CHAPTER 1

INTRODUCTION
INTRODUCTION

Financing the rural poor through formal financial services failed to meet the credit requirements in India due to collateral ability and the high transaction costs of banks which made them borrow money from local money-lenders at huge rate of interest. Though Indian Governments made efforts to deliver formal credit to rural poor by setting up Rural, Co-operative and Commercial banks, still they have not worked well due to various reasons. Thus, the inability of formal credit institutions in fulfilling the credit requirements of the rural poor led to the emergence of Micro Finance as an alternative credit system for the poor.

Micro finance is playing a key strategic role in addressing both poverty alleviation and women empowerment in India with its large outreach in evolutionary growth process and has given a great boost to the rural poor to ensure economic and socio-cultural empowerment leading to better life of participating households. Adequate financial support will improve the economic status of the rural poor. Despite the phenomenal increase in the physical outreach of formal credit institutions in the past several decades, still, the rural poor continue to depend on informal sources of credit due to many potential borrowers who cannot offer any collateral and cumbersome procedures and risk perceptions of the banks that left a gap in serving the credit needs of rural poor. This led to a search for alternative policies, procedures regarding savings, loans, other complementary services and new delivery mechanisms that would fulfill the requirements of the poor. In
this context Micro Finance has emerged as the most suitable and practical alternative to conventional banking in reaching out to the un-reached poor. Fig 1.1 shows the role of Micro Finance in eradicating Poverty.

**Fig 1.1: Poverty Eradicate through Micro Finance**

Source: www.thedailystar.net

**MICRO FINANCE ACTIVITIES**

The concepts of ‘Micro Finance’ and micro credit are used interchangeably. But Micro Credit does not include savings; hence Micro Finance is a more appropriate term. Micro Finance is a term used for the practice of providing financial services such as micro credit, micro savings, micro insurance and micro pension to poor people. Fig 1.2 depicts about how Micro Finance Activities have crosses the Financial Hurdle.

**Micro Credit**

Micro credit is a small amount of money sanctioned to a client by a bank or other institutions. Micro credit can be offered, often without collateral, to an Individual or through group lending.

**Micro Savings**

These are the deposit services that allow one to save small amounts of money without minimum balance requirements. These savings accounts allow households to save in order to meet unexpected expenses and plan for future expenses.

**Micro Insurance**

It is a system by which people, businesses and other organizations make a payment to share risk. Access to insurance enables entrepreneurs to concentrate more on developing their businesses while mitigating other risks like affecting property, health or the ability to work.
Fig 1.2: Micro Finance Activities Broken the Financial Hurdle

- Financial hurdle
  - Poverty
  - Financial illiteracy
  - High rate of interest loans
  - Majority portion of earnings used to repay loans
  - Depend upon information from credit
  - Unfortunate Rural women
  - Bad credit needs

SHGs breaking this cycle

Micro Finance

- Self-sufficiency
- Support to family
- Financial literacy
- Better education provided to children
- Reduced dependence
- Improved health care
- Protection against financial illness & crisis
- Systematic feature plans

Escape from poverty / Empowerment themselves
Micro Pension

This is a concept whereby the poor people are sensitized towards the need to accumulate a corpus which will help them to take care of themselves in old age, by saving small amounts during their working lives. The process of creating awareness among the poor towards this aspect can be effectively taken over by NGOs, SHGs, MFIs and Banks. If Banks can provide this service to SHG members, the concept of micro pensions is sure to pave the way for a fairly secure old age for the poor people in the informal sector.

MILESTONES OF MICRO FINANCE IN INDIA

In India, the history of Micro Finance dates back to establishment of Syndicate Bank in 1921 in the Private sector. During the early years, Syndicate Bank concentrated on raising micro deposits in the form of daily/weekly basis and sanctioned micro loans to its clients for shorter period of time.\(^{[1]}\) But Micro Finance came to limelight only when Dr Yunus gave it a mass movement in Grameen Bank experiment. The first initiative to introduce Micro Finance was the establishment of Self-Employed Women’s Association (SEWA) in Ahmedabad City of Gujarat. SEWA was registered as a trade union of self-employed women workers of the unorganized sector in 1972. This trade union established their bank known as SEWA Bank in 1974 with four thousand\(^{[2]}\) union members who contributed Rs. 10 each as share capital. Since then this bank is registered as a co-operative bank and has been providing banking services to poor women and has also become a viable financial venture.

The first major effort to reach these rural poor was made by NABARD in 1986-87, when it supported and funded with an action research project on ‘Saving and Credit Management of Self-Help Groups’ of Mysore Resettlement and Development Authority (MYRADA). For this purpose, a grant of Rs. one million was provided to MYRADA and encouraging results were yielded. In 1988-89, NABARD undertook a survey of 43 NGOs spread over eleven \(^{[3]}\) states in India to study the functioning of the SHGs and possibilities of collaboration between the banks and SHGs in the mobilization of rural savings and improving the credit delivery to the poor, encouraged by the results of field level experiments in group based approach for lending to the poor.

NABARD launched a pilot project of linking 500 SHGs \(^{[4]}\) with the help of banks in 1991-92 in partnership with non-governmental organizations (NGOs) for promoting and grooming Self-Help Groups of socio-economically homogeneous members. In order to meet their credit requirements, in July 1991 RBI issued a circular to the commercial banks to extend credit to the SHGs formed under the pilot project of NABARD. During the
project period different NGOs like Association of Sarva Seva Farms (ASSEFA), Madras; People's Rural Education Movement (PREM) Andhra Pradesh; Development of Women and Children in Rural Areas (DWACRA), Behrampur; Professional Assistance for Development Action (PRADAN), Madurai; and Community Development Society (CDS), Kerala promoted hundreds of groups. The results were very encouraging. In February 1992, the launching of pilot phase of the SHG- Bank Linkage Programme (SHG-BLP) could be considered as a landmark development in banking with the poor.

In order to promote this programme RBI issued instructions to banks in 1996 to cover SHG financing as a mainstream activity under their priority sector - lending portfolio. The programme acquired national priority from 1999 through Government of India budget announcements. With the support from both the governments and the Reserve Bank of India, NABARD successfully spreaded the programme through partnership with various stakeholders in the formal and informal sector. Since the time of its origin, NABARD provides policy guidance, technical and promotional support mainly for capacity building of NGOs and SHGs. Realising the potential in the field of Micro Finance, the government allowed various private players to provide Micro Finance in the country.

**SELF-HELP GROUPS (SHGs)**

Self-Help Groups (SHGs) is the best constituent unit of Micro Finance movement in India. SHGs are small, informal and homogeneous groups of 10 to 20 members each. These groups are supported by banks, NGOs and various other institutions at the village level. Self-Help Groups form with certain objectives such as inculcating the habit of saving and banking among the rural women; to build up trust and confidence between the rural women and the bankers; to develop group activity so that various welfare and developmental programmes can be implemented in a better way with the participation of these women groups; and to achieve women and child welfare programme goals by actively involving these women groups in Universal Immunization Programme, small family norm, Universal Elementary Education and the like. To develop SHGs in a sustainable manner, there are four important stages in the process of promotion of SHGs. Fig1.3 shows the role of the SHGs in acting as a powerful vehicle in the socio-economic condition of rural poor.
Forming Stage

This is the first stage during which the Non-Governmental Organizations (NGOs) explain the concept of Self-Help Groups. After listening to this concept, women usually say that they are prepared to form a group. They give their names but it is observed that there exists an innate fear and anxiety. Some come forward to give their contribution on the same day and some others after two or three meetings. It takes one week to 3 months time between their first meeting and first lending. The group is trained to maintain their accounts. Each member gets her pass-book from the group for her ready reference. The members choose a name to identify their group. Group initiation is the first and fundamental stage in the formation of a sustainable SHG. The activities in this stage have to be undertaken in a planned and sequential manner.

Storming Stage

At this stage, a lot of queries arise in the minds of the members of the Self-Help Groups. The hidden anxiety and fear flare up. The conflict between the individual interest and group interest happen to flash. The members tend to argue with the organizers that their savings will have to be distributed to them after a period of one year or so. When the members are told the self-help group is a continuous process, some of them may withdraw their membership claiming their contributions.

This is a crucial stage for NGOs as the members are clearly educated that the self-help group has been organized, not like a chit fund group, which will be wound up after a said period but for sharing their savings and profits. The members are appraised that the group’s growth is a continuous process which can run not only all through their lives but even for generations if they wish. Any problem will have to be solved only through the
decisions of the members themselves and not by the organizers. At this stage the group members are assured that everyone is the owner of the group and not a nominee by the NGO or any outsider. The members have their sole authority to decide as to what to make as by-laws, whom to select as members, how much to contribute, how much to lend to each individual, how to settle the account if any untoward incident happens to any individual, what welfare activities are to be undertaken for the village, how they can avail credit from banks and facilities from the Government, how to make the credit and lending systems accountable to each member of the group and also the financing institutions, etc.

Worming Stage

At this stage, members want to internalize the concept of Self-Help Groups. In the process of discussions in the group meetings, interactions, contributions, savings and lendings, a mutual trust is being built and established among the members. Once the sense of being together is enjoyed by the group they tend to speak positively about the groups to others. Group morale and group dynamics are found emerging. Collective decision making gains prominence.

Performing Stage

Both the task and the maintenance functions of the group are clearly realized by the members of the group at this stage. Saving, lending and recovery activities go on smoothly with a sense of implied responsibility on the part of the members. They approach the Bankers for further credit assistance. They discuss their family as well as village problems. Social obligations of the group are found articulated. They widen their hopes and thoughts that the group can surely be a tool for achieving socioeconomic development through income generation and empowerment through collective action. At this stage the group matures to function on its own.

The borrowers repay the bank's loan properly. They remit the loan dues to the Group Leader at group meetings and the Group Leader repays the same to the bank. The group undertakes the responsibility of delivering noncredit services such as literacy, health and environmental issues. The concept of SHG moulds women as responsible citizens of the country by achieving social and economic status.

Support to SHGs

Since Independence the Government of India and the RBI have made concerted efforts to provide the poor with access to credit. Still the rural poor continue to depend on informal sources of credit. Banks have also faced difficulties in dealing effectively with a large number of small borrowers, whose credit needs are small and frequent and their
ability to offer collaterals is limited. Cumbersome procedures and risk perceptions of NABARD left a gap in serving the credit needs of the rural poor. Hence, there is a dire need to design effective models for rural credit and economic development. While these can undoubtedly increase bank’s profitability and their impact on availability of affordable rural credit to the poor.

Some research studies conducted by NABARD in early eighties revealed that the country has a wide network of rural bank branches, consisting of 33000 rural branches of Commercial Banks, 14500 RRB branches and 92000 Primary Agricultural Cooperative Credit Societies. These branches were implementing poverty alleviation programmes for creation of self-employment opportunities through bank credit for almost two decades. A large number of rural poor were not benefited from the formal banking system. NABARD is a pioneer in conceptualization and implementation of the concept of Micro Finance through SHG-Bank Linkage Programme in 1992. Micro financing is an increasingly common weapon in the fight to reduce poverty and promote economic growth and well-being of individuals. Micro Finance has evolved over the past quarter century across India into various operating forms and with a varying degree of success.

DOMINANT MODELS OF MICRO FINANCE IN INDIA

The different organizations in the field of Micro Finance can be classified as “Mainstream” and “Alternative”. National Agricultural Bank for Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), Housing Development Finance Corporation (HDFC), Commercial Banks, Regional Rural Banks, the Credit Cooperative Societies etc., are some of the mainstream financial institutions involved in extending micro finance. On the other hand, the alternative institutions have also come up to fill the gap between the demand and supply of Micro Finance.

In India, Micro Finance is provided through the SHG-Bank Linkage Model (SHGBLM) and Micro Finance Institution (MFI) Model. The SHG-BLM developed by NABARD is widely prevalent throughout the country. In this model, the informal SHGs are credit linked with the formal banking system. On the other hand, MFI model is used by the various MFIs which emerged to reach the rural poor in the areas not served by the formal banking sector. These MFIs provide financial services to the individuals or to the groups like SHGs, Joint Liability Groups and Grameen groups. Fig 1.4 depicts the Micro Finance Delivery Models in India.
SHG-BANK LINKAGE MODEL

This model involves Self Help Groups (SHGs) which are financed directly by the Commercial Banks (Public Sector and Private Sector), Regional Rural Banks (RRBs) and Co-operative Banks. They provide Micro Finance services in addition to their general banking activities and are referred to as Micro Finance service providers. This model has emerged as the most dominant model due to its adoption by state-owned formal financial institutions. SHG-Bank Linkage Model (SHG-BLM) is developed in India to provide Micro Finance with the help of vast rural network of the formal financial sector. In this model, the informal SHGs are credit linked with the formal financial institutions. The SHG-BLM has emerged as a dominant model in terms of number of borrowers and loan outstandings. This model is flexible, independence creating, and imparts freedom of saving and borrowing according to the requirements of group members. Due to
widespread rural bank branch network, the SHG-BLM is very suitable to the Indian context. Fig 1.5 shows how Micro Finance through SHG-Bank Linkage Programme is trying to help the Rural Poor in India.

**Fig 1.5: Micro Finance through SHG-Bank Linkage Programme to boost the Rural Poor in India**

Micro Finance movement started in India with the introduction of SHG-Bank Linkage Programme (SHG-BLP). The programme uses SHGs as an intermediation between the banks and the rural poor to help in reducing transaction costs for both the banks and the rural clients. Banks provide the resources and bank officials/NGOs/Government agencies organize the poor in the form of SHGs. Under this programme, loans are provided to the SHGs with three different methodologies:

**Model I: SHGs Formed and Financed by Banks**

In this model, banks themselves take up the work of forming and nurturing the groups, opening their savings accounts and providing them bank loans. Fig 1.6 depicts how banks financed SHGs.

**Model II: SHGs Formed by Agencies Other than Banks, but Directly Financed by Banks**

In this model, NGOs and other formal agencies in the field of Micro Finance facilitate organizing, forming and nurturing of SHGs and train them in thrift and credit management. The banks directly give loans to these SHGs. Fig 1.7 shows how other banks financed SHGs.
Model III: SHGs Financed by Banks Using Other Agencies as Financial Intermediaries

This is the model where the NGOs take on the additional role of financial intermediation along with the formation of group. In areas where the formal banking system faces constraints, the NGOs are encouraged to form groups and to approach a suitable bank for bulk loan assistance. This method is generally used by most of the NGOs having small financial base. Fig 1.8 depicts how banks using other agencies financed SHGs.

Benefits of SHG- Bank linkage Programme

Benefits to the Banks

- An effective rural credit delivery system.
- Reduction in transaction cost and improvement in recovery performance.
- Ensuring better end-use of the loan.
- Profitable proposition as cent per cent refinance is available from NABARD at cheaper rate.
- Simple loaning procedure and documentation.
- Pool of savings mobilized from the rural poor.
- Fostering rural publicity that builds/improves bank linkage.
- Above all, the rural poor reposing confidence on banks.
Benefits to NGOs

- Facilitates deepening of their developmental efforts.
- Leads to synergy in operating social programmes with economic programmes.
- Increases the outreach to the poor through credit plus approach.
- Recognizes NGOs as socio-economic change agents.
- Avenue for performing financial intermediation in unbanked and backward areas.
- Results in NGOs emerging as bridge between banks and the poor.
- Propagates innovative credit delivery approaches.

Benefits to SHGs

- A via-media for development of thrift habit among the poor.
- Access to larger quantum of resources.
- Availability of emergent, consumption/production credit at the door step.
- Scaling up of economic operations.
- Access to various forms of promotional assistance.
- Freedom, equality, self-reliance and empowerment.
- A window for access to better technology/skill upgradation.

MFI-BANK LINKAGE MODEL

This model covers financing of Micro Finance Institutions (MFIs). MFIs are mainly in the private sector. MFIs are different types of financial institutions whose main financial activity is providing Micro Finance only. Many of these institutions are NGOs, Mutually Aided Co-operative Societies (MACS) and Non-Banking Financial Companies (NBFCs). These financial institutions use a hierarchical network starting from the apex wholesale level to the retail level financial institutes. The retail level MFIs borrow funds from apex financial institutions and use their branch network to provide Micro Finance at the doorstep of poor people i.e. SHGs and other small borrowers. This model too is gaining importance due to the massive support it gets from banks, especially from private sector banks and foreign funding agencies.

MFIs Model and Legal Forms

The MFIs in India can be broadly sub-divided into three categories of organizational forms as given in Table 1.1. While there are no published data on private
MFIs operating in the country, the number of MFIs has been estimated at around 800. However, not more than 10 MFIs are reported to have an outreach of 1,00,000 Micro Finance clients. An overwhelming majority of MFIs is operating on a smaller scale with clients ranging from 500 to 1,500 per MFIs. It is estimated that the MFIs account for eight per cent share in the total Micro credit portfolio of formal and informal institutions.

Table 1.1 Legal Forms of MFIs in India

<table>
<thead>
<tr>
<th>Types of MFIs</th>
<th>Estimated Number*</th>
<th>Legal Acts under which Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not for Profit-MFIs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A) NGO-MFIs</td>
<td>400 to 500</td>
<td>Societies Registration Act, 1860 or similar Provincial Acts, Indian Trust Act, 1882</td>
</tr>
<tr>
<td>B) Non-profit Companies</td>
<td>10</td>
<td>Section 25 of the Companies Act, 1956</td>
</tr>
<tr>
<td>Mutual Benefit-MFIs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C) Mutually Aided Cooperative Societies (MACS) and similarly set up institutions</td>
<td>200 to 250</td>
<td>Mutually Aided Co-operative Societies Act enacted by State Government</td>
</tr>
<tr>
<td>For Profit-MFIs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D) Non-Banking Financial Companies (NBFCs)</td>
<td>6</td>
<td>Indian Companies Act, 1956 Reserve Bank of India Act, 1934</td>
</tr>
</tbody>
</table>

Total=700 – 800 *Estimated number includes only those MFIs, which are actually undertaking lending activity.


NGO MFIs

There are large numbers of NGOs that have undertaken the task of financial intermediation. The majority of these NGOs are registered as a Trust or Society. Many NGOs have also helped SHGs to organise themselves into federations, and these federations are registered as Trusts or Societies. Many of these federations perform non-financial and financial functions like social and capacity-building activities, facilitate training of SHGs, undertake the internal audit, promote new groups, and some of these federations are engaged in financial intermediation. The NGO MFIs vary significantly in their size, philosophy, approach and bylaws of these institutions are generally restrictive in allowing any commercial operations.

Mutual Benefit MFIs

The State Co-operative Act did not provide for an enabling framework for the emergence of business enterprises owned, managed and controlled by the members for their own development. Several State Governments, therefore, enacted the Mutually Aided Co-operative Societies (MACS) Act for enabling promotion of self-reliant and
vibrant Co-operative societies based on thrift and self-help. MACS enjoy the advantages of operational freedom and virtually no interference from Government, due to the provision in the Act that they should not accept share capital or loan from the State Government. Many of the SHG federations, promoted by NGOs and development agencies of the State Government, have been registered as MACS. Reserve Bank of India, even though providing financial service to its members, does not regulate MACS.

For Profit MFIs

Non Banking Financial Companies (NBFCs) are companies registered under the Companies Act, 1956 and regulated by Reserve Bank of India. Earlier, NBFCs were not regulated by RBI but in 1997 it became obligatory for NBFCs to apply to the RBI for certificate of registration and they are supposed to have minimum Net Owned funds of Rs 25 lakhs. The RBI has introduced a new regulatory framework to accept public deposits by NBFCs, and are subject to capital adequacy requirements and prudential norms. There are only a few MFIs in the country registered as NBFCs. Many MFIs view NBFCs as more preferred legal form, and are difficult to meet the requirements stipulated by the RBI. Fig 1.9 depicts how Banks and MFIs Provide Micro Finance Support to SHGs.

Fig 1.9: Banks and MFIs Provide Micro Finance Support to SHGs

Source: www.linkedin.com
RESEARCH METHODOLOGY

Significance of the Study

Micro Finance has made tremendous strides in India over the years for alleviating poverty. In view of the large outreach and pre-dominant position of this Micro Finance programme gradual and evolutionary growth process has given a great boost to the rural poor in India to reach reasonable economic, social and cultural empowerment, leading to better life of participating households. The Self Help Group Bank Linkage model is a shining star in the galaxy of Micro Finance the SHG programmes. In India it is the world's largest Micro Finance programme by an enormous margin. The Self Help Groups (SHGs) movement has been accepted as an effective powerful device and an effective medium for delivering credit to the poor. Though SHG-BLP made an impressive progress during the last two decades of its existence, still there is a need to bring it a step towards the “unbanked” poor into the mainstream of banking channels. Therefore, the present study aims at evaluating the practices involved Micro Finance through SHG-BLP with a view to ascertaining the responsiveness of beneficiaries and bankers.

Statement of the Problem

YSR District is one of the drought-prone, poverty stricken and backward Districts in Andhra Pradesh (AP). The women in YSR District are beset with socio-economic problems. The position of women is underestimated and underreported in terms of education, social recognition and their contribution to the economic life of the society in general and family in particular. Even though the emerging changes are pressing in the attitude and life styles of the society the access to the financial markets has become difficult to the poor women. Still women want to be self-reliant for supporting their families and for self recognition. Hence, there is a need to implement several initiatives by the Government, RBI, and NABARD to bring the women poor into the fold of formal financial services. SHG-BLP which started to link the “unbankable” rural poor to the formal banking system, caters to the micro credit needs of the rural poor, and now has spread to every nook and corner of the country.

The success of the SHG-Bank Linkage model depends critically on the tasks of promoting, nurturing, strengthening and monitoring SHGs. Since the recent past, there has been an incredible growth and success was observed in SHGs. Despite the growth and success of SHGs, they suffer from various drawbacks like inefficient leadership, non-co-operation among the members, poor management, poor internal control and the like. Hence, the present study is a modest attempt to critically examine the purpose for which
members join SHGs, the progress of Microfinance SHG-BLP lending pattern, saving pattern, extent of decision making power, loan utilization, recovery of loans and impact of SHGs on monthly income and the like in the study area.

REVIEW OF LITERATURE

Research is indispensable tool and forms the basis for the promotion of Self Help Groups through the support of Micro Finance which helps to alleviate poverty and improve the standard of living and leads to the economic development of the country. Several studies were made to evaluate the progress of Micro Finance through SHG-Bank Linkage Programme: A Study of Select Commercial Banks in YSR District, Andhra Pradesh. To provide necessary background for the present study, an attempt is made here to review briefly important research surveys and studies.

Books and Thesis

Shadidur R. Khandker (1998) in his study focuses on the cost-effectiveness of micro-credit programmes as an instrument of poverty reduction. This study shows that micro-credit programme are an effective policy instrument for reducing poverty among poor people with the skills to become self employed. It also shows that such programmes are more cost-effective than some other types of antipoverty programmes. Micro-credit programme was found to be particularly important for Bangladeshi women many of whom are restricted by social custom from seeking wage employment. Their only source of income is self-employment, and they face difficulty in accessing individual lending programmes. Defying traditional wisdom, women have proved to be excellent credit risks. Findings will be of particular interest to government decision-makers, international donors, and practitioners of micro finance.

Sam Daley-Harris (2002) writes about how the poor women with the help of Micro Finance break the clutches of poverty. The book is divided into 6 chapters. In the 1st chapter, author Anton Simanawitz with Alice Walter write about how to reach the poor while building financially self-sufficient institutions. 2nd chapter authored by Christopher Dunford describes sustainable integration of Micro Finance with education in child survival, reproductive health and HIV/AIDS prevention for the poorest entrepreneurs. 3rd chapter authored by John K Hatch with Sara R Levine and Amanda Penn is completely dedicated to innovations in the field of Micro Finance. 4th chapter authored by Susycheston and Lisa Kuhn is all about empowering women through Micro Finance. This chapter comes out with various women illustrations where they have made a remarkable change in their lives through Micro Finance. 5th chapter authored by David S Gibbons and
Jennifer W Meehan describes financing Micro Finance for poverty reduction. Last Chapter describes policies, regulations and system that promotes sustainable financial services to the poor and the poorest.

Dr. Shankar Chatterjee (2004) \cite{10} focuses his attention on outcome of two studies—one in Jaunpur district of Uttar Pradesh and other one of Ahmed Nagar district of Maharashtra carried out by him for NIRD. The two studies were taken up to assess the formation of Self-groups (SHGs) and implementation of Swarnjayanti Gram Swarozgar Yojana (SGSY) in both districts. Many social scientists believe that poor can be empowered only through Self-Help Group approach, as the integrated rural development programme, which was based on family approach, could not make a dent on eradicating poverty, inspite of continuing it for more than two decades. Keeping this in mind self-help-group approach (SHG) has been adopted in SGSY.

Amal Mandal (2005) \cite{11} brought out the importance of SHGs in poverty alleviation, as the groups are organized on the basis of self help and mutual help. The author expresses the view, that the group approach is the only way to meet the financial needs through thrift and inter-loaning on rotation basis. If SHGs are guided by external agencies the results will be more encouraging.

Priya Basu (2006) \cite{12} examines the current level and pattern of access to finance for India’s rural households, evaluates various approaches for delivering financial services to the rural poor, analyses what lies behind the lack of adequate financial access for the rural poor, and identifies what it would take to improve access to finance for India’s rural poor. Based on the analysis of a large-scale rural household survey, in combination with an evaluation of the role of financial markets and institutions, he also examines different forms of financial service provision, including formal, informal and Micro Finance, raises questions about approaches used so far to address financial exclusion, and makes recommendations for policy advisors and financial service providers on how to scale-up access to finance for India’s rural poor, to meet their diverse financial needs(savings, credit, insurance against unexpected events, etc.), in a commercially sustainable manner. Its conclusions will be of interest to anyone involved in economic policy, or Micro Finance, poverty analysis, and poverty reduction.

Meeralal (2007) \cite{13} addressed efficiency, effectiveness and sustainability of the strategies, which aim at poverty reduction and women empowerment. The SHG bank linkage model in the states of Andhra Pradesh and Karnataka-(States with largest number of SHGs), will reveal not only the success stories but act as models for others. The
evaluation of the study showed under unique model, emphasizing the critical role of commercial banks with public and private sector, as well as those of NBFCs and NGOs, who have also been instrumental in the propagation of SHG movement in India. The basic emphasis is on corrective measures to make this model sustainable.

Yunus Muhammad (2007) [14] confirms a new type of enterprise which will be self-sustainable. He describes two types of social business. In one of the social businesses, investors will get their capital back, but, profits will be injected back into the company to continue to achieve its objectives. The second type of social business enterprise is a for-profit model but owned by the poor such as Grameena Bank. This book goes in depth explaining author’s “Next Big Idea” social businesses and also presents some ideas on how corporations and individuals can take part in achieving a “world without poverty”.

K Hemasundara Raju (2007) [15] studied the economic impact of micro-credit on SHG members and SHG operations deeply. For the purpose of study 120 SHGs, 360 members and 120 branch bankers were selected. A major observation of his study is rural credits, savings capacity and income generation Opportunities of SHG members. From the study K. Hemasundara Raju has suggested promoting skill based training to SHG leaders, improving the savings and urged public sector bankers to follow innovative ideas to recover of loans from SHG members. And reduce time period between the previous loan and grant of repeat loan.

Anushree Sinha (2008) [16] said the impact and sustainability of SHG bank linkage on the socio-economic conditions of the individual members and their households in the pre-SHG and post-SHG scenarios. The study was conducted for India as a whole covering six states (Andhra Pradesh, Karnataka, Maharashtra, Orissa, Uttar Pradesh and Assam) from five different regions, namely the south, west, east, central and north-east. The overall findings of the study suggest that SBLP has significantly improved the access to financial services of the rural poor and had considerable positive impact on the socio-economic conditions and the reduction of poverty of SHG members and their households. It has also reportedly empowered women members substantially and contributed to increased self-confidence and positive behavioral changes in the post-SHG period as compared to the pre-SHG period. The results of the analysis show that SHGs have been performing better not only as providers of financial services in terms of augmenting savings, lending and ensuring loan recovery, but also in terms of awareness creation and empowerment.
Brigit Helms (2008) [17] expressed his opinion that Micro Finance has proven to be effective tool for reducing poverty and helping poor people improve their lives. And yet a diverse range of potential clients still lack access to an array of financial services—not just credit for enterprise but also a safe place to save, the ability to transfer funds to family members, insurance against sickness or other household disasters, and other ways to mitigate risk in vulnerability. The challenge today is to engage more types of distribution systems, more technologies and more talent to create financial systems that work for the poor and boost their contribution to economic growth. This title explains what this new vision of Micro Finance means in practical, non-technical terms.

Frances Sinha (2009) [18] studied SHG as a means of reaching rural women with savings and credit services, and it has taken off dramatically in India, where an estimated 25 million women are members. Their benefits are social as well as economic: SHGs encourage women to become active in village affairs, or take action against domestic violence, the dowry system, or the lack of schools. It explores both social and financial performance in the SHG movement. This text reveals that whilst there are important achievements, especially on the social side, without more strategic attention and more resources these are unlikely to be sustainable.

B Malleshwari (2009) [19] assessed the impact of Micro Finance on respondents, evaluated the repayment behavior and participation of women beneficiaries in decision-making. For the purpose of study 36 SHGs and 360 SHG members and a control group consisting of 90 members were taken as sample. A major observation in her study is improvement in savings, employment and participation in decision making among SHG members. From the study B Malleshwari has suggested improvement of training facilities to the SHG members, reduction in the communication gap between the banker and beneficiary and computerization of all rural branches.

M S Rama Devi and S Tabassum sultana (2009) [20] prove that SHGs need more financial support to continue and expand their activities. In the study it is observed that, along with the financial support, SHGs need comprehensive and continuous support until they become self-sustainable entrepreneurs. Only then, activities will continue without termination. The SHGs require more proactive and involved encouragement and advocacy to make them more successful.

Dr U Jerinabi and T Lalitha Devi (2009) [21] opined that SHG-Bank linkage programmes helped the rural women to achieve social rights. The study finds that majority of the respondents reported significant improvement in their ability to face problems on
health and financial aspects. The study concludes that the participation of women members in household decision-making process, their level of housing position and household assets has considerably improved.

M. Prasad Rao (2010) Study Raigad compare with Thane in Maharashtra, Visakhapatnam from AP are mutually related as the majority of population of the study belongs to Tribal group and dominantly falling in the criteria of BPL. The coastal boundary, tourism, availability of rural poor and trial villages makes it very much similar to Raigad. The denoted districts are technically suitable for the SHG and Bank Linked Activities. The SHPIs and SHGs which have been promoted by them were very less influential at Raigad and Thane districts than other districts. This study found Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings and credit (S/C), as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.).

Veena Kumari (2010) conducted research on Women Empowerment and Development through Micro Finance in India to study relationship between Micro Finance availability and economic development and to measure women empowerment through Micro Finance which suggests that Micro Finance institutions and SHGs are new means to reduce poverty in general and empowerment of women in particular.

Deepty Bansal (2010) focused on the impact of Micro Finance programme on poverty alleviation, employment generation and women empowerment of the programme participants. The study is based on the hypotheses that Micro Finance programme generates employment, reduces poverty and empowers the women participants of the programme. The MFIs may play an important role to reach the poor especially in those areas where bank branch network has not reached. Therefore, government should provide a supportive environment to encourage NGOs and MFIs to participate in delivering Micro Finance in Punjab.

Gagan Bihari Sahu, Surjit Singh (2011) studied the impact of Micro Finance on women's empowerment. Micro Finance has got women together and also empowered them. In a basic sense, very little is known about what it has achieved in terms of closing the gender gap on aspects such as: Women's ownership of and control over assets, women holding custody of income, women gaining access to domestic and community economic/other resources, women's economic versus other roles, women's indebtedness,
women's economic, social and political empowerment, duration of membership and women's empowerment.

Salem Sreeveena (2011) [26] examined the evaluation of the SHG performance and its impact on Micro Finance in transforming the socio-economic status of SHGs and SHGs members, regarding problems of bank officers. For the purpose of study 152 SHGs, 300 SHG members and 46 bank officers were taken as sample. From the study she has suggested to improve the savings, in time loan repayment, and bank officers felt the need in separate cell for each bank for monitoring SHGs activities.

Dr. Prakash Bakshi (2012) [27] said that SHG-BLP has been recognised as a decentralised, cost effective and fastest growing Micro Finance initiative in the world, enabling over 103 million poor households' access to a variety of sustainable financial services from the banking system by becoming members of nearly 8 million SHGs. The linkage with banks has provided the members of the Groups the facility of not only pooling their thrift/savings and access to credit from the banking system, but also created a platform through which they could launch a number of livelihood initiatives and also facilitate the empowerment process. Almost 100 per cent of the SHGs are linked to Banks at the pilot stage from southern states; it is widely believed that the SHGs of the poor will be the vehicles leading the march of India's emergence as a super economic power in the next decade.

Anand Kumar Rai (2012) [28] said in his study that Micro Finance is one of the ways of building the capacities of the poor who are largely ignored by commercial banks and other lending institutions and graduating them to sustainable self-employment activities by providing them financial services like credit, savings and insurance. Bangladesh has been the pioneer in the field of Micro Finance movement and a significant contribution to the development of the country has been made by the several MFIs. Grameen Bank, BRAC, ASA and Prashika are some of them. Therefore it is interesting to compare the financial performance of MFIs of India and Bangladesh and to see where they stand against each other. This study has found that from last five years i.e. from 2005 till 2010, the Indian MFIs have performed better than the MFIs of Bangladesh. in most of the financial indicators. Portfolio quality in India is far better than the one in Bangladesh. In terms of outreach or the absolute number of active borrowers both the countries are at the same level.

Dr. B.S. Suran (2013) [29] expressed his opinion that the journey so far traversed by the Self Help Group-Bank Linkage Programme (SHG-BLP) crossed many milestones. It had tremendous impact on the social status of the poor rural women who are becoming
bread earners of their households through the instrument of SHGs. The rapid growth of SHG-BLP also led to more aggressive targets-new set of milestones, often at the cost of quality. The findings of the study show NPAs of loans to SHGs by banks bring these structural deficiencies to the fore. The mushrooming of the Micro Finance Institutions (MFIs) smelling the “business opportunities” with the poor, also led to an unhealthy trend of more and more credit being pumped without proper appraisal of the loans and before assessing their capacity to repay. It has a highly negative impact on the micro credit initiative in the country.

Anil Kumar N (2013) [30] found in his study that NGOs nurture the SHGs which help the members to achieve physical infrastructure and also to improve their quality of life. NGOs have a key role in organizing members to increase their confidence give training to improve their skill and market support for income generation activities.

Susmita Patel (2013) [31] observed the improvement in their capacity, confidence, attitude and self-worth in the life of the women members in both the areas under study. The SHGs provide them the platform for regular interaction which strengthen mutual trust, cooperation and networking among them. It in turn helps in building and bridging of social capital in the local communities. In the aspects like participation, decision making, confidence, networking the changes/improvements are seen to be comparatively high among tribal women than their non-tribal counterparts. Both in tribal and non-tribal regions the SHGs have made greater impact in changing the life perspective of women and their inclusion in the mainstream. The group approach also helps the people specially the poor and marginalized women in getting justice, self-reliance and inclusiveness by mobilizing their internal strength and social reciprocities.

Shri P. Satish (2014) [32] made an in-depth analysis of the data on Micro Finance compiled from progress reports submitted by Commercial Banks, Regional Rural Banks and Cooperative Banks, besides Regional Offices of NABARD and other stakeholders. Encompasses ground-level data on SHG-Bank Linkage Programme, the number of SHGs savings/credit linked, loans disbursed/outstanding, recovery performance/NPA position, progress in JLG financing, bank loans to MFIs and a brief on various initiatives undertaken by NABARD for the overall development of the sector.

J.Shirisha (2014) [33] revealed that Socio-economic and nutritional status was assessed by collecting information on demographic profiles, income, occupation, expenditure pattern, anthropometric measurements, clinical observation, frequency of food
and diversity and nutrients intake was measured and analysed the difference between the SHG and Non SHG households. The results showed that there is no impact of SHGs on nutritional status of households in terms of nutritional anthropometry, food intake, and diversity of diets. Increased income availability from SHGs was proven in many ways like increased income and asset possession but not in terms of increasing nutrition.

Mr. Sangram Charan Panigrahi (2014) concluded that the provision of credit through SHGs helps to raise the economic status of rural households. Similarly association with SHGs allows women to participate in decision making process, raise their work independency and change their attitude towards wife beating. The members of SHGs are found to gain more knowledge not only in terms of banking activity but also in terms of financial activities like, calculation of rate of interest, profit etc. The result also shows a significant decline in the lending of informal loans, number of migrants and degree of marital control in the borrower households as against non borrower households. One of the recommendations of this study is in favor of providing training and entrepreneurial skill to members regarding use of credit for non-agricultural purposes. This would help in solving the problem of seasonal unemployment in the rural area. Besides, this research also recommends quick supply of loan and removal of middle-men in the SHGs programme for better transparency.

Dr Harsh Kumar Bhanwala (2015) opined in his study that the Self Help Group Bank Linkage model is a shining star in the galaxy of Micro Finance programmes. The SHG programme in India is the world's largest Micro Finance programme by an enormous margin. It is potentially the best Micro Finance programme in the world for a variety of reason and the key reasons for its success is its link with the poor people. The SHG-BLP is also the largest coordinated financial inclusion programme and NABARD has always strived to broad-base the ownership of the programme amongst different stakeholders like banks, NGOs, Govt. etc. It is not simply a loan interface with the poor but a holistic social contact programme with mutual benefit for the banks as well as the SHGs.

Articles and Journals

Raju Y.B and Firdousi (1997) studied about working of DWCRA programme in three districts of Andhra Pradesh and reported that the scheme helped in getting full-time employment to 100 per cent women members and that as many as 50.75 man days of employment in a were created for the men folk. In the post-DWCRA period, Percentage of families earning less than Rs 300 per month had substantially declined in all three Districts. About 39 per cent of groups moved to income level higher than RS 500 per month in
Adilabad District compared to 30 per cent in Prakasam District, whereas in Kadapa District 22 per cent of the groups additionally moved over to Rs 1000 and above income levels. High propensity to save was noticed among the groups.

Y. Indira Kumari and B. Sambasiva Rao (2001) focus on the emergence of women SHGs and their impact on Andhra Pradesh. They found that the SHG women of this study found to be engaged in petty trades and businesses including tuff-making, candle making, purse making, leaf plates and basket making, internal lending, etc., which belong to DWCRA groups. Only 34 groups were provided with assistance and the rest of the groups functioned with their own savings. It was suggested that the government must provide more assistance to SHGs so that income, savings, and their expenditure would increase. It was concluded that despite the Bottlenecks the DWCRA groups could cross the poverty line.

V.K. Singh, R.K. Khatkar and S.K. Sharma (2001) in their empirical study on the impact of SHGs in Hisar District of Haryana collecting data from seven SHGs underlined that the micro financing through SHGs is a better system for inculcating the habit of Self-Help among the rural poor. Loan is given for all purposes simply by producing a three rupee stamped affidavit with the surety of other members. The recovery was 100 per cent. The loan is used for purchase of animals, to start small business, to solemnize the marriage of their dependents, to meet out the emergency needs, educational expenses, social obligations etc., These groups have also freed the members from moneylenders and saved from exploitation. The members did not mind paying higher interest as it goes to the group fund.

Suneetha (2002) in her study of rural poor covered by DWCRA scheme in A.P. made a particular reference to Kodumur mandal in Kurnool District. The study revealed that DWCRA members obtained an incremental income. With regard to matters like sending girl children to school, immunization of children, and acceptance of small family norms and preventing Social evils like manufacture of illicit liquor, DWCRA members were better off than non-DWCRA members. The members felt that thanks to economic independence obtained through DWCRA, they could spend more on nutritious food, clothing and on children's health and education.

Malcolm Harper (2002) studied the different ways in which Self Help Promotion Institution (SHPIs) promote Self Help Groups (SHGs), in order to enhance the efficiency and quality of the SHG promotion process. The study recommends for redesign and testing of incentive schemes for NGOs and individuals in order to cover the full costs
of the SHPI. Non-management bank staff has to be encouraged to promote SHGs. A regular national SHG sample survey should be put in place, to enable NABARD to monitor SHG quality and to delegate the management of SHG promotion to banks.

N Ramakrishna, P Raghu Sastry, S Subbareddy (2005)\(^{(41)}\) focused on the impact of Micro Finance through Self-Help Groups (SHGs) on rural economy in Chittoor District of Andhra Pradesh. The total sample for the study consisted of 20 SHGs and 40 members involved in activities like milk business, petty business, fruit business and vegetable business. The study compared the socio-economic conditions of members in the pre and post-SHG situations (spanning an average of three years). In the selected business activities, the beneficiaries have improved the business turnover in the post-SHG situation and in turn the net income increased.

Ranjulabali swain (2007)\(^{(42)}\) carries out an investigation through interviews and focus group discussion on the activities of Self help group members and probes into whether these activities truly empower women or not. The study reveals that only fraction of these activities are truly empowered the participating women. For the purpose of this study 1000 households based on the quasi-experimental sampling design were surveyed. In addition to a control group was also selected. The idea behind choosing the control group was to compare it with the group of SHG beneficiaries and get impact of the SHG programme on empowering the beneficiary women.

Navin Bhatia (2007)\(^{(43)}\) stated that the mechanism of lending through Self Help Groups (SHGs) has gained wide popularity during the last few years and has been adopted as an important strategy by banks for lending to the poor. The study showed that the amount and frequency of loans availed by SHG members was low in relation to their savings. It pointed out that if the members were availing loan for first time then it would be considered adequate. However, the study suggested that the loan amount should increase considerably as the time period increases. The study also finds out that SHGs performance is very good under the supervision of the banker. And leadership issues were among the major causes for disintegration of SHGs.

Shiralashetti and Hugar (2008)\(^{(44)}\) analyze on the progress of SHG and their linkage to bank. The study was based on the secondary data collected from annual reports of the NABARD. The main objectives of the study were examining the progress of SHGs and bank linkage in India and in Karnataka state and to study the District-wise bank linkage of SHGs in Karnataka State. They concluded that SHG movement is a powerful tool for alleviating poverty.
Sanghwan (2008) [45] studied the extent financial inclusion across various states. He also tried to examine the role of SHG bank linkage programme in achieving financial inclusion. The study suggested a significant role of SHG led a programme in achieving financial inclusion. Beside this, it also tried to examine the role of other factors like banking density, financial literacy and per capita income in achieving financial inclusion.

Baskar D (2009) [46] focus on depiction of women SHGs promoted by the rural development trust, which is registered under the Rashtriya Mahila Kosh (RMK) in Kanchipuram District. The study reveals that the women play an active role in the activities of SHGs. It was found that the income of women increased after joining the groups. Thereby, their monthly household expenditure also rose to a considerable level. The good practice of the women SHGs in the study area is repayment of loan in time. He concludes that the contribution of SHG is yet another step in the enlistment of the socio status of women and it also proved that the economic activities of SHGs are also quite successful thereby increasing their status in Kanchipuram District of Tamilnadu.

Dr. Amrit Patel (2010) [47] revealed that the number of poor people who were benefited from micro-credit programmes has grown more than five times from 1997 till the end of 2001. While there is no dearth of financial resources as well as problem of repayment under micro-credit programme, there is need for well organized and committed Micro Finance institution through which the credit can be channeled and made available to poor households individually or in groups in India. Successful operation of micro-finance programmes in Indonesia and other countries sharply focus on adoption of flexible area-based operating procedure, designing products, loan approval and disbursement system, loan collection policy and procedure, loan portfolio management and designing saving instruments as a part of best practices of sustainable institutional Micro Finance.

S. Sarumathi and Dr. K. Moha (2011) [48] found that the Micro Finance is a type of banking service that is provided to unemployed or low-income individualizer groups who would otherwise have no other means of gaining financial services. Micro Finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro Finance and SHGs are effective in reducing poverty, empowering women and creating awareness which was finally results in sustainable development of the nation. The main aim of Micro Finance is to empower women.

K P Kumaran (2011) [49] examined the role of Self Help Groups in addressing some of the problems faced by persons with disabilities such as social exclusion, discrimination,
lack of awareness about their rights and privileges and absence of livelihood. For the purpose of study one hundred persons with disabilities were randomly drawn from SHGs in two Districts in Andhra Pradesh. An interview schedule was used to collect information. The findings of the study is being, before joining the group, most of the persons with disabilities confined to their houses and were less productive and incapable of leading a normal life. After joining the groups, they came out of their seclusion and started to work together for their collective welfare and development. Self-Help Groups were very effective in helping persons with disabilities to come out of their isolation and in promoting their participation and inclusion in societal-mainstream.

Prabhakara (2012) [50] studied the role of Micro Finance in bringing about women empowerment. The researcher has analyzed how the Micro Finance which was made available through SHGs empowered its members. The data was collected from 64 SHG members who were under the guidance of an NGO, Sree Kshethra Dharmasthala Rural development project in Dakshina Kannada District, Karnataka. Pearson’s Correlation was used as statistical tool for analyzing the data. A researcher pointed out that Micro Finance leads to Self Help Groups to be a substantial tool for development of the weaker sections of the society. The study shows that there is a remarkable improvement since joining SHG. Status and recognition of women in the society has improved after joining the SHG.

Vijayalakshmi, Gowda, Jamuna, Ray, & Sajjan, (2012) [51] concluded that SHG were improving the standard of living of all families who came in the project area. Appropriate strategies for empowerment of SHG women were addressed through organizing appropriate trainings both on and off-campus, including higher level trainings, follow-up activities, providing relevant leaflets and folders, exposures besides recognizing and encouraging women to come forward and take up processing and of linger millet products with addition values and income generating activities.

S. Porkodi and Dr. D. Aravazhi (2013) [52] analyze at present the MFIs want the Government to empower them for mobilizing savings. With increasing demand for rural finance, and the inadequacies of formal sources, the MFIs have immense opportunities in the new avatar of micro credit in India. However, in the light of recent experiences, and the need for qualitative growth, we suggest that MFIs should be managed with better scrutiny in terms of finance and technology as well as social responsibility. The Micro Finance Institutions are an integral part of financial inclusion and instrumental in providing in last mile connectivity. But there needs to be a balance. They should be kept viable but within certain boundaries. At present, these MFI across the country is under
stress. The Reserve Bank of India has set up a committee under the chairmanship of Mr. Y. H. Malegam to examine the issues about confronting the Micro Finance industry, including their interest rate structure and make recommendations.

G. Bhoopathy (2014)\(^{[53]}\) stresses the role of continuous succeeding doses of Micro Finance loans and ensuring its yield oriented utilization, for achieving the targeted objectives of Micro Finance programmes. Among the six factors identified (Micro Finance related factors, household factors, assets, marital status, personal factors and social factors) through factor analysis, Micro Finance related factors are found to be more significant with positive influence on women empowerment. But in the study area the SHGs members are suffering a lot to run their family even though they have plenty of opportunity in Namakkal district.

Parivina A. Toragall (2014)\(^{[54]}\) studies women empowerment through self help groups in Bagalkot Area. It is found that the economic factor has been changed after joining the Self Help Groups. There are emerging issues that need to be addressed to the role of women in the long run. It is clear that members involving in their own voluntary organizations, by achieving social status and also by providing employment opportunity by creating positive environment within the society and by inspiring women in the society, many small scale units can be started by providing Micro Finance which helps to achieve a vast scale. The self help group is important in re-strengthening and bringing together of the human race. The more attractive scheme with less effort is “Self Help Group” (SHGs). It is a tool to remove poverty and improve the women entrepreneurship and financial support in India.

R. Evangeline (2015)\(^{[55]}\) advises that Self Help Group is a suitable means for the empowerment of women. In rural areas the women micro entrepreneurs continue to produce the traditional designs for local markets. Women in Self Help Groups produce a large variety of essential products. Like village crafts and homemade snack foods, many are engaged in retail trading of groceries and textiles. These enterprises represent a substantial supply resource for semi-urban and urban markets. The SHG-Bank linkage programme has surely emerged as the dominant micro credit dispensation model in India. Micro credit to women provides a stable and sustainable source of income that enables them to climb steadily out of poverty, while providing better living conditions and opportunities for their families.
Need for the Study

Though many studies were undertaken in the past on microfinance, comprehensive studies covering its various dimensions like the performance of SHGs, impact of microfinance in transforming the socio-economic profile of the SHG members and perceptions and problems of bank officials regarding SHGBLP are very few. In particular there is no research study on microfinance in YSR District of Andhra Pradesh state covering all these dimensions. Hence the present study is a modest attempt to fulfill the research gap in order to bring the fruitful results for the development of the rural poor.

Objectives of the Present Study

The specific objectives of the study are:

- to review the progress of microfinance through SHG-Bank linkage programme in India vis-a-vis A.P;
- to appraise the performance of SHGs under SHG-Bank linkage Programme in YSR District;
- to evaluate the impact of Micro Finance on socio economic status of SHG members; and
- to scan the perceptions and problems of Bank officials on SHG and bank linkage.

Hypothesis of the Study

The following hypotheses are formulated:

- there are no significant regional differences among the number of SHGs linked with Bank in both country and state levels;
- there are no significant differences community-wise and bank-wise in the growth of saving pattern of SHGs;
- there are no significant differences community-wise and bank-wise in SHGs and their members in the use of soft loan facility;
- there are no significant differences community-wise and bank-wise in SHGs and their members in repayment of SHG-bank loans; and
- there are no significant differences in bank-wise loans given to SHGs.
Sample Design

The universe of the study is confined to YSR District only. In the District eight Nationalized Commercial Banks, two Private Commercial Banks, and one Regional Rural Bank (Andhra Pragathi Grameena Bank) are linked with SHGs. From these two nationalized commercial banks are chosen purposely for the present study. They are State Bank of India (SBI) which is one of the major nationalized banks and Syndicate Bank which is a lead bank in this District.

Multi-stage sampling technique is adopted in the study. As sample for the study, bank branches in the first stage, SHGs in the second stage, Self-Help Group members in the final stage were selected.

The total number of bank branches in the three revenue divisions are 83 (SBI 57 branches and syndicate bank 26). Of these two branches one from SBI and one branch from Syndicate bank in each revenue division are conveniently selected for the study i.e. nine bank branches. The SHGs of the total sample bank branches are 1757. From these four per cent of the groups i.e. 70 were finally taken into account as the sample groups. The number of members in the groups is 732. Of that, 50 per cent (i.e. 366) of the members are considered as sample respondents for the study. The sample frame work of the study is given in Table 1.2.

Sources of Data

The study makes use of both the primary and secondary sources. The required primary data is collected through formal schedules. Three individual schedules are administered to gather the data from bank officials, SHGs and members. The related secondary data is gathered from the records of SHGs, District Rural Development Agency (DRDA), Society for Elimination of Rural Poverty (SERP), District Statistical Hand Book, NABARD, Micro Credit Innovations Department (MCID), websites, journals, newspapers, magazines and the like.

Period of the Study

The eight-year study period is more relevant to derive meaningful and useful inferences. Therefore, the study period is commences from 2007-08 to 2014-15.
Table 1.2: Description of Selected Sample SHGs Linked with Banks in YSR District, Andhra Pradesh

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Kadapa State Bank of India</th>
<th>Kadapa Syndicate Bank</th>
<th>Rajampet State Bank of India</th>
<th>Rajampet Syndicate Bank</th>
<th>Jammalamadugu State Bank of India</th>
<th>Jammalamadugu Syndicate Bank</th>
<th>Total No. of Two Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total no. of Branches</td>
<td>22</td>
<td>11</td>
<td>18</td>
<td>9</td>
<td>17</td>
<td>6</td>
<td>57</td>
</tr>
<tr>
<td>2</td>
<td>No. of Sample Branches (10%)</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Total no. of Groups in Sample Branches</td>
<td>402</td>
<td>230</td>
<td>286</td>
<td>139</td>
<td>481</td>
<td>219</td>
<td>1169</td>
</tr>
<tr>
<td>4</td>
<td>No. of Sample Groups (4%)</td>
<td>16</td>
<td>9</td>
<td>11</td>
<td>6</td>
<td>19</td>
<td>9</td>
<td>46</td>
</tr>
<tr>
<td>5</td>
<td>Total no. of Self Help Members</td>
<td>170</td>
<td>94</td>
<td>118</td>
<td>64</td>
<td>195</td>
<td>91</td>
<td>483</td>
</tr>
<tr>
<td>6</td>
<td>No. of Sample Self Help Members (50%)</td>
<td>85</td>
<td>47</td>
<td>59</td>
<td>32</td>
<td>98</td>
<td>45</td>
<td>242</td>
</tr>
</tbody>
</table>

Source: Field data.
Scope and Limitations of the Study

The study mainly intends to focus on SHGs as new institutions to bring the disadvantaged groups and rural poor women into formal banking fold. The study is focused on SHGs as Micro Finance through SHG-Bank Linkage Programme as community-based lending. SHG operations other than Micro Finance are outside the purview of the study. The sample respondents have shown disinterest due to illiteracy and ignorance. However, adequate care has been taken to gather reliable data.

Tools of Analysis

The collected data has been analyzed with the help of statistical tools such as Percentages, Averages, Standard deviation, CGR, t-test and ANOVA to draw the meaning results.

CHAPTER LAYOUT

The present study is organized into Seven Chapters.

Chapter 1 : Introduction
Chapter 2 : SHG-Bank Linkage Programme in India Vis-a-vis Andhra Pradesh
Chapter 3 : Profile of selected commercial banks
Chapter 4 : Performance of SHG under bank linkage programme
Chapter 5 : Impact of Micro Finance on Socio-economic status
Chapter 6 : Perceptions and problems of Bank Officials
Chapter 7 : Summary of findings, conclusions and suggestions
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