

Quality and Sustainability of Urban Self Help Groups in Andhra Pradesh

**Study conducted by APMAS
2013-14**



APMAS

**Plot No. 11 & 12, HIG, Taneshanagar,
Manikonda, Hyderabad- 500 089
Andhra Pradesh, India**

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The study team

Dr. K. Raja Reddy

Dr. S. Prahalladaiah

Ms. Pravalika Bhumipaga

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Acronyms

ABH	: Abhayahatham
AP	: Andhra Pradesh
APL	: Above Poverty line
APMAS	: Mahila Abhivruddhi Society, Andhra Pradesh
APUSP	: Andhra Pradesh Urban Services for the Poor
ASCI	: Administrative Staff College of India
ATP	: Anantapur
BC	: Backward Class
BK	: Book keeping
BPL	: Below Poverty Line
CB	: Capacity Building
CBO	: Community Based Organization
CEF	: Capacity Enhancement Fund
CLRP	: Cluster Level Resource Person
CO	: Community Organizer
CRC	: Community Resource Centre
CRI	: Critical Rating Index
CRP	: Community Resource Person
DA	: Daily Allowance
DAP	: Direct Aid Programme
DFID	: Department for International Development
DPM-IB	: District Project Manager – Institution Building
EC	: Executive Committee
EG	: East Godavari
FD	: Fixed Deposit
FGD	: Focus Group Discussion
GB	: General Body
GHMC	: Greater Hyderabad Municipal Corporation
GVMC	: Greater Visakhapatnam Municipal Corporation
HH	: Household
HIV	: Human Immune Deficiency Virus
ICB	: Institution and Capacity Building
IGA	: Income Generation Activities
IKP	: Indira Kranthi Patham
JBY	: Jansri Bhima Yojana
KHM	: Khammam
KHN	: Krishna
KNL	: Kurnool
KRN	: Karimnagar
LDM	: Lead Bank District Manager
LPG	: Liquefied Petroleum Gas
MACS	: Mutually Aided Cooperative Societies
MEPMA	: Mission for Elimination of Poverty in Municipal Areas
MLA	: Member of the Legislative Assembly
MS	: Mandal Samakhya

MSB	: Mahila Swasakthi Bhavan
NABARD	: National Bank for Agriculture and Rural Development
NGO	: Non Governmental Organisation
NRY	: Nehru Rozgar Yojana
NSSO	: National Survey Sample Organisation
NZB	: Nizamabad
O/S	: Outstanding
OB	: Office Bearers
OC	: Open Category
OD	: Overdue
PDS	: Public Distribution System
PKM	: Prakasam
PMIUPEP	: Prime Minister's Integrated Urban Poverty Eradication
PoP	: Poorest of the Poor
PPS	: Probability Proportionate to Size
PRP	: Project Resource Person
PV	: Pavalavaddi
PWD	: Person With Disability
RAY	: Rajeev Awas Yojana
RCUES	: Regional centre for Urban and Environmental Studies
RF	: Revolving Fund
RP	: Resource Person
RYK	: Rajeev Yuva Kiranalu
SBI	: State Bank of India
SC	: Scheduled Caste
SHG	: Self Help Group
SHG BL	: Self Help Group Bank Linkage
SHPI	: Self Help Promoting Institutions
SJSRY	: Swarna Jayanti Shahari Rozgar Yojana
SLF	: Slum Level Federation
SPSS	: Statistical Package for Social Sciences
ST	: Scheduled Tribe
SWM	: Solid Waste Management
TA	: Travel Allowance
TLF	: Town Level Federation
TPRO	: Town Project Officer
TVS	: Town Vikalangula Samakhya
UBSP	: Urban Basic Services for the Poor
ULB	: Urban Local Body
USEP	: Urban Self Employment Programme
UWSP	: Urban Women Self Employment Programme
VLR	: Vaddi Leni Runalu
VMC	: Vijayawada Municipal Corporation
VO	: Village Organisation
VSP	: Visakhapatnam

Fact Sheet

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
A. Sample covered											
• No. of SHGs	200	200	200	150	250	200	250	250	200	100	2000
• No. of members	400	400	400	300	500	400	500	500	400	200	4000
B. Profile of SHG members											
• ST & SC members (in %)	14	15	27	12	11	23	24	14	27	16	18
• Members with own house (in %)	62	66	78	70	69	68	70	70	79	78	70
• BPL card members (in %)	94	95	91	89	92	93	87	88	86	90	90
C. Profile of SHGs											
• Government (% of SHGs)	63	72	73	78	82	66	70	55	62	70	69
• SLFs (% of SHGs)	10	7	9	1	5	7	8	8	13	10	8
• Self (% of SHGs)	28	21	18	21	13	28	22	37	25	20	24
• Avg. SHG size at present	10.5	10.4	10.1	11.2	10.1	10.2	11.2	11.2	10	10.6	10.6
• SHGs reported dropout (in %)	66	68	57	67	76	67	67	61		42	65
• Avg. no. of members dropped	2.99	2.63	2.17	3.50	2.87	2.93	3.16	2.98	2.41	3.12	2.87
• Membership in SLFs (% of SHGs)	86	72	87	68	98	80	78	98	92	94	86
D. Quality of SHGs											
• Avg. Amt. of savings at present (Rs.)	65	92	76	77	103	88	99	87	100	94	89
• Avg. amt. of savings with SHGs	45,216	56,127	39,266	42,477	49,203	39,306	51,773	51,132	45,431	48,095	47,139
• Avg. no. of meetings held	3.96	4.08	3.09	4.62	5.01	3.10	4.64	4.45	5.21	5.30	4.32
• Avg. attendance	5.62	5.82	4.10	6.45	6.44	4.08	7.19	6.96	6.73	7.19	6.05
• Paying honorarium to BK (% of SHGs)	58	36	31	43	89	68	32	86	61	98	59
• Leadership rotation (% of SHGs)	30	43	35	27	36	26	21	29	39	37	
• Avg. amt of idle funds per SHG (In Rs.)	36,899	48,038	19,966	39,165	24,857	19,569	33,288	13,842	42,308	15,276	29,377
• SHGs received RF (% of SHGs)	15	17	11	15	22	14	11	7	17	18	14
• SHGs received PV (% of SHGs)	85	93	92	72	81	85	28	74	80	85	76
• Avg. amt of interest subsidy (In Rs.)	12,348	16,111	13,554	10,964	20,072	15,232	6,321	28,166	12,517	11,078	15,805
• Surplus of income (% of SHGs)	94	98	95	97	90	95	74	78	70	86	87
E. Grading											
• A grade (% of SHGs)	7	11	17	21	25	25	14	21	10	33	18
• B grade (% of SHGs)	20	23	33	30	56	40	33	40	36	61	37
• C grade (% of SHGs)	73	67	51	49	19	36	54	39	55	6	46

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
F. SHGs access to external credit											
• SHGs accessed bank loan (in %)	99	100	100	99	99	99	97	98	100	99	99
• SHGs loan O/S with bank (in %)	78	82	80	84	82	72	63	82	80	80	78
• Avg. amt paid to get SHG-BL (in Rs.)	1,307	1160	1,394	1,286	1,609	1,930	1070	1,318	5,73	915	1,278
• SHGs access SLF loan (% of SHGs)	29	17	54	5	58	43	15	68	63	71	42
• SHGs loan O/S with SLFs (% of SHGs)	20	11	29	1	39	23	10	45	42	55	27
• SHGs accessed SN loans (% of SHGs)	0	1	25	3	3	2	0	2	25	19	7
• SHGs loan O/s with SN (% of SHGs)	--	1	25	3	2	3	--	2	25	18	7
• Overdue to banks (% of SHGs)	19	16	21	8	23	22	10	10	19	3	16
• Overdue to SLFs (% of SHGs)	10	5	12	0	31	13	12	14	20	7	16
G. Members access to credit											
• SHG funds (% of HHs)	25	39	57	41	31	67	50	50	21	84	51
• Total average loan borrowed (In Rs.)	12,235	12,269	13,728	10,333	22,005	20,665	16,185	12,883	8,945	16,123	16,105
• SHG bank linkage (% of HHs)	99	100	100	98	98	99	95	99	98	99	98
• Total average loan borrowed (In Rs.)	35,974	49,923	41,871	35,255	45,909	49,330	22,577	28,615	31,527	31,578	37,307
• SLF loan (% of HHs)	8	8	17	3	21	15	5	16	17	20	13
• Total average loan borrowed (In Rs.)	7,697	13,452	11,310	11,625	14,254	9,500	13,350	11,198	12,643	12,872	11,978
• Sthree Nidhi loans (% of HHs)	0	2	15	0	.4	1	0	2	12	14	4
• Total average loan borrowed (In Rs.)	0.00	11,667	11,103	0	17,500	15,000	0.00	19,673	20,163	19,074	16,271
H. Loan Utilization (Latest loan)											
• Average loan size (In Rs.)	20,936	28,804	25,058	24,141	31,700	24,748	15,605	25,202	25,792	23,127	24,564
• Consumption (% of loan)	8.0	4.3	3.0	5.2	5.1	8.1	10.2	6.8	6.4	3.7	6.0
• Production (% of loan)	50.3	60.0	55.9	48.2	57.6	52.0	48.1	49.3	67.3	50.1	54.7
o Business	32.6	36.8	29.5	15.1	11.2	35.3	38.5	30.9	35.1	14.7	28.0
o Machinery	6.0	4.2	4.1	5.0	8.4	3.1	5.3	8.1	6.7	4.0	5.8
• Social needs (% of loan)	31.9	28.5	33.0	34.2	26.5	33.0	35.3	35.8	20.6	40.5	31.0
o Health	4.0	3.5	5.7	5.2	6.1	5.0	7.1	9.3	4.9	14.0	6.1
o Education	11.7	12.7	10.8	14.6	7.6	13.2	17.8	14.2	12.0	10.6	12.2
o To repay old loans	10.6	8.6	11.8	7.9	7.9	8.1	6.3	5.4	1.1	5.5	7.4
• Asset creation (% of loan)	9.8	7.3	8.0	12.3	10.8	11.0	6.4	8.0	5.6	5.7	8.7
o Housing	8.5	5.8	7.6	11.4	6.0	9.6	4.5	7.5	5.0	4.7	7.0

EXECUTIVE SUMMARY

1 Context and objectives of the study

1.1 During the past decade, the SHG movement gained an impetus not only rural area but also in urban areas of India. As the Govt. of Andhra Pradesh realized that SHGs and its federations are the best tools for poverty reduction and empowerment of rural women-folk, it has started similar kind of programme in the urban areas known as Mission for Elimination of Poverty in Municipal Areas (MEPMA).

1.2 There are 189 municipalities, 19 municipal corporations and 10,491 slums in Andhra Pradesh. The project has facilitated 3.05 lakh SHGs covering 31.98 lakh women, which were organized into 9,104 Slum Level Federations (SLFs) and 189 Town Level Federations (TLFs). Of the total SHGs, 79% of SHGs availed bank linkage at least one time, since inception and 21% of SHGs availed VLR with an amount of Rs. 99.74 crores.

1.3 In this context, MEPMA in collaboration with APMAS has proposed a study with a broad objective to know the quality of urban SHGs in Andhra Pradesh. The specific objectives of the study are: i) to know the outreach of urban SHG programme in Andhra Pradesh and the socio-economic profile of SHG members; ii) to grade the SHGs based on their performance; iii) to assess members' credit access to SHGs, banks and SLFs, and repayment rate and defaulting; iv) to know the issues & problems in the functioning of SHGs and in accessing credit and its utilization; and v) to develop action plan for future, based on the study findings

1.4 To address the above objectives, the study has covered 2,000 SHGs and 4,000 SHG members in 40 towns in 10 districts of 3 regions in Andhra Pradesh. Besides, the study teams interacted with 23 Bank officials and 23 MEPMA officials including Project Directors, DPM-IB and TPRO/PRPs. Fieldwork was carried out from 18th September to 30th November, 2013 in three phases for data collection with a study team of 24 members.

2 An Outreach of Urban SHG Programme in AP

2.1 There are 3,04,611 SHGs covering 31.98 lakh women members across the state. The social categories of SHGs in urban Andhra Pradesh shows the social composition of general population i.e., BC-44%, OC-35%, SC-11%, Minorities-9%, STs-2%. Most of the SHGs have formed into primary and secondary level federations at slum and town levels.

2.2 There is a significant difference in the percentage of defunct groups between the districts and regions. It is high in Telangana region (5.26%) followed by Rayalaseema (3.28%) and Coastal (3.16%). Within the districts, it is high in Krishna with 8.54% and low in GVMC with 0.01% when compared to other districts. Majority of the SHGs are credit linked to bank (80%) which is more than the national scenario.

2.3 The social composition of SHG members is as similar to the general population (BC-54%, SC-16%, Minorities- 14%, OC-14%, ST-2%). Of the total 21,092 members, majority of the SHG members are literates (59%) and are engaged in some kind of income generation activity.

The MEPMA has adopted a holistic approach with multiple strategies to improve the quality of life of urban poor by organizing them into self reliant and managed institutions. It has mobilized most of the PoP households into groups and federated them at slum and town levels across the ULBs in the state. Further, large number of SHGs credit linked with banks. However, there are regional disparities in it. The social categories of SHGs members are as similar to the State population. Though majority of the SHGs and their members are poor, there are considerable number of non-poor households in SHGs to avail low cost large loans from banks, SLFs and Sthree Nidhi.

3 Quality of Self Help Groups and Grading

3.1 Government is the lead agency (69%), of all the self help promoting institutions in urban Andhra Pradesh. It is significant that nearly one-fourth of SHGs (24%) were formed by the community / self with the demonstrated effect of older SHGs. 3 - 6 year old SHGs are numerically dominant (53%). Majority of the groups are 10 member groups (74%). Majority of the sample SHGs are the members of slum level federations (86%).

3.2 The households formed into groups mostly to access credit on easy lending norms, thereby improving the existing or new income generation activities and to access Govt. programmes channelled through SHGs and SHG federations.

3.2 Monthly savings are common (96%) in SHGs. The amount of saving per month & member varies between Rs. 20 and Rs. 200 with an average of Rs. 89. There is a significant difference in it between districts and age of SHGs. The amount of savings varies from group to group, but all the members in a group save equally. There is no practice of voluntary savings. Besides, SHGs promote savings with slum level federation (Rs.10 per member and month) and Sthree Nidhi Cooperative Society. About 81% of SHGs which are enrolled with SLF have a total savings of Rs. 68.61 lakh with an average of Rs. 4,219.

3.3 Monthly meetings are common (73%). However, some SHGs do not conduct meeting (27%). The percentage of SHGs which do not conduct meetings is high in Kurnool with 54%, and low in Nizamabad with 6% when compared to other districts. Members' attendance to group meetings is moderate. It is low in new municipalities (68%) and varies from district to district. The members reported multiple reasons for low attendance. The meeting agenda is mostly confined to financial aspects like savings (86%) and credit disbursement (46%) & collection (82%).

3.4 Majority of the SHGs maintained the books prescribed for SHGs, except cash book. Further, a small number of SHGs maintained financial statements and monthly reports. About 59% of SHGs pay an average honorarium of Rs. 57 per month. The members have less access to group records as they are mostly kept with the leader cum book writer (94%). Many SHGs are poor in book keeping in terms of up-dation of records, over-writings and totality of information. Of all the districts, Khammam has good quality of group records when compared to the other districts.

3.5 The members have limited understanding on their roles and responsibilities. The leadership rotation is found in only one third of SHGs because of low awareness and leaders' dominance.

3.6 The SHGs lend the funds mobilized internally and from external agencies such as banks, SLF and Sthree Nidhi. The loan term, rate of interest, mode of payment and collateral security required varies depending on the fund source. The rate of interest on loans from internal funds is high when compared to the external loans. There is no margin of interest on external loans to the SHGs. There is no demand for formal collateral by the banks. However, banks follow informal practices such as a portion of loan as fixed deposit (FD), promoting recurrent deposits and large funds in SHG savings bank account by not allowing SHG withdrawals to manage risk, if the group defaults.

3.7 The sample SHGs were graded as A, B & C by administering the Critical Rating Index (CRI) tool developed by NABARD. Many sample SHGs are C grade (46%) followed by B (37%) and A grade (18%). The quality groups are more in Rayalaseema region (A-25%; B-49%) followed by Telangana (A-17%; B-39%) and Coastal Andhra (A-13%; B-26%). The percentage of A-grade SHGs is high in Nizamabad with 33% and low in East Godavari with 7% when compared to other districts. The quality of older SHGs is relatively good when compared to younger SHGs. Majority of the SHGs credit linked to bank is of A-grade (19%) & B-grade (37%). There is no much difference in the grades of SHGs between old & new ULBs, between corporations and municipalities.

The households joined SHGs primarily to avail low cost credit and government pro-poor programmes irrespective of their social and economic categories. Though the member selection criteria seem to be so inclusive of PoP, it is exclusive in practice because of various reasons. The SHG members are good at in promoting compulsory savings for different purposes with SHGs and SLFs. However, its utilization is minimal due to different mottos of SHGs, banks and the promoters. Meeting is a platform for collection of savings and disbursement of loans. The meeting frequency, member attendance and agenda are the least contributing factors for empowering SHG women. Book keeping is poor and need to be addressed on a priority basis. There is a shift towards democratic functioning of SHGs, even though many groups are leader(s) centred. Paying savings and monthly instalment of external loans are the common SHG norms found across the State. On the whole, the performance of groups is poor followed by moderate and good. But, the performance of SHGs is good if we consider loan repayment to banks and other external agencies.

4 Financial Status of Self Help Groups

4.1 The SHGs have total assets of Rs. 39.3 crores with an average of Rs. 1.97 lakhs. Majority of the groups' assets are as loan outstanding with members (73%) followed by balance in SHG SB accounts, distribution of revolving fund & Pavalavaddi and savings.

4.2 There are large amount of funds (Rs. 588 lakhs) in SHG SB accounts as idle funds with an average of Rs. 29,377. Majority of the SHGs (53%) have more than Rs. 20,000 of idle funds followed by less than Rs. 20,000 (47%). Further, there is a significant difference in it between districts, regions, new & old ULBs, mission & other cities and age groups of SHGs. About 5% of SHGs have reported cash in hand, an average of Rs. 5,761 due to financial transactions outside meetings and irregular meetings. About 6% of SHGs have reported fixed deposits of Rs. 50.84 lakhs primarily due to bankers' pressure as it is lined with loan sanctioning & volume.

4.3 About 81% of SHGs have savings with SLFs, a total of Rs. 68.61 lakhs with an average of Rs. 4,219. Of the total revolving fund of Rs. 2.82 lakhs accessed by the sample SHGs, 83% of SHGs have distributed a total of 2.12 lakhs (75%) with an average of Rs. 8,906. Out of 1,521 (76%) SHGs benefited with 'Pavalavaddi' / interest subsidy of Rs. 2.4 crores, 1,059 (70%) SHGs have distributed Rs. 1.75 crores (73%) with an average of Rs. 16,565 per SHGs to its members. About 18% of SHGs have distributed a total savings of Rs. 97.9 lakhs with an average of Rs. 27,358 to their members.

4.4 The sample SHGs has total liabilities of Rs. 39.3 crores with an average of Rs. 1.97 lakhs. Of the total liabilities, major portion is as loan outstanding with banks (59%) & other external borrowings (4%) followed by members' savings with SHGs (24%), pavalavaddi / interest subsidy (6%), profit or surplus earned (5%) and other reserve funds and grants (4%).

4.5 The members have the total savings of Rs. 9.43 crores with an average of Rs. 47,139 and Rs. 4,470 per SHG and member respectively. There is a significant difference in average members' savings with SHGs between districts, regions and old and new ULBs. However, there is a positive correlation between the average amount of members' savings with SHGs and the age of SHGs, and grades of SHGs.

4.6 Majority of the SHGs (76%) have benefited with pavalavaddi programme of Rs. 2.4 crores with an average of Rs. 15,805. However, there is a wide disparity in the percentage of SHGs benefited with PV between mission and other cities. Majority of the SHGs (87%) have reported surplus of earnings; however, there is a wide differences in the average amount of surplus between regions, districts, grades and age of SHGs.

4.7 Most of the SHGs (99%) accessed credit from bank, sum of Rs. 8,151.7 lakhs with an average of Rs. 4.12 lakhs. Majority of the SHGs (58%) have not accessed loan from SLFs; and a small number of SHGs accessed credit from Sthree Nidhi. 4.8 There is a significant difference in the loan size between regions, districts, new & old ULBs and age groups of SHGs.

4.8 The SHGs that have loan outstanding with banks have borrowed a loan of Rs. 40.55 crores with an average of Rs. 2.61 lakhs and have a total loan outstanding of Rs. 2.28 crores with an average of Rs. 1.46 lakhs. Many SHGs (95%) paid large amounts, an average of Rs. 1,278 per SHG, to leaders and staff in the name of documentation at the time of SHG-bank linkage.

4.9 Majority of the SHGs (27%) don't have loan outstanding with SLFs with a total loan of Rs. 88.97 lakhs with an average of Rs. 16,477. Of the total loan of Rs. 88.97 lakhs, the SHGs have a loan outstanding of Rs. 53.95 lakhs to SLFs with an average of Rs. Rs. 9,990 per SHG. A small number of SHGs (7%) have borrowed a total loan of Rs. 97.42 lakhs with an average of Rs. 0.7 lakhs and loan outstanding of Rs. 84.7 lakhs (87%) with an average of Rs. 0.6 lakh per SHG.

4.10 Of the 1,554 SHGs that have loan outstanding with banks, majority of the SHGs (84%) have no defaulters and over dues. However, about 16% of SHGs have defaulters between 1 and 10 with an average of 4. About 84% of SHGs have no defaulters and over dues to SLFs. Of the 7% SHGs have loan outstanding with Sthree Nidhi, only one group

has reported 5 defaulters with an overdue of Rs. 6,575. It indicates that the repayment is good with low default.

The SHGs have large amount of assets and liabilities. Large amount of assets are as loan outstanding with members. However, large amount of funds are lying as idle in SHG SB accounts, and largely depend on external credit agencies, rather than mobilizing funds internally. There are multiple credit sources to SHG members – internal funds and external loans from banks, SLF and Sthree Nidhi. Most of the SHGs accessed credit 2-3 times and disbursed equally to all the members. However, the SHGs' credit access with SLFs and Sthree Nidhi is low, mainly due to inadequate funds with SLFs; poor quality of groups and absence of Sthree Nidhi operations in some municipalities. A good number of SHGs have been waiting for a long time for repeat linkage from banks and other agencies. The SHGs have accessed large amount of loan from banks followed by SLFs and Sthree Nidhi. There are regional disparities in the percentage of SHGs credit linked, amount of loan borrowed and the average loan size. The loan repayment is good from members to SHGs to banks, SLF and Sthree Nidhi. There is defaulting of loan but it is manageable. The SHGs and the banks have adopted multiple means to ensure good repayment and to manage zero default.

5 Members' Access to Credit & Utilization

5.1 Majority of the members are BCs (54%) followed by SCs (16%), OCs (15%), Minorities (13%) and STs (2%), and associated with SHGs on an average from the past 5.96 years.

5.2 The average size of SHG member household is 4.2 members. About 70% of households have own house. Most of the households possess white ration card (91%) followed by pink ration card (3%). Of the sample SHG member households, majority of them are locals (85%). Also most of them are landless (91%). Many are self employed (31%) followed by petty & seasonal business (21%), labour (20%), private jobs (3%), engaged in service castes (3%) and others (8%) which includes dairy, agriculture, domestic servants.

5.3 Majority of the SHG member households have not accessed credit from SLFs and Sthree Nidhi. A little more than one-half of the SHG member households (51%) have borrowed loans from SHG funds with an average of 2.36 loans and the amount of Rs. 16,105, since inception of the group.

5.4 Most of the SHG member households (98%) accessed credit from banks through SHGs with an average of 2.53 loans and an amount of Rs. 37,307 since inception. A small number of households' (13%) accessed an average of 1.35 loans and the amount of Rs. 11,978, since inception from slum level federations. A small percentage of SHG member households (4%) accessed loan from Sthree Nidhi.

5.5 The volume of loan varies from small to large with an average of Rs. 24, 564. The loans are used for multiple purposes due to other priority & pressing needs. Majority of the households used the loan amount for single purpose (72%). Major chunk of loan used for production (55%) and social needs (31%) specifically on business, education, repay old loans and housing.

5.6 The households reported the significant changes as a result of credit access with SHGs. They are i) repaid high cost loans, ii) children's education improved and household members' health improved, iii) increase in monthly household income, expenditure on food, employment generation to the household members etc.

The majority of the SHG members are of backward category, middle aged, married, literate, staying in own house with toilet and water facilities, local and poor who have white ration card. Majority of the members accessed loan from internal funds and SHG Bank credit linkage, and small percentage members from SLFs and Sthree Nidhi. The loan size varies from small to large; and mostly made use of one or two purposes. Credit is mainly used for employment generation and in building social & human capital namely on business, education, repay old loans and housing. As a result, majority households reported socio-economic improvement - increase in household monthly income, more expenditure on food, children education improved, health status increased, no migration and household debts reduced.

6 Sustainability of SHGs – Issues & Problems

6.1 The group size is small at present when compared to at the time of formation. Majority of the SHGs have reported changes (66%) in group size. The incidence of dropouts/withdrawal of membership is high across the districts, and it is high in older SHGs. The SHGs have adopted a three pronged approach in replacing the dropouts and / or enrolling new members – i) replacement with other member of the household, ii) admitting new members and iii) residuals members of a SHG and the dropouts of another group (s) and /or some new members formed as new group with old account.

6.2 Low capacity building inputs to SHGs on institution building, livelihoods enhancement and social issues from the promoters and federations or both.

6.3 Majority of the SHGs (55%) have increased the amount of savings per member & month over a period of time primarily to access large amount of credit from external agencies. Many SHGs (36%) distributed group funds to members mostly at the time of settlement of dropouts' accounts; repay bank loan instalment; and difficulties in managing large amount of funds because of varied reasons.

6.4 Small number of SHGs have the norm of fines and penalties in case of i) delay in paying savings, ii) delay in attending meetings, iii) quarrelling in meetings and iv) delay in repaying loan instalments. Hence, many groups are functioning; otherwise, many members would drop their membership.

6.5 The SHGs have been slowly taken up the role of SHPIs. About 17% of SHGs have formed 983 new SHGs in their locality; 83 SHGs have revived 153 defunct SHGs and about 24% of sample SHGs formed by the self motivation of group members.

6.6 A small number of SHG member households accessed govt. programme channelled through SHGs. The SHG member households availed PDS (90%) and about one-fifth benefited with pulse polio and LPG connection. But a small percentage of households benefited with education and employment programmes such as 'Girl Child Education'(3.8%), 'Bangaruthalli'(0.4%), 'Rajeev Yuva Kiranalu' (RYK) (1.2%), Urban

Self Employment Programme (USEP) and Urban Woman Self-employment Programme (UWSP) (0.4%).

6.7 The SHGs participation in the implementation of govt. programmes is minimal. About 9% of SHGs involved in pulse polio programme; and another 2% of SHGs involved in child labour and HIV campaigns. However, many SHGs involved in addressing the issue of drinking water (19%) and drainage (18%) in their locality in bringing the issue to the notice of concern officials and the elected representatives.

6.8 The majority of the households formed into groups to avail interest free and low cost loans. If there is no bank linkage and interest subsidy, no doubt that the groups will deteriorate in its quality and reduces repayment and increase default.

6.9 There are many issues at SHG, SLF, TLF and promoter levels. Some of them are i) poor data base management at SHG, federation levels; ii) irregular meeting with poor member attendance and financial transactions outside the meetings; iii) poor quality of book keeping; iv) leaders' dominance and low leadership rotation; v) problems in SHG credit linkage – insistence for FDs and insurance, large amount of idle funds in SHG SB accounts, banks control on SHG withdrawal of savings, large amount of payments to get credit linkage etc.; vi) inadequate and poor quality of human resources at project level; vii) low attention on mission activities and high attention on municipal activities; SLF and TLFs are managed by staff; viii) many issues in new ULBs – registration of SLFs, fund crisis, credit linkages, human resources, low/no visits and handholding support at SHG and SLF levels etc.

In brief, for the institutional sustainability, the SHGs have adopted three pronged approach in re-structuring of SHGs due to enrolment new members and /or withdrawal of old members. Further, like NGO-SHPIs, the CBOs and the community itself have taken the role of promotion of SHGs. The high attention of SHPI on SHG bank credit linkage, disbursement of VLR and implementation of Govt. programmes through SHGs and their federations has been playing critical role in maintaining SHGs functional. The practices like distribution of group savings/funds periodically, equal distribution of external loans to all the members, flexibility in paying monthly savings & loan instalment and attending meetings and sharing group responsibilities are the contributing factors for the smooth function of groups, even though they are not best practices. Further, there are lot of systemic issues and problems at SHG, SLF, TLF and Promoter levels. However, all these problems can be over come by paying attention on capacity building to all the players and at all levels.

6.10 Based on the findings of the study, to strengthen the SHGs and their federations to evolve as member owned and managed institutions, the study team has proposed i) capacity building on SHGs and SHG federations to MEPMA staff at all levels, ii) ensure adequate & quality human resources at slum and town levels, iii) top priority to 'Mission Activities, iv) staff transfers, v) more focus on institution and capacity building, particularly on meetings, book keeping and leadership rotation, vi) monitoring and tracking mechanism on loan utilization of SHG members particularly large loans intended for income generation.

Chapter-1: INTRODUCTION

1) Background of the study

According to Tendulkar Methodology, 29.8% of people are living below poverty line in India, where as in Andhra Pradesh, it is 21.1%. In urban areas, the percentage of people below poverty line in India is 20.9%, it is 17.7% in AP. (Press note on poverty estimates, 2009-10, Planning Commission, March, 2012)

Based on MRP-consumption the urban poverty in India is 21.7% where as in AP it is 20.7%. There are 22.15% people living under the poverty line in India according to a 2004-2005 survey by NSSO. During the last decade the urban poverty has increased due to high rate of rural-urban migration, speedy urbanization, lack of opportunity to quality health and educational services, restricted access to employment opportunities and income etc.

As a result, there are many issues in urban areas such as over population, increase of slums, lack of proper housing facilities, unhygienic environment, no suitable social security schemes, inadequate provision of 'public' infrastructure and services (piped water, sanitation, drainage, health care, schools, emergency services etc.), inadequate protection by the law, exploitation and discrimination etc.

Both the state and central governments have implemented many programmes for the benefit of urban poor such as Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP), Swarna Jayanti Shahari Rozgar Yojana (SJSRY), Urban Self Employment Programme (USEP) to provide employment to the urban unemployed poor and to achieve social sector goals. Besides, the Govt. of AP has implemented many programmes for urban poverty reduction programmes such as Abhayahatham, Jansri Bhima Yojana, Urban Women Empowerment Programme, Urban Women Self Help Programme, Urban Street Vendors Programme, AASARA Programme, Urban Health Programme, Integrated Low Cost Sanitation Scheme, Sustainable Training and Employment Programme, Rajeev Yuva Kiranalu etc.

Andhra Pradesh Urban Services for the Poor (APUSP) is implemented by the Govt. of Andhra Pradesh in 31 Class-I Towns to improve the urban poor's accessibility to sustainable services with the financial support of Department for International Development (DFID). It aimed at achieving a sustained reduction in the vulnerability and poverty of the urban poor in Andhra Pradesh. It began in mid 1999.

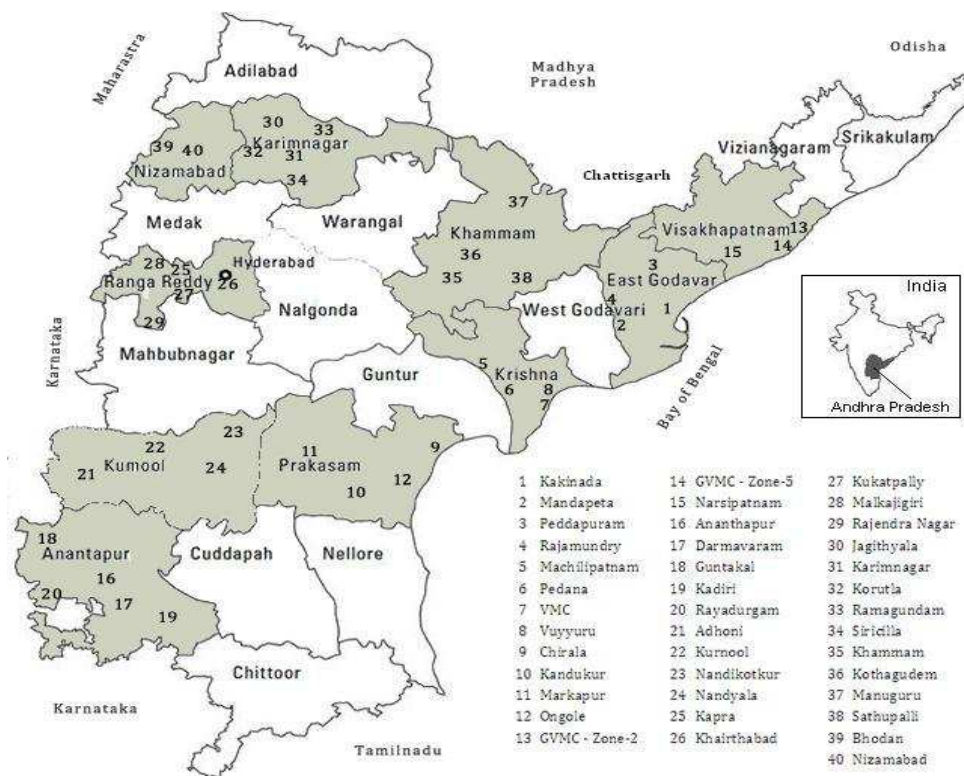
During the past decade, the SHG movement gained an impetus not only rural area but also in urban areas of India. As the Govt. of Andhra Pradesh realized that SHGs and its federations are the best tools for poverty reduction and empowerment of rural women-folk, it has started similar kind of programme in the urban areas known as Mission for Elimination of Poverty in Municipal Areas (MEPMA).

About 65% of SHGs enrolled membership in SLFs and TLFs. All the SHGs have a corpus of Rs. 471.3 crores with an average of Rs. 17,383 per SHG. About one-third of SHGs have the norm of weekly meeting and two-third have either fortnightly or monthly meetings;

and more than three-fourth of SHGs have own book keepers. About 87.38% of SHGs credit linked to bank; however, many SHGs bank linked twice (35%) followed by once (27%) and thrice (17%). During the year 2010-11, a total loan of Rs. 165803 lakh disbursed to 95653 SHGs; and 1.4 lakh SHGs got Pavalavaddi of Rs. 87.93 crores. The SHGs have got an interest subsidy (Pavalavaddi) of Rs. 213.13 crores on SHG-bank linkage loans. Besides SHG-Bank linkage, about 76.71% of SHG members borrowed a loan of Rs. 4739 crores from microfinance institutions.

In this context, APMAS has proposed a study to understand the status of SHGs and Federations, dynamics in economic development and empowerment, issues and problems in the strengthening of community based organizations as self managed, owned and controlled organizations.

Map Showing the Study Districts and Urban Local Bodies (ULBs) in Andhra Pradesh



2) Objectives of the study

The broad objective of the present study is to know the quality of urban women SHGs in Andhra Pradesh. The specific objectives are:

- i) To know the outreach of urban SHG programme in Andhra Pradesh and the socio-economic profile of SHG members;
- ii) To know the quality/performance of SHGs besides grading;
- iii) To assess members' credit access to SHGs, banks and SLFs, and repayment rate and defaulting;

- iv) To know the issues and problems at SHGs, SLF and TLF levels related to institution building, credit linkages, income generation activities etc.; and
- v) To develop an action plan for strengthening of SHGs and their federations based on the present study findings.

3) Research methodology

a) Sampling design- The universe of the present study is all the women SHGs in the urban areas of Andhra Pradesh. The study has covered all the three regions of the state namely i) Coastal Andhra, ii) Rayalaseema and iii) Telangana. Based on the number of districts within the region four districts from Coastal Andhra, two districts from Rayalaseema and four districts from Telangana were selected by applying Probability Proportionate to Size (PPS) method. Further, the PPS method was applied for the selection of towns within the district, slums within the towns and SHGs within the slums. Within the identified SHGs, two members were identified randomly for the in-depth analysis of access to credit and its utilization by the households. The details of sampling units and sampling methods followed at various levels are given below.

<u>Units</u>	<u>Sampling Criteria</u>
1. Regions	All the three regions –Coastal, Rayalaseema and Telangana
2. Districts	10 districts - 4 from Coastal Andhra, 2 from Rayalaseema and 4 from Telangana
3. Towns	2 to 5 towns per district were identified based on the number of towns in the district. If the number of towns are less than 5, 2 towns were selected; If the number of towns are 5 to 10, 3 – 4 towns were selected depending on the geographical area; If the number of towns are more than 10, 5 towns were selected; Totally, 40 towns were selected for the study
4. Slums	10 slums were selected in each town by applying PPS sampling method
5. SHGs	5 SHGs were identified in each slum by applying PPS method
6. Households	2 members were identified randomly in selected SHG

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. ULBs	4	4	4	3	5	4	5	5	4	2	40
2. Slums	40	40	40	30	50	40	50	50	40	20	410
3. SHGs	200	200	200	150	250	200	250	250	200	100	2000
4. Members	400	400	400	300	500	400	500	500	400	200	4000
5. SLFs	3	3	3	4	4	2	2	3	3	3	30
6. TLFs	2	2	2	2	2	3	0	2	2	2	19
7. Banks	2	2	3	2	3	2	2	3	2	2	23
8. MEPMA Off.	3	2	2	2	3	3	2	2	2	2	23

Totally, the study has covered 2,000 SHGs and 4,000 SHG members in 40 towns in 10 districts of 3 regions in Andhra Pradesh (See map for details). Besides, the study teams

interacted with 23 Bankers (LDM and at least one branch manager in each district) and 23 MEPMA officials including Project Directors, DPM-IB and TPRO/PRPs to know the problems and prospects in the implementation of MEPMA project in their respective towns. Table 1.1 gives the details of the sample covered in the study.

b) Data collection tools - The qualitative as well as quantitative data were gathered from SHGs, slum & town level federations, banks and MEPMA town & district level officials through qualitative as well as quantitative data collection techniques. An interview schedule was prepared for SHGs and members to collect information. Separate checklists were developed for SLFs, TLFs, Banks and MEPMA staff. Unstructured interviews were conducted with town and district level officials and collected the information on issues and the future strategies for strengthening SHGs and their federations. Further, case studies were collected relating to good practices and various issues. The details of various data collection tools used and the aspects covered are given below.

<i>Unit</i>	<i>Tool</i>	<i>Aspects covered</i>
1. SHG	Interview Schedule and FGD	Composition, functioning & quality of SHGs, financial status, access to various development programmes, CB inputs and issues at various levels.
2. Household	Interview Schedule	Socio-economic profile, access to loan and utilization, repayment of loans and dynamics at household level.
3. SLF	Interview schedule and FGD	Members' awareness about SLF and its functioning, and various issues with reference to delivering services to member SHGs. Various issues in up-gradation of Nagarapanchayats into municipalities.
4. TLF	Interview schedule and FGD	Members' awareness about SLF/TLF and its functioning, and various issues with reference to delivering services to members - SHGs/SLFs and TLF. Various issues in up-gradation of Nagarapanchayats into municipalities.
5. Bank Manager	Semi- structured interviews	Issues in credit linkage; default management, issues relating to savings and insurance products, credit assessment methods, and issues in the implementation of USEP & UWSP.
6. MEPMA Officials	Semi- structured interviews	Strategies for bringing the PoP into SHGs, issues in the functioning of SHGs/SLF/TLFs. Issues relating to human resources, ICB and up-gradation of Nagarapanchayats into municipalities.

Piloting & standardization of tools – The draft data collection tools were shared with the MEPMA study team (Mission Director, Additional Mission Director and SPMs) for their feedback. Further, APMAS has pre-tested all the formats and checklists in Punganur and GHMC municipal areas. Based on the feedback of MEPMA team and APMAS teams'

learning during pre-testing, appropriate changes were made to the draft tools; and the final tools were shared with MEPMA for approval.

c) Fieldwork -i) Fieldwork schedule – Fieldwork plan was prepared, and shared with MEPMA. In turn, MEPMA has communicated it through emails to the Project Directors of the sample districts to coordinate fieldwork in the municipalities, selected for the study. In addition to it, MEPMA has shared the details of the project staff at district level including name, designation, mobile phone number and email ID with APMAS to avoid problems related to communication delay, if any, for the successful completion of the data collection as per the timelines. Though, the fieldwork was planned to initiate at a time in all the three regions, due to ‘Samaikhya Andhra’ movement, data collection was started first in Telangana region. Fieldwork was conducted for a period of two and half months in three phases from 18th September to 30th November 2013. For details see annexure -1: Fieldwork schedule.

ii) Formation of the study team – A 24 member study team was formed with those who have minimum of 2 to 5 years of experience in fieldwork and data collection, and knowledge on SHGs and their federations. To get common understanding among the team members, a two day ‘Orientation’ (18th & 19th September 2013) was conducted to the study team on the study objectives, selection of SHGs, data collection techniques and the tools to be used, SHGs and their federations. The study team was divided into 3 small teams each consisting of 7 Research Associates headed by a Research Supervisor. The Director of Research & Advocacy Department, APMAS has coordinated the field teams as well as the study.

d) Limitations of the study – Following are the limitations of the present study.

- i) Mismatch of SHG data in MEPMA website with the data available at slum level with COs/RPs due to various issues related to the up-dation of information. Consequentially, the study team was unable to interact with few of the SHGs selected by PPS sampling method.
- ii) Even though MEPMA and APMAS have sent communication, well in advance to the district teams, there is a communication gap at slum level. Further, majority of the SHG members are engaged in labour or some other work. As a result, there is moderate member attendance in focus group discussions; it is even low in case of defunct and default SHGs.
- iii) The study team has shared the list of sample SHGs to be visited and the time of visit with COs and / or RPs one day in advance to avoid delay, ensure maximum number of members’ participation in FGD and to save time. But the staff has taken it as an advantage to up-date group records, especially meetings minutes book to project that the quality of groups is good in his/her area.
- iv) The study team has considered the lending and repayment of internal funds while grading SHGs. This undermines the grades of SHGs, even though the repayment is good to banks, SLFs and Sthree Nidhi.
- v) Normally, loans borrowed from banks under SHG-bank linkage programme is distributed equally to all the members. Most of the SHGs have not documented the purpose of loan in the loan ledger. Hence, the study team was unable to collect the purpose-wise loan data. Further, the information on latest loan

utilization was collected from the households by 'remembrance method'. In few cases, there is a possibility of over reporting to IGA, as they thought that the study team is from Govt. /MEPMA even though the purpose was explained to the members.

4) Data entry & analysis

Before computerizing the filled in formats, the study team has developed a code list to all the open ended questions and coded accordingly. Further, all the filled in schedules were cross checked whether the data is properly filled in or not. 'Excel Formats' were prepared, and 'Data Entry Operators' were oriented before entering the data into the excel formats. Prior to analysis, the data was cleaned, edited, and secondary variables were generated. All the data in Excel formats were converted into SPSS formats for statistical analysis. To evaluate the quality of SHGs, the entire data was analysed in terms of regions (Coastal, Rayalaseema and Telangana), districts, status of ULBs (corporation, municipality and nagarapanchayat /new municipality), age, size and grades of SHGs. Simple statistical tools like percentages and averages were applied. By using SPSS programme, frequency tables, cross tables and graphs were prepared to make comparisons and draw meaningful inferences.

Before writing the draft report, a power point presentation was prepared based on the preliminary analysis & findings of the study. The APMAS study team has shared the findings on 5th February 2014 with MEPMA team – The Mission Director, Additional Mission Director, SPMs who were involved in the finalization of the study design. The team has provided some inputs on the overall analysis in general and on grading in particular. The APMAS team has addressed and incorporated all the queries of MEPMA team, while preparing the draft report.

5) Organization of the report

The findings of the study were presented in seven chapters. Chapter-1 explains the objectives and methodology of the study. Chapter-2 gives an overview of MEPMA activities and its achievements so far. Chapter -3 examines the quality of SHGs besides grading. Chapter-4 analyses the financial status of SHGs, SHGs access to external credit, repayment and default management. The members' access to credit and its utilization by the members are analysed in chapter-5. The last chapter attempts to explain the factors contributing and hindering the sustainability of SHGs besides an action plan for strengthening SHGs and their federations.

Chapter-2: OVERVIEW OF MEPMA

The present section of the report presents the goal and objective of MEPMA besides an overview of its activities. Further, it also analysis the spread of SHG movement across the regions with reference to number of local bodies, community based organizations, credit linkages with banks and the number of SHGs availed interest subsidy or 'vaddi leni runalu (VLR).

1) About MEPMA

The Mission for Elimination of Poverty in Municipal Areas (MEPMA) is an NGO promoted by Government of AP as part of Dept. of Municipal Administration & Urban Development. It was launched on 1st September, 2007. MEPMA is registered as society under AP societies registration act bearing No: 1120/2007 dated 10.7.2007 with Honourable Chief Minister of Andhra Pradesh as Chairman.

a) Mission goal & objective: *i) Goal* - All the 30 lakh poor families will have improved quality of life by accessing services from all organizations through their own strong self reliant and self managed institutions.

ii) Objective: 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.

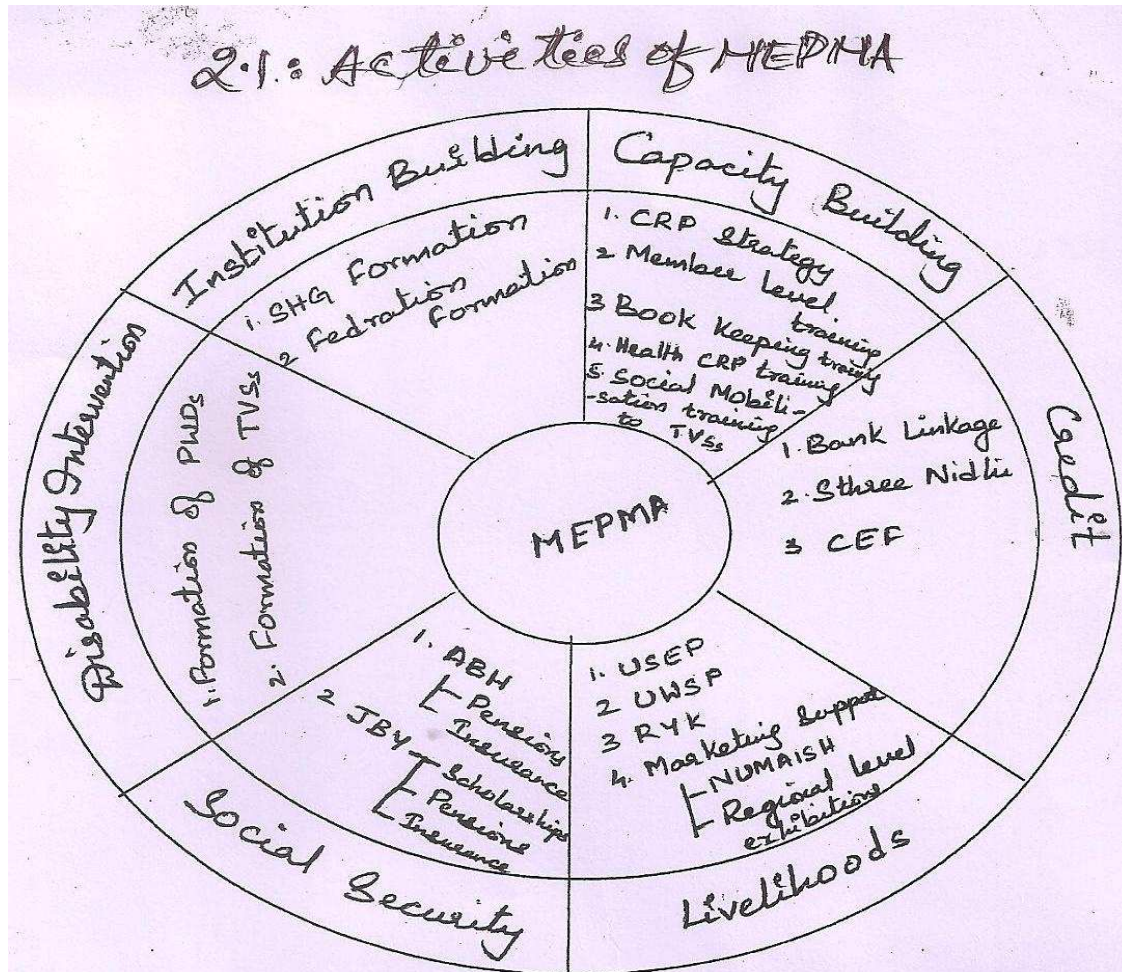
iii) Activities: The major activities of MEPMA include i) Forming the urban women into Self Help Groups (SHGs) and encouraging internal savings and internal lending; ii) Disability interventions; iii) Capacity Building of Community Based Organizations (CBO); iv) Creating access to credit by providing Bank linkage; v) Loans with subsidies for self employment units; vi) Sthree Nidhi; vii) Social Security Measures - Abhaya Hastham (ABH), Janasree Bhima Yojana (JBY), Scholarship linked insurance schemes; viii) Placement linked skill trainings; ix) Market linkage to the SHG entrepreneurs and their products; x) Rajiv Awas Yojana (RAY); xi) Better Health & Nutrition awareness; xii) Community Resource Centers (CRCs) and xiii) Mahila Swasakthi Bhavans (MSBs) (Fig-2.1).

b) Achievements: *i) Urban women SHGs & their federations:* According to the MEPMA, there are 189 municipalities, 19 municipal corporations and 10,491 slums in Andhra Pradesh. The project has facilitated 3.05 lakh SHGs covering 31.98 lakh women, which were organized into 9,104 Slum Level Federations (SLFs) and 189 Town Level Federations (TLFs). Of the total SHGs, 79% of SHGs availed bank linkage at least one time, since inception and 21% of SHGs availed VLR with an amount of Rs. 99.74 crores

ii) Disability interventions: The project has identified 1.35 lakh persons with disability (PWD) and organized them into 12,640 SHGs, 136 Town Vikalangula Samakhyas (TVSSs). About 164 PWD voluntaries are identified and trained on social mobilization of PWDs with the support of TLFs. With the cooperation of Bhagavan Mahaveer Vikalangula Seva Samakhya, MEPMA has conducted 11 camps for DAPs in 10 districts.

iii) Capacity Building of Community Based Organizations: Periodical trainings are organized through Administrative Staff College of India (ASCI), Center for Good

Governance (CGG), Dr. Marri Chenna Reddy Institute for Human Resource Development (MCRHRD), Regional Centre for Urban and Environmental Studies (RCUES) etc. The community resource person (CRP) strategy is being followed in building the capacities of SHGs. Members training has been taken up in 2.05 lakh SHGs and book keeping training has been imparted to 1.97 lakh SHGs.



iv) *Creating access to credit by providing bank linkage:* About 2.94 lakh SHGs got benefited from bank loan of Rs. 8,600 crores including repeat loans. The main objective of loans is to provide soft loans to meet day-to-day needs like education and other social needs and take up income generation activities and main motto is to protect the urban women from the clutches of money lenders, micro finance institutions etc.

v) *Loans with subsidies for self employment units:* Under Urban Self Employment Programme (USEP), MEPMA would arrange subsidy of 25% of the total loan for setting up micro business enterprises. Under USEP, 42,031 units have been established and 148 units were established under Urban Women Self Employment Programme (UWSP) with 35% of subsidy.

vi) *Sthree Nidhi:* Sthree Nidhi is a state Govt. credit society established for providing "Credit Gap Funding". It aims to provide financial assistance within 48 hours to the beneficiary by using mobile phone technology. Loans availed in Sthree Nidhi are also

eligible for Vaddi Leni Runalu (VLR), on regular repayment of loans. As on date, 4,121 SHGs have availed Sthree Nidhi loans amounting to Rs.29.77 crores.

vii) Social Security Measures: There are two insurance programmes implemented by the Govt. of AP – Abhaya Hastham (ABH) and Janasree Bhima Yojana (JBY). The details are as follows:-

a) Abhaya Hastham (ABH): It is an insurance linked old age pension scheme. Each member is supposed to pay the contribution of Rs. 365 per year; so that they would be entitled for availing all insurance benefits to the subscribers and scholarships to their children's as applicable under JBY and Rs.500 as pension per month after completion of 60 years of age. As on date, 4.10 lakh members have been enrolled under ABH. Out of which, 19,967 members are getting pensions. About 3,010 number of death claims are settled. And 11,7031 number of children are provided with scholarships.

b) Janasree Bhima Yojana (JBY): It is scholarship linked insurance scheme. Against the contribution of Rs.100 per member per year, the members would be entitled for Rs.30,000 and Rs.70,000 on natural death and accidental death respectively, and scholarship of Rs.1200 per child, upto two children studying 9th to 12th standard in their family. About 6.40 lakh members are enrolled under JBY during 2013-14.

viii) Placement linked skill trainings: Under the scheme of Rajiv Yuva Kiranalalu, MEPMA aims at providing skill based training and placement to 4 lakh unemployed youth by March, 2015. About 2.20 lakh of unemployed youth are provided placement linked skill training and 1.80 lakh of them are given placement in various sectors.

ix) Market linkage to the SHG entrepreneurs and their products: MEPMA facilitated marketing to SHG products by providing access to marketing the product in NUMAISH and regional level exhibitions conducted in major cities such as Warangal, Vijayawada, Tirupati etc.

x) Rajiv Awas Yojana (RAY): MEPMA has undertaken upgrading the slums through institution development for providing infrastructure and housing to bring them on par with the rest of the city. The initiative started in Keshavnagar slum of Serilingampalli of GHMC. The Govt. of India has selected 11 towns namely GHMC, GVMC, VMC, Tirupati, Warangal, Kurnool, Rajahmundry, Kakinada, Guntur, Nellore and Ramagundam, for implementation of RAY. In three mission cities, four pilot projects have been approved with an outlay of Rs. 166 Crores. Towards infrastructure development, 100% funding is borne by the Govt. towards the cost of dwelling units, 70 – 90% is funded by Govt./local body.

xi) Better health & nutrition awareness: Under this head, 14,826 Health CRPs are trained for orienting SHG members on community health & nutrition. The MEPMA has conducted 230 Integrated Health Camps in slums to reduce the vulnerability of slum residents from diseases and ill-health.

xii) Community Resource Centers (CRCs) and Mahila Swasakthi Bhavans (MSBs): To provide infrastructure facilities to women federations, 361 CRCs have been sanctioned and construction of 298 CRCs were completed. . A total of 132 Mahila Swasakthi Bhavans have been sanctioned, which are under construction.

2) Overview of Urban SHG Movement in Andhra Pradesh

a) Urban Local Bodies (ULBs): There are 189 urban local bodies (ULBs) in Andhra Pradesh; in which, 19 are corporations. Of the corporations, eight (8) are in Coastal region, six (6) are in Telangana and the remaining five (5) are in Rayalaseema. Of the total 10,491 slums spread across the state, 4,802 (46%) slums are in Coastal, 3,792 (36%) slums are in Telangana and the remaining 1,897 (18%) slums are in Rayalaseema (www.mepma.org).

b) Community Based Organizations

i) SHGs: There are 3,04,611 SHGs covering 31.98 lakh women members across the state. Of the total SHGs, 42% are in Coastal region, 39% are in Telangana and the rest (19%) are in Rayalaseema (see table-2-2). The data on SHG social categories in Fig- shows that majority of the SHGs are of BC category (44%)

followed by OC (35%), SCs (11%), Minorities (9%) and STs (2%). But, the percentage of OC-SHGs is high in Telangana region (41%) when compared to Coastal (34%) and Rayalaseema (26%).

ii) SLFs: There are 9,104 slum level federations in the state. Of these, 3,804 are in Coastal region (42%), 3,457 (38%) are in Telangana and the remaining 1,843 (20%) are in Rayalaseema. If we see the number of slums and the number of SLFs formed in a region, the coverage is more in Rayalaseema with 97% followed by Telangana (91%) and Coastal Andhra (79%). It indicates that still there are some slums without SHG federations.

Fig-2.2: Social Categories of SHGs

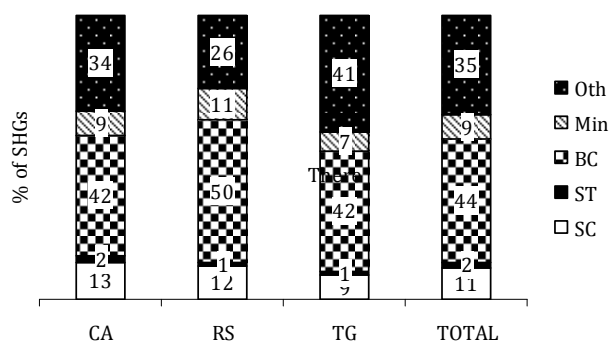


Table-2.1: Region-wise Urban SHG Programme in Andhra Pradesh				
Particulars	Coastal	Rayalaseema	Telangana	Total
A. Details of ULBs				
1. No. of Corporations	8	5	6	19
2. No. of municipalities	71	39	79	189
3. Slums	4,802	1,897	3,792	10,491
B. Community based organizations				
1. TLFs				
2. SLFs	3,804	1,843	3,457	9,104
3. SHGs -Total SHGs	127,514	57,522	119,575	304,611
4. SC-SHGs	16,632	6,743	10,424	33,799
5. ST-SHGs	2,607	754	1,477	4,838
6. BC-SHGs	54,092	28,782	50,690	133,564
7. Minorities-SHGs	11,436	6,572	8,016	26,024
8. Open Category- SHGS	42,747	14,671	48,968	106,386
9. Defunct SHGs	4,024	1,886	6,293	12,203

C. SHG –BL Programme				
1. No. of SHGs availed BL*	106,430	47,903	86,750	241,083
2. 1st linkage (% of SHGs)	19.28	22.58	36.36	26.09
3. 2nd linkage (% of SHGs)	36.23	28.51	36.42	34.77
4. 3rd linkage (% of SHGs)	28.55	28.89	18.66	25.06
5. 4th linkage (% of SHGs)	10.90	13.02	5.53	9.39
6. 5 th & above linkages –in %	5.03	6.99	3.04	4.70
D. Vaddi Leni Runalu (VLR)				
1. Total SHGs availed VLR	22,794	19,219	22,183	64,196
2. Total amount (in Lakhs)	3,452.81	3,551.27	2,970.48	9,974.6

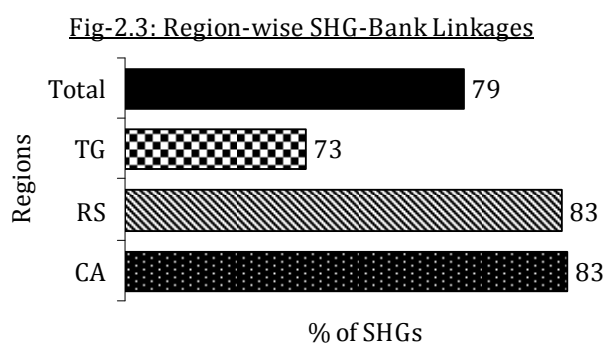
* Number of SHGs as on August 2013

Data source: www.mepma.org

iii) *TLFs*: All the slum level federations in a town formed as Town level federations in the state. Most of the ULBs have formed secondary level federations at town level. However, in some of the towns, there are no town level federations (Eg. Visakhapatnam).

iv) *De-funct SHGs*: According to MEPMA, there are 12,203 (4.01%) defunct SHGs in AP. See table-1. The percentage of defunct SHGs is high in Telangana region (5.26%) followed by Rayalaseema (3.28%) and Coastal (3.16%). It is high in Krishna with 8.54% and low in GVMC with 0.01% when compared to other districts.

c) SHG-Bank linkages –The data in table-2.3 shows that of the 3.04 lakh SHGs in 189 ULBs, 3,02,237 SHGs are eligible for credit linkage with banks. About 80% of the SHGs are credit linked to banks at least once and the remaining 20% of the SHGs are not credit linked, though they are eligible. The percentage of SHGs not credit linked to banks is high in Telangana region with 27% followed by Rayalaseema (17%) and Coastal Andhra (15%). Of the SHGs credit linked to banks since inception, many SHGs are credit linked twice (35%), followed by once (26%), thrice (25%) and 4 & above linkages (14%). Similar trend is found across the regions. However, the percentage of SHGs credit linked more than twice is low in Telangana region with 27% followed by Coastal Andhra (45%) and Rayalaseema (49%).



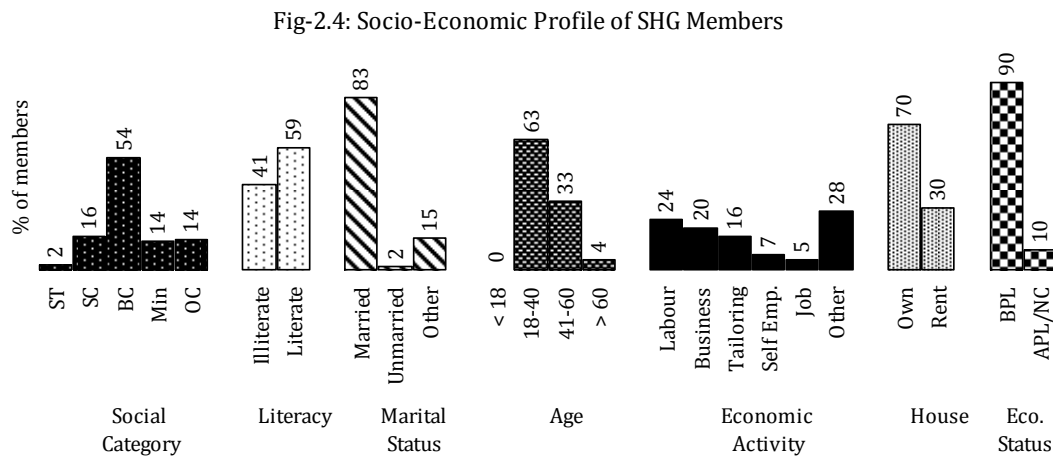
d) Vaddi Leni Runalu (VLR) / Interest free loans: The data in table-2.1 show that about 64,196 SHGs have received a total loan of Rs. 9,974.6 lakhs. Of the total amount, large portion is disbursed to Rayalaseema region (Rs. 3,555.27 lakhs), followed by Coastal Andhra (Rs. 3,452.81 lakhs) and Telangana (Rs. 2,970.48 lakhs). The average amount of interest free loan (VLR) received by a SHGs is high in Rayalaseema region with Rs. 18,478 followed by Coastal Andhra (Rs. 15,148) and Telangana (13,391). It is

because of high volume of loan and subsequent repeat linkages with banks in Rayalaseema region.

Large number of slum households were mobilized into huge number of SHGs. Further, the SHGs are networked as primary and secondary level federations at slum and town levels. However, in some of the slums and towns federations are not yet formed. The defunct groups are comparatively more in some of the districts. Large number of SHGs has credit linked to banks. However, there are disparities between regions in the number of SHGs credit to banks.

3) Socio-economic Profile of SHG Members

a) Social composition: The data in fig-3 shows that of the total 21,092 members of 2,000 sample SHGs, majority of them are backward classes (BC) (54%) followed by SC (16%), minorities (Min) (14%), open categories (14%) and scheduled tribes (2%). For district wise details see table -2.4



b) Literacy: The literacy levels of SHG members' shows that majority of them are literates (59%). Of the literates, majority of the members studied 6th -10th standard followed by primary schooling (19%) and college education (11%). Nevertheless, the percentage of illiterate members is important in Nizamabad, Kurnool, Karimnagar East Godavari and Khammam.

c) Age & marital status: The figure 3 shows that majority of the SHG women are middle aged (18-40 years) (63%) followed by 41-60 years (33%), > 60 years (4%) and less than < 18 years (0.1%). About 83% of the members are married, and the remaining are vulnerable categories – widowed & separated (15%) and unmarried (2%).

d) Housing: The data in table-2.3 shows that about 70% of the SHG women have own house and the remaining live in rent houses (30%). The percentage of SHG member households living in rented houses is high in East Godavari with 38% and low in Nizamabad with 21% when compared to other districts. As per the type of ration cards that the SHG member households have, about 90% are of below poverty line (BPL) category, 4% are above poverty line (APL) category, and another 6% don't have any ration card. During individual interactions, the study team has observed that though

most of the members have 'white ration card', many are non-poor in terms of housing, standard of living, occupation of the other household members and the kind of household assets possessed.

Table-2.2: Socio-Economic Conditions of Sample SHG Members (in %)

Particulars	EG N=2097	KHN N=2088	PKM N=2025	VSP N=1683	ATP N=2513	KNL N=2050	GHMC N=2788	KRN N=2719	KHM N=1996	NZB N=1061
A. Social category										
1. ST	0.7	1.5	1.8	0.4	2.3	0.7	2.3	1.8	8.1	3.3
2. SC	13.6	13.4	24.9	11.6	8.7	22.2	21.3	11.8	18.7	13.0
3. BC	66.3	42.5	33.2	71.7	53.3	42.4	56.4	65.2	52.5	50.0
4. Min	2.7	16.2	14.9	1.5	23.3	21.6	8.9	13.9	8.8	30.3
5. OC	16.7	26.4	25.2	14.8	12.4	13.1	11.1	7.3	11.9	3.4
B. Education										
1. Illiterate	39.3	32.2	40.7	36.1	47.3	49.8	37.9	40.9	37.5	49.3
2. Up to 5th	22.2	21.6	19.8	23.9	18.8	17.0	16.6	15.0	16.4	16.4
3. 6th - 10th	30.2	36.4	30.3	29.2	25.6	23.5	33.0	31.5	32.4	23.2
4. College	8.3	9.8	9.2	10.8	8.3	9.7	12.5	12.6	13.7	11.1
C. Marital status										
1. Married	80.1	79.4	84.2	79.2	82.6	82.6	86.4	86.1	79.6	80.4
2. Unmarried	1.7	2.8	1.2	4.0	2.5	2.5	2.8	1.8	2.7	4.1
3. Widowed	16.5	16.0	13.2	15.6	12.5	14.0	9.9	10.6	15.5	13.5
4. Separated	1.7	1.8	1.4	1.2	2.4	0.9	0.9	1.5	2.2	2.0
D. Age in years										
1. < 18	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.4	0.3
2. 18 - 40	60.7	59.2	60.8	64.1	60.5	58.5	72.2	61.2	65.1	63.0
3. 41 - 60	34.4	37.5	35.1	31.4	33.7	33.8	26.8	35.0	29.5	28.5
4. > 60	4.9	3.3	4.1	4.5	5.6	7.7	0.8	3.7	5.0	8.2

e) Economic Engagement: Of the total 21,092 SHG members, 24% of the members engaged in labour, 22% in business, 23% in self employment including tailoring -16%. Private/government jobs (5%) and the remaining as domestic servants, agriculture, dairy, service providing caste occupations, and house wives.

The social categories of SHGs show the social composition of general population. Literacy levels of urban SHG women are high when compared to rural. Many SHG members are local with own housing and BPL ration card. Most SHG women have been engaged in some economic activity that contributes to the household income.

Table-2.3: Socio-Economic Conditions of Sample SHG Members (in %)

Particulars	EG N=2097	KHN N=2088	PKM N=2025	VSP N=1683	ATP N=2513	KNL N=2050	GHMC N=2788	KRN N=2719	KHM N=1996	NZB N=1061
A Economic activity										
1. Labour	19.9	18.7	19.8	18.1	22.5	27.6	14.3	41.6	24.1	41.7
2. Tailoring	18.9	13.4	16.7	15.4	20.5	17.5	19.1	11.5	16.5	11.5
3. Self employment	3.2	19.7	8.0	6.6	10.4	6.5	6.0	12.2	5.8	11.8
4. Business	17.4	25.2	25.6	15.4	21.4	27.7	19.3	10.4	26.6	6.9
5. Job-Govt./private	3.9	4.6	4.1	7.8	3.4	3.4	9.8	4.6	4.7	6.5
6. Agriculture	0.9	1.5	1.4	2.9	2.3	2.7	0.0	0.8	4.3	2.3
7. Domestic servant	3.7	0.6	0.5	6.6	3.4	1.7	11.1	1.4	1.4	1.4
8. Service caste	5.7	1.7	3.4	3.9	5.3	3.0	1.2	2.1	2.5	1.4
9. Dairy	2.2	3.0	8.9	3.3	3.3	2.0	0.5	0.2	3.2	1.2
10. Other	24.2	11.6	11.6	20.0	7.5	7.9	18.7	15.2	10.9	15.3
B. House-ownership										
1. Own	61.7	65.6	77.8	70.0	69.9	68.4	69.8	69.6	79.0	77.5
2. Rented	38.3	34.4	22.2	30.0	30.1	31.6	30.2	30.4	21.0	22.5
G. Ration Card										
1. BPL	93.4	94.5	90.5	89.2	91.9	92.8	87.4	88.4	85.5	90.0
2. APL	1.7	2.5	1.6	7.3	2.5	1.1	4.2	5.5	5.3	4.1
3. No card	4.9	2.9	7.9	3.5	5.7	6.0	8.3	6.1	9.2	5.9

In conclusion, the MEPMA has adopted a holistic approach with multiple strategies to improve the quality of life of urban poor by organizing them into self reliant and managed institutions. It has mobilized most of the PoP households into groups and federated them at slum and town levels across the ULBs in the state. Further, large number of SHGs credit linked with banks. However, there are regional disparities in it. The social categories of SHGs members are as similar to the State population. Majority of the SHGs and their members are poor; however, there are non-poor households in SHGs to avail low cost large loans from banks, SLFs and Sthree Nidhi.

Chapter-3: QUALITY OF SELF HELP GROUPS

The present chapter primarily examines the salient features of SHGs namely savings, lending, meetings, book keeping, leadership & decision making. It also looks at why did the SHG women form into groups, and how do they select members. The sample SHGs were graded by using Critical Rating Index tool to know the quality of urban SHGs. Further, it also analysed the quality of SHGs across regions, districts, mission & other cities, old & new municipalities to understand the dynamics at various levels.

1) Profile of SHGs

a) Self Help Promoting Institutions: The Government, NGOs, banks and the Community Based Organizations (CBOs) such as slum and town level federations are the major Self Help Promoting Institutions (SHPIs) in the State. Of the 2,000 sample SHGs, majority of them were formed by the Govt (69%) followed by self/community (24%) and SLF (8%). It is significant that nearly one-fourth of SHGs (24%) were formed by the community / self with the demonstrated effect of older SHGs. The data in table-3.1 shows that the percentage of SHGs promoted by the Government is high in Anantapur with 82% and low in Karimnagar with 55%, when compared to other districts. But, the percentage of SHGs promoted by SLFs is high in Khammam with 13%, and low in Visakhapatnam (1%) when compared to other districts. It is because the SLFs in Visakhapatnam are still in formation or nascent stage. The percentage of SHGs formed by self or demonstrated effect is high in Karimnagar with 37%, and low in Anantapur with 13% as compared to other districts.

Table-3.1: District-wise Promoters of SHGs (% of SHGs)

SHPI	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Govt.	63.0	72.0	73.0	78.0	81.6	65.5	70.0	55.2	62.0	70.0	68.8
2. SLF	9.5	7.0	9.0	0.7	5.2	7.0	8.0	8.0	13.0	10.0	7.7
3. Self	27.5	21.0	18.0	21.3	13.2	27.5	22.0	36.8	25.0	20.0	23.5
Total	100	100	100	100	100	100	100	100	100	100	100

b) Age of SHGs: The age of sample SHGs varies from less than one year to more than 20 years with an average age of 6.4 years. The data in table-3.2 shows that majority of the SHGs are in the age group of 3-6 years (53%) followed by 6-9 years (21%), 9-12 years (10%), less than 3 years (8%) and more than 12 years (8%). Further, more or less one half of the SHGs are of 3-6 year old across the districts. The average age of SHGs is high in East Godavari with 7.29 years, and low in GHMC with 5 years when compared to other districts (KRN-6.1 years; PKM-6.35 years; ATP-6.39 years; VSP-6.65 years; KNL-6.77 years; KHN-6.88 years; NZB-7.03 years; KHM-7.09 years). The average age of SHGs in Mission Cities is low (5.38 years) as compared to the SHGs in other than mission cities (6.8 years). Further, the average age of SHGs in old municipalities is low with 6.36 years when compared to new municipalities (7.9 years). It is because of up-gradation of major Gram Panchayats in the rural areas as municipality, where the SHG movement was started early.

Table-3.2: District-wise Age of SHGs (% of SHGs)											
Age in years	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. < 3	8.5	5.0	6.5	8.6	7.6	3.0	16.8	8.8	9.5	2.0	8.0
2. 3-6	44.0	46.0	59.0	46.0	46.8	57.5	68.8	58.8	41.5	56.0	52.9
3. 6-9	21.0	32.0	20.5	22.7	33.2	21.0	6.4	19.2	17.5	16.0	21.1
4. 9-12	8.5	7.0	6.5	16.0	6.0	10.5	3.6	8.0	22.5	18.0	9.8
5. > 12	18.0	10.0	7.5	6.7	6.4	8.0	4.4	5.2	9.0	8.0	8.2
Total	100	100	100	100	100	100	100	100	100	100	100

c) Size of SHGs: The size of SHG varies from 9 to 20 members with an average of 10.6 members at present. The average size urban SHGs is small when compared to SHGs in rural AP (12.32 members) and India (12.25 members) (Enable, 2013) The data in table-3.3 shows that of the 2,000 SHGs, majority of the SHGs consists of 10 members (74%) followed by more than 10 (22%) and less than 10 members (3%). However, the percentage of 10 member SHGs is high in Anantapur (93%) and low in GHMC (56%) when compared to other districts. The percentage of < 10 member SHGs is high in Khammam with 16% and low in Nizamabad with 'Zero' percent' as compared to other districts. The percentage of > 10 member SHGs is high in GHMC (42%) and low in Khammam (10%) when compared to other districts. The average size of SHGs is high in new municipalities with 10.9 members and low in municipalities with 10.5 members. The average size is large in old SHGs/ more than 12 years and low in new SHGs/ less than 3 year old when compared to other age groups of SHGs.

Table-3.3: District-wise Size of SHGs (% of SHGs)											
Members	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. < 10	3.0	0.5	3.5	0.7	3.2	2.5	1.2	1.6	15.5	0.0	3.2
2. 10	70.0	79.0	85.5	58.0	92.8	83.5	56.4	63.6	74.5	83.0	74.4
3. > 10	27.0	20.5	11.0	41.3	4.0	14.0	42.4	34.8	10.0	17.0	22.4
Total	100	100	100	100	100	100	100	100	100	100	100

d) Why did they form into SHGs? During focus group discussions with sample SHGs, most of the members have revealed the motives behind forming into groups as:

- To access credit on easy lending norms – low interest rate on loans, monthly loan instalments, no collateral, small to long term loans; and to access credit from formal financial institutions such as banks, slum level federations and Sthree Nidhi besides group funds;
- To access Govt. programmes channelled through SHGs and SHG federations such as Vaddi Leni Runalu (VLR), self employment programmes such as USEP and UWSP; food & social security programmes such as ration card, old age pension, widow pension, pensions for persons with disability (PWD), scholarships to school/College going children, insurance schemes like Janashree Bhima Yojana (JBY) and Abhaya Hastham (ABH);
- To improve the existing household income generation activities, and to take up new activities by accessing low cost loans from banks, SLFs and Sthree Nidhi; and

- To access credit by promoting savings for future needs, includes children's education, health expenses of household members, life-cycle ceremonies, fairs & festivals etc.

But, a small number of members have stated that they joined SHGs to get an exposure to external world and to know what is happening around them. It shows that the SHG members have limited understanding on the rationale behind the promotion of SHGs and their federations. It is because of two reasons – i) the promoters mobilized members to form into groups by saying that if you join groups, you will get large loans and access Govt. programmes; ii) many groups formed by self motivation after realising the benefits that the women gets for being a member of SHG.

e) Selection of members: During focus group discussions, the members have reported multiple criteria that have been followed in the selection or rejection as group members.

<u>Criteria</u>	<u>Inclusion/ Selection</u>	<u>Exclusion/ Rejection</u>
a) Location	Residing in the same locality – street or area or slum	Staying in the other locality – street or area or slum
b) Economic aspects	Poor- white ration card holders Same economic activity Can pay savings regularly Can pay loan installments regularly	Non-poor – Pink ration card householders Govt. job holders Can't pay savings and loan installments regularly
c) Group norms	Can attend meetings Respect group norms	Can't attend meetings Don't follow group norms
d) Social aspects	Known to each other Preference to locals (own house) Relatives & friends	Unknown members Migrants and/ or non-locals staying in rented house
e) Personal aspects	Good character – friendly, cooperative, helping, respect others, faithful, patience, Preference to young & middle aged and literates	Quarrelsome, unfriendly, make nuisance, no faith on others, dominant, aged more than 60 years
f) Dropouts	Earlier experience with SHGs Good repayment track record in the past	Defaulters Members misused group funds in the past

Though the criteria seems to be inclusive of the poorest of poor, in practice for the smooth functioning of group, the PoP category has been marginalized on the name of low saving & loan repaying capacity due to irregular household cash-flows. Further, giving preference to non-poor those have high saving & loan repaying capacity, ignoring the criterion of economic homogeneity. Further, during individual interactions, the bank branch managers also reiterated that many non-poor joined in SHGs to avail low

cost loans from banks, SLFs and Stthree Nidhi. During SHG visits, the study team also observed that there are 2-3 well off members in many groups. But, the number of SHGs with majority non-poor members is tiny.

f) Association with Slum Level Federations: Of the 2,000 SHGs, majority groups (86%) have membership with slum level federations. The SHGs have membership with federations is high in Anantapur with 98% and low in Visakhapatnam with 68% when compared to other districts (KHN-72%; KNL-80%; EG-86%; PKM-87%; GHMC-78%; KRN-98%; KHM-92%; NZB-94%). Further, the data also shows that more percentage of SHGs less than 3 year old are outside federations when compared to SHGs more than 3 years old (3-6 years– 13%; 6-9 years -13%; 9-12 years – 12%; and > 12 years – 14%).

Government is the lead agency, of all the self help promoting institutions in urban Andhra Pradesh. Many SHGs formed under MEPMA programme. The younger groups are small in size when compared to older groups. Majority of the SHGs are in federations. The slum households formed into groups mostly to access credit & Govt. programmes channelled through SHGs. The groups have considered multiple socio, economic and personal criteria for the selection their members.

2) Savings

a) Periodicity of savings: Of the 2,000 SHGs, majority of the SHGs have the practice of monthly meetings (96%). However, a small number of SHGs have reported no schedule/ no regularity (4%); but, the percentage of SHGs with no regular schedule for saving is high in Kurnool with 15%, and low in GHMC (1%) and Karimnagar (1%) when compared to other districts.

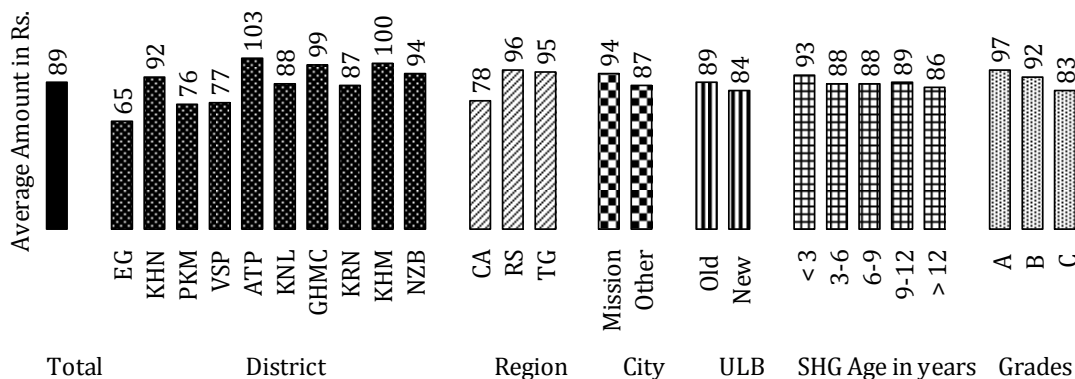
b) Amount of savings: The amount of savings varies from group to group, but all the members in a group save equally. There is no practice of voluntary savings in any place in the study districts. The amount of savings per month & member varies between Rs. 20 and Rs. 200 with an average of Rs. 89. The data in table-3.4 shows that majority of the SHGs save an amount of Rs. 100 (69%) per month & member followed by Rs. 50 (27%), less than Rs. 50 (4%), more than Rs. 100 (3%) and between Rs. 51-99 (0.9%).

Amt. in Rs.	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. < 49	1.5	0	0	1.3	0	0	0	0	1.5	0	0.4
2. 50	66.5	17.5	47.5	44.0	8.0	34.5	6.8	26.4	11.0	12.0	26.8
3. 51-99	2.0	0	1.0	0	1.2	0	0.4	1.2	2.0	0	0.9
4. 100	29.5	81.5	51.5	54.7	81.2	60.0	90.0	72.0	74.5	88.0	68.6
5. > 100	0.5	1.0	0	0	9.6	5.5	2.8	0.4	11.0	0	3.4
Total	100	100	100	100	100	100	100	100	100	100	100

The percentage of SHGs saving Rs. 50 is high in East Godavari with 67% and low in GHMC with 7% when compared to other districts. The percentage of SHGs saving Rs. 100 is high in GHMC with 90% and low in East Godavari with 30% when compared to other districts. In some of the districts SHGs are saving either Rs. 100 or Rs. 50. Of all the age groups of SHGs, the percentage of SHGs saving up to Rs. 50 is low in < 3 year old

groups with 17% when compared to other age groups (3-6 years – 28%; 6-9 years – 29%; 9-12 years 27%; and > 12 years – 29%). Similarly, the percentage of SHGs saving up to Rs. 50 is double in non-mission towns with 30% when compared to mission cities (15%).

Fig-3.1: Averag Amount of Savings per Month & Member



Further, the data in fig-3.1 shows that there is a difference in the average amount of savings per month & member between the status of ULBs (Mission and non –mission cities), age of ULBs, (old and new) between districts and age & grades of SHGs. The average monthly saving amount per member is high in urban SHGs with Rs. 89 when compared to SHGs in rural AP with Rs. 69 and India with Rs. 53 (Enable, 2013).

c) Why do they save? During focus group discussions, the SHGs have reported the purpose of mobilizing savings from members as i) savings is compulsory in SHGs (88%), ii) it is a group decision (82%) and iii) to avail loans from external credit agencies like banks, SLFs and Sthree Nidhi.

d) SHG savings: Besides mobilization of savings from members, the SHGs promote savings with slum level federation and Sthreenidhi Cooperative Society. The SHGs that have membership with SLF have been saving at the rate of Rs. 10 per member & month. The amount of savings depends on the number of members in the group. For instance, if there are 12 members in a group, the total amount of savings of a group with SLF is Rs. 120 per month (12 members @ Rs. 10 per month). About 81% of SHGs that are enrolled with SLF have a total savings of Rs. 68.61 lakh with an average of Rs. 4,219. The average amount of SHG savings in SLFs varies from district to district. The amount depends on the period of association with SLF, number of members in a group and the amount per month & member. It is high in Nizamabad with Rs. 6,030, and low in Visakhapatnam with Rs. 1,435 when compared to other districts (EG - Rs. 3,814; KHN - Rs. 3,833; PKM – Rs. 4,609; ATP – Rs. 5,446; KNL – Rs. 3,890; GHMC – Rs. 3,122; KRN – Rs. 4,937 and KHM – Rs. 3,148). During FGDs, the groups have reported the purpose of promoting savings with SLFs as i) promotion of savings with slum level federation is mandatory (77%) and ii) to avail large volume and number of loans.

To conclude, monthly and mandatory savings are common in urban SHGs. The promotion of savings by the SHGs is at member and federation level for various purposes with different reasons.

3 Meetings

a) Periodicity of meetings: The data in table-3.5 shows that majority of the SHGs have the practice of monthly meetings (73%) followed by irregular /no schedule (27%), fortnightly and weekly meetings (0.3%). The percentage of SHGs that have no meeting schedule is high in Kurnool with 54%, and low in Nizamabad with 6% when compared to other districts (EG -31%; KHN-30%; PKM-49%; VSP-26%; ATP-16%; GHMC-20%; KRN-20%; KHM-14%). Further, it is more than double in Coastal (34%) and Rayalaseema (32%) regions when compared to Telangana (16%). Similarly, it is high or almost double (46%) in new municipalities as compared to old municipalities (25%). It is also high in non-mission cities (29%) as compared to mission cities (18%). The above discussion shows that many SHGs have no meeting schedule across regions, mission & non-mission cities and old & new municipalities. During discussions, the groups have stated that they pay savings and loan installment regularly; and there is no need of meeting every month. If there is a need, organize meeting with all the members. For instance, submission of loan proposal, disbursement of external loan and identification of beneficiaries for govt. programmes.

Table-3.5: Periodicity of SHG Meetings(% of SHGs)

Periodicity	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Monthly	70	70	51	74	84	46	80	80	87	94	73
2. No schedule	30	30	49	26	16	54	20	20	14	6	27
Total	100	100	100	100	100	100	100	100	100	100	100

b) Regularity of meetings: To know the regularity of SHGs in conducting meetings, the study team has gathered information on the meetings to be held and held during the last six months. The data in table 3.6 shows that majority of the SHGs conducted more than 80% of meetings (65%) followed by no meetings (20%), 51-80 percent of meetings (10%) and less than 50% of meetings (5%). The average number of meetings held by the sample SHGs is high in Nizamabad (5.30) and low in Prakasam (3.09) when compared to other districts (EG-3.96; KHN-4.08; VSP-4.62; ATP-5.01; KNL-3.10; GHMC-4.64; KRN-4.45; KHM-5.21). The percentage of SHGs that have no meetings is high in Prakasam with 44%, and low in Nizamabad (0%) when compared to other districts. The percentage of SHGs that have no meeting is high in new ULBs (33%) when compared to old ULBs (19%). The above discussion shows that some SHGs are irregular in conducting meetings across the districts, regions and status and age of ULBs.

Table-3.6: Regularity of SHG Meetings During the last Six Months (% of SHGs)

% of meetings	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Zero	27.0	28.5	44.0	12.6	11.2	36.0	13.2	16.0	7.5	0.0	20.2
2. < 50	4.5	2.0	6.0	8.0	4.0	9.0	4.8	2.8	4.5	6.0	5.0
3. 51-80	9.0	5.5	8.5	10.7	3.6	14.0	14.0	18.4	3.0	15.0	10.1
4. > 80	59.5	64.0	41.5	68.7	81.2	41.0	68.0	62.8	85.0	79.0	64.7
Total	100	100	100	100	100	100	100	100	100	100	100

c) Members attendance in meetings: The data in table 3.7 shows that of the SHGs conducted meetings during the last six months, the member attendance varies between 30% and 100% with an average of 72%. In majority of the SHGs the member attendance to meetings is between 50-80 percent. The SHGs that have more than 80% of member attendance is high in GHMC with 33%, and low in Kurnool (8%) when compared to other districts. The average percentage of member attendance shows that it is high in Krishna with 78% and low in Kurnool with 67% when compared to other districts (EG-73%; PKM-72; VSP-67%; ATP-73%; GHMC-74; KRN-76%; KHM-74%; and NZB-67%). The member attendance in SHG meetings is low in new municipalities with 68% as compared to old municipalities (71%) and corporations (74%).

% of members	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. < 50	1	2	1	7	0	9	6	3	1	0	3
2. 51-80	86	66	79	79	85	83	61	68	78	87	76
3. > 80	13	32	20	14	15	8	33	29	21	13	21
Total	100	100	100	100	100	100	100	100	100	100	100

Reasons for poor member attendance – During focus group discussions, the members have reported multiple reasons for poor member attendance in meetings. They are i) urgent/emergency work (80%), ii) ill-health of HH members (59%), iii) visitors in the house (54%), iv) work pressure (41%), v) lactating mother/pregnancy (25%), vi) festivals (19%) vii) meeting venue far away (7%), viii) unsuitable meeting time (5%), ix) migration/ work outside the town (8%) and x) defaulting (2%). Besides, the members also stated that ‘on time payment of monthly savings and loan installment is important than attending meetings’. Hence, low meetings and member attendance.

d) Meeting agenda: During the last six months, the meeting agenda of sample SHGs covered many financial, non-financial; livelihood and development programmes (see table-3.8). The agenda points include i) collection of savings (86%), ii) collection of loan instalment (82%), iii) loan disbursement (46%), iv) SHG bank linkage (64%), v) Vaddi Leni Runalu/ interest free loans (27%), vi) CEF (1%), vii) trainings (5%), viii) income generation activities (11%), ix) leadership (8%), x) providing information to SLF (19%), xi) development programmes (4%), xii) social agenda (8%), xiii) Insurance (29%), xiv) books of accounts (14%), xv) defaulting (5%), xvi) public meetings (5%), xvii) auditing (1%), xviii) GB meetings (2%). It shows that majority SHGs' meeting agenda is limited to savings and loans; and a small number of SHGs included non-financial, social, and development items besides financial agenda.

Table-3.8: District-wise Agenda of SHG Meetings (% of SHGs)

Agenda Item	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Collection of Savings	74	72	84	98	99	73	89	85	93	100	86
2. Collection of loan Install	69	72	83	94	99	70	75	80	86	97	82
3. Loan Disbursement	34	23	47	31	54	58	38	49	73	57	46
4. SHG Bank Linkage	64	57	47	48	81	51	60	75	69	91	64
5. Defaulting	0	1	1	1	7	1	3	5	3	2	3
6. CEF	1	1	2	1	2	2	0	2	2	0	1
7. Training programme	2	0	1	7	13	1	4	3	6	27	5
8. Livelihood activities	3	2	2	17	27	3	11	8	15	28	11
9. Leadership	3	2	1	7	20	3	5	10	9	23	8
10. Defaulting / repayment	1	5	7	3	4	1	4	1	2	5	3
11. Information to SLF	16	13	13	27	54	8	2	17	12	23	19
12. Dev. Programmes	3	2	1	1	5	2	5	4	10	17	4
13. Social Agenda	3	3	1	5	14	2	8	13	18	9	8
14. Insurance	29	18	18	33	44	18	20	27	44	51	29
15. Books of accounts	6	1	11	20	38	14	11	8	15	19	14
16. GB meeting	1	1	1	0	8	1	0	0	0	3	1
17. Auditing	1	2	0	0	1	1	0	0	1	2	1

4) Book Keeping

a) Type of books The set of books that the SHGs maintain includes i) Minutes Book, ii) Member Pass Book, iii) Savings Ledger, iv) loan Ledger, v) Cash Book and vi) financial statements/reports - a) Receipts & Payments, ii) Income & Expenditure, iii) Masanivedikalu (Monthly Reports). The data in table-3.9 shows that most of the SHGs have minutes book and member pass books. However, more or less one-fourth of SHGs have no savings and loan ledgers; and small number of SHGs have cash book. But, few SHGs maintained the financial statements like receipts & payments, income & expenditure and masanivedikalu. The number of SHGs maintaining financial statements and masanivedikalu is high in Nizamabad district when compared to other districts.

Table-3.9: District-wise Books Maintained by the SHGs (in %)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Minutes Book	97	98	97	97	98	94	98	97	99	97	97
2. Member Pass Book	89	87	66	86	98	92	96	92	95	99	90
3. Savings Ledger	71	66	62	58	73	64	84	80	81	90	73
4. Loan Ledger	72	33	43	41	66	66	68	68	86	86	62
5. Cash Book	5	1	6	14	0	1	10	5	15	44	8
6. R & P Statement	4	0	0	3	0	2	4	9	0	3	3
7. I & E Statement	1	0	1	1	0	1	2	6	0	8	2
8. Masanivedika	0	0	1	1	0	0	1	1	1	16	1
9. All in one	3	2	3	3	2	6	2	3	1	3	3

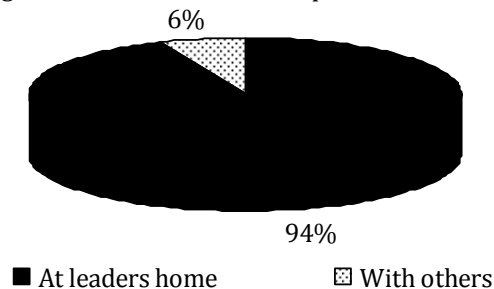
b) Who are the book writers? The data in table-3.10 shows that about 63% of the book writers are the SHG members and the remaining are non-SHG members – BK paid by SHGs (14%), SHPI Staff (18%) and relatives and friends of SHG members (6%). Of the SHG member-book writers (63%), 36% are unpaid and the remaining are paid (27%). The percentage of ‘unpaid book writers’ is high in GHMC with 63% and low in Nizamabad (0%) when compared to other districts. The percentage of ‘paid’ book writers is high in Karimnagar with 62% and low in Visakhapatnam with 10% when

Book writer	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. SHG ember	58	77	75	65	30	42	86	74	75	34	63
2. Non-Member	16	12	15	16	32	17	12	21	22	38	20
3. SHPI/staff	26	11	10	19	38	41	2	5	3	28	17
Total	100	100	100	100	100	100	100	100	100	100	100

compared to other districts. The more number of SHG members as book writers could be because of i) more literate members in SHGs and ii) the proactive role of MEPMA in encouraging one of the literate group member as book writer which is a good phenomenon.

c) Where do they keep group records? The data in figure-3.2 shows that the group records are mostly with the SHG leaders (94%) across the districts. However, a small number of SHGs keep group records at member’s house (4%), book writer (1%) and SHPI staff (1%). Further, during SHG visits, the study team has observed that the SHG members who are the book writers are mostly the group leader. If both the leaders are illiterate, under those circumstances only the members are the book writers.

Fig-3.2: Place Where the Group Records are Kept



d) Payment to book writers: The data in table-3.11 shows that of the 2,000 sample SHGs, 60% have paid honorarium to their book writers and the remaining 40% of the SHGs do not pay to them. The percentage of SHGs paying honorarium to book writers is high in Nizamabad with 98% and low in Prakasam with 32% when compared to other districts (EG-59%; KHN-37%; VSP-43%; ATP-89%; KNL-69%; GHMC-32%; KRN-86% and KHM-62%); In other words, the percentage of SHGs not paying honorarium to book writers is high in Prakasam with 69% and low in Nizamabad with 2% when compared to other districts. The high incidence of non-pay to book writers could be many SHGs pay large amounts on the name of documentation at the time of SHG-BL to leaders. Hence, they might not have the practice of paying book keeper honorarium monthly.

The amount of book writer honorarium varies between Rs. 20 to Rs. 200 with an average of Rs. 57 per month. Of the SHGs paying honorarium to book writers, majority of the SHGs pay Rs. 31-50 (32%) followed by more than Rs. 50 (15%) and less than Rs. 30 (13%). The average amount of honorarium to the book writer is high in Nizamabad

with Rs. 96 and low in Prakasam with Rs. 37 when compared to other districts (EG-Rs. 43; KHN- Rs.42; VSP- Rs. 45; ATP-Rs.53; KNL-Rs. 44; GHMC-Rs. 60; KRN-Rs.72; and KHM-Rs.57). There is a wide distinction between regions in the average amount of honorarium to the book writers. It is high in Telangana (Rs. 71) followed by Coastal (Rs. 42) and Rayalaseema (Rs. 50). The A-grade SHGs have paid large amount of monthly book writer honorarium of Rs. 66 when compared to B-grade (Rs.58) and C-grade SHGs (Rs.51). The above discussion reveals that the amount of honorarium to book writer matters the quality of group, region and district.

Amount in Rs.	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. No pay	41	63	68	57	11	31	68	14	38	2	40
2. Up to 30	26	15	19	15	8	30	2	5	8	5	13
3. 31 - 50	24	19	12	23	70	33	21	43	41	6	32
4. > 50	9	3	1	5	11	6	9	38	13	87	15
Total	100	100	100	100	100	100	100	100	100	100	100

There are two methods of payment to the book writers – i) monthly and ii) at the time of credit linkage with banks. The book writers, who take honorarium at the time of SHG-BL, write/update books on or before the day they submit loan request to bank. Further, they take honorarium from loan amount, instead of collecting it every month as they are not writing books regularly. The other reason is that the book writers are mostly leaders, and no one asks them.

e) Quality of books: To understand the quality of books, the study team has collected information on i) number of months that the up-dation of records is pending, ii) over writings and iii) completeness of information.

i) Up-dation of records: Though majority of the SHGs are up to date in updating books, more or less one-third of sample SHGs are not up-to-date. The pending period varies from 1 to 10 months and depends on the type of record. Of all the districts, large percentage of SHGs has up-to-date books in Khammam (see table-3.12). It is also observed that some SHGs stopped up-dation or writing of record from the month that they got credit linkage as no one asks them

ii) Over-writings: The study team has observed over writings in more or less one-fourth of SHG records. The data in table-3.12 shows that over-writings in SHG books of Nizamabad and Khammam is low and it is high in Krishna and Karimnagar when compared to other districts. Further, the percentage of SHGs reported over writings also depends on the type of record. It is more in minute’s book when compared to member pass books and savings & loan ledgers.. The groups have stated no training and handholding support on book keeping from project and transactions outside the meetings as reasons for over-writings.

iii) Totality of information - The study team has verified the SHG records, before interacting with them. It is found that many columns are not filled in many records. For instance, in minute’s books, there were no signatures of SHG members who attended the meeting; similarly, there is no signature of the book writer in ‘member pass books’; there are no entries regarding member-wise loan details such as number of loan instalments, amount and interest rate on loan. The amount received under interest

subsidy scheme (Pavalavaddi) is not reflecting in SHG books. One can know only from SHG Bank Savings A/c pass book. The details of drop-outs and enrolment of new members and the decisions taken relating to them are not found or missing. The percentage of SHGs that have total information in SHG records is high in Nizamabad followed by Khammam and low in East Godavari followed by Krishna and GHMC when compared to other districts.

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
A. Not up-to date											
1. Minutes Book	46	35	42	39	22	45	51	43	19	22	37
2. Mem. Pass Book	31	31	36	32	18	22	34	27	16	20	27
3. Savings Ledger	50	34	29	30	38	31	41	36	18	17	34
4. Loan Ledger	31	46	31	25	38	17	36	29	19	22	29
B. Over-writings											
1. Minutes Book	44	46	38	17	20	32	36	51	19	9	33
2. Mem. Pass Book	14	21	27	12	10	26	24	35	13	3	19
3. Savings Ledger	23	34	25	34	21	23	23	41	14	4	25
4. Loan Ledger	22	51	20	31	18	21	25	32	12	6	22
C. Complete information											
1. Minutes Book	53	60	56	57	76	55	48	60	78	80	61
2. Mem. Pass Book	67	67	64	71	83	77	72	65	82	82	73
3. Savings Ledger	50	63	69	60	57	69	59	63	80	80	64
4. Loan Ledger	66	52	69	64	60	83	64	65	78	80	69

iv) *Reasons for poor book keeping* - During focus group discussions, the SHGs have reported diverse reasons for the poor quality of books. They are i) inadequate training on book keeping & accountancy to book writers, ii) no monitoring & handholding support from the project staff, iii) books are kept with Resource Persons, iv) no interest among SHGs to appoint book writers as they are unwilling to pay honorarium, v) introduction of new set of books, but no supply and orientation, vi) no honorarium to book writers, vii) staff don't have adequate skills on SHG book keeping & accountancy, viii) poor member attendance and meetings and financial transactions outside the meeting, ix) high turn over of Resource Persons, x) de-functioning of groups, xi) RPs' don't want to lose honorarium by encouraging SHG members as book writers, though there are members willing to write books, xii) in case of misuse of funds by the leaders and staff, xiii) up-date books only at the time of credit linkage with banks and Sthree Nidhi and when there are visitors to group, if any.

Majority of the SHGs maintained the set of books prescribed for SHG, except cash book. Further, a small number of SHGs maintained financial statements and monthly reports. Less access to members as group records are mostly kept with the leader cum book writer. Many SHGs are poor in book keeping in terms of up-dation of records, over-writings and totality of information, and the quality also vary from one record to the other

5) Leadership

a) Selection of leaders - i) Criteria for the selection of leaders The SHGs consider multiple criteria while selecting the leaders. They are i) good communication skills (91%), ii) good character (78%), iii) education/can sign (76%), iv) young / middle age (36%), v) elderly (9%), vi) economically sound (4%) and vii) influence in the community (3%) across the districts. It reveals that individual qualities of a member like communication skills, character besides education will be given priority while selecting leaders.

ii) How do SHGs select their leaders? During focus group discussions, the groups have reported that their leaders were selected mostly by the consent of all the members in a group (97%). However, a small number of SHGs were selected by the system of leadership on rotation basis (7%). But, the reality is that the women who played a key role in forming SHGs by mobilizing members from their neighbours, friends & relatives, become the group leaders. Further, they also have taken care, of the two, at least one should be the literate.

b) Leadership rotation: The data in table 3.13 shows that there is no system of leadership rotation in majority of the SHGs. But, nearly one-third of the SHGs have followed leadership rotation. Further, even in case of leadership rotation, many SHGs turned their leaders once (26%) followed by two and more (6%). The percentage of SHGs followed leadership rotation is high in Krishna with 43% and low in GHMC-with 21% when compared to other districts (KNL-26%; VSP-27%; KRN-29%; EG-30%; PKM-35%; ATP-36%; NZB-37%; KHM39%) Further, it also shows that when the age of SHGs increases the percentage of leadership rotation of SHGs also increased (see table 3.14). The SHGs reported leadership is low in < 3 year old groups with 9% and high in > 12 year old groups with 50% when compared to other age groups of SHGs. The percentage of SHGs reported leadership rotation, even in > 6 year old SHGs is low. It indicates that there is no leadership rotation immediately after completion of their tenure of 2 to 3 years.

Of the total 21,092 SHG members at present, 4,000 (19%) are leaders, 885 (4%) are ex-leaders and the remaining 16,207 (77%) are members. It shows that there is a leadership rotation at SHG level, but it is very low. During focus group discussions, the members have stated the reasons for low and slow leadership rotation as: i) members are unaware about leadership rotation, ii) present leaders are working well without any problem, iii) other members are unwilling to take up leadership responsibilities as they are unable to spare time for group activities, iv) banks not accepting leadership rotation during loan period as there are difficulties in changing the names in the loan inter-se-agreement between SHG and bank.

Table-3.13: Age of SHGs and Leadership Rotation (% of SHGs)

No. of times	< 3 years	3-6 years	6-9 years	9-12 years	> 12 years	Total
1. No	91	72	63	52	50	68
2. One	8	24	30	37	35	26
3. Two & above	1	4	7	11	15	6
Total	100	100	100	100	100	100

c) Members' contested in local self government elections: Of the total SHG members, 37 SHG members from 34 SHGs have contested in local elections. Out of them 27 women won the elections. It shows the low political participation of SHG women in urban areas.

d) Members' awareness on roles & responsibilities: The data in table-3.14 shows that majority of the SHGs and their members are aware of the roles and responsibilities of members as i) organizing meetings, ii) ensure member attendance in meetings, iii) payment of savings every month regularly, depositing of amount collected from members in bank, iv) maintenance of group records and iv) attend SLF meetings. However, more or less one half of the SHGs have low awareness on the other roles and responsibilities of members/leaders such as i) ensure member attendance in group meetings, ii) attend trainings organized by SLF, TLF and MEPMA, iii) participation & implementation of govt. programmes, iv) linkages with other community based organizations etc.. It is because of inadequate capacity building inputs on SHG functioning to members at the time of SHG formation and/ or after formation. Further, many SHGs formed by self, motivated by how the SHG members are being benefited from Govt., banks, SLFs / TLFs and Sthree Nidhi in accessing credit and various welfare & development programmes.

Table-3.14: Members' Awareness on Roles and Responsibilities (% of SHGs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Organizing meetings	88	95	68	97	100	62	89	86	90	99	87
2. Ensure member attendance	36	46	26	67	94	24	48	52	58	76	52
3. Savings & loan repayment	81	83	88	90	94	92	78	82	89	95	87
4. Depositing of amount in bank	69	73	92	69	96	84	53	71	53	74	73
5. Regular book keeping	59	78	62	63	80	54	51	57	74	73	65
6. Attending trainings	19	8	5	19	53	9	16	26	18	28	20
7. Attending SLF meetings	61	49	51	38	86	42	33	76	47	63	55
8. Participation in govt. program	19	17	11	7	17	10	12	22	14	10	14
9. Participation in SHG meetings	46	67	46	49	83	22	40	66	41	48	52
10. Support to co-members	15	5	5	58	78	12	19	40	34	62	32
11. Coordinating with officials	8	1	4	31	25	6	14	22	17	33	15

6) Lending Norms

The study team has collected information on how do the SHGs lend the funds mobilized internally and from external agencies such as banks, SLF and Sthree Nidhi. The data in table-3.15 show that the sample SHGs provide short to long term and small to large size loans from the funds at all sources. The rate of interest also varies depending on fund sources. The rate of interest on loans from internal funds is high when compared to the loans extended from banks, Sthree Nidhi and Slum level federations. But the SHGs have been charged the same rate of interest on loans to their members whatever the rate that

the banks and Sthree and SLF charges to SHGs. There is no margin of interest on external loans. The mode of repayment is also different from the loans disbursed from internal funds. There is no collateral. It is observed that most of the SHGs don't know how much is being charged by the banks on SHG-BL loans. The SHGs provide loans only to their members. However, few SHGs in Vuyyuru and Jagitial ULBs provided loans to non-SHG members on high interest loans. Equal distribution is common in case of SHG bank linkage loans. Where as need based lending is found in case of loans from SHG funds, SLF and Sthree Nidhi. There is no norm of formal collateral. However, banks follow informal practices such as a portion of loan as fixed deposit (FD), promoting recurrent deposits and large funds in SHG savings bank account by not allowing SHG withdrawals to manage risk, if the group defaults. A few SHGs have the practice of collection of fines and penalties, if the loan borrower delays loan instalment.

Table-3.15: Lending Norms

Particulars	SHG	Bank Linkage	SLF
• Loan term	6 to 12 months; depends on loan size	12 to 36 months; depends on loan size	10 to 24 months; depends on loan size
• Instalment frequency	Monthly norm but mostly repay monthly or yearly	Monthly instalment is common	Monthly instalment is common
• Rate of interest	12 to 24 percent per annum	12 to 14 percent per annum	24 percent per annum
• Mode of repayment	Monthly repayment of principle and interest is the norm; but pay interest regularly and principle at the end	Pay both principle and interest /fixed amount in monthly installments	Pay both principle and interest every month
• Surety/ collateral	No collateral	No collateral; but promote FDs, RDs and large idle funds in SHG SB account	No collateral
• Type of lending	Need based lending	Equal distribution	Need based lending; but mostly to leaders
• Fines & penalties	No fines & penalties; reschedule of loans	Compound interest in case of delay	Compound interest in case of delay

7) Grading of SHGs

To understand the quality of SHGs, all the sample SHGs were graded by administering the Critical Rating Index (CRI) tool developed by NABARD. It mainly covers i) solidarity among the members, ii) members' awareness on group norms, iii) periodicity of meetings & member attendance, iv) financial transactions within or outside the meetings, v) regularity of savings, vi) velocity of lending, vii) mode of repayment, viii) defaulting and ix) book keeping. Each variable has its weightage of marks in a 3 or 4

point scale. Based on the total number of marks obtained, all the groups were graded as A, B and C. If a group scores 70 and above marks then it was graded as 'A', between 50 and 69 marks then it was graded as 'B' and less than 50 marks then it was graded as 'C'.

a) District-wise Grades of SHGs- The data in table-3.16 shows that many SHGs are C grade (46%) followed by B (37%) and A (18%). The percentage of A-grade SHGs is high in Nizamabad with 33% and low in East Godavari with 7% when compared to other districts. The B-grade SHGs are akin to A-grade SHGs. But, the percentage of C-grade SHGs is high in East Godavari with 73% and low in Nizamabad with 6% when compared to other districts. Majority of the SHGs in East Godavari (73%), Krishna (67%), Khammam (55%), GHMC (54%) and Prakasam (51%) are C-grade, which indicates poor quality. But, the quality of SHGs is good in Nizamabad, Anantapur, Kurnool and Karimnagar, where majority of the SHGs are of A & B grades. The poor quality of SHGs is primarily because of absence of internal lending, poor repayment, poor meetings and member attendance, low awareness on group objectives and non-existence of basic norms of groups,

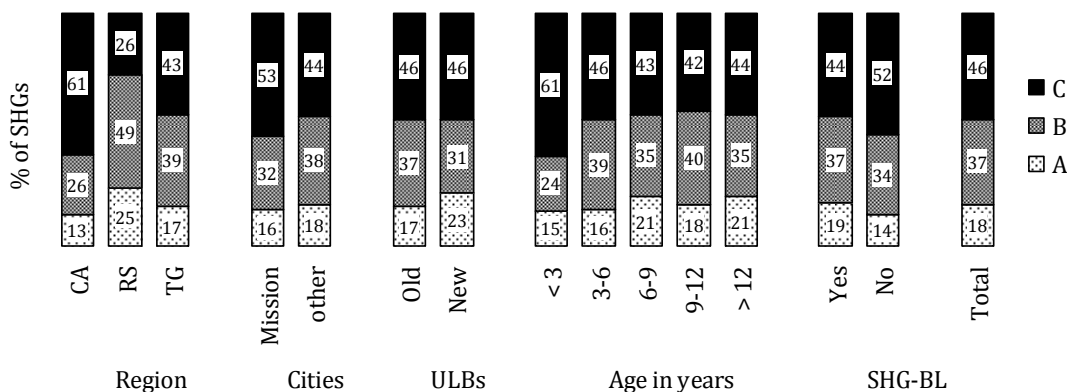
Grade	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. A grade	7	11	17	21	25	25	14	21	10	33	18
2. B grade	20	23	33	30	56	40	33	40	36	61	37
3. C grade	73	67	51	49	19	36	54	39	55	6	46
Total	100	100	100	100	100	100	100	100	100	100	100

b) Region-wise Grades of SHGs: The data in fig – shows that of the three regions, many A & B grade groups are in Rayalaseema (A-25%; B-49%) followed by Telangana (A-17%; B-39%) and Coastal Andhra (A-13%; B-26%). Where as majority C-grade groups are in Coastal Andhra (61%) followed by Telangana (43%) and Rayalaseema (26%). It shows that the quality of SHGs is good in Rayalaseema region followed by Telangana and Coastal Andhra.

c) SHG Age-wise Grades of SHGs: The data in fig- shows that majority of the SHGs are A & B grade in 9-12 year old SHGs (A-18% & B-40%) followed by 6-9 year old SHGs (A-21% & B-35%), >12 year old SHGs (A-21% & B-35%) and 3-6 year old SHGs (A-16% & B-39%). Where as majority of the SHGs in < 3 year old are C grade (61%). It reveals that the quality of older SHGs is relatively good when compared to younger SHGs.

d) Bank linkage Vs. Grades of SHGs - The data in fig-3.3 shows that majority of the

Fig-3.3: Grades of SHGs



SHGs credit linked to bank is of A-grade (19%) & B-grade (37%). Where as majority of the SHGs that are not credit linked to banks are of C-grade (52%) followed by B (34%) and A (14%). It shows that SHG-bank linkage improves the quality of SHGs.

e) Grades of SHGs - Mission vs. Other Cites: Majority of the SHGs are A & B grade in other cities (A-18% and B-38%). Where as, majority of the SHGs in mission cities are C-grade (53%) (See Fig-). It shows the quality of SHGs in non-mission cities is good compared to mission cities.

f) Age of ULBs, Grade of Municipality vs. Grades of SHGs - There is no much difference in the grades of SHGs between old & new ULBs, between corporations and municipalities.

According to a study conducted by Enable in 2013, large number of SHGs are in A-grade (42%) followed by B (36%) and C (22%) in India. But in AP, large number of SHGs are in B-grade (45%) followed by A (40%) and C (15%) grades. It shows that the quality of Urban SHGs is poor when compared to the SHGs in rural AP and India.

During interactions, the staff at all levels, policy makers at state level and the implementing agency at village level have stated that majority of the SHGs are of A-grade followed by B and C grades based on the repayment of loan from SHGs to banks and / or Sthree Nidhi. In fact, the staff working at mandal and district level are not fully aware of 'how to execute the CRI tool 'and 'where to get the information to each item in the grading tool.

The Critical Rating Index tool covers a wide range of aspects and weightage to each item. The main reasons for low grades of sample SHGs are as follows:

- i) There is low level of feeling of homogeneity/solidarity among the members
- ii) Low awareness about objectives, rules & regulations of SHGs, and low/no sharing of leadership responsibilities by members.
- iii) Irregular meetings and low member attendance in meetings
- iv) Both fund collection & financial decisions are taken outside the meetings
- v) Only few members are aware of financial transactions
- vi) Absence of internal lending or rarely to few members and the velocity of internal lending is less than one time (Total loans disbursed/total corpus)
- vii) Monthly repayment of both principle and interest is the norm; but the practice is regular repayment of interest every month and principle at the end.
- viii) Majority of the loan borrowers are defaulters
- ix) Poor quality of group record keeping and adherence to group bye-laws

In conclusion, the households joined SHGs primarily to avail low cost credit and government pro-poor programmes irrespective of their social and economic categories. Though the member selection criteria seem to be so inclusive of PoP, it is exclusive in practice because of diverse reasons. The SHG members are good at in the promotion of savings for different purposes with SHGs and SLFs. However, its utilization is minimal due to different mottos of SHGs, banks and the promoters. As the members have the notion that meetings are the platforms for collection of savings and disbursement of loans. The meeting frequency, member attendance and agenda are the least

contributing factors for empowering SHG women. Book keeping is poor and need to be addressed on a priority basis. There is a shift towards democratic functioning of SHGs, even though many groups are leader(s) centred. Paying savings and monthly instalment of external loans are the common SHG norms found across the State. On the whole, the performance of groups is poor followed by moderate and good. But, the performance of SHGs is good if we consider loan repayment to banks and other external agencies.

Chapter-4: FINANCIAL STATUS OF SELF HELP GROUPS

The present section of the report discusses how far the SHGs have access to formal credit agencies? What is the financial status of SHGs? Do the groups primarily depend on internal funds or external funds? How best the SHGs are lending group funds to their members? What is the loan repayment rate from SHGs to external agencies? What is the extent of default and how do they manage it?

1) Financial status of SHGs

a) Assets

The SHGs have total assets of Rs. 39.3 crores with an average of Rs. 1.97 lakhs. The data in table-4.1 shows that majority of the groups' assets are as loan outstanding with members (73%) followed by balance in SHG SB accounts, distribution of revolving fund & Pavalavaddi and savings.

S. No.	Particulars	% of SHGs	Amount Rs. in lakhs	Mean Amount	% of Amount
1	Loan O/S with members	91.4	2,882.5	1,57,771	73.3
2	Savings in SLF	81.3	68.6	4,219	1.7
3	Share capital in federations	82.2	14.0	854	0.4
4	RF, if distributed	11.9	21.2	8,906	0.5
5	PV, if distributed	53.0	175.4	16,565	4.5
6	Fixed Deposits	6.2	50.8	41,333	1.3
7	Loan O/S on non members	29.7	25.6	4,322	0.7
8	Savings distributed	17.9	97.9	27,358	2.5
9	Cash in hand	5.0	5.7	5,761	0.1
10	Bank Balance	100.0	587.5	29,377	15.0
	Total	100	3930.0	197,415	100.0

i) Loan outstanding with the members: About 91% of SHGs have loan outstanding with members of Rs. 28.82 crores with an average of Rs. 1.58 lakhs. But, there are about 9% of SHGs who don't have any loan outstanding with the members. It is high in GHMC and East Godavari with 14% and low in Nizamabad with '0' percent when compared to other districts (VSP-13%; KHN-11%; KNL-10%; PKM-9%; KHM-7%; ATP-6%; KRN-2%). Further, it is also high in < 3 year old SHGs (14%) when compared to other age groups of SHGs (3-6 year old SHGs -9%; 6-9 year old SHGs -6%; 9-12 year old SHGs-7%; >12 year old SHGs-7%). The SHGs don't have loan outstanding with the members is high in C-grade SHGs when compared to A grade (4%) and B grade SHGs (4%). It could be because of no repeat linkage from banks, SLFs, Sthree Nidhi, and no lending from group funds because of bankers' informal control over group funds.

About 9% of the SHGs don't have loans outstanding with the members. It could be because of i) delay in getting repeat bank linkage, ii) no on lending of SHGs funds owing to impounding of SHG funds by the banks, iii) other dynamics within the group such as distribution of group funds once in a year/ along with SHG-bank linkage loan.

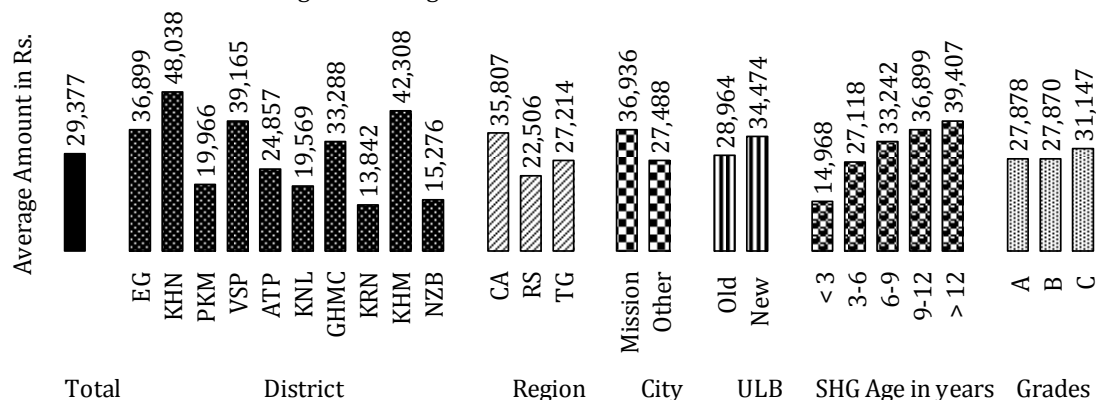
The average amount of loan outstanding with the members also varies between regions (Coastal –Rs. 1.36 lakhs; Telangana-Rs.1.41 lakhs; and Rayalaseema-Rs.1.63 lakhs), between mission (Rs. 1.02 lakhs) and other cities (Rs. 1.55 lakhs), between old (Rs. 1.41 lakhs) and new ULBs (Rs. 1.86 lakhs) and between grades of SHGs (A grade –Rs.1.85 lakhs; B grade –Rs. 1.65 lakhs and C grade – Rs. 1.12 lakhs).

ii) Funds in SB account / idle funds: The 2,000 sample SHGs has a total amount of Rs. 588 lakhs in their SB accounts with an average of Rs. 29,377 which is more than the state and national averages of Rs. 17,882 and Rs. 11,230 respectively, as per the NABARD. The data in table-4.2 shows that majority of the SHGs (53%) have more than Rs. 20,000 of idle funds followed by less than Rs. 20,000 (47%). However, 12% of SHGs have more than Rs. 60,000 as idle funds in SHG SB accounts. In both Krishna and Khammam, more than one-fourth of SHGs have more than Rs. 60,000 in their SB accounts. But, in Nizamabad three-fourth of SHGs has less than Rs. 20,000 in their SB accounts.

Amount Rs. in '000	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. < 20	25	11	59	28	50	64	43	80	31	75	47
2. 20 – 40	36	25	30	25	30	23	30	13	26	21	26
3. 40 – 60	25	36	8	31	13	8	10	4	17	2	15
4. 60 – 80	8	20	2	9	5	3	8	2	11	0	7
5. > 80	6	8	1	7	2	2	9	1	15	2	5
Total	100	100	100	100	100	100	100	100	100	100	100

The average fund of SHGs in SB account is high in Krishna with Rs. 48,038 and low in Karimnagar with Rs. 13,842 when compared to other districts (KHM-Rs. 42,308; VSP-Rs. 39,165; EG-Rs. 36,899; GHMC-Rs. 33,288; ATP-Rs. 24,857; PKM-Rs. 19,966; KNL-Rs.19,569; NZB-Rs.15,276). It is high in Coastal region with Rs. 35,807 and low in

Fig-4.1: Averag Amount of Funds in SHG SB Accounts



Rayalaseema with Rs. 22,506 as compared to Telangana (Rs. 27,214). Similarly, there is a difference between mission (Rs. 36,936) and non-mission cities (Rs. 27,488), and between old (Rs. 28,964) and new ULBs (Rs. 34,478) (Fig-4.1).

It is also observed that the age of SHGs increases, the average amount of funds in SHG SB account also increases (>3 year old SHGs – Rs.14,968; 3-6 year old SHGs – Rs. 27,118; 6-9 year old SHGs – Rs. 33242; 9-12 year old SHGs- Rs. 36,899 and > 12 years old SHGs – Rs. 39,407).

Large amount of idle funds is primarily because of two reasons – i) banks not allowing SHGs to withdraw savings for internal lending and ii) deliberate delay in sanctioning repeat linkage to mount large amount of funds in SB account by the time of credit linkage. The other reasons that the SHGs reported during focus group discussions are i) withdrawals with the recommendation/signature of project staff, ii) to build faith among the bankers by promoting savings regularly; and iii) to get large amount of loan in repeat linkages. During interactions, the bankers have reported that it is informal collateral to i) ensure good repayment ii) avoid risk in case of wilful defaulting – migration, political promises on loan waiving. It reveals that the SHGs don't have control over their own funds in accessing and utilization. It reveals that the SHGs have i) no control over group funds for withdrawals, ii) no internal lending, iii) dependency on traditional credit sources, iv) low interest from banks rather than high interest from group members.

iii) Cash in hand: Of the total SHGs, about 5% have reported cash in hand. The amount varies from Rs. 100 to Rs. 60,000 with an average of Rs. 5,761. During discussions, the groups have reported that it is because of collection of savings and loan amount outside the meetings- usually 3-5 days before and after the meeting, defunct groups, and restriction of the banker in withdrawing the deposited amount. The percentage of SHGs reported cash in hand is high in GHMC with 14% and low in Krishna with 1% when compared to other districts (EG-3%; VSP-3%; KNL-3%; KRN-4%; ATP-5%; PKM-5%; KHM-6%; NZB-6%). It is high in old ULBs (5%) and low in new ULBs. During interaction, the groups have said that whatever the amount of savings collect every month, that is not depositing in SHG SB account, as the banks not allowing withdrawals. Hence, large amount of cash in hand in few SHGs.

iv) Fixed deposits: About 6% of SHGs have reported fixed deposits of Rs. 50.84 lakhs. The amount varies between Rs. 10,000 and Rs. 1,50,000 with an average of Rs. 41,333. The SHGs reported fixed deposits is high in Anantapur with 19% and low in Prakasam with 1% when compared to other districts (KRN-2%; KHM-4%; GHMC-4%; EG-5%; KHN-7%; KNL-8%; VSP-10%;). No SHG reported about FDs in Nizamabad district. During FGDs, the SHGs have reported the reasons for promoting FDs and insurance is the insistence of the banker at the time of credit linkage and not allowing withdrawal and usage of savings for internal lending, hence, made a portion of loan or savings as FD.

v) Savings & Share capital in slum level federations: About 81% of SHGs have savings with SLFs, a total of Rs. 68.61 lakhs with an average of Rs. 4,219 (see table 4.1). In most of the SHGs, the members have saved Rs. 10 per month at SLF along with their regular savings at SHGs. Few SHGs have promoted savings with Sthree Nidhi at the rate of Rs. 10 per month & member. Besides, the SHGs have paid share capital of Rs. 1.4 lakhs with an average of Rs. 863 to SLFs. During discussions, the SHGs have revealed that they have promoted savings, and paid share capital to SLFs to avail credit.

vi) Distribution of revolving fund: Out of 286 SHGs, who got revolving fund of Rs. 2.82 lakhs, 238 (83%) SHGs have distributed a total of 2.12 lakhs (75%) with an average of Rs. 8,906. Out of 1,521 (76%) SHGs benefited with 'Pavalavaddi' / interest subsidy of Rs. 2.4 crores, 1,059 (70%) SHGs have distributed Rs. 1.75 crores (73%) with an average of Rs. 16,565 per SHGs to its members. During focus group discussion, the groups have said that as the RF is from government, it should be distributed to all the members equally.

vii) Distribution of members' savings – About 18% of SHGs have distributed the total savings of Rs. 97.9 lakhs with an average of Rs. 27,358 to their members. It is discussed in detail in the next chapter.

b) Liabilities

The data in table 4.3 shows that the sample SHGs has total liabilities of Rs. 39.3 crores with an average of Rs. 1.97 lakhs. Of the total liabilities, major portion is as loan outstanding with banks (59%) & other external borrowings (4%) followed by members' savings with SHGs (24%), pavalavaddi / interest subsidy (6%), profit or surplus earned (5%) and other reserve funds and grants (4%).

S. No.	Particulars	% of SHGs	Amount Rs. in lakhs	Mean Amount	% of Amount
1	Bank Borrowings o/s	77.8	2311.6	148,656	58.8
2	Other Ext. Borrowings o/s	29.8	143.2	24,033	3.6
3	Members total savings	100.0	942.8	47,139	24.0
4	Revolving Fund	14.3	28.2	9,863	0.7
5	Pavalavaddi	76.1	240.4	15,805	6.1
6	Other Grants	1.2	1.2	5,432	0.0
7	Reserve & other funds	1.9	10.2	26,796	0.3
8	Other	71.4	56.3	3,945	1.4
9	Other	70.3	15.2	1,084	0.4
10	Other	27.2	17.0	3,121	0.4
11	Profit / surplus	87.0	182.1	10,468	4.6
12	Loss / Deficit (-)	11.6	18.3	7,889	0.5
Total			3930.0	197,415	100.0

i) Loan outstanding with banks: The data in table-4.3 shows that about 76% of SHGs have loan outstanding with banks of Rs. 23.12 crores with an average of Rs. 1.49 lakhs. The percentage of SHGs have loan outstanding with banks is high in urban AP as compared to the national scenario (61%) (NABARD, 2013). The average amount of loan outstanding with banks is high in Karimnagar with Rs.1.35 lakhs and low in GHMC with Rs. 0.71 lakhs when compared to other districts (ATP-Rs. 1.34 lakhs; KHN-Rs. 1.32 lakhs; VSP-Rs. 1.3 lakhs; PKM-Rs. 1.21 lakhs; KNL-Rs. 1.14 lakhs; KHM-Rs. 1.11 lakhs; EG-Rs. 1.03 lakhs; Rs. NZB-1.02 lakhs). It is low in mission cities (Rs. 0.88 lakhs) as compared to other cities (Rs. 1.22 lakhs). Similarly, it is low in old ULBs (Rs. 1.12 lakhs) as compared to new ULBs (Rs. 1.61 lakhs). The low amount of loan outstanding with banks could be of small volume of loan, prepayment and less repeat linkages.

About 30% of SHGs have a loan outstanding of Rs. 1.43 crores with an average of Rs. 24,033 per SHGs to SLFs and Sthree Nidhi.

ii) Members' savings with SHGs: All the 21,092 members of 2,000 sample SHGs have the total savings of Rs. 9.43 crores with an average of Rs. 47,139 and Rs. 4,470 per SHG and member respectively. The data in table-4.4 shows that many SHGs have a total savings of Rs. 26-50 thousands followed by Rs. 51-75 thousands (27%), less than Rs. 25,000 (17%), Rs. 75,000-1,00,000 (8%) and more than Rs. 1 lakh (3%). The majority of SHGs in Krishna have savings of more than Rs. 50,000 (55%) and low in Prakasam with 17% when compared to other districts.

Amt. Rs. in '000	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. < 25	16	6	16	21	16	30	15	15	21	6	17
2. 26 - 50	49	39	67	51	38	38	36	41	42	55	45
3. 51 - 75	22	40	11	19	34	21	35	30	26	32	27
4. 76 - 100	10	9	4	6	10	9	8	8	7	6	8
5. > 100	3	6	2	3	2	2	6	6	4	1	3
Total	100	100	100	100	100	100	100	100	100	100	100

The average amount of members' savings with SHGs is high in Krishna with Rs. 56,127 and low in Prakasam with Rs. 39,266 when compared to other districts (GHMC-Rs. 51,773; KRN-Rs. 51,132; ATP-Rs. 49,203; NZB-Rs. 48,095; KHM-Rs. 45,431; EG-Rs. 45,216; VSP-Rs. 42,477; KNL-Rs. 39,306). There is a difference in the average amount of members' savings between new (Rs. 56,121) and old (Rs. 46,410) ULBs. The grade of SHGs and the average total members' savings are positively correlated (A-grade -Rs. 52,516; B-grade - Rs. 50,417 and C-grade- Rs.42,483). Similarly, the age of SHGs and the average total savings of members with SHGs also positively correlated. It means the age of an SHG increases, the average total savings of members with SHGs also increases (<3 year old SHGs -Rs. 21,169; 3-6 year old SHGs - Rs. 42,311; 6-9 year old SHGs -Rs. 51,857; 9-12 year old SHGs - Rs. 61,518 and >12 year old SHGs - Rs. 74,932). However, in some of the old SHGs have small amount of members' savings. The amount of members' savings with SHGs depends on the amount of savings per month & member, age & size of SHG, savings to repay loan installments, refunding at the time membership withdrawal etc.

iii) Revolving fund: About 14% of SHGs have got revolving fund (RF) of Rs. 28.21 lakhs with an average of Rs. 9,863. The SHGs benefitted with RF is high in Anantapur with 22% and low in Karimnagar with 7% when compared to other districts (GHMC-11%; PKM-11%; KNL-14%; VSP-15%; EG-15%; KHN-17%; KHM-17%; NZB-18%). It is double in new ULBs (26%) when compared to old ULBs (13%). More percentage of older SHGs have got revolving fund when compared to younger SHGs (>12 year old SHGs - 70%; 9-12 year old SHGs - 36%; 6-9 year old SHGs- 19%; 3-6 year old SHGs -2% and <3 year old -0%). It is because, in the year 2005, the Govt. of AP has introduced 'Pavalavaddi' and or Vaddi Leni Runalu (VLR) instead of paying revolving fund to SHGs.

iv) Interest subsidy/Pavalavaddi: About 76% of SHGs got interest subsidy/pavalavaddi of Rs. 2.4 crores with an average of Rs. 15,805. The percentage of

SHGs benefited with 'pavalavaddi' is high in Krishna with 93% and low in GHMC with 28% when compared to other districts (PKM-92%; EG-85%; KNL-85%; NZB-85%; ATP-81%; KHM-80%; KRN-74%; VSP-72%). Like revolving fund, more percentage of older groups benefited with pavalavaddi when compared to younger groups (< 3 year old SHGs – 9%; 3-6 year old SHGs – 77%; 6-9 year old SHGs- 89%; 9-12 year old SHGs- 87% and > 12 year old SHGs -90%). It is very low in mission cities with 46% when compared to other cities (84%). The SHGs benefited with the average amount of 'pavalavaddi' also vary between districts (GHMC-Rs. 6,321; VSP-Rs. 10,964; NZB-Rs. 11,078; EG-Rs. 12,348; KHM-Rs. 12,517; PKM-Rs. 13,554; KNL-Rs. 15,232; KHN-Rs. 16,111; ATP-Rs. 20,072; KRN-Rs.28,166) regions (Coastal-Rs.13,536; Telangana- Rs. 17,195 and Rayalaseema – Rs. 17,866) and grades of SHGs (A grade – Rs. 22,299; B grade – Rs. 16,269 and C grade- Rs. 12,553). The extent of SHGs benefited with Pavalavaddi depends on the total loan amount borrowed from external agencies and applicability of 'pavalavaddi' and 'Vaddi Leni Runalu' programmes.

v) SHG Earnings - Surplus/deficit: The data in table-4.5 shows that majority of the SHGs have reported surplus (87%) followed by deficit (11%) and no surplus or deficit (2%). The SHGs reported surplus is high in Krishna with 97% and low in Khammam with 70% when compared to other districts. In other words, the percentage of SHGs reported deficit or loss is high in Khammam with 25% and low in Krishna with 2% when compared to other districts. A few SHGs have reported no surplus or deficit across the districts. The SHGs reported deficit is high in old ULBs (12%) as compared to new ULBs (3%).

Profit/Loss	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Surplus	93	97	94	96	90	94	74	78	70	86	87
2. Deficit	6	2	5	2	10	4	22	21	25	13	11
3. No	1	1	1	1	0	2	4	1	5	1	2
Total	100	100	100	100	100	100	100	100	100	100	100

The amount of surplus varies between Rs. 100 and Rs. 2 lakhs with an average of Rs. 10,468. The average amount of surplus is high in Nizamabad with Rs. 20,016 and low in East Godavari with Rs. 5,682 when compared to other districts (KHN-Rs.6,100; PKM-Rs. 6,677; KNL-Rs. 8,734; GHMC-Rs. 9,143; VSP-Rs. 10,136; ATP-Rs. 14,323; KHM-Rs. 14,005; KRN-Rs. 15,118). Further, there is a significant difference in the average amount of surplus of SHG earnings between grades of SHGs (A grade – Rs. 15,513; B grade –Rs. 12,011 and C grade – Rs. 7,005), regions (Coastal Rs. 6,964; Rayalaseema – Rs. 11,772 and Telangana – Rs. 13,719) and age of SHGs (<3 year old SHGs –Rs. 2,991; 3-6 year old SHGs – Rs. 9,215; 6-9 year old SHGs – Rs. 11,133; 9-12 year old SHGs – Rs. 15,381; and >12 year old SHGs – Rs. 18,393). The low amount of surplus could be i) because of absence of internal lending, ii) distribution of pavalavaddi & revolving fund, iii) absence of fines & penalties, iv) no interest margin on SLF and Sthree Nidhi loans.

The extent of deficit varies between Rs. 50 and Rs. 50,000 with an average of Rs. 7,889. The average amount of deficit per SHG is high in Khammam with Rs. 12,384 and low in Visakhapatnam with Rs. 609 when compared to other districts (PKM-Rs. 11,791; NZB-

Rs. 9,420; KNL- Rs. 6,856; GHMC-Rs. 6,673; KRN- Rs. 6,260; EG-Rs. 5,207; ATP-Rs. 5,462; KHN-Rs. 1,629). The average amount of deficit is very high in old ULBs (Rs. 8,012) when compared to new ULBs (Rs. 880). Similarly, it high in B grade (Rs. 6,930) and C grade SHGs (Rs. 8,861) when compared to A grade (Rs. 5,271) SHGs. During focus group discussions, the groups have reported, mis use of funds by the leaders, repayment of defaulters' loan over dues, as the main reasons for the deficit /loss of SHG income.

2) Access to External Credit Agencies

To address the credit needs of members, the sample SHGs has mobilized credit from multiple external sources - i) banks, ii) slum level federations and iii) Sthree Nidhi Credit Cooperative Federation Private Ltd. Following are the details of credit mobilized from external agencies by the SHGs to cater the credit needs of members.

a) Banks –Since inception, about 99% of SHGs have borrowed a total of 5,433 loans with an average of 2.7 per SHG. The SHGs have borrowed a sum of Rs. 8,151.7 lakhs with an average of Rs. 4.12 lakh per SHG. The data in table 4.6 shows that most of the SHGs accessed credit from banks across the districts. However, the average amount per SHG varies between districts, regions and between new & old ULBs. It is high in Krishna with Rs. 5.44 lakh and low in GHMC with 2.49 lakh when compared to other districts. It is high in Rayalaseema with Rs. 5.01 lakh, and low in Telangana with 3.38 lakh as compared to Coastal (Rs. 4.37 lakhs). It is high in new ULBs (Rs. 6.84 lakh) and low in old ULBs (Rs. 3.9 lakhs). It is high in A-grade SHGs with Rs. 5.07 lakh when compared to B grade (Rs. 4.49 lakhs) and C-grade SHGs (Rs. 3.46 lakhs). The disparities in the average amount of credit accessed is due to high or low number of credit linkages and loan size by the SHG. It shows that most of the SHGs accessed credit from banks irrespective of regions, districts, grades of ULBs and grades of SHGs. However, there is a significant difference in the average amount of loan borrowed by an SHG.

Table-4.6: SHGs' Credit Access to Banks (Amount Rs. in lakhs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. % of SHGs	99	100	100	99	99	99	97	98	100	99	99
2. Avg. loans	2.9	3.3	2.7	2.9	2.8	3.3	2.0	2.1	3.2	2.6	2.7
3. Total loan	747	1,087	821	602	1,170	1,062	606	927	796	334	8,152
4. Avg. loan	3.8	5.4	4.1	4.1	4.7	5.4	2.5	3.8	4.0	3.4	4.1

b) SLF –The data in table 4.7 shows that about 42% of SHGs have borrowed a total of 1,884 loans with an average of 2.2 loans and the total loan amount of Rs. 241.1 lakhs with an average of Rs. 28,705 per SHG. The percentage of SHGs accessed loan from SLFs is high in Nizamabad with 71% and low in Visakhapatnam with 5% when compared to other districts (KRN-63%; KHM-63%; ATP-58%; PKM-54%; KNL-43%; EG-29%; KHN-17%; GHMC-15%). The percentage of SHGs accessed loan from SLFs is five times more in non-mission cities (50%) when compared to mission cities (9%). It is low in Coastal region (28%) when compared to Rayalaseema (51%) and Telangana (50%). There are wide differences between districts, regions, mission & non-mission cities in the average amount of loan borrowed by the SHGs. The above discussion shows that majority of the SHGs have not accessed loan from SLFs, and there are wide differences between regions, districts and the status of ULBs. During interactions, the SHGs have reported

inadequate funds and no credit services in some of the SLFs of old ULBs and in all SLFs of new ULBs as the main reasons for the poor SHG credit access with SLFs.

Table-: 4.7 District-wise SHGs' Credit Access to SLFs (Amount Rs. in lakhs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. % of SHGs	29	17	54	5	58	43	15	68	63	71	42
2. Avg. loans	1.6	1.6	1.9	1.0	2.6	2.4	1.5	2.5	2.3	2.5	2.2
3. Total loan	10	6	25	3	51	33	7	44	41	22	241
4. Avg. loan	0.2	0.2	0.2	0.4	0.4	0.4	0.2	0.3	0.3	0.3	0.3

c) Sthree Nidhi: The data in table 4.8 shows that about 7% of sample SHGs have borrowed a total of 139 loans, and the loan amount of Rs. 97.7 lakhs with an average of Rs. 70,302 per SHG. The number of SHGs accessed Sthree Nidhi loans is high in Khammam and Prakasam with 25% and (24%) respectively, and low in Krishna (1%) when compared to other districts (NZB-19%; VSP-5%; ATP-2%; KNL-3%; KRN-2%). There is no SHG which has accessed Sthree Nidhi loans in East Godavari and GHMC. The average amount of loan accessed from Sthree Nidhi is high in Kurnool with Rs. 92,500 and low in Karimnagar with Rs. 40,000 when compared to other districts (PKM-Rs. 82,796; NZB-80,526; VSP-Rs. 76,000; KHM-56,100; ATP-46,250). There is a significant difference in the average loan size of Sthree Nidhi between the regions (Coastal-Rs. 81018; Rayalaseema-Rs. 74,000; and Telangana-Rs. 62,095), mission and non-mission cities (Mission cities-Rs. 80,000 and non-mission cities- Rs. 70,090) and old & new ULBs (Old ULBs-Rs. 69,338 and new ULBs-Rs. 92,857). It shows that small number of SHGs accessed credit from Sthree Nidhi. In some of the districts no SHG accessed loan from Sthree Nidhi. It is because Sthree Nidhi has started lending in urban areas recently; and it has been expanding operations across the ULBs in the state

Table-4.8: District-wise SHGs' Credit Access to Sthree Nidhi (Amount in Rs. in lakhs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. % of SHGs	0	1	25	3	3	2	0	2	25	19	7
2. Avg. loans	0.0	1.0	1.0	1.0	1.0	1.0	0.0	1.0	1.0	1.0	1.0
3. Total loan	0	1	41	4	2	6	0	2	28	15	98
4. Avg. loan	0.0	0.5	0.8	0.8	0.5	0.9	0.0	0.4	0.6	0.8	0.7

The above discussion clearly shows that the SHGs access to bank loans is high followed by SLF loans, and has low access to Sthree Nidhi loans. Further, there is a significant difference in the average amount of loan accessed by SHGs between the districts, regions, mission & non-mission cities and new & old ULBs.

2) Current Loans

a) SHG- Bank linkage programme

i) Number of SHGs: The data in table-4.9 shows that about 78% of SHGs have loan outstanding with banks. The percentage of SHGs having loan outstanding with banks is high in Visakhapatnam with 84% and low in GHMC with 63% when compared to other districts (ATP-82%; KHN-82%; KRN-82%; KHM-80%; NZB-80%; PKM-80%; EG-78%; KNL-72). However, there is no much difference between regions, between new and old ULBs. But there is a difference between mission (70%) and non-mission cities (80%).

There is a gap between the number of SHGs credit linked since inception (99%) and the number of SHGs having loan outstanding with banks (78%). It indicates that many SHGs are not getting loan immediately after repaying the loan. It indicates that some of the SHGs that had credit linked with banks in the past, don't have credit linkage at present.

Table-4.9: District-wise Status of Current SHG Bank Linkage Loans (Amount in Rs. in lakhs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. % of SHGs	78	82	80	84	82	72	63	82	80	80	78
2. Total loan	347	499	427	322	611	399	288	601	383	178	4,055
3. Avg. loan	2.2	3.1	2.7	2.6	3.0	2.8	1.8	2.9	2.4	2.2	2.6
4. Loan O/s	202	258	238	197	326	224	178	333	223	100	2,280
5. Avg. O/s	1.3	1.6	1.5	1.6	1.6	1.6	1.1	1.6	1.4	1.2	1.5

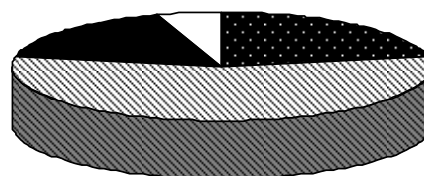
ii) Amount of loan: The SHGs that have credit linkage with banks currently, have borrowed a loan of Rs. 40.55 crores with an average of Rs. 2.61 lakhs. The average loan size is high in Krishna with Rs. 3.06 lakhs and low in GHMC with Rs. 1.82 lakhs when compared to other districts (ATP- Rs. 2.99 lakhs; KRN-Rs. 2.93 lakhs; KNL-Rs. 2.79 lakhs; PKM-Rs. 2.67 lakhs; VSP- Rs. 2.56 lakhs; KHM-Rs. 2.41 lakhs; NZB-Rs. 2.23 lakhs; EG-Rs. 2.23 lakhs). It is high in Rayalaseema region with Rs. 2.91 lakhs and low in Telangana with Rs. 2.41 lakhs as compared to Coastal (Rs. 2.64 lakhs). Further, there is a significant difference in the average loan sizes between new (Rs.3.35 lakhs) and old ULBs (Rs. 2.55 lakhs), between mission (Rs. 2.08 lakhs) and non-mission cities (Rs. 2.73 lakhs) and between different age groups of SHGs (< 3 years – Rs. 0.96 lakhs; 3-6 years – Rs. 2.3 lakhs; 6-9 years – Rs. 3.18 lakhs; 9-12 years- Rs. 3.41 lakhs and > 12 years – Rs. 3.64 lakhs). The above discussions shows that there is a significant difference in the loan size between regions, districts, new & old ULBs and age groups of SHGs.

iii) Loan outstanding: The SHGs have the total loan outstanding of Rs. 22.8 crores with an average of Rs. 1.46 lakhs per SHG. The percentage of amount of loan outstanding to its total loan is high in GHMC with 62% and low in Krishna with 52% when compared to other districts (VSP-61%; EG-58%; KHM-58%; NZB-56%; KNL -56%; KRN-55%; ATP-53%; PKM-56%). However, the average amount of loan outstanding per SHG is high in Karimnagar with Rs. 1.63 lakhs and low in Rs. 1.13 lakh in GHMC when compared to other districts.

iv) Amount spent to get bank linkage: The study team has collected information on the amount spent at the time of the latest SHG bank linkage to understand the indirect costs of SHG-BL loans. The sample SHGs, except 5%, has spent Rs. 25.57 lakhs with an average of Rs. 1,278 per SHG. The data in fig-4.2 shows that of the total amount spent, major portion is paid to staff/on the name of documentation (56%) followed by leaders (22%), stationary (17%) and service fee to federations (5%).

The data in table-4.10 shows that

Fig:- Amount Spent at the Time of Latest SHG Bank Loan



■ Leaders ■ Staff ■ Stationary □ Fee to Fed.

many SHGs have spent less than Rs. 500 (35%) followed by Rs. 1,000-2,000 (22%), Rs. 501-1,000 (21%), > Rs. 2,000 (17%) and no payment (5%). The average amount spent to get bank linkage is high in Kurnool with Rs. 1,930 and low in Khammam with Rs. 573 when compared to other districts (NZN-Rs. 915; GHMC-Rs. 1,070; KHN-Rs. 1,160; VSP-Rs. 1,286; EG-Rs. 1,307; KRN-Rs. 1,318; PKM-Rs. 1,394; ATP-Rs. 1,609). Further, there is a significant difference between corporations (Rs. 1,153), old municipalities (Rs. 1,350) and new municipalities (Rs. 1,507). It shows that many SHGs paid large amounts to leaders and staff in the name of documentation at the time of SHG-bank linkage.

Amt. in Rs.	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. No payment	2	0	5	9	4	1	13	4	4	1	5
2. < 501	37	32	31	27	26	15	34	30	72	63	35
3. 501-1,000	18	34	22	21	20	21	20	25	13	16	21
4. 1,001-2,000	25	22	23	25	28	29	20	24	8	6	22
5. > 2,000	18	12	19	18	22	34	13	17	3	14	17
Total	100	100	100	100	100	100	100	100	100	100	100

b) Slum Level Federations

i) Number of SHGs with loan outstanding: The data in table 4.11 shows that about 27% of SHGs have loan outstanding with SLFs. It is high in Nizamabad with 55% and low in Visakhapatnam with 1% when compared to other districts (KRN-45%; KHM-42%; ATP-39%; PKM-29%; KNL-23%; EG-20%; KHN-11%; GHMC-10%). It is very low in coastal region (16%) when compared to Rayalaseema (32%) and Telangana (35%). Similarly, it is also very low in mission cities (7%) when compared to non-mission cities (32%); Like-wise, it is very low in new ULBs (10%) when compared to old ULBs (28%). It is because, SLFs in new ULBs are in nascent stage and not engaged in credit services; some are not even registered.

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. % of SHGs	20	11	29	1	39	23	10	45	42	55	27
2. Total loan	6.1	2.8	8.2	1.1	16.1	8.7	3.5	16.2	16.4	10.0	89.0
3. Avg. loan	0.2	0.1	0.1	0.6	0.2	0.2	0.1	0.1	0.2	0.2	0.2
4. Loan O/s	3.9	1.9	5.1	0.3	9.7	5.3	2.1	10.7	9.4	5.8	53.9
5. Avg. loan O/s	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

ii) Loan size: The data in table-4.11 shows that about 27% of SHGs have borrowed the total loan of Rs. 88.97 lakhs with an average of Rs. 16,477. The average loan size is high in Visakhapatnam with Rs. 55,000 and low in Krishna with Rs. 12,500 when compared to other districts. The average loan size is high in new ULBs (Rs. 29,466) and low in old ULBs (Rs. 16,106). There is no significant difference between regions, and mission and non-mission cities. A-grade SHGs (Rs. 20,558) have stake when compared to B (Rs. 15,388) and C grade SHGs (Rs. 15,198).

iii) Loan outstanding: The data in table-4.11 shows that of the total loan of Rs. 88.97 lakhs, the SHGs have a loan outstanding of Rs. 53.95 lakhs to SLFs with an average of Rs. Rs. 9,990 per SHG. The average loan outstanding per SHGs is high in Visakhapatnam with Rs. 12,500 and low in GHMC with Rs. 7,915 when compared to other districts. However, the percentage of loan outstanding to its size is high in Krishna with 68%, and low in Visakhapatnam with 23% when compared to other districts (KRN-66%; EG-64%; KNL-62%; PKM-61%; ATP-60%; GHMC-59%; KHM-57% and NZB-57%).

c) Sthree Nidhi

i) Number of SHGs: The data in table-4.12 shows that only 7% have credit linkage with Sthree Nidhi at present. Of all the districts, majority of the SHGs are credit linked in Prakasam and Khammam each with 25% followed by Nizamabad (16%). There is no SHG credit linked with Sthree Nidhi in East Godavari and GHMC. It shows that small number of SHGs have loan outstanding with Sthree Nidhi.

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. % of SHGs	--	1	25	3	2	3	--	2	25	18	7
2. Total loan	--	1.0	40.5	3.8	1.85	5.55	--	1.6	28.05	15.0	97.42
3. Avg. loan	--	0.5	0.8	0.8	0.5	0.9	--	0.4	0.6	0.8	0.7
4. Loan O/s	--	0.6	35.2	3.5	1.5	5.4	--	1.6	24.7	12.2	84.7
5. Avg. loan O/s	--	0.3	0.7	0.7	0.4	0.9	--	0.4	0.5	0.7	0.6

ii) Loan size: About 7% of SHGs have borrowed a total loan of Rs. 97.42 lakhs with an average of Rs. 0.7 lakhs (see table 4.7). Similar to the percentage of SHGs credit linked, the average amount of loan per SHG is high in Prakasam and Nizamabad with Rs. 0.8 lakhs and low in Karimnagar with Rs. 0.4 lakhs when compared to other districts. The average loan per SHG is high in Coastal region with Rs. 81,018 and low in Telangana with Rs. 62,534 when compared to Rayalaseema (Rs. 74,000). Similarly, it also varies between mission (Rs. 80,000) and non mission cities (Rs. 70,390), and between old (Rs. 69,636) and new (92,857) ULBs. The average loan size of Sthree Nidhi is small when compared to SHG bank loan.

iii) Loan outstanding: The data in table-4.7 shows that of the total loan of Rs. 97.42 lakhs, the SHGs have a loan outstanding of Rs. 84.7 lakhs (87%) with an average of Rs. 0.6 lakh per SHG. The percentage of loan outstanding to its volume size is high in Karimnagar (99%) and low in Krishna with 61% when compared to other districts (NZB-81%; ATP-82%; PKM-87%; KHM-88%; VSP-93%; KNL-98%). The high percentage of loan outstanding could be because of two reasons – i) loans might be disbursed recently and ii) high default of SHGs.

4) Repayment and Defaulting

a) Extent of repayment and default

i) Banks: The data in table 4.13 shows that of the 1,554 SHGs that have loan outstanding with banks, 84% have no defaulters and over dues. However, about 16% of SHGs have defaulters between 1 and 10 with an average of 4. The SHGs reported

defaulters is high in Anantapur with 12% and low in Nizamabad with 3% when compared to other districts.

The SHGs that are defaulted to banks have an over due of Rs. 92.22 lakhs with an average of Rs. 0.38 lakhs. The average amount of overdue per SHG is high in Visakhapatnam with Rs. 0.72 lakhs and low in Nizamabad with Rs. 0.07 lakhs when compared to other districts. The above discussion reveals that the repayment is high with low default in Nizamabad, and low repayment with high default in Prakasam district when compared to other districts.

Table-4.13: Repayment & Defaulting of SHGs to Bank (% of SHGs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
A. No. of SHGs (in %)											
1. No OD	81	84	79	92	77	78	90	90	81	97	84
2. Have OD	19	16	21	8	23	22	10	10	19	3	16
B. Amount (Rs. in lakhs)											
3. Total OD	4.45	10.08	18.32	7.17	15.65	10.63	4.24	8.76	12.78	0.14	92.22
4. Avg. OD	0.15	0.39	0.56	0.72	0.34	0.34	0.27	0.42	0.43	0.07	0.38

ii) SLFs: The data in table-4.14 shows that about 84% of SHGs have no defaulters and over dues. However, 16% of SHGs have 1-5 defaulters with an average of 5. The percentage of SHGs having defaulters is high in Anantapur with 31% and low in Visakhapatnam with '0' percent when compared to other districts.

The SHGs that are defaulted to SLFs (16%) have an overdue of Rs. 4.53 lakhs with an average of Rs. 0.05 lakhs. The average amount of over due is high in Nizamabad with Rs. 0.08 lakhs and no over due in Visakhapatnam when compared to other districts. The repayment is very high in Visakhapatnam with no default and low repayment with high default & overdue is in Anantapur.

Table-4.14: Repayment & Defaulting of SHGs to SLFs (% of SHGs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
A. No. of SHGs (in %)											
1. No OD	90	95	88	100	69	87	88	86	80	93	84
2. Have OD	10	5	12	0	31	13	12	14	20	7	16
B. Amount (Rs. in lakhs)											
3. Total OD	0.15	0.01	0.34	0.00	1.41	0.26	0.09	0.76	1.20	0.32	4.53
4. Avg. OD	0.04	0.01	0.05	0.00	0.05	0.04	0.03	0.05	0.07	0.08	0.05

iii) Sthree Nidhi – Out of 138 (7%) SHGs that have loan outstanding with Sthree Nidhi, only one group has reported 5 defaulters with an over due of Rs. 6,575. It indicates that excellent repayment and very low default to Sthree Nidhi across the districts in the state.

b) Reasons for default – During individual interactions, the members have stated the reasons for default as i) less availability of work, ii) ill-health of household members, iii) household contingency expenses, iv) decided to pay at the end of the loan, v) multiple loans & large amount of loan instalments, vi) all the credit sources exhausted vii) failure

of crop, viii) migration, ix) other members not repaid loan instalment, x) no repeat loans, xi) waiving of SHG loans by the government, and xi) migration. It shows that there are two types of defaulting- i) genuine and ii) wilful - members don't repay, even though they have the ability to repay loan instalment.

c) Action taken against defaulters – During focus group discussions, the SHGs have told the action taken against defaulters as i) leaders/members made repeated visits to defaulter's house ii) information to MEPMA staff, SLF and bankers about defaulters. It shows that the amount of peer pressure at group level is low and dependency on external agencies is high to recover over dues from the defaulters.

In few SHGs, the members who frequently delay repayment of monthly loan instalments and causing trouble for not to repay the loan on time, which causes delay in getting subsequent linkage are excluded from the groups after completion of current bank loan. As a result, some SHGs members have forcibly disassociated with SHGs.

In summary, the SHGs have large amount of assets and liabilities. Large amount of assets are as loan outstanding with members. However, there are large amount of funds are lying as idle in SHG SB accounts, and it largely depend on external credit agencies, rather than mobilizing funds internally. There are multiple credit sources to SHG members – internal funds and external loans from banks, SLF and Sthree Nidhi. Most of the SHGs accessed credit 2-3 times and disbursed equally to all the members. However, the SHGs' credit access with SLFs and Sthree Nidhi is low, mainly due to inadequate funds with SLFs; poor quality of groups and absence of Sthree Nidhi operations in some municipalities. A good number of SHGs have been waiting for a long time for repeat linkage from banks and other agencies. The SHGs have accessed large amount of loan from banks followed by SLFs and Sthree Nidhi. There are regional disparities in the percentage of SHGs credit linked, amount of loan borrowed and the average loan size. The loan repayment is good from members to SHGs to banks, SLF and Sthree Nidhi. There is defaulting of loan but it is manageable. The SHGs and the banks have adopted multiple means to ensure good repayment and to manage zero default.

Chapter-5: MEMBERS' ACCESS TO CREDIT & UTILIZATION

Generally, the SHGs mobilize savings from members internally, and from external credit agencies such as banks, SLFs and Sthree Nidhi. But the external credit agencies provide loans mostly for income generation activities to ensure good repayment in particular, employment generation and poverty reduction in general. The present section of the report throws light on how far the SHG members have access to credit? How do they use it? And what are the dynamics at household level? To understand member's access to credit and its utilization, the study team has selected 4,000 households at random, two members from each sample SHG, from 2,000 sample SHGs selected for the present study.

1) Profile of loan borrowers

a) Profile of members:

i) Social category: The data in table-5.1 shows that majority of the members are BCs (54%) followed by SCs (16%), OCs (15%), Minorities (13%) and STs (2%). However, large percentage of BCs in Visakhapatnam (70%), SCs in Prakasam (25%), OCs in Krishna (27%), minorities in Nizamabad (30%) and STs in Khammam (7%) are covered when compared to other districts. It is because of presence of those social categories largely in the districts.

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
A. Social category											
1. ST	0	2	2	1	2	1	3	2	7	3	2
2. SC	15	14	25	13	9	22	21	11	16	11	16
3. BC	64	43	35	70	55	41	56	66	57	51	54
4. Min	4	14	15	3	22	23	8	14	7	30	13
5. OC	17	27	23	13	12	13	12	7	13	5	15
B. Age in years											
1. < 20	0	0	0	1	0	0	0	0	2	2	1
2. 21-40	67	67	65	71	67	62	74	66	65	70	67
3. 41-60	32	33	33	28	31	34	26	32	32	26	31
4. > 60	1	1	2	0	2	4	0	2	1	2	1
C. Marital Status											
1. Married	86	88	86	85	87	84	93	90	88	88	87
2. Unmarried	0	2	1	1	1	3	0	1	1	1	1
3. Widowed	12	8	11	12	9	12	7	8	10	10	10
4. Divorced	2	2	2	2	3	1	0	1	2	1	2
D. Education											
1. Illiterate	31	22	32	26	39	46	29	36	32	44	33
2. Primary	24	23	22	28	18	16	12	17	15	16	19
3. High School	36	43	36	35	33	27	45	33	38	30	36
4. College	9	12	10	11	10	11	14	14	15	10	12

E. No. of years											
1. < 5 years	47	42	53	49	41	52	80	59	48	56	53
2. > 5 years	53	58	47	51	59	48	20	41	52	44	47

ii) Age and Marital status: The data in table-5.1 shows that majority of the SHG members are aged between 21-40 years (67%) followed by 41-60 (31%) and the remaining are more than 60 years and less than 20 years. The majority of the SHG members are married (87%) followed by widowed (10%), divorced/separated (2%) and unmarried (1%).

iii) Literacy: Of the 4,000 sample SHG members, two-third is literates and the remaining are illiterates (33%). Of the literates, many of them studied high school education (36%) followed by primary (19%) and college education (12%). The literacy level of SHG members is high in Krishna with 77% and low in Kurnool with 53%, when compared to other districts.

iv) Association with SHGs: The sample SHG member households have associated with SHGs between one and eighteen years with an average of 5.96 years. Of the 4,000 households, about 53% have less than 5 years of association with SHGs and the remaining have more than 5 years of SHG association (47%). The percentage of households with less than 5 years of association with SHGs is high in GHMC with 80% and low in Anantapur with 41%, when compared to other districts (see table-6.1).

b) Profile of Households

i) Household size: The size of the household varies from one to fifteen with an average of 4.2 members. Of the 4,000 households, majority are 3-4 member households (56%) followed by > 5 members (33%) and 1-2 member households (11%). The average size of household is high in Anantapur with 4.66 members and low in East Godavari with 3.74, when compared to other districts (KHN-3.81; KHM-3.85; VSP-3.96; PKM-4.02; KRN-4.29; GHMC-4.46; KNL-4.52; NZB-4.55).

ii) Housing: Of the 4,000 SHG members households, 70% have own house and the remaining 30% live in rented houses. The percentage of SHG member households living in rented houses is high in East Godavari with 40% and low in Nizamabad with 22%, when compared to other districts. Further, majority of the households have toilet (90%) and water connection (73%) facilities. However, the households without water connection is high in East Godavari (40%) and low in GHMC (14%) and Nizamabad (14%), when compared to other districts.

iii) Ration card: The data in table-5.2 shows that most of the households possess white ration card (91%) followed by pink ration card (3%). About 6% of the households don't have any ration card because of separation or breaking of joint families into simple families. The percentage of households without ration card is high in Karimnagar with 11% and low in Krishna and Visakhapatnam with 3%, when compared to other districts.

iv) Migration: Of the 4,000 sample SHG member households, majority of them are locals (85%) and the remaining are non-local (15%). The percentage of non-local households is high in GHMC with 26% and low in Nizamabad with 6%, when compared to other districts (see table-6.2).

v) Landholdings: Most of the SHG member households are landless (92%); however, a small number of households are marginal (6%) to small & medium farmers (2%). The percentage of landless households is high in East Godavari with 97% and low in Nizamabad with 87%, when compared to other districts.

Table-5.2: Economic Profile of SHG Member Households (% of Households)											
Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
A. HH size											
1. 1-2	16	15	14	12	7	8	6	8	16	9	11
2. 3-4	65	63	54	65	50	48	53	57	58	50	56
3. > 5	19	22	32	23	43	44	41	35	26	41	33
B. House											
1. Own	60	66	77	66	68	66	74	71	76	78	70
2. Rented	40	34	23	34	32	34	26	29	24	22	30
C. Toilet & Water facility											
1. Toilet	93	94	88	85	83	85	98	96	85	86	90
2. Water	8	6	12	15	17	15	2	4	15	14	10
D. Migration											
1. Local	92	83	88	83	85	85	74	84	90	94	85
2. Non-local	8	17	12	17	15	15	26	16	10	6	15
E. Ration card											
1. White	94	96	90	90	94	93	89	91	85	93	91
2. Pink	2	2	2	7	1	2	3	5	4	3	3
3. No card	4	2	8	3	5	5	8	4	11	4	6
F. Landholdings (in acres)											
1. Landless	97	96	95	95	89	89	89	90	88	87	92
2. < 2.5	3	2	3	5	6	5	8	8	8	9	6
3. > 2.5	0	2	2	0	5	6	3	2	4	4	2

vi) Primary economic activity: 1) *SHG Member* – Of the 4,000 sample SHG members, many are self employed (31%) followed by petty & seasonal business (21%), labour (20%), private jobs (3%), engaged in service castes (3%) and others (8%) which includes dairy, agriculture, domestic servants. But, about 13% of the members are as house-wife, not engaged in any economic activity. Of the self employment category, majority of the members are engaged in tailoring and running a hotel.

The SHG members engaged as labourer is high in Nizamabad with 43% and low in GHMC with 7%, when compared to other districts. But, the SHG members engaged in business is low in Nizamabad with 8% and high in Prakasam with 30%, when compared to other districts (see table-5.3). Further, large number of SHG members engaged in business in coastal regions followed by Rayalaseema and Telangana region.

Table-5.3: Economic Activities of SHG Members (% of SHG Members)

Activity	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
1. Labour	15	12	13	14	16	22	7	41	22	43	20
2. Business	23	28	30	14	20	28	21	13	25	8	21
3. Service castes	5	2	2	4	6	3	1	2	3	2	3
4. Self employ.	5	19	11	8	13	8	7	8	8	12	10
5. Tailoring	21	20	21	22	27	25	23	15	18	15	21
6. Job	4	4	4	8	3	2	9	2	3	6	4
7. Housewife	21	10	9	20	7	8	23	13	12	11	13
8. Others	7	7	11	10	8	6	8	6	11	5	8

2) *Primary economic activity of households:* The data in table-5.4 shows that many households primarily engaged in self employment & business (36%) followed by job (25%), labour (22%) and others which includes, service caste occupations, tailoring, dairy and agriculture. The households primarily depending on labour is high in East Godavari with 32% and low in Visakhapatnam with 16%; the percentage of households depending on job is high in Visakhapatnam with 41% and low in Karimnagar with 18%, when compared to other districts. The households depending on self employment also vary from district to district.

Table-5.4: Primary Economic Activity of SHG Member Households (% of Households)

Activity	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
1. Labour	32	21	23	16	17	24	18	23	25	28	22
2. Business	20	26	19	7	15	24	15	21	20	11	18
3. Service caste	8	3	4	5	6	4	3	6	3	3	5
4. Self employ	10	20	21	21	27	15	17	15	15	10	18
5. Job	20	21	23	41	19	22	36	24	18	37	25
6. Tailoring	5	4	3	5	11	2	3	4	6	2	5
7. Other	5	5	7	5	5	9	8	7	13	9	7
Total	100	100	100	100	100	100	100	100	100	100	100

2) Access to credit

a) Members' access to credit: The members have borrowed loans from various SHG fund sources – i) SHG funds, ii) banks, iii) slum level federations and iv) Stree Nidhi. The study team has collected the number of loans & the amount borrowed by each sample SHG member, since SHG inception, to understand member's access to credit from SHGs. Following are the details.

i) SHG funds: A little more than one-half of the SHG member households (51%) have borrowed an average of 2.36 loans and the amount of Rs. 16,105, since inception of the group. It means nearly one-half of the SHG members (49%) have not accessed loans from SHG funds. Access to credit from internal funds by the SHG member households is high in Nizamabad with 84% and low in Karimnagar with 21%, when compared to other districts (see table-5.5). It is because of absence of on lending of internal funds to members primarily due to impounding of SHG funds by the banks.

ii) *Banks*: The data in table-5.5 shows that most of the SHG member households (98%) accessed on an average of 2.53 loans and an amount of Rs. 37,307 under SHG-BL programme, since inception. It means that majority of the SHGs were credit linked to banks two to three times. However, there is a significant difference in the average amount of loan accessed by the SHG member households across the districts.

iii) *Slum level federations*: About 13% of the SHG member households have accessed an average of 1.35 loans and the amount of Rs. 11,978, since inception. The number of SHG member households' accessed loan from SLFs is high in Anantapur with 21% and low in Visakhapatnam with 3%, when compared to other districts (see table-5.5). It is because the SLFs and/ or TLFs are still in formation phase, and yet to initiate credit services to their members in Visakhapatnam. Further, as most of the SHGs are leader centric, SLF credit services were availed mostly by the leaders. There is a low credit access with SLFs as the SLFs are not fully engaged in credit services in some of the towns.

iv) *Sthree Nidhi*: A small percentage of SHG member households accessed loan from Sthree Nidhi. About 4% of sample SHG member households accessed Sthree Nidhi loans through SHGs. The percentage of SHG member households' accessed Sthree Nidhi loans is high in Prakasam with 15% and low in Anantapur with 0.4%, when compared to other districts (see table-5.5). Further, Sthree Nidhi lending to SHGs has not yet started in 3 out of 10 sample districts.

Table-5.5: SHG Member Households' Access to Credit

Fund source	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
A. SHG funds											
1. % of HHs	25.00	38.50	56.50	40.67	80.60	67.00	49.80	50.20	20.75	84.00	50.60
2. Avg. loans	1.85	2.13	2.08	1.75	3.22	2.69	2.40	1.34	1.24	3.07	2.36
3. Loan in Rs.	12,235	12,269	13,728	10,333	22,005	20,665	16,185	12,883	8,945	16,123	16,105
B. SHG BL											
1. % of HHs	99.00	100.00	99.75	98.33	98.40	98.75	95.00	99.40	98.00	99.00	98.48
2. Avg. loans	2.78	3.19	2.58	2.86	2.63	3.17	1.88	1.96	2.02	2.56	2.53
3. Loan in Rs.	35,974	49,923	41,871	35,255	45,909	49,330	22,577	28,615	31,527	31,578	37,307
C. SHG Fed											
1. % of HHs	8.25	7.75	16.50	2.67	21.20	15.00	5.20	16.20	16.50	19.50	12.90
2. Avg. loans	1.12	1.39	1.23	1.00	1.68	1.30	1.23	1.40	1.20	1.28	1.35
3. Loan in Rs.	7,697	13,452	11,310	11,625	14,254	9,500	13,350	11,198	12,643	12,872	11,978
D. Sthree Nidhi											
1. % of HHs	0.00	1.50	14.50	0.00	0.40	1.00	0.00	2.20	12.25	13.50	3.95
2. Avg. loans	0.00	1.00	1.00	0.00	1.00	1.00	0.00	1.00	1.00	1.00	1.00
3. Loan in Rs.	0.00	11,667	11,103	0	17,500	15,000	0.00	19,673	20,163	19,074	16,271

b) Utilization of loan: To understand how the SHG member households use the loan, the study team has collected the details of the latest loan amount and how it was spent for various purposes. If a member has no loan at present, then the details of the last loan repaid were collected.

i) Loan size: The volume of latest loan varies from Rs. 1,000 to Rs. 2 lakhs with an average of Rs. 24, 564. The data in table-5.6 shows that majority of the SHG members borrowed a loan of Rs. 11,000-30,000 (54%) followed by less than Rs. 10,000 (22%), Rs. 31,000-50,000 (21%) and more than Rs. 50,000 (3%). The average loan size is high in Anantapur with Rs. 31,700 and low in GHMC with Rs. 15,605 when compared to other districts (EG-Rs.20,936; NZB-Rs. 23,127; VSP-Rs. 24,141; KNL-Rs. 24,748; PKM-Rs. 25,058; KRN-Rs. 25,202; KHM-Rs. 25,792; KHN-Rs. 28,804). Further, nearly one-half of the loans in GHMC is less than Rs. 10, 000; where as, only 18% of loans are less than Rs. 10,000 in Anantapur. The above discussion shows that the loan volume varies from from small to large; and it also varies between districts.

Table-5.6: Volume of Loan (% of members)											
Amt. in '000	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
1. < 10	24	13	13	19	19	15	47	21	23	17	22
2. 11-20	35	19	32	31	19	30	29	36	26	40	29
3. 21-30	28	35	33	31	20	31	16	15	20	28	25
4. 31-40	6	17	12	12	21	17	4	9	15	10	12
5. 41-50	6	15	7	4	15	7	3	16	8	2	9
6. > 50	1	1	3	3	6	0	1	3	8	3	3
Total	100	100	100	100	100	100	100	100	100	100	100

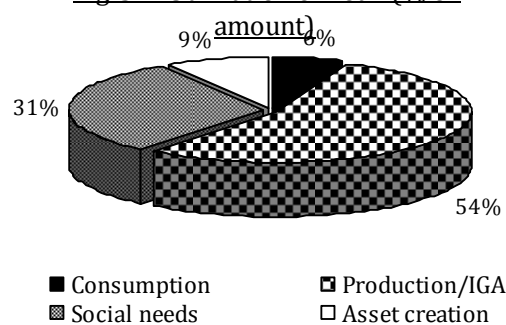
ii) Loan used for number of purposes: The SHG member households used the loan for one to six purposes with an average of 1.38. The data in table-5.7 shows that majority of the households used for single purpose (73%) followed by two (19%) and more than two (8%). The percentage of households used the loan for more than one purpose is high in Anantapur with 41% and low in Khammam with 16% when compared to other districts. It indicates that the loan was used for multiple purposes.

Table-5.7: Loan Used for Number of Purposes (% of SHG member households)											
Purposes	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
1. One	73	82	80	63	59	70	75	84	65	67	73
2. Two	20	14	17	20	23	25	17	13	25	23	19
3. > Two	7	4	3	17	18	5	8	3	10	11	8
Total	100	100	100	100	100	100	100	100	100	100	100

During interactions, the household members have mentioned the reasons for usage of loan for other than the intended purpose or diversion as i) other pressing needs (73%), ii) to repay old high cost loans (19%), iii) loan amount is large (5%), iv) used for consumption as the loan is small (2%) and v) delay in grounding the loan (1%).

ii) Purpose of loan (used for): The data in fig-5.1 shows that of the total loan of Rs. 982.6 lakhs, major portion was used for production (55%) followed by social needs (31%), asset creation (8%) and consumption (6%). Similar trend is found across the districts except in GHMC and Khammam (see table-5.8). In these districts, the loan portion used for consumption is more than the share for asset creation.

Fig-5.1: Utilization of Loan (% of amount)



Of the loan portion used for consumption (6%), major part is for food and clothing followed by household gadgets. Similar trends are found across the districts. Of the loan

Table - 5.8: Utilization of Latest Loan Amount by the SHG Member Households (% of Amount)

Purpose (Loan used for)	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
A. Consumption	8.0	4.3	3.0	5.2	5.1	8.1	10.2	6.8	6.4	3.7	6.0
1. Food & clothing	7.4	4.1	3.0	4.0	3.9	6.8	9.2	6.3	6.1	3.5	5.4
2. Household Gadgets	0.5	0.2	0.0	1.2	1.2	1.3	1.0	0.6	0.3	0.2	0.7
B. Production	50.3	60.0	55.9	48.2	57.6	52.0	48.1	49.3	67.3	50.1	54.7
1. Petty business	31.2	36.3	28.8	12.5	7.8	32.6	36.3	28.9	30.3	10.7	25.6
2. Seasonal business	1.4	0.5	0.7	2.6	3.4	2.7	2.2	2.0	4.8	4.0	2.4
3. Working capital	3.4	8.1	12.4	10.8	26.2	5.2	2.7	2.6	4.1	10.8	9.5
4. Agriculture	2.2	2.6	0.0	0.5	1.1	2.8	0.0	1.4	4.5	5.8	1.9
5. Livestock	3.1	7.0	9.0	8.9	4.5	3.6	0.3	3.1	11.9	8.8	5.8
6. Auto/taxi/rickshaw	3.1	1.3	1.0	8.0	6.0	1.8	1.3	3.2	5.1	6.0	3.6
7. Purchase of machinery	6.0	4.2	4.1	5.0	8.4	3.1	5.3	8.1	6.7	4.0	5.8
C. Social needs	31.9	28.5	33.0	34.2	26.5	33.0	35.3	35.8	20.6	40.5	31.0
1. Health	4.0	3.5	5.7	5.2	6.1	5.0	7.1	9.3	4.9	14.0	6.1
2. Education	11.7	12.7	10.8	14.6	7.6	13.2	17.8	14.2	12.0	10.6	12.2
3. repay old loans	10.6	8.6	11.8	7.9	7.9	8.1	6.3	5.4	1.1	5.5	7.4
4. Marriage	5.3	3.4	4.5	3.5	3.8	4.6	2.7	5.1	2.3	7.2	4.1
5. Life-cycle ceremony	0.4	0.3	0.3	2.9	1.2	2.0	1.4	1.8	0.2	3.2	1.2
D. Asset creation	9.8	7.3	8.0	12.3	10.8	11.0	6.4	8.0	5.6	5.7	8.7
1. Housing	8.5	5.8	7.6	11.4	6.0	9.6	4.5	7.5	5.0	4.7	7.0
2. Gold/silver Ornaments	1.2	0.9	0.1	0.6	4.5	1.2	1.4	0.4	0.1	1.0	1.3
3. To pay insurance	0.1	0.5	0.3	0.3	0.3	0.1	0.4	0.1	0.5	0.0	0.3
Total	100	100	100	100	100	100	100	100	100	100	100
Loan Amount Rs. in lakhs	83.7	115.2	100.2	72.4	158.5	99.0	78.0	126.0	103.2	46.3	982.6

portion used for production (54%), major part is to petty & seasonal business (28%), followed by working capital (10%), procure livestock (6%), purchase machinery (6%),

transport vehicle (4%) and agriculture. Of the loan portion used for social needs (30%), large part is on children’s education (12%) followed by to repay old debts (7%), health (6%) and life-cycle ceremonies including marriage (5%). Of the loan portion used for asset creation (9%), largely for housing followed by to procure gold/silver ornaments and to pay ‘life insurance’ premium. The above discussion demonstrates that the major chunk of loan used for production and social needs particularly on business, education, repay old loans and housing.

3) Dynamics at Household Level

a) Increase in household income: The data in table-5.9 shows that majority of the households have reported ‘increase’ in their monthly household income (58%). However, majority households reported ‘no change’ in East Godavari (50%), Visakhapatnam (51%), GHMC (50%), Khammam (55%) and Nizamabad (56%). The percentage of households reported ‘increase’ is high in Anantapur with 66% and low in Nizamabad with 44% when compared to other districts. The amount of increase varies from Rs. 50 to Rs. 8,000 with an average of Rs. 1,913. The average amount of increase is high in Khammam with Rs. 2,426 and low in East Godavari with Rs. 978 when compared to other districts (KHN-Rs. 1,458; KRN-Rs. 1,797; NZB-Rs. 1,827; GHMC-Rs. 1,978; ATP-Rs. 2,051; PKM-Rs. 2,056; VSP-Rs. 2,090; KNL-2,187; KHM-Rs. 2,426).

Amount in Rs.	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
1. No increase	50	33	35	51	34	42	50	55	25	56	42
2. < 1,000	37	39	24	13	19	16	20	23	24	20	24
3. 1000-2000	9	17	20	19	28	22	17	12	20	16	18
4. > 2000	4	12	22	17	19	20	13	10	32	9	16
Total	100	100	100	100	100	100	100	100	100	100	100

The average amount of increase of monthly household income and the volume of loan are positively correlated i.e. loan volume increases the increase in monthly household income is more (Loan size Rs < 10,000 – Average monthly household income Rs. 1,425; Rs. 11,000-20,000 – Rs. 1,513; Rs. 21,000-30,000 – Rs. 1,975; Rs. 31,000-40,000 – Rs. 2,334; Rs. 41,000-50,000 – Rs. 2,464; Rs. > 50,000 – Rs. 3,190). It shows that the increase of monthly household income depends on the amount of loan.

b) Expenditure on food: The data in table-5.10 shows that majority of the households have said that there is ‘no increase’ in expenditure on food due to loans from SHGs and the income earned on it. Nevertheless, about 46% of households have reported ‘increase’ in household expenditure on food. The households reported ‘no increase’ is high in East Godavari and Kurnool with 72% and low in Anantapur with 9% when compared to other districts. The households who have reported ‘increase’ is high in Anantapur with 89% and low in Khammam with 26% when compared to other districts. A few households have reported ‘decrease’ in household expenditure on food due to repayment of loans. During discussion, the members have said that the increase in food expenditure varies between Rs. 100 to Rs. 1,000, The above discussion shows that there is no much increase in food expenditure at the household.

Opinion	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
1. No	72	63	62	24	9	72	62	72	42	32	52
2. Increase	28	38	38	75	89	28	32	26	56	63	46
3. Decrease	0	0	0	1	1	0	6	2	2	5	2
Total	100	100	100	100	100	100	100	100	100	100	100

c) Assets procured: The data in table-5.11 shows that a small percentage of households have purchased different kinds of assets which include purchase of land and/or improvement, livestock, gold and silver ornaments, household articles, housing, vehicles etc. It could be because as major portion of the loan was used for consumption, social needs and as working capital. Hence, the possibility for procuring assets is low.

Type of asset	% of households	Total Value in Rs.	Average amount in Rs
1. Land purchase	0.5	36,85,500	193,974
2. Land improvement	0.4	5,12,000	30,118
3. Cattle / goat / pigs	3.0	45,51,300	38,570
4. Gold / silver ornaments	6.0	55,50,500	23,127
5. Household articles	19.3	81,05,100	10,526
6. housing	7.5	312,39,624	104,132
7. Vehicles	2.5	53,12,333	53,123
8. Others	11.0	28,84,222	6,570

d) Important changes at household level: The SHG households benefited in multiple ways– repaid high cost loans, children’s education improved and household members’ health improved. The data in table-5.12 shows that majority of the households (55%) accounted that they have benefited with SHGs by repaying old debts, educating children (49%). Some of the households said that one of the household members recovered from ill-health (24%) and stopped migration (12%). A small number of households reported about the negative implications of SHG loans as i) more pressure on women at the time of repayment of loan instalment (11%) and ii) pushed into debt trap (2%). The

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KHM	KRN	NZB	Total
1. Repaid old debts	60	76	56	61	71	54	28	41	50	66	55
2. Children education improved	34	43	44	67	71	48	49	39	40	57	49
3. Recovered from ill health	13	8	17	40	53	19	19	18	17	38	24
4. No migration	2	1	9	12	33	12	11	5	13	21	12
5. More pressure on women	2	2	8	12	19	17	8	9	13	23	11
6. Pushed into debt trap	0	1	1	1	3	4	5	3	1	0	2

percentage of households reported ‘repaid old debts’ is high in Krishna with 76% and

low in GHMC with 28% when compared to other districts. It could be because of presence of more MFIs in Krishna and Anantapur.

In conclusion, majority of the SHG members are of backward category, middle aged, married, literate, staying in own house with toilet and water facilities, local and poor who have white ration card. However, there are disparities between districts in the percentage of households having own house, water connection, household size, coverage of SC and minority categories, landholdings etc. Majority of the members accessed loan from internal funds and SHG Bank credit linkage; and small percentage members from SLFs and Sthree Nidhi. The loan size varies from small to large; and mostly made use of one or two purposes. Credit is mainly used for employment generation and in building social & human capital namely on business, education, repay old loans and housing. As a result, majority households reported socio-economic improvement - increase in household monthly income, more expenditure on food, children education improved, health status increased, no migration and household debts reduced.

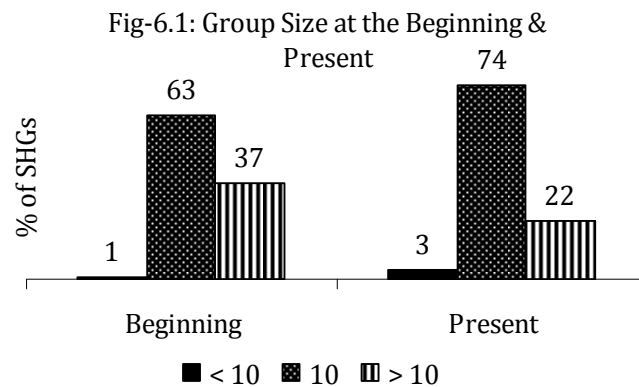
Chapter-6: SUSTAINABILITY OF SHGs

The present section of the report focuses on the factors leading to both institutional & financial sustainability of SHGs, and the issues and problems deteriorating the quality or the performance of groups. The term sustainability here refers to continuation and better performance of the group. Further, it also discusses the action points in the light of present study findings to strengthen the community based organizations as member owned, managed and controlled institutions.

1) Factors Leading to Sustainability

a) Re-engineering of groups: The data shows that majority of the SHGs have reported changes (66%) in group size because of membership withdrawal, enrolment of new members, and replacement of drop-outs with other member of drop-out household and /or with new members. Further, the average group size at present is low (10.6 members) when compared to at the beginning of the group (11.4 members). Similar tendency is found across the districts (EG-10.5/11.5; KHN-10.4/11.2; PKM-10.1/10.4; VSP-11.2/12.7; ATP-10.1/10.7; KNL-10.2/11.2; GHMC-11.2/12.5; KRN-11.2/12.3; KHM-10/10.4; NZB-10.6/11.2). The data in fig-6.1 shows that majority of the SHGs are 10 member groups followed by more than 10 members and less than 10 members at the beginning as well as at present.

But, the percentage of more than 10 member SHGs is low at present when compared to at the beginning of groups. Further, the percentage of 10 members and less than 10 member SHGs are high at present when compared to at the beginning of the groups. It shows that the group size has been decreased over a period of time.



i) Membership withdrawal: The size of sample SHGs at the time of formation is more (22,828 members) as compared to the present (20,192 members). It is because of withdrawal of existing members and enrolment of new members. The data in table-6.1 shows about 65% of the SHGs have reported 3,750 dropouts with an average of 2.87 members. The SHGs reported drop-outs is high in Anantapur with 76%, and low in Nizamabad (42%) when compared to other districts (PKM-57%; KRN-61%; EG-66%; VSP-67%; KNL-67%; GHMC-67%; KHN-68%). Further, the incidence of dropouts is high in Rayalaseema (72%) followed by Coastal (64%) and Telangana (62%). The age of SHGs and the percentage of SHGs reported drop-outs are positively correlated. The percentage of SHGs reported drop-outs is low in new /< 3 year old SHGs and high in old/> 12 year old SHGs when compared to other age groups of SHGs. The above discussion clearly demonstrates the high incidence of dropouts/withdrawal of membership in Rayalaseema region and older SHGs.

Dropouts	< 3 years	3-6 years	6-9 years	9-12 years	> 12 years	Total
1. Zero	72.4	37.8	31.1	16.3	7.4	34.7
2. 1-2	22.7	43.9	43.0	35.7	29.4	40.0
3. 3-4	2.5	12.1	14.7	21.4	20.9	13.5
4. 5-6	1.2	4.4	7.6	12.2	19.0	6.8
5. > 6	1.2	1.8	3.6	14.3	23.3	5.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Reasons for drop-out: During focus group discussions, the SHGs have reported multiple reasons for dropping or withdrawal of membership. Of all, migration is the most important reason for member drop-out. The other reasons are i) social causes like i) marriage (5%), husband not interested (7%); ii) the demographic reasons like old-age/death (20%) and ill-health; iii) the group norms (15%) like attending meetings regularly, on time payment of savings and monthly loan instalments, membership in more than one SHG; and iv) the economic motives like small loan size, delay in getting credit linkage from banks and misuse of funds by the leaders. Migrations is of two types – i) internal - within the town from one slum to the other due to urban housing programme and ii) external – other town/city for children education and for better employment opportunities.

ii) Membership Enrollment: The SHGs have adopted a three pronged approach in replacing the dropouts and / or enrolling new members – i) replacement with other member of the household, ii) admitting new members and iii) residuals members of a SHG and the dropouts of another group (s) and /or some new members formed as new group with old account. Of the total 3,750 dropouts reported by 65% of SHGs, 11.5% of SHGs replaced 194 dropouts with other member of the drop-out household. During focus group discussions, the SHGs have reported that replacement of drop-outs with other household member happened, if an existing member died or married and left the village.

About 41% of SHGs were admitted a total of 1,820 new members with an average of 2.2 members. The percentage of SHGs enrolled new members and/or replaced dropouts is high in Anantapur with 60% and low in Karimnagar with 32% when compared to other districts (EG-36%; KHN-44%; PKM-42%; VSP-36%; KNL-47%; GHMC-33%; KHM-38%; NZB-44%). The average number of members enrolled in a group is high in Anantapur and Nizamabad with 2.41 members and low in Kurnool with 1.91 members when compared to other districts (EG-2.3; KHN-2.18; PKM-2.13; VSP-2.13; GHMC-2.28; KRN-2.03; KHM-2.35).

b) Capacity building inputs to SHGs: The data in table-6.2 shows that the SHGs have undergone much training relating to SHGs, livelihoods, social security programmes, social issues and development programmes channelled through SHG federations. The trainings are mostly organized by the slum level federations. Large percentage of SHGs has trained on book keeping, SLF concept, insurance and SHG-Bank linkage. Nevertheless, majority of the SHGs have not undergone any capacity building training on SHG concept, auditing, livelihoods programmes –Urban Self Employment Programme

(USEP), Rajeev Yuva Kiranalu (RYK), Capacity Enhancement Fund (CEF), health & nutrition, Solid Waste Management (SWM), MACS Act, social issues etc.

During individual interactions with the project staff, the respondents have reported that the COs mainly focus on SHG credit linkages with banks as there is a large amount of illegal income rather than capacity building of SHGs and their federations. Another reason is that as there is a much pressure from Municipal Commissioner on completion of municipal works the project staff has been paid less attention on SHG works. Further, the project pays attention only on SHG –BL but not on the capacity building of SHGs in non-slum areas/locations.

Table-6.2: Details of Training Taken by the SHGs

Particulars	SHG concept	Book Keeping	Auditing	SLF Concept	Insurance	USEP	Gender	Livelihoods	RYK	SWM	CEF	SHG-BL	MACS Act	Bangaruthalli	Health
1. Yes	8	71	19	68	63	11	4	14	32	13	5	65	1	40	16
2. No	92	29	81	32	37	89	96	86	68	87	95	35	99	60	84
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

c) Changes in the Amount of Savings per Member & Month: The data in table-6.3 shows that majority of the SHGs have increased (55%) the amount that a member saves per month as compared to the amount that they saved at the beginning of the group. But, a few SHGs have decreased the amount. Nevertheless, in many SHGs there is either increase or decrease in the amount of savings prescribed at the beginning of the group. The percentage of SHGs which have increased the monthly savings amount of member is high in Nizamabad & Khammam with 83% and low in GHMC with 34% when compared to other districts. The percentage of SHGs reported no change is high in GHMC with 66% and low in Nizamabad with 16% when compared to other districts.

Table-6.3: Changes in Monthly Member's Savings Amount (% of SHGs)

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. No change	50	28	55	35	45	38	66	59	17	16	44
2. Increased	45	70	43	59	55	61	34	38	83	83	54
3. Decreased	5	2	2	6	0	1	0	3	0	1	2
Total	100	100	100	100	100	100	100	100	100	100	100

The average amount of savings per member & month at present is high (Rs. 89) when compared to the average amount saved at the beginning of the group (Rs. 60). The difference between the average amount of savings at the beginning of the group and at present is high in Khammam with Rs. 50 and low in East Godavari with Rs. 16 when compared to other districts (KRN-Rs. 18; GHMC-Rs. 19; PKM-Rs. 21; VSP-Rs. 26; ATP-Rs. 35; KNL-Rs. 35; KHN-Rs. 37; NZB-Rs. 44). It shows that the promotion of savings is good at Khammam and Nizamabad and low in East Godavari when compared to other districts. The difference is high in A-grade (Rs. 38) when compared to B (Rs. 32) and C

grade (Rs. 23) SHGs. It is high in Rayalaseema region (Rs. 35) when compared to Telangana (Rs. 30) and Coastal (Rs. 25).

ii) Why did they increase monthly savings of a member? During focus group discussions, the members have reported multiple reasons for enhancing/reducing the monthly savings of a member. They are: i) to get large loans from banks (44%), ii) to increase member's savings (43%), iii) to increase group corpus (40%), iv) on the advise of promoters and banks (18%), v) to access multiple loans – bank, SLF and Sthree Nidhi, (5%) and vi) there is an increase in the household income. Few groups have reported that as the loan instalment is large, monthly savings were not increased and / or decreased to avoid financial burden on members. It is evident that majority of the SHGs have increased the amount of savings per member & month over a period of time primarily to access large amount of credit from external agencies namely banks, SLFs and Sthree Nidhi.

d) Redistribution of savings and/or group funds to members: i) Extent of distribution of SHGs funds - The data in table-6.4 shows that about 36% of SHGs have distributed funds to their members, the sum of Rs. 2.11 crores with an average of Rs. 28,920. Out of them, majority SHGs distributed once (24%) followed by 2-3 times (11%) and more than 3 times (2%). The practice of distribution of savings/group funds is high in Nizamabad with 63% and low in Krishna with 84% when compared to other districts. The average amount of funds distributed by an SHG is high in Karimnagar with Rs. 51,464 and low in Kurnool with Rs. 17,713 when compared to other districts (NZB-Rs. 18,924; KHM-Rs. 22,798; EG-Rs. 23,351; PKM-Rs. 25,447; ATP-Rs. 28,338; KHN-Rs. 28,511; GHMC-Rs. 31,833; VSP-Rs. 34,247). Also found that it is high in Telangana (Rs. 35,536) when compared to Coastal (Rs. 26,855) and Rayalaseema (Rs. 22,343) regions.

No. of times	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. No	55	83	71	70	61	38	77	53	76	37	64
2. One	25	14	20	19	22	46	16	31	14	42	24
3. Two	14	2	3	7	9	12	4	9	6	11	7
4. > Two	6	1	6	4	8	4	3	7	4	10	5
Total	100	100	100	100	100	100	100	100	100	100	100

ii) Reasons for distribution of savings/group funds: During focus group discussion, the members have stated multiple and diverse reasons for the distribution of group funds. They are : i) at the time of paying the savings of dropouts (23%), ii) there is no practice of internal lending /only distribution (20%), iii) to repay bank loan instalment (19%), iv) more group funds (17%), v) difficulties in managing large amount of group funds (11%), vi) delay in getting bank linkage 10%), vii) banks pay low rate of interest on savings (7%), viii) to provide large loans to members by distributing group funds along with loan from banks (6%), ix) avoid large amount of idle funds (3%), x) to procure useful assets (2%), xi) credit from multiple sources (3%) and xii) to avoid defaulting of loans from internal funds (1%). The above discussion reveals that the SHGs have been using their group corpus to address various functional issues for the smooth running of the group, which is inevitable for them to achieve the larger interest i.e. access low cost

loans from formal financial institutions and govt. programmes channelled through SHGs and their federations.

e) Fines and penalties: Small number of SHGs have the norm of fines and penalties in case of i) delay in paying savings, ii) delay in attending meetings, iii) quarrelling during meetings and iv) delay in repaying loan instalments. During discussions, the members have said that if a group starts collection of fines & penalties, many members would withdraw membership. It is because the households formed into groups to get low cost loans; not for attending meetings of SHGs & SLFs and to pay fines and penalties. It indicates the members' 'unawareness on SHG norms and the need of capacity building to members at SHG level.

f) SHGs as SHPIs: About 17% of SHGs have formed 983 new SHGs with an average of 2.97 in their locality. Further, 83 out of 2,000 SHGs have revived 153 defunct SHGs with an average of 1.84. Further, as discussed in the earlier chapter, about 24% of sample SHGs formed by the self motivation of group members owing to the demonstrated effect of SHGs. The network of SHGs at slum level also formed about 8% of sample SHGs. It shows that SHGs have taken the role of SHPIs, the promotion of new SHGs, and revival of defunct groups by solving problems at SHG level.

g) Access to development programmes: The data in table-6.5 shows most of the SHG member households availed PDS (90%). About one-fifth benefited with health related programmes such as pulse polio and LPG connection. But a small percentage of households benefited with education and employment programmes such as 'Girl Child Education', 'Bangaruthalli', 'Rajeev Yuva Kiranalu' (RYK), Urban Self Employment Programme (USEP) and Urban Woman Self-employment Programme (UWSP). In this regards, the banks have expressed their inhibitions for low credit support under USEP and UWSP. If banks provide extend large credit besides SHG bank credit linkage, the repayment will come down and the defaults will increase due to low loan absorption capacity and / or low repaying capacity of households.

Particulars	EG	KHN	PKM	VSP	ATP	KNL	GHMC	KRN	KHM	NZB	Total
1. Pulse polio	15.5	9.0	12.7	28.6	37.4	14.3	19.5	13.6	18.7	35.1	19.7
2. Girl Child Edu.	3.8	3.3	3.4	0.0	0.4	4.4	4.9	4.7	7.2	6.4	3.8
3. Ration card	93.4	94.5	90.5	89.2	91.9	92.8	87.4	88.5	85.5	89.9	90.3
4. Bangaruthalli	0.2	0.1	0.3	0.2	0.9	0.1	0.5	0.2	0.6	0.4	0.4
5. RYK	0.8	0.7	1.1	0.1	0.8	0.7	2.3	0.9	2.6	1.8	1.2
6. USEP & UWSP	0.7	0.1	0.1	0.2	0.3	0.0	0.6	0.3	1.0	0.3	0.4
7. LPG Connection	21.9	21.7	13.5	10.8	27.1	16.1	18.5	21.3	14.4	30.8	19.5

h) SHGs' involvement in the implementation of government programmes - Minimal participation of SHGs in the implementation of govt. programmes. Out of 2000 SHGs, only 9% of SHGs involved in pulse polio programme and another 2% of SHGs involved in child labour and HIV campaigns. However, many SHGs involved in bringing drinking

water (19%) and drainage (18%) issues in their locality to the notice of concern officials and the elected representatives.

i) Credit linkage and interest subsidy – The majority of the households formed into groups to avail interest free and low cost loans. Though there are some systemic and functional issues in SHG credit linkage with banks and in reimbursement of PVR or interest subsidy, most of the SHGs are continuing for it only. If there is no bank linkage and interest subsidy, no doubt that the groups will deteriorate in its quality and reduces repayment or increase default and/ or NPA. The SHG-BL and PV/VLR are the motivating programmes for the SHGs members, who are regular in defunct and default groups, to join with other existing SHGs or forming as a new SHG to avail benefits in future also.

2) Issues and Problems

During interactions with SHG members, SLF & TLF office bearers, MEPMA staff and bank officials the following issues and problems were emerged:

a) Membership – There are many problems in getting membership and in the selection of members. They are:

- Multiple family members in one SHG – The women from 3-4 families, especially the non-poor formed into a group to get large amount of loan under SHG-BL programme. These groups are not conducting any group meetings. But they collect savings and loan instalment regularly, and deposit in the banks.
- Non-poor members – During field visits the study team has observed that in some SHGs, there are 2-3 well off members; and few SHGs formed with exclusively non-poor.
- Problems in producing address proof of members to open SHG savings account in bank.
- Unable to mobilize pop as they are scattered in a large area and frequently migrate to nearby big towns or within the town for children’s education and better employment opportunities.
- Entry norms in case of new members - The new member has to pay the total amount of savings of the dropout. Paying large amount to get membership is burdensome to the new joining member.
- Economic heterogeneity – There is a wide economic gap between the group members. The rich are in the leadership positions and availing more benefits.

b) Savings

- Low member awareness on savings – Majority of the SHG members, except leaders, don’t know how much savings that they have and the group has with SLF and Sthree Nidhi. The members know only how much they save and the amount of loan instalment they pay.
- Irregularity of savings – Most of the defunct groups are not regular in paying monthly savings. Though it is found across the districts in the state, it is high in Kakinada municipality of East Godavari district.

- Financial transactions outside the meetings - Collection of savings and loan instalments are mostly outside the meetings. Many times household members on behalf of SHG member come and pay at leader's house. The collection takes place about a week. This also leads to misuse of funds by the leaders.
- No accounting of the amount saving in SLFs and Sthree Nidhi – In many SHGs there is no documentation on how much savings paid to SLFs by the SHGs.
- Distribution of members' savings – Majority of the SHGs distributed members' savings along with group funds at the time of settlement of dropouts. As a result, low members' savings in SHGs.
- Fund transfer from SHG SB account to insurance premium and loan instalments by the banks without any information to the groups. As a result, quarrels cropped between group members. Some groups stopped savings with the banks with the fear of fund transfers and control on withdrawal of funds by the banks.
- Reduction in the saving amount after taking BL – During field work it was observed that some SHGs have reduced their saving amount due to the burden of the loan repayment.

c) Meetings

- Low member attendance in meetings – Some SHGs are not regular in conducting meetings. Many SHG members have the opinion that 'meeting' means paying savings and loan instalment on the meeting day. In majority of the SHGs, if the member is employed, on behalf of them household member comes to meeting to pay savings and loan instalments.
- Increasing the tendency of irregular meetings – The percentage of SHGs that have no meeting schedule has been increasing over a period of time. During the data collection, the SHGs raised the question of the need of a meeting. It is understood that they don't have minimum awareness on the importance of conducting regular monthly meetings.
- In many SHGs, leaders up-date books without conducting meetings based on the amount of savings collected and loan instalment paid to banks/SLF and Sthree Nidhi.
- Meetings based on leader availability and convenience – If the leader is out of station or busy with personal work, there is no group meeting.
- Agenda limited to savings and repayment of loan instalments – The study team has verified the minute's book of the sample SHGs and found that the agenda is limited to savings and repayment of loan instalment.
- Financial transactions and decisions are mostly outside the meetings. Hence, large cash in hand with the leaders. It gives them the scope to use group funds for personal use.

d) Book keeping

- Member has no access to group records – The members have no access to group records as the leaders are the book keepers and writers. Further, as the financial transactions are mostly outside the meeting, they do not write books in the

meeting. In case of SHGs of Kranthi Nagar of Adhoni, the books are kept with 'Ward Councillor'.

- Low awareness on the financial transactions as there are irregular meetings and low member attendance.
- There is no supply of new set of books, and orientation on it – The project has introduced new set of SHG books. Though it was introduced a year ago, no supply and training was given to the book writers at SHG or SLF or Mandal level.
- No handholding support – RPs have taken the job of book writing. Even though the educated members in the group are interested to write books, RPs are not encouraging them by giving handholding support, as they don't want to lose honorarium every month.
- Low honorarium to the book writers – Many SHGs are paying small amount to book writers, and it is not even regular. Hence, there is no much interest among the members in paying the honorarium even though there are many qualified and potential book writers.
- No supervision on group meetings, book keeping, etc – There are no CO visits to SHGs and SLF meetings. During fieldwork it was observed that the COs and RPs associated with the study team don't know the way and the location of the slums and SHGs.

e) Leadership

- Leadership rotation is found, if there is a problem with the present leaders. Otherwise, there is no leadership rotation. As majority of the groups were facilitated by the leaders, and the decision making power lies with them, the present leaders are unwilling to step down.
- Leader centric – decisions are mostly by the leaders.
- Collecting large amount to attend bank and to write group records.
- Misuse of funds by the leaders – In some of the SHGs, leaders use group funds for personal purposes.
- Unwillingness of the members to take up the leadership responsibility.

f) Internal lending

- In many groups there is no internal lending with group funds primarily as the bankers not allow SHGs to withdraw savings. For instance, in case of APPGB PTC branch of Ananthapur the banker doesn't allow to withdraw if the amount is less than Rs. 20,000 in few municipalities they insists for COs endorsement. For instance, during data collection in Kapra municipality, it was observed that the women come to municipal office for COs' signatures to withdraw their savings amount for internal lending; allow withdrawals only after 20th of every month (Eg: Ananthapur). In GVMC, the Grameen Bank does not allow to withdraw the savings during loan repayment period. The Banks in Ananthapur demand for TPRO's signatures, but the TPROs are not available in the office on all the working days according to the need of the SHG women.

- Poor repayment of internal funds – There is a very low repayment of loans disbursed from SHG funds. The majority of the borrowers pay only interest on loan every month.
- The TPRO's endorsement on SHG SB withdrawals is must. Some of the bank branch managers not allowing SHGs to withdraw their savings without the approval of the TPROs; but the TPROs are mostly not available to SHGs
- Loans from SHG funds mostly to leaders and their family members.

g) Insurance

- Banks inducing insurance polices at the time of SHG bank credit linkage.
- There is confusion among the members who got insurance in the group; whether it is renewed or not; etc
- Misuse of premium amount by the leaders and resource person – On and off the leaders and RPs not paid the premium amount of insurance policies with the amount paid by the members.
- Insurance policy bonds not issued to the members, even though the members paying premium regularly
- Very poor awareness on insurance claiming procedures – most of the members including leaders have low awareness on insurance claiming procedures.
- Loss of insurance settlement due to error in online updation by the staff in case of Navajeevan SHG of Machilipatnam
- All the eligible members are unable to avail scholarships due to technical problems. It is reported mostly in Khammam.

h) Credit linkage with external agencies

- Delay in getting repeat bank linkage – Some SHGs reported that they have to wait for more than six months after repaying the earlier loan for the next linkage. Mostly, the delay is due to two reasons – i) if the SHGs don't have large funds in their SB account in bank and ii) demand for insurance and fixed deposits by the banks for sanctioning of loans.
- Small volume of loan – majority of the SHGs have the opinion that the average loan per SHG and member is too small. During discussions the members have stated that the minimum loan should be of Rs. 2 lakhs and the maximum should be of Rs. 5 lakhs.
- Poor member awareness on the interest charged by the banks – Majority of the SHGs are unaware of the details of loan installments – portion of principle and interest.
- Banks insist SHGs for fixed deposits and insurance policies – In many districts banks are insisting SHGs for fixed deposits and insurance policies at the time of sanctioning of loan. For instance, SBI of Narsipatnam. Fixed deposits were mostly demanded if the groups don't have large amount of funds in their SB accounts. In case of Kakinada, the Central Bank of India, Manager has demanded for opening of individual accounts by the women. In Vuyyuru, the bank manager has demanded to buy gold coins from Sri Sai group in exchange to bank linkage.

- Large amount of bribes – During discussions, the members have stated that, paying Rs. 2-5 thousands to the leaders, RPs and COs to get the credit linkage is a compulsion. It is more intensive in Chirala, GHMC, GVMC and Kadiri Municipalities, where almost all the SHGs interviewed reported that the staff demand large amount of bribes.
- Delay in transferring amount from loan account to SB account – some bank branches take 20-30 days to transfer the amount. But they charge interest from the date of loan sanctioning.
- Burden of defaulters on regular members – If one or two members in a group defaults with any reason, the other group members are burdened to repay the loan overdue of the defaulters to avoid delay in getting the subsequent loan.
- No VLR or delay in getting interest subsidy - Many SHG members including leaders are unaware of the details of PV – amount eligible and received. In some bank branches it is adjusted to loan instalments. For instance, none of the groups in VMC availed VLR; no group got VLR in the case of SHGs of Rayadurgam Corporation Bank due to online problems.
- SLF loans are mostly accessed by the leaders – In most of the groups both leaders availed large loans from SLF. The members’ access to credit from SLFs is very low.
- No SLF loans to SHGs in the new ULBs (Nagara panchayats) due to multiple reasons - limited funds, pending in transfer of funds at the time of amalgamation of VOs in rural areas into SLFs in ULBs.
- Loan defaulting and irregular payment – no pressure from SLFs as most of the office bearers are defaulters.
- No Sthree Nidhi lending to the unregistered SLFs, particularly in case of SLFs of new ULBs. Sthree Nidhi loan amount which was sanctioned to Mahima SHG of Ongole municipality was transferred to bank under bank linkage recovery.
- Misuse of recovery amount by the staff. For instance, many of the defunct groups of Chirala reported that the staff has recovered the amount from them but not repaid to loan or deposited in bank.
- Loan waiving – Many of the groups in Kamalapuram slum of Manuguru municipality are wilful defaulters as they are expecting loan waiving as the Andhra Bank has waived few of the loans, which were entered as agricultural loans in their bank records.
- In Manuguru municipality, the SLF loans were given to clear bank loan.
- Transfer of accounts from one bank to another – there are many SHGs who have transferred their accounts from one bank to another, due to various reasons like delay in sanctioning of bank loan, under-finance, etc. For instance, few of the SHGs in Markapur closed the SB accounts in Andhra Bank and shifted to SBI as the banker delayed in sanctioning of loan.
- No proper recovery mechanism - There is a good recovery mechanism observed in Kothagudem municipality as the Municipal commissioner reviews the progress of bank linkages, recovery, overdue, etc. with the bank staff, project staff and RPs, but it is not appeared in other districts.

i) Federation

- Many SHGs are outside the federations. There is no capacity building and other inputs to the groups that are not associated with SLFs
- Many federations are unregistered especially in new ULBs (eg- Vuyyuru and Narsipatnam)
- Ward level federations formed and registered in Visakhapatnam. But without taking any decision on existing ward level federations, the project promoted SLFs and they are not registered, though the process started one year back.
- No voucher to SHG savings in SLF
- Irregular meetings and poor member attendance - As there is no TA & DA, the EC members don't show interest to attend SLF meetings. For instance, the EC members of Vuyyuru said that earlier when they were part of IKP, they used to get TA & DA for attending the meeting. But now, such facility is not provided and the members don't bother to attend the meeting by leaving their work. This situation is also observed in other new towns like Puttaparthi. Puttaparthi federations performed well earlier, but now all SLFs are not functional due to it.
- Meeting agenda limited to collection and disbursement of loan
- Low awareness of OB on their roles and responsibilities - The office bearers of SLFs have a low understanding on the concepts of SHGs and their federations, not even on their roles and responsibilities.
- Federations at slum and town levels are managed by RP and Staff - During the FGDs with the slum and town level federations, it was observed that the resolution which is written by the book writer is not read loudly before taking the signatures of the members. The members simply give their signatures and always are in a hurry to finish the meeting. In case of Siricilla, the involvement of the EC is nil. It was observed by the study team that the members are rolling beedies (Country Cigars) in the meeting and attended the meeting just for the sake of attendance.
- High turnover of RPs - During interactions, the COs stated that the turnover rate of RPs is about 50% due to low and irregular payment of monthly honorarium and work burden.
- Inadequate and poor quality of human resources - Even some COs and RPs don't know how to prepare the financial statements of an SHG. The project management has not given any induction or training to new COs. So COs are expressing their concerns on their role in strengthening of CBOs (Kadiri town).
- The community Organiser don't even visit the groups atleast twice in a year.
- The bank cheque books are under the control of TPRO.
- No sub-committees in many SLFs and no orientation on roles & responsibilities.
- The sub-committees are non functional in many of the municipalities. For instance, in Manuguru the sub committees are not functioning.
- Political involvement in the functioning of federations. It is high in Pedana and GHMC.
- No RP in the entire Khairatabad Municipality area

- There are municipalities with no secondary federations. For instance, there are no town level federations in Visakhapatnam and Vijayawada Municipal Corporation
- Irregular conduction of TLF meetings - It was observed that the TLF meetings were not conducted regularly in all the municipalities. Example- Chirala. In Kadiri, the TLF meetings are held only for 2 to 3 hours and the agenda is mostly limited to financials. Decision making is done by the staff. For example, the EC of Ongole TLF reported that the decisions regarding their TLFs are mostly done by the district officials.
- Fee to SLF - Though this system is practiced in few of the municipalities, in Vuyyuru, the members of many groups think it as a bribe and want to disintegrate as they find the cost of the loan very expensive.
- No place to conduct meetings. For example, there is no community hall or any other convenient place for trainings or for conducting SLF meetings in Adhoni district, despite the availability of open place issued by the Municipal Commissioner.

j) Problems from SHPI

- Low capacity building training on SHG & Federation concept at all level
- Many vacancies at all levels in case of new ULBs; There are no TPROs, COs and RPs in the new ULBs; Temporary adjustments were made to coordinate the project activities. There are no regular TPROs, but have in-charge PRPs, who are the senior COs of the neighbouring / nearby ULBs; all CO positions are vacant and CLRPs are attending the roles of COs. For example, Vuyyuru, Narsipatnam and Nandikotkur municipalities has no sufficient TPROs. Hence, in charge PRPs, who are the senior COs of nearby towns, were transferred to Vuyyuru and Nandikotkur, while IB specialist coordinates the activities in case of Narsipatnam as there is no surplus staff.
- COs as in charge PRPs – There are many towns, where COs are given the role of in-charge PRPs. They have to work for both the municipalities and hence cannot focus on either of the municipalities. For instance, Karimnagar has many COs, who work as in-charge PRP for the other town. The CO of Jagityal works as in-charge PRP for Korutla.
- Domination of TLF office bearers on the CLRPs – Since the honorarium of CLRPs is paid by the TLF, the office bearers dominate them. For instance, when the CLRPs in Kadiri facilitated the TLF about the change of leadership, the office bearers threatened to expel the CLRP from her position.
- High turnover of RPs due to low and irregular payment of monthly honorarium and work burden – During individual interactions, the Institution Building Specialists have stated that the turnover of RPs is between 40-50 percent across the state.
- Most of the COs, and majority of the RPs not visiting SHGs not even once or twice in a year'

- Poor quality of human resources – Some of the PDs and the other staff at district level do not have vision on the urban SHG movement; The COs and RPs don't have adequate skills to discharge their roles and responsibilities.
- More attention on municipal activities than MEPMA – During interactions, the MEPMA staff has listed the nature of works that they have been attending. Of the 22 activities, majority are related to municipality (14 out of 22 activities) followed by MEPMA (8 out of 22 activities). Further, they also said that of the total time in a month, 25 to 30 percent is on MEPMA activities and the remaining major chunk of time (70 to 75 percent) is on municipal activities. Hence, the staff is unable to pay attention on strengthening SHGs and their federations at slum and town levels.
 1. MEPMA activities – 1) Review meetings at district level, 2) Field visits to SLF and TLF meetings, 3) SHG-Bank linkages, 4) SHG-Bank Linkage recovery, 5) SHG related meetings and issues, 6) RPs Review Meetings, 7) TPRO Level Review meeting, 8) USEP and UWSP
 2. Municipal & other activities– 1) Rajeev Yuva Kiranalu, 2) Awareness on sanitation programmes (Chethapai Samacharam), 3) Pensions verification, 3) municipal meetings, 4) Identification of street vendors, 5) SC-ST Sub-plan, 6) BC-Minority Action Plan, 7) Ward Sandharshana by Commissioner & Chairperson, 8) Household socio-economic caste survey; 9) Ration Cards Survey, 10) Mobilization of SHG women for public/political meetings, public rallies, 11) Survey of School Dropouts, 12) Bangaruthalli, 13) Rachchabanda, 14) MLA ward visits.

In brief, for the institutional sustainability, the SHGs have adopted three pronged approach in re-structuring of SHGs due to enrolment of new members and /or withdrawal of old members. Further, like NGO-SHPIs, the CBOs and the community itself have taken the role of SHG promotion. The high attention of SHPI on SHG bank credit linkage, disbursement of VLR and implementation of Govt. programmes through SHGs and their federations has been playing critical role in maintaining SHGs functional. The practices like distribution of group savings/funds periodically, equal distribution of external loans to all the members, flexibility in paying monthly savings & loan instalment and attending meetings and sharing group responsibilities are the contributing factors for the better functioning of groups, even though which are not good practices. Further, there are lot of systemic issues and problems at SHG, SLF, TLF and Promoter levels. However, all these problems can be over come by paying attention on capacity building to all the players at all levels.

3) Action Points

To strengthen the SHGs and their federations to evolve as member owned and managed institutions, the study has proposed the following suggestions, based on the findings of the study.

- i) Up-dation of data base on SHGs, federations, credit linkages, pavalavaddi, interest free loans (VLR) etc.
- i) Capacity building on SHGs and SHG federations to MEPMA staff at all levels

- a. Trainings on Mission vision, strategies and self help approach to the personnel at district and town level
 - b. Refresher and orientation programmes on SHGs, Federations, livelihoods and other skill development programmes to TPROs, PRPs, CCs, and RPs
 - c. Training on Federations – governance, book keeping & accountancy to OB of SLF and TLFs
 - d. Trainings on SHG & Federation concepts to SHG members
- ii) Ensure adequate & quality human resources at slum and town levels; staff transfers – PRPs and COs who are working more than 3 years in the same town
 - iii) Top priority to ‘Mission Activities’ - More focus on institution and capacity building - particularly on meetings, book keeping and leadership rotation
 - iv) Develop loan tracking mechanism and monitoring on loan utilization, particularly large loans intended for income generation.

Annex - 1: Case Studies

Case-1: Inclusion of members of defunct group with good repayment track record

Nagoor SHG of Chirala municipality is a defunct group which was formed in the year 2008 with 10 members. The group saved an amount of Rs. 500 per month for 8 months and availed bank linkage of Rs. 50,000. All the members distributed the amount equally and repaid promptly for 3 months. Later, when one of the members failed to repay on time, the other members also stopped repayment of loan installment. When the bankers insisted them to repay, 4 of the members convinced the group members and the defaulters to repay the loan amount regularly. But when the members did not pay any heed, they approached the banker and repaid their share of amount. Later, they asked the other neighbouring groups to join them into their groups. Impressed by their track record, the other group members immediately helped them to join in their groups. Till date, the remaining 6 members of Nagoor SHG haven't repaid a single penny though 4 years have been passed.

Case-2: Exclusion of SHG bank linkage loan defaulters

Sri Durga Bhavani SHG was formed in the year 2004 with 17 members. Presently the SHG has only 10 members. The main reasons for dropouts is loan defaulting. When the group has availed 1st linkage of amount Rs. 25,000 all the members distributed equally, but two of the members failed to repay and hence they were expelled from the group. Likewise, another five members were expelled during 2nd and 3rd linkages. In the case of 3rd linkage, when the members failed to repay the amount, the bankers transferred an amount of Rs. 46,816 from their savings.

Case-3: Revival of defunct groups

Sri Shiridi Sai Baba SHG, which is in Kakinada municipality, was formed in the year 2005. Two of the members in the group have disappeared after taking bank linkage of Rs. 20,000. Hence, all the members also stopped repaying the amount, so as to avoid to share the burden of those two women, who absconded from the slum. But then the bankers transferred the savings of the group. After a year, when the RP and members of the SLF guided them, they once again started their activities such as regular savings, meetings and repayment of loan instalments.

Jyothi SHG of Kapra municipality performed well in the initial years but became defunct due to a misunderstanding and lack of solidarity among the group members. The group leader took a personal loan from an NGO in 2009 and the amount was deposited in the group account. The other members were not informed and hence they misunderstood and stopped their savings for a year. Again in 2010, all the members discussed and cleared the disturbance between them, and recommenced the group. The group members also availed bank linkage and they are also properly managing their group funds for internal lending.

Case-4: Increase in monthly savings

Swathi is one of the A grade SHGs of Nandyala municipality, of Kurnool district formed in the year 2008. Earlier, the group saved an amount of Rs. 1,000 per month (Rs. 100 per member) for 8 months. Later, when they took the first linkage, they have reduced the saving amount to Rs. 50 per person, so as to minimize their burden. After clearing the loan installments of the first linkage, again the members have increased their savings to Rs. 100 per person. They continued to save Rs. 1,000 per month up to the third linkage. When the bankers suggested them to increase the savings from their fourth linkage, the group members also agreed and enhanced their saving amount from Rs. 100 to Rs. 200 per person per month. All together the group availed an amount of Rs. 8,00,000 contributing to Rs. 80,000 per person, which has helped them in improving their income generation activities. All the members were self employed- 7 have petty business while the other 3 members are tailors. The group is very successful in increasing the amount due to proper utilization of loan amount for IGA.

Case-5: Locus of power and more leaders' access to credit

Sri Sai Ram SHG of Kandukur municipality was formed in the year 2007. The leaders of the group, Baghya Lakshmi and Shanthi were selected at the time of formation and continued to be in the same position. The main purpose of the members to form into a group is to access credit and government schemes. As on August 2013, the group has availed Bank linkage thrice (Rs. 5,00,000), SLF loan twice (Rs. 27,000) and Sthreenidhi once (45,000). Bank linkage was distributed equally among the members but the other two external loans- Sthreenidhi and SLF loans were accessed by the leader. Interestingly, the other members in the group don't even know that their group members got SLF & Sthreenidhi loans.

Apart from the above two loans, the leaders along with few others have also taken internal loan but didn't repay, while the others have repaid with interest. Even, the 1st leader got gas connection, though there were other members in the group without the connection. All the other members in the group feel that all the benefits of the group are primarily accessed by the leaders.

Case-6: Misuse of funds by the group leaders

Durga Saraswathi group was formed in the year 2005 with 13 members. The members of the groups were illiterates. Only a woman named Swaroopa studied upto 8th class and hence the members decided her as a group leader. The members relied on her and gave their savings (Rs. 100 per month per member) to her to deposit in the SHG account. They didn't maintain any record of their savings and blindly depended on their leader. After a year they realized that their savings amount was not deposited in the bank but was personally used by their leader. They immediately expelled her and recovered the total amount in few months. Later they joined another literate woman (Radhika) of their locality as leader. The members repeated the same mistake by completely depending on the new leader. They didn't even check whether their savings amount is deposited or not. Hence, the new leader also misused the savings amount of Rs. 20,000 and escaped from the slum. When she returned back after a year, the members made her to repay the total amount of Rs. 20,000.

As the members have meager knowledge on book keeping, conduction of regular meeting, sharing of responsibilities among its members, they got deceived twice by

their own leaders. Also dependence of members on the leaders is one of the main contributing factors for misuse of funds.

Case-7: De-motivation due to delay in bank linkage

Yesu Prabhu SHG is a 7 year old SHG of Parlopeta slum of Kakinada municipality. This group was formed by the members itself through demonstrated effect in order to avail credit at low interest, to promote savings and to access government programmes channelled through SHGs.

But in reality, within 7 years the group availed the linkage only for two times with an amount of Rs. 2,00,000. The last linkage was repaid in 2012, but there is an innate delay in getting next linkage. The group waited for nearly 10 months and made several visits to bank. On the other hand, the banker has also not allowed the members to withdraw their savings amount for internal lending. Along with the group savings of Rs. 26,990 (as on Aug, 2013) the group has also have savings of Rs. 4500 and Rs. 2700 in SLF and Sthreenidhi respectively. But despite having membership, the SLF has also denied to give credit to the members of this SHG.

As a result, the group has stopped savings for a period of 8 months and decided to stop functioning.. When the group went to the bank to close the account and to finally withdraw their amount, the banker assured them immediate sanctioning of loan, if they have regular savings with bank. Hence, the members paid the 8 months pending saving amount and waiting for the loan.

Case-8: Equal distribution of Sthree Nidhi loans

In case SHG-bank credit linkage, equal distribution of loan to all the members is a common practice. But it is also found in case of Sthree Nidhi loans. There are many sample SHGs which has distributed the Sthree Nidhi loan amount equally among all the members in the SHG. Laxmi Saraswathi SHG of Chirala municipality is also one such group which distributed the loan amount equally. This SHG has availed external loans from 2 sources- bank (3 linkages) and Sthree Nidhi. For 3 linkages, the SHG has distributed the amount equally and even Sthree Nidhi loan of Rs. 60,000 was distributed equally among all the members. Hence it is understood that the idea of providing intermediate credit to address emergency and emergent needs through Sthree Nidhi Federation is sidelined when it comes to implementation. It could be mainly due to poor monitoring. Similar is the case of Sri Kanakadurga SHG of Yanadi Colony of Chirala municipality. The group took loan amount of Rs. 30,000 (Rs. 3,000 per member) and distributed equally among the 10 members of the group.

Case-9: Lottery method for on lending of SHG funds

Gruhalaxmi SHG of Kandukur municipality was formed in the year 2009. Srilatha and Padmaja are the two leaders, selected by the group members. There is no change of leadership from the beginning. The group members are dominated by the 1st leader, who feels that she is of a great support to other members in the group. The members are dissatisfied with her behaviour but continue to be in the same group under her domination to avail the benefits of the group.

For internal lending, the leader takes the lottery and lends to the member, whose name comes in the slip. Hence no need based lending is practiced and the decisions are not democratic, though not biased. The group also doesn't conduct meetings as the leader doesn't show interest in conducting meetings. She collects the savings amount and deposits in the bank and hesitates to share the information about the details of savings. She also collects fines and penalties for various reasons but utilizes the amount for her personal use. She kept no details of accounts regarding the collection of fines.

Case-10: Lending to non SHG members

Sri Shiva Lalitha SHG was formed with 16 women in the year 2007. The main purpose of the members to form as a group is to avail low interest rate credit. Hence, the women with same economic status in the neighborhood formed a group and started saving Rs. 100 per month. Till date, the SHG saved an amount of Rs. 1,19,200. The SHG availed credit linkage thrice (Rs. 5,20,000). When the groups availed the first linkage of Rs. 60,000, the amount was insufficient for them. Hence, they didn't utilize the amount for personal use but lent Rs. 60,000 to other non SHG members at Rs. 2 as interest per hundred. The members distributed the profit which they earned by lending along with the principle amount later, but regularly repaid the amount to the bank. Lending to non-members on high interest rate is not a good practice. Instead, one of the members can take the loan and use it for income generation.

Case-11: Large amount of idle funds in SHG SB accounts

There are large amount of idle funds in SHG SB accounts because of different mottos of SHGs, banks and promoters. Following tables shows the extent of idle funds in SHGs.

<u>District</u>	<u>ULB</u>	<u>Slum</u>	<u>SHG</u>	<u>Amount in Rs.</u>
GHMC	Kukatpally	Papi Reddy nagar	Sai	1,64,298
KHM	Sattupalli	V.T.Road	Chaitanya	1,57,374
KHN	Pedana	Agastheswara Puram	Kasturi Bai	1,25,545
EG	Kakinada	Godarigunta	Srilakshmi padmavathi	1,24,620
ATP	Dharmavaram	Rajendranagar	Kanakadurga MPS	1,20,341
VSP	Gajuwaka	Gudivada Appayya Col.	Lakshmi Ganapathi	1,15,116
PKM	Kandukur	Turpu Vaddepalem	Sri Sai Baba	1,07,242
KNL	Adhoni	Kranthi nagar	chowdeswari devi	1,06,334
NZB	Nizamabad	Pamulabasthi	Ambedkar SHG	99,452
KRN	Siricilla	Sanjeevaiah nagar	Jeevana jyothi group	90,909

Case-12: Transfer of savings and a portion of loan to pay insurance premium

Bankers in order to reach their targets insist the women of the SHGs to join the insurance products in exchange to the bank loan. There are many SHGs who reported that the bankers sanctioned loans only if they agreed to join in life insurance policies available in the bank. Kranthi SHG of Journalist Colony of Kakinada municipality has also faced the same kind of treatment. The group was formed in 2005 with 12 members and joined the insurance scheme from the time of first linkage of Rs. 60,000 in 2006. The banker sanctioned the loan only when they agreed to join in the insurance scheme

and hence deducted an amount of Rs. 23,400. From that time, for the renewal of the policy, the consequential premium amount (6 times) was paid by the members by withdrawing their savings amount thrice and by deducting the amount from 1st, 2nd and 3rd linkages availed by the group. Up to Aug 2013, the members have withdrawn an amount of Rs. 60,000 from their savings to pay the insurance premium to bank.

Though the poor women are now covered under the insurance scheme, irrespective of their interest in joining the policy, they paid most of their loan amount without using the loan for income generation and liquefied their savings due to the vested interest of the bankers.

Case-13: Bribes and Insurance Policies are inevitable to get large repeat loan under SHG Bank credit linkage

Pavithra is one of the SHGs of Chirala Municipality, which was promoted with the intension to promote savings, access credit and government schemes by the support of the line departments, CBOs and its officials. Recently the group applied for the 3rd linkage of amount Rs. 5,00,000. The banker has also approved the application but insisted the members to join in LIC policy. The women, whose husbands were already covered under the scheme, refused the proposal. As a result, the banker reduced the loan amount from Rs. 5,00,000 to Rs. 3,00,000.

On the other hand, even for the Rs. 3,00,000 loan to get sanctioned, the members spent an amount of Rs. 6,400 towards commission to the staff at various levels. The banker even has charged an amount of Rs. 3,400 towards processing fee without giving any information. The women feel that the total amount spent to get the loan was equivalent to the cost of the loan taken from a money lender. They reported that the subsidy loans will be sanctioned only to those women, who are ready to pay half of the subsidy amount to the COs as bribe. Hence, they feel betrayed at all levels.

Case-14: Demand for fixed deposit as collateral by the bankers

Siva Sai SHG of Narsipatnam municipality of Visakhapatnam district has a cumulative saving amount of Rs. 49,500. In the initial years, the group saved Rs. 1000 per month, but due to burden of loan repayment, they have reduced their saving amount to Rs. 500. Keeping this in view, for the last credit linkage (3rd linkage), the banker sanctioned an amount of Rs. 3,50,000 but insisted the members to deposit Rs. 50,000 as FD. When the members asked for the reason for fixed deposit, the banker replied that he is sceptical about their repaying capacity and hence want them to fix some amount as collateral. When the members agreed to the proposal, the banker released Rs. 3,00,000 and transferred Rs. 50,000 as FD. But, when the loan was insufficient to cater the needs of the members they discussed the issue with the banker and withdrawn the savings of Rs. 45,000 along with the loan amount. They distributed the amount as internal loan along with the bank loan. But no one of them repaid the loan amount of internal loan, though they are regular in repaying the bank loan.

Case-15: Payments/of bribes for getting credit linkage with banks

Payment of bribes to the staff is a very common happening observed in all the sample districts. Few of the instances are explained below.

<u>District</u>	<u>Name of ULB</u>	<u>Name of SHG</u>	<u>Loan amount in Rs.</u>	<u>Bribe in Rs.</u>
• EG	Kakinada	Sai Krupa	2,60,000	6'000
• EG	Mandapeta	Lokesh	4,00,000	4'000
• KHN	Machilipatnam	Santhoshi	3,24,000	2,000
• KHN	VMC	Lakshmi Rajeshwari	2,50,000	3,000
• PKM	Kandukur	Shubanallah	3,50,000	3,000
• PKM	Ongole	Sri Sai Ram	4,00,000	4,500
• VSP	Gajuwaka	Sri Lalithambika	4,50,000	3,000
• VSP	Narsipatnam	Sri Krishna	3,00,000	4,000
• ATP	Anantapur	Sai	5,00,000	3,700
• ATP	Kadiri	Prasuna	4,50,000	5'000
• KNL	Nandikotkur	Bramaramba	5,00,000	5,000
• KNL	Nandyala	Soni	3,00,000	5,000
• GHMC	Malkajigiri	Sri Durga	75,000	5,000
• GHMC	Malkajigiri	Mahalakshmi	1,20,000	5,000
• KHM	Khammam	Sampangi	3,00,000	2,500
• KHM	Kothagudem	Mahendra Sri	1,50,000	2,600
• KRN	Korutla	Sri Saraswathi	3,00,000	4,500
• KRN	Sircilla	Suryodaya	5,00,000	5,250
• NZB	Nizamabad	Adarsha	75,000	7,500
• NZB	Bhodan	Indiramma	3,00,000	2,600

Many of the members of the SHGs during data collection reported that the cost of the loan from formal source is equal to the loan borrowed from the money lender. There are instances, where the leaders of the even took bribes for lending internal loans to its members.

Case-16: Learning from the past experiences of wilful default & misuse of funds

Sri Sai Ram SHG of Kothagudem municipality of Khammam district was formed primarily to avail credit from bank. Within 5 years, the group availed 2 linkages and managed to repay the loan as per the loan term despite misuse of funds and willful default of its members.

The group in the case of first linkage, availed loan amount of Rs. 50,000 and it was distributed equally among the the members. But after taking loan, one of the member named Appadala Laxmi has left the slum without any information to the group. She has also taken internal loan of Rs. 2,000 and hence the savings of that member is also not sufficient to recover the amount. The group members then decided to share the burden of repaying the loan amount.

Later, when the group members applied for the third linkage, they realized that their saving amount of Rs. 18,300 is not deposited but misused for personal use by the second leader. When the members asked her to repay the amount, along with the internal loan amount of Rs. 2000, she fought with the members and left the slum.

The members of the group incurred heavy loss due to multiple reasons such as dependence on leader, lack of sharing of responsibility of depositing the savings and loan repayment in the bank, no meetings, collection of funds outside the meetings, no entries of the financial details of the members. Hence learning from their past experiences, the members have decided to streamline their systems. So, they appointed a book keeper to write their books, started conducting regular meetings and sharing the responsibility of depositing amount in the bank on rotation basis. They have even started attending the SLF meeting regularly and sharing of information in the monthly meetings.

Case-17: Occupational mobility -A labourer became a business woman

An illiterate woman of Chittemma SHG was as a daily wage labourer when she joined the group in 1999. After availing credit linkages for four times with an amount of Rs. 48,000 from bank, she started her own business. She started selling seasonal fruits regularly in the local markets to support her family and to repay her loan. When she heard about the subsidy loans under Urban Self Employment Programme for the SHG women, she applied for the same and availed an amount of Rs. 50,000. With that amount, she has improved her business and started earning good profits from her business. Earlier her income was irregular, but now she can sell the seasonal fruits regularly and can make a minimum profit of Rs. 250 per day.

Sri Lakshmi is one of the SHG in Nandyal municipality with 10 members in 2009. Within four years, the SHG accessed bank linkage for 4 times with a cumulative amount of Rs. 6,50,000. Earlier many of them worked as labourers and few remained as housewives, but after getting organized into a group, 8 of them started petty business, while two of them started tailoring. During the FGD, they reported that they are now able to earn income to their families.

Annex-2: Study Team

Name	Designation & Organization
MEPMA – Advisory Team	
• Smt. Anitha Ramachandran	: Managing Director
• Dr. Viziabhaskar, AMD	: Additional MD
• Mrs. Savithri	: State Project Manager
• Mr. Adinarayana	: State Project Manager
• Ms. Padmavathi	: State Project Manager
APMAS - Advisory Team	
• Mr. C S Reddy	: Managing Director
• Ms. A. Kalamani	: Executive Director
• Mr. M.B.S. Reddy	: Director – Urban
Study Team	
• Dr. K. Raja Reddy	: Director – Research & Advocacy, APMAS
• Dr. S. Prahalladaiah	: Manager, Research & Advocacy, APMAS
• Ms. Pravalika Bhumipaga	: CBO, Sadhikaratha Foundation
Field Team	
• Mr. B. Venkateswarulu	: CBO-Manager, APMAS
• Mr. N. Naveen Kumar	: QA- Manager, Sadhikaratha Foundation
• Mr. RYVSV Bhaskar Rao	: CBO, APMAS
• Mr. P. Tirupati	: CBO, APMAS
• Mr. M. Nagi Reddy	: CBO, APMAS
• Mr. C. Gopal Raju	: Research Supervisor, Consultant
• Mr. C. Jayaram	: Research Associate, Consultant
• Mr.B.Hari Prasad	: ”
• Mr.B.Srinivasa Reddy	: ”
• Mr.B.Venkateswarulu	: ”
• Mr.D.Subba Rao	: ”
• Mr.K.Raju	: ”
• Mr.M.Bansilal	: ”
• Mr.M.Mallikarjuna Rao	: ”
• Mr.M.Srinivasulu Reddy	: ”
• Mr.P.Murali kumar	: ”
• Mr.S.Amruthraj	: ”
• Mr.S.Chandrasekar	: ”
• Mr.S.Raghavender	: ”
• Mr.V.Vasu	: ”
• Mrs. B.Radhamma	: ”
• Ms. K.Geetha Kumari	: ”
• Ms. K.Nagaveni	: ”
• Ms. S.Mamatha	: ”
• Ms. Sathvika	: ”
• Ms. T.Himabindu	: ”
• Ms.R.Reddirani	: ”

Annex-3: Fieldwork Plan

S. No.	Period	District	Name of the town visits	Team
1	20 th – 25 th Sept 13	GHMC	Khairathabad (C-10)	Team -1
2	26 th - 30 th Sept 13	Nizamabad	Nizamabad	"
3	31 Sept - 3 rd Oct 13	Nizamabad	Bodan	"
4	4 th – 7 th Oct 13	Khammam	Kothagudem	"
5	8 th – 11 th Oct 13	Karimnagar	Korutla	"
6	20 th – 24 th Oct 13	Visakhapatnam	Narsipatnam	"
7	25 th – 28 th Oct 13	Visakhapatnam	Visakhapatnam (Z-5)	"
8	29 th Oct - 1 st Nov 13	Visakhapatnam	Visakhapatnam (Z-2)	"
9	7 th - 11 th Nov 13	Anantapuram	Anantapuram	"
10	12 th – 15 th Nov 13	Anantapuram	Guntakal	"
11	16 th – 19 th Nov 13	Anantapuram	Rayadurgam	"
12	20 th – 23 rd Nov 13	Anantapuram	Dharmavaram	"
13	24 th – 28 th Nov 13	Anantapuram	Kadiri	"
14	20 th – 25 th Sept 13	GHMC	Kapra (C-1)	Team -2
15	26 th - 30 th Sept 13	GHMC	Malkajiri (C-17)	"
16	31 Sept - 3 rd Oct 13	Karimnagar	Karimnagar	"
17	4 th – 7 th Oct 13	Karimnagar	Jagithyala	"
18	8 th – 11 th Oct 13	East Godavari	Kakinada	"
19	20 th – 24 th Oct 13	East Godavari	Rajahmundry	"
20	25 th – 28 th Oct 13	East Godavari	Mandapeta	"
21	29 th Oct - 1 st Nov 13	East Godavari	Peddapuram	"
22	7 th - 11 th Nov 13	Krishna	VMC	"
23	12 th – 15 th Nov 13	Krishna	Machilipatnam	"
24	16 th – 19 th Nov 13	Krishna	Pedana	"
25	20 th – 23 rd Nov 13	Krishna	Vuyyur	"
26	23 th – 26 th Nov 13	Prakasam	Ongole	"
27	27 th – 30 th Nov 13	Prakasam	Chirala	"
28	20 th – 25 th Sept 13	GHMC	Rajendranagar (C-6)	Team -3
29	26 th - 30 th Sept 13	GHMC	Kukatpalli (C-14)	"
30	31 Sept - 3 rd Oct 13	Khammam	Khammam	"
31	4 th – 7 th Oct 13	Khammam	Manuguru	"
32	8 th – 11 th Oct 13	Khammam	Sathupalli	"
33	20 th – 24 th Oct 13	Karimnagar	Ramagundam	"
34	25 th – 28 th Oct 13	Karimnagar	Siricilla	"
35	7 th – 10 Nov 13	Kurnool	Kurnool	"
36	11 th – 14 th Nov 13	Kurnool	Adoni	"
37	15 th – 18 th Nov 13	Kurnool	Nandikotkur	"
38	19 th – 22 nd Nov 13	Kurnool	Nandyala	"
39	23 th – 26 rd Nov 13	Prakasam	Makapur	"
40	27 th – 30 th Nov 13	Prakasam	Kandukur	"

Annex-4: List of Persons Interviewed

Name	Designation	Town
A. MEPMA Staff		
• Sri Sathyanarayana, IAS	Commissioner	GVMC
• Dr. Venumanohar Rao	Project Director	Khammam
• Mr. Sathyanaryana	Project Director	Nizamabad
• Mr. Sathyanaryana	Project Director	Visakhapatnam
• Mr. A. Srinivas	Zonal Commissioner	GVMC-5
• Mr. Rambabu	Project Coordinator, UCD	GVMC
• Mr. Raveendranath	APD	GVMC-5
• Mrs. Usharani	APD	GVMC-2
• Mrs. Madhurilatha	DPM-IB	Nizamabad
• Mr. Mohan Rao	BL consultant	Nizamabad
• Mrs. Y. Nagamani	CDO	GVMC-2
• Mr. Sadananda	CDO	Khairathabad
• Mr. Hari Prasad	IB DPM	Prakasam
• Mr. Kanaka Durga	IB DPM	VMC
• Mr. M. E. Phani Kumar	IB DPM	Krishna
• Mr. Murali	DPM IB	Kurnool
• Mr. Venugopal Rao	DPM-LH	Visakahapatnam
• Mr. Ramana Rao	DPM IB	Visakhapatnam
• Mr. Ch. Obulesu	Commissioner	Guntakal
• Mr. PVVD Prasada Rao	Commissioner	Bodan
• Mr. Ravi	Commissioner	Kothagudem
• Mr. Sujatha	TPRO	Peddapuram
• Mr. Baskar Rao	TPRO	East Godavari
• Mr. Nirupama	TPRO	Malkajigiri
• Mr. Venkatesh Achari	TPRO	Kukatpalli
• Mr. Sekhanna	TPrO	Adhoni
• Mrs. Manoramadevi	TPRO	Guntakal
• Mr. Mohan	TPRO	Rayadurgam
• Mr. Chinnababaiah	TPRO	Dharmavaram
• Mr. Sivasankar	TPRO	Anatapuram
• Mr. Kristappa	TPRO	Kadiri
• Ms. Sujatha	PRP	Mandapeta
• Mr. Nagaiah	PRP	Manuguru
• Smt. Sujatha	PRP	Sathupalli
• Mr. Rajesham	PRP	Siricilla
• Mr. RajKumar	PRP	Ramagundam
• Mr. Srinivas	PRP	Bodan
• Mr. Jalandar Reddy	PRP	Korutla
• Mr. Venkateswarlu	PRP	Kothagudem
• Mrs. Maimunnisa	PRP	Kandukuru
• Mr. Rajendra Prasad	CO	Dharmavaram
• Mrs. Madhavi	CO	Dharmavaram

Name	Designation	Town
B. BANK Staff		
• Mr. S. Jagannatha Swamy	LDM	East Godavari
• Mr. R. V. Narsimha Rao	LDM	Krishna
• Mr. J. V. S. Prasad	LDM	Prakasam
• Mr. Jayasankar	LDM	Anantapuram
• Mr. Ramakrishna Rao	LDM	Nizamabad
• Mr. Babuji	Sr Manager, AB	Bodan
• Mr. Vinodh Singh	Branch Manager, AB	Manuguru
• Mr. Rathnam	Branch Manager, AB	Sircilla
• Mrs. Uma	Branch Manager, APGB	Visakhapatnam
• Mr. K. Prabhakar Rao	Branch Manager,	Peddapuram, EG
• Mr. Venkateshwara Rao	Branch Manager	Machilipatnam, Krishna
• Mr. Y. Yogeshwar Rao	Branch Manager	Kapra, GHMC
• Mr. Yegneswara Rao	Branch Manager, APGB	Khammam
• Ms. G. N. Rathnam	Asst manager, AB	Visakhapatnam
• Mr. Anand	Field Officer	Karimnagar
• Mr. Venkatasubbaiah	Field Officer, AB	Markapur
• Mr. Ramakrishna	Field Officer, AB	Markapur
• Mr. Rangaswamy	Special Asstistant, CB	Adhoni
• Mr. Yadagiri	Field Officer, SBI	Kadiri