

**Disbursement of Pavala Vaddi
by Govt. of Andhra Pradesh
in Urban Areas**

STUDY CONDUCTED

BY

APMAS



APMAS

**Plot No.20, Rao & Raju Colony, Road No.2, Banjara Hills
Hyderabad- 500 034**

ACKNOWLEDGEMENTS

We are grateful to our CEO, Mr. C S Reddy for giving this wonderful opportunity to conduct a study on 'Disbursement of Pavala Vaddi by Govt. of Andhra Pradesh in Urban Areas'. We have immensely benefited from constant interactions with all the study team members in every stage of this study.

We are highly thankful to our Chairman, Mr. K. Madhava Rao, IAS for his valuable suggestions and encouragement at all stages in bringing out this report.

On behalf of APMAS, we wish to record our gratitude to Mr. M. Jagadheeswar, IAS, Mission Director, MEPMA and Mr. G. Vengal Reddy, Additional Mission Director, MEPMA, Hyderabad for formal collaboration for the study. Further, we are highly thankful to them for their critical feedback on the preliminary findings and the draft report of the study.

I sincerely extend my thanks to my learned colleagues, Dr. G. Bhaskar Rao, Mr. M.B. Subramanyam Reddy, Ms. B. Geethanjali, Ms. K. Varalaxmi, Mr. R.Y.V.S.V Bhaskar who have deeply involved in the preparation of study design, preparation & piloting of tools, data collection, data entry & analysis and report writing.

Our sincere thanks to Mr. C. Narayana Reddy, Regional Manager, who coordinated and involved in data collection in Anantapur Municipal Corporation.

Our sincere thanks to all the municipal officials, and IKP-Urban field staff, who have extended their cooperation at all levels in data collection during fieldwork.

Our immense thanks to all the elected representatives who spared their valuable time and sharing of their observations and opinion on the implementation of pavalavaddi programme.

Our earnest thanks to all the bank branch managers, who have provided the details of bank linkage and pavalavaddi and for sparing their valuable time, though we were visited during peak business hours.

We are greatly indebted to all the SHG members who spared their valuable time and provided information during our visit to SHGs.

Hyderabad
February 2009

Study Team
APMAS

CONTENTS

Section	Particulars	Page No.
	<i>Executive summary</i>	7
I	Introduction	14
II	SHGs- The Primary Stakeholders	17
III	Perceptions of Secondary Stakeholders	26
IV	Perceptions of Elected Representatives	35
V	Issues in Pavalavaddi-Voice of Stakeholders	38
VI	Recommendations	46
	<i>Annexure</i>	
1	<i>Data Collection Tools</i>	47

LIST OF TABLES

S. No.	Title of the table	Page No.
1.1	Sample Units and Their Coverage	15
2.1	Town-wise Profile of Sample SHG Members	17
2.2	Town-wise Monthly Savings of SHG Members and Cumulative Savings of SHGs	18
2.3	Town-wise No. of Times SHGs Bank Linked	19
2.4	Current Loan Status	20
2.5	SHGs Perceptions on Eligibility Criteria to Get Pavalavaddi	21
2.6	Town-wise Profile of Sample SHG Members	21
2.7	Disbursement of Pavalavaddi (in %)	22
2.8	Opinion of SHGs on Amount of Pavalavaddi Paid	22
2.9	Benefits of PV Perceived by SHG Members at Household level ..	24
2.10	Benefits of Pavalavaddi Perceived by Members at SHG Level ..	24
2.11	Reasons for Not Sanctioning Pavalavaddi to Other SHGs	24
3.1	Sample Units of Secondary Stakeholders	26
3.2	Objectives of PV as per Stakeholders	26
3.3	Processes, players, time and problems involved in preparation of claims under PV	29
3.4	Processes, players ,time and issues involved in disbursement of fund from MEPMA/PD to members	31
3.5	Fulfilled Objectives of PV	32
3.6	Unfulfilled Objectives of PV	33
3.7	Trends in SHG Banking in Andhra Bank, Rajam	33
4.1	Objectives of the PV Scheme	35
4.2	Measures Required to increase PV	35
4.3	Reasons for Unequal Distribution of PV	36
4.4	Observed Benefits of PV	36
4.5	PV Objectives, Which are Yet to be Fulfilled	37
4.6	Impact of PV on MFIs Operation	37

LIST OF ACRONYMS

AP	: Andhra Pradesh
APUSP	: Andhra Pradesh Urban Services for the Poor
ATP	: Anantapur
Avg.	: Average
BC	: Backward Classes
BPL	: Below Poverty Line
CO/CV	: Community Organizer/ Community Volunteer
CRP	: Community Resource Person
Cum.	: Cumulative
DEO	: Data Entry Operator
F	: Frequency
FGD	: Focus Group Discussion
IB	: Institution Building
IGA	: Income Generation Activity
IKP-U	: Indira Kranthi Patham-Urban
KMM	: Kammam
MBN	: Mahabubnagar
MC	: Municipal Commissioner
NGO	: Non-Governmental Organization
MEPMA	: Mission for Elimination of Poverty in Municipal Areas
mF	: Microfinance
MFI	: Microfinance Institution
Min	: Minorities
OC	: Other / Open Categories
Occ.	: Occupation
PD	: Project Director
PDS	: Public Distribution System
PPR	: Parvatipuram
PV	: Pavala vaddi
RAM	: Rajam
RJM	: Rajamundry
SC	: Scheduled Caste
SHG	: Self Help Group
SLF	: Slum Level Federation
ST	: Scheduled Tribe
TLF	: Town Level Federation
TPrO	: Town Project Officer

STUDY TEAM

Name	Designation
<i>Technical Advisor</i>	
Mr. C.S.Reddy	Chief Executive Officer
<i>Study Team</i>	
Dr. K. Raja Reddy	Associate Vice President
Dr. G. Bhaskar Rao	Associate Vice President
Mr. M. B. Subramanyam Reddy	Capacity Building Manager
Ms. B. Geethanjali	Capacity Building Officer
Ms. K. Varalaxmi	Capacity Building Officer
Mr. R.Y.V.S.V. Bhaskar	Consultant

1.1 Objectives of the study

The specific objectives of the present study are:

- To understand the processes involved in collection of information from the banks about eligible groups, preparation of list and submission of the same to MD, MEPMA/ PD - Urban and time involved in each stage.
- To know the fund flow mechanisms from MEPMA to PD; to MC; to Bank; to A/c of SHGs; to Members. Mode of disbursement in each stage and time taken in each stage.
- To learn the perception of different stakeholders on every issue related to Pavala Vaddi. The stakeholders include SHG leaders, SHG members, CD staff, bankers, MCs, Chairpersons, Councilors, SLF if existing, and PD Urban.

1.2 Sample covered

The study has covered 6 towns in which 2 are corporations (Anantapur and Rajamundry), 3 are municipalities (Khammam, Mahabubnagar and Parvathipuram) and 1 Nagarapanchayat (Rajam in Srikakulam District).

Data was collected from 72 focus group discussions (FGDs) (i.e. 36 with leaders and 36 with members) from 36 SHGs and 55 secondary stakeholders which include officials of MEPMA, staff, municipal authorities, bankers and elected representatives. In all the 36 SHGs, FGDs were held with leaders and members separately.

2 SHGs- the Primary Stakeholders

2.1 Profile

Of the total 36 sample SHGs, one-third was promoted by APUSP/ MEPMA, another one-third was promoted by self due to demonstration effect and the remaining one-third was promoted by NGOs and community. The average age of the sample SHGs is 76 months. The average age of SHGs in Rajamundry is high with 91 months where as low in Anantapur with 55 months.

Of the total 416 SHG members majority are BCs (70%) followed by SCs (14%) and OCs (11%). Nearly half of the SHG members are illiterate followed by Upper primary and high school education. Majority SHG members (92%) are White Ration Card holders. Of the total 416 SHG members, nearly three-fourth have their own houses and the remaining, little more than a quarter are in rented houses. The no. of people living in rented houses is positively correlated to the status of the town

2.2 Savings

All the 36 sample SHGs have the practice of monthly meetings and savings. Average monthly savings of an SHG member is Rs. 53 and it varies from Rs. 30 to Rs. 100. The average cumulative savings of SHG is Rs. 34,898. The cumulative savings of SHGs in Anantapur is less even though the monthly average savings of SHGs in Anantapur is high compared to Khammam and Mahabubnagar.

2.3 Details of bank linkages

Of the total 36 SHGs, 26 have savings account with commercial banks and the remaining (10) are with regional rural banks. As the bankers are unwilling to give large volume of loans many SHGs have closed their accounts in commercial banks and opened their accounts in regional rural banks that have been providing comparatively larger volume loans.

On an average the sample SHGs were bank linked 3 times. Many SHGs were bank linked thrice (31%) followed by twice (28%). Of all the 6 sample towns, more no. of SHGs bank linked more than 3 times is high in Rajam and Mahabubnagar. The average cumulative loans borrowed by each SHG are Rs. 2.12 lakh. On an average, the volume of loan is high to the SHGs in Parvatipuram (Rs. 87,000) followed by Anantapur (Rs. 85,000); and it is less in Rajam (Rs. 49,000) followed by Mahabubnagar (Rs. 67,000).

2.4 Status of current bank linkage

Of the total 36 SHGs, 33 have borrowed a loan of Rs. 44,54,000 with average loan of Rs. 1,34,970. The volume of loan is positively correlated to no. of linkages i.e. linkage increases the loan volume also increases. Repayment period varies from 18 to 36 months depend on the volume of loan and linkage. Of the loan outstanding amount of Rs. 22,49,880, Rs. 26500 (1.17% arrears rate) is the over due of 4 SHGs, 2 from Parvathipuram and 1 each from Kammam and Rajamundry.

Regular or on time repayment of loans (81%), good functioning of SHGs, more no. of bank linkages are the most eligibility criteria for pavala vaddi. Further, it also found that there is no much difference between leaders and members in their awareness levels.

Many SHGs have reported reasons as (i) Irregular repayment of loan or installments (32%), (ii) waiting for sanctioning of 'pavala vaddi' (31%), and (iii) lack of sufficient funds and no staff (38%) for not getting 'pavala vaddi' to eligible groups.

2.5 Details of pavalavaddi

Of the total 36 SHG leaders interviewed, 31 have reported that they have received 'pavala vaddi' 1 to 4 times. Most of the SHGs don't know how much amount of interest reimbursed in each time. As per the interviews with SHG leaders, 31 SHGs have received a sum of Rs. 59,233 with an average of Rs. 1,910 in 1 to 3 times. Further, they also don't know whether the amount paid is for the previous loan or current loan. The SHGs have no idea on the amount of interest paid to bank and the amount entitled under 'pavala vaddi'.

2.6 Disbursement or utilization of 'pavalavaddi'

Half of the SHGs have deposited in SB account what ever the amount they have received under "'pavala vaddi' programme' to increase group their corpus and to share benefits to all group members. Nearly one-quarter of SHGs have distributed 'pavala vaddi' equally to all its members to encourage their members; meet their credit needs; and to pay monthly thrift. Nearly one-fifth of SHGs, whatever the amount got under 'pavala vaddi' programme' adjusted to loan installments.

2.7 Opinion on pavalavaddi

Of all the group discussions with leaders and members, 46% have reported that they don't know when was 'pavala vaddi' sanctioned and deposited to SHGs' savings and or loan accounts.

2.8 Expenditure on pavala vaddi

Of the total 72 respondents, 75% have not spent any amount to get 'pavala vaddi'. However, one-fourth of respondents have spent Rs. 30 to Rs. 500 to get 'pavala vaddi'. The expenditure includes stationary, food and payments to staff for their services.

2.9 Benefits of pavala vaddi

Little more than 80% of SHGs have reported that they got loans on low interest rate with less interest burden (39%). Of the total 72 respondents, nearly one-fourth have taken up some income generating activity.

Of the total 72 respondents, many (39%) have reported that there is a regular repayment of loan installments, some times prepayment (12%). Nearly one-third have said that there is a high demand for loans at SHG level.

Few SHGs have reported that dependency on external sources for credit has been increased to repay the large amount of monthly loan installment. Further, to ensure on time repayment which is the most important criteria for getting 'pavala vaddi', at times of their inability to mobilize funds, groups have adjusted their saving to loan installments.

3 Perceptions of Secondary Stakeholders- PIA and Banks

3.1 Objectives of PV scheme

Majority of members (32 out of 41) said the objective of the program is to encourage the SHG bank linkage (Table – 3.2). However, there was no clarity that how the scheme would impact positively the SHG bank linkage.

3.2 Awareness and training about PV

Out of 41 respondents, 14 are aware of training/ awareness given to SHG members; 8 respondent knew that some training and orientation was given to SHG leaders; 6 members said that training/ orientation was given to SHG federations; 9 members said that field staff was given orientation; 5 members said that higher officials were given some orientation on PV and 6 respondents informed that bank officials got some orientation.

3.3 Process of disbursement of PV

The process involves three steps, viz. (a) Preparation of claim by the local officials and submitting of the same to the district/ state level officials; (b) Obtaining funds from state/ district administration and (c) Disbursement of funds to SHG members. These issues are discussed in this section.

3.4 Preparation of claims and submission to the PD

As per the respondents, there are five steps in preparation of the list and claiming the amount. A few have been completing the entire process in fewer steps. In each step the exact activities vary from one place to another. Responses of the respondents have been summarized at Table – 3.3.

The major hurdles reported by different stakeholders in preparation of the claims and submission are:

Field staff related problems: (i) Shortage of field staff, (ii) less awareness about the program, (iii) frequent changes, (iv) over burden with other than SHG works, and (v) less incentive to work productively.

Group related problems: (i) Less awareness; irregular meetings, (ii) financial transactions and repayments, and (iii) lack of proper book keeping.

Banks related problems: (i) Shortage of staff; work pressure, (ii) not able to properly scrutinize the list prepared by the MEPMA staff, and (iii) not able to distinguish SHGs of rural areas and urban areas.

Administrative related problems: (i) Shortage of stationary; shortage of DEO, (ii) inadequately trained/ qualified DEO, (iii) over burdening of federation activities, including cramping of their meetings.

3.5 Obtaining funds from the State Government/ District Administration

According to different respondents, time required to get funds from the State Government or District Administration vary between 2 weeks and 3 months.

3.6 Distribution of funds from MEPMA/ PD to members

Disbursement process: The steps, the mode of transfer, the time and issues involved in disbursement of funds from PD/ MEPMA to the members is summarized at Table – 3.4. Here also there is no uniformity. The responses, i.e. practices; time taken and issues are quite different from one place to another place.

Amount disbursed: More than half of the groups did not get PV even once. The data suggest only about 1/3rd of amount due was reimbursed so far. It appears that the reimbursement has been done in chronological order as per many respondents. In Rajam, the Municipality has reimbursed the PV from general funds. It has adversely affected its general work.

Geographical coverage: Of the total 465 habitations, all SHGs were provided PV in 120 habitations; in 45 habitations, 75% to 99% groups got PV; in 65 habitations, 50% to 74% groups got PV.

3.7 Objectives fulfilled and yet to be fulfilled

PV has contributed for strengthening of SHGs as per 17 respondents. Other important benefits include prompt repayment of bank loans, larger bank loans to SHGs, and increase in economic condition of the members. At the same time many respondent feel that many objectives of PV scheme are yet to be fulfilled. Bank loans are still inadequate and beyond the reach of the poor.

4 Perceptions of Elected Representatives

4.1 Objectives of PV

The principal objective according to about 50% of respondents is to boost SHG banking program. Almost 50% members feel that strengthening of SHGs, by imparting a sense of financial discipline is another major objective. Providing loans on less interest rates or lower the interest burden is another important objective. In total 14 respondents, 6 said that there is not enough awareness about PV.

4.2 Coverage of PV

Out of total 14 respondents, 8 said that the program is not covered uniformly across all the slums in the town/ city (Table – 4.4).

4.3 Observed PV fulfilled and yet to be fulfilled

The principal objective of providing loans at low rate of interest rate has been fulfilled according to 6 respondents. Most of the objectives are fulfilled partially. Larger bank loans and timely bank loans are still eluding the SHGs according 50% of respondents. PV is not reaching all the groups.

4.4 Impact of PV on MFIs/ informal lending

The impact of PV on MFIs/ informal lending is mixed at best. There is no change according to 5 respondents. Though the business of MFIs has declined in many places, many members have dual membership and facing the burden of repayment of multiple loans. MFIs are also using SHGs for further their business.

5. Issues in Pavala Vaddi -Voice of Stakeholders

5.1.1 Issues reported by SHGs

The SHGs, MEPMA officials and staff at field level, and the elected representatives have reported the following problems relating to the implementation of 'pavalavaddi'.

Project related issues: (i) MEPMA is unable to support the PV and field staff, (ii) shortage of staff, (iii) burdening of field staff with many other activities, (iv) frequent transfers, (v) not enough training and orientation to the field staff.

Problems in listing eligible SHGs: (i) No periodical information collection, (ii) no information on the entitlements of 'pavala vaddi', and (iii) long waiting period.

Problems in sanctioning & releasing PV: (i) Too much delay, (ii) inadequate release of funds, (iii) no or less awareness on PV guidelines to authorities, (iv) less amount of PV payment, (v) mobilization of SHGs for public meetings on the name of disbursement of PV.

Problems from the bankers: (i) No information to SHGs from banks on deposition of PV, (ii) exclusion and or delay of loans to the SHGs unwilling to take up insurance and fixed deposits, (iii) small volume of loans, (iv) adjustment of PV for loan installments, (and v) delays due to transfers.

Issues relating to bank linkage: (i) irregular repayment of loan installment, (ii) information collection about PV from banks rather than at SHG level, (iii) bankers charging 12% interest rate instead of 3% interest on SHG loans, (iv) no periodical information collection and on the entitlements of PV.

5.1.2 Problems reported by officials & staff in implementation of PV Schemes

Problems reported by the officials of MEPMA and banks, and field staff are: (i) delays at all levels are the major problem according to most of the respondents. (ii) Delays in release of funds and release of inadequate amount by the MEPMA are the second most crucial problems. (iii) Vacancies in the project and inadequate induction of staff are the third critical problems. (iv) Non-cooperation of banks is another problem. (v) Lack of awareness about the PV among primary stakeholders is yet another critical issue. (vi) According

to some respondents that some of the irregular/ default groups also demanding PV and in fact some irregular groups got it.

5.1.3 Problems reported by elected representatives in implementation of PV

All the responses of elected representatives regarding problems in implementation of PV could be grouped into 4 groups, i.e. bank related problems, funds related problems, project related problems and field staff related problem.

Bank related problem: (i) Bankers are not providing loans as per need and demand, (ii) bankers' response is poor, (iii) frequent transfers in banks are affecting adversely the SHG banking, and (iv) due to work pressure bankers are not able to provide data about PV.

Funds related problems: (i) Inadequate release of funds, and (ii) release of funds with considerable time lag.

Project related problems: (i) MEPMA is not able to support the PV and field staff, (ii) taking more time in each activity, and (iii) field staff related problem- (a) shortage of staff, (b) burdening of field staff with many other activities, (c) frequent transfers in the staff, and (d) not enough training and orientation to the field staff

5.2 Suggestions to MEPMA, banks and SHGs

5.2.1 SHG expectations/Suggestions

Suggestions to the project: (i) Awareness programmes on PV to SHGs and staff, (ii) information dissemination on 'pavala vaddi' in meetings at various levels, (iii) periodical needs assessment of groups regarding 'pavala vaddi', (iv) disbursement of interest subsidy to groups on regular basis, (v) up-dation of 'pavala vaddi' & bank linkages information on monthly basis, (vi) timely sanction & release of required funds, (vii) disbursement of PV to SHGs through SLFs, and (viii) appointment of sufficient staff at field level.

Suggestions to banks: (i) Bank linkage to all eligible groups, (ii) large volume of loans; Reimbursement of 'pavala vaddi' once in 3 months, (iii) avoid informal practices such as freezing of savings account, forced fixed deposits and life insurance policies from SHG members, (iv) collection of 3% rate of interest instead of 8 to 14.5 percent at the time of repayment of loan installments, (v) banks should directly collect subsidy from DRDA to avoid all kinds of procedural delays, (vi) separate counter or day in a week for SHGs transactions in the branch, and (vii) dissemination of information in the notice board of banks, immediately after deposition of PV in SHG savings or loan account.

Suggestions to SHGs: (i) Regular on time repayment of both internal and external loans, (ii) 'pavala vaddi' as agenda point in SHG & SLF meetings, (iii) promotion of income generating activities with large amount of loans, (iv) information dissemination from leaders to members, and (v) encourage more savings over a period of time

5.2.2 Suggestions from secondary stakeholders

The suggestions of elected representatives for better implementation of PV and its higher impact are grouped into the following six categories.

Suggestions for SHGs: (i) Groups should focus on proper utilization of loan amount for IGA, (ii) apart from individual IGA, group level IGA should also be focused, (iii) groups should improve their functioning and repay bank loans regularly, (iv) older groups should guide the new groups, and (v) groups and members should desist from going to MFIs and lending bank loan amounts to non-members.

Suggestions for the field staff: (i) close monitoring of groups' functioning, (ii) members education about best practices and PV, and (iii) proper MIS.

Suggestions for the officials: (i) Strengthen the field staff, train them properly and motivate them to perform to the best of their ability, (ii) avoid frequent transfers of staff, (iii) avoid burdening of field staff with other works, (iv) issue letter to SHGs about PV deposit, (v) focus on SHG institution building and their awareness, (vi) timely release of funds, (vii) responsive to groups needs, (viii) make sure that groups do not make a number of visits to the office for a single problem, and (ix) involve local political leaders in the program, especially in mobilization work.

Suggestions for the bankers: (i) Bankers should give loans liberally to all eligible SHGs, (ii) increase the loan size, (iii) bank linkage should be transparent so that political leaders can bring the problems of SHGs to the notice of concern bank, (iv) behavior towards SHGs should be positive and accommodative, (v) should organize orientation meetings once in a month and also should take part in campaigns organized by MEPMA/ Municipal Corporation, (vi) continuity in the work despite transfers, and (vii) banks may send the list directly to the Govt./ PD

Suggestions for the Government: (i) focus on awareness generation and institutional development, (ii) release funds in time, (iii) implement all promises, (iv) increase staff, (v) avoid political interventions, (vi) online distribution of PV, and (vii) coordination with banks.

Suggestions for the elected representatives: (i) Commitment in providing services to public, (ii) should be aware of all details of all schemes, (iii) don't influence for favoritism interest and stop lobbying for nepotism, (iv) encourage best groups and mobilize women, (v) interact with the bankers, and (vi) take active role in review meetings

SECTION-I: INTRODUCTION

1.1.1 Context

Over 27% of population in Andhra Pradesh lives in urban areas and the same is increasing at rapid pace. The poverty ratio in urban areas, at 26.68%, is more than two times that of rural areas. It is well known that the urban poverty is more complex and can pose greater threat to the law and order problems, urban life and social issues. To address the challenges of urban poverty in a missionary mode, the Government of Andhra Pradesh, established the Mission for Elimination of Poverty in Municipal Areas (MEPMA). The vision and mission of MEPMA are:

- *Vision:* All urban poor families will have improved quality of life by accessing services from all organizations through their own strong self reliant and self managed institutions
- *Mission:* To enable the urban poor particularly the poorest of the poor to eliminate poverty and vulnerability in a sustainable manner and improve their quality of life in urban areas.
- *Objectives:* To promote, strengthen and nurture self-sustainable institutions of the poor and through them, address all poverty issues like access to credit, financial freedom, health, disability and vulnerability.

Operational area and strategy: The operational area of MEPMA consist of 124 Municipalities/ Corporations in the state. The target groups consist of 58.93 lakh urban BPL population out of total 2.08 Cr. urban populations. MEPMA adopted SHG strategy, which proved to be very effective in poverty eradication in the rural areas in the state. The programs of MEPMA are named as 'Indira Kranthi Patham – Urban'.

SHG movement in urban areas

As on 31st October 2008, there are 1.8 lakh SHGs in the urban areas. Of which 1.15 lakh got bank linkage. The cumulative bank credit amount is Rs.1,296 cr. and the recovery rate is 97%.

1.1.2 Pavala Vaddi

To strengthen the SHG banking the Government of Andhra Pradesh introduced a novel scheme known as 'Pavala Vaddi' in 2004. Under this program bank loan are being made available to SHGs at 3% rate of interest. Though SHGs repay the bank loans with normal rate of interest charged by their banks, the State Government reimburse the SHG, the excess interest amount, over and above 3% paid by each SHG. The scheme is applicable only to regular loans or loans, which are being repaid as per the agreed terms and conditions. The Pavala Vaddi is being implemented in the urban areas for last three years. So far 72,000 SHGs availed Rs.14.70 cr. of Pavala Vaddi. The scheme has resulted in (i) establishment of links with banks, (ii) perpetual access of bank loans by the poor, (iii) increased and prompt repayment of bank loans by the SHGs, and (iv) increase in average loan size.

1.2 Objectives of the study

The broad objective of the present enquiry is to identify bottlenecks or gaps in delivery system and suggest ways to put in place systems for effective implementation of the scheme. The specific objectives of the present study are as follows:

- i. To understand the processes involved in collection of information from the banks about eligible groups, preparation of list and submission of the same to MD, MEPMA/ PD – IKP-Urban and time involved in each stage;
- ii. To know the fund flow mechanisms from MEPMA to PD; to MC; to Bank; to A/c of SHGs; to Members. Mode of disbursement in each stage and time taken in each stage; and
- iii. To learn the perception of different stakeholders on every issue related to Pavala Vaddi. The stakeholders include SHG leaders, SHG members, CD staff, bankers, MCs, Chairpersons, Councilors, SLF if existing, and PD Urban.

1.3 Sample covered

The study has covered 6 towns in which 2 are corporations (Anantapur and Rajamundry), 3 are municipalities (Khammam, Mahabubnagar and Parvathipuram) and 1 Nagarapanchayat (Rajam in Srikakulam District)

The study has covered 72 focus group discussions (FGDs)(i.e. 36 with leaders and 36 with members) from 36 SHGs and 55 secondary stakeholders which include officials of MEPMA staff, municipal authorities, bankers and elected representatives. In all the 36 SHGs, group discussions were held with leaders and members separately.

Sample Unit	Towns & No. of Sample Units						
	ATP	RJM	KMM	MBN	PPR	RAM	Total
SHG leaders	6	6	6	6	6	6	36
SG Members	6	6	6	6	6	6	36
SLF Members	2	2	2	2	2	2	12
Project Directors	1	1	1	1	1	1	6
Municipal Commissioners	-	1	1	1	1	1	5
Town Project Officers	1	1	1	1	1	1	6
Community Coordinator	2	1	1	2	2	2	10
Municipal Chair person	-	1	1	1	1	-	4
Councilor/ Corporater	2	2	2	2	2	-	10
Total	20	21	21	22	22	19	125

Note: ATP-Anantapur; RJM-Rajamundry; KMM-Khammam; MBN-Mahabubnagar; PPR-Parvatipuram; RAM-Rajam

1.4 Fieldwork & data collection

Data was collected through focus groups discussions with SHG leaders and members separately from each category. In-depth Individual interviews were conducted with the project staff at all levels such as Project Director, Municipal Commissioner, Town Project Officers; SHG representatives of slum

level federations (SLFs); bankers; and elected representatives such as municipal chair-person and the Corporater/ Councilor. A check-list was prepared to conduct structured interviews with all the secondary stakeholders.

Three study teams each consist of two members conducted field work for data collection in all the 6 selected towns from 7th to 12th December 2008. Each study team covered 2 towns- team-1 covered Anantapur and Mahabubnagar; team-2 covered Parvatipuram and Rajam; and team-3 covered Khammam and Rajamundry.

1.5 Limitations of the study

- SHG-wise and loan-wise amount of interest reimbursed is not available at any level to compute demand and supply.

1.6 Structure of the report

The report has divided into six sections. Section-1 discusses the background of the study, objectives and the research design. Sections-2 mainly discusses the profile of sample SHGs, bank linkages, details and opinion of SHG on 'pavala vaddi'. Section-3 & 4 mainly highlights the understanding of secondary stakeholders such as project staff, bankers, and elected representatives. Section-5 deals with the issues in the implementation of pavala vaddi and the suggestions from various stakeholders to MEPMA, banks and SHGs. Section-6 recommendations to MEPMA based on the findings of the study for the better implementation of the programme.

SECTION-II: SHGs-THE PRIMARY STAKEHOLDERS

2.1 Profile of sample SHGs

Of the total 36 sample SHGs, one-third was promoted by APUSP/ MEPMA, another one-third was promoted by self due to demonstration effect and the remaining one-third was promoted by NGOs and community. It reveals that APUSP/MEPMA, NGOs and the community have been played equal role in the formation of SHGs in the sample towns.

The average age of the sample SHGs is 76 months with a minimum and maximum of 23 and 125 months respectively. Of all the six towns, the average age of SHGs in Rajamundry is high with 91 months and low in Anantapur with 55 months.

Table-2.1: Town-wise Profile of Sample SHG Members								
Details	Name of the Town						Total	%
	ATP	RJM	KMM	MBN	PPR	RAM		
Social Category	73	72	65	60	76	70	416	100.00
ST	13	0	2	0	0	0	15	4.34
SC	12	1	10	2	1	32	58	7.51
BC	37	66	39	51	62	38	293	73.70
Min	1	0	2	3	0	0	6	1.73
OC	10	5	12	4	13	0	44	12.72
Literacy levels	73	72	65	60	76	70	416	100.00
Illiterate	44	29	32	31	26	45	207	46.82
< 5th Class	6	23	5	3	19	14	70	16.18
6th-10th class	19	18	24	22	29	9	121	32.37
College	4	2	4	4	2	2	18	4.62
PDS-Card type	73	72	65	60	76	70	416	100.00
White card	71	67	58	51	69	68	384	91.33
Pink card	0	4	1	1	3	0	9	2.60
Other	0	0	0	0	2	2	4	0.58
No card	2	1	6	8	2	0	19	5.49
Type of house	73	72	65	60	76	70	416	100.00
Own house	39	42	41	41	70	60	293	67.34
Rent house	34	30	24	19	6	10	123	32.66
Primary Occ.	73	72	65	60	76	70	416	100.00
Daily laborers	36	15	18	22	38	44	173	37.28
Employment	7	7	18	8	5	5	50	13.01
Self employment	24	50	25	28	18	21	166	41.91
Others	6	0	4	2	15	0	27	7.80

Of the total 416 SHG members, majority are BCs (70%) followed by SCs (14%) and OCs (11%). Nearly half of the SHG members are illiterate followed by Upper primary and high school education. Further, the data also shows that illiterates are more in Rajam (45/70) and Anantapur (44/73) compared to all

other sample towns. It could be because of socio-economic backwardness of the districts. The data shows that most SHG members (92%) possessing white ration card and an insignificant number of households have no ration card. It could be because those have migrated to town recently.

Of the total 416 SHG members, nearly three-fourth have their own houses and the remaining, little more than a quarter are in rented houses. The no. of people living in rented houses is positively correlated to the status of the town i.e. Status of town increases, the no. of SHG members residing in rented houses also increases. It could be because of high migration from rural to rapidly growing urban cities. Many households' primary occupation is daily wage labourer (43%) and self employment (39%).

2.2 Details of savings

All the 36 sample SHGs have the practice of monthly meetings and savings. Average monthly savings of an SHG member is Rs. 53 and it varies from Rs. 30 to Rs. 100. Majority SHGs (58%) are saving of Rs. 50 per month per member. The average monthly savings is low in Rajam (Rs. 40) compared to all other towns. The amount of savings per month per member depends on the socio-economic conditions of the members and age of SHGs. During informal discussions, many groups reported that they have increased their monthly savings as to get large volume of loan by increasing their group corpus.

The average cumulative savings of SHGs is Rs. 34,898 with a minimum and maximum of Rs. 6,500 to 1,00,000 respectively. The cumulative savings of SHGs in Anantapur is less even though the monthly average thrift of SHGs in Anantapur is high compared to Khammam and Mahabubnagar. It could be because of irregular savings, defunct of group, less age of sample SHGs and distribution of cumulative savings to their members in the past.

Table-2.2: Town-wise Monthly Savings of Members and Cum. Savings of SHGs

Name of the town	Monthly thrift of member		Cumulative Savings of SHG	
	Sum	Average	Sum	Average
Anantapur	450	75	243,654	40,609
Rajamundry	250	42	159,093	26,515
Khammam	350	58	252,500	42,083
Mahabubnagar	320	53	249,400	41,568
Parvathipuram	290	48	188,872	31,479
Rajam	240	40	162,823	27,137
Total	1,900	53	1,256,342	34,898

2.3 Details of bank linkages

Of the total 36 SHGs, 26 have savings account with commercial banks (CBs) and the remaining (10) are with regional rural banks (RRBs) or grameen banks. During discussions, SHGs have reported that at the beginning many SHGs have savings accounts with CBs. As the CBs are unwilling to give large volume of loans, many SHGs have closed their accounts in CBs and opened their accounts in regional rural banks that have been providing comparatively larger loans. Again, SHGs have been shifted their savings accounts to the bank which is providing banking services to their area based on service area approach as suggested by Municipal Corporation of Mahabubnagar.

Consequentially, some SHGs have been waiting and repeatedly visiting banks for credit from the past 6 months.

On an average the sample SHGs were bank linked 3 times. Many SHGs were bank linked thrice (31%) followed by twice (28%). However, a good no. of SHGs were bank linked 4 to 5 times (32%). Of all the 6 sample towns, more no. of SHGs bank linked more than 3 times is high in Rajam and Mahabubnagar where as in Parvatipuram there are no 4th /5th bank linked SHGs.

Linkage Number	Name of the Town						Total	%
	ATP	RJM	KMM	MBN	PPR	RAM		
First	1	-	-	1	2	-	4	11.11
Second	3	3	1	1	2	-	10	27.78
Third	1	1	3	1	2	3	11	30.56
Fourth	1	1	1	3	-	-	6	16.67
Fifth	-	1	1	-	-	3	5	13.89
Total	6	6	6	6	6	6	36	100.00
Avg. cum. loans	2.33	3.00	3.33	3.00	2.00	4.00	2.94	
*Loan amt	1.99	2.11	2.87	2.01	1.75	1.99	2.12	
<i>* Average Cumulative Loan Amount in lakhs</i>								

The average cumulative loan borrowed by each SHG is Rs. 2.12 lakh, and it varies from Rs. 20,000 to Rs. 663,000 depend on no. of times an SHG bank linked for credit and the amount of loan sanctioned at every linkage. On an average, the volume of loan is high to the SHGs in Parvatipuram (Rs. 87,000) followed by Anantapur (Rs. 85,000) and it is less in Rajam (Rs. 49,000) followed by Mahabubnagar (Rs. 67,000).

2.4 Status of current bank linkage

Of the total 36 SHGs, 33 have borrowed a loan of Rs. 44,54,000 with average loan of Rs. 1,34,970. The average current loan amount varies from linkage to linkage. The volume of loan is positively correlated to no. of linkages i.e. linkage increases the loan volume also increases. However, after 4th linkage the volume of loan has decreased. The amount of loan volume increase from linkage to linkage is almost double to its previous linkage. For instance, the average loans size in 1st linkage is Rs. 39,000, 2nd linkage is Rs. 76,111, 3rd linkage is Rs. 136,909, 4th linkage is Rs. 225,000 and 5th linkage is Rs. 1,67,000.

Repayment period varies from 18 to 36 months depends on the volume of loan and linkage. In most 1st & 2nd linkages, repayment period is 10 to 12 months, where as to 3rd & 4th linkages it is 18 to 36 months. During focus group discussions, SHGs have reported that though banks fixing the loan repayment period in consultation with SHGs, not giving much importance to the voice of SHGs. Instead of giving breathing space to SHGs, bankers have been encouraging prepayments by saying that if you repay early you can get large volume of loan in repeat linkage. Hence, many SHG by all means, even during difficult times, by mobilizing funds from traditional credit sources repay loan installments regularly.

The loan amount per installment varies from Rs. 900 to Rs. 15,000 per month per SHG with an average of Rs 5,657. During discussions, SHGs have reported

that irrespective of SHGs' repaying capacity, banks fix the loan repayment period and amount per instalment. Further, no SHG knows about the amount of principle and interest they have been paid per instalment. They have been paying some amount every month as per the banker's instructions. Hence, they don't know the details of how much principle and interest pays in each bank installment.

District	Total amount of loan in Rs.	Total loan O/s in Rs.	Total loan due in Rs.
Anantapur	680,000	179,789	--
Rajamundry	721,000	441,178	--
Khammam	995,000	574,891	5,500
Mahabubnagar	650,000	290,609	--
Parvathipuram	778,000	383,286	16,800
Rajam	630,000	380,127	4,200
Total	4454,000	2,249,880	26,500

Of the total loan amount of Rs. 44,54,000, all the 33 SHGs have repaid 50.51% of loan amount. Of the loan outstanding amount of Rs. 22,49,880, Rs. 26,500 (1.17% arrears rate) is the over due of 4 SHGs, 2 from Parvathipuram and 1 each from Kammam and Rajamundry. The SHGs have reported migration and death of member/household member as reasons over due.

Some SHGs have reported that due to peer pressure on members for on time repayment of loan installment and to get eligibility for 'pavalavaddi', few members on and off approach traditional sources such as money lenders and commercial microfinance institutions for credit. Some SHGs/members borrowed loans from groups, lent to their group members and or to the non-SHG members for higher interest rate. According to the information provided by one of the Municipal Commissioners, about 20% of SHG members whatever the amount borrowed from SHG under bank linkage lent to outsiders for higher interest rate i.e. Rs. 3-5 per month per hundred.

2.5 Eligibility or prerequisites to get 'pavala vaddi'

Information was collected from SHG leaders and members on eligibility criteria for 'pavala vaddi' to know their awareness on the guidelines of pavala vaddi. Data shows that regular or on time repayment of loans (81%), good functioning of SHGs, more no. of bank linkages are the most eligibility criteria for pavala vaddi. Further, it also found that there is no much difference between leaders and members in their awareness levels. It reveals that SHGs have high awareness levels on the prerequisites of an SHG to get pavala vaddi. This could be because bankers, APUSP/MEPMA staff have repeatedly shared these things at the time of bank linkage & loan disbursement and in SLF meetings.

The opinion of SHGs on the reasons for not getting 'pavalavaddi' to eligible SHGs was also collected. Many SHGs have reported reasons for not getting 'pavala vaddi' to eligible groups as (i) Irregular repayment of loan or installments (32%), (ii) waiting for sanctioning of 'pavala vaddi' (31%), and (iii) lack of sufficient funds and no staff (38%).

Criteria	Leaders	Members	Total
Regular /on time repayment of loan	83.33	77.78	80.56
Good functioning of SHG	66.67	52.78	59.72
More no. of bank linkages	19.44	19.44	19.44
Bank linkage	55.56	33.33	44.44
Any other	11.11	22.22	16.67

2.6 Details of 'pavala vaddi'

Of the total 36 SHG leaders interviewed, 31 have reported that they have received 'pavala vaddi' 1 to 4 times. Where as of the total 36 interviews with members, only 26 have reported about 'pavala vaddi'. Majority SHGs don't know how much amount of interest reimbursed at every time. It clearly reveals that there is an information gap between leaders and members.

No. of times	SHG		Total	%
	Leaders	Members		
Don't know	5	10	15	20.83
One	19	14	33	45.83
Two	8	7	15	20.83
Three	3	3	6	8.33
Four	1	2	3	4.16
Total	36	36	72	100.00

As per the interviews with 36 SHG leaders, 31 SHGs have received a sum of Rs. 59,233 with an average of Rs. 1,910 in 1 to 3 times. SHGs also don't know whether the amount paid is for the previous loan or for the current loan. Some SHGs have the feeling that the amount paid as revolving fund of Rs. 7500 treating it as 'pavala vaddi'.

The SHGs have no idea on the amount of interest paid to bank and the amount entitled under 'pavala vaddi'. It could be because of equated monthly installments of loan amount, which includes both principle and interest and the procedures related to the collection and preparation of list of eligible SHGs for 'pavala vaddi'. During discussions with SHGs, most of them have reported that from the past one and half years no reimbursement of interest to groups under 'pavala vaddi'.

2.7 Disbursement or utilization of 'pavala vaddi'

Nearly one-quarter of SHGs have distributed 'pavala vaddi' equally to all its members to encourage their members; meet their credit needs; and to pay monthly thrift. Half of SHGs have deposited in their SB account what ever the amount they have received under 'pavala vaddi' programme' to increase their group corpus and to share the benefits to all group members.

Nearly one-fifth of SHGs, whatever the amount got under 'pavala vaddi' programme' adjusted to loan installments. Especially the amount sanctioned at the beginning of the programme, because of lack of clarity on 'pavala vaddi' guidelines' many banks adjusted PV amount to loan installments.

However, in the subsequent sanctions, the amount was deposited to SHG savings accounts. One of the sample SHG made it as fixed deposit (FD) whatever the amount received under 'pavala vaddi' programme'. Few SHGs lent it to members. Nearly one-fourth of SHGs have reported that they don't know whether the 'pavala vaddi' was sanctioned or not. It could be because of poor attendance of SHG members and staff to SHG meetings.

Particulars	Leaders	Members	Total
Equally distributed to all the members	19.44	27.78	23.61
Deposited in SHG savings account	55.56	44.44	50.00
Adjusted to loan installments	19.44	16.67	18.06
Made it as fixed deposit	2.78	--	1.39
Lent to one of the members	5.56	5.56	5.56
Don't know about pavalavaddi	8.33	11.11	9.72
Don't know whether sanctioned or not	11.11	13.89	12.50
Any other -1	5.56	--	2.78
Any other-2	2.78	--	1.39

2.8 Opinion on 'pavala vaddi'

Of all the group discussions with leaders and members, 46% have reported that they don't know when 'pavala vaddi' was sanctioned and deposited to SHGs' savings and or loan accounts. Of the total 54% of respondents, only 19% of instances 'pavala vaddi' was paid within 10 months but majority have reported more than a year. Of the total sample, 40% have made an average of 3.83 visits before sanctioning and 52% of SHGs have made an average of 3.24 visits after sanctioning 'pavala vaddi' to get it.

Opinion	Leaders	Members	Total
Less amount	16.67	20.69	18.46
Eligible amount	33.33	6.90	21.54
Don't know	50.00	72.41	60.00
Total	100.00	100.00	100.00

Of all the group discussions with leaders and members, 60% have said that they don't know how much amount of 'pavala vaddi' sanctioned; and in the remaining, 19% have reported that they have received the amount equivalent to SHG entitlement, where as 18% of respondents have reported that they have received 'less than the eligible amount'. The data shows that there is a significant difference in the awareness levels between leaders and members on the amount of pavala vaddi reimbursed to SHG from APUSP/MEPMA through bank. The data shows that there is a noticeable difference in the opinion of SHG leaders and members on time taken, no. of visits made to various offices and the amount of pavala vaddi reimbursed.

2.9 Nature of assistance from various sources or persons

In the processes of understanding the persons assisted SHGs at various levels in getting 'pavala vaddi', data was collected on the nature of help provided by various persons involved in the process at different stages. From SHGs side, leaders visited offices repeatedly to know the status of pavavalavaddi. Community Coordinators/Nagaradeepikas extended their cooperation to SHGs by giving information about 'pavala vaddi', preparation of list of eligible SHGs and the amount of subsidy that the groups are eligible and dissemination of information regarding 'pavala vaddi' in SHG and SLF meetings.

SHGs have reported the nature of assistance provided by the TPrOs as preparation of list of eligible SHGs for PV, submission of list to higher officials such as municipality, MEPMA and Government for their approval, sanction and release of funds in time. The SHGs leaders and members have reported the role of bank in 'pavala vaddi' as bankers deposited whatever the amount SHGs have received from MEPMA, either to loan or savings account of SHG.

It was observed that during interactions with SHG leaders and members, very few members responded to the questions on the processes of 'pavala vaddi'. The members also mentioned that none has oriented SHGs on the guidelines of 'pavala vaddi'. It could be the reason for less awareness among SHGs on the programme.

2.10 Expenditure on 'pavala vaddi'

The data shows that of the total 72 respondents, 75% have not spent any amount to get 'pavala vaddi'. However, one-fourth of respondents have spent Rs. 30 to Rs. 500 to get 'pavala vaddi'. The expenditure includes stationary, food and payments to staff for their services.

During individual interaction with SHGs, many leaders and members have reported that though they are not paying any amount to get 'pavala vaddi', at the time of bank linkage many SHGs have paid on an average of Rs. 500. to 'Nagaradeepikas' and Community Organizers. The reasons for less payments or bribes in case of 'pavala vaddi' could be the amount reimbursed under 'pavala vaddi' directly dispatched from municipality to bank and in turn banks deposit to SHG savings or loan account.

2.11 Benefits of 'pavala vaddi' reported by SHGs

Data was collected from leaders and members through focus group discussions to understand how far the SHGs and their members have benefited with 'pavala vaddi'. The data shows that little more than 80% have reported that they got loans on low interest rate with less interest burden (39%). Of the total 72 respondents, nearly one-fourth have taken up some income generating activity. Further, the data also shows that high percentage of leaders have repaid old loans borrowed on high interest rate and taken up income generating activities compared to members. It could be because of large volume of loans to leaders. It clearly reveals that because of SHG bank linkage and 'pavala vaddi' programme SHGs have benefited with large loans with less interest burden. Further, some SHGs have taken up some IGA activity with the large credit borrowed from banks.

Table-2.9: Benefits of PV Perceived by SHG members at household level

Benefits	Leaders	Members	Total
Loans on low interest rate	80.56	80.56	80.56
No/less interest burden	41.67	36.11	38.89
Repaid old loans/high interest loans	27.78	13.89	20.83
Private loans on low interest rate	2.78	5.56	4.17
HH support to pay loan installment	8.33	5.56	6.94
Taken up income generating activity	27.78	19.44	23.61
Any other	13.89	16.67	15.28

During interactions, SHGs have reported noticeable change not only at individual level but also at group level. The data shows that of the total 72 respondents, many (39%) have reported that there is a regular repayment of loan installments, some times prepayment (12%). Nearly one-third have said that there is a high demand for loans at SHG level. It could be because to avail large volume of credit on low interest rates. One SHG has reported that to ensure regular on time repayment they have been strictly implementing fines & penalties at group level. Further, high demand for large loans from leaders is high compared to members. It could be because of high awareness levels of leaders.

Table-2.10: Benefits of PV Perceived by members at SHG Level

Benefits	Leaders	Members	Total
Regular repayment of installments	33.33	44.44	38.89
More demand for loans	25.00	8.33	16.67
Demand for large loans	25.00	5.56	15.28
Prepayment of loans	11.11	11.11	11.11
Fines strictly implementing	--	2.78	1.39
Any other	25.00	16.67	20.83

During focus group discussions, SHGs have reported not only the benefits of bank linkage and pavala vaddi but also the negative implications of it. Few SHGs have reported that dependency on external sources for credit has been increased to repay large monthly loan installments.

Table-2.11: Reasons for not sanctioning Pavala vaddi to other SHGs

Particulars	Leaders	Members	Total
Dependency on external sources	11.11	8.33	9.72
Savings adjusted to loan installments	5.56	--	2.78
Pressure from HH for loans	5.56	--	2.78
Any other	30.56	19.44	25.00

Further, to ensure on time repayment, which is the most important criteria for getting 'pavala vaddi', at times of their inability to mobilize funds, groups have adjusted their saving to loan installments. Therefore, the group corpus will decrease over a period of time. Further, some respondents have reported that there is a pressure on SHGs for loans from the household members.

2.12 Conclusions

In conclusion, APUSP/MEPMA, NGOs and community have played an equal role in the promotion of SHGs in all the 6 towns. Majority SHG members are backward classes, illiterate, and primarily depend on daily wage labour. As per the type of ration card that the SHG members possessed, all will come under below poverty line category. Monthly meetings and savings are common. Average monthly thrift of an SHG member is of Rs. 53. On an average each SHG has bank linked thrice with an average cumulative loan of Rs. 2.12 lakh. Majority SHGs are bank linked more than once.

Majority SHG members are aware that on time repayment of loans and good functioning of a group are most important eligibility criteria for 'pavala vaddi'. But majority SHG members don't know how much amount of interest paid on loans to bank, no. of times the total amount of PV reimbursed, amount to be reimbursed from DRDA, when it was sanctioned, where it was deposited etc. Most SHGs have opined that the reimbursement of 'pavala vaddi' is taking long time and expensive. Field staff assisted SHGs in the process of 'pavala vaddi' especially in preparing the list of eligible SHGs by collecting data from the bankers. Majority SHGs reported long waiting period, no information dissemination, less amount of payment as important problems in the process of 'pavala vaddi'.

Many SHGs have realized the benefits of bank linkage and 'pavala vaddi' as large amount of loan on low interest rate to SHGs. The SHGs also reported high pressure of household members, dependency on money lenders to repay loan installments as negative implications of bank linkage and 'pavala vaddi'. All SHGs are expecting large volume of loans on low interest rate to all eligible SHGs with out insisting for fixed deposits and life insurance policies. Further, SHGs also expecting timely and periodical reimbursement of the amount of subsidy on loan interest entitled under 'pavala vaddi' programme.

SECTION-III: PERCEPTIONS OF SECONDARY STAKEHOLDERS

3 Introduction

For this study, data and information was collected from a range of secondary stakeholders ranging from the ward members to Municipal Chairpersons, from field workers to Municipal Commissioners, from Office Bearers of Slum Level Federations to District Project Directors and Bank Managers. In all data and information was gathered from 55 secondary stakeholders. Out of these, the data and information from 14 elected representatives was analyzed separately and the results were given at chapter – 4. The information and data gathered from remaining 41 secondary stakeholders is analyzed and presented in this chapter.

Out of 41 'non-political' secondary stakeholders, 10 are Bank Officials, 11 are Field Staff, 8 are Federation Office Bearers, 5 are Project Directors and 4 are Town Program Officers (Table – 3.1).

Designation	No.
Bank managers	10
Commissioners	3
Federation OBs	8
Field staff	11
Project Directors	5
Town Program Officers	4
Total	41

3.1 Objective of the PV scheme

The total 41 sample members articulated the objectives of PV in deferent terms. The wide variations in their articulation reflect the lack of clarity about the scheme among the key stakeholders. The diverse responses were grouped into nine categories. Some of these categories are interrelated. However to get an idea about the diversity in the understanding of the scheme the responses were grouped into 9 categories.

Objective of PV	No.
Encourage SHG bank linkage program	32
Improve economic condition of the poor	24
Strengthen SHGs	14
To reduce interest burden on the poor	10
Women empowerment	7
Free SHG members from Money Lenders	4
Develop Financial Discipline in the SHG members	3
Its not profitable to the Bank	1
Political drama for Votes	1

Majority of members (32 out of 41) said the objective of the program is to encourage the SHG bank linkage (Table – 3.2). However, there was no clarity that how the scheme would impact positively the SHG bank linkage. As per the PV guidelines the interest subsidy would be given only to the regular groups. It was expected that the regular repayment of loans in turn would encourages the banks to lend to the SHGs more generously. The scheme is

intended to 'develop financial discipline' among the SHG members as per only 3 members. One member said that the scheme is not profitable to the banks. It indicates that the message of scheme has not reached all relevant stakeholders in the sector.

3.2 Awareness and training about PV

Out of 41 respondents, 14 are aware of training/ awareness given to SHG members; 8 respondent knew that some training and orientation was given to SHG leaders; 6 members said that training/ orientation was given to SHG federations; 9 members said that field staff was given orientation; 5 members said that higher officials were given some orientation on PV and 6 respondents informed that bank officials got some orientation.

First time training and orientation was given mostly in 2007 and 2008 as per 50% to 75% of respondents for different stakeholders. There was no exclusive training on PV for any kind and level of stakeholders. The PV awareness or orientations was given in regular meetings such as SHG meetings, federation meetings, in which the visiting bank and promoting agency officials orient them; regular orientation meetings on government schemes, integrated in other training programs like 'training program on SHG banking' for bank officials. Other forums, where awareness and orientation was given on PV are periodic campaigns; Ward level meetings; Indiramma Sambaralu; Pragathi Patham; Village camps; CRP camps and campaigns, etc. Some SHGs were appraised about the scheme at the time of the sanctioning of loans. Almost all higher level officials and bank officials and majority of field staff got only on-the-job orientation.

3.3 Process of disbursement of the PV

The process involves three steps, viz. (a) Preparation of claim by the local officials and submitting of the same to the district/ state level officials; (b) Obtaining funds from state/ district administration and (c) Disbursement of funds to SHG members. These issues are discussed in this section.

3.3.1 Preparation of claims and submission to the PD

As per the different respondent there are maximum of five steps in preparation of the list and claiming the amount. A few have been completing the entire process in fewer steps. In each step the exact activities vary from one place to another. Responses of the respondents have been summarized at Table – 3.3. The process starts with awareness generation in a few places. In some other places the information is collected directly from the banks. But in majority of cases the list are being prepared by field workers by visiting the groups. As field workers are few and changing frequently, the process involves a lot of time and prone to errors, especially omissions. At times, the information in 'loan pass book' is not clear to determine the exact interest amount. The time taken in preparation of the claims and submission is too much and vary significantly from place to place.

The major hurdles reported by different stakeholders in preparation of the claims and submission are:

- **Field staff related problems:** Shortage of field staff, less awareness about the program, frequent changes, overburden with other than SHG works, less incentive to work productively¹, etc.
- **Group related problems:** Less awareness; irregular meetings, financial transactions and repayments; lack of proper book keeping; etc.
- **Banks related problems:** Shortage of staff; work pressure; not able to properly scrutinize the list prepared by the MEPMA staff; Not able to distinguish SHGs of rural areas and urban areas; etc.
- **Administrative related problems:** Shortage of stationary; shortage of DEO; inadequately trained/ qualified DEO; has to handle non-SHG related activities, over burdening of federation activities, including cramping of their meetings; etc.

*Analysis of involved processes, players, time and problems in preparation of claims and submitting of the same for obtaining funds suggests a strong need for standardizing the process. PV should be paid by **pre determined dates** twice in a year. The entire process should be completed. Obtaining the list directly from the banks would save a lot of time and minimize the errors, omissions, nepotism, etc. If any bank branch services both rural areas, from the composite list the MEPMA officials can easily separate them and prepare the relevant list. It also saves bankers time, as they have to endorse the list prepared by the MEPMA officials. Bankers should be informed about **the importance of PV to the banks** and their help should be taken in preparation of the list of eligible groups.*

¹ In one of the towns, it was reported that Community Volunteers were appointed about 6 months ago. They did not get any training or orientation. They did not get salaries for last six months.

Table – 3.3: Processes, players, time and problems involved in preparation of claims under PV

Step	Process	Who do	Time taken	Problems
1	<ul style="list-style-type: none"> • Staff Preparation of list from SHGs. • Staff prepare list from Banks • CRPs prepare list from SHGs • SLFs prepare list • Awareness to groups 	<ul style="list-style-type: none"> • Field staff – CO/ CV/ Nagardeepika/ Municipal workers • Banks • CRPs, 	<ul style="list-style-type: none"> • One day to three months. • One-third prepare in one week. • Depends on banks 	<ul style="list-style-type: none"> • Bank related • Group related • Field staff related • Administrative
2	<ul style="list-style-type: none"> • Collection of information from SHGs • Computerization of data • Collection of list from banks for data • Cross checking of the list. • Endorsement from the banks • Consolidation at Municipality level • Submission of the list to District Administration 	<ul style="list-style-type: none"> • Town Program Officer. • CO/ CV/ Nagardeepika • Data Entry Operator • CRPs • Banks 	<ul style="list-style-type: none"> • One day to one month 	<ul style="list-style-type: none"> • Shortage of Data Entry Operators. • Work pressure on DEO • Work pressure in the bank. • Loan pass books are not clear. • Staff shortage and work pressure. • Inefficient DEO
3	<ul style="list-style-type: none"> • Preparation of bank wise list • Scrutiny. • Verification by banks • Submission of list to PD/ Govt. • Sending cheques to concern banks 	<ul style="list-style-type: none"> • Bank Managers • CO/ mF Specialist • Municipal Commissioner • Poverty Resource Person • TPO and PD 	<ul style="list-style-type: none"> • 1 to 15 days • Depends on banks 	<ul style="list-style-type: none"> • Bank problems, especially segregation of urban and rural groups in semi-urban banks • Banks are not seriously scrutinizing the list • Staff shortage in MEPMA
4	<ul style="list-style-type: none"> • Scrutiny • Computerization • Endorsement from banks • Forwarding of list to PD by MC • Forwarding of list to the Govt. by PD 	<ul style="list-style-type: none"> • DEO • Banks • Director • IB specialist; • MC • PD and TPrO 	<ul style="list-style-type: none"> • Three days to six months 	<ul style="list-style-type: none"> • Delay in the bank
5	<ul style="list-style-type: none"> • Consolidation of town level list • Forwarding of the list to PD by MC. • Disbursement of PV 	<ul style="list-style-type: none"> • Banks • MC • PD 	<ul style="list-style-type: none"> • Three days to two months 	<ul style="list-style-type: none"> • Delay in the bank

3.3.2 Obtaining funds from the State Government/ District Administration

According to different respondents, time required to get funds from the State Government or District Administration vary between 2 weeks and 3 months. A few said that there is uncertainty about the fund release from the government, delays could be indefinite.

*PV is very important scheme, which has been contributing immensely for the sustained growth of SHG bank linkage, in the state. Yet it involves very small budgetary outlays. Unless it is implemented in the **pre determined timeline**, the anticipated benefits could not be accomplished. Therefore the Government is advised to implement the scheme as described in the G.O.Ms.No.152, PR & RD (RD.III) Department dated 2.05.2005. Unless the funds are distributed as per schedule, delays at all level, including intentional delays get attributed to the Government releases.²*

3.3.3 Distribution of funds from MEPMA/ PD to members

Normally the process involves 5 steps as per different stakeholders. Usually the funds move from MEPMA to PD to MC to Banks to SHGs to Members. In one or two cases it was observed that funds have been moving from PD to SLF to Banks/ SHGs and to members. The steps, the mode of transfer, the time and issues involved in disbursement of funds from PD/ MEPMA to the members is summarized at Table – 3.4. Here also there is no uniformity. The responses, i.e. practices; time taken and issues are quite different from one place to another place.

It is strongly recommended to issues detailed guidelines describing the process to be followed, in the disbursement of PV funds. The latest developments in IT sector should used for quicker disbursement of funds. Banks should be encouraged to play an active role in the process. If the PV is disbursed on fixed dates as discussed above, the members get clarity about the scheme³ and made every effort to get the benefits of the scheme, i.e. prompt repayment of bank loans. They can demand prompt action on the part of leaders/ facilitators and officials to get the PV.

² E.g. In Parvatipuram, there is a huge gap between the figures given by the PD and TPrO.

³ A few members understand that PV means getting 'bank loan'. These members do not know that they get back interest subsidy.

Table – 3.4: Processes, players, time and issues involved in disbursement of funds from MEPMA/ PD to members

Step	Process	Mode of transfer	Time taken	Problems
1	<ul style="list-style-type: none"> • MEPMA to PD • PD to MC 	<ul style="list-style-type: none"> • DD/ Chequee • Bank transfers 	<ul style="list-style-type: none"> • One week to three months • Uncertain 	<ul style="list-style-type: none"> • Scrutiny • Long delays
2	<ul style="list-style-type: none"> • PD to MC • MC to Banks 	<ul style="list-style-type: none"> • DD/ Chequee • Bank transfers 	<ul style="list-style-type: none"> • Two days to one month 	<ul style="list-style-type: none"> • No infrastructure to monitor • Work pressure on PD and long process • Waiting for special occasion like visit of a minister • Using the general funds by MC
3	<ul style="list-style-type: none"> • MC to Banks • Banks to SHGs 	<ul style="list-style-type: none"> • DD/ Chequee with the beneficiary list • Bank transfers 	<ul style="list-style-type: none"> • Three days to one month 	<ul style="list-style-type: none"> • Long delays in banks to transfer to SHG accounts • Procedural delays
4	<ul style="list-style-type: none"> • Bank to SHGs • MC to Bank • SHGs to members 	<ul style="list-style-type: none"> • Chequee • Bank clearance • Credit to SHG accounts 	<ul style="list-style-type: none"> • One day to twenty days 	<ul style="list-style-type: none"> • In few cases Banks have credited the amount to groups' loan accounts • Mistakes in A/C no. and names of the groups • Long delays in the banks due to staff shortage and other work pressure
5	<ul style="list-style-type: none"> • SHGs to members • Banks to SHG a/c 	<ul style="list-style-type: none"> • Crediting of Groups' SB or Loan a/c • Cash distribution in the Groups in a few cases 	<ul style="list-style-type: none"> • One to three days 	<ul style="list-style-type: none"> • Adjustment to loan a/c. • Deposited in SB a/c and impounded the amount by banks
6	<ul style="list-style-type: none"> • PD to Slum level federations 	<ul style="list-style-type: none"> • Bank transfer 		
7	<ul style="list-style-type: none"> • Slum level federation to SHGs 	<ul style="list-style-type: none"> • Deposit in the bank a/c 		

3.4 Amount disbursed

As the data was collected from different levels of officials, there are number of double counting. I.e. the figures given by the PD include the figures given by the TPrO/ MC or Bank or SLF. Therefore, it was not aggregated. However, the data suggest only about 1/3rd of amount due was reimbursed so far. The same vary significantly from about 1/4th to 3/4th. More than half of the groups did not get PV even once. Major reason cited by all is the delay in the release of funds from the Government/ MEPMA. As mentioned earlier that the objectives of PV could not be accomplished if the funds are not reimbursed timely. There are other series problems because of prolonged delays in release of funds. Some of these are described below.

It appears that the reimbursement has been done in chronological order as per many respondents. But SC and ST apparently did not get their share. The research team selected slums/ wards, which got highest PV as sample units. In sample members SC and ST constitute only 7.51% and 4.34% respectively (Table-2.1 Profile of Sample in Chapter – 1).

In a few towns the local officials are holding back the reimbursement of funds as the money received from the PD/ MEPMA is significantly less than the needed amount to avoid unnecessary controversies.

In Rajam, the Municipality has reimbursed the PV from general funds. It has adversely affected its general work. The MC, Rajam, said that as the groups are constantly demanding the PV in all his normal field visits, he is forced to curtail some of his field visits.

As members did not experience the benefits of PV and not aware of clearly the concept of PV, there is some, albeit small, negligence about prompt repayment, if not defaulting, of bank loans.

3.5 Geographical coverage

In total all the 41 respondents have 465 habitations under their jurisdiction. Out of these 465; all SHGs were provided PV in 120 habitations; in 45 habitations, 75% to 99% groups got PV; in 65 habitations, 50% to 74% groups got PV. In remaining habitations, less than 50% groups were covered under PV. Main reasons cited for less than 100% coverage is (a) Shortage of funds; (b) irregular repayment by the groups; (c) new groups, not yet eligible; and (d) Field staff shortage and related problems.

Fulfilled objectives of PV	No.
Strengthen SHGs	17
Regular repayment of bank loans	11
More no. of loans and large loan size	9
Improvement in economic condition of women	7
Reduced the interest burden	5
Women empowerment	3
Reduction MFI loans	2

3.6 Fulfilled and yet to be fulfilled objectives

To the questions of what objectives of PV have been fulfilled and what objectives yet to be fulfilled, the respondents gave different answers. All those

answers are categorized and presented at Table – 3.5 and Table – 3.6. PV has contributed for strengthening of SHGs as per 17 respondents. Other important benefits include prompt repayment of bank loans, larger bank loans to SHGs, increase in economic condition of the members, etc (Table – 3.5).

Unfulfilled objectives	No.
Bank loans are not adequate and problematic	14
IB of SHGs	7
No prompt distribution of PV	7
IGA have to be taken up	5
Not addressing social issues	2
Universal coverage of poor women in SHGs	2
Still dependent on ML	1
Women empowerment	1

At the same time many respondent feel that many objectives of PV scheme are yet to be fulfilled. Bank loans are still inadequate and beyond the reach of the poor according 14 respondents. Complicate bank procedure is one hurdle, yet to be tackled. SHGs' institutional development is yet to be attended according to 7 respondents. Other unfulfilled objectives include (a) Prompt disbursement of PV, (b) Promotion of livelihood options for members and group level activities, (c) Women empowerment, (d) Freeing of members from the clutches of Money Lenders, etc (Table – 3.6).

3.7 Undesirable trends

The impact of PV is mixed on almost all development indicators according to the respondents. E.g. some respondent said that the dependence on 'Money Lenders/ MFIs has declined significantly, some said no change and some said the dependence has increased. Similar diverse response was obtained in almost all indicators. However, the response of 'bank loans are inadequate and problematic' is a surprise response, given the sprout in SHG bank linkage and loan amount in recent years in the state. The issue was probed rather closely. Though the state experienced very steep increase in SHG bank linkages and loan amount, the urban areas are lagging behind the rural areas. Some of the bankers are apprehensive about recent trends in the SHG movement. According to some bankers that SHGs are 'micro banks'. By involving them in all activities and integrating them with many unrelated programs may weaken their institutions and undermine their financial intermediation role. E.g. *Banks are refusing to give loans to the groups, whose members availed housing loans and defaulted.* SHG banking not yet reached institutionalization in the banks. *Still bank managers' personal 'likes' and 'dislikes' have larger influence on the program.* E.g. the number of loans to SHGs has declined between 2003 – 04 and 2007 – 08 and the trend may continue in 2008 – 09 (Table – 3.7).

Year	No. of loans	Amount in Rs. Lakh
2003-04	129	46
2004-05	120	56
2005-06	105	49
2006-07	87	59
2007-08	119	180
Up to Nov 2008	79	95

3.8 Conclusions

PV is a wonderful scheme, which can contribute immensely for strengthening of SHGs and taking the SHG banking to the new heights. However, the benefits could be realized only when the concept is clearly communicated and funds are released and disbursed in a time bound manner.

SHG movement in the State reached great heights because of Government support. However, overenthusiastic support, especially involving the SHG movement in all activities, could be counter productive in the long run. Government as promoter should have clear withdrawal strategy and role transformation road map and implement the same in letter and spirit.

It appears that some of the banks do not understand the benefits of SHG banking to the banks, especially the PV scheme. Even if they understand the commercial values of SHG banking and PV, they are skeptical because of certain apprehensions. Banks concerns include - coerce behavior of officials towards banks; young (un-married) girls being made members of SHGs; unrealistic targets; poor SHG institutions; involving SHGs/ federation and staff in all activities, including unrelated activities; poor awareness levels of field staff; etc.

At this movement there are so many vacancies in the field staff positions. The existing staff is not adequately qualified and appropriately trained.⁴ Proper investment should be made in HR development with clear visioning.

⁴ Some of the staff does not know about the word/ jurisdiction. Some do not know the PV scheme.

SECTION-IV: PERCEPTIONS OF ELECTED REPRESENTATIVES

4 Introduction

To obtain the perceptions of elected representatives in the six sample urban areas, the study team interviewed councilors/ cooperators and chairpersons/ mayors. As Rajam was classified as urban area in 2005 and as there is no elected body in the town, the team could not interact with elected representatives there. In total 14 elected representatives were interviewed. Their responses were summarized below. As some of the respondents gave multiple answers to some questions and some did not give any answer to certain questions, their responses do not add to 100% (or exactly to 14) to most of the questions.

4.1 Objectives of PV

The principal objective according to about 50% of respondents is to boost SHG banking program. Almost 50% members feel that strengthening of SHGs, by imparting a sense of financial discipline is another major objective. Providing loans on less interest rates or lower the interest burden is another important objective. To improve the livelihood opportunities or reduce poverty is yet another important objective as per 6 respondents. Political mileage is also one of the objectives as per one respondent (Table – 4.1).

Table – 4.1: Objectives of the PV Scheme	
Objectives of the program	No.
To increase bank linkage	7
To develop financial discipline among the women	6
Loans on low interest rates	4
To improve livelihoods	6
to Reduce the dependence of Women on ML	3
To empower the poor	3
Getting votes from the people	1

4.2 Is there enough awareness among SHG members about PV

In total 14 respondents, 6 said that there is not enough awareness about PV. Some primary members think that bank loans as PV. As discussed in primary members' section, no group is aware of the amount of PV they are entitled. No group is aware that the amount of PV they received entitled amount or not.

4.3 Measures to generate awareness about PV

One of the interesting suggestions made is that the program reach has to be increased significantly, i.e. timely release of PV would ensure good awareness about the

Table – 4.2: Measures required to increase PV	
Measures	No.
Field staff has to be increased	3
Massive orientation is need	3
Program reach has to increase significantly	3
Wide publicity is needed	1
Use of Community Resource Persons	1

program. Massive orientation is required according to 3 elected representatives. Other measures suggested by people's representatives are strengthening of field staff, wide publicity and use of CRPs in training and orientation (Table – 4.2).

4.4 Coverage of PV

Out of total 14 respondents, 8 said that the program is not covered uniformly across all the slums in the town/ city (Table – 4.4). As the funds released, so far, are quite inadequate compare to the requirement, the local administrations have to ration the funds. In such situations, selection of slums or groups could be done arbitrarily giving suspicion to the groups and members. However, as discussed below, the local administrations have done reasonably well in the selection of slums and groups for distribution of PV.

4.5 Reasons for unequal distribution of PV

Inadequate release of funds is the principal reason for the unequal distribution of PV. Most commonly the local administrations are distributing PV in chronological order. Proactive role of elected representatives, field staff and leaders/ groups is important reason for unequal distribution of PV according 4 respondents. This is not a healthy trend. Other reasons cited are 'staff shortage', non-cooperation of some banks (Table – 4.3)

Reasons	No.
Proactive role of some staff, leaders and elected rep.	4
Distribution as per age of SHGs/ Loans	3
Staff shortage	3
Fund shortage	2
Bankers are not cooperating	1

4.6 Observed benefits of PV

The principal objective of providing loans at low rate of interest rate has been fulfilled according to 6 respondents. Other observed benefits include increase in self reliance of SHG members and increased confidence levels; larger bank loans to SHG; increase the number of SHGs; increase in repayment rates and unity in SHGs. The economic condition of members has increased, they have started taking IGA. The members also repaid their high cost old loans and some members also started lending to non-members from the loan they received under PV. The PV scheme also fetched good political mileage according to one respondent.

Observed benefits	No.
Loans on low interest rate	6
Self reliance	5
Large loans from banks	3
SHGs increased	2
Taking IGA	2
Earnings through lending	2
Financial Status improved	2
Repaid old high interest loans	2
Group unity has developed	1
Political mileage to Congress	1
Good repayment of loans	1

4.7 Objectives of PV yet to be fulfilled

Though above benefits are impressive, not all the objectives of PV are fulfilled according to the elected representatives. At the most, most of the objectives are fulfilled partially. Larger bank loans and timely bank loans are still eluding the SHGs according 50% of respondents. PV is not reaching all the groups. In some places only 20% groups are covered. Though the coverage reached 75%, no where it reached 100% groups. Even the groups, which received PV, none of them got full amount. In some groups the members are not aware about the PV amount they received. Other unfulfilled objectives are 'promotion of IGA and universal reach of SHGs in the urban areas (Table – 4.5).

Unfulfilled objectives	Total
Large loans and timely disbursement	7
Partial coverage - 20% o 75% of SHGs are covered	7
No income generating activity	2
Universal coverage of poor women in SHGs	2
Not reaching to the members	1

4.8 Impact of PV on MFIs/ informal lending

The impact of PV on MFIs/ informal lending is mixed at best. There is no change according to 5 respondents. Though the business of MFIs has declined in many places, many members have dual membership and facing the burden of repayment of multiple loans. Members are approaching MFIs for larger loans and emergency loans.

Impact of PV on MFI operations	No.
No change	5
Business of MFIs has declined	3
Multiple loans -repayment burden	2
SHGs approaching MFIs for large loans	2
MFIs using SHGs as platform for their operations	1
It takes time for the impact	1
It will be good if MFIs were not there in the towns	1
SHG quality decreasing due to quarrels	1

In Srikakulam and Vizianagaram the banks are not encouraging use of group savings for internal lending. Therefore the members are forced to go MFIs and other informal sources for their emergency and frequent credit needs. MFIs are also using SHGs for further their business. In few cases the dependency on MFI/ informal lending has increased as per respondents. It may be noted here that the observed impact on MFI/ informal lending may not be due to PV but due to bank loans. One respondent wished that there were no MFIs in his town. It should be remembered that MFIs would vanish from any town if they do not have business in that town. It would be possible only when banks fulfill all credit needs of members. So long the banks are not in a position to fulfill the all credit needs of members; any artificial curbs on MFIs would be a counterproductive.

SECTION-V: ISSUES IN PAVALAVA VADDI-VOICE OF STAKEHOLDERS

The study team has collected information on the problems faced in the processes of 'pavala vaddi' while getting it at different phases such as getting bank linkage, repayment of loan, getting eligibility, reimbursement and disbursement to groups and their members. The SHG member and leaders have reported the following problems in the process of selection of SHGs or preparation of list of SHG eligible for 'pavala vaddi'

5.1 Issues in implementation of 'pavalavaddi'

5.1.1 Issues reported by SHGs

5.1.1.1 Problems relating to PV procedure

- **Irregular repayment of loan installment:** 2 to 3 members in few SHGs are irregular in loan repayment, hence some SHGs losing eligibility for 'pavala vaddi'.
- **Information from banks rather than at SHG level:** Information on 'pavala vaddi' not collecting from SHG books of accounts. Except in Parvatipuram town in all other towns information on 'pavala vaddi' has been collecting from banks. Consequentially, SHGs are unable to know the details of amount of interest paid to bank. Further, in some cases, SHGs losing information regarding previous loan interest, as the bankers maintain only current loan details due to computerization.
- **Doubt & pressure on group leaders:** Pressure on group leaders from members on the delay of 'pavala vaddi'. As there is no positive outcome of repeated visits of leaders to banks, MEPMA and Municipal offices, members mounting pressure on leaders and doubting the words of leaders.
- **Bankers charging 12% instead of 3% interest on SHG loans:** Some SHGs have reported that the bankers have been charging more than 25 paise per hundred per month as interest on SHG loans. It could be because of lack of awareness on 'pavala vaddi' guidelines among the SHG members.
- **De-motivation in loan repayment:** Due to delay in reimbursement of subsidy on interest some groups have de-motivated in repayment of loans especially after getting bank linkage under total financial inclusion programme. The data also shows that large loans who have borrowed Rs. 2.5 lakh have over dues.

5.1.1.2 Problems in listing eligible SHGs for 'pavala vaddi'

- **No periodical information collection:** Project not preparing the list of eligible SHGs and the amount of 'pavala vaddi' to be reimbursed twice in a year or on every six months. The systems intended for information collection are not in place due to less no. staff and the delay in disbursement of 'pavala vaddi'.
- **No information on the entitlements of 'pavala vaddi':** No information to SHGs on 'pavala vaddi' how much amount of interest the group has paid

to bank how they will be reimbursed while preparing the list before submitting it the project for approval.

- **Long waiting period:** Many SHGs since one and half years eagerly waiting for reimbursement of subsidy on interest paid by them to bank.

5.1.1.3 Problems in sanctioning & releasing 'pavala vaddi'

- **Too much delay & irregularity:** More time or too much delay in sanctioning & paying 'pavala vaddi'. No regularity in paying 'pavala vaddi'. Some times they after six months, some times after one year, and some times after complete repayment of loans. As a result many SHGs don't know how much amount of 'pavala vaddi' reimbursed to the previous loan, to the current loans and up to what period.
- **Routine response from staff for the delay:** SHGs have reported the common response from the staff for delay is that "not yet received funds from the government. Don't worry about it. We will pay". Some SHGs have reported that 'not only the SHG members but also the field staff also doesn't know when the funds will come from government and pay it to groups'.
- **No or less awareness on 'pavala vaddi' guidelines:** Except the eligibility criterion of regular loan repayment, SHGs have no or less awareness on 'pavala vaddi' guidelines and its calculation.
- **Less amount of payment:** Few SHGs have reported that they have received less amount of interest than the eligible amount. This could be because of untimely collection of data from SHGs and banks.

5.1.1.4 Problems from project

- **Too much delay in sanctioning & fund releasing:** Too much delay in paying 'pavala vaddi' to groups.
- **Repeated visits to offices:** Repeated visits to banks, municipality and MEPMA offices by the SHGs to know the status of 'pavala vaddi'.
- **Information not reaching to members from Project to SLF to members:** Though information is shared in SLF meetings on 'pavala vaddi', it is not reaching to the SHG members due to various reasons.
- **Mobilization of SHGs for public meetings on the name of disbursement of 'pavala vaddi':** Repeatedly staff mobilizing SHGs to public meetings at various places by saying that the 'pavala vaddi' will be paid in the meetings. But they are paying only to few groups. Many SHGs have been returning without any payments which is mounting dissatisfaction among the SHGs
- **Lose of daily wages:** Lose of daily wages, more expenditure to visit offices and much delay is the causes for increased disappointment among the SHGs

5.1.1.5 Problems from the bankers

- **No information from banks on deposition of 'pavala vaddi':** any information from bankers to SHGs on deposition of 'pavala vaddi' to their savings or loan account.
- **Insistence for Insurance:** At the time of bank linkage especially Andhra Bank, Anantapur branch seriously insisting members for taking life

insurance policies. Banks not sanctioned or postponed repeat loans to SHGs those are unwilling to take up LIC policy.

- **Exclusion of members from SHGs:** Andhra Bank excluded the members from group at the time of bank linkage those who don't have ration card and senior citizens who are ineligible for taking life insurance policy.
- **Insistence for fixed deposits:** Some SHGs have reported that banks have been insisting for fixed deposits from SHGs at the time of bank linkage especially regional banks.
- **Small volume of loan:** Small volume of loans rather than large loans or the amount of loan requested.
- **Adjustment of 'pavala vaddi' to loan installment:** Even though SHGs have been regularly repaying the loans, banks adjusted 'pavala vaddi' to loan installments. The interactions with bankers revealed that it was only at the beginning of the programme due to absence of clear guidelines.

5.1.2 Major flaws in implementation of PV scheme

Delays at all levels are the major problem according to most of the respondents. Delays in release of funds and release of inadequate amount by the MEPMA are the second most crucial problems. Vacancies in the project and inadequate induction of staff are the third critical problems. Non-cooperation of banks is another problem. Lack of awareness about the PV among primary stakeholders is yet another critical issue. According to some respondents that some of the irregular/ default groups also demanding PV and in fact some irregular groups got it.

5.1.3 Major flaws in implementation of PV

All the responses of elected representatives regarding problems in implementation of PV could be grouped into 4 groups, i.e. bank related problems, funds related problems, project related problems and field staff related problem.

5.1.3.1 Bank related problem:

- Bankers are not providing loans as per need and demand. Even fifth linkage size is about Rs.100,000 or Rs.10,000 per member.
- Bankers' response is poor.
- Frequent transfers in banks are affecting adversely the SHG banking.
- Due to work pressure bankers are not able to provide data about PV.

5.1.3.2 Funds related problems

- Inadequate release of funds
- Release of funds with considerable time lag

5.1.3.3 Project related problems

- MEPMA is not able to support the PV and field staff
- Taking more time in each activity
- Field staff related problem
- Shortage of staff
 - Burdening of field staff with many other activities
 - Frequent transfers in the staff

- Not enough training and orientation to the field staff

5.2 Suggestions

5.2.1 Suggestions from SHGs

The study team has collected the expectations of SHGs members on 'pavala vaddi' and bank linkages from various stakeholders such as project/promoters, banks and SHGs:

5.2.1.1 Expectations from project

- Organizing awareness programmes on PV to SHGs and staff.
- Information dissemination on 'pavala vaddi' in meetings at various levels.
- Periodical needs assessment of groups regarding 'pavala vaddi'.
- Disbursement of interest subsidy to groups on regular basis.
- Up-dation of 'pavala vaddi' & bank linkages information on monthly basis.
- Timely sanction & release of required budget or funds
- Disbursement of PV to SHGs through SLFs
- Appointment of sufficient staff at field level.

5.2.1.2 Expectations from banks

- Bank linkage to all eligible groups
- Large volume of loans
- Reimbursement of 'pavala vaddi' once in 3 months/ 6 months/ a year
- Avoid informal practices such as freezing of savings account, forced fixed deposits and life insurance policies from SHG members
- Collection of 3% rate of interest instead of 8 to 14.5 percent at the time of repayment of loan installments
- Banks should directly collect subsidy from IKP-U to avoid all kinds of procedural delays.
- Separate counter or day in a week for SHGs transactions in the branch
- Dissemination of information in the notice board of banks, immediately after deposition of PV in SHG savings or loan account.

5.2.1.3 Expectations from SHGs

- Regular on time repayment of both internal and external loans
- 'pavala vaddi' as agenda point in SHG & SLF meetings
- Promotion of income generating activities with large amount of loans
- Information dissemination from leaders to members
- Encourage more savings over a period of time

5.2.2 Suggestions from SHPIs, Banks and PIA Staff

5.2.2.1 Suggestions for effective implementation of PV

The respondent gave a number of interesting suggestions for effective implementation of the PV scheme and strengthening of SHGs. These suggestions are categorized as follows.

5.2.2.2 Suggestions for SHGs

- Should know about PV, including its eligibility, interest calculations, etc.
- Should know the concept of SHG and its implications. According to some respondents only 20% groups know the concept of SHG. They should function democratically, conduct meetings and other transactions regularly and maintain books of accounts properly.
- Promote IGA at member level and take up group level activities

5.2.2.3 Suggestions to the promoter/ SHPI/ MEPMA

- Focus on SHG institution building. According to some respondents only 20% groups know the concept of SHG. It appears that this observation is not far from truth.
- Promote Slum and Town Level federations and involve them actively in implementation of PV and strengthening of SHGs.
- Wide awareness and orientation on PV including the method to calculate the interest amount and subsidy component. *The message should go that PV is available only to the regular groups.*
- Encourage election of educated members as leaders in the SHGs and federations and encourage 'self help' and 'self reliance' and role transformation plan from the beginning.
- Fill the vacancies quickly with suitable people and have good induction program, and a conducive work environment for the staff.
- Integrate only complementary activities to SHG activities.⁵
- Avoid assigning the non-core work to the staff.
- Transparency in the distribution of PV.
- Resist the distribution of PV and bank loans in the public meetings.⁶ Such practices give wrong message to the groups.⁷ Groups should understand the commercial aspect of bank linkage/ loans. Work closely with the banks. Involve them actively in PV distribution. Address the concerns of the banks in SHG banking.

5.2.2.4 Suggestions to the field staff

- Encourage 'self help', i.e. the groups should do their own work rather the staff doing for the groups.
- Regular monitoring - regularity of meetings and financial activities, especially the repayment of bank loans, proper book keeping, etc.
- Regular visits to keep in touch.
- Timely distribution of PV.

⁵ E.g. though insurance is good, most of the available insurance products do not meet SHG/ poor people's needs. Integration of such insurance products may lead to the losses to the members.

⁶ One TPrO said that he is waiting for some top political leader's visit to distribute the PV. Often only letters are distributed in those meetings.

⁷ The experience of loan Melas elsewhere in the country suggest that though loan Melas generate awareness and put pressure on banks and officials to act quickly, it severely affect the normal work of those people and made them complacent in normal times. It also involves direct cost (travel) and indirect (foregone wages/ work) to members/ SHGs. Another and more serious problem is that Melas give a wrong signal to the members that bank loan is somehow related to the State doles.

- Inform each group, the interest component of the repayment and expected interest subsidy (PV).
- Contact default groups and individual and inform them the benefit of SHG banking and PV.

5.2.2.5 Suggest for the officials

- Positive guidance to the field staff.
- Do not overburden SHG/ MEPMA field staff with non-core activities
- Regular monitoring and review.
- Sufficient funds and time for staff development
- Adequate awareness and orientation on PV to the staff and SHGs/ federations.
- Focus on SHG institution building rather than focusing on targets.
- Avoid harsh behavior with bankers. Understand the banks' concerns and address them.
- Inform the banks the benefit of PV to banks and seek their active support.
- Timely disbursement of PV.
- Active follow up with district/ state officials to get the funds in time.
- Take up surprise field visits

5.2.2.6 Suggestion for Banks

- Banks should have empathy toward poor women. At the same time they should know that SHG banking is commercial/ core business activity like any other banking activity.
- Bankers should know that PV is very useful in prompt collection of SHG loans and should extend highest cooperation in its implementation.
- Should inform all SHGs at the time each loan sanction/ disbursement, the interest component, the PV amount they can get from the Government on regular repayment of the agreed installments.
- Should mention clearly the principle and interest components in the loan pass book.
- Banks should prepare the list of PV eligible groups and amount for every six months and handover it to the MEPMA/ Field Staff.
- Should credit the PV amount to the groups' saving account instead of loan account as done by few earlier.
- Should have a point person for SHG banking.
- Should lend liberally and promptly to the SHGs, which may encourage SHGs to take up IGA and asset creation.
- Branch Managers sanctioning limit should be increased, especially in RRBs.
- Participate in SHG and Federation meetings frequently.
- Should invest in SHG strengthening, such as organizing awareness camps, visits, etc.

5.2.2.7 Suggestion to the Government/ MEPMA

- Release the funds as promised.
- Continue the PV scheme

- Instead of forcing the banks, involve them as partners and address their concerns.
- More awareness and orientation on PV.
- Should not thrust multiple tasks on SHGs and staff, especially the tasks not related to them and they do not have competence to discharge the tasks effectively.
- Sufficient funds for the staff and SHGs' institutional building.
- Reduce the process and time in disbursement of PV.
- Introduction of monitoring software, which is being used in IKP (-Rural).
- Clear message to SHGs about the commercial aspect of SHG banking.
- Introduction of time bound steps in the release of PV.
- Clear and standard guidelines on PV disbursement.
- Promote Slum/ Ward Level and Town Level Federations and involve them actively in PV release.
- Focus on general education of members.
- Encourage election of educated members as leaders of SHGs and federations.

5.2.3 Suggestions from elected representatives

The suggestions of elected representatives for better implementation of PV and its higher impact are grouped into the following six categories.

5.2.3.1 Suggestions for SHGs

- Groups should focus on proper utilization of loan amount for IGA
- Apart from individual IGA, group level IGA should also be focused
- Groups should improve their functioning and repay bank loans regularly.
- Older groups should guide the new groups.
- Groups and members should desist from going to MFIs and lending bank loan amounts to non-members.

5.2.3.2 Suggestions for the field staff

- Close monitoring of groups' functioning
- Members education about best practices and PV
- Proper MIS. As groups are not aware of their due in PV distribution, the field staff role is paramount for the effective implementation of the PV scheme.
- Suggestions for the officials
 - Strengthen the field staff, train them properly and motivate them to perform to the best of their ability. Avoid their frequent transfers. Avoid burdening of field staff with other works.
 - Issue letter to SHGs about PV deposit. Some are already doing.
 - Focus on SHG institution building and their awareness.
 - Time fund release
 - Responsive to groups needs. Make sure that groups do not make a number of visits to the office for a single problem.
 - Involve local political leaders in the program, especially in mobilization work.

5.2.3.3 Suggestions for the bankers

- Bankers should give loans liberally to all eligible SHGs.
- Increase the loan size.
- Bank linkage should be transparent so that political leaders can bring the problems of SHGs to the notice of concern bank.
- Behavior towards SHGs should be positive and accommodative.
- Should organize orientation meetings once in a month and also should take part in campaigns organized by MEPMA/ Municipal Corporation.
- Continuity in the work despite transfers
- Banks may send the list directly to the Govt./ PD

5.2.3.4 Suggestions for the Government

- Concentrate on awareness generation and institutional development
- Release funds in time
- Implement all promises
- Increase staff
- Avoid political interventions
- Online distribution of PV
- Coordination with banks

5.2.3.5 Suggestions for the elected representatives

- Commitment in providing services to public
- Should be aware of all details of all schemes
- Don't influence for favoritism interest and stop lobbying for nepotism
- Encourage best groups and mobilize women
- Interact with the Bankers
- Take initiation, cooperate the members, give awareness to the members
- Take active role in review meetings

5.3 Conclusions

Many SHGs have perceived the benefits of bank linkage and 'pavala vaddi' as large amount of loans on low interest rate to SHGs. The SHGs also reported high pressure of household members, dependency on money lenders to repay loan installments as negative implications of bank linkage and 'pavala vaddi'. All SHGs are expecting large volume of loans on low interest rate to all eligible SHGs with out insisting for fixed deposits and life insurance policies. Further, SHGs also expecting timely and periodical reimbursement of interest entitled under 'pavala vaddi'.

SECTION-VI: RECOMMENDATIONS

Based on the findings of the study the team has made the following suggestions to MEPMA, banks and SHGs.

6.1 Suggestions for MEPMA/Government

- Organize awareness programmes to SHGs, banks, officials on the guidelines of pavalavaddi, especially eligibility, periodicity of payment, and dissemination of information and so on.
- Strengthen slum level federations to provide quality services to their member SHGs.
- Appointment of required staff at field level, timely filling up of existing vacancies and proper orientation to newly recruited staff.
- Up-dation of 'pavalavaddi' & bank linkage information on quarterly basis.
- MIS system is very poor. Needs to be strengthened.
- Timely sanction & release of funds as per plans
- Reimbursement of PV once in a quarter on a regular basis
- Information dissemination on 'pavalavaddi' in meetings at various levels.
- Periodical needs assessment of groups regarding 'pavalavaddi'.
- Issue sanctioning letters to SHGs about pavalavaddi disbursement.
- Encourage best groups with awards & rewards for model building.
- Regular monitoring and review at all levels.
- State level officials could plan periodical visits to motivate field staff by providing necessary guidance

6.2 Suggestions for banks

- Bank linkage to all eligible groups with large volume of loan in repeat linkages without any delay.
- Decide loan repayment period and installment amount of principle and interest in consultation with SHGs
- Participate in SHG and SHG Federation meetings to addresses various issues in bank linkage, especially repayment, repeat loans, disbursement and so on.
- Share the status of SHG-wise bank linkage and eligible amount of subsidy on interest with IKP-urban one in once in 3 months.

6.3 Suggestions for SHGs

- Encourage regular repayment of loans as per the loan repayment schedule.
- Involve slum level federations (SLFs) in the disbursement of PV.
- Share the information on pavalavaddi in SLF meetings, municipal office, banks and MEPMA.

- Promote SHGs for optimum Utilization of bank loan for income generating activities.
- Pavalavaddi as one of the agenda points in SHG and SLF meetings.
- Take necessary measures to strengthen SHG Book keeping and accounting.

Annexure-1

Data Collection Tools



Disbursement of Pavala Vaddi by Govt. of AP in Urban Areas

A study conducted by APMAS for MEPMA

FORMAT For: 1. SHG Leaders 2. Members (Please Tick) Schedule No. _____

A. Identification details

1. District : _____ 2. Town: _____
3. Ward : _____ 4. Slum: _____
5. Name of the Group: _____ 6. Group Leader(1): _____

B. Details of SHG

1. Date of SHG formation: _____ 1.1 Group age : _____ in months
2. Who promoted the SHG?
1. APUSP/MEPMA 2. NGO 3. Bank 4. Self 5. Other (specify) _____
3. Social category/Social composition of the SHG members
3.1 ST _____ 3.2 SC _____ 3.3 BC _____
3.4 Min _____ 3.5 OC _____
4. Educational levels of SHG members
4.1 Illiterate _____ 4.2 < 5th Class _____ 4.3 5-10th: _____ 4.4 College: _____
5. Type of ration card (PDS) possessed by the group members
5.1 White Card _____ 5.2 Pink Card _____ 5.3 Other _____ 5.4. No card _____
6. Type of houses : 6.1. Own _____ 6.2. Rent _____
7. Primary Occupation of the SHG members' household
7.1 Daily wage labourers _____ 7.2 Employee-Private/Govt. _____
7.3 Self Employment: _____ 7.4 Other (specify) _____
8. Details of SHG- Bank Account (Refer SHG SB Account & Loan Account Passbooks)
8.1 Bank Name _____ 8.2 Distance to bank _____ Kms.
8.3 Savings A/C No. _____ 8.4 Date of SB A/C opening _____
8.5 Current Loan A/C No. _____ 8.6 Date of loan sanction _____

C. Details of savings

1. Periodicity of savings
1. Monthly 2. Fortnightly 3. Weekly 4. No regular savings
2. Each individual member's thrift/savings: Rs. _____
3. Cumulative savings of SHG: Rs. _____

D. Details of bank linkages

1. Details of bank linkages

1.1 No. of linkages: _____ 1.2 Cumulative bank loan Amount: Rs. _____

2. Details of current /latest Loan (Verify loan passbook and SB A/c passbook)

2.1 Amount sanctioned Rs. _____ 2.2 repayment period _____ months

2.3 No. of installments _____ 2.4 Amount per installment Rs. _____

2.5 Amount repaid in Rs. _____ 2.6 Amount O/S Rs. _____

2.7 Amount due in Rs. _____ 2.8 Date of loan disbursement _____

E. Pre-requisites to get Pavalavaddi

1. What are the criteria for getting Pavalavaddi? (Multiple answers)

1.1 Bank linkage

1.2 Regular/on time repayment of loan

1.3 More no. of bank linkages

1.4 Good functioning of SHG

1.5 Political influence

1.6 Good relations with staff

1.7 Any other (specify) _____

F. Details of Pavalavaddi

Particulars	Bank Linkages		
	1 st linkage	2 nd linkage	3 rd linkage
1. Bank Linkage Amount Received	_____	_____	_____
2. No. of times PV sanctioned	_____	_____	_____
3. Total amount received	_____	_____	_____
3.1 First time	_____	_____	_____
3.2 Second time	_____	_____	_____
3.3 Third time	_____	_____	_____
4. Total Amt of interest paid to bank	_____	_____	_____
5. Amount entitled/eligible	_____	_____	_____

G. Disbursement of Pavalavaddi

Disbursement of loan	Practice		If yes, reason for it
1. Equally distributed to all the members	: 1. Yes	2. No	_____
2. Deposited in SHG Savings account	: 1. Yes	2. No	_____
3. Adjusted to loan installments	: 1. Yes	2. No	_____
4. Made it as fixed deposit	: 1. Yes	2. No	_____
5. Lent to one of member (s)	: 1. Yes	2. No	_____
6. Don't know about Pavalavaddi	: 1. Yes	2. No	_____
7. Don't know whether sanctioned or not	: 1. Yes	2. No	_____
8. Any other (specify) _____	: 1. Yes	2. No	_____

H. Opinion on 'pavalavaddi'

1. Time taken to get Pavalavaddi
 - 1.1 Date of BL to sanction of Pavalavaddi in months _____
 - 1.2 Date of submission of PV application to sanction in weeks _____
2. No. of visits made to offices before and after submission of PV application
 - 2.1 Before: _____
 - 2.2 After : _____
3. Volume of 'pavalavaddi' paid: 1. Less amount 2. Eligible amount 3. Don't know
4. Details of persons provided help in getting 'pavalavaddi'

A. Designation of a person	B. Nature of assistance
4.1. Group leader	4.1.1 _____
4.2. One of the group member	4.2.1 _____
4.3 SLF/TLF leaders	4.3.1 _____
4.4 CA/Nagaradeepika	4.4.1 _____
4.5 Community Organizer	4.5.1 _____
4.6 Town Project Officer	4.6.1 _____
4.7 Banker	4.7.1 _____
4.8 Councilor	4.8.1 _____
4.9 NGOs	4.9.1 _____
4.10 Any other (specify) _____	4.10.1 _____

5. Details of expenditure to get 'pavalavaddi' Rs. _____
 - 5.1 Stationary _____
 - 5.2 Food/travel/wage _____
 - 5.3 Payments for services _____
 - 5.4 Any other (specify) _____
6. What are the reasons for not getting 'pavalavaddi' for eligible groups?
 - 6.1 Not regular in loan repayment
 - 6.2 Applied waiting for long time
 - 6.3 Staff not coop/expecting payments
 - 6.4 Any other (specify) _____

I. Perceptions of SHG members on Pavalavaddi

1. Benefits at Member level
 - 1.1 Loans on low interest rate /subsidy
 - 1.2 No/less interest burden
 - 1.3 Repaid old loans/high interest loans
 - 1.4 Private loans on low interest rate
 - 1.5 Pressure from HH for loans
 - 1.6 HH support to pay loan install.
 - 1.7 Taken up income generation activity
 - 1.8 Any other (specify)
2. Benefits at SHG level
 - 2.1 Regular repayment of installments
 - 2.2 More demand for loans
 - 2.3 Demand for large loans
 - 2.4 Prepayment of loans
 - 2.5 Fines strictly implementing
 - 2.6 Any other (specify) _____

3 Disadvantages of Pavalavaddi

3.1 Dependency on external sources

3.2 Large portion for social needs

3.3 Savings adjusted to loan installments

3.4 No internal lending

3.5 Any other (specify)

J. Problems at various levels in getting 'pavalavaddi'

Level (a)	Problem (b)	Person-Code(c)
1. SHG selection	:a. _____ :b. _____	_____
2. Listing eligible SHGs	:a. _____ :b. _____	_____
3. Sanctioning	:a. _____ :b. _____	_____
4. Releasing	:a. _____ :b. _____	_____
5. Volume of 'PV'	:a. _____ :b. _____	_____
6. Disbursement at SHG	:a. _____ :b. _____	_____
7. Project level	:a. _____ :b. _____	_____
8. Bank level	:a. _____ :b. _____	_____
9. Community level	:a. _____ :b. _____	_____
10 Any other (specify)	:a. _____	_____

Code: 1. Group leader, 2-One of the SHG member; 3-SLF/TLF leader; 4-CA/ Nagaradeepika; 5-Community Organizer; 6-Town Project Officer; 7-Banker; 8-Councilor 9. NGO; 10- Any other (specify)_____

K. Suggestions for better implementation of 'pavalavaddi programme'

1. Project : _____
2. Banks : _____
3. SHGs :

L. Researcher's observations:

1. _____
2. _____

Date:_____

Signature of the Researcher



Disbursement of Pavala Vaddi by Govt. of AP in Urban Areas

A Study conducted by APMAS for MEPMA

FORMAT for Elected Representatives

1. Identification details

1. Name : _____ 2. Designation: _____
3. Town: _____ 4. District: _____

2. Objectives of PV

- a. _____
b. _____
c. _____

3. Is there enough awareness about PV, especially among women members

- a. Yes b. No

4. If no, how to improve the awareness?

- a. _____
b. _____

5. Are all slums/ settlements/ habitats equally covered in PV

- a. Yes b. No

6. If, no reasons

- a. _____
b. _____
c. _____

7. What are the observed benefits of pavalavaddi?

- a. _____
b. _____
c. _____

8. What objectives of PV are fulfilled

- a. _____
b. _____
c. _____

9. What objectives of PV yet to be fulfilled

- a. _____
b. _____

10. What is the impact of pavalavaddi on microfinance institutions?

a. _____

b. _____

11. Current major flaws in the implementation of PV

a. _____

b. _____

12 Suggestions for the better implementation of 'pavalavaddi' programme

Level (a)	Problem (b)
12.1. For SHGs	:a. _____ :b. _____
12.2. For field staff	:a. _____ :b. _____
12.3. For officials	:a. _____ :b. _____
12.4. For bankers	:a. _____ :b. _____
12.5. For Government	:a. _____ :b. _____
12.6. For politicians	:a. _____ :b. _____

13. Researcher Observations

Date: _____

Signature of the Researcher



Disbursement of Pavala Vaddi by Govt. of AP in Urban Areas

A Study conducted by APMAS for MEPMA

FORMAT For 1. TPO 2. SO or CO 3. SLF 4. MC 5. PD 6. Bank (please tick)

1. Identification details

- | | |
|-----------------------|--------------------------------------|
| 1. Name _____ | 2. Designation _____ |
| 3. Organization _____ | 4. Town _____ |
| 5. District _____ | 6. No. of years in SHG program _____ |

2. No. of SHGs servicing/ member SHGs

S.No.	Year	No. of SHGs	No. of Bank linkages	Total bank loan In Rs.	No. of default SHGs
1	2003-04				
2	2004-05				
3	2005-06				
4	2006-07				
5	2007-08				
6	Nov 08				

3. Objectives of PV

- a. _____
- b. _____
- c. _____

4. Training awareness given to different stakeholders about PV

S. No	Stakeholder	First time in which year	Details of training/ awareness
1	SHG members		
2	Leaders		
3	Federations		
4	Field staff		
5	Higher staff		
6	Bankers		

5. Target and actual disbursement of Pavala Vaddi amount

S. no	Year	Target amount	Amount disbursed	Reasons for variation
1	2005-06			
2	2006-07			
3	2007-08			
4	Nov 08			

6. Actual claimed and received number of groups and amounts

S. No.	Year	Amount claimed	Amount received	No. of eligible SHGs	No. of SHGs got PV
1	2005-06				
2	2006-07				
3	2007-08				
4	Nov 08				

7. Reasons for difference

a. _____

b. _____

8. Steps involved in preparation of claims and submission of the same

S. No	Steps	Who do	Time taken	Major difficulties
1				
2				
3				
4				
5				

9. Time taken by the government to release the funds in weeks _____

10 Process involved in disbursement of PV

S. no	Stages	Mode of transfer ⁸	Time taken	Major difficulties
1	MEPMA to PD			
2	PD to MC			
3	MC to Bank			
4	Bank to SHG a/c			
5	SHG to members			
6				
7				

11. What objectives of PV are fulfilled

a. _____

b. _____

c. _____

12. What objectives of PV yet to be fulfilled

a. _____

b. _____

c. _____

⁸ 1. Cash; 2. DD/ Cheque; 3. Bank transfer; 4. Other specify

