

Credit Requirements of Tribal Households in Tribal Project Management Units and Delivery Mechanisms in Andhra Pradesh

Study conducted by

Sadhikaratha Foundation

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Table of Contents

S. No	Chapter	Page No.
	<i>Acknowledgements</i>	2
	<i>The Study Team</i>	3
	<i>List of Tables and Figures</i>	5
	<i>List of Abbreviations and Acronyms</i>	7
	<i>Executive Summary</i>	9
1	Introduction	15
2	SHG Movement in Tribal Andhra Pradesh	21
3	Quality of Community Based Organizations	33
4	Credit in Tribal Areas- Supply and Demand	49
5	Issues and Problems	63
6	Conclusions and Way Forward	70
E	<i>Annex</i>	74

List of Tables and Figures

S. No.	Particulars	Page No.
A	List of Tables	
1.1	Sample Covered in the Study	18
2.1	Details of SHGs in TPMU Areas	24
2.2	ST SHGs in TPMU areas	24
2.3	TPMU-wise Distance of the Villages from Servicing Banks	25
2.4	Bank-wise Savings of SHGs as on 31 ST March, 2012	25
2.5	Details of SHG Bank Linkage in the Study Areas	26
2.6	Progress of SHG Bank Linkage Programme as on March 2012	26
2.7	No. of SHGs Linked to Banks in TPMU Areas as on Dec 2012	27
2.8	Region wise Disparity in Bank Linkage Programme	27
2.9	% of SHGs Linked to Banks as per the Eligibility	28
2.10	Community Investment Fund and Pavalavaddi Disbursement During 2010-12	28
2.11	Region-wise Details of Sthree Nidhi Lending	30
2.12	Spread of Sthreenidhi Borrowers in A.P as on 30 th Nov, 2012	30
2.13	Region wise Distribution of Sthree Nidhi Programme as on 30 th Nov 12	31
2.14	TPMU-wise Details of Villages with Access to Internet	32
3.1	TPMU-wise Population Details	34
3.2	Economic Profile of Sample Households	34
3.3	Occupational Status of Households	35
3.4	TPMU-wise Awareness on Loan Terms and Conditions of Sthree Nidhi	38
3.5	TPMU wise Awareness on Criteria for Sthree Nidhi (% of SHGs)	39
3.6	Awareness of SHGs on CCL of Sthree Nidhi loans (% of SHGs)	40
3.7	TPMU-wise Grading of SHGs (% of SHGs)	40
3.8	TPMU-wise Grading of VOs	42
3.9	TPMU-wise Grading of MSs	43
3.10	Quality of CBOs According to HR, Locality and Gender of the Staff	46
4.1	Details of Savings of Sample Households	49
4.2	Households Savings in Different Sources (% of HHs)	50
4.3	Multiple Sources of Savings	51
4.4	Details of Subsidies Availed by SHGs	51
4.5	Credit Sources and Lending Norms	52
4.6	Magnitude of Credit from Active Loans by Sample Household Sources	53
4.7	Purpose of Credit Accessed by Sample HHs	54

4.8	Details of Amount Spent for Getting Loans	54
4.9	Details of Cumulative Loans Availed by SHGs from Various Sources	55
4.10	Credit Source-wise Details of Active loans of Sample SHGs	55
4.11	Source-wise Range of Loans (% of SHGs)	56
4.12	Percentage of Recovery Rate	57
4.13	TPMU-wise and Source-wise Average Recovery Rate	57
4.14	Percentage of Recovery Rate (Range)	57
4.15	Sources of Repayment of Credit	58
4.16	Source-wise and Grade wise Distribution of Loans (% of SHGs)	59
4.17	Voice of Borrowers on Loan Lending Procedures	61
B	List of figures	
3.1	Literacy Rate of Households and SHG Members	33
3.2	Profile of SHGs	36
3.3	Awareness on Concept of Sthree Nidhi (% of SHGs)	36
3.4	Awareness on Purpose of SN	37
3.5	Age-wise and Promoter-wise Grading of Sample SHGs	41
3.6	Details of Legal Compliances of VOs	44
3.7	Details of Legal Compliances of MMSs	44
3.8	Change of Leadership in SHGs	45
4.1	Recovery Rate of Sample SHGs	58
4.2	Purpose of Credit of HHs for Next One Year	62

Acronyms

A/c	:	Account
AP	:	Andhra Pradesh
APL	:	Above Poverty Line
APMACS	:	Andhra Pradesh Mutually Aided Cooperative Society
APMAS	:	Mahila Abhivrudhi Society, Andhra Pradesh
BDC	:	Badrachalam
BPL	:	Below Poverty Line
CBOs	:	Community Based Organizations
CCL	:	Cash Credit Limit
CESS	:	Center for Economic and Social Studies
CIF	:	Community Investment Fund
Con.	:	Consumption
CRI	:	Critical Rating Index
CRP	:	Community Resource Person
CA	:	Community Activist
DPIP	:	District Poverty Initiatives Project
DWCRA	:	Development of Women and Children in Rural Areas
EC	:	Executive Committee
ETN	:	Eturnagaram
FY	:	Financial Year
Govt.	:	Government
HH	:	Household
HQ	:	Head Quarter
ICDS	:	Integrated Child Development Scheme
IGA	:	Income Generation Activity
ITDA	:	Integrated Tribal Development Agency
MFI	:	Micro Finance Institution
MGNREGS	:	Mahatma Gandhi National Rural Employment Guarantee Scheme
MMS	:	Mandal Mahila Samakhya
NABARD	:	National Bank for Agriculture and Rural Development
NGO	:	Non Government Organization
No.	:	Number
NSSO	:	National Sample Survey Organization
NTFP	:	Non Timber Forest Produce
OBC	:	Other Backward Classes
OD	:	Over Due
OS	:	Outstanding
PDR	:	Paderu
RCV	:	Rampachodavaram
RMG	:	Rythu Mithra Groups
Rs.	:	Rupees
SAPAP	:	South Asia Poverty Alleviation Programme

SB	:	Savings Bank
SC	:	Scheduled Caste
SERP	:	Society for Elimination of Rural Poverty
SHG	:	Self Help Group
BL	:	Bank Linkage
SHPI	:	Self Help Promoting Institution
SLF	:	Slum Level Federation
SLBC	:	State Level Bankers Committee
SN	:	Sthree Nidhi
SRL	:	Srisailam
ST	:	Scheduled Tribe
SPT	:	Seethampet
TLF	:	Town Level Federation
TPMU	:	Tribal Project Management Unit
UNDP	:	United Nations Development Programme
UTN	:	Utnoor
VO	:	Village Organization
VSS	:	Vana Samrakshana Samithi

Executive Summary

Government of Andhra Pradesh, in partnership with the Mandal Mahila Samakhyas of SHGs, set up Sthree Nidhi as a “niche” microfinance institution to provide loans to women SHG members to meet their emergency and emergent needs, at a time when they have nowhere to go using a technology platform. Sthree Nidhi was launched in October 2011.

In the above context, the Sthree Nidhi Federation has decided to conduct a study to understand the credit requirements of tribal households in Tribal Project Management Units (TPMUs) and credit delivery mechanisms with an objective of identification of the credit requirements of tribal households in Tribal Project Monitoring Unit (TPMU) areas and to understand the delivery mechanisms in Andhra Pradesh.

Objectives

The broad objective of the present study is to identify the credit requirements of tribal households in Tribal Project Management Units (TPMUs) and delivery mechanisms in Andhra Pradesh. The specific objectives are:

- to know the coverage of SHG programme in all the Integrated Tribal Development Agency (ITDA) regions of Andhra Pradesh;
- to assess the SHGs’ access to credit through banks, village organizations/Mandal Samakhyas and Sthree Nidhi;
- to assess the debt status, credit sources & lending norms of the SHG member households
- to assess the credit demand at various levels- SHG member, SHG, VO, MS and TPMU
- to know the problems in accessing credit and repayment of loan
- to evolve a mechanism for effective disbursement of credit by Sthree Nidhi to meet the credit demand of SHG members

A total sample of 189 households, 126 SHGs, 63 villages of 21 mandals in 7 TPMUs was studied in detail.

I Quality of community based organizations

There are 35 tribe communities living in Andhra Pradesh, in which, 8 were recognized as the primitive tribal groups (PTGs), which are also known as ‘Vulnerable Tribal Groups’. The tribes constitute 6.59 percent of state population and the STs of AP constitute 6.75 percent of India’s tribal population and account for the largest tribal concentration in southern India.

The average size of sample households is 4. Of the total household population, there are more female members (52%) than male members (48%). Further, this number of women is also high when compared to the state (49%) and national figures (48%). The adults to children ratio are 7:3. The average literacy rate of household members is 60%, whereas the rate of SHG members is 25%. There are low literacy levels of women across the TPMUs.

Of the total, 43% of the households are living in permanent houses, 29% are living in colony houses and 14 % are in pucca houses, 29% are in thatched houses, and 28% are in tiled houses. About 79% of the households hold lands ranging from one to ten acres with an average of 2.53 acres. However, majority of the households are marginal and small farmers. A small percentage of households have reported about migration (11%).

Agriculture (46%) and agricultural labour (32%) are the major primary economic activities of the sample households. Though NTFP/MFP is the major economic activity of the tribal households in the past, at present a small percentage (12%) of households depend on it as tertiary economic activity rather than primary economic activity of the households.

The average membership of the SHG is 11 and average age of SHGs is 8 years. The state government is the major promoter of SHGs and promoted 68% of SHGs, followed by community (26%), and NGOs (6%). Majority of the sample villages have banking services within a distance of 10 km; however, many villages have banking services between 10 and 40 km.

There are about 10 lakh SHGs in the state of Andhra Pradesh, out of which 5.4% of SHGs, covering 5.8% of members in TPMU areas in the state. The coverage of SHGs varies from TPMU to TPMU. There is a wide range of regional disparities in the coverage of SHGs and in the volume of lending. Firstly, Telangana region has highest percentage of total number of SN loans with 9.53% and lowest in Coastal region with 5.26% when compared to Rayalaseema with 8.03%. Secondly the percentage of number of SHGs with Sthree Nidhi loans, when compared with the state percentage of 7.39% is higher in Telangana followed by Rayalaseema. Thirdly, the average loan amount per SHG is highest in Rayalaseema with Rs. 67,728, which is greater than the state average of Rs. 60,457 and lowest in Telangana region with Rs. 57,469, when compared to the average loan amount per SHG in Coastal region with Rs. 58,758. However, the average amount of loan per SHG is low in Telangana region despite of having highest number of loan borrowers and highest in Rayalaseema due to various reasons when compared to coastal region.

The quality of SHGs, VOs, and MMSs is poor. Many sample SHGs were graded as 'C' (40%) followed by 'A' (32%) and 'B' (28%). It shows the poor quality of the SHGs in the study area. The age of the SHGs and the quality of SHGs are negatively correlated. Majority of the sample VOs are graded as E (46%) and F (22%) followed by C (11%), D (10%), B (6%) and A (5%). Of the 21 sample MMSs, majority of the MMSs are graded as D, E, and F grades.

The CBOs at all levels are poor in legal and governing aspects. The change of leadership is observed in 60% of SHGs. Out of 60% of SHGs, the leaders were changed one time in 40% of SHGs, two times in 15% of SHGs, and three & above times in 5% of SHGs. However, no change is observed in 40% of SHGs

The Executive Committee of VOs and MMSs continued to depend on staff for conducting their regular monthly meetings. Though there is change of leaders in VO and MMSs every year as per the norm in the by-law, the capacity building inputs were not provided to the new office bearers.

The number of staff, working in a mandal varies from 3 to 15 members; however, there is more number of staff in the mandals where special projects being

implemented. The data shows that in 13 out of 21 mandals, majority of the staff members are local and there is more men than woman staff.

II Awareness on Sthree Nidhi

In the level of awareness on various sources of credit in the tribal areas, about 95% of the sample households know that SHGs are one of the source of credit, 90% of households know that credit can be availed through Banks, 79% from VOs/MMSs, 44% from Sthree Nidhi, 8% from ITDA, 75% from money lenders, 41% from friends and relatives, 9% from others like NGOs, chit funds, traders etc.

The SHG members, VOs and MMSs have less awareness on Sthree Nidhi and its activities. Of the total sample SHGs, 'none' of the members are aware of Sthree Nidhi in 40% of sample SHGs. 'Some' members are aware in 37% of SHGs, 'most' of the members know in 17% of the SHGs and 'all' the members of SHGs know about Sthree Nidhi in only 6% of SHGs. Further, majority of the SHGs do not have awareness on loan terms and conditions such as loan volume, term, rate of interest, and mode of repayment.

In the level of awareness on criteria for selection of beneficiaries under Sthree Nidhi, of the total sample, 46% of the SHGs know that priority should be given to PoP category, 37% knew that the loan will be given for IG activity, 23% know that for the women who did not accessed bank loan, 22% know SHG-BL defaulters are not eligible, and very few SHGs know that the loan is sanctioned to the members whose income is not more than Rs. 60,000 (5%), short term loans (5%) and 50% loans to POP (2%). 42% of sample SHGs don't know the prescribed criteria for the selection of members to Sthree Nidhi loan. It could be due to the recent commencement of the programme.

About Cash Credit Limits, majority of the SHGs reported that none of their members are aware of the cash credit limit to members (67%), SHGs (83%), VOs (92%) and MSs (95%). Some of the members know CCL of members (25%), SHGs (16%), VOs (7%) and MSs (5%).

III Mobilization of credit by the households and SHGs

The promotion of savings by the households in other than SHGs is not attractive; however, SHGs have inculcated the habit of savings among the tribal households. About 95% of households save in SHGs with an average of Rs. 3,325; about 63% of the households save in insurance products with an average of Rs. 8,381; about 10-15 percent of the households have savings in banks with an average of Rs. 5,762; about 11% of the households each have savings in post office, friends & relatives, and chit funds. Besides savings at SHGs, some of the sample households have savings at banks (16%), post office (11%), friends and relatives (10%), and chits (6%).

The sample households have taken large loans from non institutional sources like friends and relatives, money lenders, or traders for social needs. The interest rates charged by the non-institutional sources vary from Rs. 2 to RS. 10. However, majority charged Rs. 2 to Rs. 4 per month, when compared to institutional credit sources (up to Rs. 1.25 per month). The large number of households have borrowed major portion of loan from

institutional credit sources. Sthree Nidhi is providing a minimal financial support to the tribal households.

A majority of the loans are intended for agriculture and agri-related activities including agri-inputs, purchase of cattle and land lease, followed by social needs like family functions, birth and death ceremonies, education, health, marriages, maturity functions etc. Each household spent Rs. 218 for getting VO loans, 227 for getting bank linkages and Rs. 168 for getting Sthree Nidhi loans.

Though the sample households belong to a vulnerable category and deserved various kinds of subsidies, majority of the SHGs have not accessed such benefits. Of the total sample, about 28% of SHGs benefited with subsidies from DRDA with a mean of Rs. 29,352 for 1 to 4 times; about 50% of the SHGs benefited for 1 to 5 times under pavalavaddi scheme with a mean of Rs. 8,237; and 4% of SHGs benefited with subsidies from NGOs with a mean of Rs. 13,600.

About 15% of SHGs accessed loans for 1 to 2 times from the government (Tribal welfare) with a mean of Rs. 49,523; 71% of the SHGs have taken loans from Village Organizations for 1 to 5 times with mean of Rs. 86,238 and about 90% of SHGs borrowed loans from banks under SHG-BL for 1 to 9 times with a mean of Rs. 317,688. About 37% of total sample SHGs got Sthree Nidhi loans with an average of Rs. 55,032. It is observed that of the total loan, the banks are playing an important role by providing 76% of total loan followed by VOs/MMs (16%).

A considerable number of SHGs are yet to be credit linked with banks, VOs and Sthree Nidhi. Of the SHGs having active loans, however, majority of the SHGs have loan outstanding with multiple credit agencies. About 71% of the SHGs have loan outstanding with banks, 61% of SHGs with VOs/MMs, 36% with Sthree Nidhi, and 9% with banks under housing loans. Of the 126 SHGs, 36% of SHGs have loan outstanding with one source, 34% of SHGs with two sources, 20% of SHGs with three sources and 3% of SHGs with four sources. Only 7% of SHGs do not have loans with any credit organization.

The average loan size varies from source to source. The volume of loans provided by the non-institutional sources is almost double when compared to institutional credit sources. The average loan size of banks is high with Rs. 178,656 and low in Sthree Nidhi with Rs. 54,155 as compared to VO (Rs. 64,436). It is because of norms of the lending organizations.

IV Repayment rate from SHGs to banks, VOs and Sthree Nidhi

The average repayment rate from SHGs to Sthree Nidhi is high with 84% and low to VO with 52% followed by banks (70%). Most of the households repay loan installments from the household income (97%). However, a few households repay by borrowing loans from other sources, 8% repay by selling the household assets, 3% repay by mortgage of assets, 4% by mortgage of crops mortgage and sale of assets, which has negative implications on the household economic activities.

The main reasons for low recovery rate are i) less availability of work, ii) unexpected expenditure in the household, iii) failure of crop, iv) ill-health of household members, v) default of other SHG members, vi) burden of large installment amount due to multiple loans, vii) no alternative income and credit sources to repay loan installments.

Of the total SHGs credit linked to banks, highest percentage of sample SHGs (39%) are covered in roadside villages, followed by 34% in fringe villages, and 27% in mandal head quarter. In VO loan disbursement, high percentage of SHGs (44%) was covered in roadside villages, followed by 35% in fringe villages, and 21% in mandal headquarters. But in the case of Sthree Nidhi, the preference was given to fringe villages than road side villages and mandal head quarters.

The SHGs, banks and the promoters have followed multiple strategies at all levels to ensure good repayment and to avoid default or over dues. The strategies adopted for regular repayment are i) adjustment of loan installments by leaders, ii) selling of crops, iii) adjustment of NREGS wages to loan installment, iv) payment from group corpus, v) creation of awareness on importance of regular recovery, vi) imposing fines, vii) change of leaders who mis-used the SHG funds, viii) review loan repayment in the group meetings, ix) implementation of SHG norms strictly, x) putting pressure from VOs on default SHGs, xi) collection of penal interest from default members, xii) surety from other members in the group, xiii) no repeat loans to default SHGs and or members, xiv) rescheduling of loan, xv) strengthening of SHGs through CRP system xvi) regular follow up from IKP staff.

There are no instances of action taken against the defaulters as majority of the members in the groups are defaulters.

A majority of the households opined that the SN loans are more timely (89%) than VO (82%) and bank (67%) loans. Like timeliness, majority of the households felt that repayment period of loans from all credit sources is reasonable.

The SHGs are unable to provide credit to their members, though there are various sources of credit. Out of 1430 SHGs members, the SHGs are unable to provide the loan request of 26% of members (372) from 51% of SHGs (64). The SHG members and SHGs have requested a total loan of Rs. 60 lakhs with an average of Rs. 16,304 per member. Out of 126, 105 SHGs (83%) have estimated a credit of Rs. 260.5 lakhs with an average of Rs. 2.48 lakhs per SHG for the next one year, to meet the credit requirement of the SHG members

V Issues and problems in accessing credit

Issues & problems at SHG level: Many SHGs are not credit linked to banks (29%), VOs (39%) and Sthree Nidhi (64%) and hence many SHG member households depended on traditional credit sources. Credit linkages to poor quality groups, poor quality of SHGs, inadequate quantum of loan, too much delay in sanctioning loans, more number of visits and costs, equal distribution of Sthree Nidhi loan to members, low awareness on lending norms, high dependence on IKP staff, payments to staff, monthly installment norm, low repayment rate, and conventional behaviour of the bankers are few of the major issues reported by the SHGs and household members.

Problems at VO level: Many VOs don't have funds to cater the credit needs of the member SHGs and has poor repayment of CIF loans. Also, in a few cases the funds were misused or the loans were lent to the SHGs, whose leaders are in VO executive committee. Most of the sample VOs does not have proper books of accounts and regular meetings and as a result many of the VOs became dormant.

Problems with Sthree Nidhi loans: Firstly, technology involved in Sthree Nidhi programme is highly methodological and the women find it difficult in using it as no training/orientation on to use the technology is given to the members. Hence, IVRS handsets are handed over to the community activists to assist the members, who are not in access to all the SHGs at the time of emergencies. Secondly, most of the SHG members don't know the lending norms of Sthree Nidhi and how it is different from SHG bank linkage. Thirdly, the level of awareness on Sthree Nidhi loans is very low among the households, SHGs, as well as bankers. Fourthly, there is delay in getting information and in the transfer of funds from VO to SHG account after sanctioning the loan. Fifthly, the members are unaware that the amount of loan from Sthree Nidhi Federation is sanctioned based on the quality of the CBOs and reported that the share capital is comparatively huge to the amount sanctioned.

The staff opined that working in the tribal areas is a punishment and the project management is not giving preference to the staff in the tribal areas. A majority of the non-local and women staff were unable to attend the office on time. Hence, the follow up to the CBOs are lagging.

1.1 Background of the study

Access to finance by the poor and vulnerable groups is a pre-requisite for poverty reduction and social cohesion. This has become an integral part of our efforts to promote inclusive growth. In fact, providing access to finance is a form of empowerment of the vulnerable groups. Financial inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services include credit, savings, insurance, payments and remittance facilities. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit of people with low incomes. Through graduated credit, the attempt must be to lift the poor from one level to another, so that they can come out of poverty.

The poverty ratio in rural areas among the Scheduled Tribes exhibit the highest level of poverty (47.4%) followed by Scheduled Castes (SCs) (42.3%) and Other Backward Castes (OBC) (31.9%) against 33.8% for all classes (Planning Commission, Government of India, 2012)¹. According to NSSO survey, 51.4% of farmer households are financially excluded from both formal /informal sources. Of the total farmer households, only 27% access formal sources of credit and one third of this group borrow from other non-formal sources. About 36% of Scheduled Tribe (ST) farmer households are indebted mostly to informal sources (C. Rangarajan, 2008)².

Though the SHG movement was initiated before '80s, it was implemented in a massive scale with the District Poverty Initiative Programme (DPIP) in 6 pilot districts namely Chittoor and Anantapur in Rayalaseema region, Mahabubnagar and Adilabad in Telangana region, Srikakulam and Vizianagaram in Coastal Andhra and Rural Poverty Reduction Programme (RPRP) in the remaining 16 districts in the year 2002.

To encourage the poor including the disadvantaged groups and communities to access the credit facility services, seamlessly, Community Investment Fund (CIF) from project side and linkages from bank side are provided to the poor women SHG members to improve their livelihoods. CIF supports the poor in prioritizing livelihood needs by investments in subprojects proposed and implemented by the Community Based Organizations (CBOs). The cumulative CIF expenditure up to March, 2012 is Rs.1088.07 crores and the total numbers of beneficiaries 29, 94,227. During the financial year 2011-12, SERP has facilitated Rs.7941.57 crores of bank loans to 3, 48,449 SHGs up to the end of March 2012 (Annual Report 2011-12, SERP)³. To address the issues of inadequate finance and to ensure timely availability of supplementary financial services for meeting emergency needs of the SHG members, Mandal Samakhya in the State, in association with Government of Andhra Pradesh have promoted "Sthree Nidhi Credit Cooperative Federation Ltd". Sthree Nidhi

¹ Planning Commission, Govt. of India, (2012), Press Note on Poverty Estimates, 2009-10

² Rangarajan Committee (2008), Report of the Committee on Financial Inclusion

³ Society for Elimination of Rural Poverty (2012), Annual Progress Report 2011-12

is operationalized from October 2011 and Rs. 454.53 crores was lent to 81,972 SHGs as on 31st December 2012. (www.sthreenidhi.org).

According to a study conducted by APMAS in 2011-12, there is a wide disparity between regions, districts and mandals in the coverage of clients and the amount disbursed through Sthree Nidhi⁴. The difference between the size of the loan accessed by SHGs with ST/SC members and that accessed by more advantaged groups had widened over the years (APMAS, 2007)⁵. Further, even though Andhra Pradesh is considered as a hub of microfinance institutions, the spread of MFI activities into the tribal areas is nominal because of multiple reasons.

The SERP web data shows that there are disparities between the tribal areas and other areas in disbursements of Sthree Nidhi programme, bank linkage programme etc. Hence, as a part of its outreach in terms of area, clientele, amount of disbursement of Sthree Nidhi in tribal areas, SERP has decided to conduct a study to understand the credit requirements of Tribal Households in Tribal Project Management Units (TPMUs) and delivery mechanisms in Andhra Pradesh.

1.2 Objectives

The broad objective of the present study is to identify the credit requirements of tribal households in Tribal Project Management Unit (TPMU) and delivery mechanisms in Andhra Pradesh. The specific objectives are:

- to know the coverage of SHG programme in all the ITDA regions of Andhra Pradesh;
- to assess the SHGs' access to credit through banks, village organizations/ Mandal Samakhya and Sthree Nidhi;
- to assess the debt status, credit sources & lending norms of the SHG member households
- to assess the credit demand at various levels- SHG member, SHG, VO, MS and TPMU
- to know the problems in accessing credit and repayment of loan
- to evolve a mechanism for effective disbursement of credit by Sthree Nidhi to meet the credit demand of SHG members

1.3 Research methodology

1.3.1 Key research questions

Following are the key research questions, which helped in addressing the objectives of the present study:

- Are there any regional disparities in the SHG movement of tribal Andhra Pradesh? If yes, what are the contributing factors?
- Does really the poorest of the poor (PoP) accessed credit? Or marginalized?

⁴ APMAS (2011-12) A Study on Utilization of Sthree Nidhi Loans by the SHG Members in AP
⁵ APMAS (2007), SHG-Bank Linkage Programme- A Recurrent Study in Andhra Pradesh

- What is the contribution of SHGs to the members' household credit?
- What are the awareness levels of SHG members on various credit delivery mechanisms?
- What are the issues and problems in accessing and repaying credit?
- What do the SHG members think about the Sthree Nidhi services? Do the members separate Sthree Nidhi from other SHG credit sources?
- What suggestions do people have for Sthree Nidhi to deliver the credit effectively?

1.3.2 Sampling methodology

The universe of the present study is all the Integrated Tribal Development Agencies (ITDAs) in the state of Andhra Pradesh. The study has covered seven out of nine ITDAs in the state. Out of 7 TPMUs, 3 in Coastal (Rampachodavaram, Paderu and Seethampet), 3 Telangana region (Badrachalam, Eturunagaram and Utnoor) were selected based on the volume of Bank Linkage and Sthree Nidhi lending, where as in Rayalaseema region, the only one TPMU located in Srisailam, also known as Chenchu Project, which covers four districts- Guntur, Prakasam, Kurnool, Mahabubnagar districts, was covered.

Before selecting mandals in an ITDA, all the mandals were grouped as i) mandals with high disbursement of Sthree Nidhi and Bank Linkage ii) mandals having moderate disbursement of Sthree Nidhi and Bank Linkage and iii) mandals with low disbursement of Sthree Nidhi and Bank Linkage. From each ITDA, one mandal with highest coverage of Sthree Nidhi and Bank Linkage, one mandal with moderate disbursement and another mandal with low disbursement of SHG-bank linkage and Sthree Nidhi were selected. Within the mandal three villages were selected - one at mandal headquarters, second at the village located on a road side which is 3 km from mandal head quarters and the third village is fringe village. Within the village, two SHGs were selected at random based on the availability, where as in case of Sthree Nidhi sample villages, the SHGs which have accessed Sthree Nidhi were selected purposively. From the two selected SHGs in a village, three members were selected.

Steps	Sampling Units	Sampling Criteria
Step-1	Regions	<ul style="list-style-type: none"> • All the three regions
Step-2	TPMUs (7)	<ul style="list-style-type: none"> • 3 TPMUs from Coastal Andhra • 1 TPMU from Rayalaseema • 3 TPMUs from Telangana
Step-3	Mandals (7 x 3 = 21)	3 mandals per TPMU based on the following criteria <ul style="list-style-type: none"> • Mandal I- Mandal with highest disbursement of Bank Linkage and Sthree Nidhi • Mandal II- Mandal with moderate disbursement of Bank Linkage and Sthree Nidhi • Mandal III - Mandal with low disbursement of Bank Linkage and Sthree Nidhi
Step-4	Villages	3 villages in a selected mandal

	(21 x3 = 63)	<ul style="list-style-type: none"> • Village I - Mandal Head quarter village • Village II - Village with 2 to 3 Km away from mandal head quarter and road point • Village III - Fringe village
Step-5	SHGs (63x2 = 126)	2 SHGs in a village <ul style="list-style-type: none"> • One SHG in a habitation • One SHG from different ethnic groups
Step-6	Households (63x3 = 189)	3 households in each Village <ul style="list-style-type: none"> • One SHG leader household • Two SHG members households

Besides, the study team has interacted with the branch managers of both commercial and regional rural banks in a mandal to know their perceptions on the quality of SHGs and issues in accessing credit at SHG member and individual capacities. Further, the study team has also interacted with the Project Officers of ITDA and staff of Indira Kranthi Patham (IKP) to know the various issues in the implementation of SHG-Bank linkage programme and disbursement of credit under Sthree Nidhi Programme.

Totally the study has covered a sample of 189 SHG member households, 126 SHGs in 63 villages of 21 mandals in 7 ITDAs. The following table gives the details of sampling design (see table 1.1)

Name of the TPMU	MMS	VO	SHGs	HH	Banks	Project Staff
Srisailam	3	9	18	27	2	2
Rampachodavaram	3	9	18	27	1	1
Paderu	3	9	18	27	2	2
Seethampet	3	9	18	27	3	3
Eturnagaram	3	9	18	27	3	10
Utnoor	3	9	18	27	3	6
Badrachalam	3	9	18	27	5	6
Total	21	63	126	189	19	30

1.3.3 Data collection tools

Both primary as well as secondary data was gathered at various levels - state, ITDA, Mandals and SHGs. Annual reports of SERP-TPMU, ITDAs, Sthree Nidhi are the major secondary sources of quantitative data. The primary sources include households, SHGs, VO/MS office bearers, ITDA-Project Officers, bankers etc. Both qualitative & quantitative techniques were used in collecting the data. The details of various data collection tools used and the aspects covered are given below.

Name of the format	Aspects covered
1. SHGs	Socio-economic profile of SHGs; meetings and attendance; details of subsidies availed by SHGs; details of loans; reasons for default of loans & actions against defaulters; strategies used for regular repayment of loans; lending norms; details of loan

	applications pending with SHGs; awareness level of SHGs on Sthree Nidhi programme and CCL; criteria for selection of beneficiaries for Sthree Nidhi; change of leadership in SHGs; problems in getting bank, VO and Sthree Nidhi loans; suggestions for effective implementation of Sthree Nidhi programme
2. Households/SHG Members	Socio-economic profile of sample households; sources of credit; active loan details from various credit sources; sources of credit repayment; demand for credit for next one year; reasons for loan default; cost incurred for getting loans from banks, VOs, and Sthree Nidhi; details of source-wise savings; opinion on households on lending procedures of bank loans, VO loans & Sthree Nidhi loans; problems in getting and repayment of loans from banks, VOs and Sthree Nidhi; advantages and disadvantages of informal credit sources and suggestions for effective delivery of Sthree Nidhi programme
3. CRI for SHGs	14 point parameter grading tool prescribed by the NABARD
4. VO- Grades	6 point grading tool prescribed by the Sthree Nidhi federation which includes the details of own funds; CIF recovery; attendance; legal compliances; net profit of VO and updated SHG information
5. MS- Grades	7 point grading tool prescribed by the Sthree Nidhi federation which includes the details of own funds; CIF recovery; attendance; legal compliances; net profit; idle funds at bank and updated VO/SHG information
6. Bank Managers	Outreach of banks; magnitude of default SHGs, amount of default, opinion on quality of SHGs, opinion on delivery of financial services from MFIs, reasons for dependency on informal financial sources, problems in financing to SHGs, issues in repayment, reasons for defaults, opinion on Sthree Nidhi and suggestions for effective implementation of Sthree Nidhi
7. Checklist for Officials	Progress of Sthree Nidhi, problems confronted in implementation, problems in recovery, suggestions for effective implementation

1.3.4 Fieldwork

Fieldwork for data collection was carried out during the month of October 2012 by 2 teams consisting of 4 members each. Before data collection, a pilot study was conducted in Sunnipenta village of Srisailam Mandal of Srisailam TPMU to pilot and standardize the tools. Further, the study teams were oriented on the objectives of the study, sampling methodology, data collection tools, editing of filled in schedules and data entry formats. The fieldwork was completed during 5th - 21st October 2012. Before initiating the fieldwork, the field visit plan was shared with Sthree Nidhi Credit Cooperative Federation Ltd, to communicate the same with the concerned ITDA officials about the study.

1.3.5 Limitations of the study

Interaction with the tribal women with different dialects was difficult. Unlike household interviews, interactions with SHGs need the cooperation of SHPIs and their influence in sample selection is inevitable in few cases. However, several measures were taken to minimize the bias. Selection of mandals based on the disbursement of Sthree Nidhi was difficult as the secondary data was not readily available. The data on Srisailam TPMU was not available. Hence, it was not possible to compare the Srisailam TPMU with other TPMUs.

1.4 Data analysis

Data entry formats were prepared along with the data entry instructions and the teams were oriented on the process of data entry. After the data collection, the data was entered in the excel data files. Then, the data was reviewed and edited and secondary variables were generated as per the requirement to do an in depth analysis. Data was analyzed with simple statistical tools like percentages, averages, etc. Cross tables and graphs were prepared to know the causal relations among different variables and to draw meaningful inferences.

1.5 Organization of the report

The report of the study is divided into 6 chapters preceded by an executive summary. Chapter-1 provides the background, objectives and methodology of the study. Chapter-2 discusses the outreach of the SHG movement in the tribal Andhra Pradesh. Chapter-3 discusses the quality of SHGs, VOs and MMSs. Chapter-4 analyses the Supply and demand for credit of households and SHGs. Chapter-5 talks about the issues and problems at various levels. Chapter-6 presents the conclusions of the study and the way forward for effective disbursement of credit by Sthree Nidhi to meet the credit demand of SHG members.

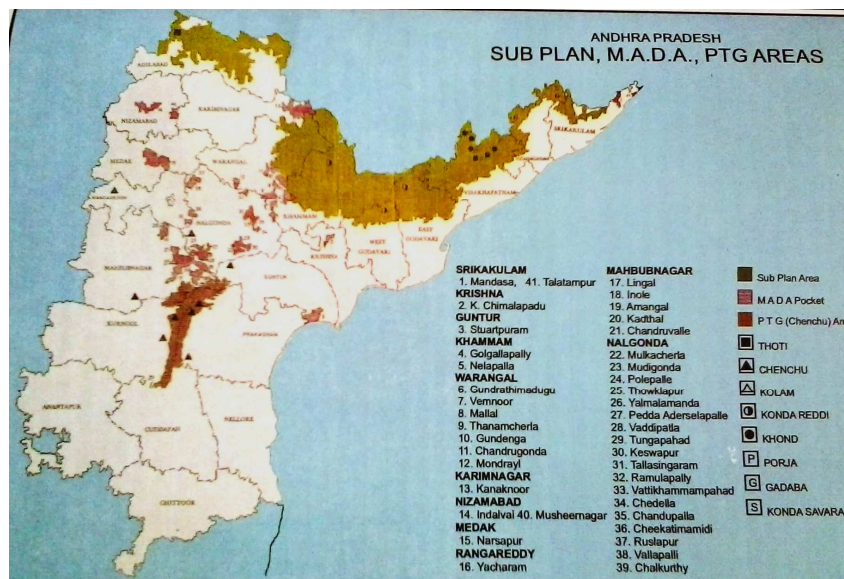
SHG Movement in Tribal Andhra Pradesh

The present chapter explains the growth of SHGs, bank linkage programme, disbursement of CIF, Pavalavaddi⁶, and Sthree Nidhi. Further it focuses on the research questions- Are there any regional disparities in the SHG movement of tribal Andhra Pradesh? If yes, what are the contributing factors?

2.1 An overview of Tribal Andhra Pradesh

According to 2001 Census, the total tribal population of AP is 50,24,104. In AP, there are 35 communities⁷ officially designated as Scheduled Tribes, in which 8 are recognized as primitive tribal groups (PTGs), which are also known as 'Vulnerable Tribal Groups'. The STs of AP constitute 6.75 percent of India's tribal population. Although the state's STs comprise only 6.59 per cent of the state's population, they account for the largest tribal concentration in southern India.

The scheduled areas of Andhra Pradesh, covered by the Tribal Sub-Plan (TSP) approach, are spread over 31,485 sq km in the districts of Srikakulam, Vizianagaram, Visakhapatnam, East Godavari, West Godavari, Warangal, Khammam, Adilabad and Kurnool. This zone forms the traditional habitat of 32 tribal communities. The other three tribal groups, i.e.



⁷ *Anth, Bagata, Bhil, Chenchu, Gadaba, Gond, Goudu, Hill Reddis, Jatapus, Mammam, Kattunayakan, Kolam/Kolawar, Konda Doras/Kubi, Konda Kapus, Konda Reddis, Kondh/Kodi/ Kodhu/Desaya Kondh/ Dongria Kondh/ Kuttiya Kondh/ Tikira Kondh/ Yenity Kondh/ Kvinga, Kotia/Bentho Oriya/ Bartika/ Dulia/ Holva/ Sanrona/ Sidhopaiko, Koya, Kulia, Malis, Manna Dhora, Mukha Dhora, Nooka Dhora, Nakkala/ Kurvikaran, Nayaks, Pardhan, Porja/ parangiperja, Reddi Dhoras, Rona/Rena, Savaras, Thoti, Valmiki, Yanadi, Yerukala and Dhulia/Paiko/Putiyu.*

Chenchu, Gadaba, Kolam, Konda Reddy, Khond, Porja, Savara and Valmiki- are the most backward tribes in the state of Andhra Pradesh, primarily depends on food gathering economy.

Lambada, Yerukala and Yanadi live mostly outside the scheduled areas.

In some districts, tribal population is spread thinly and they live along with non-tribal communities. The indigenous tribes are mostly concentrated in contiguous tracts of the above districts that have been designated as scheduled areas, administered by the ITDAs. For tribe-wise and district-wise details see annex 1 and 2.

There are some one million ST-households in the state and about a half of them live in 5,936 villages in the nine ITDA areas. The scheduled areas are inhabited by an estimated 2.8 million tribals, who are entitled to the benefits of TSP projects and protective legislations. In conformity with the national TSP strategy, Andhra Pradesh tribal population is divided into four categories: (i) those living in tribal concentration areas in the scheduled villages and adjoining areas, i.e., the TSP areas administered by ITDAs. Each of the above nine districts has one ITDA named after the tribal concentration block, where it is headquartered; (ii) primitive tribal groups, i.e., communities who live in near isolation in inaccessible habitats in and outside the scheduled areas, who are at the pre-agricultural stage of the economy; (iii) those living in small pockets outside the scheduled areas, i.e. Modified Area Development Agency (MADA) areas and tribal clusters; and (iv) Dispersed Tribal Groups, i.e. those dispersed throughout the state (see map).

2.2 SHG movement in Andhra Pradesh

The SHG movement was recognized as an important program to eradicate poverty through the promotion of livelihoods and empowerment of women. The state of Andhra Pradesh has been the focus of attention on the world map due to its pro active government, passionate non-governmental organizations and significant strides made by its SHGs. Development agenda of the state in the last few years of placing the people, especially women, in the forefront has enabled the formation of large number of SHGs in the state.

The central government recognized the group approach and started the Development of Women and Children in Rural Areas (DWCRA) programme in the year 1983. The DWCRA programme encouraged the rural women for the formation of SHGs by providing financial support in the form of revolving fund or matching grant. Besides, under Integrated Child Development Scheme (ICDS) the SHGs were also promoted. The forest department promoted SHGs in the name of Vana Samrakshana Samithis (VSSs) in forest adjacent villages. The NABARD also facilitated the formation of Rythu Mithra Groups (RMGs) with the marginal and small farmers to provide technical knowledge on new agricultural practices, to attain higher productivity.

In addition to the above programmes, the state government has launched UNDP-SAPAP programme on pilot basis, which aimed at empowerment of women through the SHGs. The SAPAP program has covered three districts in Andhra Pradesh (Kurnool, Mahabubnagar & Ananthapur districts). Based on the experience of the SAPAP program, the state government recognized the importance of SHGs from the women members of BPL families and started various developmental programs. The government of AP has promoted a separate society called Society for Elimination of Rural Poverty (SERP) with the financial support of the World Bank, to strengthen the SHG movement for the

reduction of poverty and empowerment of women in rural areas. The objective of the SERP is to empower the disadvantaged communities to overcome all social, economic, cultural, and psychological barriers through self-managed organizations and to attain higher productivity with improved skills, and asset base and utilize resources to full potential and gainful access to services.

In urban areas, government has established a mission called Mission for Elimination of Poverty in Municipal Areas (MEPMA), under AP Societies Registration Act, for formulating strategies to implement poverty reduction programmes through SHGs. The objective of the mission is 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.

In addition to the above credit source, the autonomous bodies, Mandal Mahila Samakhyas of SHGs along with Government of Andhra Pradesh promoted Sthree Nidhi Credit Cooperative Federation Ltd under Andhra Pradesh Cooperative Societies Act 1964 to provide supplement credit to SHGs through MMSs. The criterion followed in lending is to credit 50% of the loan disbursed to the PoP women in the groups. The main objective is to address the issues of inadequate and untimely availability of credit requirement during emergency and emergent situations, so that the poor women in the SHGs will not approach the exploitative credit sources.

2.3 Progress of CBOs in Andhra Pradesh

According to the SERP there are 1,15,55,868 SHG members in 10,59,056 SHGs organized into 38,821 Village Organizations (VOs) and 1099 Mandal Samakhyas (MSs) in Andhra Pradesh. Of the total number of SHGs, about 5.4 percent of SHGs covering 5.8 percent of members are in Tribal Project Management Unit (TPMU) areas. In addition to above (MSs), there are 262 Mandal Vikalangula Samakhyas, 17 Chenchu Mandal Samakhyas, 7 Fishermen Mandal Samakhyas, and 20 Yanadi Mandal Samakhyas in the state. Total savings & corpus of SHG members by the end of March 2012 is Rs. 3,724.07 crores and Rs. 5,538.33 crores respectively. Social capital created during the project period up to March 2012 is 1,73,841.

On the other hand, according to MEPMA, there are 2.94 lakh SHGs covering 30 lakh women, which were organized into 8,314 Slum Level Federations (SLFs) and 188 Town Level Federations (TLFs) in the urban areas of Andhra Pradesh. Present corpus with SHGs is Rs. 540 Crores, with SLFs is Rs. 68 Crores and with TLF is Rs.10 Crores (www.mepma.org).

The role of these SHGs has been increasing from the last 10 years in the state. They are playing a pivotal role in the process of implementing various state government programmes like ICDS, MGNREGS and Social Security Schemes like Old Age Pensions, etc., in order to ensure accountability and transparency, so that the policies will reach the beneficiaries.

2.3.1 Spread of SHGs in TPMU areas

There are about 10 lakh SHGs in the state of Andhra Pradesh. Of these SHGs, 57,868 (5.4%) SHGs covering 5.8 percent of members are in Tribal Project Management Unit

(TPMU) area in the state. In Andhra Pradesh, the percentage of SHGs is high in East Godavari with 84,421(7.8%) and lowest in Vizianagaram with 33,595 (3.1%) when compared to other districts.

The data in table 2.1 shows that the percentage of SHGs in TPMU areas. The percentage of SHGs is high in Badrachalam (26%) and low in Eturnagaram (7%), when compared to other TPMUs (Utnoor (22%), Paderu (15%), Seethampet (11%), Parvathipuram (11%), Rampachodavaram (8%)).

District Name	Total no. of SHGs	% of total no. of SHGs	Total no. of ST SHGs	% of ST SHGs
Utnoor	12674	21.9	4859	38.3
Eturnagaram	4155	7.2	1687	40.6
Badrachalam	15109	26.1	7338	48.6
Seethampet	6640	11.5	1764	26.6
Paderu	8714	15.1	7414	85.1
Rampachodavaram	4436	7.7	3433	77.4
Parvathipuram	6140	10.6	2442	39.8
Total	57868	100.0	28937	50.0

Source: www.serp.ap.gov.in

The data shows that the percentage of tribal SHGs in TPMU area is highest in Paderu with 85.1% and lowest in Seethampet with 26.6%, when compared to other TPMUs (Rampachodavaram (77.4%), Eturnagaram (40.6%), (Utnoor (38.3%), Seethampeta (26.6%), and Parvathipuram (39.8%). The above discussion clearly shows that firstly, there is a wide range of differences in the promotion of SHGs in the TPMU areas. Secondly, there are a good number of non-tribal SHGs (50%) in the tribal areas.

District	TPMU	Total SHGs in District	TPMU ST SHGs	% of ST SHGs in District	% of ST SHGs in all TPMUs
Adilabad	Utnoor	21278	4859	23	16.8
Warangal	Eturnagaram	51599	1687	3	5.8
Khammam	Badrachalam	33662	7338	22	25.4
Srikakulam	Seethampeta	33686	1764	5	6.1
Vizianagaram	Parvathipuram	27617	2442	9	8.4
East Godavari	RC Varam	78871	3433	4	11.9
Visakhapatnam	Paderu	36222	7414	20	25.6
Total	Total	282935	28937	10	100.0

Source: www.serp.ap.gov.in

Table 2.2 shows that the ST SHGs constitute 10% of total SHGs in all the 7 districts. Of the total SHGs in 7 TPMU areas, the highest percentage of SHGs constituting 25.6% are in Visakhapatnam district, followed by 25.4% in Khammam, 16.8% in Adilabad, 11.9% in East Godavari 8.4% in Vizianagaram, 6.1% in Srikakulam and 5.8% in Warangal districts.

2.4 Bank linkage programme

2.4.1 Distance to Banks

The distance between sample villages to banks varies from zero to more than 50 km with an average of 16 km. Table 2.3 shows that out of 63 villages, 22% of the villages have banking services within a distance of 5 km, 30% have banks within 6-10 Km, and the remaining 48% have banking services at a distance of more than 10 km. About one-fifth of village has only access to banks in more than 20 km. The distance of the banks varies from TPMU to TPMU. The average distance to a bank is high in Paderu ITDA with 33 km, and low in Utnoor with 7 km, when compared to the other ITDAs (Ramapachodavaram- 21 km, Eturunagaram-15 km, Srisailam-14 km, Badrachalam-13 km, and Seetampet-9 km).

Table : 2.3 TPMU-Wise Distance of Villages from Servicing Banks

Distance (in Km)	BDC	ETN	PDR	RCV	SPT	SRL	UTN	Total	%
Less than 5	1	2	2	1	1	5	2	14	22.2
6 -10	2	1	2	0	6	1	7	19	30.2
11 – 15	4	1	0	3	1	0	0	9	14.3
16 – 20	1	4	0	1	1	0	0	7	11.1
21 & plus	1	1	5	4	0	3	0	14	22.2
Total	9	9	9	9	9	9	9	63	100.0

2.4.2 Status of SHG-bank linkage programme

In Andhra Pradesh there are 7365 bank branches of 46 banks (20 public sector commercial banks, 5 Regional Rural Banks, 17 Cooperative Banks and 4 Private Sector Banks) providing banking services to the SHGs (Census 2011). For details see annex-3&4. The data in table 2.4 shows that as on 31st March, 2012, the total savings of SHGs is about 1,40,915.56 lakhs covering 14,95,904 SHGs (NABARD, 2011-12).

Table- 2.4.: Bank-wise Savings of SHGs as on 31ST March, 2012

Particulars	Commercial Banks	Regional Banks	Cooperative Banks	Total
No. of SHGs	1062591	405904	27409	1495904
Savings(in lakhs)	114991.38	31827.84	2196.34	149015.56

Source: Status of Microfinance in India 2011-12

2.4.3 Performance of Banks in the TPMU areas

The banks are playing a pivotal role in providing financial support to the SHGs. Table 2.5 shows that the status of SHGs and bank linkages in the sample TPMU areas. The average no. of SHGs per branch is 643 in the study areas. Of the total SHGs in the sample branches, 14% of SHGs are dormant.

S. No.	Details	Units
1	No. of Branches covered	18
2	Total SHG SB accounts	11568
	Average no. of SHGs per branch	643
3	No. of Dormant a/cs	1604
	% of dormant a/cs	14
4	No. of SHGs having loan outstanding	9979
	% of SHGs with loan outstanding	86
5	Total Loan outstanding (OS) (Rs in lakh)	8776.0
	Average amount per SHG (Rs.)	87945
	Average recovery rate	68
6	No. of Overdue (OD)a/cs	2360
	% of OD a/cs of OS a/cs	24
7	No. of NPA a/cs	1825
	% of NPA a/cs of OS accounts	18
8	Total loan A/cs in banks	42426
	% of SHG loan accounts	24

Of the total SHGs, 86% of SHGs have loan accounts with average recovery rate of 68%. But the recovery rate as per the sample SHGs is 70%. There is 24% of overdue A/cs in the sample branches. Of the total loan accounts in branches (all type of loans both SHG and non SHGs), SHGs has 24% of loans accounts. But the percentage of SHG loan amount is more than 70% of total loan amount in the branches. During discussions, the branch managers reported that the priority in loan disbursement is given to priority sector with 90% as all the branches are located in rural areas.

The data in table 2.6 shows that there is a gradual increase in the number of SHGs credit linked to banks from 2004-05 till 2008-09 (261254 to 483601 SHGs); but after 2008-09 the progress of the SHGs linked to bank has declined gradually over years. However, the amount of loan disbursed has been increasing over the years. Similarly, the average finance per SHG has also increased over the years. It could be because of large number of repeat linkages and volume of loan.

Year	Coverage of Groups	Amount of Loan (Rs. Crores)	No. of Branches	Per Group Finance (Rs.)
2004-05	261254	1017.7	3853	38954
2005-06	288711	2001.4	3853	69322
2006-07	366489	3063.9	3950	83601
2007-08	431515	5882.8	4000	136329
2008-09	483601	6684.1	4150	137498
2009-10	413625	6501.4	4274	157180
2010-11	389444	7092.7	4286	182123
2011-12	346682	7866.3	4324	227912

Source: www.serp.ap.gov.in

Table-2.7: No. of SHGs Linked to Banks in TPMU Areas as on Dec 2012

District Name	Total No. of SHGs	No. of SHGs Linked to Banks	% of SHGs Linked to Bank	Amount Outstanding (in lakhs)
Utnoor	12674	10224	80.6	12304.23
Eturnagaram	4155	3856	92.8	4420.15
Badhrachalam	15109	12236	80.9	14968.89
Rampachodavaram	4436	3546	79.9	2251.66
Seethampeta	6640	5199	78.3	6079.37
Paderu	8714	3391	38.9	2589.41
Parvathipuram	6140	3905	63.6	3379.4
Total	57868	42357	73.2	45993.11
Andhra Pradesh	1075605	868082	80.7	1152667

Source: www.serp.ap.gov.in

The data in table 2.7 shows that as on 30th Dec 2012, the percentage of SHGs linked to banks under bank linkage programme in TPMU areas is about 73.2% against the state percentage of 80%. However, Paderu (39%) has the lowest number of SHGs linked to banks, followed by Parvathipuram (64%) among the TPMU SHGs. This indicates the poor implementation of SHG-BL programme in the TPMUs as compared to state.

Regional disparities in the spread of Bank Linkage Programme: The data in table 2.8 shows that of the three regions in the state, the highest percentage of SHGs credit linked to banks is high in Coastal Andhra with 82% and low in Rayalaseema with 75.5%, when compared with Telangana region with 81%. But in TPMU areas, the SHGs credit linked to banks is highest in Telangana region with 82% when compared to coastal region (62%). The reasons of poor coverage of Bank Linkage are due to poor infrastructure, presence of MFIs and NGOs, and due to differences in the awareness level of the borrowers.

Table-2.8: Region-wise Disparity in Bank Linkage Programme

Regions	Total No. of SHGs	Total No. of SHGs in TPMU	No. of SHGs Linked to Banks		% of SHGs linked to Banks	
			District	TPMU	District	TPMU
Telangana	410737	31938	334507	26316	81.4	82.3
Coastal	468394	25930	385189	16041	82.2	61.8
Rayalaseema	196474	NA	148386	NA	75.5	NA

Source: www.serp.ap.gov.in

According to SERP reports, the percentage of SHGs linked to bank as per the loan eligibility entitlement during FY 2011-12 is about 75% (see table 2.9). The SHGs linked to banks as per the eligibility is 100% only in Seethampeta, whereas the outreach is beyond the eligibility in Badrachalam (116.8%) and Eturnagaram and below the eligibility in Paderu (24.7%), Rampachodavaram (47.9%) and Parvathipuram (61.5%). It shows that there is a disparity in achieving the targets in the study areas.

Table-2.9: % of SHGs Linked to Banks as per the Eligibility						
TPMU Name	Loan Eligibility as per entitlement		SHGs Linked to Banks as on FY 2011-12		SHGs Linked to Banks (%)	
	No. of SHGs	Amount	No. of SHGs	Amount	SHGs (%)	Amount (%)
Utnoor	4211	7971.50	3732	6803.27	88.6	85.3
Rampachodavaram	1569	2704.00	752	1038.76	47.9	38.4
Badhrachalam	4593	10907.00	5392	9745.13	117.4	89.3
Seethampeta	2700	5469.50	2717	4949.04	100.6	90.5
Paderu	5536	5418.50	1366	1545.71	24.7	28.5
Parvathipuram	2818	4121.50	1733	2379.83	61.5	57.7
Eturnagaram	1288	2111.00	1504	2701.88	116.8	128.0
Total	22715	38703.00	17196	29163.62	75.7	75.4

Source: www.serp.ap.gov.in

2.5 Disbursement of CIF and Pavalavaddi

CIF is provided to groups that have formulated investment plans covering activities such as income generation activities (IGA), land purchase, skill development or enterprise development for securing jobs in private sector, social welfare activities, marketing interventions, physical productive infrastructure, and rice credit line (RCL) to enable the poor expanding their livelihood options and improving their quality of life. The data in table 2.9 shows that an amount of Rs. 917.24 crores is disbursed to 26,74,712 beneficiaries during 2010-11, which is then increased to Rs. 1,088.07 crores for 29,94,227 beneficiaries as Community Investment Fund in 2011-12.

The state government has also introduced Pavalavaddi, since 2004 with a view to encourage better repayment and to reduce the interest burden on the rural poor for the bank loans taken for various purposes. The data in table 2.10 shows that during 2010-11, 11,33,269 SHGs were provided with pavalavaddi incentive with Rs. 535.59 crores, which is then increased to 878.88 crores with 19,48,384 SHGs in 2011-12. From January 2012, complete interest subvention loans were provided to the SHGs. This will definitely reduces the interest burden among the poor households to a significant extent.

Table-2.10: Community Investment Fund and Pavalavaddi Disbursement During 2010-2012				
Year	Community Investment Fund		Pavalavaddi	
	No. of beneficiaries	Amount disbursed (in crores)	No. of SHGs	Amount disbursed (in crores)
2010-11	2674712	917.24	1133269	535.59
2011-12	2994227	1088.07	1948384	878.88

Under Pavalavaddi Incentive Rs. 535.59 crores is given to 11,33,269 SHGs during 2010-11 and Rs. 878.88 crores is given to 19,48,384 SHGs during 2011-12, thus totaling to Rs. 1,967.42 crores, since inception of the scheme.

2.6 Coverage of Sthree Nidhi

2.6.1 About Sthree Nidhi

Need for Sthree Nidhi: Growth strategy of the Government resulted in increased opportunities to the poor and this necessitates higher quantum of production/investment credit. Per group finance in the last year was at about Rs. 1.80 lakh. As the credit flow is not adequate, the poor are increasingly resorting to high cost credit. Untimely access to credit compels the poor to borrow from other sources. A member of a SHG may not get another loan from the bank during the time that there is still loan outstanding of the existing loan with the bank, though the needs are urgent. In order to meet their credit needs in the interregnum members of SHGs are resorting to high cost borrowing from other sources.

Constitution of Sthree Nidhi: In order to fill the above gap, the Mandal Mahila Samakhya (MMS) of SHGs in association with Government of Andhra Pradesh have promoted 'Sthree Nidhi' Credit Cooperative Federation Ltd and the same was registered under Andhra Pradesh Cooperative Societies Act'1964 for financing of SHGs through Mandal Mahila Samakhya (MMS). 'Sthree Nidhi' will leverage credit from banking sector and channelize it through Village Organization, a federation of SHGs at village level, and to members through SHG.

Objectives: To address the issues of inadequate finance and to ensure timely availability of credit for meeting emergent and other needs, there is a need to supplement credit aside what is being accessed from banking sector. 'Sthree Nidhi' is specifically created to meet these needs of women with the following objectives:

- i. To supplement credit to SHG members while ensuring that SHGs will give first priority for availing of loans from banking sector and then only look at the option to avail from 'Sthree Nidhi.
- ii. 'Sthree Nidhi' will address credit needs of the SHG members to meet situations like exigencies and short term loans for business purposes as SHGs do not get another loan during the currency of the existing term loan from bank, which has tenure of 3-5 years period.
- iii. To ensure timely credit availability of loans, preferably within 48 hours from the date of request for loan
- iv. To ensure that poorest of the poor access credit to the extent of 50% of the loan disbursed.
- v. To facilitate lending to only the needy in the group which will enable them to meet credit needs for IGA and consumption purposes including emergent purposes.

2.6.2 Operational Area

Sthree Nidhi has been started its operations in all the 22 districts of Andhra Pradesh. The data in table 2.11 shows that of the total 1,156 mandals, 38,741 VO's, and 11,06,177 SHGs, the programme has been covered 928 mandals (80%), 14,788 VO's (38%) and 82,352 SHGs (74.4%) in the state. As on Nov 30th 2012, Sthree Nidhi has disbursed a loan of Rs. 49.40 crores to 3,24,185 members with an average of Rs. 15,240 per member.

Region	Mandals		VOs		SHGs		Disbursement	
	Total	Covered	Total	Covered	Total (In lakhs)	Covered	Amount in crores	Avg. Amt per member
Coastal	438 (37.8)	374 (40.3)	14929 (38.5)	5254 (35.5)	480833 (43.4)	25928 (31.4)	152	15113.2
Rayalaseema	250 (21.6)	195 (21.0)	8481 (21.8)	3121 (21.1)	211968 (19.1)	17013 (20.6)	115	15416.3
Telangana	452 (39.1)	359 (38.6)	15331 (39.5)	6413 (43.3)	413376 (37.3)	39411 (47.8)	226	15237
Total	1156 (100)	928 (100)	38741 (100)	14788 (100)	1106177 (100)	82352 (100)	494	15240.1

2.6.3 Volume of lending

The data in table 2.12 shows that of the 22 districts, the lowest number of loans and amount was disbursed in Mahabubnagar (5,280 loans and Rs. 6,65,25,500/-); and the highest was disbursed in Chittoor (40,345 loans and Rs. 63,21,13,845/-). The highest disbursement in Chittoor could be because of two reasons. Firstly, Chittoor is the native district of the present Chief Minister, Mr. N. Kiran Kumar Reddy, and secondly, Chittoor is one of the DPIP districts.

No. of Borrowers	Name of the Regions & Districts		
	Coastal	Rayalaseema	Telangana
< 6000		---	Mahabubnagar
6001-7000	Nellore & West Godavari Srikakulam	Kurnool	
7001-10000	Vizianagaram Krishna	Kadapa	Ranga Reddy
10001-15000	Prakasam		Nalgonda

15001-20000	Visakhapatnam East Godavari Guntur	Ananthapur	Nizamabad Khammam Warangal Adilabad Karimnagar Medak
> 20000	---	Chittoor	----

Source: www.serp.ap.gov.in

2.6.4 Regional disparities

There are regional disparities in the disbursement of loans and the amount. The data in table 2.13 shows that Telangana region has highest percentage of total number of SN loans with 9.53% and lowest in Coastal region with 5.26% when compared to Rayalaseema with 8.03%. Secondly the percentage of number of SHGs with Sthree Nidhi loans, when compared with the state percentage of 7.39% is higher in Telangana followed by Rayalaseema. Thirdly, the average loan amount per SHG is highest in Rayalaseema with Rs. 67,728, which is greater than the state average of Rs. 60,457 and lowest in Telangana region with Rs. 57,469, when compared to the average loan amount per SHG in Coastal region with Rs. 58,758. However, the average amount of loan per SHG is low in Telangana region despite of having highest number of loan borrowers and highest in Rayalaseema due to various reasons when compared to coastal region.

Table-2.13: Region-wise Distribution in SthreeNidhi Programme as on 30th Nov, 2012

Regions	Total no. of SHGs	No. of SHGs with SN loan	Loan Amount	Avg Loan amt per SHG
Coastal	480833	25298 (5.26%)	1523472710	58758
Rayalaseema	211968	17013 (8.03%)	1152248944	67728
Telangana	413376	39411 (9.53%)	2264916900	57469
Total	1106177	81722 (7.39%)	4940638554	60457

Similarly, as in table 2.13, the percentage of coverage of MMS is higher in coastal region and low in both Rayalaseema and Telangana region. In case of VOs, the percentage covered in Telangana region is highest to that of total number of SHGs in both Rayalaseema and Coastal region. Further, the percentage of SHGs covered under Sthree Nidhi is higher in Rayalaseema with 47.8% to that of total 37.3% and lowest in Telangana with 31.4 to that of total 43.4%, when compared to Coastal Andhra.

2.7 Access to Internet

Out of 63 villages, 43% of the villages have internet facility within the village and 57% of the villages are with no access to internet facility within their villages. Of the 43% of the villages with internet connectivity, many of them are located in the mandal head quarters followed by roadside villages. To get internet facility majority of the villages (57%) have to go between 5 and 30 km with an average of the distance of the coverage in the villages with

no internet facility ranges from 5 km to 30 km. Of the 57% of the villages which don't have internet facility; many villages (20.6%) are within 5-10 km followed by less than 5 km (11%), between 11-15 km (11%) and more than 16 km (14%).

Table- 2.14: TPMU-wise Details of Villages with Access to Internet

Distance (in Km)	BDC	ETN	PDR	RCV	SPT	SRL	UTN	Total	%
0	0	6	1	4	4	6	6	27	42.9
1 - 5	1	0	2	1	1	2	0	7	11.1
6 - 10	2	1	2	1	3	1	3	13	20.6
11 -15	4	1	0	2	0	0	0	7	11.1
16 - 20	1	1	0	0	1	0	0	3	4.8
> 20	1	0	4	1	0	0	0	6	9.5
Total	9	9	9	9	9	9	9	63	100.0

During interactions, the staffs have reported two main issues in accessing internet, maintenance and distance. The maintenance issues include low speed, no regular connectivity, payments for getting connection and poor service. Besides, low literacy levels of SHG women members, poor inputs to staff on IVRS technology particularly on purpose-wise inbuilt ceilings for SHGs, and VOs are the other major constraints for optimum usage of IVRS technology. Under the above circumstances 'Business Correspondent model' could be one of the possibilities for effective disbursement of loans by Sthree Nidhi. In the villages (53%) with no access to internet connectivity, village organisations can play a prominent role.

2.8 Conclusions

To sum up, there are many scheduled tribes in Andhra Pradesh with different socio economic conditions. There is a wide range of disparity in the outreach between regions, in terms of number of SHGs, VOs, Mandals and the number of loans and amount disbursed under bank linkage programme and Sthreenidhi. The coverage of SHGs is minimal in case of Sthree Nidhi disbursement with 7.39% in the state. The average distance between bank and village is 16 km. Majority of the sample villages don't have the internet facility.

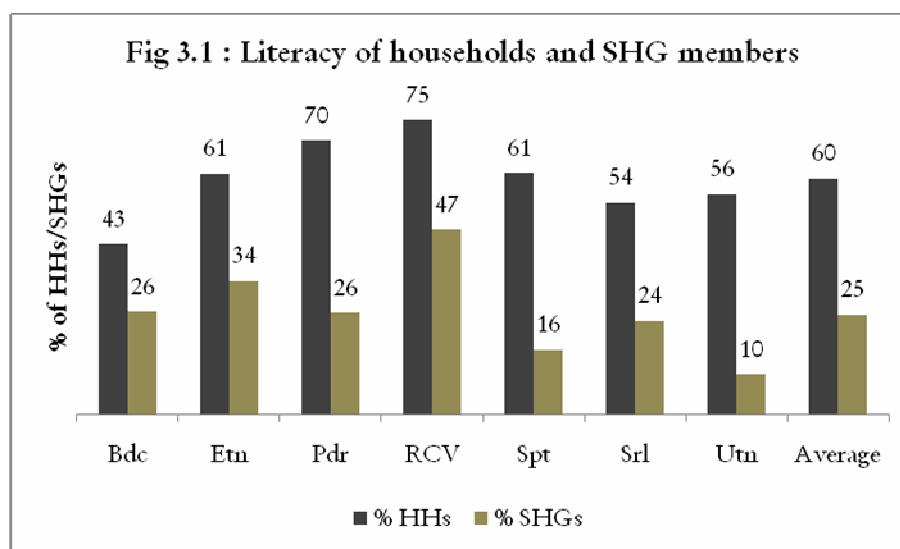
Quality of Community Based Organizations

The present section of report primarily discusses the socio-economic background of the sample households, composition of sample SHGs, awareness of the SHG members on various credit widows in general and Sthree Nidhi in particular. Further, it assessed the quality of SHGs, VO, and MMSs by using the grading tools. Besides, it also discussed how far the legal and governance aspects contributed for the quality of community based organizations at various levels.

3.1 Profile of households

3.1.1 Demographic profile of households

The sample households consist of 1430 members with an average of 4 members. Of the total population, the female are more in numbers (52%) than the male (48%). It shows that the percentage of female population in sample tribal areas is more (52%) than the state (49.79%), and national average (48.46%). The adults to children ratio is 7:3. Fig 3.1 shows that the average literacy percentage is 60 in the case of sample Households and 25% in the case of SHG members. The percentage of literates is high in Rampachodavaram TPMU with 75% and low in Badrachalam with 43%, when compared to other TPMUs in the state. However the percentage of literates among the SHGs in Utnoor TPMU is low with 10% as compared to other TPMUs. In all the TPMUs, the literacy levels of the households is high as compared to the percentage of literate women among the SHGs, which is lower than the state (59.74%) and national averages (74.04%). This indicates low literacy levels of women across the TPMUs.



The standard of living of the households depends on the percentage of working population in the households. Of the total members of the sample households, 55% of household members are working and the remaining are non-working. The non-working members

include children, aged and the diseased. The data in table 3.1 shows that the percentage of working and non-working members in the households is more or less equal in Eturunagaram, Paderu and Srisailam. It shows that there are many dependents in large number of households. Presence of more number of dependent members in the households leads to borrow more no. of loans to meet consumption and emergency expenses, due to less working members and low income of the households.

Sl.No.	TPMU	Total Population	Working population	% of working population
1	Bhadrachalam	104	55	53
2	Eturnagaram	111	57	51
3	Utnoor	116	69	59
4	Paderu	119	61	51
5	Rampachodavaram	104	57	55
6	Seethampeta	122	74	61
7	Srisailam	117	60	51
	Total	793	433	55

3.1.2 Economic profile of households

The data in table 3.2 shows that of the 189 sample households, 29% are living in colony houses, 29% are in thatched houses, 28% are in tiled houses and the remaining (14 %) are in pucca houses. Of the total households, 79% of HHs has lands ranging from one to ten acres with an average of 2.53 acres. However, majority of the households are marginal and small farmers. About one-fifth are landless. A small percentage of households have reported about migration (11%).

Parameters	Frequency	%	
Housing	Thatched	54	29
	Tiled	54	28
	Colony house	55	29
	Pucca house	26	14
Land	Landed	149	79
	Land less	40	21
Poverty category	BPL	185	98
	APL	2	1
	No card	2	1
Migration	Migration	21	11
	No migration	168	89

The type of ration cards possessed by the households indicates the category, whether the particular household belongs to poor or non poor. As per the data, most of the sample households belong to BPL category (98%), one percent belongs to APL category and remaining one percent has no cards. It is observed that inspite of many housing programs implemented by the state government, particularly in tribal areas, more than half of the

households (57% of total sample households) are still living in thatched and tiled houses though most of the households are BPL households.

The study team has collected the economic activities of sample households to understand the major source of household income. The primary, secondary and tertiary economic activities of the sample households show that majority of the households depend on agriculture, agricultural labour and NTFP collection. The data in table 3.3 shows that many households' primary economic activity is agriculture (46%) followed by agriculture labour (34%) and others caste occupation, construction workers, salaried jobs, NTFP collections, petty business and others miscellaneous occupations. However, many households' secondary occupation is agriculture labour (48%), agriculture (24%) and other occupations, where as many households' tertiary economic activity is NTFP/MFP collections (12%), agriculture (5%) and agricultural labour (6%) are the major activities.

Sl.No.	Occupation	Primary (N=189)	Secondary (N=189)	Tertiary (N=189)
1	Agriculture	46	24	5
2	Ag labour	34	48	6
3	Service occupation	1	1	2
4	Dairy	0	2	2
5	Job - private / govt	5	2	1
6	NTFP / MFP collection	1	6	12
7	Business (Petty/Seasonal)	4	4	2
8	Others	9	8	12

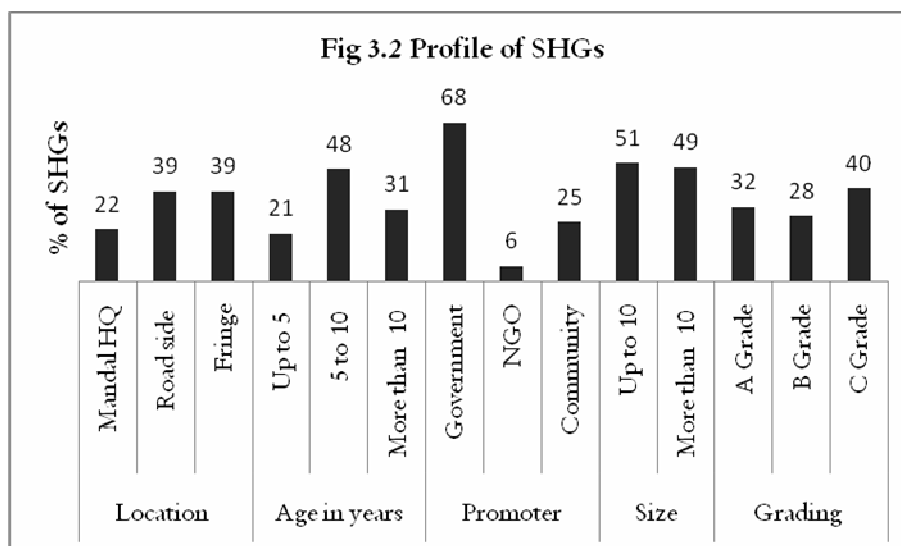
From the table 3.3, it is observed that though the NTFP/MFP is the major economic activity of the tribal households in the past, but at present a small percentage of households depend on it because of various reasons. At present only 12% of sample households depend on NTFP/MFP occupation as tertiary economic activity rather than primary occupation.

3.2 Profile of SHGs

There are 1430 members in all the 126 sample SHGs. The group size varies from 10 to 18 members with an average of 11. The age of the sample SHGs varies from one to 10 years with an average of 8 years. Of the total SHGs, nearly one half of the SHGs are between 5 and 10 years and another one half of the SHGs are more than 10 years (31% and less than 5 years (21%) old.

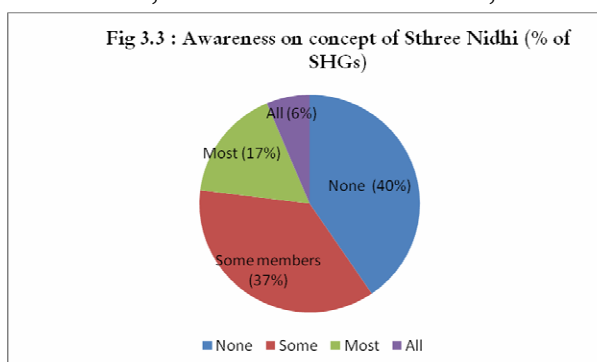
The NGOs, government and the community are the self help promoting institutions in the study area. Of the 126 SHGs, majority of the SHGs were promoted by Government (68%) followed by community (25%), and NGOs (6%). By the spread effect of importance of the SHGs, the community and other key persons in the villages had played a key role in the formation of SHGs. Government policy towards SHG movement in Andhra Pradesh is also a major factor for sensitization of community towards SHGs.

The data fig- 3.2 shows that many SHGs are graded as 'C' (40%) followed by 'A' (32%) and 'B' (28%). It shows the poor quality of the SHGs in the study area.



3.3 Awareness on various credit sources

There are various sources of credit in the tribal areas. About 95% of the sample households know that SHGs are one of the source of credit, 90% of households know that credit can be availed through Banks, 79% from VOs/MMSs, 44% from Sthree Nidhi, 8% from ITDA, 75% from money lenders, 41% from friends and relatives, 9% from others like NGOs, chit funds, traders etc. and only 1% expressed that government is also one of the available credit sources. This indicates that the SHG members and or the households have less awareness on lending activities of Sthree Nidhi.



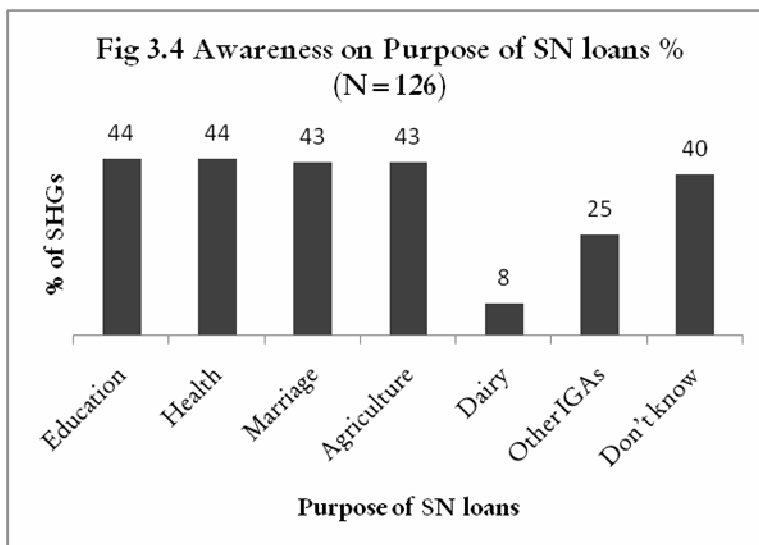
3.4 Awareness on Sthree Nidhi

3.4.1 Awareness on concept of Sthree Nidhi

The success of any program depends on the awareness level of the community and follow-up of the staff. Fig- 3.3 shows that of the total sample SHGs, 'none' of the members are aware of Sthree Nidhi in 40% of sample SHGs. 'Some' members are aware in 37% of SHGs, 'most' of the members know in 17% of the SHGs and 'all' the members of SHGs know about Sthree Nidhi in only 6% of SHGs. Among the TPMUs, there is variation in the awareness level on Sthree Nidhi. About 50% and above percent of sample SHGs don't know about Sthree Nidhi in Seethampet, Srisailam & Paderu TPMUs. All the members know about the Sthree Nidhi program in 22% of SHGs in Badrachalam and Rampachodavaram TPMUs. Of the total, 24% of SHGs reported that they came to know about the Sthree Nidhi programme through the CBOs and remaining 36% of SHGs know through the IKP staff and others. The CBOs, staff and others played a key role in creating awareness on Sthree Nidhi and its activities.

3.4.2 Awareness on purpose of Sthree Nidhi loans

The Sthree Nidhi provides credit to meet the household credit needs for various purposes - education, health, marriages, agriculture, dairy and other income generating activities. Fig-3.4 reveals that 44% of the samples SHGs know about education and health, 43% of SHGs knows about marriages and agriculture, 25% of SHGs know about other IGAs and 8% knows about dairy and 40% reported that they don't know about the purpose of Sthree Nidhi. The fig- 3.4 shows that majority of the SHGs dont have awareness on the purpose of loans provided by Sthree Nidhi. However, many SHGs know that the Sthree Nidhi is provided to meet social needs besides IGA.



3.4.3 Awareness levels on Sthree Nidhi loan terms and conditions

Table 3.4 reveals the level of awareness of sample SHGs on Sthree Nidhi loan terms and conditions. Of the total sample, in the majority of the SHGs none of the members have the awareness on loan terms and conditions such as loan volume, term, rate of interest and mode of repayment. However, few of the members of some SHGs (25% to 31%) are aware of loan terms and conditions. A few SHGs of most/all the members are aware of loan terms and conditions. It shows the poor awareness of the tribal households/SHGs on Sthreenidhi lending norms which influences the loan utilization and repayment.

There are inter-regional variations in the awareness levels of SHGs. Table 3.4 shows that the regional variations on awareness level of loan terms and conditions. Srisailam TPMU has relatively low awareness on the loan terms and conditions compared with other TPMUs. In Srisailam TPMU, none of the members know about 'loan volume' and 'loan term' in 94% of SHGs, rate of interest in 89% of SHGs, mode of payment in 78% of SHGs. The reasons for low levels of awareness in Srisailam TPMU, is due to presence of more Chenchu mandals.

Table-3.4: TPMU-wise Awareness on Loan Terms and Conditions (% of SHGs)									
Loan term	Scale	BDC N=18	ETN N=18	PDR N=18	RCV N=18	SPT N=18	SRL N=18	UTN N=18	Total N=126
Loan volume	None	39	39	67	61	83	94	33	60
	Some	39	56	28	28	11	6	50	31
	Most	22	5	5	11	6	0	17	9
	All	0	0	0	0	0	0	0	0
Loan term	None	50	44	89	6	67	94	28	54
	Some	28	56	11	17	28	6	56	29
	Most	22	0	0	33	5	0	16	11
	All	0	0	0	44	0	0	0	6
Rate of interest	None	61	61	72	28	83	89	50	63
	Some	22	39	28	22	11	6	50	26
	Most	17	0	0	6	6	0	0	4
	All	0	0	0	44	0	5	0	7
Mode of payment	None	56	50	61	0	67	78	28	48
	Some	22	50	22	6	22	11	61	28
	Most	22	0	11	39	11	6	11	14
	All	0	0	6	55	0	6	0	10

3.4.5 Awareness on the criteria for the selection of SHG members

As per the Sthree Nidhi guidelines, SHGs should follow certain criteria while selecting members for Sthree Nidhi loan. They are i) priority to the poorest of the poor (PoP) category, ii) not accessed bank loan, iii) income not more than Rs. 60,000 per year, iv) loan for income generation activity, v) short term loan (less than 12 months) vi) 50 percent of loans to PoP category and vii) members not defaulted the loans borrowed under SHG bank linkage and community investment fund (CIF).

The data in table 3.5 shows that of the total sample, 46% of the SHGs know that priority is given to PoP category, 37% know that loan is given for IG activity, 23% know that the loan is sanctioned to the members who did not accessed bank loans, 22% know that 'SHG-BL defaulters are not eligible' and very few SHGs know that it is given to the HHs whose income do not exceed more than Rs. 60,000 (5%), short term loans (5%), and 50% loans to POP' (2%). 42% of sample SHGs don't know the prescribed criteria for the selection of members to Sthree Nidhi loan. It could be due to the recent commencement of the programme. There are variations among the TPMUs in awareness on the criteria for selection of beneficiaries under Sthree Nidhi. Majority of the SHGs (78%) in Seethampet are unaware of the criteria of Sthree Nidhi, followed by 67% in Paderu, 56% in Srisailam, 28% in Badrachalam, 28% in Eturnagaram, 22% in Utnoor, and 17% in Rampachodavarm TPMUs.

Table:3.5- TPMU-wise Awareness on Criteria for Sthree Nidhi (% of SHGs)								
Criteria	BDC N=18	ETN N=18	PDR N=18	RCV N=18	SPT N=18	SRL N=18	UTN N=18	Total N=126
Priority to POP	72	67	22	33	22	28	78	46
Not accessed bank loan	33	22	22	22	11	11	39	23
Income not >60000	0	0	0	0	6	6	0	2
Loan for IG activity	50	44	28	56	17	11	50	37
Short term cycles	0	6	6	6	6	6	6	5
50% loans to POP	0	0	6	0	0	6	0	2
SHG BL defaulters	33	17	22	33	11	0	39	22
Don't know	28	28	67	17	78	56	22	42

3.4.6 Awareness on Cash Credit Limit of Sthree Nidhi loans

Sthree Nidhi federation fixed Cash Credit Limits (CCL) to members (Rs. 15,000/25,000), SHGs (Rs. 1,50,000), VO (Rs. 1/2/4/6 lakh) and MS (Rs. 25/50/100/150 lakh) based on the grading of SHGs, VOs and MMSs. The study team collected the information regarding CCL using a four point scale (None, Some, Most & All). Table 3.6 reveals that of the sample, majority of the SHGs reported that none of their members are aware of the cash credit limit to members (67%), SHGs (83%), VOs (92%), and MSs (95%). Some of the members know CCL of members (25%), SHGs (16%), VOs (7%), and MSs (5%). However, the percentage of the level of awareness of the SHG members is very low. There are variations among the TPMUs. The level of awareness of SHGs in Srisailam TPMU is relatively low compared with other TPMUs.

Table-3.6: Awareness of SHGs on Cash Credit Limit of Stthree Nidhi loan (% of SHGs)									
Level	Scale	BDC N=1 8	ETN N=1 8	PDR N=18	RCV N=1 8	SPT N=1 8	SRL N=18	UTN N=18	Total N=126
Members	None	50	39	100	61	89	94	39	67
	Some	33	56	0	28	11	6	44	25
	Most	17	6	0	11	0	0	17	8
	All	0	0	0	0	0	0	0	0
SHGs	None	72	78	100	94	94	89	50	83
	Some	22	22	0	6	6	11	44	15
	Most	6	0	0	0	0	0	6	2
	All	0	0	0	0	0	0	0	0
VOs	None	78	100	94	83	100	100	89	92
	Some	22	0	6	11	0	0	11	7
	Most	0	0	0	6	0	0	0	1
	All	0	0	0	0	0	0	0	0
MSs	None	83	100	100	83	100	100	100	95
	Some	17	0	0	17	0	0	0	5
	Most	0	0	0	0	0	0	0	0
	All	0	0	0	0	0	0	0	0

3.5 Grading of SHGs

The grading of SHGs would be assessed on the basis of standardized grading tool called Critical Rating Index (CRI) developed by the NABARD. All sample SHGs in the study were graded as A, B and C based on the scored obtained. The data in table 3.7 shows that many sample SHGs are graded as C (40%) followed by A (32%) and B (28%). It shows that majority of the SHGs are poor in quality.

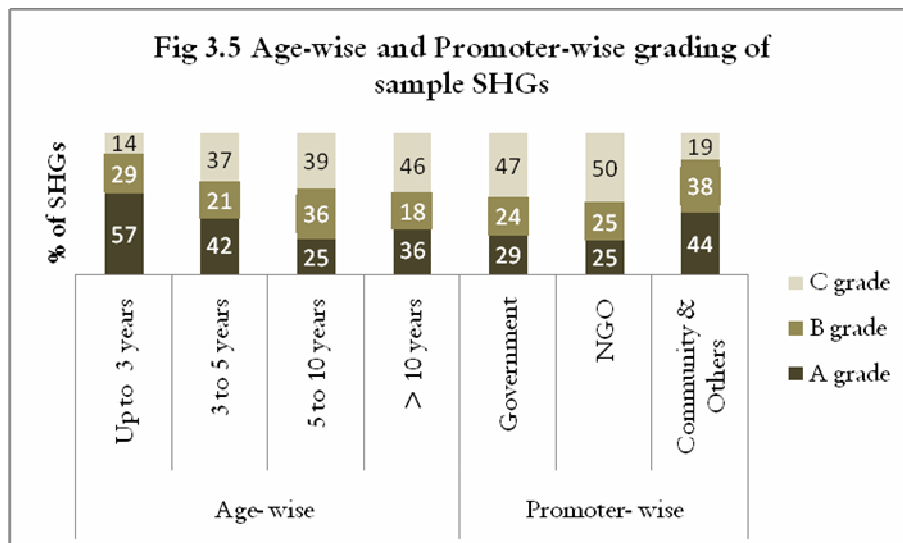
Table 3.7 TPMU-wise Grading of SHGs (% of SHGs)									
Grade	BDC	ETN	PDR	RCV	SPT	SRL	UTN	Total	
A grade	44.4	38.9	27.8	61.1	16.7	5.6	33.3	32.5	
B Grade	11.1	22.2	38.9	38.9	27.8	38.9	16.7	27.8	
C Grade	44.4	38.9	33.3	--	55.6	55.6	50.0	39.7	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Table 3.7 show that the percentage of A grade SHGs is high in Rampachodavaram (RCV) TPMU with 26.8% and low in Srisailam with 5.6% when compared to other TPMUs. The percentage of B grade SHGs is high in Paderu, Rampachodavaram, and Srisailam with 38.9% and low in Badrachalam with 11.1% when compared to other TPMUs. The percentage of C grade SHGs is high in Seetampet and Srisailam with 55.6% and low in Paderu with 33%. However, there are no C grades SHGs in Ramapachodavaram. It shows that the quality of SHGs is good in Ramachodavaram, Badrachalam, Eturnagaram, and

Paderu, when compared to other TPMUs. In other words, the quality of SHGs is poor in Seetampet, Srisailam, and Utnoor, when compared to other TPMUs. Lack of solidarity among the members, no meetings and attendance during the last six months, lack of awareness on financial transactions, irregular savings are the main reasons for the poor quality of SHGs.

Fig 3.5 shows that the percentage of A grade SHGs is high in community promoted SHGs (44%) when compared to the SHGs promoted by government (29%) and NGO (25%). Similarly in the case of B and C grade SHGs. Further, the percentage of C grade SHGs is high among the SHGs promoted by NGOs (50%) and government (47%), compared to the SHGs promoted by the community (19%). It could be because of self motivation of community promoted SHGs, target approach and poor capacity building inputs to SHGs promoted by the Government. In the case of NGOs promoted SHGs, the NGO staff is involved in the promotion of SHGs, but there is no handholding support from the promoters due to financial problems and withdrawal of the organization from the community.

The data in fig-3.5 shows that the percentage of A grade SHGs is high in less than 3 year old SHGs and low in 5-10 year old SHGs, when compared to other age groups of SHGs. In contrast to it, the percentage of C grade SHGs is high in more than 10 year old SHGs and low in less than 5 year old SHGs when compared to other age-groups of SHGs. However, the percentage of B grade SHGs is high in 5-10 year old SHGs and low in More than 10 year old SHGs. It shows that the quality of SHGs is poor with the increase in the age. Thus, the higher the age of the SHG, the poorer the quality. However after 10 years, there is an increase in the quality of SHGs. It is because of regular follow up at the beginning of the SHGs and SHG members' interest. Due to lack of refresher trainings, the SHGs are lagging behind in terms of feeling of homogeneity, awareness about the objectives of SHGs, awareness on rules and regulations, change of leadership, member-wise financial awareness, book keeping, velocity of savings etc., so the percentage of A grade SHGs are low in other age groups.



3.6 Grading of Village Organizations

The Sthree Nidhi has developed grading tools to assess the quality and credit worthiness of the VOs. The tools mainly covers the extent of own funds, recovery rate of CIF, member attendance in EC meetings, legal compliances, net profit during the last three years, updating of information relating to the SHG grading. Each indicator has its own weightage. The VOs can be graded as A, B, C, D, E and F based on the sum of scores obtained in grading.

The data in table 3.8 shows that majority of the sample VOs are graded as E (46%) and F (22%) followed by C (11%), D (10%), B (6%) and A (5%). It shows that a small percentage of sample VOs are good in grading (22%).

The quality of sample VOs vary from TPMU to TPMU. A majority of the sample VOs in Badrachalam (7 out of 9), Paderu (8 out of 9), Seetampet (7 out of 9), Srisailam (6 out of 9) Eturunagaram (5 out of 9), Rampachodavaram (5 out of 9), and Utnoor (5 out of 9) were graded as E and F. But A grade VOs are found only in Rampachodavaram (1 out of 9) and Srisailam (2 out of 9). Further, there are no A, B, C graded sample VOs in Paderu and Seethampet TPMUs.

The main reasons for the high percentage of poor quality of VOs are lacuna in timely conduct of general body meetings, untimely or no submission of annual returns and low recovery of CIF, loss of MSs and VOs, no discussion on audit reports at MS and VO meetings, absence of monitoring by the staff, delay in the process of auditing in TPMU areas.

The major reasons for E and F grades are low percentage of CIF recovery (less than 60% of recovery in about 60% of VOs), low attendance (less than 50% in 46% of VOs), loss of VOs (27% of VOs in profits for last three years), and lack of updated data about SHGs and VOs. The details of CIF recovery, attendance and loss of VOs and MSs are enclosed in Annex 4A, 4B & 4C.

Table 3.8 TPMU-wise Grading of VOs									
Grading	BDC	ETN	PDR	RCV	SPT	SRL	UTN	Total	%
A Grade	0	0	0	1	0	2	0	3	5
B Grade	1	1	0	0	0	0	2	4	6
C Grade	1	2	0	3	0	0	1	7	11
D Grade	0	1	1	0	2	1	1	6	10
E Grade	3	2	2	3	1	1	2	14	22
F Grade	4	3	6	2	6	5	3	29	46
Total	9	9	9	9	9	9	9	63	100

3.7 Grading of Mandal Mahila Samakhyas

The Sthree Nidhi has developed grading tools to assess the quality and credit worthiness of the MSSs. The tools mainly covers the extent of own funds, recovery rate of CIF, member attendance in EC meetings, legal compliances, net profit during the last three years, updating of information on VO grades. Each indicator has its own weightage. The MMSs can be graded as A, B, C, D, E, and F based on the sum of scores obtained in grading.

The data in table 3.9 shows that of the 21 sample MMSs, majority of the MMSs are graded as F, D, and E. A small percentage of MMSs are graded as (5 out of 21) A, B, and C. There are no A, B, and C graded MMSs in Badrachalam, Eturnagaram, and Paderu. However, 2 out of 3 MMSs are graded as A and B in Ramapachodavaram, and one out of 3 MMSs as A in Srisailam TPMUs. There are 2 out of 21 MMSs in B grade, one each in Rampachodavaram and Seethampeta, there is one C grade MMS in Utnoor. And all the other MMSs were graded as D, E and F. It shows that three-fourth of sample MMSs are poor in quality. Further, there is no much difference in the grades of sample VOs and MMSs. However, the quality of SHGs is comparatively good as the MMSs and VOs. And the quality of VOs is poor, when compared to SHGs and MMSs. It is observed that most of the MMSs are E and F grades.

Grading	BDC	ETN	PDR	RCV	SPT	SRL	UTN	Total	%
A Grade	0	0	0	1	0	1	0	2	9.5
B Grade	0	0	0	1	1	0	0	2	9.5
C Grade	0	0	0	0	0	0	1	1	4.7
D Grade	0	1	1	0	1	1	0	4	19.2
E Grade	1	0	1	1	0	0	0	3	14.3
F Grade	2	2	1	0	1	1	2	9	42.8
Total	3	3	3	3	3	3	3	21	100.0

The low percentage of CIF recovery (less than 60% of recovery in about 70% of MSs), low attendance (less than 50% in 29% of MSs), no profits and loss in MMSs (71% of MSs are in loss for last three years) and lack of updated data about SHGs and VOs are the main reasons for high percentage of low grade MMSs. For the details of CIF recovery, attendance and loss of MSs see Annex 2A, 2B & 2C.

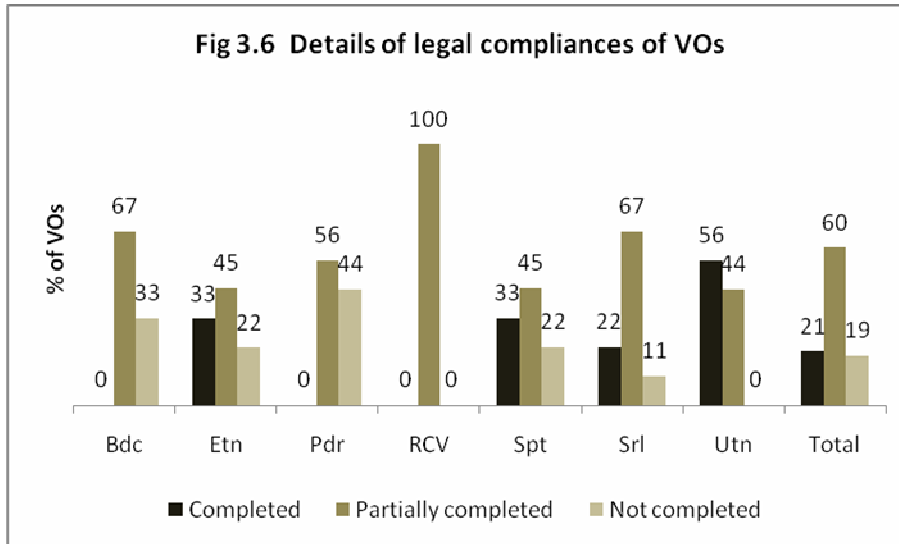
3.8 Legal compliances and Governing Issues

3.8.1 Legal compliances

All the Village Organizations and Mandal Mahila Samakhya which were registered under APMACS Act, 1995 should complete the legal compliances such as statutory audit, conduct of general body meetings and submission of annual returns etc, every year. If the general body meetings and returns are not completed for 2011-12, the team considered the progress of preceding year.

The team considered the legal compliances as completed, when three activities like statutory audit, conduct of general body meetings and submission of annual returns are completed. Partially completed means completion of any of the two activities.

Fig 3.6 reveals that of the 63 total sample VOs, legal compliances were completed in 21% of VOs, partially completed in 60% of VOs and not completed in 19% of VOs.



There are variations in the completion of legal compliances among the TPMUs. Of the seven TPMUs, 56% of VOs in Uttoor, 33% in Eturnagaram, 33% in Seethampet, 22% in Srisailam completed the total process of legal compliances. In the same way 100% of VOs in Rampachodavaram, 67% of VOs in Badrachalam, 67% of VOs in Srisailam, 56% of VOs in Paderu, 44% of VOs in Eturnagaram, 44% of VOs in Seetampet have partially completed the legal compliances and 44% of VOs in Paderu, 33% in Bhadrachalam, 22% in Eturnagaram, 22% in Seethampeta, and 11% in Srisailam have not completed the any activity of legal compliances. In Rampachodavaram TPMU, out of the three activities of legal compliances, one or two activities were completed, but no VO has completed all the three activities.

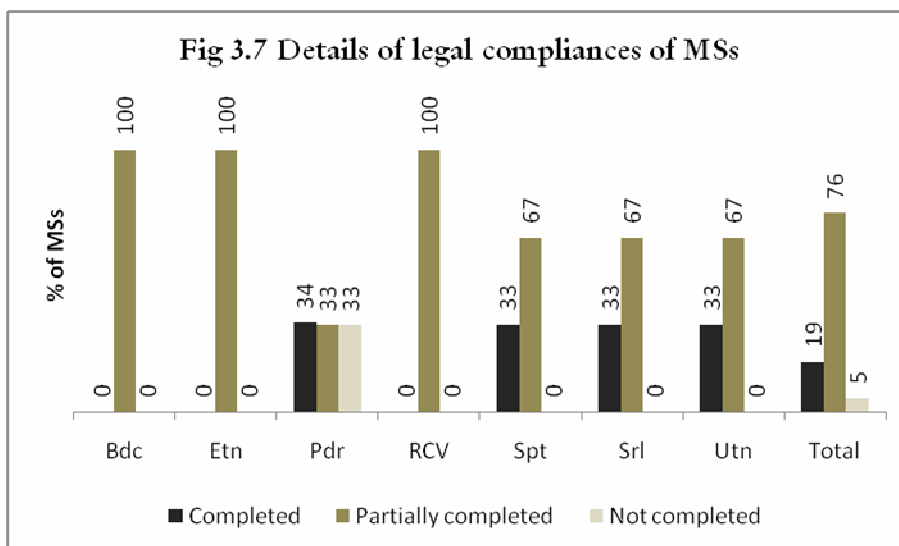


Fig 3.7 shows that, of the 21 sample MMSs, 19% of MMSs (four Samakhyas- Srisailam of Srisailam TPMU, Bazarhathnur of Uttoor TPMU, Paderu of Paderu TPMU and Seethampet of Seethampet TPMU) have completed the process of legal compliances, 76% of MMSs has completed partially and 5% of MMSs (one Samakhya- Arakuvally) have not completed any activity of legal compliances.

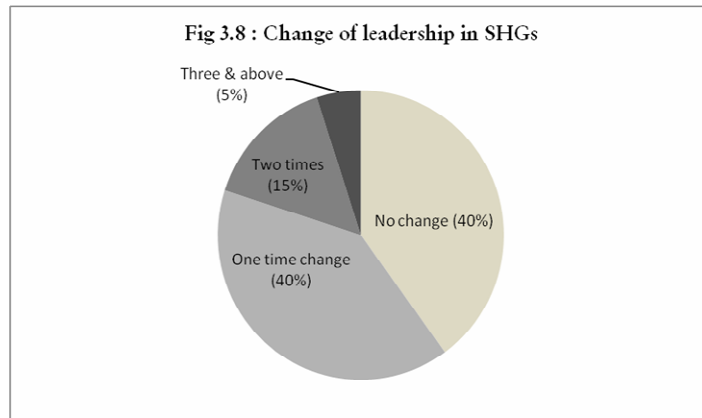
There are variations among the TPMUs in completion of the legal compliances. Of the sample, 34% of MMSs in Paderu, 33% in Seethampeta, 33% in Srisailam and 33% in Utnoor have completed the total process of legal compliances. In Badrachalam, Eturnagaram and Rampachodavaram TPMUs, all the MMSs partially completed the legal compliances and 33% of MMSs has not completed the legal compliances in Paderu TPMU.

By the interaction with the staff, VO & MMS Office Bearers, the statutory auditing has been done by the project by empanelling the statutory auditors. But due to delay in audit reports by the auditors, there is no discussion on the audit reports at VO and MS EC meetings. Further, annual returns were filed without conducting of Annual General Body Meetings.

3.8.2 Governing issues

Leadership change in SHGs: Fig3.8 shows that the change of leadership is observed in 60% of SHGs. Out of 60% of SHGs, the leaders were changed one time in 40% of SHGs, two times in 15% of SHGs and three & above times in 5% of SHGs. However, no change is observed in 40% of SHGs.

Change of leadership in VOs and MMSs: During FGDs with VO and MS office bearers, they have reported that the Executive Committee of VOs and MSs continued to depend on staff for conducting their regular monthly meetings. As a part of leadership change in the VOs and MSs, the office bearers change every year as per the norm in the by-law, but capacity building inputs were not provided to the new office bearers.



Project driven agenda discussed in the VO/MMS meetings: Most of the agenda points discussed in the VO and MMS meetings were driven by the staff based on the project priorities.

Frequent change of staff and lack of sufficient capacities to staff to strengthen the VOs and MSs is the major concern. For example in Kukunur mandal of Badrachalam TPMU except APM all the staff joined recently and all the staff members were promoted from Community Activists as Community Volunteers (CVs). The CVs does not have such capacities to solve the problems in the VOs and MSs.

In the case of Tadvai mandal of Eturnagaram TPMU most of the staff is women but most of the villages are scattered and has no transport facilities. By the interaction with the MS OBs, it is found that it is difficult for women staff to attend VO meetings. During the rainy seasons, the situation is most problematic and the staff members are not able to attend the VO meetings. At the same time, the VO presidents are not able to attend MS meetings. So the attendance in the MS EC meetings becomes low.

By the interaction with the staff, it is found that the staff feels as the punishment to work in the tribal areas. CIF recovery is the burning issue in almost all the TPMU areas. Though the subcommittee system exists in all the MSs, it becomes nominal in reality.

Attendance is the major concern in the sample VOs and MMSs. The attendance reported during the last six months (April – September, 2012) is below 50% in 46% of VOs and 29% of MMSs. The circle of problems encountered by most of the VOs is due to irregular or no payment from the VOs on one hand and due to lack of follow up by the Community Activists on the other hand, which hampers the profits of the VOs. Hence these VOs are not in a position to pay the honorarium to the CAs.

3.9 Human Resources and the quality of CBOs

The number of staff working in a mandal varies from 3 to 15 members; however, there is more number of staff in the mandals, where special projects such as, Early Child Education Centers, NPM, Health & Nutrition etc. have been implementing. Of the 21 mandals studied, 6 mandals have 6-10 staff, another 6 mandals have 11-15 staff, another 6 more mandals have 16 and above staff and the remaining 3 mandals have less than 5 staff.

CBO/Grade	No. of Staff		HR – Locality		Gender		Total
	< 11	11 & above	Local	Non-local	Men	Women	
A. MS (N=)	9	12	13	8	16	5	21
1. Good (A-B)	22.2	16.7	23.1	12.5	25.0	0.0	19.0
2. Moderate (C-D)	22.2	25.0	23.1	25.0	25.0	20.0	23.8
3. Poor (E-F)	55.6	58.3	53.8	62.5	50.0	80.0	57.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B. VO (N=)	27	36	39	24	48	15	63
1. Good (A-B)	14.8	8.3	7.7	16.7	10.4	13.3	11.1
2. Moderate (C-D)	29.6	13.9	20.5	20.8	16.7	33.3	20.6
3. Poor (E-F)	55.6	77.8	71.8	62.5	72.9	53.3	68.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C. SHG (N=)	54	72	78	48	96	30	126
1. Good –A	35.2	30.6	32.1	33.3	35.4	23.3	32.5
2. Moderate-B	24.1	30.6	25.6	31.3	34.4	6.7	27.8
3. Poor-C	40.7	38.9	42.3	35.4	30.2	70.0	39.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

To understand the performance of the CBOs, all the mandals were categorized as local and non-local based on locality of the staff. In a given mandal, if more than 50 percent of staff belongs to local area, then that mandal was categorized as local; similarly, if more no. of staff is of non-local, then that mandal was categorized as non-local. The data shows that in 13 out of 21 mandals, majority of the staff members are locals, and in the remaining mandals non-local staff are more than the

locals. Similarly, of the 21 mandals, in majority of the mandals (16 out of 21), men staff is more than the women.

The data in table-3.10 shows that there is no much difference in the percentage of good Mandal Samakhyas between the mandals having less than 11 staff and the mandals having more than 10 staff; however, the percentage of good quality VOs are high in the mandals having less than 11 staff, when compared to the mandals having more than 10 staff. It shows that the quality of the CBOs and the no. of staff are not positively correlated.

The percentage of good quality MSs is high in mandals, where majority of the staff are local as compared to the mandals having more number of non local staff; however the quality of VOs and SHGs is good in the mandals having more number of non-local staff, when compared to the mandals having more number of local staff. It reveals that locality of the staff influences the quality of CBOs at all levels.

The percentage of poor quality MSs and SHGs are high in the mandals, where majority of the staff are women, when compared to the mandals, where majority of the staff are men. However, the quality of VOs is good in the mandals having more number of women staff. It demonstrates that gender of the employee influences the quality of CBOs at all levels.

During focus group discussions, office bearers of the CBOs and the staff have reported the reasons for poor quality institutions as:

- i) Majority of the non-local and women staff do not attend the office on time – reach office very late and leave the office very soon; the staff remain absent at the beginning of the week and during the weekends.
- ii) Staff rarely visits SHGs and VOs; during field visit the study team also observed that majority of the staff at all levels doesn't know even the location of the habitations though they have been working in those villages for more than a year.
- iii) The community is in the favour of the local staff. Many times they do not question when they fail to attend the meetings and office.
- iv) Low commitment levels among the staff; many attend to office but only few attend their duties. The local staff at all levels mostly doesn't listen to the non-tribal staff; there are differences between local and non-local staff. Many times, non-locals hesitate to question locals in discharging their duties.

3.10 Conclusions

The percentage of literates in SHGs is lower than the state and national literacy rate. Further there is a lot of variation in the literacy rate between the SHG members and

households. About half of the sample household members are dependents. About half of the sample households living in thatched and tiled houses. About 80% of the households hold lands and almost all the sample households are living below poverty line. Agriculture and agri-labour is the major livelihood activities for the sample households. Though the NTFP/MFP is the major economic activity of the tribal households in the past, a small percentage of households depend on it, at present. The group size varies from 10 to 18 members with an average of 11.

In spite of many efforts made by the government less than half of the sample households know that Sthree Nidhi is one of the sources of credit to the BPL households also there is lacuna in the awareness on terms and conditions of Sthree Nidhi loans and very poor awareness on cash credit limits of SHG, VO and MMS level. The quality of functioning of sample SHGs, VO and MMS is poor. Majority of the SHGs falls under B & C grades. Most of the VOs and MSs fall under E and F grades. The process of legal compliances is not completed in a good number of VOs and MMSs. The functioning of VOs and MMSs continued to depend on the staff to conduct their regular meetings.

There is no much difference in the percentage of good mandal Samakhya between the mandals having less number or more number of staff; however, the percentage of good quality VOs are high in the mandals having less than 11 staff when compared to the mandals having more than 10 staff. It shows that the quality of the CBOs and the no. of staff are not positively correlated.

Credit in Tribal Areas - Supply and Demand

The present chapter of the report primarily analyses the savings and debt status of the households and fund mobilization of SHGs. Further, it explains the details of various available credit sources and lending norms, magnitude and purpose of credit to the households and SHGs, repayment rate, strategies for default management, and the factors for low repayment.

4.1 Savings of the Households

4.1.1 Household savings

The study team collected the information on the promotion of savings by the sample households. The data in table 4.1 shows that 95% of HHs have savings in SHGs with a total of Rs. 5.98 lakhs and an average of Rs. 3,325; about 63% of the households have insurance products of Rs. 9.97 lakhs with an average of Rs. 8,381; about 16% of the households have savings in banks of Rs. 1.73 lakhs with an average of Rs. 5,762; about 11% of the households have savings in post offices with mean of Rs. 15,762; and about 10% of households have savings of Rs. 1.2 lakhs at friends & relatives with mean of Rs. 6,305; a few percentage of households (6%) have savings as chit funds of Rs. 1.2 lakhs with mean of Rs. 10,609. Of the total households' savings of Rs. 23.36 lakhs, major portion of the savings are as insurance (43%) followed by savings at SHGs (26%). A small portion is at banks, post office, chits, and friends and relatives. It shows that SHGs are the chief means for the promotion of savings to the tribal households, and the promotion of savings other than SHG sources by the sample households is very minimal and not attractive. Further, the coverage of insurance by more no. of sample households is because of the initiative of SERP rather than the decision of the sample households.

Sl. No.	Source	F	% (N=189)	Average Amount In Rs.	Total amount in Rs.	% of total amount
1	SHGs	180	95	3325	598496	26
2	Banks	30	16	5762	172850	7
3	Post Offices	21	11	15762	331000	14
4	Insurance	119	63	8381	997335	43
5	Chits	11	6	10609	116700	5
6	Friends & Relatives	19	10	6305	119800	5
Total					2336181	100

There are variations in the promotion of savings across the TPMU areas. Table 4.2 shows that more number of households depend on friends & relatives particularly in

Rampachodavaram, Seethampeta, and Srisailam TPMUs in communities like Kondareddi, Koyadora, Kotia, Chenchu, Erukula & Lambadi communities. In addition to friends and relatives, the households in the Srisailam depend on private chit funds. Srisailam is the pilgrim center, so the private chit funds play an important role in mobilizing funds from the public. The savings are irregular in SHGs in Paderu, Seethapeta, and Srisailam TPMUs due to defunct SHGs. More percentage of households has savings accounts in banks in Bhadrachalam (30%) and Srisailam (19%), when compared to other TPMUs. It is because Bhadrachalam and Srisailam are the pilgrim centers and Eturnagaram and Sethampeta are business centers. Hence, many households have savings account in banks.

Table- 4.2: Households Savings in Different Sources (% of HHs)

Sl. No.	TPMU	SHG	Banks	Post offices	Insurance	Chits	Friends & Others
1	Bhadrachalam	100	30	19	78	4	0
2	Eturnagaram	100	19	4	85	4	4
3	Paderu	96	11	11	48	4	4
4	RC Varam	100	11	19	48	7	26
5	Seethampeta	81	15	11	44	0	15
6	Srisailam	89	19	7	63	19	22
7	Utanoor	100	7	7	74	4	0
	Total	95	16	11	63	6	10

4.1.2 Multiple sources of savings of Households

The sample households have promoted different kinds of savings for their future needs. The table-4.3 shows that majority of the households have savings in insurance (42%), followed by the savings exclusively in SHGs (30%). Other than SHG savings, the SHG member households have savings in banks (3%), post office (2%), and insurance (42%), and with friends & relatives (0.5%). Many households saved at two to four sources. Of the households' savings in two sources, majority of them saved in both banks and insurance with 9.5%, followed by the combination of savings in post office and insurance with 5% and insurance and chits with 2%. Of the households' savings in three and four sources, the percentage of SHG member households is minimal and ranges from 0.5% to 2%. The above discussion clearly indicates that the SHGs are the prime means for the households to promote savings and insurance. The low percentage of households promoting savings other than SHGs could be due to no/poor opportunities and poor household earnings, where as in the case of SHGs, savings are mandatory and the SHGs benefit out of them; hence there is a good amount of savings.

Source	Frequency	Percent	Percent
SHG	56	29.6	29.6
Bank	6		3.2
Post Office	3	47.1	1.6
Insurance	79		41.8
Friends & Relatives	1		0.5
Bank & Insurance	18		9.5
Post office & Insurance	9		4.8
Insurance & Chits	4	17.4	2.1
Insurance and Friends & Relatives	1		0.5
Chits and Friends & Relatives	1		0.5
Banks, Post offices and Insurance	4		2.1
Bank, Post office and Chits	1		0.5
Bank, Insurance and Chits	2	5.3	1.1
Banks, Insurance and Others	1		0.5
Post offices, Insurance and Chits	2		1.1
Post office, Insurance, Chits and others	1	0.5	0.5
Total	189	100.0	100.0

4.2 Grants and Subsidies of SHGs

The government introduced the concept of grants/subsidies in the form of revolving fund, matching grant, pavalavadi etc., for encouraging the SHGs. The grants/subsidies became one of the important components in the SHGs. Table 4.4 shows that about 28% of SHGs benefited with subsidies from DRDA, with a mean of Rs. 29,352 for 1 to 4 times; about 50% of the SHGs benefited for 1 to 5 times under pavalavaddi scheme with a mean of Rs. 8,237; and 4% of SHGs benefited with subsidies from NGOs with mean Rs. 13,600. It shows that a small portion of SHGs benefited with subsidy loans and subsidy on bank interest in the form of pavalavadi, because of poor credit linkage of SHGs with banks in the tribal areas, due to diverse reasons.

Sl.No	Source	N	% (N=126)	Total amount in Rs.	Average Amount in Rs.
1	DRDA	35	28	1027325	29352
2	Pavalavaddi	63	50	518962	8237
3	NGOs	5	4	68000	13600

4.3 Debt status of households

4.3.1 Credit sources and lending norms of households

The public sector banks were set up in the rural areas to provide financial support to the poor. The Regional Rural Banks were set up particularly in the rural areas to meet various credit needs of the poor. However, the rural poor continuously depend on the non institutional credit sources like friends & relatives, money lenders, traders etc., because of various reasons - due to flexibility in the lending norms, poor access to formal financial institutions due to poor banking infrastructure, and rigid loan terms and conditions. Table 4.5 shows the details of various credit sources and the lending norms with reference to loan term, rate of interest, mode of payment and the purpose of loans.

It shows that the loan size of the non-institutional sources is high as compared to the institutional credit sources. It is observed that the households took high quantum of amount from the friends and relatives (Rs. 60,000), money lenders (Rs. 1,00,000), traders (Rs. 60,000) and bank linkage personal loans (Rs. 75,000) than loans through SHG sources like SHG own funds (Rs. 11,000), VO loans (Rs. 50,000), Sthreenidhi loans (Rs. 25,000) and SHG bank linkages (Rs. 50,000). The interest rates charged by the non-institutional sources are very high (up to Rs. 10 per month), when compared to institutional credit sources (up to Rs. 1.25 per month).

Source	Loan size Rs.'000	Installments	Interest Rs. Pm	Purpose
Friends & Relatives	1 – 60	1 to 10	0 – 5	Social needs, clearing of old debts
Money lenders	1.5 – 100	1 to 20	1– 10	Social needs
Chits	20	10 to 20	2– 3	IGA
Traders	2 – 60	1 to 20	1 – 10	IGA & Social needs
SHG funds	2 - 11	1 to 36	1 - 2	Consumption
VO loans	2.5 – 50	1 to 5	1 - 2	Consumption, social needs
Sthree Nidhi	5 – 25	10 to 30	0 - 1.5	IGA & Social
Bank linkage – SHG	2- 50	10 to 60	0 - 2	IGA & Social
Ag loans –Banks	10 – 75	1 to 60	1 - 2	IGA & Assets

4.3.2 Magnitude of credit of households

Of the 189 sample households, except two, all the households have active loans with institutional or non-institutional or both credit sources. Data in table 4.6 shows that all the households have taken a loan of Rs. 82.82 lakhs with an average of Rs. 45,946.

Of the total loan, a major portion is from institutional credit sources (57%), followed by non-institutional credit sources (43%). Of the institutional credit sources, major portion is

from banks under SHG-BL programme (24.13%), followed by VOs (12%), and Sthree Nidhi (7%). Of the non-institutional credit sources major portion of loan is from friends & relatives (19.43%), followed by money lenders (19.2%). It shows that large number of households have borrowed major portion of loan from institutional credit sources. However, many households have taken large loan from non-institutional sources, who charge high interest rates. Further, it is found that Sthree Nidhi is providing a minimal financial support to the tribal households.

Table - 4.6: Magnitude of Credit from Active Loans by Sample Households from Various Sources

Sl. No	Source	N	% (N=189)	Total Amount (Rs.)	% of Total Amount	% of Grand total Amount
A. Institutional						
1	SHG funds	42	22.22	292200	5.97	3.40
2	VO/MMSs	62	32.80	1024780	20.92	11.93
3	Sthree Nidhi	56	29.63	606500	12.38	7.06
4	SHG-Bank Linkage	131	69.31	2073466	42.33	24.13
5	Ag. Loans Banks	25	13.23	901000	18.40	10.49
Total				4897946	100.00	57.01
B. Non institutional						
Friends & Relatives						
1	Relatives	30	15.87	1669400	45.19	19.43
2	Money lenders	58	30.69	1649600	44.66	19.20
3	Chits	3	1.59	60000	1.62	0.70
4	Traders	9	4.76	315000	8.53	3.67
Total				3694000	100.00	42.99
Grand total				8591946		100.00

4.3.3 Purpose of credit

The sample households have taken loans for different purposes from various sources. Of the total loans (418), majority of the loans, constituting 75.6% were borrowed from institutional credit sources and the remaining 24.4% of loans from non institutional credit sources. Table 4.7 shows that, of the total loans, 42.3% were borrowed to meet the agriculture related activities including agri-inputs, purchase of cattle and land lease, 28.2% were borrowed to meet the social needs like family functions, birth and death ceremonies, education, health, marriages, maturity functions etc., 11.7% of loans were borrowed to meet housing expenses, which include house repairs, 8.4% were taken to take up income generation activities like auto/jeep repairs, barber shops, seasonal business, petty shops, photo studios, lending for interest etc, 5.7% for consumption, and 3.6% for payment of old debts.

Further, of the total institutional credit sources, highest percentage of loans were taken for the agri-related activities (43%) and social needs (22.8%), whereas in case of non institutional credit sources, highest percentage of loans were taken for social needs (45.1%)

and agri-related activities (38.2%). It is found that large number of sample households depend on non institutional credit sources mostly for social needs.

Table 4.7 : Purpose of Credit Accessed by Sample HHs

Sl.No.	Purpose	Institutional sources		Non institutional sources		Total	
		N	%	N	%	N	%
		1	Consumption	21	6.6	3	2.9
2	Agricultural inputs	138	43.7	39	38.2	177	42.3
3	IGAs	32	10.1	3	2.9	35	8.4
4	Repayment of old debts	13	4.1	2	2.0	15	3.6
5	Social needs	72	22.8	46	45.1	118	28.2
6	Housing	40	12.7	9	8.8	49	11.7
Total		316	100.0	102	100.0	418	100.0

4.3.4 Amount paid to get loans

The costs incurred for getting loans from various sources, play an important role in repayment. It also influences the borrowers to opt between formal and informal lending sources. In addition to the real costs (loss of wages for visiting the banks etc.), the households need to pay some amount for getting loans from VO, banks linkages, and Sthree Nidhi in the form of travel, processing fee, book keeper wages, food expenses, stationary, service charges to VOs etc. Table 4.8 shows that each household, on an average had spent Rs. 218/- for getting VO loans, Rs. 227 for getting bank linkages and Rs. 168 for getting Sthree Nidhi loans.

Table- 4.8: Details of Amount Spent for Getting Loans

Source of loan	Mean (Rs.)
VO Loan	218
Bank linkage	227
Sthree Nidhi loan	168

4.3.5 Cumulative loans to SHGs

The governments, Village Organizations, banks under SHG-BL programme, Sthree Nidhi Federation, and NGOs have been providing financial support to the SHGs. An attempt is made to know the no. of SHGs, who benefited from loans by various sources. Table 4.9 shows that about 15% of SHGs accessed loans for 1 & 2 times from government (Tribal welfare) with mean of Rs. 49,523; 71% of SHGs have taken loans from Village Organizations for 1 to 5 times with a mean of Rs. 86,238. About 90% of SHGs borrowed loans from banks under SHG-BL for 1 to 9 times with a mean of Rs. 3,17,688. From Sthree Nidhi federation, 37% of total sample SHGs got loans with a mean of Rs. 55,032. The NGOs provided loans to 2% of sample SHGs with mean of Rs. 9,000. It is observed that of the total loan, the banks are playing an important role by providing 76% of total loan followed by VOs/MMs 16%. Of the total loan borrowed from external credit

sources by the SHGs, major portion of loan is from banks under SHG bank linkage programme, and the contribution of other credit sources, other than banks, is minimal.

S. No	Source	N	% (N=126)	Total Amount (Rs.)	Mean (Rs.)	% of Total Amount
1	DRDA/ITDA	19	15	940930	49523	1.98
2	VO/MMSs	90	71	7761455	86238	16.33
3	Banks	114	90	36216470	317688	76.21
4	Sthree Nidhi	47	37	2586500	55032	5.44
5	NGOs	2	2	18000	9000	0.04
Total		126		47523355		100.00

4.3.6 Magnitude of credit of SHGs

The SHGs mobilize funds from various external credit sources for on lending to meet member household credit needs. The data in table 4.10 shows that about 71% of the SHGs have loan outstanding with banks, 61% of SHGs with VOs/MMSs, 36% with Sthree Nidhi, and 9% with banks under housing loans. Of the 126 SHGs, 36% of SHGs have loan outstanding with one source, 34% of SHGs with two sources, 20% of SHGs with three sources, and 3% of SHGs with four sources. Only 7% of SHGs do not have loans with any credit organization. It shows that still there are considerable number of SHGs without credit linkage with banks, VOs, and Sthree Nidhi. It also shows that some of the SHGs borrowed loans from more than one source.

The average loan size varies from source to source. The average loan size of banks is high with Rs. 1,78,656 and low in Sthree Nidhi with Rs. 54,155 as compared to VO (Rs. 64,436). It is because of norms of the lending organizations. Of the total loan of Rs. 2.46 crores, major portion is borrowed from banks (65.3%) followed by VOs/MMSs. As Sthree Nidhi started its operations recently, it has a little outreach and share (9.91%) to the total SHGs' credit.

S. No	Source	N	% (N=126)	Total Amount (Rs.)	Mean (Rs)	% of Total Amount
1	Banks	90	71	16079000	178656	65.37
2	VO/MMSs	77	61	4961600	64436	20.17
3	Sthree Nidhi	45	36	2437000	54155	9.91
4	Housing	11	9	1121000	101909	4.56
Total				24598600		100.00

Table 4.11 refers to the accessing of active loans (by range) by SHGs from banks, VOs, Sthree Nidhi, and housing. Of the total bank loans, 50% of SHGs accessed the loan with the amount of Rs. 1-2 lakhs and only 4% of SHGs accessed Rs. 3 lakh and above. Of the VO loans, majority of the SHGs (82%) accessed less than Rs. 1 lakh followed by Rs. 1-2 lakhs. Of the Sthree Nidhi loans, 91% of SHGs have taken loans of less than Rs. 1 lakh of

the total housing loans, 45% of SHGs got benefited less than Rs. 1 lakh and remaining 55% of SHGs got benefited with Rs. 1 to 2 lakh. From the above discussion, it is found that the highest percentage of SHGs got benefited with large volume of loan from banks followed by VO and Sthree Nidhi.

Sl. No	Amount in Rs.	Bank loans (N=90)	VO loans (N=77)	SN loan (N=45)	Housing (N=11)
1	< 1,00,000	20	82	91	45
2	1,00,000 – 2,00,000	50	14	9	55
3	2,00,000 – 3,00,000	26	4	0	0
4	> 3,00,000	4	0	0	0
Total		100	100	100	100

4.3.7 Factors contributing towards non institutional sources

Though the rate of interest is high, the poor SHG members continuously depend on non institutional credit sources. The major contributing factors are:

- i) Flexibility in repayment norms like no. of installments, installment amount, frequency etc.
- ii) No restrictions on the purpose of loans
- iii) Access during the emergency period immediately
- iv) Availability of size of credit based on need
- v) Availability at door step
- vi) No surety and no time required for processing
- vii) No additional charges like processing fee, document charges etc.

4.4 Repayment rate

The study team has collected the loan details and analyzed, to assess the repayment rate from SHGs to banks, VO, and Sthree Nidhi. The data in table 4.11/fig-4.3 shows that the average repayment rate from SHGs to Sthree Nidhi is high with 84% and low to VO with 52% followed by banks (70%). It shows that the repayment rate from SHGs to various credit sources varies and good to Sthree Nidhi, when compared to other credit sources.

4.4.1 Repayment rate from SHGs to banks

The average loan repayment rate from SHGs to Sthree Nidhi varies from 62% to 94% with an average of 70%. The data in table 4.12 shows that of the total sample SHGs, many SHGs have the repayment rate between 95-100% (44%) followed by less than < 60% of repayment rate (37%). However, many SHGs' loan repayment rate is less than 80% (47%). It varies from TPMU to TPMU. The average RR is high in Rampachodavaram with (94%) and low in Eturunagaram with 62%, when compared to other TPMUs (see table4.11). The quality of the groups and the repayment is positively correlated. The data in fig-4.3 shows that the average loan repayment rate of SHGs to banks is high in A grade SHGs with 93% and low in C grade SHGs with 47% followed by B grade SHGs (78%).

Table - 4.12 : Percentage of Recovery Rate (Range)							
S.No.	Recovery rate	Bank loans		VO Loans		SN Loans	
		F	%	F	%	F	%
1	< 60%	33	37	46	60	5	19
2	60 to 80%	9	10	6	8	2	8
3	80 to 95%	8	9	6	8	2	8
4	95 to 100%	40	44	19	25	17	65
Total		90	100	77	100	26	100

4.4.2 Repayment rate from SHGs to VO

The average loan repayment rate from SHGs to VO varies from 25% to 72% with an average of 52%. The data in table 4.13 shows that of the total sample SHGs, many SHGs have < 60% repayment rate (60%) followed by repayment rate of 95-100% (25%). However, many SHGs' loan repayment rate is less than 80% (68%). Again, it varies from TPMU to TPMU. The average RR is high in Paderu with 72% and low in Srisailam with 25%, when compared to other TPMUs (see table 4.17). Like the repayment rate from SHGs to banks, the repayment rate from SHGs to VOs and the grades of the SHGs are positively correlated. It means higher the quality of SHGs higher the average repayment rate (see fig-4.3).

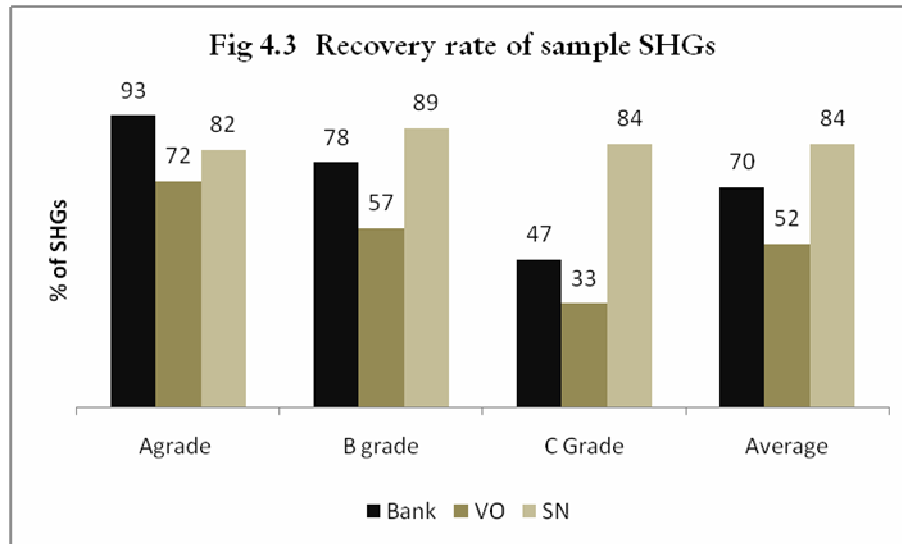
Table - 4.13: TPMU-wise and Source-wise Average Recovery Rate				
S. No.	TPMU	Bank loans	VO Loans	Sthree Nidhi loans
1	Badrachalam	63	57	100
2	Eturnagaram	62	47	100
3	Paderu	74	72	73
4	RC Varam	94	71	NA
5	Seethampeta	63	60	88
6	Srisailam	70	25	75
7	Utnoor	67	48	83
Total		70	52	84

4.4.3 Repayment rate from SHGs to Sthree Nidhi

Table - 4.14 : Percentage of Recovery Rate (Range)							
S.No.	Recovery rate	Bank loans		VO Loans		SN Loans	
		F	%	F	%	F	%
1	< 60%	33	37	46	60	5	19
2	60 to 80%	9	10	6	8	2	8
3	80 to 95%	8	9	6	8	2	8
4	95 to 100%	40	44	19	25	17	65
Total		90	100	77	100	26	100

The average loan repayment rate from SHGs to Sthree Nidhi varies from 73% to 100% with an average of 84%. The data in table 4.14 shows that of the total sample SHGs, many SHGs have the repayment rate between 95-100% (65%) followed by less than < 60%

(19%). However, many SHGs' loan repayment rate is less than 80% (27%). There is a variation from TPMU to TPMU. The average RR is high in Badrachalam and Eturunagaram with 100% and low in Paderu with 73% when compared to other TPMUs (see table 4.17). Unlike the repayment rate from SHGs to bank and VOs, the quality of the groups and the repayment rate to Sthree Nidhi is not correlated (see fig-4.3).



4.4.4 Sources of Repayment of loans

The source of repayment to various loans will influence the repayment rate and standard of living in the society. Table 4.15 shows that, 97% of households are using their household income to repay the loan installments, 8% of households reported that they are paying the loan installments by selling the household assets, 3% of households expressed that they repay loans by mortgage of assets, 4% reported that they pay by mortgage of crops and 5% reported that they pay loans by utilizing the various options based on the situation.

S. No.	Source	N	% (N=189)
1	HH Income	184	97
2	Sale of Assets	15	8
3	Mortgage of Assets	5	3
4	Mortgage of Crops	8	4
5	Others credit sources	19	10

4.5. Reasons for Default and Default Management

4.5.1 Reasons for default

During discussions with SHGs, the members have reported the reasons for low repayment as i) less availability of work (32%), ii) unexpected expenditure in the household (23%), iii) failure of crop (19%), iv) ill-health of household members (19%), v) default of other SHG members (18%), vi) burden of large installment amount of multiple loans (18%), and

vii) no alternative income and credit sources to repay loan installments (4%). Besides, the groups also reported that, as there is too much delay in getting bank linkage both fresh and repeat linkage, some of the SHGs stopped repaying loan installments; and some SHGs have decided to pay at the end of year or after harvesting rather than paying every month (23%) as per the loan schedule. It has both negative and positive implications – on one hand it increases interest burden on members; on the other, it reduces the dependence on money lenders by paying the loan installment at the end, after harvesting. It shows that the socio-economic background of the households, external environment, and credit opportunities influences the repayment rate.

During individual interactions, the bankers have reported the reasons for poor repayment of loans as i) lack of financial discipline, ii) location of the bank, iii) influence of other subsidy programmes, iv) political promises for waving of loans, and v) no action against defaulters at project level.

4.5.2 Credit linkage to poor quality groups

Grades	Banks	VO	Sthree Nidhi
A	33	34	20
B	26	26	31
C	41	40	49
Total	100	100	100
Location			
Mandal HQ	27	21	25
Roadside	39	44	33
Fringe	34	35	42
Total	100	100	100

The data in table 4.16 depicts that the credit disbursed to SHGs from banks under bank linkage programme is highest to less quality groups (C grade groups) with 41% and low to B grade groups with 26%, when compared to good quality A grade groups with 33%. In case of disbursement of VO loans, preference was given to C grade groups with 40% followed by A grade groups with 34%. Similar to bank linkage programme, the disbursement of Sthree Nidhi loans is high to the C grade groups with 49% and low to A grade groups with 20%, when compared to B grade groups with 31%.

Further, it is observed that in bank linkages, highest percentage of sample SHGs (39%) was covered in roadside villages, followed by 34% in fringe villages and 27% in mandal head quarter. In the disbursement of VO loans, highest percentage of SHGs (44%) was covered in roadside villages, followed by 21% in mandal headquarters and 35% in fringe village. But in the case of Sthree Nidhi, the preference was given to fringe villages (42%), followed by roadside villages (33%), and mandal headquarters (25%).

4.5.3 Strategies to avoid delay in repayment

During the interaction, the SHGs, staff and bankers have reported various strategies that have been followed by them, to ensure good repayment by avoiding default. They are i)

adjustment of loan installments by leaders, ii) selling of crops, iii) adjustment of NREGS wages to loan installment, iv) payment from group corpus, v) creation of awareness on importance of regular recovery, vi) imposing fines, vii) change of leaders who mis-used the SHG funds, viii) review loan repayment in the group meetings, ix) implementation of SHG norms strictly, x) putting pressure from VOs on default SHGs, xi) collection of penal interest from default members, xii) surety from other members in the group, xiii) no repeat loans to default SHGs and or members, xiv) rescheduling of loan, xv) strengthening of SHGs through CRP system, and xvi) regular follow up from IKP staff. It shows that different strategies have been followed at various levels –member, SHG, VO/MMS and SHPI, bank- to ensure repayment and avoid default.

Some of the bank branch managers have reported that due to multiple tasks, the project staff is unable to visit the villages to monitor the SHGs. Majority of the staff have the feeling that as per the new HR policy, they have more security than before, even though they attend to their work or not. The SHPI staff has reported that the anchor system in the project became one of the major concerns for low recovery of loans. During the interactions, the SHGs reported that the staff do not attend their monthly meetings and do not provide any support in creating awareness on the loan repayment norms, which results in low repayment rate.

4.5.4 Action taken against defaulters

There are no instances of action taken against the defaulters by the group members as majority of the members in the groups are defaulters. However, some of the SHGs have collected over dues by i) transferring member savings to loan installment, reducing loan installment by increasing number of loan installments, and by sending formal letters from banks to SHGs.

During individual interactions, the bankers reported the strategies followed by them to recover the loans from the defaulters as i) field visits, ii) taken the support of IKP staff in identifying the houses and the members during their visits, iii) issued memos, and iv) large repeat loan to regular SHGs.

4.6 Voice of borrowers on loan size, timeliness and repayment period

The study team has collected the opinion of SHGs on the quantum, timeliness, and repayment period of loans disbursed by the banks, VOs, and Sthree Nidhi. The credit agencies have their own norms to fix the loan amount size and term. According to Sthree Nidhi guidelines, the upper limit of loan amount for income generation and emergency purposes is Rs. 15,000 and Rs. 25,000 respectively. The SLBC guidelines decided upper limit for bank loans and VOs/MSs to be decided at VO level. The data in table 4.17 shows that majority of the SHGs opined that the loan size sanctioned by the VOs and SN is adequate, however, majority SHGs opined that the present loan size of banks is inadequate. About timeliness, majority of the households have opined that the loans were sanctioned timely. However, high percentage of the households opined that the SN loans are provided timely (89%), then VO (82%), and bank (67%) loans. Like loan volume, majority of the households felt that repayment period of loans from all credit sources is reasonable.

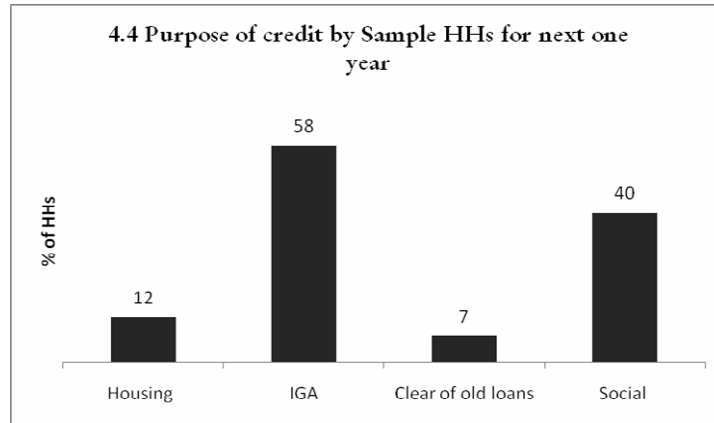
Table - 4.17: Voice of Borrowers on Loan Lending Procedures				
Particulars	Scale	Bank linkage	VO Loan	Sthree Nidhi
Quantum of loan	Adequate	42	60	68
	Inadequate	57	38	30
	> requested	1	2	2
Timeliness	Timely	67	82	89
	Untimely	33	18	11
Repayment period	Less	14	13	17
	Reasonable	77	80	77
	More	9	6	6
Idle loan size in Rs.	Average loan size	31345	22503	24369

The ideal size of amount of loan is important in meeting the credit needs of the poor. Various studies (APMAS, 2012) quoted that the loan given by the banks, VOs etc. are inadequate, so the amount of loan received for the purpose is not met. As a result the recovery of loans is low. The study team collected the opinion of the sample households on ideal size of loans. According to the opinion of household members, the idle loan amount from banks should be between Rs. 2,000 and Rs. 1,50,000, with an average loan size of Rs. 29,766 which is far higher than the average loan size from the VOs; the VO loans should be between Rs. 5,000 and Rs. 1,50,000 with an average loan size of Rs. 22,504; and the Sthree Nidhi loans should be between Rs. 2,000 and Rs. 1,50,000 with an average loan of Rs. 21,434. The household also expected larger loans from banks and Sthree Nidhi than from VOs. According to a study conducted by APMAS, the household members in general areas opined that the ideal upper limit of loan required from Sthree Nidhi is Rs. 30,000 (APMAS, 2012). It means that the credit absorbing capacity of the tribal households is low, when compared to non-tribal areas.

4.7 Credit demand for next one year

Household level: The study team has collected the information from the households and SHGs on requirement of credit for the next one year to assess the credit demand to cater the credit needs of tribal households by the Sthree Nidhi.

Of the 189 households, 165 HHs (87%) have requested total credit of Rs. 79,00,000 with an average of Rs. 47,879 for the next one year with the range of Rs. 5,000 – 5,00,000. The data shows that the sample households have requested credit for multiple needs. Majority of the households (58%) require credit for income generation activities, especially for agricultural inputs; about 40% of the households for social needs, 12% for housing and 7% for clearing the old loans. Social needs include health expenses, traditional functions, marriage expenses, education etc. Housing including construction of new houses and repairs of old houses.



SHG Level: Out of the total 1430 members of 126 SHGs, 372 (26%) members have requested loans of Rs. 60 lakhs with an average of Rs. 16,304 per member but did not accessed loans due to paucity of funds. Of the 126 SHGs, 83% of SHGs have projected a total credit of Rs. 260.5 lakh with an average of Rs. 2.48 lakhs for the next one year to cater the credit needs of their members.

4.8 Conclusion

To sum up, SHGs are the chief means for the promotion of savings to the tribal households and the promotion of savings other than SHG sources are minimal. However, the loan size of the sample households is high in the loans availed from informal credit sources when compared with institutional credit sources. Further it is found that the loans availed from Sthree Nidhi federation is minimal in meeting the credit demand of the households. The repayment rate is comparatively good in Sthree Nidhi but poor in both Bank Linkage and VO loans and there are no instances of action taken against the defaulter by the group members as majority of the members in the group are defaulters. Majority of the SHGs opinioned that the loan size sanctioned by the VOs and SN is adequate, however majority of the SHGs opinioned that the present loan size of banks is inadequate. 83% of SHGs have projected a total credit of Rs. 260.5 lakhs with an average of Rs. 2.48 lakhs for the next one year to cater the credit needs of their members.

Chapter-5

Issues and Problems

The present chapter explains the issues and problems in accessing and repaying Bank Linkage, VO loans and Sthree Nidhi loans.

5.1 SHGs- Issues & problems in accessing credit

Less access to various credit sources: Many sample SHGs in the study area are not credit linked to banks (29%), VOs (39%), and Sthree Nidhi (64%) and depend on traditional credit sources.

Credit linkages to poor quality groups: The data shows that 90 out of 126 SHGs were credit linked to banks. The credit disbursed to SHGs from banks under bank linkage programme is highest to less quality groups (C grade groups) with 41% and low to B grade groups with 26%, when compared to good quality A grade groups with 33%. Credit linkage to poor quality SHGs may lead to poor repayment; on the other hand, no credit linkage to deserved and quality groups may demotivate SHGs and further leads to depend on the traditional credit sources.

No/less focus on the interior villages of credit linkage: Of the total SHGs credit linked, majority of the SHGs are located either at mandal headquarters (27%) or at roadside (39%), and in a vicinity of the bank branches rather than the SHGs located in interior villages.

Poor quality of CBOs: The data shows that, of the 126 SHGs majority of the SHGs are C (40%) and B (29%) grades. Most of the VOs and MMSs are D, E, and F grades.

Inadequate quantum of loan: During interactions and focus group discussions, the members have reported that considerable amount of loan is required to take up any income generating activity. Majority of the sample of the households felt the loan sanctioned by banks (57%), VO (38%), and Sthree Nidhi is inadequate. This is one of the areas that need to be pursued.

Too much delay in sanctioning loans: During discussions, the SHG members have reported that the bankers take 3 to 6 months to process, sanction and deposit the loan amount in SHG SB account. They also said that some of the SHGs, which are more than one to two years old, are not linked to banks even once.

More number of visits and costs: The SHG members have reported that they have visited banks 4-6 times to get the loan. It involves lot of costs – travel, food and payments to staff. Besides, the members lose their wages and time especially during peak agriculture seasons. The data also shows that, on an average the SHG has paid Rs. 227, Rs. 227, Rs. 168 to get loan from bank, VO and Sthree Nidhi respectively.

During discussions on Sthree Nidhi loans, the members said that there is gap in the transfer of loan amount from VO to SHG members, as it takes more than 48 hours to reach the borrowers. They also reported that the loan is not sanctioned during the emergency. As a result, many households depend on money lenders to meet unexpected expenses.

Large amount of idle funds in SHG SB accounts: The study team has collected information on the amount of idle funds in SB accounts from the SHGs. The data shows that the idle funds vary between Rs. 465 and Rs. 84,500 with an average of Rs. 16,878 which is higher than the state (Rs. 9962) and national figures (Rs. 8,230). The data shows that many SHGs have less than Rs. 10,000 (44.8%) followed by Rs. 11000-20000 (20%), Rs. 21000-30000 (20%) and more than Rs. > 30000 (15%). It seems that large amount of savings of the poor tribals lying as idle funds in banks because of many reasons – low awareness, absence of lending at group level, banks not allowing withdrawal of savings, some groups expecting large loans, delay in getting credit linkage. Even the SHGs don't have loan outstanding with banks, have large amount of savings as idle funds in their SB account.

Equal distribution of Sthree Nidhi loan to members: During discussions, few of the SHGs have reported that, like SHG bank linkage loans, the loans borrowed from Sthree Nidhi were distributed among the members rather than need-based lending.

Low awareness on lending norms: The members reported that their level of awareness on Sthree Nidhi is poor. They do not have any clarity on the monthly installment amount, mode of payment, number of installments, and rate of interest.

High dependence on IKP staff: During discussions, the members reported that they depend on the IKP staff for loan documentation. Further, the banks sanction loans based on IKP staff recommendations but not to all the eligible/quality groups.

Payments to staff: During interactions, the members have reported that the VO leaders and CCs demand and take commission of Rs. 300 to Rs. 500 for recommending the bank managers for sanctioning the loans and documentation.

During interactions, the bankers also felt that the interference of staff in selection of SHGs and the members within group for Sthree Nidhi loans should be minimized, though their support is required in the post sanctioning of loan for monitoring the utilization of loan for intended purpose and to ensure repayment.

Half yearly installment instead of monthly installment: The members have reported that majority of the sample households depend primarily on agriculture (46%) and agricultural labour (32%). Hence, they said that they fail to repay regularly due to crop failure and less availability of work, resulting in poor repayment of loans. They also added that they get income after their crop harvest and hence feel that the half yearly installment is more suitable than monthly installment.

Repayment rate is low: The bankers reported that the major problem in disbursement of the loans to the tribal SHGs is low repayment as the loan amount is mainly diverted for household consumption. They also reiterated that as most of the tribal depend on agriculture and labour and do not have regular cash flows, it is very difficult for them to pay monthly installment. Hence, many SHGs default. The data also shows that the average repayment rate from SHGs to banks (70%), VOs (52%), and to Sthree Nidhi (84%).

Conventional behaviour of the Bankers: During discussions, the SHGs and the members reported the attitude of the bankers as follows:

- The bankers either delay or demand idle funds to sanction loans.
- The bankers are not approachable and behave rudely.

- The bank charge high rate of interest though they are eligible for the pavalavaddi.

5.2 Problems and issues at VO level

During discussions, the SHGs and the members have reported variety of problems. They are as follows:

- Many VOs don't have sufficient funds to cater the credit needs of the member SHGs
- VOs do not have proper books of accounts
- Funds were misused by VO leaders
- VO loans are sanctioned mostly to SHGs whose leaders are in VO executive committee.
- No regular VO meetings and repayment of CIF
- Many VOs are not functioning
- For CIF recovery, the VO leaders and the staff has diverted the NREGS payments without the concern of the members.

5.3 Issues and problems related to Sthree Nidhi

During discussions the SHG members have reported diverse problems related to Sthree Nidhi loans. They are:

Technology

- Technology involved in Sthree Nidhi programme is highly methodological and the women find it difficult to use the technology
- No training/orientation on how to use the technology
- IVRS handsets are with community activists; mostly they are not in access to all the SHGs
- Most of the SHG members don't know the lending norms of Sthree Nidhi and how it is different from SHG bank linkage.
- Sthree Nidhi operations are limited to mandal headquarters
- Delay in getting information and transfer of funds from VO to SHG account after loan sanctioning.

No or low awareness among bankers on Sthree Nidhi: The study team has observed that most of the bankers are unaware of the objectives and the process involved in the functioning of Sthree Nidhi.

Huge share capital and less Sthree Nidhi loan: The SHG women/OB members are unaware that the amount of loan from Sthree Nidhi Federation is sanctioned based on the quality of the CBOs and reported that the share capital is comparatively huge to the amount sanctioned.

The staff also reported that the share capital is huge and has lessened the income of the Mandal Samakhyas. They also mentioned that it is difficult to identify the members in need and few of the mandals did not receive loans, despite of payment of shared capital.

They added that the rate of interest charged on Sthree Nidhi loans is high and monthly repayment is difficult to tribes.

The following table summarizes the issues in accessing credit from banks, VOs and Sthree Nidhi.

S. No	Problems	Bank Linkage	Village Organization	Sthrenidhi
1	Awareness	Moderate	Moderate	Poor (40% of the SHGs don't know)
2	Access to credit	Loans to poor quality groups	Loans to poor quality groups	Loans to poor quality groups
3	Delay in loan sanctioning	1 -12 months	3 months	1- 6months
4	Problem of loan documentation	Difficult and lengthy, dependence on staff	Dependence on staff	Difficult and expensive (Rs.150 /-)
5	Rate of Interest	No Pavalavaddi incentives to the eligible groups	Moderate	High
6	Loan size	Inadequate	Adequate	Adequate
7	Monthly installment	Burdensome (70%)	Burdensome (52%)	Burdensome (84%)
8	No. of installments	Reasonable	Less	Less
9	Visits to the banks/VO to avail loan	More visits	Comparatively less	No visits; but delay in transferring amount
10	Access to loan	Loan to all the members in the group- equal distribution	Loans mostly to leaders and based on staff recommendation	Loans to only few members but not to all.
12	Interference of Staff in getting loan	Loans based on staffs' approval and recommendations	Project staff controls the VO loan disbursement.	Loans are given based on staff advice
13	Technology			Difficult to use; connectivity problem, technical errors in IVRS, no trainings on the usage of IVRS

19	Demand for more savings	Demand for large amount of savings before sanctioning of loans by the bankers and not allowing to withdraw the savings for internal lending	No	No
20	Availability of loans during emergency	Not available	Not available	Not within 48 hours
16	Loan is expensive or more indirect costs	Rs. 218	Rs. 218	Rs. 168
17	Behaviour of the banker	Rude	Humane	Rude
18	Book Keeping	No updation of bank books	No receipts and updation of the books of accounts	
20	Availability of funds	Plenty	Scanty	Plenty
21	Quality of VO's	Low repayment	More defunct groups Low repayment	Comparatively good repayment
22	Misuse of the fund		CIF is misused by the staff and the leaders in many villages	

5.4 Issues related to staff

De-motivation of staff: There is a special provision like special increment for the government line departments' staff working in the tribal areas. But no such privileges were provided to the IKP staff working in tribal mandals. As a result, the staff, especially the non locals, was de-motivated. Hence there is a need to refine the HR policy, in order to encourage the staff, to perform their duties well.

Transfer to ITDAs as punishment: Many of the staff reported that, working in the tribal areas is a punishment. During interactions, the staff reported two set of issues. Firstly, if someone is against the higher officials despite of being committed and dedicated towards their work, they will be transferred to the tribal areas. Secondly, if someone is suspected for their worthiness or if any of the staff misuses his/her position, they will be transferred to the interior mandals of ITDAs. For example, one APM, who belongs to Kadapa district, is transferred to Gudur mandal of Warangal TPMU, another Area Coordinator is

transferred from Nellore district to Adilabad TPMU and one DPM is transferred from Krishna district to Adilabad TPMU as they were found suspicious for the misuse of money.

Inability of the women staff to work in the interior villages: The women staff expressed their inability to work in the interior villages, due to poor transportation facilities, scattered villages, and the long distance to the isolated villages. Most of these women do not attend the meetings of SHGs and VOs. During the field visit of the study team, it was observed that the women and non local staff reach the office very late and leave the office very soon. For example, there is more women staff in Tadvai mandal of Warangal district, but the villages are scattered and remote. The staff members are unable to visit the villages and hence the regularity of meetings in villages is declined.

Absenteeism of the staff: The staff rarely visits SHGs and VOs. During the field visit of the study team, it was observed that majority of the staff at all levels doesn't know even the location of the habitations though they have been working in those mandals from more than a year. While interactions, it was reported that the non-local staff remain absent in the beginning and in the end of the week, as their native places are far from their working areas. Hence, there is no proper handholding support of the staff on the functioning of the CBOs.

Favoritism towards the local staff: Though the members of the community based organizations are aware of the fact that the local staff do not attend their work regularly and effectively, the SHG members do not questions the staff due to social relations between them and for other benefits like loan recommendations, sense of inferiority towards the staff, etc.

Misuse of funds by the staff: Most of the women in interior villages reported that their savings and repayments were misused by the staff. For example, the women in Munchungiputtu mandal expressed that they have given their monthly savings to the CC to deposit the amount in the bank, as the bank is 100 km far away from their village. But the CC, misused the savings and did not deposit the amount into the bank account. In another case, the SHG members and few of the staff in Paderu reported that the CCs have recovered the CIF amount from the members during the payment of NREGS wages and not remitted the same into the VO accounts.

Lack of community ownership: During the field visit of the study team, it was observed that the CBOs are not member managed due to lack of follow up by the project staff and no regular capacity building inputs to the office bearers. A high level of dependence on the project staff was also observed by the study team. Even the staff reported that the CBOs conduct meetings, only if the staff attends, if not the leaders just collect the savings and loan repayment amount from the members and deposit the same in the bank.

Accountability of staff: The IKP staff reported that they are dominated by the officials of ITDA. They added that most of the time they are preoccupied with the activities of ITDA and hence their movement in the field, related to IKP activities, assigned by SERP has been lessened. They also reported that there is no coordination between the DRDA and ITDA. Thus the staff suggested having a clear linkage between the ITDA, DRDA, and IKP.

Domination of local staff: By the interaction with the staff and MS Office bearers, it was understood that the local staff at all levels does not work in coordination with the

non-tribal staff. It was observed that there are differences between local and non-local staff. The non local APMs reported that they are unable to monitor the activities of local staff, resulting in the poor functioning of the CBOs

5.5 Conclusion

To sum up, the voices of all the stakeholders on the issues and problems revolves around quantum, timeliness, repayment, and utilization of loan. Strengthening the capacities of the SHGs and giving them a handholding support after post sanctioning of loan will do away all the issues and problem related to the SHGs. Also coordination and cooperation between the SHGs, Bankers, and the IKP staff will help to overcome the above problems and to meet the objectives.

Conclusions and Way Forward

The broad objective of the present study is to identify the credit requirements of tribal households in Tribal Project Management Units (TPMUs) and delivery mechanisms in Andhra Pradesh and suggestion for effective implementation of Sthree Nidhi programme in the absence of technology in the tribal areas. The study covered a sample of 189 SHG member households from 126 SHGs of 21 mandals in 7 ITDA areas. Fieldwork for data collection was carried out in the month of October, 2012.

6.1 Conclusions

Wide variations in SHG programme

There are about 10 lakh SHGs in Andhra Pradesh, out of which 5.4% SHGs, covering 5.8 % are in TPMU areas in the state. The coverage of SHGs varies from TPMU to TPMU. There is a wide range of regional disparities in the coverage of SHGs and in the volume of lending in Sthree Nidhi programme. Telangana region has highest percentage of total number of SN loans with 9.53 % and lowest in Coastal region with 5.26%, when compared to Rayalaseema with 8.03%. The average loan amount per SHG is highest in Rayalaseema with Rs.67728, which is greater than the state average of Rs. 60457 and lowest in Telangana region with Rs. 57469, when compared to the average loan amount per SHG in Coastal region with Rs. 58758. However, the average amount of loan per SHG is low in Telangana region despite of having highest number of loan borrowers and highest in Rayalaseema due to various reasons when compared to coastal region.

Access to credit: Of the total SHGs, a good number of SHGs have not accessed credit from Banks (29%), VOs (39%) and Sthree Nidhi (64%). However, more number of SHGs was credit linked to banks in all the TPMUs.

Poor health status of SHGs, VOs and Mandal Samakhyas: Majority of the sample SHGs are graded as C (40%) followed by A (32%) and B (28%). Similarly, majority of the VOs and MMSs are graded as E and F.

Less number of A grade SHGs were credit linked to banks and VOs: A Grade SHGs were ignored in providing loans from Banks and VOs in general and fringe villages in particular. Of the SHGs credit linked to banks, many SHGs are C grade (41%) followed by A (33%) and B (26%). Similarly, of the SHGs credit linked to VOs, many SHGs are C grade (40%) followed by A (34%) and B (26%). The percentage of A grade SHGs credit linked to banks in fringe villages is low (50%), when compared to the percentage of A grade SHGs at roadside (84%) and mandal headquarters (80%). Similarly, of the VO loans, high percentage of A grade SHGs in roadside got credit linkage, when compared to the A grade SHGs in mandal headquarters (60%) and fringe villages (58%).

Priority to A grade SHGs in Sthree Nidhi: One of the positive aspects of Sthree Nidhi lending is loans to quality SHGs and more coverage of fringe villages. Of the SHGs credit linked with Sthree Nidhi, nearly one half of the SHGs are A grade (49%) and the other half of the SHGs are B (31%) and C (20%). Further, of the A grade SHGs, majority of the

SHGs are in fringe village got credit linkage followed by roadside and mandal headquarters.

More share of institutional sources to the household credit: Of the total households' loan amount of Rs. 85, 91,946, 57% of the loan amount is from institutional credit sources and rest (43%) is from non institutional sources.

Of all the credit sources, SHG-bank linkage occupied the first place by providing 24% of total credit followed by friends & relatives (19%), money lenders (19%) and VO/MMSs (12%). Sthree Nidhi has provided only 7% of total loan amount to 29% of sample households. It is found that Sthree Nidhi is providing a minimal financial support to the tribal households as it has started its operations recently.

Banks occupied a significant place in SHG credit: Of the total credit mobilized by the SHGs, majority of the loans is from banks (65%) followed by VO (20%), Sthree Nidhi (10%) and individual agricultural loans (5%).

Poor repayment rate from SHGs to banks, VOs and Sthree Nidhi: Nearly one half of the SHGs' repayment rate is less than 80% to banks, and less than 60% to VOs. However, the average repayment rate to Sthree Nidhi (84%) is high, when compared to banks (70%) and VOs (52%).

Flexibility in lending norms in non institutional credit sources: In non institutional credit sources like money lenders, traders, chits etc, there is flexibility in lending norms - loan amount, number of installments, installment amount, mode of payment etc. Though there is high rate of interest, the tribal households take loans from non institutional sources due to flexibility in lending norms.

Delay in the disbursement of loan amount from SHGs to their members: Though there are various sources of credit to the SHGs, the SHGs are unable to provide credit to 26% of their members based on the need. Out of 1430 SHGs members, the SHGs are unable to provide the loan request of 26% of members (372) from 51% of SHGs (64). The SHG members and SHGs have requested a total loan of Rs. 60 lakhs with an average of Rs. 16304/- per member.

Out of 126, 105 SHGs (83%) have estimated a credit of Rs. 26.05 lakhs with an average of Rs. 2.48 lakhs per SHG for the next one year, to meet the credit requirement of the SHG members

SHGs are despondent with the services of Banks and IKP staff: The SHGs are not happy with the services of banks and IKP staff due to inadequate quantum of loan, delay in sanctioning the loans, lack of awareness on lending norms, demand for staff recommendations from IKP staff for loaning by the bankers, monthly repayment norm, conventional behaviour of the bankers, no loans from VOs due to defunctness, IVRS system of Sthree Nidhi etc.

Concerns of project staff: The staff working in the TPMU areas expressed their inability to work in tribal areas. They feel that working in the tribal areas is a punishment job. Though there are special provisions for government staff working in the tribal areas, but those provisions are not implementing by IKP in the TPMU areas.

IVRS technology difficult to understand: The Sthree Nidhi federation adopted the IVRS technology through mobile phones to avoid delay in disbursing credit to SHGs. Owing to

low literacy levels of SHG women members, poor inputs to staff on IVRS technology particularly on purpose-wise inbuilt ceilings for SHGs and VOs, the project staff and women members are unable to use the IVRS optimally.

6.2 Way Forward

- **More focus on strengthening of CBOs through capacity building:** Though the promoting agencies have provided many capacity building inputs, majority of the SHGs are poor in quality. Hence, there is a need for strengthening the CBOs and staff by a concrete capacity building plan with a focus on trainings on credit utilization, repayment strategies, book keeping etc. Besides, as most of the bankers are unaware of Sthree Nidhi and its activities, there is a need for sensitizing them at all levels by the Sthree Nidhi.
- **Optimal utilization of members' savings for on lending to the members to avoid idle funds:** On an average a SHGs has an idle fund of Rs. 16,878 in SB account. Though there is a lot of demand for credit from members, due to diversified reasons the groups are not optimally utilizing group's funds, especially members' savings, for on lending to their members, and to generate income to the group. Further, they are also expecting large credit from external credit agencies such as banks, Sthree Nidhi, VO, instead of utilizing their own funds. Hence, there is a high need of creating awareness among the SHGs and to motivate the banks to encourage short term fixed deposits, transfer of funds to other institutions (VO/Sthree Nidhi (?)) those pay higher rate of interest on savings, for optimal utilization of their own funds than lying it as idle funds in bank.
- **Awareness on Sthree Nidhi operations and lending norms:** The awareness levels on Sthree Nidhi among the SHGs are very poor. Therefore, there is a need for an appropriate strategy to create awareness on the importance, concept, criteria and lending norms of Sthree Nidhi, and CRP strategy could be the most appropriate one.
- **Credit linkage to quality groups:** The staff should take care of the quality of the groups to be credit linked with Sthree Nidhi to ensure repayment by avoiding default. Hence, the grading of the SHGs, VOs and MMSS before credit disbursement as per the guidelines of Sthree Nidhi should be done in an appropriate manner.
- **SN loans through MMS and VOs in the interior villages:** Nearly 50 percent of the villages have banking facility at a distance of more than 10 km followed by 6-10 km (30%). Further, 57% of the sample villages don't have internet connectivity. Majority of these villages have internet facility between 6 and 30 km. Under these circumstances, Sthree Nidhi Cooperation Federation can take the support of Mandal Samakhyas and VOs in disbursement of credit and the overall implementation of Sthree Nidhi programme.
- **Credit disbursement to livelihood projects through VOs:** The Sthree Nidhi would disburse loans to quality SHGs (A-grade SHGs) that are interested in taking up income generation/livelihood projects through VOs. In this regard, there is a need to develop clear guide lines for the selection of SHGs, IG activities, lending norms etc.
- **Linkages between DPMU/TPMU/IKP/SN staff and monitoring systems:** As there is no clear guideline between DPMU, TPMU and Sthree Nidhi about reporting, roles

and responsibilities, there is a lot of confusion among the staff. Hence, there is no accountability, responsibility and transparency in the ITDA areas. Further, the ITDA is taking decisions on the funds of VO/MMS, particularly CIF. There is a high need of guidelines stating the roles and responsibilities of IKP/SN staff in working with DPMU and TPMU.

- **BC model in semi-urban areas:** During interactions, the staffs have reported two main issues in accessing internet, maintenance and distance. The maintenance issues include low speed, no regular connectivity, payments for getting connection and poor service. Besides, low literacy levels of SHG women members, poor inputs to staff on IVRS technology particularly on purpose-wise inbuilt ceilings for SHGs and VOs are the other major constraints for optimum usage of IVRS technology. Hence, in the above circumstances, Business Correspondent model can be a potential model in the implementation of Sthree Nidhi in semi-urban areas, where access to technology is not an issue.

According to a study on 'Impact of Business Correspondents in Anantapur, Kurnool and Nellore Districts in Andhra Pradesh', most of the BCs are not financially sustaining because of low transactions, low monthly honorarium, high maintenance costs, issues of internet connectivity and electricity, operations limited to deposit and withdrawal etc (NABARD, 2012). Keeping this in mind, for making the BC activity as viable, the project should pay a fixed honorarium per month irrespective of his/her performance besides the payment based on the amount of transactions.

Annex -1

Tribe-wise Population in Andhra Pradesh as per 1991 Census		
Sl.No.	Name of the Tribe	Population
1	Andh	8228
2	Bagata	109686
3	Bhil	312
4	Chenchu	40869
5	Gadabas	33127
6	Gond, Naikpod, Rajgond	212058
7	Goudu (in Agency Tracts)	11279
8	Hill Reddis	432
9	Jatapu	104804
10	Kammara	44613
11	Kattunayakan	643
12	Kolam, Mannervarlu	41254
13	Konda dora	179334
14	Konda Kapus	34897
15	Konda Reddis	76391
16	Kondhs, Kodhu, Desaya	66629
17	Kotia, Benthoriya, Bartika, Holva, Paiko, Putiya, Dhulia, Sanrona, Sidholpiko	41591
18	Koya, Goud, Rajah, Rasha, Lingadhari Koya, Kottu Koya, Bhine Koya, Rajkoya	456496
19	Kuliya	516
20	Malis (excluding Adilabad, Hyderabad, Karimnagar, Khammam, Mahabubnagar, Medak, Nalgonda, Nizamabad & Warangal Districts)	2925
21	Manna Dhora	21309
22	Mukha Dhora, Nooka Dhora	29680
23	Nayaks (in agency tracts)	23564
24	Pardhan	20387
25	Porja, Parangi Porja	24154
26	Reddi dhora	5677
27	Rona, Rena	361
28	Savara, Kapu Savara, Muliya Savara, Khutto Savara	105465
29	Sugalis, Lambadis	1641897
30	Thoti (in Adilabad, Hyderabad, Khammam, Mahabubnagar, Medak, Nalgonda, Nizamabad & Warangal districts)	3654
31	Valmiki (in agency tracts)	55836
32	Yanadi	395739
33	Yerukula	387898
34	Unspecified	17776
	Total	4199481

Annex- 2

District-wise Rural and Urban Population of Scheduled Tribes (1991 Census)					
Sl.No	District	Rural	Urban	Total	% of ST urban population to total ST population
1	Srikakulam	131225	2842	134067	2.12
2	Vizianagaram	185759	4426	190185	2.33
3	Visakhapatnam	460882	8004	468886	1.71
4	East Godavari	168137	7946	176083	4.51
5	West Godavari	77474	7174	84648	8.48
6	Krishna	70767	21000	91767	22.88
7	Guntur	144196	37392	181588	20.59
8	Prakasam	81324	17530	98854	17.73
9	Nellore	177459	36603	214062	17.10
Coastal Andhra		1497223	142917	1640140	8.71
10	Kurnool	45453	11002	56455	19.49
11	Anantapur	99131	12076	111207	10.86
12	Cuddapah	40761	6653	47414	14.03
13	Chittoor	93919	11019	104938	10.50
Rayalaseema		279264	40750	320014	12.73
14	Rangareddy	87517	21877	109394	20.00
15	Hyderabad	0	28946	28946	100.00
16	Nizamabad	116439	4277	120716	3.54
17	Medak	92098	2944	95042	3.10
18	Mahabubnagar	223671	3734	227405	1.64
19	Nalgonda	266400	9238	275638	3.35
20	Warangal	369655	15654	385309	4.06
21	Khammam	527089	31869	558958	5.70
22	Karimnagar	76885	6132	83017	7.39
23	Adilabad	344013	10889	354902	3.07
Telangana		2103767	135560	2239327	6.05
Andhra Pradesh		3880254	319227	4199481	7.60

Annex-3

Bank-wise Details of Loan Disbursed to SHGs During the Year 2010-11			
Sl. No	Name of the Bank	No. of SHGs	Loans Disbursed
Public Sector Banks			
1	Allahabad Bank	1006	942.80
2	Andhra Bank	68079	118999.54
3	Bank of Baroda	2913	1069.23
4	Bank of India	2754	4423.76
5	Canara Bank	11584	19294.34
6	Central Bank of India	3269	4598.00
7	Cooperation Bank	5495	4947.03
8	Dena Bank	29	14.59
9	Indian Bank	21360	49196.75
10	Indian Overseas Bank	8420	15530.00
11	Oriental Bank of Commerce	113	93.33
12	Punjab National Bank	216	2208.86
13	State Bank of Hyderabad	35648	49100.554
14	State Bank of India	84271	153838.00
15	State Bank of Mysore	87	273.68
16	State Bank of Travancore	46	56.50
17	Syndicate Bank	12690	26132.32
18	UCO Bank	122	208.58
19	Union Bank of India	3777	5173.15
20	Vijaya Bank	2512	4446.34
Total		264391	460547.34
Private Sector Banks			
S. No	Name of the Bank	No. of SHGs	Loans Disbursed
1	City Union Bank	80	145.52
2	HDFC Bank	507	709.04
3	Karnataka Bank	92	118.84
4	KBS Local Area Bank	45	30.50
Total		724	1003.90
Regional Rural Banks			
Sl. No	Name of the Bank	No. of SHGs	Loans Disbursed
1	Andhra Pradesh Grameen Vikas Bank	23236	17427.00
2	Andhra Pragathi Grameena Bank	33072	53840.98
3	Chaitanya Godavari Gr. Bank	763	1390.26
4	Deccan Grameen Bank	18617	27693.09
5	Saptagiri Grameena Bank	14182	35694.00
Total		89870	136045.33

Cooperative Banks			
Sl. No	Name of the Bank	No. of SHGs	Loans Disbursed
1	Adilabad DCCB	1	0.38
2	Anantapur DCCB	384	414.776
3	Chittoor DCCB	267	297.10
4	EG DCCB	87	96.83
5	Guntur DCCB	453	563.82
6	Kakinada DCCB	87	96.83
7	Karimnagar DCCB	1396	4564.43
8	Krishna DCCB	4135	6329.37
9	Kurnool DCCB	3	1.50
10	Mahabubnagar DCCB	30	11.00
11	Nalgonda DCCB	243	189.47
12	Nellore DCCB	14	12.50
13	Nizamabad DCCB	837	1252.69
14	Prakasam DCCB	442	434.93
15	Visakhapatnam DCCB	217	371.66
16	Vizianagaram DCCB	2	1.60
17	WG DCCB	560	677.45
Total		9158	15316.32

Annex -4

Annex 4 A: Average CIF Recovery of Sample VOs and MSS from Last 3 Years					
S. No	Recovery range	VOs	% of VOs	MSs	% of MSs
1	More than 90%	9	14.29	4	19.05
2	81% to 90%	11	17.46	1	4.76
3	61% to 80%	11	17.46	2	9.52
4	Less than 60%	32	50.79	14	66.67
Total		63	100.00	21	100.00

Annex 4B: Average Attendance of VOs and MSs (Last 6 months)					
S. No	Attendance range	VOs	% of VOs	MSs	% of MSs
1	More than 80%	14	22.22	2	9.52
2	71% to 80%	7	11.11	6	28.57
3	50% to 70%	13	20.63	7	33.33
4	Less than 50%	29	46.03	6	28.57
Total		63	100.00	21	100.00

Annex 4C : Loss of VOs and MSs from the Last Three Years					
S. No	Year	VOs	% of VOs	MSs	% of MSs
1	3 Years profits	17	26.98	6	28.57
2	2 Years profits	15	23.81	6	28.57
3	2011-12 profits	8	12.70	4	19.05
4	3 Years loss	23	36.51	5	23.81
Total		63	100.00	21	100.00