

CHAPTER-IV
PROGRESS OF SHGs IN INDIA
AND ANDHRA PRADESH

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PROGRESS OF SHGs IN INDIA AND ANDHRA PRADESH

This chapter analyzes the growth and development of SHGs in India and in Andhra Pradesh. Self-help group is a method of organising the poor people and the marginalized to come together to solve their individual problem. The government, NGOs and others use the SHG method worldwide. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise. The Self-Help Group concept is common in the context of both rural and urban development. Self-supporting income generation is the key to rural development, which will benefit a substantial number of poor farmers to uplift their socio-economic conditions in rural communities. Further, Self-employment is a significant step to have sustained incomes and remove the shackles of poverty. Programme for self-employment of the poor has been an important component of the antipoverty programmes implemented through government initiatives in the rural areas of India.

This Chapter is divided into two parts. Part I deals with progress of SHGs in India, while progress of SHGs in Andhra Pradesh is presented in Part II.

Part I

PROGRESS OF SHGs IN INDIA

4.1.1 Growth of Micro-finance in India

There is a huge potential of micro-credit in rural India. Since independence, the Government of India has laid emphasis on providing financial services to the poor. The Government of India had also launched several anti poverty programmes. These programme failed due to poor execution and political interference. After the intervention of National Bank for Agriculture and Rural Development (NABARD), which is the apex bank for rural development in India, in the field of micro-credit, the movement of micro-finance got a boost in India. The major programme involving financial intermediation by SHGs is the SHG-bank Linkage Programme. This

Programme was launched in 1992 by National Bank for Agriculture and Rural Development (NABARD). Thereafter, RBI had advised commercial banks to participate actively in this programme. Subsequently, this programme was further extended to all Regional Rural Banks (RRBs) and cooperative banks.

On 1st April 1999 a new programme called **Swarnajayanti Gram Swarajgar Yojana (SGSY)** was launched by amalgamating earlier poverty alleviation programmes such as IRDP (Integrated Rural Development Programme) and a number of allied programmes such as TRYSEM (Training of Rural Youth for Self Employment), DWCRA (Development of Women and Children in Rural Areas), SITRA (Supply of Improved Toolkits to Rural Artisans), GKY (Ganga Kalyan Yojana) and MWS (Million Wells Schemes). This is a holistic programme covering all aspects of self-employment such as formation of Self-Help Groups (SHGs), training, credit, technology, infrastructure and marketing. The programme aims at establishing a large number of micro - enterprises in rural areas.

The micro-finance in the private sector in India started with the founding of **Shri Mahila SEWA (Self-Employed Women's Association) Sahakari Bank** in 1974 in Ahmedabad in Gujarat for providing banking services to the poor women employed in the unorganized sector so as to empower them and free them from vicious circle of debt. This Association (SEWA) had developed a concept of 'women and micro-finance'. The **Annapurna Mahila Mandal** in Maharashtra and 'Working Women's Forum' in Tamilnadu and many National Bank for Agriculture and Rural Development (NABARD) sponsored groups have followed the path laid down by 'SEWA'.

Later on MYRADA (Mysore Rehabilitation and Development Agency) of Karnataka was started to help the poor and to help themselves. MYRADA achieves this by forming Self-Help Affinity Groups (SHGs) and through partnership with NGOs and other organization in 1984-85. These initial initiatives have a much localized operation and were limited to their members only. Hence they failed to take the shape of a mass movement. Since 1987, 'Mysore Resettlement and Development Agency' (MYRADA) has promoted Credit Management Groups (CMGs), which are similar to self-help groups, at a massive scale.

Apart from NABARD, about half a dozen other apex bodies or wholesalers provide loans to financial intermediaries for on-lending to SHGs. These include the Small Industries Development Bank of India (SIDBI), Rashtriya Mahila Kosh (RMK), Housing and Urban Development Corporation (HUDCO), Housing Development Finance Corporation (HDFC) and Friends of Women's World Banking (FWWB). Donors and banks, including Rabobank, also provide grants and loans to microfinance institutions (MFIs) for on-lending to SHGs and federations of SHGs. The leading SHG-promoting NGOs constitute a mixed group that includes both pure SHG promoters as well as NGOs operating as MFIs. They have developed a variety of institutional arrangements, including cooperatives, to provide access to financial services to the poor, particularly women.

There are also some NGOs which lend credit to Self Help Groups (SHGs). The NGOs that support the SHGs include MYRADA in Bangalore, Self Help Women's Association (SEWA) in Ahmadabad, PRADAN in Tamilnadu and Bihar, ADITHI in Patna, SPARC in Mumbai. The NGOs that are directly providing credit to the borrowers include SHARE in Hyderabad, ASA in Trichy, RDO LOYALAM Bank in Manipur.

In India, three different models of linkage of SHGs to the financial institutions have emerged. They are Banks, themselves, form and finance the SHGs. SHGs are formed by NGOs and other agencies but financed by banks. Banks finance SHGs with NGOs and other agencies as financial intermediaries. The second model is the most popular model. Almost three-fourths of all the SHGs come under this model. Only 20 per cent of the SHGs are covered under the first and 80 per cent under the third model respectively SHG – Bank Linkage Programme. The Self-Help Group Bank Linkage Programme (SHBL) which was started as a pilot programme in 1992 has developed at a very fast rate with time. While the SHG-bank linkage Programme has experienced exponential growth over the past decade, there remain large regional disparities in the growth of the SHG movement with limited progress in certain regions.

4.1.2 Progress of SHG - Bank Linkage Programme in India

The SHG - Bank Linkage Programme (SBLP) was an outcome of pilot projects during the 1980s for improving access of India's rural poor to formal institutional financial services. For banks, it was a way of reducing their transaction costs by dealing with groups of people rather than individuals and reducing their risks through 'peer pressure' and making people shape. The SBLP had achieved only limited outreach in the first six years of its implementation as Commercial banks were accused of not doing much to adopt and scale up SBLP even after it had been successfully pilot tested by NABARD. Consequently, NABARD took efforts to bring more impetus in the implementation of SBLP especially by commercial banks. The Reserve Bank of India (RBI) called upon all commercial banks to give due priority to SBLP by making it a part of their corporate strategy. SBLP has been included as a part of bank's corporate planning strategy.

The SHG – Bank Linkage programme, which commenced as a pilot programme to link 500 SHGs with banks, has grown exponentially during the last two decades and over 97 million rural households have now access to regular savings through 74.62 lakh SHGs linked to different banks as on 31st March 2011. Of these, over 47.8 lakh SHGs have access to different credit facilities from the banks (64.06 per cent). Nearly 12 lakh SHGs were extended fresh loans to the extent of Rs.14,548 crore during 2010-11, while the total loan outstanding of SHGs already credit linked as on 31st March 2011 is Rs.31,221 crore. Of the total SHGs, 81.7 per cent of SHGs already linked to banks are exclusive women groups and about 27 per cent of the SHGs have been linked through SGSY Programme.

4.1.3 Credit linked SHGs

The data on number of SHGs credit linked and banks loans from 1992-1993 to 2013-14 is given in Table 3.1. It is evident from the table that there is a rapid growth in the number of credits linked SHGs since the inception of NABARD in 1982. The number of SHGs formed during 1992-93 is only 255 SHGs, while this number is 22,38,565 by 2005-06. Thus, banks had distributed credit to over 2.23 million SHGs by 2005-06. From 2006-07 onwards, data on number of SHGs financed by banks and

bank loans are inclusive of existing groups receiving repeat loans. Owing to this change, NABARD discontinued the publication of data on a cumulative basis from 2006-07. As such there appears a decline in the number of groups in 2010-11. Number of credit linked SHGs as on 2013-14 is 13,66,421. As far as bank loan amount is concerned, the data shows that the bank loan amount, which is only Rs.0.01 billion in 1992-94 increased to Rs.1100 billions by 2013-14. This shows that the growth of SHGs in the country is highly appreciable.

4.1.4 SHG Savings with banks

NABARD data is available since March 2006 on savings of SHGs with banks. The data regarding savings of SHGs with banks from 2006-07 to 2013-14 is given in Table 3.2. The number of savings accounts of SHGs with banks increased substantially from Rs.23.9 billion to over Rs.98.97 billion from 2005-06 to 2013-14. Number of SHGs having savings with banks has increased from 26,30,510 in 2005-06 to 74,61,946 by 2010-11 and further to 74,29,500 by 2013-14.

Table 4.1
PROGRESS OF SHG-BANK LINKAGE PROGRAMME IN INDIA
(FROM 1992-93 TO 2010-14)

Year	No. of SHGs credit linked		Bank loans (Rs. in Billion)	
	Number	Cumulative	Amount Rs.	Cumulative Rs.
1992-93	255	255	0.01	0.01
1993-94	365	620		
1994-95	1502	2122	0.02	0.02
1995-96	2635	4757	0.04	0.06
1996-97	3841	8598	0.06	0.12
1997-98	5719	14317	0.12	0.24
1998-99	18678	32995	0.33	0.57
1999-2000	81780	114775	1.36	1.93
2000-01	149050	263825	2.88	4.81
2001-02	197653	461478	5.45	10.26
2002-03	255882	717360	10.22	20.49
2003-04	361731	1079091	18.56	39.05
2004-05	539365	1618456	29.94	68.99
2005-06	620109	2238565	44.99	113.98
2006-07	1105749	3344314	65.70	179.68
2007-08	1227770	4572084	88.49	268.17
2008-09	1609586	6181670	122.54	390.71
2009-10	1586822	7768492	144.53	535.24
2010-11	1196134	8964626	145.48	680.72
2013-14	1366421	10331047	419.73	1100.45

Source: NABARD, Mumbai.

Table 4.2
SAVINGS OF SHGs WITH BANKS (FROM 2006-07 To 2013-14)

Year	No. of SHGs having savings with banks		Savings of SHGs with banks	
	Number	Growth rate	Amount (Rs. Billion)	Growth rate
2005-06	2630510	-	23.9	-
2006-07	4160584	58.17	35.12	46.95
2007-08	5009794	20.41	37.85	7.77
2008-09	6121147	22.18	55.46	46.53
2009-10	6953250	13.59	61.99	11.77
2010-11	7461946	7.32	70.16	13.18
2011-12	7960349	6.68	65.14	-7.15
2012-13	7317551	-8.07	82.17	26.14
2013-14	7429500	1.53	98.97	20.44

Source: NABARD, Mumbai.

4.1.5 Region - wise and State-wise outreach of SHGs

Region-wise, State-wise and Bank-wise number of SHGs as on 31st March 2014 is depicted in Table 3.3. The data shows that the SHGs are formed in all the regions of the country. However, the spread of SHGs all over the country is not uniform. Of the total SHGs in the country as on 31st March 2014, 49.75 per cent are from Southern region of the country only, followed by 19.76 per cent are from Eastern region, and about 10 per cent each from Western region and Central region 4.91 per cent from Northern region and merely 4.25 per cent from North Eastern region. Hence, it can be concluded that southern region has a lion's share in SHGs in the country.

The State-wise analysis proves that Andhra Pradesh stood highest in the number of SHGs as on 31st March 2014 (19.09%) and Tamil Nadu registered second State with highest number of SHGs (12.68%) followed by Karnataka with 9.54 per cent and Kerala 8.09%. On the contrary, percentage of SHGs formed to the total SHGs is less than one in various States/Union Territories of the country, namely, Haryana, Himachal Pradesh, Punjab, Jammu and Kashmir, New Delhi, Chandigarh, Meghalaya, Nagaland, Tripura, Arunachal Pradesh, Mizoram, Manipur, Sikkim, A & N Islands, Uttarakhand, Goa and Puducherry.

It is evident from the table that in India commercial banks, regional rural banks and cooperative banks are providing loans to the SHGs. The share of

commercial banks is highest (69.36%), followed by regional rural banks (17.37%) and cooperative banks (13.25%). It is observed during the study that the share of co-operative banks increased in recent times, where the share of regional banks decreased with almost stable share in case of commercial banks.

Table 4.3
REGION-WISE/STATE-WISE SHGs AS ON 31st MARCH 2014

Sl. No.	Region/ State	Commercial banks		Regional Rural Banks		Cooperative Banks		Total	% to total SHGs **
		No.	% to total	No.	% to total	No.	% to total		
A. Northern Region									
1	Haryana	18813	43.72	20467	47.56	3749	8.71	43029	0.58
2	Himachal Pradesh	12004	31.89	8532	22.67	17048	45.43	37634	0.50
3	Punjab	10637	46.16	6102	26.48	6302	27.35	23041	0.31
4	Jammu & Kashmir	873	-	-	-	-	-	873	0.01
5	Rajasthan	105491	41.00	63420	24.65	88351	34.34	257262	3.46
6	New Delhi	2901	-	-	-	-	-	2901	0.03
7	Chandigarh	468	100.00	-	-	-	-	468	0.00
	Total	151187	41.39	98521	26.97	115500	31.62	365208	4.91
B. North Eastern Region									
1	Assam	81717	28.63	178655	62.61	24955	08.74	285327	3.8
2	Meghalaya	1428	19.75	3019	41.75	2783	38.49	7230	0.09
3	Nagaland	2437	100.00	--	--	--	--	2437	0.03
4	Tripura	9148	100.00	-	-	-	-	9148	0.12
5	Arunachal Pradesh	551	21.29	1549	59.85	488	18.85	2588	0.03
6	Mizoram	187	100.00	-	-	-	-	187	0.00
7	Manipur	2672	29.56	6367	70.43	-	-	9039	0.12
8	Sikkim	343	100.00	-	-	-	-	343	0.00
	Total	98483	31.13	189590	59.94	28226	8.92	316299	4.25

C Eastern Region									
1	Bihar	117640	43.77	151081	56.22	-	-	268721	3.61
2	Jharkhand	55857	64.65	30529	35.34	-	-	86386	1.16
3	Orissa	178354	34.47	263852	50.99	75185	14.53	517391	6.96
4	West Bengal	245254	41.46	168989	28.57	177221	29.96	591464	7.96
5	A & N Islands	294	6.09	-	-	4590	95.14	4824	0.06
	Total	597399	40.67	614451	41.83	256936	17.49	1468786	19.76
D Central Region									
1	Chhattisgarh	37815	33.79	50562	45.19	23507	21.01	111884	1.50
2	Madhya Pradesh	65826	41.79	83932	53.29	7723	4.90	157481	2.12
3	Uttarakhand	11435	30.66	17087	45.81	8772	23.52	37294	0.50
4	Uttar Pradesh	130126	34.30	248167	65.43	977	0.25	379270	5.10
	Total	245202	35.74	399748	58.27	40979	5.97	685929	9.23
E Western Region									
1	Goa	4665	57.09	-	-	3505	42.90	8170	0.11
2	Gujarat	107188	54.54	56031	28.51	33291	16.94	196510	2.64
3	Maharashtra	254574	36.77	111249	16.07	326451	47.15	692274	9.32
	Total	366247	40.83	167280	18.64	363247	40.49	896954	12.07
F Southern Region									
1	Andhra Pradesh	987881	69.63	405420	28.57	25375	1.78	1418676	19.09
2	Karnataka	375573	52.95	116572	16.64	217026	30.60	709171	9.54
3	Kerala	475851	79.13	50416	8.38	75058	12.48	601325	8.09
4	Lakshadweep	229	100.00	-	-	-	-	229	0.00
5	Tamil Nadu	706888	75.00	66209	7.02	169372	17.97	942469	12.68
6	Puducherry	17690	72.33	3553	14.52	3211	13.13	24454	0.32
	Total	2564112	69.36	642170	17.37	490042	13.25	3696324	49.75
	Grand Total	4022810	54.14	2111760	28.42	1294930	17.42	7429500	100.00

* Row percentage

** Column percentage

Source: NABARD, Mumbai

4.1.6 Progress under SHG-Bank Linkage–Savings

SHG Savings with banks during 2012-13, 2013-14 and 2014-15 is presented in Table 3.4. It is obvious from the table that under the SHG-Bank linkage programme, 76.97 lakhs SHGs are linked to banks by 31st March 2015. Out of 76.97 lakhs SHGs, about 31 per cent are savings linked through the SGSY programme and around 86 per cent are of women groups. Out of the total savings amount of Rs.9264.33 crores, 83.77 per cent is of women groups as on 31st March 2015. It is further evident from the table that the annual growth rate is 13.5 per cent in terms of number of Women Self-help groups linked with banks from 2013-14 to 2014-15, while annual growth rate is 10.5 per cent in terms of total amount of savings.

4.1.7 Loans Disbursed to SHGs

The details of loans disbursed by banks to SHGs during the years 2012-13, 2013-14 and 2014-15 are furnished in Table 3.5. It is clear from the table that bank loans are disbursed to 13.84 lakh Women SHGs during 2014-15 there is a positive growth rate with regard to amount of loan during the same period. A comparison of three years period shows that highest growth rates are registered during 2014-15 as regards loans disbursement when compared to 2012-13 and 2013-14.

Table 4.4

OVERALL PROGRESS UNDER SHG-BANK LINKAGE – SHG SAVINGS WITH BANKS DURING 2012-13, 2013-14 AND 2014-2015

(Amount Rs. in crore/ Numbers in lakh)

Particulars	2012-13		2013-14		2014-15		Growth rates (%)					
	2012-13		2013-14		2014-15		2012-13		2013-14		2014-	
	No. of SHGs	Amount	No. of SHGs		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
Total SHGs	73.18	8217.25	74.30	9897.42	76.97	11059.84	-8.84	20.27	1.50	16.97	3.46	10.51
% of which SGSY Groups	20.47	1821.65	22.62	2477.58	30.52	4424.03	-3.7	23.40	9.50	26.47	25.88	43.99
% of SGSY groups to total	28.0	22.2	30.45	25.03	39.65	40.00	-	-	-	-	-	-
All women SHGs	59.38	6514.86	62.52	8012.89	66.51	9264.33	-6.07	21.65	5.0	18.69	5.99	13.5
% of Women groups	81.1	79.5	84.15	80.96	86.41	83.77	-	-	-	-	-	-

Source: Annual Reports of the NABARD, Mumbai.

Table 4.5

OVERALL PROGRESS UNDER SHG-BANK LINKAGE – LOANS DISBURSED TO SHGs DURING 2012-13, 2013-14 AND 2014-2015

(Amount Rs. in crore/ Numbers in lakh)

Particulars	2012-13		2013-14		2014-15		Growth rates (%)					
							2012-13		2013-14		2014-15	
	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
Total SHGs	12.20	20585.35	13.66	24017.36	16.26	27582.31	6.3	24.5	10.6	14.28	15.99	12.92
% of which SGSY Groups	1.81	2207.47	2.26	3480.60	6.43	9487.69	-13.8	-16.5	19.9	36.57	64.85	63.31
% of SGSY groups to total	14.8	10.7	16.52	14.49	39.54	34.40	-	-	-	-	-	-
All women SHGs	10.37	17854.31	11.52	21037.97	14.48	24419.75	12.4	26.3	9.98	15.13	20.44	13.84
% of Women groups	85.1	86.7	84.3	87.6	89.05	83.5	-	-	-	-	-	-

Source: Annual Report of the NABARD, Mumbai.

4.1.8 Bank loan outstanding against SHGs

The position of outstanding bank loans to SHG's for the year 2012-13, 2013-14 and 2014-15 is furnished in table 3.6, the data shows there is a growth rate of 16.71 per cent in loan amount of women during 2014-15 as against 7.7 per cent during 2012-13. This shows that there is a decline in the outstanding loan amount from 2012-13 to 2013-14. The growth rate of amount of loan outstanding increased from 6.3 per cent in 2012-13 to 48.47 per cent in 2014-15.

4.1.9 Non-Performing assets

Table 3.7 shows the agency-wise Non-performing Assets (NPAs) of banks against loans to SHGs during 2013 and 2014. As seen from the table amount of NPAs have gone up from Rs.2787 crore during 2013 (7.08%) to 2933 crore as on 2014 (6.83%). The percentage of NPAs to loan outstanding is found to be high in co-operative banks as on March 2014 (6.83%) when compared to other banks, the data further shows that percentage of NPAs to loan outstanding as on 31st March 2014 in commercial banks is 7.02 per cent, followed by 6.26 per cent in regional renal banks and 4.22 per cent in private commercial banks. There is an increase in the percentage of NPAs to loan outstanding to some extent from 2013 to 2014. However, by and large, there is only around 7 per cent of NPAs to loan outstanding amounts in the country.

Table 4.6

OVERALL PROGRESS UNDER SHG-BANK LINKAGE–

LOANS OUTSTANDING AGAINST SHGs DURING 2012-13, 2013-14 AND 2014-2015

(Amount Rs. in crore/ Numbers in lakh)

Particulars	2012-13		2013-14		2014-15		Growth rates (%)					
	2012-13		2013-14		2014-15		2012-13		2013-14		2014-15	
	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
Total SHGs	44.51	39375.30	41.97	42927.52	44.68	51545.46	2.17	7.7	-6.05	8.27	6.06	16.71
% of SGSY Groups	11.93	8597.09	13.07	10177.42	18.46	19752.74	-1.92	6.3	8.72	15.52	29.19	48.47
% of SGSY groups total	26.8	21.8	31.1	23.7	41.32	38.32	-	-	-	-	-	-
All women SHGs	37.57	32840.04	34.06	36151.58	38.58	45901.95	2.9	7.23	-10.30	09.16	11.71	21.24
% of Women groups	84.4	83.3	81.2	84.2	86.35	89.05	-	-	-	-	-	-

Source: Annual Reports of the NABARD, Mumbai.

Table 4.7**AGENCY WISE NPAs OF BANK LOANS TO SHGs (Rs. in crores)**

Agency	Loan outstanding against SHGs Rs.		Amount of NPAs Rs.		Percentage of NPAs to loan outstanding	
	As on 31.3.2013	As on 31.3.2014	As on 31.3.2013	As on 31.3.2014	As on 31.3.2013	As on 31.3.2014
Commercial banks (Public sector)	25371.18	28000.99	2129.23	1966.37	8.39	7.02
Commercial banks (Private sector)	1268.26	1387.42	46.75	58.56	3.69	4.22
Regional Rural Banks	10521.33	11048.95	430.38	691.89	4.10	6.26
Cooperative Banks	2214.63	2490.16	180.06	215.85	8.13	8.67
Total	39375.30	42927.52	2786.92	2932.67	7.08	6.83

Source: NABARD, Mumbai.

Part-II

PROGRESS OF SHGs IN ANDHRA PRADESH

Andhra Pradesh (A.P.) is a prominent state in the Self-Help Group (SHG) movement in the country. This part explains the progress of SHGs in Andhra Pradesh.

4.2.1 Formation of Self Help Groups in Andhra Pradesh

Micro-finance proved to be a boon and Andhra Pradesh was quick to adapt it with high penetration among the rural poor. The state of Andhra Pradesh is considered to be the leader in the SHG movement in the country. The A.P. State Government has taken many proactive steps in promoting SHGs in the state. Women's savings movement started in 1993 as an off shoot of total literacy campaign successfully conducted by the pro-active government initiatives in the southern part of Andhra Pradesh. The State alone account for half of the SHGs organized in the country. The aim of the Government of Andhra Pradesh is to cover all the rural poor women under SHGs. It is programmed to cover at least one woman from a BPL (Below Poverty Level) family as a member of SHGs.

By 2011, more than 14.66 lakh SHGs had been formed in Andhra Pradesh and linked to financial institutions, the highest for any state in the country. These SHGs have been formed and supported mainly by government agencies under various poverty alleviation schemes. Initially, groups were formed under a national poverty alleviation programme called Development of Women and Children in Rural Areas (DWCRA). Under DWCRA, women below poverty line were mobilized to form small groups to take up various income generating activities. The groups were provided with training and matching grant of up to Rs.25,000 to take up income generating activities. Banks were required to provide loan support to these DWCRA groups. Subsequently, the AP state government launched the World Bank supported District Poverty Initiative Project (DPIP) called *Velugu* from 2000- 01.

4.2.2 Indira Kranti Patham

The activities of DWCRA and Velugu were integrated under a programme called Indira Kranti Patham. Indira Kranti Patham is a community based poverty / reduction programme being implemented by a specialised agency called Society for Eliminating Rural Poverty (SERP) constituted by the State Government. The basic objective of this integration is to implement various programmes for strengthening of self-help Groups with similar implementation strategy. SERP is an autonomous society registered under the Societies Act, and implements the project through District Rural Development Agencies (DRDAs) at the District level. The Chief Minister of Andhra Pradesh is the Chairperson of the Society. IKP builds on more than a decade long, statewide rural women's self-help movement. The focus is on deepening the process, providing an institutional structure and developing a framework for sustaining it for comprehensive poverty eradication. It is the single largest poverty reduction project in South Asia.

SERP implements the programme mainly through community based organisations like SHGs. SERP makes use of the existing District Rural Development Agencies (DRDAs) to form and support SHGs. Specialised village based workers have been appointed by SERP for the purpose. These staff have also been given training by SERP on SHG formation and management. SHGs have been formed on a massive scale by DRDAs in all the districts of AP. The state government also has played a proactive role in linking these SHGs with financial institutions. Targets were given to banks at state and district levels to link SHGs to banks. The state government, thus, launched a massive drive for SHG formation and linkage, all over Andhra Pradesh. The role of State Government came as a blessing in disguise to NABARD which was making efforts to sensitise banks and government agencies at all levels about the need for promoting SHG – Bank Linkage Programme (SBLP). The State Government has shown keen interest in monitoring the progress of SBLP. The SBLP has been placed under the purview of the State Level Bankers' Committee (SLBC), the highest body for monitoring the progress of banking developments in the state. The SLBC besides giving annual targets to different banks has been regularly

monitoring the progress of SBLP at state and regional levels. All these efforts of the Government of Andhra Pradesh contributed to the growth of SHGs in the State.

4.2.3 SHG Federations

The spread of SHGs led also to the formation of SHG Federations which are a more sophisticated form of organization that involve several SHGs forming into several village organizations / cluster federations and then ultimately into higher level federations in Andhra Pradesh. SHG federations are formal institutions while the SHGs are informal. Many of these SHG federations are registered as societies, mutual benefit trusts and mutually aided cooperative societies. SHG federation can be shown as below. Thus SHGs are also federated into larger organizations. Such federations take up functions like pensions to old people, insurance services to members, procurement of raw materials and marketing of finished products, accessing community infrastructure facilities, providing market information and other services to the members.

4.2.4 Capacity building

Special programmes have been designed for training and capacity building of the SHGs. Training for skill development and awareness generation through exposure visits is taken up in all the districts of 10,000 volunteers supervising and guiding the SHGs. Regular training programmes are being organized for value addition to DWCRA products and their better packaging and to develop marketing skills among women. Training and Technology Development Centres (TTDC) have been established in each district to introduce innovative technologies for the qualitative improvement of products made by the SHGs.

SHGs are encouraged to come together as Cooperative Societies at the village level and mandal level by federating them under Mutually Aided Cooperative Societies Act, 1995. These societies will be accessing credit from financial institutions, donor agencies, DRDAs and voluntary organizations and help the members of women SHGs in availing bigger loans for economic activities and also help in collective bargaining in the marketing of products, purchase of raw materials, etc.

4.2.5 Marketing

Marketing support is provided to the SHGs through DWCRA Bazaars (market outlets), which have been set up in all the districts. The SHGs are assisted in many districts to develop the branding of their products. Women are encouraged to participate in fairs taking place at the national level and in other states. Leading super bazaars have come forward to tie up with SHGs to market DWCRA products. Some DWCRA products are in high demand. The pickle producing SHGs of Guntur district got orders worth Rs.6.00 lakhs, the lace groups of West Godavari district got export orders.

The income generating activities taken up by the SHGs in Andhra Pradesh and access to the banks and financial institutions attracted the attention of not only other States but at international level also. Many dignitaries from other states and other countries visited Andhra Pradesh and praised the SHG movement and implementation of SHG-Bank Linkage program in Andhra Pradesh. The other State governments are also taking the practice as a model and are sending teams to study the implementation of the program with an aim to implement in the same way in their states.

4.2.6 Pavala Vaddi Scheme (Interest Subsidy)

The Government of Andhra Pradesh especially launched a scheme, namely, Pavala Vaddi Scheme (Twenty Five Paise Interest Scheme) in the year 2004-05 in order to address the interest burden of the loan women SHGs. Under this Scheme, the Government gives an incentive in the form of reimbursement of the interest above 3 per cent per annum on the loans taken by the Self-Help Groups. All the SHGs, which have completed 6 months of loan repayment, become eligible to get benefits from this scheme. The interest incentive will be given every six months, only to those members who have availed the loan and are repaying regularly.

The Government has also issued detailed guidelines for transfer of *Pavala Vaddi* incentive amount directly to the Savings Bank accounts of eligible Self-Help Groups from Core Bank. This initiative has ensured direct benefit to the poor families and guaranteed access to cheap and safe credit in the time of distress.

4.2.7 Progress of SHG – Bank Linkage Programme in Andhra Pradesh

Progress of SHG-Bank Linkage Programme in Andhra Pradesh is analyzed in detail in the following paragraphs.

4.2.7.1 Savings of SHGs with Banks

Table 3.8 shows the savings of SHGs with banks in Andhra Pradesh during 2013-2014 and 2014-2015. It is noticed from the table that there are 14,18,676 SHGs in Andhra Pradesh, which had savings with the banks as on 31st March 2014. The total amount of the savings of these SHGs is Rs.262950 lakhs as on 31st March 2015. There are negative growth rates with regard to savings amount from 2013-14 to 2014-15 in case of commercial banks (-38.20%).

Table 4.8

PROGRESS UNDER SHG-BANK LINKAGE PROGRAMME IN ANDHRA PRADESH – SAVINGS OF SHGs WITH BANKS DURING 2013-2014 AND 2014-2015
(Position as on 31st March) (Amount Rs. in Lakhs)

Sl.No.	Agency	2013-2014		2014-2015		Growth rate between 2013-2014 and 2014-15	
		No. of SHGs	Saving amount	No. of SHGs	Saving amount	No. of SHGs	Saving amount
1	Commercial Banks	987887 (69.6)	299537.69 (85.6)	610750 (69.04)	216735.66 (82.42)	-61.74	-38.20
2	Regional Rural Bank	405420 (28.5)	46368.19 (13.2)	256758 (29.0)	40487.61 (15.39)	-57.89	-14.52
3	Cooperative bank	25375 (1.8)	4056.30 (1.1)	17000 (1.92)	5726.68 (2.17)	-49.26	29.17
	Total	1418676 (100.00)	349962.18 (100.00)	884508 (100.00)	262949.95 (100.00)	-60.39	-33.09

Source: NABARD, Mumbai

Note: Figures in the parentheses indicate percentages to the total.

In Andhra Pradesh, commercial banks, regional rural banks and cooperative banks are playing role in providing micro-finance to the SHGs. The share of Commercial banks as regards number of SHGs is highest in the State (69.04%) during 2014-15, while about 15.39 per cent of the SHGs in the State are with Regional Rural Banks and the rest around 2 per cent of the SHGs are with Cooperative Banks.

4.2.7.2 Bank Loans Disbursed

Table 3.9 shows the bank wise loans disbursed to the SHGs in Andhra Pradesh during 2013-14 and 2014-15. The data shows that bank loans are disbursed an amount of Rs.1332482 lakh to 5,62,315 SHGs during 2014-2015 registering negative growth rate of -137 per cent in the loan amount when compared to 2013-14. Number of SHGs for which SHG loans are disbursed are decreased from 2013-14 to 2014-15. Further, the data shows that out of the total loan amount disbursed to the SHGs, has a negative growth of about 152 per cent of the loans are disbursed by Commercial banks, followed by -111.83 per cent by Regional Rural Banks and -44.77 per cent by Co-operative banks.

4.2.7.3 Bank Loans Outstanding Against SHGs

The data on bank loans outstanding against SHGs in the State as on 31st March 2015 is provided in Table 3.10. It is striking to note that as on 31st March 2015 banks have Rs.1590093 lakhs loan amount outstanding with 810889 SHGs showing a negative growth of 32.95 per cent as against the previous year's figure. The commercial banks are having dominating share in the total loans outstanding with the self-help groups (70%) whereas the RRBs and Co-operative Banks outstanding 28.6 per cent and 0.9 per cent respectively.

Table 4.9
PROGRESS UNDER SHG-BANK LINKAGE PROGRAMME IN ANDHRA
PRADESH – BANK LOANS DISBURSED DURING 2013-2014 AND 2014-2015
(Position as on 31st March) (Amount Rs. in Lakhs)

Sl. No.	Bank	2013-2014		2014-2015		Growth rate between 2013-2014 and 2014-15	
		No. of SHGs	Loan amount Rs.	No. of SHGs	Loan amount Rs.	No. of SHGs	Loan amount Rs.
1	Commercial Banks	342322 (67.9)	909310.05 (68.2)	14890 (51.5)	360028.68 (64.0)	-139.57	-152.56
2	Regional Rural Bank	153917 (30.5)	411622.39 (30.9)	131582 (47.4)	194308.64 (34.5)	-16.97	-111.83
3	Cooperative bank	8112 (1.6)	11549.48 (0.9)	2780 (1.00)	7977.49 (1.4)	-191.79	-44.77
	Total	504351 (100.0)	1332481.92 (100.0)	277252 (100.00)	562314.81 (100.00)	-81.91	-136.96

Note: Figures in the parentheses indicate percentages to the total.

Source: NABARD, Mumbai

Table-4.10
PROGRAMME IN ANDHRA PRADESH – BANK LOANS OUTSTANDING
DURING 2013-2014 AND 2014-2015

(Position as on 31st March) (Amount Rs. in Lakhs)

Sl. No.	Bank	2013-2014		2014-2015		Growth rate between 2013-2014 and 2014-15	
		No. of SHGs	Amount of loan outstanding Rs.	No. of SHGs	Amount of loan outstanding Rs.	No. of SHGs	Amount of loan outstanding Rs.
1	Commercial Banks	921398 (70.5)	1489020.64 (70.4)	574466 (70.8)	1123892.19 (70.7)	-60.39	-32.48
2	Regional Rural Bank	364684 (27.9)	604850.45 (28.6)	221877 (27.4)	447285.75 (28.1)	-64.36	-35.22
3	Cooperative bank	19994 (1.5)	20233.04 (0.9)	14546 (1.8)	18914.92 (1.2)	-37.45	-6.96
	Total	1306076 (100.0)	2114104.13 (100.0)	810889 (100.00)	1590092.86 (100.00)	-61.06	-32.95

Note: Figures in the parentheses indicate percentages to the total

Source: NABARD, Mumbai.

4.2.7.4 Recovery Non-Performance of Bank Loans to SHGs

The data regarding non-performing assets against bank loans to SHGs during 2013-14 and 2014-15 is given in Table 3.11. It is revealed from the table that Non-Performing Assets (NPAs) of banks against loans to SHGs have gone up from Rs.2114104.13 lakhs during 2013-14 (3.29%) to Rs.1590091.94 lakhs (6.80%). The turbulences in the micro finance sector in Andhra Pradesh seem to have some adverse impact on the recovery performance of SHG – Bank Linkage programme during this period. NPA as percentage to loan outstanding is 100.00 per cent in respect of private sector banks, 6.80 per cent in respect of public sector commercial banks, 13.29 per cent in respect of cooperative banks and 3.82 per cent in regional rural banks during 2014-2015.

4.2.8 Self-help Groups in Guntur district

The Society for Elimination of Rural Poverty (SERP) is implementing Indira Kranthi Patham (IKP) project in Guntur District covering 57 Mandals with an objective to elevate the poorest of poor and poor families by empowering them economically, socially duly adopting integrated participatory approach with their own self managed

institutions viz. Self-Help Groups (SHGs), Village Organizations (VOs), Mandal Samakhya (MSs) and Zillah Samakhya (ZS). There are 22,854 SHGs in Guntur district as on 31st March 2011, while the number of SHGs as on 31st March 2010 are 20,948.

Table 4.11

**PROGRESS UNDER SHG-BANK LINKAGE PROGRAMME IN ANDHRA
PRADESH – NON-PERFORMING ASSETS AGAINST BANK LOANS TO SHGs
DURING 2013-2014 AND 2014-2015**

(Position as on 31st March 2015) (Amount Rs. in Lakhs)

Bank	20013-2014			2014-2015		
	Loan amount outstanding against SHGs	Amount of Gross NPAs against SHGs	NPA as % to loan outstanding	Loan amount outstanding against SHGs	Amount of Gross NPAs against SHGs	NPA as % to loan outstanding
Private sector Commercial Banks	1482747.45 (70.1)	54466.28 (78.2)	3.67	20.13 (0.1)	20.13 (0.2)	100.00
Public sector Commercial Banks	6273.19 (0.3)	520.26 (0.7)	8.29	1123872.06 (70.67)	76463.75 (79.5)	6.80
Cooperative bank	604850.45 (28.6)	12792.85 (18.4)	2.12	18914.92 (1.19)	2513.01 (2.6)	13.29
Regional Rural Bank	20233.04 (0.9)	1834.92 (2.6)	9.07	447285.75 (28.1)	17080.00 (17.7)	3.82
Total	2114104.13 (100.00)	69614.31 (100.00)	3.29	1590091.94 (100.00)	96076.89 (100.00)	6.04

Note: Figures in the parentheses indicate percentages to the total.

Source: NABARD, Mumbai

To sum up, SHG-Bank Linkage Programme enabled about 97 million poor households to have access to sustainable financial resources from the banking systems as at the end of March 2011 in India. The steps taken by the NABARD has resulted in tremendous growth of SHGs in the country. The SBLP programme is successful in Andhra Pradesh due to special efforts made by the Government of Andhra Pradesh. However, there are non-performing assets against bank loans to some extent.

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