stove	Rs_____	12-Refrigerator	Rs_____
13- Bullocks	Rs_____	14- Bullock-cart	Rs_____	15-Ag. Machine	Rs_____
16-Land	Rs_____	17-Housing	Rs_____	18-Gold/silver	Rs_____
19-Tool kits	Rs_____	20-Any other _____	Rs._____		

H2. How have your household members benefited from SHG loans? *(Please enter codes)*

<u>Household members</u>	<u>(a) Benefit-1*</u>	<u>(b) Benefit-2*</u>
1- SHG member	_____	_____
2- Husband	_____	_____
3- Children	_____	_____
4- Other members in the HH	_____	_____

* Codes 1 - More work 2 - New economic activity 3 - High school
 4 - College 5 - Health improved 6 - Marriage
 7 - Delivery expenses 8 - Fairs & festivals 9 - Pilgrimage/tours
 10 - Food /consumption 11 - Vehicle 12 - Any other (specify)_____

H3. What other important changes have happened in your household? *(Multiple answers)*

1 - Repaid old debts	2 - Improved HH income	3 - Established own business
4 - Cease migration	5 - Husband joined in FC/RMG	6 - Stopped bonded labour
7 - More pressure on woman	8- Pushed into debt trap	9 - Quarrels with in the family
10 - Reduced dependency on money lenders	11 - Any other (Specify)_____	

H4. What are the changes you observe in your life? *(Enter codes)*

Codes: 1- Increased 2-Decreased 3- No change 4- Already doing

<u>Particulars</u>	<u>(a) Present</u>	<u>(b) At the beginning</u>
1 - Work burden	_____	_____
2 - Response for household credit	_____	_____
3 - Husband sharing the household work	_____	_____
4 - Women taking up non-traditional activities	_____	_____

H5. Have you ever discussed any personal problem (s) with group members? *(Multiple answers)*

1 - Health issues	2 - Physical violence	3 - Household quarrels
4 - Alcoholism of husband	5 - Disputes related to land	6 - Eve teasing
7 - Children's marriage	8 - Extra marital relationships of husband	
9 - Need for money	10 - Any other (specify)_____	

H6. Have you taken any help from your group members in the past? *(Multiple answers)*

1 - Timely payment of loan	2 - Solve household issues	3 - Help in elections
4 - Sharing of HH duties	5 - Getting scholarship	6 -Getting pension
7- Medical assistance	8- Marketing HH produce	9 - Sharing of work site duties
10 - Other (specify) _____		

H7. State the important changes happened in your Village because of SHG?

- | | | |
|------------------------------------|-----------------------|---------------------------|
| 1- School improvement | 2- Sanitation | 3- Drinking water |
| 4- Positive attitude towards women | 5- Connectivity roads | 6- Cooperative atmosphere |
| 7- Women more empowered | 8- Payments decreased | 9- Other (specify)_____ |

Section- III: Empowerment

I. Self Confidence at individual level

I1. Do you feel any change in the following aspects? *Enter code* 1. Yes 2. No

<u>Particulars</u>	<u>(a) Present</u>	<u>(b) At the beginning</u>
1 - Able to sign	_____	_____
2 - Confidence to approach bank	_____	_____
3 - Confidence to speak to visitors/outside	_____	_____
4 - Confidence to raise issues in meetings	_____	_____

I2. Have you noticed change in the attitude of staff toward women in the following institutions compared to earlier? *(Please tick one answer from the options given to each question)*

- | | | | | |
|--------------------|------------------|-----------------|-------------------|--------------|
| 1 - Gram Panchayat | : 1- Not visited | 2- More respect | 3- Not responsive | 4- No change |
| 2 - BDO - office | : 1- Not visited | 2- More respect | 3- Not responsive | 4- No change |
| 3 - Police station | : 1- Not visited | 2- More respect | 3- Not responsive | 4- No change |
| 4 - Hospitals | : 1- Not visited | 2- More respect | 3- Not responsive | 4- No change |
| 5 - Banks | : 1- Not visited | 2- More respect | 3- Not responsive | 4- No change |

J Access & control over the household resources

J1. Access to family resources *Codes: 1- Do solely; 2 -Major role; 3 -Equal; 4-Minor*

<u>Particulars</u>	<u>(a) Present</u>	<u>(b) At the beginning</u>
1 - Sale of small quantity of HH produce	_____	_____
2 - Raising of 'hand loans'	_____	_____
3 - Medical expenses	_____	_____

J2. Control of SHG & other loans *Codes: 1-Total 2 -Major; 3 -Equal 4-Minor 5-No control*

<u>Particulars</u>	<u>(a) Present</u>	<u>(b) At the beginning</u>
1 - Use of earnings of IGA	_____	_____
2 - Use of SHG loan	_____	_____
3 - Use of personal savings	_____	_____

K Mobility- changes at individual level

Enter codes: 1-Go alone; 2-With family members; 3-With others 4-Don't usually go 5-Never gone

<u>Particulars</u>	<u>(a) Present</u>	<u>(b) At the beginning</u>
1 - Do you go to shops-outside the village?	_____	_____
2 - Do you attend SHG work outside the village?	_____	_____
3 - Do you go to Govt. office on household work?	_____	_____

L Individual Role in Decision making regarding the following

Enter codes: 1 - Decide solely; 2 - Major; 3 - Equal; 4 - Minor; 5 - No role 6-Not applicable

- 1- Purchase of land /housing _____ 2- Promotion of family savings _____

- 3- Son's education _____ 4- Daughter's education _____
 5- Son's marriage _____ 6- Daughter's marriage _____
 7- Taking up of new activity _____ 8- Purchase of gold/silver/cattle _____

M Political participation

M1. Have you done any of the following?

Code: 1 -No; 2- Independently; 3 - family/ group interest; 4-Others' pressure

<u>Particulars</u>	<u>(a) Present</u>	<u>(b) At the beginning</u>
1- Contested for a political office	_____	_____
2- Cast vote	_____	_____
3- Campaigned for any candidate	_____	_____
4- Raised voice in Gram Sabha	_____	_____

M2. Have you participated in any rallies, campaigns and political meetings? *(Multiple answers)*

- 1 - Anti-liquor movement 2 - Anti-domestic violence 3 - Anti-dowry
 4 - Anti-child marriage 5 - For drinking water 6 - For school issue
 7 - About Govt. programmes 8 - Anti-public violence 9 - Any other (specify) _____

N Gender Equity

N1. Are your children (son and daughter) going to the same school? 1- Yes 2 - No 3-NA

N2. What is your opinion on the following? *(Enter codes)*

Codes: 1- Primary 2-High School 3- Completed school 4- In college 5- Completed college 6-NA

<u>Particulars</u>	<u>(a) Son</u>	<u>(b) Daughter</u>
1 - What level schooling do you want to them to reach?*	_____	_____
2 - What age do you want to them to marry? <u>Age in years</u>	_____	_____

O Researcher's comments:

- _____
- _____

Date: _____

Signature of the researcher

Signature of supervisor

Case study title: _____

(Background, process, role of SHG, other stakeholders, action taken, payments made to individuals, and results, and learning)



IMPACT AND SUSTAINABILITY OF SHGBLP IN INDIA

Study conducted by Mahila Abhivrudhi Society (APMAS), Hyderabad

Format-2 for Self Help Groups

Schedule No. _____

A. Identification details

- A1. Name of the _____ A2. District _____
 A3. Name of the _____ A4. Gram panchayat _____
 A5. Habitation _____ A6. Name of SHG _____
 A7. Location of the village 1- Block HQ. 2- Road side 3- Interior village

B. Profile of SHGs

- B1. When did you form into a group? (a) Date: _____ (b) Month _____ (c) Year _____
 B2. Who promoted your Group? (*Tick any one of the answers given below*)
 1-Govt. 2-NGO 3-Bank 4-Federation 5- Self 6-Other
 B3. What is the social composition of your SHG members?
 1-ST _____ 2-SC _____ 3-BC _____ 4-Minorities _____ 5- OC _____
 B4. Membership details (*check current list of members with promoter member list*)
 1- Members at present _____ 2- Members at the beginning _____
 3- Members dropped _____ 4- Replaced with HH members _____
 5-Replaced with new members _____ 6- New members admitted _____
 B5. What are the reasons for drop out? * 5.1 _____ 5.2 _____ 5.3 _____ 5.4 _____
 *Codes 1-Migration 2-Marriage 3-Old age/death
 4-Ill-health 5-Group norms 6-Multiple membership 7-No bank linkage
 8-Small loan 9-Misuse of funds 10- Could not make payments 11-Other _____
 B6. Details of SHG-Bank Account (*Refer SHG Savings & Loan Pass Books*)
 1- Name of the bank _____ 2- Distance to bank _____ in Kms.

C. Details of SHG meetings

- C1. How often do you meet? (*Please tick one from the answers given below*)
 1- Weekly 2- Fortnightly 3- Monthly 4- No schedule/irregular
 C2. Details of meetings & attendance during the last six months (**Nov 2015 to Apr 2016**)
 1- Meetings scheduled _____ 2- Meetings held _____ 3-Avg. member _____
 C3. What were the agenda points during the last six group meetings (*Multiple answers*)
 1- Collection of savings 2- Collection of loan install 3- Loan disbursement
 4- SHG bank linkage 5- Defaulting 6- Interest subvention
 7- Training Programme 8- Livelihood activities 9- GB meetings
 10- Information to VO 11- Insurance 12- Books of accounts
 13- social issues 14- Development 15-Village issues
 16- Any other (specify) _____

D Details of SHG savings

- D1. How often do you collect savings? *(Please tick only one from the answers given below)*
 1- Weekly 2- Fortnightly 3- Monthly 4- No schedule/irregular
- D2. How much do you collect per member per month?
 1- At present Rs. _____ 2- At the beginning of SHG Rs. _____
- D3. How much savings does your group have with the following institutions?
 1- Members' savings Rs. _____ 2- Special savings Rs. _____
 3- Savings in Federation Rs. _____ 4- Share capital in fed. Rs. _____
 5- Savings in MFIs/NGOs Rs. _____ 6- Fixed Deposits Rs. _____
 7- Any other _____ Rs. _____
- D4. Who & where collects the savings and loan instalments?
 1- Leaders collect at member house 2- Members pay to leaders at her house
 3- Pay in group meetings 4- Any other (specify) _____
- D5. Details of loans provided from group funds/savings ***(existing loans only)***
 1 - No. of members taken loan : _____ 2 - No. of loans : _____
 3- Total loan disbursed in Rs. : _____ 4 - Total loan outstanding in Rs. _____
- D6. Provide the details of idle funds in the group
 1- Funds in SHG SB A/c Rs. _____ 2- Cash in hand Rs. _____
- D7. Have you distributed group savings/funds in the past? 1- Yes 2- No
- D8. 1- If yes, how many times _____ 2- Amount distributed Rs. _____

E Details of Book Keeping

- E1. Who writes group records? *(Tick one answer from the list given below)*
 1-SHG member 2- Non-member 3- Book keeper/CA 4- SHPI Staff
- E2. Where are group records kept? *(Tick one answer from the list given below)*
 1- Leader's house 2- Member's house 3- Book-keeper/CA
 4- SHPI staff 5- Community Hall 6- Any other (specify) _____
- E3. Does the group pay honorarium to book writer? If yes, how much Rs. _____
- E4. Details of books and their maintenance

<u>Particulars</u>	<u>(a) Maintaining</u>		<u>(b) Up to date</u>		<u>(c) Accuracy</u>	
1- Minutes book	1- Yes	2- No	1- Yes	2- No	1- Yes	2- No
2- Cash book	1- Yes	2- No	1- Yes	2- No	1- Yes	2- No
3- Loan ledger	1- Yes	2- No	1- Yes	2- No	1- Yes	2- No
4- Savings ledger	1- Yes	2- No	1- Yes	2- No	1- Yes	2- No
5- General ledger	1- Yes	2- No	1- Yes	2- No	1- Yes	2- No
6- Member pass book	1- Yes	2- No	1- Yes	2- No	1- Yes	2- No

F. Details of leadership

MAS

SHGBLP in India

NABARD

- F1. What are the criteria for the selection of group leaders (*Multiple answers*)
 1- Educated/can sign 2- Good communication 3- Good character
 4- Elderly 5- Young/middle aged 6- Economically good
 7- Influence in the community 8- Any other (specify) _____
- F2. What are the roles and responsibilities of leaders (*multiple answers*)
 1- Organizing meetings 2- Ensuring member attendance
 3- Regular savings & loan repayment 4- Depositing amounts in bank
 5- Regular book keeping 6- Attending trainings
 7- Attending federation meetings 8- Participating in govt. programmes
 9- Coordinating with officials 10- Supporting members
- F3. How many times have leaders changed in your SHG? _____
- F4. How many of your group members contested and won in the local elections?
 1- No. of women contested _____ 2- No. of women elected _____

G Details of norms in SHG

- G1. What are the exit norms for members?
 1- Pay savings only 2- Savings + Interest 3- Savings + Group earnings
 4- Do not pay if the member leaves in a stipulated time – before 3 years
 5- Savings adjusted to loan outstanding, if any 6- Any other specify _____
- G2. What are the entry norms for new members
 1- Should pay the amount equalant to the total savings of existing members
 2- No bank loan to new members immediately 3- Loan from internal funds only
 4- Eligible to all like other members 5- Any other (specify) _____
- G3. What do you have the norms of collecting fines and penalties?
 1- Delay in paying savings Rs. _____ 2- Delay in attending meetings Rs. _____
 3- Delay in repaying loan Rs. _____ 4- Others (specify) _____ Rs. _____
- G4. What is the rate of interest per month on the loans from different sources of funds?
 1- SHG own funds Rs. _____ 2- External funds Rs. _____
- G5. Do you have the practice of auditing of SHGs every year? 1- Yes 2- No
- G6. Does your group pay any dividend on members' savings? 1- Yes 2- No

H. Details of external sources of funds

- H1. Provide the details of funds/grants and subsidies received since SHG inception
- | <u>Agency</u> | <u>(a) Grants /
subsidies</u> | <u>(b) Loans
no. of times</u> | <u>(c) Total loan
amount</u> |
|-------------------|-----------------------------------|-----------------------------------|----------------------------------|
| 1- DRDA/WDC/Govt. | Rs. _____ | _____ | Rs. _____ |
| 2- Federation | Rs. _____ | _____ | Rs. _____ |
| 3- NGO/MFI | Rs. _____ | _____ | Rs. _____ |

- 4- Bank Rs. _____ Rs. _____
- 5- Other (specify) _____ Rs. _____ Rs. _____
- H2. What is the status of current loans?
- | <u>Details</u> | <u>(a) Bank</u> | <u>(b) Federation</u> | <u>(c) NGO/MFI</u> |
|---------------------------|-----------------|-----------------------|--------------------|
| 1- Loan amount | Rs. _____ | Rs. _____ | Rs. _____ |
| 2- Date of loan- DD/MM/YY | _____ | _____ | _____ |
| 3- No. of instalments | _____ | _____ | _____ |
| 4- Instalment amount | Rs. _____ | Rs. _____ | Rs. _____ |
| 5- Amount repaid | Rs. _____ | Rs. _____ | Rs. _____ |
| 6- Loan outstanding | Rs. _____ | Rs. _____ | Rs. _____ |
| 7- Repayment frequency* | _____ | _____ | _____ |
- *Codes: 1-Monthly 2-Quarterly 3-Half yearly 4-Yearly 5-Other (specify) _____
- H3. Have you prepared micro credit plan (MCP) to get loan from bank? 1- Yes 2- No
1- If yes, estimated cost Rs. _____ 2- If no, amount requested Rs. _____
- H4. Specify the time taken & the no. of visits made to get the last bank linkage
1- No. of visits made to bank _____ 2- Time taken _____ in weeks
- H5. Who proposed the bank loan? (Multiple answers)
1-SHG 2-Banks 3- Federation 4- Promoters 5-Other _____
- H6. Have you provided any surety/collateral to get bank linkage? (Multiple answers)
1-No surety 2-More savings in SB A/c 3- Portion of loan made as FD
4-Savings as FD 5-Linked to insurance 6-RF made as fixed deposit
7- Promoters surety 8-Any other (specify) _____
- H7. How much amount you have spent to get the bank linkage? Rs. _____
- H8. Provide the details of loan eligibility and loan utilized under CCL
1- Eligibility Rs. _____ 2- Loan Utilized Rs. _____

I Details of defaulting and default management

- I1. Provide the details of defaulters and overdue amount
- | <u>Particulars</u> | <u>(a) SHG</u> | <u>(b) Bank</u> | <u>(c) Federation</u> | <u>(d) NGO-MFI</u> |
|-----------------------------|----------------|-----------------|-----------------------|--------------------|
| 1- Members have loan O/s | _____ | _____ | _____ | _____ |
| 2- Members defaulted | _____ | _____ | _____ | _____ |
| 3- Amount of overdue in Rs. | _____ | _____ | _____ | _____ |
| 4- Period of dues in months | _____ | _____ | _____ | _____ |
- I2. What type of action taken against defaulters? (Multiple answers)
- 1- No action against defaulters 2- Imposed fines & penalties
3- Savings adjusted to loan amount 4- Repeated visits to defaulters' house
5- Taken away the HH articles 6- Informed to federation

- 7- Informed to bankers
 9- Provided loan from SHG funds
- 8- Informed to promoters
 10- Any other (specify)_____
- I3 What are the reasons for defaulting/delayed payment? (Multiple answers)
- 1- Migration
 4-Drought-crop failure
 7- Willful defaulters
 10- Paid more bribes
- 2- Less availability of work
 5- Death of loan borrower
 8- Quarrels within SHG
 11- Govt. loan – need not repay
- 3-Ill health
 6- Misuse of funds
 9- Political promises
 12- Any other (specify)-

J Role of various stake holders in the implementation of SHGBLP

- J1 What is the role of SHPIs, SHG federations and other stakeholders in the implementation of SHG Bank linkage programme? *Please tick whichever is applicable*

<u>Role</u>	<u>(a)Govt.</u>	<u>(b)Fed</u>	<u>(c)NGO</u>	<u>(d)Bank</u>	<u>(e) Other</u>
1- Facilitation of SHGBLP	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
2- Up-dation of books	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
3- Grading of SHG	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
4- Loan documentation	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
5- Preparation of MCP	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
6- Surety/collateral	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
7- Disbursement of loan	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
8-Orientation on loan utilization	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
9- Bridge loan	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
10- Recovery of loans	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
11- Interest subsidy	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes
12- Any other (specify)_____	1-Yes	1-Yes	1-Yes	1-Yes	1-Yes

K Role of SHGs in addressing social issues and in the implementation of govt. programs

- K1 Have you involved in addressing any social issues in your village? (Multiple answers)
- 1- Drinking water
 4- Child labour
 7- Eve-teasing
 10- Women rights
- 2- Drainage
 5- Child marriages
 8- Domestic violence
 11 Any other (specify)_____
- 3- Connectivity roads
 6- AIDS control campaign
 9- Anti -arrack movement
- K2 Have you involved in the implementation of Govt. programmes? (Multiple answers)
- 1-Girl child enrollment
 4- Pensions' distribution
 7- Pulse polio
- 2- PDS/ration shop
 5- NREGS payments
 8- Swachh Bharat Mission
- 3- Mid-day meal
 6- Family planning
 9- Janma Bhoomi

- K3 Give the list of trainings undergone from a) promoters and b) federations

Codes: 1 – Promoter 2 – Federation 3- Both

1- SHG concept :____ 2- Book-keeping :____
 MAS SHGBLP in India NABARD

- | | | | |
|------------------------------|-----|-----------------------------|-----|
| 3- SHG Auditing | :__ | 4- Federation Concept | :__ |
| 5- Insurance | :__ | 6- Swaccha Bharath Mission | :__ |
| 7- Gender | :__ | 8- Livelihoods Facilitation | :__ |
| 9- Bank linkage facilitation | :__ | 10- MACS Act | :__ |
| 11- Financial literacy | :__ | 12- Bangaruthalli | :__ |
| 13- Solid waste Management | :__ | 14- Rajeev Yuva Kiranalu | :__ |
| 15- Health & sanitation | :__ | 16- Any other specify_____ | :__ |

K4. Have you taken up any entrepreneurial activity with SHG loans? 1- Yes 2- No

K5. If yes, furnish the following details?

- | | |
|--------------------------------------|--|
| 1- Name of the activity_____ | 2- Amount invested in Rs._____ |
| 3- Loan mobilized: Rs._____ | 4- No. of persons employed _____ |
| 5- Average income per month Rs._____ | 6- Present status:1- Functioning 2- Closed |

K6. If not functioning, what are the reasons for closing?

- | | |
|--------|--------|
| 1_____ | 2_____ |
| 3_____ | 4_____ |

K7. What are the reasons for not taking up the entrepreneurial activity as a group?

- | | |
|--------|--------|
| 1_____ | 2_____ |
| 3_____ | 4_____ |

K8. What are your suggestions for the better implementation of SHGBL Programme?

- | |
|--------|
| 1_____ |
| 2_____ |

Case study-1 Title:_____

(Background, process, role of SHG, payments made to individuals, other stakeholders, action taken and results)

L SHG GRADING BY USING CRITICAL RATING INDEX (CRI) TOOL *Schedule No. _____*

S. No.	Component	Score
L1.	Feeling of homogeneity/solidarity	4
a.	Very strong	4
b.	Moderate	2
c.	Not very much	1
L2.	Governance issues	6
2.1	Awareness about objectives of SHG programme	2
2.2	Awareness about rules and regulations	1
2.3	Sharing of leadership responsibilities by members	2
2.4	Awareness about member-wise savings and loan position	1
L3.	Conduct of meetings (During the last six months)	8
a.	Meetings held regularly on fixed date, time and place	8
b.	Meetings held regularly once a month, but at the convenience of all members	6
c.	Meetings not held regularly, but when held, they are on fixed date, time and place	4
d.	Meetings are irregular	2
L4.	Attendance in meetings (During the last six months)	8
a.	Above 90% in all group meetings	8
b.	70% to 90% in all group meetings	6
c.	50% to 70% in all group meetings	4
d.	Less than 50% in all group meetings	0
L5.	Financial transactions in the group	8
a.	All fund collections, financial decisions and disbursement of loans are made in meetings only	8
b.	All fund collections/financial decisions are made in meetings but loans are disbursed outside	6
c.	Fund collections are made outside meeting but loan decisions are taken during the meeting	5
d.	Both fund collections and financial decisions are taken outside the meetings.	0
L6.	Member awareness about financial transactions	8
a.	All members are aware about all financial transactions	8
b.	Above 75% of the members are aware	6
c.	Only few members are aware	4
d.	None are aware	0
L7.	Regularity of savings (During the last six months)	8
a.	100% on time payment of savings by members	8
b.	90% on time payment of savings by members	6
c.	70% to 90% on time payment of savings by members	5
d.	Less than 70% on time payment of savings by members	3
L8.	Pattern of internal lending	8

a.	Need based loans availed by many members	8	
b.	Need based loans availed by few members	6	
c.	Equal distribution of loans among all members	3	
d.	Loans extended repeatedly to only a few members	0	
L9.	Velocity of internal lending = <i>Total loans disbursed/total corpus</i>	4	
a.	Over 1.5 times	4	
b.	Between 1-1.5 times	2	
c.	Less than 1 time	1	
L10.	Repayment terms	4	
a.	Monthly Instalments	4	
b.	Quarterly Instalments	3	
c.	Lump sum payment	2	
L11.	Repayment pattern	8	
a.	Regular repayment of principle and interest in full on monthly basis	8	
b.	Regular repayment of principle in part and interest in full on monthly basis	4	
c.	Regular repayment of only interest in full on monthly basis	2	
L12.	Borrower quality - number of defaulters	8	
a.	Less than 2 members	8	
b.	Between 2-5 members	4	
c.	More than 5 members	0	
L13.	Asset quality - percentage of default (<i>Formula: Amount overdue for more than 3 months/Total loan outstanding</i>)	8	
a.	Less than 10%	8	
b.	Between 10%-20%	4	
c.	More than 20%	0	
L14.	Up to date maintenance of records	10	
14.1	Adherence to the groups bye laws	1	
14.2	Attendance register	1	
14.3	Recording of financial decisions taken at meetings	2	
14.4	Savings collection	2	
14.5	Loan disbursement	1	
14.6	Repayment performance	1	
14.7	Member-wise savings and loan portfolio	2	

Date: _____

*Signature of
Research Associate*

*Signature of
Research Supervisor*

ANNEXURE-VI: STATE-WISE PERFORMANCE OF SHGs

Particulars	Total	AP	AS	KA	MH	OR	UP
A. SHGBLP in Sample States as on March 2016 (Source: NABARD)							
• Number of SHGs have savings account with bank (in lakh)	38.37	9.01	3.33	9.62	7.89	4.86	3.63
• Average amount of funds in SHG SB account (in Rs.) per SHG	15,942	45,985	3,335	14,987	10,865	9,983	10,497
• SHGs have loan outstanding with banks (% of SHGs)	57	89	32	66	26	44	60
• Average loan per SHG (Rs. in lakh)	2.33	2.85	0.70	2.22	1.81	1.35	1.14
• Non-performing assets (NPA) (in %)	12.2	13.2	3.23	2.1	9.63	24.93	20.1
B. Sample Covered							
• Number of Districts	12	2	2	2	2	2	2
• Number of SHGs	432	72	72	72	72	72	72
• Number of SHG Member Households	864	144	144	144	144	144	144
C. Profile of SHGs							
• ST & SC groups (% of SHGs)	22	21	10	1	22	26	25
• Other SHGs (% of SHGs)	78	79	90	99	78	74	75
• Average age of SHG (in years)	7.76	12.57	6.70	9.56	5.06	7.17	5.51
• Average size of SHG (No. of members)	11	10	11	12	12	12	11
• SHGs reported dropouts (% of SHGs)	56	78	56	71	35	32	68
• Average distance to bank (in Kms)	5.6	4.5	6.4	2.9	5.7	8.6	5.4
D. Savings							
• Average savings per month per member (in Rs.)	84	100	52	96	88	80	87
• Average savings per SHG (in Rs.)	51,680	61,735	27,023	84,348	40,579	52,433	43,958
• Average savings per member (in Rs.)	4,583	5,957	2,465	7,111	3,612	4,420	3,934
• SHGs withdrawn & distributed savings (% of SHGs)	39	46	56	40	35	35	21
• Avg. amount of funds in SHG bank account (in Rs.)	31,641	61,259	6,654	57,859	10,466	37,769	15,841
• SHGs using own funds for internal lending (% of SHGs)	69	36	97	96	68	47	69
E. Meetings							
• SHG meetings – monthly (% of SHGs)	56	67	0	33	88	100	56
• SHG meetings – Weekly /Fortnightly (% of SHGs)	38	14	100	51	11	0	38

Particulars	Total	AP	AS	KA	MH	OR	UP
• Avg. percentage of meetings conducted in the past 6 months	89	64	92	99	96	91	95
• Members' attendance in meetings (% of members)	82	60	83	88	89	90	80
F. Book Keeping							
• Books are kept with the SHG leaders (% of SHGs)	81	90	94	33	88	94	88
• Books written by SHG members (% of SHGs)	59	26	83	60	79	46	58
• SHGs pay honorarium to book writers (% of SHGs)	19	72	0.0	11	6	14	19
• Avg. monthly honorarium to book writers per SHG (in Rs.)	82	93	0	62	68	77	45
G. Leadership							
• Leadership rotation in SHGs (% of SHGs)	41	67	62	83	11	3	17
• Number of women SHG members elected for local bodies	83	16	8	17	23	5	14
• SHGs have the norms of fines and penalties (% of SHGs)	63	56	56	61	76	46	82
H. Grades of SHGs							
• A-grade (% of SHGs)	68	33	99	97	87	47	42
• B-grade (% of SHGs)	24	25	0	3	13	51	54
• C-grade (% of SHGs)	8	42	1	0	0	2	4
I. Credit access to SHGs (current loans)							
• Average loan under SHGBLP (Rs. in lakh)	1.99	4.15	0.63	2.09	1.64	1.13	2.31
• Average loan from Federations (in Rs.)	70,514	90,030	46,452	--	1,33,333	--	19,667
• Average loan from NGO-MFIs (in Rs.)	91,797	91,797	--	--	--	--	--
• Average time taken to get bank loan (in weeks)	4	2	10	2	4	3	5
• Average amount spent to get bank loan (in Rs.)	1,031	1,391	1,139	1,103	702	939	918
J. Repayment Rate							
• Average loan repayment rate from SHGs to Banks (in %)	88	93	93	98	95	74	80
• SHGs reported active defaulters (% of SHGs)	27	19	6	4	3	37	94
• Average amount of overdue per SHG (in Rs.)	10,906	15679	78	463	229	8566	40421
K. Profile of SHG members							
• ST & SC members (in %)	33	31	13	26	44	33	52
• Literacy levels (in %)	73	52	94	76	90	69	60
• Female headed households (in %)	16	52	7	4	19	6	9

MAS

SHGBLP in India

NABARD

Particulars	Total	AP	AS	KA	MH	OR	UP
• Incidence of migration (% of households)	17	22	8	8	20	31	16
L. Women Empowerment (% of Members) B-Before / P-Present							
• Confidence to approach bank –Before / Present –B / P	20/97	31/99	21/97	7/99	12/98	41/100	8/91
• Use of SHG loans – Equal & above role – B / P	44/94	72/100	61/99	22/67	39/100	52/98	12/98
• To attend SHG work outside the village – Go alone –B / P	07/63	33/96	5/49	1/94	4/66	2/17	0/58
• Decision making on daughter’s marriage –equal role	54	45	21	61	49	74	71
• Casting of own vote – Independently – B / P	51/87	63/86	68/96	10/100	26/71	54/74	86/96
• Work burden increased – B / P	23/57	6/69	5/87	54/2	35/42	1/96	35/59
• Husband sharing the household work increased B / P	16/27	31/53	1/4	49/2	10/58	1/11	2/33
• Women taking up non-traditional activities –increased B / P	10/51	4/71	0/40	46/3	7/69	0/58	4/67
• SHGs involved in social activities	75	50	82	47	98	79	94
• Sending both son & daughter to same school	52	25	29	78	81	36	60
• Positive attitude of men towards women (% of members)	66	75	63	66	76	54	70
M. Access to Development Programmes (% of HHs)							
• Households accessed to PDS/ration card	88	99	86	92	78	78	86
• Households benefitted with PMJDY	34	2	4	1	47	93	54
• Households participated in MGNREGS	41	66	58	49	14	44	21
• Households have functional toilets	63	51	97	79	73	40	40
N. Impact at Household Level							
• SHG women have Individual savings bank A/c (% of members)	88	94	67	96	85	99	87
• Average SHGs’ savings against total household savings (in %)	50	42	38	66	61	26	67
• Households have 100% of their loan from SHGs (% of HHs)	64	15	83	74	66	68	79
• Households have taken up economic activity (% of HHs)	27	51	26	4	49	1	29
• Households purchased cattle (% of HHs)	17	29	10	20	9	6	30
• Households purchased goat & sheep (% of HHs)	16	11	28	8	26	17	8
• Households reported improvement in income (% of HHs)	87	83	86	94	76	89	92

Particulars	Total	AP	AS	KA	MH	OR	UP
• Repaid household old debts (% of HHs)	36	54	46	87	0	2	17
• Households reported more work to members (% of HHS)	61	39	63	68	49	56	91
• Increase in education of HH members (% of HHs)	52	19	59	94	60	17	61
• Increase in Health status of HH members (% of HHS)	51	6	63	82	88	43	26
• Increase in Household food security(% of HHs)	18	10	1	49	28	16	4

ANNEXURE-VII: SHPI-WISE PERFORMANCE OF SHGs

Particulars	Total	Govt.	NGO	SELF	Others
A. Profile of SHGs					
• ST & SC groups (% of SHGs)	22	16	25	0	0
• Other SHGs (% of SHGs)	78	84	75	100	100
• Average age of SHG (in years)	7.76	9.29	6.15	8.02	6.74
• Average size of SHG (No. of members)	11	11.23	11.65	10.88	12.17
• SHGs reported dropouts (% of SHGs)	56	64	50	54	48
• Average distance to bank (in Kms)	5.6	5.6	6.0	4.9	3.2
B. Savings					
• Average savings per month per member (in Rs.)	84	80	89	75	96
• Average savings per SHG (in Rs.)	51,680	61,991	55,005	50,943	57,211
• Average savings per member (in Rs.)	4,583	4,873	4,510	3,966	4,201
• SHGs withdrawn & distributed savings (in %)	39	43	31	48	45
• Avg. amount of funds in SHG bank account (in Rs.)	31,641	40,040	24,978	21,008	34,479
• SHGs using own funds for internal lending (% of SHGs)	69	72	62	76	76
C. Meetings					
• SHG meetings – monthly (% of SHGs)	56	46	68	38	86
• SHG meetings – Weekly /Fortnightly (% of SHGs)	38	45	31	52	10
• Avg. percentage of meetings conducted in the past 6 months	89	85	96	84	90
• Members' attendance in meetings (% of members)	82	79	85	75	89
D. Book Keeping					
• Books are kept with the SHG leaders (% of SHGs)	81	79	81	84	93
• Books written by SHG members (% of SHGs)	59	56	62	56	62
• SHGs pay honorarium to book writers (% of SHGs)	19	26	11	22	10
• Avg. monthly honorarium to book writers per SHG (in Rs.)	82	93	62	56	130

Particulars	Total	Govt.	NGO	SELF	Others
E. Leadership					
• Leadership rotation in SHGs (% of SHGs)	41	55	20	54	41
• Number of women SHG members elected for local bodies	83	40	27	8	8
• SHGs have the norms of fines and penalties (% of SHGs)	63	61	68	52	59
F. Grades of SHGs					
• A-grade (% of SHGs)	68	74	61	64	76
• B-grade (% of SHGs)	24	13	38	26	14
• C-grade (% of SHGs)	8	13	1	10	10
G. Credit access to SHGs (current loans)					
• Average loan under SHGBLP (Rs. in lakh)	1.99	2.14	1.95	1.81	1.58
• Average loan from Federations (in Rs.)	70,514	69,565	56,125	79,923	1,00,000
• Average loan from NGO-MFIs (in Rs.)	91,797	92,711	1,05,000	70,150	1,10,000
• Average time taken to get bank loan (in weeks)	4	5	4	5	5
• Average amount spent to get bank loan (in Rs.)	1,031	1,163	842	1,380	677
H. Repayment Rate					
• Average loan repayment rate from SHGs to Banks (in %)	88	91	84	93	96
• SHGs reported active defaulters (% of SHGs)	27	12	47	26	10
• Average amount of overdue per SHG (in Rs.)	10,906	4,581	18,216	14,753	2,748
I. Profile of SHG members					
• ST & SC members (in %)	33	21	44	0	9
• Literacy levels (in %)	73	74	72	76	76
• Female headed households (in %)	16	18	14	14	19
• Incidence of migration (% of households)	17	15	21	12	19
J. Women Empowerment (% of Members) B-Before / P-Present					
• Confidence to approach bank –Before / Present –B / P	20/97	22/98	17/96	18/97	29/98
• Use of SHG loans – Equal & above role – B / P	44/94	55/92	33/93	41/99	45/97
• To attend SHG work outside the village – Go alone –B / P	07/63	12/72	1/55	10/57	12/64

Particulars	Total	Govt.	NGO	SELF	Others
• Decision making on daughter's marriage –equal role	54	49	65	30	60
• Casting of own vote – Independently – B / P	51/87	47/91	54/84	70/92	35/74
• Work burden increased – B / P	23/57	19/59	28/58	14/69	26/55
• Husband sharing the household work increased B / P	16/27	22/25	7/30	14/26	28/24
• Women taking up non-traditional activities –increased B / P	10/51	13/47	6/59	9/44	21/45
• Sending both son & daughter to same school	52	45	62	29	74
• Positive attitude of men towards women (% of members)	66	68	67	67	72
K Access to Development Programmes (% of HHs)					
• Households accessed to PDS/ration card	88	90	83	89	79
• Households benefitted with PMJDY	34	18	57	12	36
• Households participated in MGNREGS	41	53	30	47	29
• Households have functional toilets	63	68	53	76	67
L. Impact at Household Level					
• SHG women have Individual savings bank A/c (% of members)	88	87	92	79	88
• Average SHGs' savings against total household savings (in %)	50	45	54	53	49
• Households have 100% of their loan from SHGs (% of HHs)	64	56	72	65	66
• Households have taken up economic activity (% of HHs)	27	28	24	27	31
• Households purchased cattle (% of HHs)	17	20	15	15	12
• Households purchased goats & sheep (% of HHs)	16	18	16	12	16
• Household reported improvement in income (% of HHs)	87	86	89	81	86
• Repaid household old debts (% of HHs)	36	48	20	44	33
• Households reported more work to members (% of HHs)	61	56	69	59	41
• Increase in education of household members (% of HHS)	52	52	54	42	59
• Increase in health status of HH members (% of HHS)	51	50	51	53	60
• Increase in household food security (% of HHs)	18	20	14	13	33

ANNEXURE-VIII: CASELETS

1. Bagan Bazar

This is the story of a group formed by Tea Tribes Community in Jorhat district of Assam, which has been nurtured by NRLM and introduced Bagan Bazar initiative through SHGs. Puja Atma Sahay SHG which was formed with 10 members in November 2014. The president of the group studied only till 4th standard while the Secretary was a post graduate. The total savings of the group as on May 2016 stood at Rs.8100. Out of the total savings, 3 members have taken loans of Rs. 2,000, Rs.2,500 and Rs.1,500 each. The group got a revolving fund of Rs.15000 which they have distributed equally among themselves i.e Rs.1,500 per member as credit for pursuing income generating activities. Four members had taken loans 2 to 3 times from SHG fund. The other 6 have taken at least once. The total of loans disbursed from SHG fund is Rs.16,800.

The main purposes of the loans were education, health and marriage. Some members availed loans for livestock rearing. The Interest rate was 2% per month. The group also provided emergency loan facility to members. If the emergency loan is returned within 3 days by the concerned borrower, no interest was levied. In case of loan repayment, bullet payment accepted by the group, but interest per month has to be paid.

In October 2015, the Bagan Bazar was started with the initiatives from NRLM. Prior to the opening of the Bagan Bazar, the group was trained at the Indian Institute of Entrepreneurship (IIE). The Tea Estate management provided the infrastructure, house, drinking water facility, approach road etc. The furniture, rakes, etc were provided by the NRLM. The NRLM introduced the SHG to the bank and SHG applied for a loan for establishing the Bagan Bazar (Shop). Within a week the loan was sanctioned and disbursed. It was a CC loan of Rs.3,00,000. The group has withdrawn Rs.2,00,000 and the remaining Rs.1,00,000 is still in bank. The interest rate is Rs. 7. The group first withdrew Rs.1,00,000, then Rs.60,000 and after some time Rs.40,000. The group is repaying their loan amount on a weekly and sometimes monthly basis. Maximum Rs.29,000 and minimum Rs 900 was repaid in one go. An amount of Rs.91,700 has been repaid.

The scenario for the Tea Community after opening of the Bagan Bazar (Shop): Almost 80% of the community members residing inside the Tea Estate were visiting the shop for purchasing different commodities. People initially thought that it was a whole sale shop, as such type of shops was not there inside the estate and there were only small tea or pan shops. The people were looking to purchase commodities at low prices as they thought it was a whole sale establishment. The group strategically adopted a policy of selling the commodities for Rs.5 to Rs.10, less than the market price, minimizing the profit margin for commodities like Sugar, Dal, and Kabuli etc.

The record books were being kept by the secretary of the SHG, who is responsible for running the shop with the support from other members. The profit earned was shared by all the members. While each member received Rs.1000/-, and the secretary was paid Rs.2000. The secretary has been given all the responsibilities for purchasing commodities from the wholesale market, selling at the counter, keeping stock records and keeping accounts on a day to day basis. Most of the time she would alone go to the wholesale

market, but sometimes one or two members joined her. When the Bagan Bazar shop was opened, all the members decided that all would be responsible for running the business, but due to the work load in the tea estate it didn't work out. That is the reason grievances within the group sometimes arise.

Till date the Bagan Bazar Shop earned a profit valued of Rs.37,162, out of which Rs.11,000 was distributed among the members. From the remaining amount of Rs.27,162, some amount is kept in the bank and some is in the stock. The overdependence on the secretary may be a problem that will arise; a thought has already come in the members' mind. The president of the group sought suggestions from the members and members are also thinking how to manage it. The secretary is unmarried. She tries to teach members the technicalities involved with the business. The president is raising the issue of the remuneration amount if somebody has taken the sole responsibility. The members had not earlier thought of this issue but after the president raised it, the others are also asking about it.

It was felt that if a decision is taken hastily without giving time to the members to understand the idea, the technicalities involved in the process may affect the whole idea adversely. So, all the members are concerned about putting in effort to address these issues.

2. Collective Farming

In the Tamanpur village in Block Bachrawan of the district Raibareilly, with the help of Rajeev Gandhi Mahila Vikas Pariyojna (RGMVP), 10 women have formed Bhagwaan Mahila Svayam Sahayata Samooh SHG in 2011. The total savings of the group was Rs. 30,800. All the women have expressed concern that this savings was not enough as their cost of living was increasing day by day due to the continuous increase in the market prices of the commodities. In the regular meetings of this group, members have decided to increase their savings and also to generate more income. After a long discussion in one of the meetings, all the members came to the conclusion that they will do collective farming for which they took a farm on rental basis. For this purpose the group has drawn 10,000 from their savings account and purchased the seeds of Peppermint which they have sown on the leased land with the help of all the members. After sowing, all the members decided that 2 members will look after the farm. However, all the members are working in the farm.

In this collective farming they have decided to distribute the income earned equally after deducting the investment cost. By doing this all the members have got Rs. 6,000 each, which is quite good start for them. This group is working with full enthusiasm for better income and there is a feeling of unity among all the members.

3. Grain Bank for food security

In Sukhliya Village, Block Rahi, Raibarelli Dist., Uttar Pradesh, a survey of SHGs was organized to analyse the actual conditions of the SHGs. The SHGs have been created under RGMVP in order to make women of this village self-dependent and also to promote the concept of saving money within groups. One of the SHGs named Saraswati Mahila Svayamsahayata Samooh, formed on 10th June, 2011, has created a Food Grain

Bank. There are 11 members in this group, who have a total saving of Rs. 4,900. Smt. Thakur Devi, a member of the group, put forth the idea of creating a Food Grain Bank in a monthly meeting of the group. The group members decided to create a Grain Bank by collecting one handful of Rice and Wheat each month. At present the group has collected 200 Kg of wheat and about 1500 kg of rice, which they have used to help members during the drastic condition of drought in the region. Due to the unavailability of water, farmers were unable to sow crops in their farms so, at that time this Food Grain Bank helped the members of this group to survive.

This Grain Bank has also helped in the marriages in the village, especially for the people who are in desperate need. The bank provided them up to 50 kg of Wheat and 10 kg of rice. The Sara Swati Mahila Svayamsahayata Samooh is managing this Grain Bank successfully since then.

4. Strength in unity

Anita Anil Ghule was born in 1981 & brought up in Shirol Block, Kolhapur district in Maharashtra. She has one brother & three sisters. She was educated up to 9th class. She always wanted to study further and do something of her own to support her family. But when she was just 16 years of age, her parents forced her into marriage because, the groom's family was financially better off.

After marriage, she came to Kasba Sangav village in Kagal block in her in-laws house. She found favorable environment here for her dream of becoming an entrepreneur. She started a tailoring unit with the support of her husband & in-laws. The neighbouring women insisted that she take part in an SHG. Soon she started to save Rs. 50 in the group. On realizing the importance of savings, she convinced the group members to increase the savings amount to Rs. 100.

Bank provided a loan of Rs. 50,000 based on their SHG savings that was utilized for individual household expenses. Later, the SHG received a loan amount of Rs. 1,25,000 with which all the 10 members started a Catering Unit. As Kasba Sangav is an industrial area with a high proportion of migrants, there is a demand for homemade food by the migrant workers. The catering unit started with the loan amount received by the SHG started supplying tiffin boxes in that area and the business prospered with time.

The members in the group not only bonded well together but they have also started supporting other needy women and participating in the village level development activities and attending gram sabhas. Anita Tai stated that not only her family but also rest of the members feel proud about her role. Other members of the SHG also feel that their family members have started respecting their views and seek their participation in the family decision making process now that they are financially supporting their families with the SHG catering business.

5. Rice Mill in the Village

“At last we have operated the rice mill in our village”, said the secretary of Maa Tarini SHG in Guluru village of Nandapur block in Koraput district, Odisha. The SHG took Rs. 3,00,000 loans to initiate a rice mill in the village to cater the needs of the people in the area. Before the operation of the mill, they consulted various stakeholders to select the trade for utilizing the loan. At last they decided to start a rice mill as there was a heavy demand for the same. Hiramani, aged about 45 years, a member of the SHG, said that she earns around Rs. 300 per day. Since the last few months, the SHG has been operating the mill successfully, and have been earning around Rs. 15,000 to Rs. 20,000 by processing paddy. Now SHG members have decided to attach a turmeric processing unit to the rice mill to expand their business.

6. Illiteracy has not made any barrier to earn

Gatiroutpatana is only 8 Kms away from Cuttack Sadar block, Odisha. With the initiative of government, 12 women formed a SHG in 2006. When they initiated the process none of them visualized the impact of the SHG. Now they have taken a loan of Rs. 1 lakh to initiate preparation and processing of spices. This is the fourth bank linkage of this group. During the interaction we came to know that this group has never delayed the process of repayment to the bank. As a result of their punctuality and commitment, the bank has always supported this group for their initiatives. Parvati, aged about 42 years said that she is an active member of the SHG since its inception. She had studied up to class VII. Her level of literacy has not been any barrier to learn and earn by getting involved in the process of this group enterprise. She said her average income is 8 to 10 thousand per month. With this money she is able to give good education to her children.

7. A step towards leadership -Participation in gram panchayat elections

RGMVP (Rajeev Gandhi Mahila Vikas Pariyojna) has helped the women of Village Ambaara in Block Lalganj of District Raibariely, Uttar Pradesh, in forming their own SHG named Durga Maa Svayam Sahayata Samooh. The SHG was formed in 2010 and the members have been regularly saving money since then. There are 11 members, of which, 3 are from OCs, 3 are OBC's and 5 are from SC. The women are well united and organize regular meetings. In one of the meetings the members had a discussion about the Panchayat election and decided to make one of their members to contest in the election. Smt. Urmila Devi W/O Mr. Jayshankar was selected to go for it. After this meeting all the members informed a meeting of Village Panchayat that one of their group members would contest in the Panchayat election. Six other candidates were also in the race for Chetra Panchayat Member along with Smt. Urmila Devi. All the members helped Urmiladevi in her election campaign and with their united efforts; she won the Chetra panchayat election and became a chetra panchayat member.

8. From Voiceless to Vocal

Rama Bai SHG was formed in 2003 in Kurkuli Village of Karveer Block in Kolhapur district by Chaitanya an NGO based in Pune, Maharashtra. The SHG distributed the profits and savings among themselves and dissociated the group in 2013. In the journey of ten years, SHG meeting revolved only around financial transactions only.

A field staff from Community Managed Resource Centre (CMRC) came in to the village & explained in detail the scope of SHG program. All members of SHG for first time sat as a group & understood the issues that everyone is facing in their family, and society. They realized that even if they were getting options to resolve the issues they were hesitant to discuss their personal life. Rama Bai SHG was again revived with 10 members with 100 rupees savings of each. Gradually their confidence improved when they visited the bank, panchayat and police station to understand their roles & responsibilities. Earlier only President or Secretary of SHG visited the bank for the transaction purposes but now one member accompanies the leader every month.

Earlier based on their savings in the bank account, the bank provided a loan with lot of paper work. Now, due to partnership of CMRC with ICICI bank, the paper procedure has been reduced and a larger amount of loan is sanctioned. Based on their internal savings, they fulfil small credit requirements such as household expenses, children's education, and health etc. They meet their needs such as construction of house, children marriage or their business with the loan amount. They have setup a Village Development Committee with the members of other SHGs in the village where they discuss the development issues such as distribution of PDS, Water, IAY (Gharkul), internal roads or Dalit Wasti Sudhar Yojana.

A few of SHG members are the part of committees at village level; VHNSC (village health nutrition, sanitation committee), SMC (school management committee) & Tanta Mukti Samittee. They resolve certain family matters with their Jankar Team from CMRC through intervention of SHG & the committees. The SHG has received Rs. 1 lakh as a first loan from CMRC by which they have started a dairy business & house construction. Due to regular meetings, repayment is above 99 percent. They have full confidence that CMRC will support them for all financial and social requirements.

9. Protest gave us Positive Effects

A Village panchayat named Patna, Block Sarsaava in Saharanpur District, is a small village where several SHGs have been formed and are actively working with the help of Disha, an NGO. A couple of SHGs decided to protest against the sale of liquor in their village, a sensitive issue to talk about because a number of men were addicted to it. In the regular meetings of the group, the members discussed the sale of liquor in their village and how its use was having devastating effects within the families. It's also affecting the economic condition of the families in the worst possible way. Laxmi Svayam Sahayata Samooh with the help and collective efforts of Iraadesvayam Sahayata Samooh protested against the sale of liquor in their village. They protested at the District Administration office and gave a memorandum to the District Magistrate. They also asked the police department to take necessary actions on this issue, but the police and the administration did not take any initiative to put a halt on sales of liquor.

By the collective efforts of both the SHG's, they started to restrict the entry of liquor in their village as well as the sellers to sell the liquor. This movement turned in to a successful one. The groups along with the help of some village people have banned the sale of liquor in their village and the entry of outside people in the village who were selling the liquor. This movement has instilled a feeling of togetherness among the

members of the group and now they are ready to remove all the obstacles in the development of their village.

10. Determination can lead one to achieve the dream one pursue

This is the story of a lady, Rita Bhuyan, coming from a remote village in Ujani Majuli Block, from Jorhat District, Assam. She is keen to see her son pursuing higher education. Rita Bhuyan is helping her husband, who is a marginal farmer. The poor family was facing lots of hardship in running their family. The area is inundated at the time of flood. So, a little paddy cultivation at the time of winter and seasonal vegetable cultivation is the main source of earning for the poor family. Livestock is another source of earnings for the family. Despite the hardship they faced in their day to day life, they have admitted their children in school for the betterment of their future. Both the husband and wife couldn't finish their middle school education. So, they decided their children would not be deprived of education.

Rita, apart from doing her day to day household activities, is also helping her husband in the cultivation work. She has joined in Pubali SHG and due to her leadership capacity the members have selected her as their leader. She is running the SHG tasks very smoothly, keeping all the records properly and solving any member-related or finance-related problems of the SHG. As the group is practicing internal loaning from their own fund, as well as from the bank loan and federation fund, like the other members Rita Bhuyan is availing loans from these funds. Her cumulative loan amount from SHG fund stood at Rs.18,000, from federation fund at Rs.10000/- and loan from bank, at Rs. 5,000. With these amounts she has invested in multiple activities. Cattle and other livestock rearing is the main activity she is pursuing on her own. Apart from her own income generating activities, she is supporting her husband financially in procuring seeds for paddy and other seasonal vegetables and hiring a power tiller for field. The income earned by the husband and the wife spent in daily household related expenses is looked after mainly by the wife and major household purchases are taken care by the husband. In case of procuring assets and sending their son outside for higher education, both the parents contribute. They wish that one day their son will complete his higher education and pursue a better life.

11. 'Barli' the Whistle Blower for the Women Empowerment

Inja village is 15 km away from Karanja Block in Washim with a population of 1500. We met an SHG woman, Barli Vasudev Pawar who is 37 years old. She is married and has studied till 4th grade only. The most suitable word for her is "Whistleblower", because of her proactive nature. During the inception phase for the formation of SHGs in her area, nobody supported Sahyogini (Community Coordinator) sent by MAVIM. Conditions were tough for Sahyogini due to lack of civic amenities and poor infrastructure in the area. Somehow Sahyogini managed to gather a few women for meetings. After 3-4 meetings she noticed that Barli is the one who is taking active interest in participating. With the help of Barli Sahyogini started convincing women about the importance of saving, bank linkages and the benefits of an SHG. The women started mobilizing and formed their own Group named "Jai Bhawani". This was the beginning of a journey from darkness to light.

The community was involved in manufacturing local liquor and selling it for livelihood. This was adversely affecting their families due to the consumption on daily basis as well as the involvement of children in the venture. When Sahyogini explained the disadvantages of alcohol consumption, Barli was the first person who broke her own “Arrack Bhatti” (Liquor producing unit) & others followed her steps. This drastic step raised the question of their survival and livelihood. Women combined together to form the SHG and started savings of Rs. 50 per month, which helped them to get their first loan sanctioned from bank. They repaid the loan on time but that was not enough as the bank also had a credit requirement. Barli & Sahyogini took this matter to CMRC (Community Managed Resource Center) which provided them a loan through SHGBLP (Self Help Group Bank Linkage Program) from ICICI Bank. The SHG accepted this even though the interest rates were high than the local banks.

The SHG got Rs. 70,000 as loan from ICICI Bank that was equally divided between 7 people of the group, Rs. 10,000 each. Barli bought 3 goats with this loan. She raised them for a year & sold them with profit in the local market. She reinvested her money in disposable items & artificial jewellery and got high returns on the investment leading to profit of Rs. 25,000. She invested again in goat rearing & now after three years she is managing 52 goats with the help of her husband. Along with this, she has developed a trading business of plastic products by procuring from Mumbai, Kolkata, Bangalore, Hyderabad, and Chennai.

Her bare education credentials didn't hinder her business acumen and aspiration for the growth of her family. Her daughter is studying in a block level high school and Barli has a dream of seeing her as a Government Officer. She thinks that a woman can develop individually with the support and empowerment of her SHG.

12. Loan helps to cope up with health and Income

“My only son was very sick and ill. Doctor advised me to continue medicine and to give him country chickens’ egg to eat. I was surprised to learn that country chicken eggs are rarely available in our area. I was depressed. But all the problems have a simple solution”, said Parvati Malik, a 37 years old woman. Parvati is an active member of Maa Santoshi SHG in Alarpur village of Tangi-Choudwar block in Cuttack district, Odisha. Her husband is a daily wage earner and a share cropper. The five member family manages daily bread and butter only with the daily wage earning. When the doctor advised her to give her son an egg every day, Parvati decided to start country chickens in her backyard. She took a loan of Rs 5000/- from the SHG and initiated the business. Now, she has more than 40 country chickens in her yard and her son and daughters are getting eggs regularly. She earn up to Rs. 4000/- per month by selling egg and country chickens in a nearby village. “God gives problems to make us strong and a fighter. Every problem shows us the way to the success,” said Parvati in a smiling face.

13. Bank loan ensures family nutrition

Budri Guntha, aged about 40 years, lived with her husband and three children in Manbaar village of Koraput Sadar block, Odisha. They have only 0.04 acres of land adjacent to their habitation. Both she and her husband are daily wage earners. The total earning was not

sufficient to meet the family's needs. The family was not able to buy vegetables from the market so the children were unhealthy and underweight. They rarely eat pulses. One day she came to know from the SHG meeting that the SHG is going to apply for a bank loan. She eagerly said to take loan and do vegetable cultivation in her home garden. The SHG was linked to bank and got a loan of Rs 50,000/-. Budri took Rs 5000/- as loan from the SHG and started vegetable cultivation in her small patch of land. They are doing eggplant, pumpkin, yam, Ivy guard, ladies finger, green leafs and onion in the yard. "Now my children are getting vegetables regularly and are healthier than before. Thanks to the bank loan that ensured my family's health," said Budri.

14. Self Interest before advantage of all

The SHG Lakshmi is functioning in Bhuye village of Kurveer Block at Kolhapur district, which was formed in October 2002. The group functioned smoothly in its initial five years with its members and received Rs. 8,000 on disassociation. The SHG functioned for five years. In 2012, they distributed Rs. 8,000 again. A total of 14 out of 20 members showed their willingness to continue the SHG at this point. The SHG was revived in Feb 2013, with the same saving amount of Rs. 100.

The SHG was sanctioned Rs. 32,000 from SBI on 13 April 2015, under the SHGBLP. The loan was utilized for household expenses by the members. They were sanctioned Rs. 75,000 from Yes Bank in the 2nd Linkage. After repayment of this loan, the SHG got Rs. 1,25,000 in the 3rd linkage from Yes Bank and planned to purchase cows & buffalos. The members decided to initiate a Garments' Shop in their village. But they didn't start the business as only one member was willing to take up the responsibility of looking after the business. The group was not ready to take up the risk jointly for this entrepreneurial activity. Hence, all the members divided the loan amount equally & utilized this amount individually for household expenses, education and health issues.

Though the rate of interest charged by private commercial bank (YES Bank) is higher compared to the interest charged under SHGBLP, the members repaid 99% of the loan amount in all linkages. The success of bank linkages was due to the availability of loans from these commercial banks without much paper work within three weeks' time. SHPI or CMRC became the guarantor in this case. Instead of a Group, the SHG Members preferred it at the Individual level, because of their perceptions of risk factors affecting the business and family members' attitude towards entrepreneurial woman.

Now, the SHG members realized the importance of SHG savings, members' attendance, and maintenance of book of accounts, participation in development activities and the importance of a Group. For every small issue they were able to find a solution during their SHG meetings

15. Path of Entrepreneurship

Ms. Sunita Bagal is a 49 years old woman residing in Dattwad, Shirol Block Kolhapur District. She was born & brought up in Karnataka in the family of two brothers & one sister. She was educated only till the 8th class and married off at the age of 14 by her parents into a farmer's family which was trading bananas in Kolhapur & nearby villages. She had her first baby at the age of 18. She was not allowed to visit her maternal house

or relatives or even neighbours, due to the suspicious nature of her husband. Her husband used to fight with her during her pregnancy period of their second child. Gradually, she mustered courage to divorce him on the basis of domestic violence. She was worried for herself and her two children.

She came across the lady officer from Panchayat Samiti of Shirol block who insisted that she becomes a SHG member. She became a part of Matri Mahila Bachat Gath, formed in 2007 with savings of Rs. 100. In the first few months, the other members supported her to start a grocery shop. The decision to open a business helped her earn a livelihood. She is now the single parent for her children who are going to school. She has become a leader in her SHG & keeps the records neatly. With the Officials' support she grooms the group for further loans.

16. Manufacturing Agarbatties is a Good Business

Taavar in the block Nakud, District Saharanpur, is a small village where the livelihood opportunities are scanty. In order to work on generating better livelihood possibilities, an Organization (Janhit Foundation) has been working in this village. With the aim of developing the women, Janhit has formed a SHG (Self Help Group) named "Tamanna" with the help of RGMVP. This group was formed in the year 2012; there are 12 members in the group with a total savings of Rs. 39,000. The president of this group is Kavita who is 29 years of age and an active member of the group. She got an idea of starting her own business from the meetings of the group. So she decided to start a business of incense sticks/Dhoop Agarbatties. She shared this plan with her husband, who suggested opting for business rather than earning small amounts of money. So they started the business by investing their own funds of Rs. 20,000 and started making handmade Dhoop Agarbatties. So when her husband goes for work, Kavita makes Agarbatties. She started to sell these Dhoop Agarbatties to the small shopkeepers in the village but she started selling these Dhoop Agarbatties in the district in bulk. She started getting more and more orders daily and was unable to supply the demand. She then decided to take some machinery for making more Agarbatties and took Rs. 50,000 as loan from the MFI (Micro-finance Institution). She has now purchased the machinery and is making to supply adequate Dhoop Agarbatties and to meet the market demand.

She has now developed her own Brand ID and through internet, is getting more orders from district suppliers. Now her husband provides regular support to Kavita and helps her in making more Agarbatties per day. The name of her Brand is "Sakar" Agarbatties. She earns about Rs. 10,000 per month and sometimes when there are a large number of orders she earns about Rs. 38,000. Now that her economic status has improved she leads a happier life. .

17. No business is said to be small

Swayam Sahayata Samooh 'Gundan' is one of the SHGs organized with the help of RGMVP in the village of Ambara Paschim in Block Lalganj in Raibariely district of Uttar Pradesh. Smt. Meenu is one of the active members of the group who attends every meeting of the group. She took Rs. 40,000 loan from her SHG as CCL loan, and also invested Rs. 30,000 from her household savings to purchase a D.J. Sound System worth

Rs. 70,000. She and her husband started to rent out the DJ system for occasions like marriage and other local festivals in the village. She has earned Rs. 80,000 from it, and has repaid the entire loan amount. Now, she has invested more money in developing the DJ sound system, which is worth Rs. 1 lakh. She has several bookings in one day during the season. She is very happy with the improvement in her income and is able to provide better education to her children. Her economic growth is the story of success for all the women in the village.

18. SHG helped in establishing a hotel

Ms. Sujatha is a member of Jalanidhi SHG in Thumbe village, Dakshina Kannada District, Karnataka. She has been a member in that SHG for the last 10 years, with savings of Rs. 10,000. She availed a loan of Rs. 2,00,000 two years back for a hotel business from the SHG through bank loan. Her family is also involved in the business and has succeeded as well. They are very happy to be a part of this group, because of which they have earned Rs. 1000 to 1500 per day. She is able to educate her children with the help of that. Ms. Sujatha proudly states that out of this profit, they are purchasing a site for Rs. 7, 00,000 by taking additional loan along with their savings.

19. Bank loan backs the smile

Kamala Khara, a widow, is a member of the Maa Mandei SHG in Manbaar village of Koraput Sadar block, Odisha. The SHG linked to the bank under BLP and Kamala, took a loan of Rs 7,000 from the SHG and started ginger cultivation in her own land of 5 acres. She never thought that she will be able to do ginger cultivation without her husband's help. She sold ginger for Rs 1.5 lakh @ Rs. 40/Kg and stored 20 quintal of ginger in the distress time of the year. This year, she is going to repair her house as it is partially damaged in the heavy rain. "I will do the ginger cultivation in the next year along with potato and paddy. Initially I thought that I can't do cultivation without any investment, but now I have no fear as Maa Mandei SHG is with me", said 43 years Kamala.

20. Vegetable Farming is the best among all

"Iraade" Svayam Sahayata Samooh is one of the SHGs in Village Patna, Block Sarsava of District Saharanpur. This Group formed in July 2007 with the help of the non government organization, Disha. There are a total of 12 members in the group. All the members are collecting Rs. 50 each per month and have collected a total amount of Rs. 65,400. Kunta is the president of the group. She is well aware of her responsibilities towards the group. She organized the Iraade Svayam Sahayata Samooh and took Rs. 6,80,000 from the MFI, out of which they have used Rs. 2 lakh in collective farming of vegetables. The rest of the amount is distributed among the members.

Collectively they have cultivated vegetables like Ladyfinger, Potato, Cabbage and Cauliflower. They have been regularly organizing monthly meetings with Disha in order to get proper knowledge on effective vegetable farming and also to get trained on how to market these vegetables to earn more. They have earned a total profit of Rs. 1,44,000 after deducting the investment cost. This amount being significantly large, other villagers have also started to cultivate vegetables collectively.

By this move members of this group have improved their economic status, are now able to provide higher education to their children and support their families. President Kunta is now regularly providing training sessions on collective vegetable Farming to other SHG Groups of nearby villages.

21. Andhere se Ujale ki ore

Haji Mastan SHG was formed in August 2009 under the SGSY programme. The story behind the formation is quite interesting. One of the members Hasinabi Shamshoddin went to Collectorate at Washim to collect her widow pension & accidentally met the field staff of Swayam Shasan BSS. The field staff later guided her to get her entitlement. Hasinabi wanted to thank the field staff for her help. She decided to call her and brief other women in the village about SHG processes. The staff member provided them information on group formation and procedures. The ten women decided to form an SHG and open an account.

A young and educated member, Mumtaj Paveen was elected as a Secretary, despite opposition of her family to participate in the SHG meetings. Mumtaj started to share the meetings & trainings' learning gradually with her husband and he started to support her. All the ten members belong to Muslim community and hence they faced the dilemma. Under the restrictions of Shariat, income on interest is considered as "haraam" and is prohibited.

The representatives of NGO (SHPI) succeeded to convince the male members that income from interest will be considered as a service charge. They made the members realize their status in the rest of the society as a construction labour, fruit seller, cycle repair shopkeeper, vegetable/ fruit vendor, auto rickshaw driver, or garage mechanic. They earned money which was not enough to meet the needs of the family. With this saving & inter lending they are supporting each other to stand together.

Men, women, and elderly people took this as an opportunity & established SHGs. Now, there are 35 other SHGs formed in Ansing Village with all caste, creeds & religion. Based on their saving, the group got the first loan of Rs. 15,000 and a revolving fund of Rs. 10,000 from DRDA. All the money was individually distributed among the group members and utilized for house hold purposes.

The second time the group got Rs. 3,00,000 as a loan where the SHPI staff facilitates preparation of a family budget, MCP (micro credit plan) and balance sheet as advised by NABARD officials. This process creates an environment where every member gets to know about each other's requirements & reasons for loan. This proceeded further to earn the faith of not only the family, SHPI or Officials but also to create a supportive environment for the dormant SHG to have faith & repay the earlier loan, so that they get a chance to revive & demand a further loan.

All the 10 members assist their family members in one way or another by taking small amounts of loans from their SHG savings, by which the male members and the family members get involved in masonry work, selling fruit juices, grocery shop, bakery, garment shop, etc. As the group members got the loans, they started invested in activities which supported them to earn their livelihood & live their lives with dignity.

22. Vermi compost

Ms. Saidamma is a member of Hoonur Basha SHG of Bandrala village, Gangavathi block, Koppal District, Karnataka. She regularly attends the meetings and keeps track of savings & loans from the group (repaid promptly). She has land, has availed a loan of Rs. 15000/- for preparation of vermicompost, and has started the construction of a pit. In the beginning there was little yield. Now 20 bags of compost get made, each bag costing Rs. 350 and earning an amount of Rs. 7000/-. For maintenance she will pay Rs. 1500, with Rs. 5,500 as net profit, with which she is repaying her loan using the balance for her family. As the demand has increased, Saidamma & her family members are planning to prepare in bulk in the area. She says that she is getting the knowledge on this by being a member of this SHG, attending the trainings & field visit. She is happy to be a part of the SHG.