

CHAPTER - IV

EVOLUTION AND PROGRESS OF SHGs: AN OVERVIEW

Many studies have emphasized that rural development can be made possible only by making the rural poor especially the rural women folk, economically viable through income generating activities with required financial assistance. Moreover, collective action and collective responsibility along with sustainable economic improvement are essential factors for development at grass roots level. For this SHGs are considered the best tools and so they are launched on the basis of micro-credit system. However, it is also important to study at a glance the origin and concept of SHGs. Hence, with the above cited broad concept, the origin and concept of SHGs, as well as the progress of SHGs are discussed in this chapter.

4.1. ORIGIN OF SELF HELP GROUP MOVEMENT:

The origin of SHG is from the brain child of Grameen Bank of Bangladesh which was found by the economist, Prof. Mohammad Yunus of Chittagang University in the year 1975. This was exclusively established for the poor.

Self Help Group is a small economically homogeneous and affinity group of rural poor which is voluntarily ready to contribute to a common fund to be lent to its members as per group decision, which works for group's solidarity, self-group, awareness, social and economic empowerment in the way of democratic functioning. The Self Help Group movement became a silent revolution within a short span in the rural credit delivery system in many parts of the world. It has been documented that nearly 53 developing countries including India, have taken up this on a large scale. In 1997, World Micro Credit Summit at Washington converged the developed and the developing countries to tackle the serious problem of poverty by using micro credit as a tool to

empower the poorest sections. A global movement has been launched to reach 100 million of the world's poorest families by the year 2005¹.

4.2. MEANING OF SELF HELP

Self help is one of the most fascinating aspects of rural development. It is a dynamic process that transcends the narrow boundaries of any given aspects of development. Self-Help is a fundamental tenant of recent expanded strategies of basic needs and self-reliance².

According to the National Bank for Agriculture and Rural Development (NABARD), a self-help group is a small economically homogeneous and affinity group of rural poor voluntarily coming together : to save small amounts regularly; to mutually agree to contribute to a common fund; to meet their emergency needs; to have collective decision making; to solve conflicts through collective leadership and mutual discussion; to provide collateral free loans with terms decided by the group at market driven rates³. CASA (Church's Auxiliary for Social Action) views SHGs as a tool for community organisation (Bose 1997), an activity of socio-economic development and a strategy for women's empowerment⁴.

Thus, Self-Help is both a means and a goal within the strategy of basic needs. It is a means with which to achieve goals of minimum requirements of private consumption i.e., adequate food, shelter and clothing and community services i.e., safe drinking water, sanitation, public transport, health and education. It is also identified as a tool; people should participate in making the decisions which affect them.

4.3. CONCEPT OF SELF HELP GROUPS:

The concept of SHG serves the principle “by the women (poor), of the women and for the women”⁵. Self-Help supplemented with mutual help can be a powerful vehicle for poor people’s efforts in socio-economic upward migration. Poor people need not only credit support but also savings and services. The Self-Help groups are small informal associations formed with the objective of enabling members to reap economic benefits out of mutual help, solidarity and group responsibility. These groups are composed of members, who are poor, having low savings capacity or no savings capacity and generally depending on money lenders or private sources for meeting their consumption and emergent needs.

A typical self-help group will comprise like minded individuals who volunteer to save small amounts of money in a common pool, out of which, need based loans are given to members for meeting their emergent credit requirements based on the priorities decided by the group. The group members take collective decisions on all matters including those relations to terms of credit viz., purpose, size, interest rate and repayment period. They exercise close supervision on utilization of loans and exert peer and moral pressure on members to continue savings and repay loans promptly on time. In other words, self-help group can be referred to as a group of poor persons who own, manage and control a micro bank of their own. The greatest contribution of self-help group in the face of their fight against deprivation and poverty is that it empowers them by their increased critical self-awareness. This gives them a feeling of self-confidence, solidarity and social security to control and guide their own destinies⁶.

“One for all and all for one” is the principle behind the concept of self help groups. Its main purpose is to pay concern to the poor and it is for the people, by the people and of the people. It is a mini agency formed with a

purpose of affording the poor, services through self-help at the micro level has been a focus on the weaker sections particularly for their social defence. SHGs are the potential groups to create awareness on day-to-day affairs, inculcating the habit of savings, working towards development of self and community assets, generating income sources and enhancing the income level, strengthening the social power etc. The concept of SHGs is to generate confidence, self-security and self-reliance among the poorer sections of the society, especially among women.

In an area where there is nobody to help the helpless mass the concept of “Self Help” could be introduced. Hence, it would be enable them to comprehend the need and to design the remedial measure accordingly. One of the significant features of “Self Help”, is to make people not to rely on the government or non-governmental organizations to improve the infrastructure facilities needed to the village⁷.

4.4. FORMATION OF SHGs:

Usually Self Help Groups are formed in rural India. They consist of fifteen to twenty members of a certain locality living with similar socio-economic conditions. The unregistered groups will be operated on the principles of mutual trust, co-operation, condition and interdependence. Preference to subscribe membership will be given to the poorest of the poor, handicapped, widowed, deserted, dalits and downtrodden. The leaders will be selected from among the members of the group.

All the members together convene meetings and discuss various issues of both individual and general and take decisions in relation to their socio-economic and cultural empowerment with mutual cooperation and coordination.

Simply getting SHGs formed is not enough; they should work with the objectives, which help to achieve empowerment collectively. Hope to achieve their target, SHG women make collective efforts:

- To inculcate the habit of saving and banking habit 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.
- To achieve women and child welfare programme goals by actively involving these women groups in universal immunization programme, small family norm, universal elementary education etc.⁸,

4.5. OBJECTIVES OF THE SHGs

The women SHGs are formed with the following objectives:

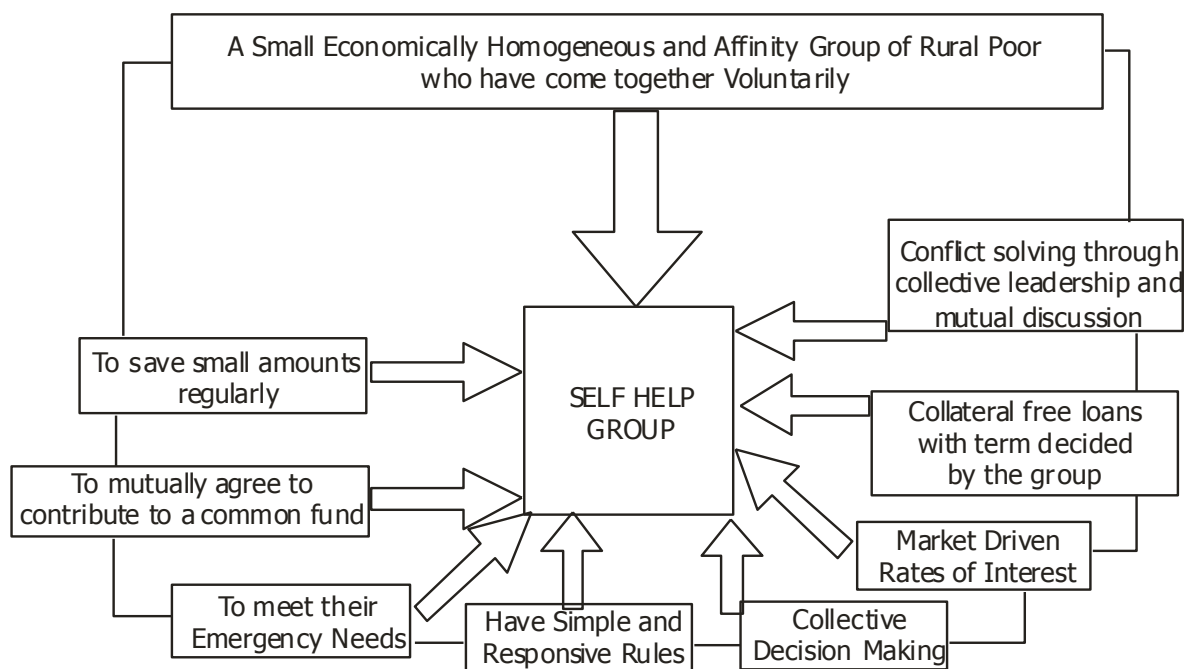
- i) To promote saving habits,
- ii) To mutually agree to contribute to a common fund
- iii) To have collective decision making
- iv) To meet small and urgent credit requirements by themselves,
- v) To provide collateral free loans with terms decided by the group at market driven rate
- vi) To utilize the amount borrowed fruitfully and develop the habit of repaying the loans
- vii) To augment family income
- viii) To uplift economic conditions by earning independently.
- ix) To avail bank loans and Government's financial assistance continuously,
- x) To inculcate the savings and banking habits among members,
- xi) To gain economic property through loan/credit

- xii) To enable availing of loan for productive purposes and repaying the same over a period of time. and
- xiii) To solve conflicts through collective leadership and mutual discussion.

The above cited objectives of women SHGs can be schematically represented as in Figure 4.1.

Figure 4.1

Objectives of an SHG



Source:- <http://www.nabard.org/shg1.sid.htm>,

4.6. CHARACTERISTICS OF SHGs:

The following are the Chief Characteristic features of SHGs.

- Small size
- Identical interest/social heritage/common occupation, homogeneity, affinity.
- Intimate knowledge of members of intrinsic strength, needs and problems.

- Flexible and responsive
- Democratic in operations
- Simple documentation
- Collective leadership, mutual discussion
- Group, solidarity, self help, awareness, social and economic empowerment.

4.6.1. Benefits

The benefits of SHGs are as follows :

- A via-media for development of savings habit among the poor.
- An access to large quantum of resources
- A window of better technology/skill upgradaton
- Availability of emergent, consumption/production credit at the door step.
- Access to various promotional assistance and
- Assurance of freedom, quality, self reliance and empowerment.⁹

4.7. FUNCTIONS OF SHGs

In view of carrying out the empowerment of women, by promoting mutual help among them the SHGs will be expected to take on certain functions which are essential documentation on the happenings of the SHGs and their involvement with the wider society is considered to be vital. The details of small savings will be maintained by the members themselves.

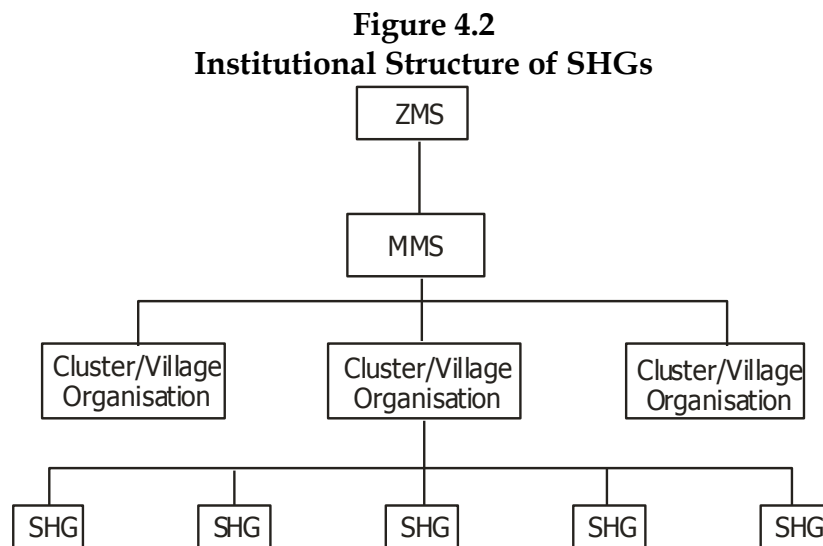
The following are the functions of SHGs.

1. SHGs hold weekly meetings mostly during non-working hours.
2. They promote thrift habit among members.
3. They build common-fund slowly and systematically.
4. They establish linkage with bank and government departments.
5. They provide timely loans to the members and
6. They act as purveyor of development credit

4.8. INSTITUTIONAL STRUCTURE OF SHGs

Any type of developmental activity has to be taken in a systematic approach which has a perfectly systematic institutional set up.

The institutional set up or structure of the SHGs can be schematically represented as shown in the figure.4.2.



ZMS - Zilla Mahila Samakya

MMS - Mahila Mandal Samakya

VO - Village Organization

SHG - Self-Help Group

4.9. IMPORTANCE OF SHG BANK LINKAGE.

In 1987, NABARD made an attempt to search for alternative mechanism to improve the access of the poor for financial services in a cost effective and sustainable manner, as the formal institutions have failed to provide financial services to the poorer sections of the society and promote their socio-economic development. This search resulted in a development of a delivery mechanism, which encompasses financial relationship between informal organizations of the poor and the banks. Later on, with the needed backup policy support from the Reserve Bank and the Central Government, the SHG Bank linkage programme was launched by NABARD in 1992 and conducted a 'pilot project'. On the

success of the pilot project, the Government of India has accorded prominence to the programme of SHGs as a tool for empowerment of rural milieu especially women, increasing outreach of the banking system and alleviating poverty. It has been proved that Micro Credit has worked successfully largely through SHGs in general and women groups in particular. Since SHG is a small size encompassing of 10 to 20 members hailed from relatively homogeneous backgrounds, the members who join the group through micro-credit has to use the micro credit in such a way that it benefits SHGs to improve the quality of life of their members and their productivity to earn sustainable income. The SHGs need to firm up their financial and economic norms meant for selection of appropriate beneficiary and subsequent disbursement of credit to the needy¹⁰.

4.10. Need for Self Help Group:

India is primarily rural country where large population of people are living under the depressing shelter of adverse poverty. Many a government programme has been implemented, but no considerable change and development has been witnessed and development programmes have not achieved success to eradicate poverty to a considerable extent. In the light of this observation, it can be said that there are inequalities in sharing the wealth and opportunities in the country. It can also be drawn that a conclusion that a large share of wealth and poverty has been under the control of a minor proportion of people, enjoying a large portion of benefits and thus have become powerful. But majority of people in the society have been deprived of the basic and minimum benefits and thus downtrodden simply enjoying poverty which has been precarious. Thus the downtrodden and the poorer sections of the society have been denied the equality of opportunities. According to some studies, individually, the poor cannot be dare to and speak out for their rights and demand their opportunities, and so they remain as silent spectators in the process of development, hardly protesting against the inequalities in enjoying the rights and opportunities. At this crucial juncture, it is felt an essential need

that the pitiable state of these 'silent sufferers' has to be changed which can be done only through mass mobilization and people's participation. It is in this background that the need for organizing rural poor, especially women into Self Help Groups assumes importance¹¹.

4.11. THE MOVEMENT OF SELF HELP AND ITS PROGRESS IN INDIA:

Before going to analyse the empowerment of women through Self Help Groups, which have been formed with a concept and purpose in view of the above stated need, it will be more helpful to glance through the evolution and progress of self help movement that has occurred in India, so that a comprehensive understanding may be acquired and more so how far empowerment of women has been achieved with regard to the objectives of the SHGs, that is to say, how far the formation of SHGs and the fulfilment of their objectives have been successful, and whether the rural people, especially the poor women have achieved socio-economic empowerment through SHGs may be vividly and illustratively analysed.

The formal institutions have been unsuccessful in providing financial services to the poorer sections of society. Having completely dejected by their performance, the Government of India in the early eighties intended to promote another apex bank to take care of the financial needs of the poor, informal sector and rural areas. Besides, the decline of cooperative in the sixties and seventies is widely attributed to the government's direct promotional role, their artificial propping up through subsidies and undue interference in management. Consequently, NABARD desired to develop a new channel to reach the poor, particularly women, free from government subsidies and interference.

In spite of the decline of the cooperatives, the search for an appropriate community based structure perfectly matched to the rural poor women continued and women's groups known as Self-Help Groups (SHGs) emerged in

the late eighties and the early nineties around rotating mutual savings and credit as a stable and viable alternative. It was a development innovation in its own right.

In fact, Myrada, an NGO engaged in the promotion of the SHG movement formed about 300 SHGs which it called 'Credit Management Groups' by 1986 and ensured independence to the groups over their own decision making. NABARD, in its search for alternative channels to reach the unreachable, found SHGs an interesting and effective means to provide banking services to 'so called' 'unbankable' people and as a result, initiated an experiment with MYRADA on SHG lending. Having been encouraged by the results, NABARD initiated a pilot-project of SHG bank linkage and thus NABARD became a patron of SHGs¹²

In India, SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social or community issues such as, the abuse of women, alcohol, the dowry system, schools, and water supply¹³.

In this regard, it is important to examine comprehensively the status of SHGs in India, their progress and their status of bank linkage to assess the empowerment of women achieved through SHGs.

The following Table- 4.1 gives details regarding region-wise cumulative number of SHGs in India.

Table -4.1
Region-wise Cumulative Number of SHGs in India

Region/State	Cumulative SHGs as on March 2006	
	No. of SHGs	% of SHGs
Northern Region	170,059	5.05
Northern Eastern Region	132,111	3.92
Eastern Region	631,958	18.76
Central Region	722,846	21.46
Western Region	298,598	8.87
Southern Region	1,412,643	41.94
Total	3,368,215	100.00

Source : NABARD progress report of SHG - Bank linkage in India 2006.

As it is indicated in the table there are 33.68 lakh Self-Help Groups, spread all over India. It is observed that majority of SHGs constituting 41.94% (1,412,643) are formed in Southern region and very least of SHGs, constituting 3.92% (1,32,111) are formed in North Eastern region. Central region, where 21.46% (7,22,846) of SHGs are concentrated stands at second place.

It is observed that the formation of SHGs has been taken up as an urgent need, since the empowerment of women results in eradication of poverty and the poorest of the poor will be relieved from vulnerabilities.

The cumulative progress of SHGs bank linkage over the years from 1992 - 93 to 2007 - 08 is presented in the Table-4.2.

Table - 4.2
Cumulative Progress of Self Help Groups - Bank Linkage programme in India

Year	No. of SHGs	Bank Finance	(Rs. In Crore)
			Re-finance by NABARD
1992 - 93	255	0.29	0.27
1993 - 94	620	0.65	0.46
1995 - 96	4,757	6.06	5.66
1997 - 98	14,317	23.76	21.39
1998 - 99	32,995	57.07	52.06
1999 - 2000	94,645	192.98	150.13
2000 - 01	114775 (1234.90)	193.00 (1530.07)	150.10 (1309.39)
2001 - 02	263825	480.90	400.70
2002 - 03	463478	1026.30	796.50
2003 - 04	717360	2048.70	1418.80
2004 - 05	107991 (840.96)	3904.20 (1922.90)	2124.20 (1315.19)
2005 - 06	1618476	6898.00	3092.00
2006 - 07	2238565	11398.00	4160.00
2007 - 08	29,24,973 (170.83)	18041.00 (362.09)	5459.00 (156.99)

Source: NABARD website

Note: The percentages have been computed by assuming 1992-93, 1996-97, 2000-01, 2004-05 as the base years.

In 1992 - 93 there were only 255 self-help groups with bank linkage in India. They were financed with 0.29 crore by banks and 0.27 crore was refinanced to the SHGs by NABARD. There was a tremendous increase of SHGs with bank linkages. By 1996 - 97, the number of SHGs with bank linkage reached to 8,598 and obtained loans or finance worth Rs. 11.84 crore from banks and re-finance of 10.65 crore from NABARD. During 2000 - 01, the number reached to 1,14,775, which received bank finance of Rs. 193.00 crore and Rs. 150.10. of refinance by NABARD. By 2004 - 05 the number of SHGs having bank

linkage reached to 10,79,991, and secured Rs. 3904.20 crore finance from banks and Rs. 2124.20 crore from NABARD as refinance. And by 2007 - 08, the number of SHGs reached to 29,24,973. These SHGs received Rs. 18041.00 crore as finance from banks and Rs. 5459.00 crore as re-finance from NABARD. Thus, the number of SHGs and their bank linkage for financial assistance have been increasing at a greater pace and they are helping the poor women to attain socio-economic and cultural empowerment.

SHG bank linkage programme helped the poor women in obtaining the bank loans. With a very high repayment rate of about - 95% and very low NPA Vis-a-Vis agriculture and other loans SHG bank linkage proved to be one of the safest portfolio for the banks. Compared to general agriculture and other individual loans, the average size of SHG loans is quite high in rural branches. Further, unlike other rural customers, SHG maintain good amounts in their saving accounts and further add in every month. Further, the SHGs have other funds such as revolving fund, grants, backend subsidies of SGSY loans etc., parked in banks. As a result, SHG business became most profitable in the rural branches. Many banks and branches have started giving priority to SHG lending. Increasing loan volumes, taking up of total financial inclusion (TFI) are a couple of methods employed by the banks to store up their SHG loan portfolio. SHG consumers constitute well over one-third of total customers and account for about one-fourth of total business in rural branches. In some branches, SHG lending reached three-fourths.

Table -4.3
SHG BANK LINKAGE PROGRAMME IN INDIA
HIGHLIGHTS AS ON 31 MARCH 2007

Sl.No.	Particulars	Cumulative as on 31 st March 2007
1	No. of SHGs linked	2,924,973
2	% of women groups	90%
3	No. of participating banks :	498
	i. Commercial banks	50
	ii. Regional Rural Banks	96
	iii. Co-operative Banks	352
4	No. of States/UTs	31
5	No. of districts covered	587
6	Bank Loan Rs. In billion	180.41
7	Refinance Rs. In billion	54.59
8	No. of poor households assisted (in million)	40.95
9	Average Loan/SHG - New Rs.	44,342
	- Repeat Rs.	78,693
10	Average Loan/Family - New Rs.	3,167
	- Repeat Rs.	5,621
11	Model Wise Linkage (Cumulative)	
	i. SHGs formed and financed by Banks	17%
	ii. SHGs formed by other agencies but directly financed by banks	75%
	iii. SHGs financed by banks using financial intermediaries	08%

Source: NABARD annual reports

To promote the SHG movement of women by providing finance to the SHGs, several banks have come forward. In the task of promoting the status of the rural poor women, 50 commercial banks, 96 Regional Rural Banks and 352 Co-operative Banks have been playing their roles, covering 587 districts in 31

states/union territories in India and extending financial assistance to 40.95 million poor households.

Table - 4.4
Agency-wise Share of SHGs financed

Agency	During 2005-06				During 2006 - 07			
	SHGs		Loans		SHGs		Loans	
	No.	%	Amount	%	No.	%	Amount	%
CBS	344567	56	28284	63	406707	59	44101	66
RRBs	176178	28	12226	27	170783	25	17089	26
Co-operatives	99364	16	4481	10	108878	16	5242	8
Total	620,109	100	44,991	100	686368	100	66432	100

Source : NABARD annual reports

Table 4.4. Shows the agency wise shares of finance provided to SHGs. The data indicates that the share of commercial banks in respect of number of loans disbursed (to number of SHGs) and of the amount disbursed, is the highest. The number of loans has gone up to 59% (406707 groups) in 2006-07, from 56% (344567 groups) while the amount of loans disbursed has got increased to 66% (Rs.44101 crore) in 2006-07, while it was 63% (Rs.28284 crore) in 2005-06.

As regards to RRBs, their share in respect of both the number of loans and the amount disbursed were declined. The share of number of loans decreased to 25% in 2006-07, against 28% in 2005-06. Similarly their share of amount disbursed to the SHGs had been 27% (Rs.12226 crore) in 2005-06, which was declined to 26% (Rs.17089 crore) in 2006-07.

Similarly, the share of cooperatives in financing SHGs is not upto the mark. In respect of the number of loans, their share had been constant during the two years, while, in respect of amount disbursed to the SHGs cooperatives share was declined to 8% in 2006-07 from 10% in 2005-06.

Table - 4.4A
SHG-Bank Linkage - Agency-wise Cumulative Participation upto 31st March 2007

Sl. No.	Region/ State	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
		No. of SHGs	Bank Loan	No. of SHGs	Bank Loan	No. of SHGs	Bank Loan	No. of SHGs	Bank Loan
A.	Northern Region								
1	Haryana	3,450	276.00	3,318	218.06	65	5.26	6,833	499.32
2	Himachal Pradesh	14,086	571.37	4,256	191.57	9,457	489.32	27,799	1,252.25
3	Punjab	3,596	196.15	805	48.39	2,053	112.06	6,454	356.60
4	Jammu & Kashmir	1,494	88.03	584	20.27	681	36.43	2,759	144.73
5	Rajasthan	62,964	1,905.10	52,455	1,390.25	22,418	599.99	137,837	3,895.34
6	New Delhi	336	27.23					336	27.23
	SUB TOTAL	85,926	3,063.88	61,418	1,868.52	34,674	1,243.06	182,018	6,175.47
B	North Eastern Region								
7	Assam	33,270	1,345.99	40,873	720.44	7,311	151.96	81,454	2,218.38
8	Manipur	1,123	61.96	1,560	50.70			2,683	112.65
9	Meghalaya	942	27.84	206	3.70	63	2.04	1,211	33.59
10	Sikkim	73	3.45	0	0.00	87	0.53	160	2.98
11	Tripura	426	11.60	2,377	36.80	103	1.11	2,906	49.52
12	Nagaland	888	53.01	28	11.35	82	3.52	998	67.88
13	Arunachal Pradesh	255	10.61	155	6.76	37	1.84	447	19.21
14	Mizoram	642	49.59	1,215	83.14	38	1.97	1,895	134.70
	SUB TOTAL	37,619	1,563.06	46,414	912.89	7,721	162.96	91,754	2,638.90
C	Eastern Region								
15	Bihar	32,590	988.84	39,224	1,011.85	525	11.77	72,339	2,012.47
16	Jharkhand	27,109	1,216.77	10,208	289.79			37,317	1,506.56
17	Orissa	105,474	3,857.66	107,712	3,597.51	21,265	573.75	234,451	8,028.92
18	West Bengal	55,862	1,728.93	50,953	1,241.88	74,748	1,514.35	181,563	4,485.16
19	A&N Islands (UT)	19	1.89			192	10.92	211	12.81
	SUB TOTAL	221,054	7,794.09	208,097	6,141.03	96,730	2,110.79	525,881	16,045.91
D	CENTRAL REGION								
20	Madhya Pradesh	41,569	1,416.75	24,229	592.48	5,114	156.86	70,912	2,166.09
21	Chattisgarh	15,833	247.35	18,141	223.23	7,729	85.66	41,703	556.25

22	Uttar Pradesh	83,699	3,280.33	107,655	3,476.82	7,233	174.86	198,587	6,932.02
23	Uttarakhand	13,115	790.97	3,391	257.81	5,021	225.77	21,527	1,274.55
	SUB TOTAL	154,216	5,735.41	153,416	4,550.35	25,097	643.16	332,729	10,928.91
E	WESTERN REGION								
24	Goa	693	41.68			326	41.82	1,019	83.49
25	Gujarat	28,132	1,633.66	8,327	243.40	7,113	252.91	43,572	2,130
26	Maharashtra	110,507	3,663.70	40,926	1,697.85	74,423	1,573.98	225,856	6,936
	SUB TOTAL	139,332	5,339.03	49,253	1,941.25	81,862	1,868.71	270,447	9,149
F	SOUTHERN REGION								
27	Andhra Pradesh	444,749	48,368.23	221,032	21,822.22	17,838	1,019.28	683,619	71,209.73
28	Karnataka	142,034	8,576.64	98,387	5,571.85	77,215	3,942.93	317,636	18,091.42
29	Kerala	76,074	5,154.82	11,084	530.46	30,755	2,025.61	117,913	7,710.88
30	Tamil Nadu & UTP	293,783	28,380.50	61,706	6,971.55	47,487	3,105.17	402,976	38,457.21
	SUB TOTAL	956,640	90,480.17	392,209	34,896.08	173,295	10,092.99	1,522,144	135,469.24
	GRAND TOTAL	1,594,787	113,975.63	910,807	50,310.12	419,379	16,121.67	2,924,973	180,407.42

Source: NABARD website.

4.12. REGIONAL SPREAD

The year 2006 - 07 witnessed the spread of the SHG Bank Linkage programme in resource-poor regions of the country, indicating a marked shift from its initial concentration in the southern region (Table 5). The cumulative share of non-southern regions rose from 29% as on March 2001 to 48% as on March 2007. In order to reduce the regional imbalance in the spread of the SHG Bank Linkage Programme, NABARD identified 13 states which have a large population of the poor, focussed attention. The cumulative number of SHGs credit linked in these 13 states increased from 1 million in 2005-06 to 1.4 million in 2006 - 07. During 2006 - 07, the number of SHGs credit linked in 13 priority States constituted 53.9% in the all India credit linkage of 0.7 million SHGs.

Table 4.5
Regional Spread of Credit Linked SHGs

Region	2000 - 01		2006 - 07	
	SHGs credit linked to banks	Per cent to total	SHGs credit linked to banks	Per cent to total
Northern	9012	3.4	182018	6.3
North Eastern	477	0.2	91754	3.1
Eastern	22252	8.4	525881	17.8
Central	28851	10.9	332729	11.4
Western	15543	5.9	270447	9.3
Southern	187690	71.2	1522144	52.0
Total	2,63,825	100.0	29,24,973	100.00

Source: NABARD

Table- 4.6
Savings of SHGs with Banks
(As at end-March 2007)

(Amount in Rs. Crore)

Agency	Total Savings		Exclusive Women SHGs	
	No. of SHGs	Amount of Outstanding Savings	No. of SHGs	Amount of Outstanding Savings
1	2	3	4	5
Commercial Banks	2,203,771 (55.1)	1,892 (53.9)	1,794,720 (54.9)	1,651 (54.6)
Regional Rural Banks	1,183,065 (28.4)	1,158 (32.9)	974,811 (29.8)	1,043 (34.5)
Co-operative Banks	683,748 (16.4)	462 (13.2)	501,708 (15.3)	331 (10.9)
Total	4,160,584 (100.0)	3,513 (100.0)	3,271,239 (100.0)	3,025 (100.0)

Source: NABARD

As on March 31, 2007, the number of SHGs maintaining savings bank accounts with the banking sector was 4.2 million with outstanding savings of Rs. 3,513 crore. Thereby covering more than 58 million poor households under the programme. Commercial banks had the maximum share of the SHG's savings (53.9 per cent), followed by RRBs (32.9 per cent) and co-operative banks (13.2 per cent). Among the commercial banks, the public sector banks accounted for the largest share of savings (95.9 per cent), while private sector banks accounted for marginal share (4.1 per cent). It is noteworthy that around 87.3 per cent of the savings were made by exclusive women SHGs.

The Reserve Bank carried out a survey of MFIs in 2007, which reveals that most of the MFIs have a good recovery rate. Commercial banks remained the most important source of funds for almost all the MFIs. Even though some complaints regarding high interest rates and forcible loan recovery were registered in some parts of the country, most of the borrowers reported that it was easy or very easy to get a loan from MFIs.

In the state of Andhra Pradesh also SHGs play predominantly a pivotal role in improving the status of women by providing various provisions, training and awareness to form Self Help groups of their own so that they could attain empowerment.

Keeping this point in mind an effort is made to study the status of women SHGs and their bank linkage programme in Andhra Pradesh.

4.13. SHGs IN ANDHRA PRADESH: A PROFILE

Over the last 18 years, the efforts have been made in Andhra Pradesh in encouraging rural women to form affinity based self help groups and encouraging collective action of the Self-Help Groups. Over 90% of the rural poor households in the state have come under the fold of the SHGs. In the

process of farming SHGs to eradicate poverty, Indira Kranthi Patham has been launched. It is a state wide poverty eradication programme to cover all villages and all rural households. Being a women centered development programme. It is the single largest grassroots women empowerment programme in South Asia. It is estimated that 90.0 lakhs out of 142.0 lakh, rural households would be covered under this programme. A special emphasis is laid on the poorest and most vulnerable households, who account for 26.0 lakhs. Today, the programme is present in every nook and corner village of Andhra Pradesh¹⁴.

The historical development of SHGs and SHG members over the last several years is given below.

Table 4.7
Number of Groups and Members

Year	Groups Formed	No. of Members
Upto 2000	284774	3957591
2000 - 01	95871	1332349
2001 - 02	42721	355069
2002 - 03	27882	410272
2003 - 04	59834	700820
2004 - 05	72667	818229
2005 - 06	44758	402911
2006 - 07	59746	646522
2007 - 08	20062	209065
Total	708315	8832828

Source : SERP (Society for Elimination of Rural Poverty)Hyderabad

Table -4.8
District wise SHGs, Members information as per October 2008.

S.No.	Name of the District	SHG Information		Bank Linkage	
		SHG Groups	No. of Members	No. of Groups	Amount (Rs. Crores)
1	Srikakulam	27671	388112	9727	159.8
2	Vizianagaram	22640	322795	10844	156.54
3	Visakhapatnam	33840	418382	11980	215.15
4	East Godavari	69221	810535	26740	436.47
5	West Godavari	47698	489987	16974	237.07
6	Krishna	43522	528364	15861	211.97
7	Guntur	43450	475548	19387	289.28
8	Prakasam	38765	386820	8468	201.18
9	Nellore	25967	327681	6857	126.96
10	Chittoor	54132	590255	11026	267.09
11	Kadapa	34073	345273	7082	125.86
12	Ananthapur	38507	477084	13245	200.71
13	Kurnool	28006	371644	9359	129.61
14	Mahabubnagar	34546	469230	7901	103.49
15	Rangareddy	20361	262739	6101	108.1
16	Medak	29383	366135	6604	110.41
17	Nizamabad	33340	384486	8378	132.31
18	Adilabad	30715	359550	8296	95.91
19	Karimnagar	38950	515344	13529	189.75
20	Warangal	38649	477530	8065	139.78
21	Khammam	37168	410880	13910	185.82
22	Nalgonda	39175	467826	14223	179.06
	Total	809779	9646200	254557	4002.32

Source: SERP (Society for Elimination of Rural Poverty) Hyderabad

4.14. STATUS OF SHGs

As on October 2008, 8,09,779 SHGs have been formed with a membership of 96,46,200 women. Of these total groups 2,54,557 have had bank-linkage, which have been granted credits/loans, as a whole, of amounting to Rs. 4002.32 crore.

Of the total 8,09,779 groups in A.P., majority accounting for 69,221 groups are formed in East Godavari District with a membership of 8,10,535 women. Of the total groups, 26,740 groups have had bank linkages who have secured loans worth of Rs. 436.47 crore.

The least proportion of groups has been represented from Rangareddy district, with 2,62,739 women forming into 20,361 groups. With regard to the bank linkage also Ranga Reddy district stands at the lowest with 6101 groups having bank linkage. However regarding securing loans/credit, Adilabad district stands at the lowest with just Rs. 95.91 crore, while in Ranga Reddy district, the bank linked groups have secured credit worth Rs. 108.1 crore.

As regard to the district of West Godavari the sample district selected for the study, 47,698 groups are formed with 4,89,987 women as members. Of the total groups, 16,974 groups have bank linkage and have secured loans worth of Rs. 237.07 crore by October 2008.¹⁵

4.15. BANK LINKAGES:

To facilitate the SHGs with financial assistance to run income generating activities many formal financial institutions have come forward to support the SHGs. Years of effort has ensured that AP leads in the SHG bank linkage programme and it accounts for almost 50% of all bank loans given to SHGs in India. Today 25 commercial banks, 16 regional rural banks, and around 4000 branches are the participants in the programme.¹⁶

Interface with the Banking system was intensified in 2005. Special efforts were made to ensure that the SHG members were able to access bank loans. The concept of giving loans to the SHG members based on the level of savings was basically done away with and the concept of good book keeping and prompt repayment was considered for the sanction of loans. This brought a sea change in the attitude of the bankers in sanctioning the loans to the SHG members. The year-wise bank loans and the number of SHGs receiving bank loans is given in the following table. Bank loans which totalled, to Rs. 130.0 corers upto 2000 increased to Rs. 5883.0 crores (42% of loans to SHGs in India) in 2007 - 08 alone.

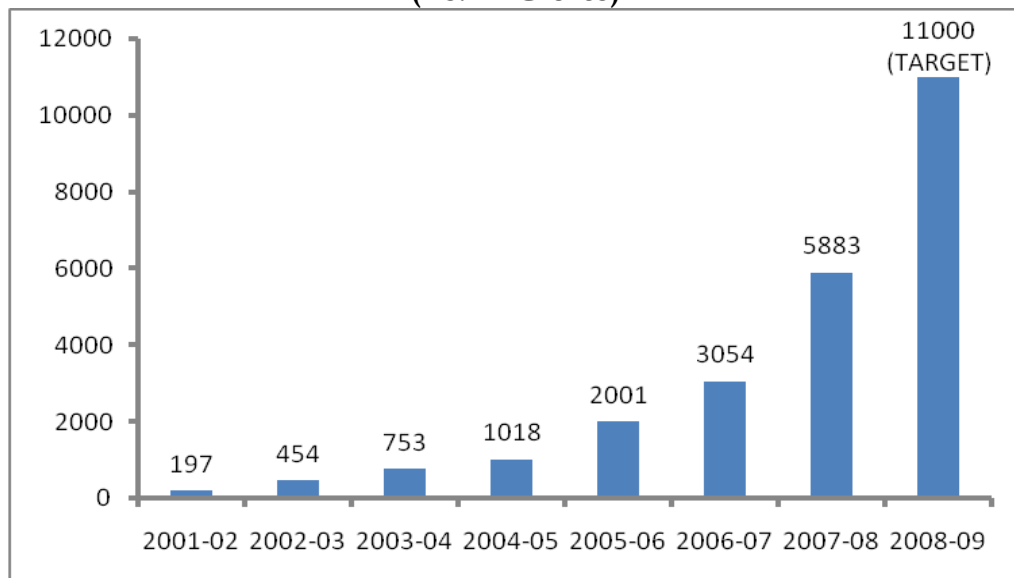
Table -4.9
SHG-Bank Linkage 2008 - 09

Year	No. of Groups	Rs. Crores
Upto 2000	55838	130.53
2000 - 01	103606	173.38
2001 - 02	88575	197.7
2002 - 03	165429	454.1
2003 - 04	231336	752.9
2004 - 05	261254	1017.7
2005 - 06	288711	2001.4
2006 - 07	366489	3063.87
2007 - 08	431515	5882.79
Total	1992753	13674.37

Source: SERP (Society for Elimination of Rural Poverty) Hyderabad

The Self Help Groups in Andhra Pradesh are able to secure Rs. 1,36,329/- per S.H.G., which is around 2.8 times higher than the rest of India figure which stands at Rs. 48,000.¹⁷

Graph-4.3
Year wise SHG-Bank Linkage
(Rs. In Crores)



Source: SERP (Society for Elimination of Rural Poverty) Hyderabad

Targets and Achievements with regard to physical and financial linkages of SHGs with banks are presented in Table-4.1. By 31.12.2008, the physical target of SHGs bank linkages is 4,26,189 groups, while the financial target is Rs. 7799 crore.

The achievements acquired are 72.24 per cent and 43.44 per cent respectively with regard to physical and financial targets. Out of the total physical target of 4,26,189 groups, 3,07,892 SHGs have achieved bank linkage, while of the financial target of Rs. 7,799 crore, Rs. 3,388.21 crore has been achieved.¹⁸

Table –4.10
SHG-Bank Linkage 2008 – 2009 (Up to 31.12.2008)

Sl.No.	Name of the District	Target		Achievement		% of Achievement	
		PHY (No. of SHGs)	FIN (Rs. in Crores)	PHY (No. of SHGs)	FIN (Rs. in Crores)	PHY (No. of SHGs)	FIN (Rs. in Crores)
1	Mahabubnagar	18473	338	11917	268.93	64.51	79.55
2	Vizianagaram	13016	238	12780	146.14	98.18	61.35
3	Guntur	23147	424	21799	240.74	94.18	56.83
4	East Godavari	35470	649	28427	348.75	80.14	53.73
5	Krishna	21089	386	20228	202.56	95.92	52.49
6	Nalgonda	20201	370	19524	192.99	96.65	52.20
7	Prakasam	18076	331	9107	158.20	50.38	47.82
8	Nizamabad	15761	288	10506	134.50	66.66	46.63
9	Khammam	18847	345	17060	160.75	90.52	46.61
10	West Godavari	28850	528	19873	230.19	68.88	43.60
11	Chittoor	23518	430	19152	187.31	81.43	43.52
12	Kurnool	15637	286	11829	118.12	75.65	41.28
13	Srikakulam	16373	300	11029	121.06	67.36	40.40
14	Ranga Reddy	11644	213	6792	82.19	58.33	38.57
15	Visakhapatnam	21199	388	13229	131.97	62.40	34.02
16	Karimnagar	19835	363	14654	122.81	73.88	33.83
17	Medak	17955	329	10169	110.52	56.64	33.64
18	Adilabad	13476	247	10227	75.79	75.89	30.73
19	Ananthapur	23126	423	14517	124.14	62.77	29.33
20	Nellore	13503	247	6460	67.70	47.84	27.40
21	Kadapa	16616	304	8337	77.03	50.18	25.33
22	Warangal	20376	373	10276	85.83	50.43	23.02
	Total	426189	7799	307892	3388.21	72.24	43.44

Source : www.rd.ap.gov.in

Table – 4.11
SHG-Bank and Bridge Loans up to 31.12.2008

Sl.No	District	Target			Achievement			% of Achievement		
		SHG-Bank Linkage+TFI	Bridge Loans	Total	SHG-Bank Linkage+TFI	Bridge Loans	Total	SHG-Bank Linkage+TFI	Bridge Loans	Total
1	East Godavari	649	168	817	581.32	44.09	625.41	89.56	26.31	76.58
2	Krishna	386	81	467	304.29	39.54	343.83	78.85	48.70	73.61
3	Guntur	424	143	566	299.09	74.35	373.44	70.61	52.08	65.94
4	Mahabubnagar	338	197	535	292.27	22.81	315.08	86.45	11.60	58.92
5	Chittoor	430	185	616	286.71	68.10	354.81	66.62	36.75	57.63
6	Vizianagaram	238	127	365	163.86	45.08	208.94	68.79	35.63	57.29
7	Ranga Reddy	213	52	265	112.26	35.01	147.27	52.68	67.33	55.55
8	West Godavari	528	107	635	325.80	25.44	351.24	61.71	23.80	55.33
9	Prakasam	331	103	434	191.48	45.19	236.67	57.88	43.97	54.59
10	Srikakulam	300	85	385	157.89	43.11	201.00	52.70	50.53	52.22
11	Nizamabad	288	76	365	167.70	22.00	189.70	58.14	28.89	52.03
12	Khammam	345	171	516	214.55	52.75	267.30	62.20	30.82	51.80
13	Karimnagar	363	120	483	204.16	37.21	241.37	56.25	31.05	49.99
14	Visakhapatnam	388	170	558	211.20	46.21	257.41	54.44	27.18	46.13
15	Nalgonda	370	227	596	219.85	39.54	259.39	59.47	17.43	43.49
16	Nellore	247	124	371	92.91	50.82	143.73	37.60	41.14	38.78
17	Warangal	373	144	517	110.29	84.24	194.53	29.58	58.35	37.61
18	Anantpur	423	284	707	179.97	84.94	264.91	42.53	29.88	37.45
19	Medak	329	142	471	139.41	30.39	169.80	42.43	21.41	36.09
20	Adilabad	247	96	343	80.64	41.59	122.23	32.70	43.11	35.63
21	Kadapa	304	155	459	96.29	56.18	152.47	31.67	36.26	33.22
22	Kurnool	286	281	567	142.77	28.91	171.68	49.89	10.29	30.27
	Total	7799	3238	11037	4574.71	1017.51	5592.21	58.66	31.43	50.67

Source : ww.rd.ap.gov.in

Hence, in this regard, it is observed that a considerable extent of physical target and a large extent of financial target with regard to bank linkage of SHGs, have to be achieved. More has been done but much more has to be done.

4.16. SHG-Bank Linkage and bridge Loans

The information regarding SHG Bank Linkage and the amount of Bridge loans disbursed to the SHGs is given in Table - 4.11.

The target of SHG-Bank linkage plus TFI has been fixed at Rs. 7799 crore, and the target of Bridge loans is Rs. 3238 crore, together the target amounts to Rs. 11037 crore. But this target has not been achieved. The achievement in SHG Bank linkage including TFI is Rs. 4574.71 crore, while the target achieved in the disbursement of Bridge loans is Rs. 1017.51 crore, with a total of Rs. 4574.71 crore, respectively constituting 58.66 per cent, 31.43 percent and 50.67 percent only.

As regards district wise achievements, the highest proportion of target in SHG-Bank linkage plus TFI has been achieved in East Godavari district with 89.56 per cent and the lowest proportion of target, with 29.88 per cent is achieved in Ananthapur district. While the highest proportion of target in bridge loan is achieved in Ranga Reddy district (67.33%) and the lowest proportion is achieved in Kurnool district with 10.29percent. On the whole, the highest proportion of target achievement constituting 76.58 percent is again with East Godavari district and the lowest proportion is recorded with 30.27 percent is again in Kurnool district.

It is observed, that the targets fixed for SHG - Bank linkage TFI and Bridge Loans, have not been achieved to a considerable extent and upto satisfactory extent. The extent of achievement has been just 50 percent. Hence,

strategic steps have to be taken up to achieve cent per cent targets, for the benefit of the poorest of the poor in rural areas¹⁹.

Under Total Financial Inclusion (TFI), all financial needs of all SHG members in a village are taken care of through SHG-Bank Linkages. It is a comprehensive solution to the financial needs of the poor. The women members can avail loan for the following :

- Debt swapping – retiring high cost informal loans
- Income generating activities
- Working Capital
- Long term investment on Land
- Short term needs for agricultural investments
- Social Needs :
 - Health
 - Children’s Education
 - Marriage purpose
 - House repairs/Construction

The SHGs encourage each member to articulate her household investment plans. These individual plans are thoroughly discussed in the SHG and prioritized based on a member’s poverty ranking and urgency of the need. The micro credit plan of the SHG is appraised by the Village Organisation and the financing institution, the Bank. Total Financial Inclusion is given in 3031 villages²⁰.

Table – 4.12
TFI 2008 – 09 (Up to 31.12.2008)

Sl.No	District	Target			Achievement			% of Achievement		
		No. of Villages	No. of SHGs	Fin (Rs. In Crores)	No. of Villages	No. of SHGs	Fin (Rs. In Crores)	No. of Villages(%)	No. of SHGs (%)	Fin (%)
1	East Godavari	490	7350	257	290	7910	232.57	59.18	107.62	90.41
2	Visakhapatnam	260	3900	137	147	1984	79.23	56.54	50.87	58.04
3	Karimnagar	320	4800	168	121	2493	81.35	37.81	51.94	48.42
4	Krishna	480	7200	252	200	3052	101.73	41.67	42.39	40.37
5	Chittoor	500	7500	263	16	1536	99.40	3.20	20.48	37.87
6	West Godavari	552	8280	290	344	2002	95.61	62.32	24.18	32.99
7	Khammam	328	4920	172	133	1567	53.80	40.55	31.85	31.24
8	Ranga Reddy	214	3210	112	72	884	30.07	33.64	27.54	26.76
9	Srikakulam	266	3990	140	145	1598	36.83	54.51	40.05	26.37
10	Ananthapur	410	6150	215	157	2448	55.83	38.29	39.80	25.94
11	Guntur	484	7260	254	135	1509	58.35	27.89	20.79	22.96
12	Nizamabad	344	5160	181	49	1150	33.20	14.24	22.29	18.38
13	Medak	320	4800	168	28	899	28.89	8.75	18.73	17.20
14	Nellore	288	4320	151	70	1282	25.21	24.31	29.68	16.67
15	Kumool	312	4680	164	45	614	24.65	14.42	13.12	15.05
16	Warangal	320	4800	168	53	606	24.46	16.56	12.63	14.56
17	Prakasam	438	6570	230	102	1308	33.28	23.29	19.91	14.47
18	Kadapa	284	4260	149	56	573	19.26	19.72	13.45	12.92
19	Vizianagaram	272	4080	143	34	752	17.72	12.50	18.43	12.41
20	Nalgonda	426	6390	224	24	599	26.86	5.63	9.37	12.01
21	Mahabubnagar	452	6780	237	98	1068	23.34	21.68	15.75	9.84
22	Adilabad	282	4230	148	9	148	4.85	3.19	3.50	3.28
	Total :	8042	120630	4222	2328	35982	1186.49	28.95	29.83	28.10

Source : rd.ap.gov.in

The informative data pertaining to the Total Financial Inclusion upto 31.12.2008 with regard to targets and achievements of all districts of A.P. is presented in Table .4.12.

The total number of SHGs targeted for TFI 2008 - 09 is 1,20,630 groups spread over in 8042 villages situated in 22 districts of the state of Andhra Pradesh, with a financial target worth Rs. 4222 crore. But as shown in the table, no satisfactory achievement has been acquired. The achievements in number of villages, in number of SHGs and in finance are not even to the considerable extent. It is shown that only 28.95% target (2328 villages) of TFI with regard to number of villages; 29.83 per cent target (35982 groups) in case of number of SHGs and with regard to finance, 28.10 per cent target (Rs. 1186.49 crores) have been achieved.

Thus, as it is observed, there lies an urgent call for immediate action towards gaining achievement in all aspects to obtain/achievement of targets to promote SHGs for the progressive prosperity of the rural poor.

4.17. Interest Subsidy / Pavala Vaddi

The Self Help Groups in Andhra Pradesh have accessed Bank Loans to a tune of Rs. 5883 Crores in 2007 - 08 alone and a target of Rs. 11000 Crores has been set for 2008 - 09. The poor women have through their disciplined utilization of funds and prompt repayments have achieved a very high repayment record (more than 98 percent). To encourage the women's groups further and also to motivate them to achieve 100% repayment and to reduce their interest burden, the state government has introduced the Pavala Vaddi scheme (0.25 paisa) from 2004 - 05 wherein the government ensures that the interest burden to the SHG on the loans taken from the banks does not exceed 3% per annum. This has been a tremendous success among the women. It has succeeded in reducing their dependence on private money lenders and also the private micro finance institutions who charge very high rates of interest. The amount of interest returned to the SHG members since 2004 - 05 is given below:

Table -4.13
PAVALA VADDI INCENTIVE

Year	No. of Groups	Rs. Crores
2004 - 05	20822	10.00
2005 - 06	274342	42.69
2006 - 07	265071	50.00
2007 - 08	544700	112.49
Total	1284935	215.18

Source: SERP (Society for Elimination of Rural Poverty) Hyderabad

It is a matter of pride to note that the rate of loan repayment by SHG members is very high and the average rate of repayment is more than 98% in the State. Because of magnitude of the loan amounts to our SHG members in rural areas and a very high rate of loan recoveries, the rural branches of banks involved in SHG lending have reported improved situation with regard to their non-performing assets. Thus, this new initiative of "Pavala Vaddi" has many

beneficiary effects on SHG members and the bank involved in lending to SHGs members.²¹

4.18. PROFILE OF SHGs IN WEST GODAVARI DISTRICT

West Godavari is one of the districts in Coastal Andhra region situated on the bank of the Godavari. It comprises 8,37,684 households. Of these total households the poorest of the poor and poor households constitute 42.05 per cent accounting for 3,52,276 households.

To eradicate rural poverty, community based organizations have been formed, which consist of 47,859 self-help groups. Of them 34,342 SHGs are formed with POP and the poor. They constitute 97.48 per cent of the total SHGs. The total 47,842 SHGs comprise of 5,01,623 members.

As shown in Table 4.14, the highest number of SHGs accounting for 1523 formed in Pedavegi Mandal, with a subscription of 16,594 members. Next comes Jangareddigudem Mandal where 1456 SHGs are formed followed by Eluru mandal with 1425 SHGs and Bhimadole mandal with 1394 SHGs. But, in case of membership subscription Bhimadole mandal occupies second place with 15048 members, next to Pedavegi mandal, followed by Eluru mandal with 14,885 members.

Jeelugumilli mandal stands at last place with just 457 SHGs and 4708 members only.

Table - 4.14

West Godavari District Status of SHGs

Mandal Wise Self Help Groups for the Year 2007 - 2008

Sl.No.	Mandal	No. of SHGs	Total Members
1	Achanta	1237	12750
2	Akiveedu	998	10206
3	Attili	939	9534
4	Bhimadole	1394	15048
5	Bhimavaram	1200	12500
6	Buttayagudem	844	8675
7	Chagallu	814	8546
8	Chintalapudi	1291	13657
9	D.Tirumala	908	9475
10	Denduluru	1123	11637
11	Devarapalli	1171	11827
12	Elamanchili	1130	12477
13	Eluru	1425	14885
14	Ganapavaram	1003	10293
15	Gopalapuram	799	8410
16	Iragavaram	947	9980
17	Jangareddigudem	1456	14633
18	Jeelugumilli	457	4708
19	Kalla	808	8471
20	Kamavarapukota	894	9499
21	Kovvuru	1268	13238
22	Koyyalagudem	910	9190
23	Lingapalem	907	9647
24	Mogalturu	1119	11573
25	Nallajarla	1177	12768
26	Narasapuram	1392	14519
27	Nidadavole	988	10553
28	Nidamaru	948	9623
29	Palacoderu	1026	10727
30	Palacole	1038	11097
31	Pedapadu	1207	12816
32	Pedavegi	1523	16594
33	Pentapadu	937	9637
34	Penugonda	989	10245
35	Penumantra	791	8676
36	Peravali	918	9702
37	Poduru	969	10402

38	Polavaram	754	7682
39	T.Narasapuram	916	9268
40	Tadepalligudem	1323	14554
41	Tallapudi	877	8820
42	Tanuku	1138	11792
43	Undi	919	9296
44	Undrajavaram	913	10038
45	Unguturu	1334	13936
46	Veeravasaram	723	8019
	TOTAL	47842	501623

Source : Project Director, D.R.D.A., Eluru

4.19. SHG-BANK LINKAGE PROGRAMME

Mere formation of Self-Help groups doesn't bring improvement in the status of women. They should have certain income generating opportunities to make them economically sustainable which further afford them with self-confidence to acquire empowerment. In this view the policy makers have opined that the SHGs should be provided financial assistance by linking them with the banks, so that the women will be assisted financially to run certain income generating activities and earn some amount of income for themselves. In this regard, the SHGs are provided with bank linkages. To assess the progress of SHGs and economic prosperity of women, year-wise SHG-Bank linkage progress has been examined, of which details are given in the table 4.15 and further analyzed.

4.20. SHG - Bank Linkage Programme

The scale of finance to the Groups increased to Rs. 50,000/- in 1st dose and Rs. 1,00,000 - Rs. 5,00,000 in subsequent doses, which can facilitate to start micro enterprises by the members of the Group.

Table - 4.15

Year wise Achievements of SHG Bank Linkage

Year	No. of Groups	Amount (Rs. in Crores)
1999 - 2000	930	1.30
2000 - 2001	2240	5.29
2001 - 2002	7714	17.74
2002 - 2003	11532	24.05
2003 - 2004	18118	58.16
Achievement upto 2003 - 04		106.54
2004 - 2005	24,513	101.38
2005 - 2006	22,230	152.42
2006 - 2007	24,727	251.20
2007 - 2008	28,271	408.50
2008 - 2009	15,610	221.35
Achievement after 2003 - 04		1134.84
Grand Total		1241.38

Source : District Rural Development Agency (2008) Official Records, West Godavari DRDA.

- Linkage Amount Since Inception : Rs. 1241.38 Crores
- Default Amount since Inception : Rs. 117.76 Crores
- Recovery Rate : 99.36%

As shown in the table, during 1999 - 2000 there were only 930 SHGs who secured financial assistance worth of Rs. 1.30 crore only. Year by year the number of SHGs tremendously increased and reached to 18,118 groups by the year 2003 - 2004, in which year SHGs achieved success to secure credit worth of 58.16. In this way up-to the year 2003 - 04, the total financial assistance worth Rs. 106.54 crore was provided by the banks to SHGs. From 2004 - 05 onwards, a huge number of SHG are formed and provided credit from the banks. It was during 2004 - 2005, credit worth Rs. 101.38 crore was disbursed to 24,513 SHGs formed in that year. By the next year the number of SHGs was declined to 22,230, but the credit disbursed to them had got increased to Rs. 152.42 crore.

Again there was increase in the number of SHGs to 24,727 as well as there was increase in the amount of credit disbursed, which was Rs. 251.20 crore. During 2007-08, an amount of Rs. 408.50 crore was disbursed towards credit to SHGs to 28271 groups. On the whole, after 2003 - 04 and until 2008 - 09, achievement of SHG bank linkage reached to Rs.1134.84 crore, while the total credit disbursed to the SHGs up to 2008 - 09 had been enhanced to a considerable extent of Rs. 1241.38 crore. Of this total amount the default amount since inception of SHGs reached to Rs. 117.76 crores. However there has been a considerable extent of recovery rate.

Table - 4.16

SHG Bank Linkage - Coverage of SCs, STs & BCs

Sl. No.	Year	Total Beneficiaries	Social Category-wise Beneficiaries				
			SCs	STs	BCs	Min	Others
1	2007 - 08	289675	81109	11587	121663	3200	72116
2	2008 - 09 (upto 30-09-2008)	159721	49514	4792	73472	1656	30287

Source: District Rural Development Agency (2008) Official Records, West Godavari DRDA.

SC: Schedule Caste ST: Schedule Tribe BC: Backward Caste MIN: Minorities

This table reveals the number of members of Schedule Caste, Schedule Tribe, Backward Community and minority categories who have got benefited under SHG bank linkage programme. During 2007 - 08, there were 81109 SCs, 11589 STs, 121663 BCs and 3200 minorities. During 2008 - 09 (upto 30-09-2008) the number of beneficiaries had increased to 1,59,721. Out of this total beneficiaries S.C's were 49,514, STs were 4792, BCs were 73472 and 1656 were minorities. Besides, there were 30,287 members of other categories.

4.21. SHG - BANK LINKAGE (COVERAGE AS PER GEOGRAPHICAL AREA)

The district of West Godavari has been divided into three geographical clusters, namely (1) Plain Area, (2) Coastal Area and (3) Agency area with regard to SHG - Bank Linkage programme.

The following table gives particulars of area wise SHG bank linkage done during 2007 - 08 and upto September 2008, for the year 2008 - 09.

Table - 4-17

SHG - Bank Linkage (Coverage as per Geographical Area)

Sl. No.	Name of the Geographical Cluster	SHG Bank Linkage done during 2007 - 08		SHG-Bank Linkage done during 2008-09 (upto September 2008)	
		Phy.	Fin.	Phy.	Fin.
1	Plain Area	22290	439.23	12447	177.22
2	Coastal Area	2402	25.71	1359	17.67
3	Agency area	3579	56.44	1804	26.46
	Total	28271	521.38	15610	221.35

Source: District Rural Development Agency (2008) Official Records, West Godavari DRDA.

During 2007 - 08, in plain area 22290 SHGs had bank linkages and secured financial assistance worth of Rs. 439.23 crore. In coastal area 2402 SHGs had financial assistance of Rs. 25.71 crore from banks and in agency area 28271 SHGs had 521.38 crore of financial assistance from banks.

Similarly, upto September 2008, financial assistance of Rs. 177.22 crore was extended to 12447 SHGs in plain area, 1359 SHGs with Rs. 17.67 crore of financial assistance in Coastal area and in agency area 1804 SHGs had secured financial assistance of Rs. 26.46 crore from banks.

In total, 28271 SHGs in West Godavari district had secured bank linkage for Rs. 521.38 crore during 2007 - 08 and 15610 SHGs secured bank financial linkage of Rs. 231.35 crore upto September, 2008 for the year 2008 - 09.

On the whole, it is observed that majority of SHGs having bank linkage are found in plain area followed by agency area. And Coastal area comes last to have SHG bank linkage.

4.22. Total Financial Inclusion Strategy

The particulars regarding total financial inclusion that the SHGs have had, in West Godavari district, besides the strategy for total financial inclusion are given in Table 4.18.

TABLE - 4.18

TOTAL FINANCIAL INCLUSION STRATEGY - 2007

Total No. of Mandals		46
<u>Year 2007 - 08</u>	<ul style="list-style-type: none"> • Total VOs identified • Total VOs extended finance under TFI • Total SHGs in those VOs • Amount mobilized under TFI 	210 149 2110 Rs. 70.04 Crores
<u>Year 2008 - 09</u> Target	<ul style="list-style-type: none"> • Total No. of Bank Branches • Total VOs identified • Total TFI teams trained and positioned • Financial Target under TFI 	230 344 172 Rs. 294 Crores
<u>Achievement so far</u>	<ul style="list-style-type: none"> • Physical VOs • Financial SHGs 	88 1211 Rs. 37.79 Crores

Source: District Rural Development Agency (2008) Official Records, West Godavari. DRDA.

During the year 2007 - 08, 210 village organizations were identified for total financial inclusion. Of these identified village organizations, 145 VOs were extended finance under TFI. There were 2110 SHGs in those VOs, for which a total amount (finance) of Rs. 70.04 crores was mobilized under TFI.

Similarly, 344 VOs along with 230 bank branches were identified for the year 2008 - 09. For this 172 TFI teams were trained and positioned. Moreover, a financial target of Rs. 294 crore was fixed under TFI to be mobilized to the SHGs.

As mentioned in the Table, 1211 SHGs in 88 VOs have achieved to secure bank linkage with a financial assistance of Rs. 37.79 crore so far during 2008 - 09.

4.33. STRATEGY

- TFI has been taken up in all Mandals @ two villages to each bank branch.
- All field level functionaries have been trained for proper implementation of the programme.
- Trained TFI CRP teams positioned @ one team per bank-branch. Each team consisting four CRPs (one IB CRP, one TFI CRP, one FS CRP and one Book Keeper)
- Point persons and Bank Mithras have been positioned for all Bank branches for assisting SHGs in getting bank linkage under TFI/General Linkage/Addl. Term Loans.²²

4.44. PAVALA VADDI (INTEREST SUBSIDY)

The government of AP has decided to give loans on Pavala Vaddi i.e., 0.25 percent interest per month, to all the SHGs. This scheme has come into existence with effect from 01-07-2004. The government is reimbursing any interest paid by the SHGs over and above 3% per annum. This interest incentive is paid once in 6 months to all the SHG members who have an on-time repayment track record. This has made entrepreneurial initiatives mere viable and has led to better fiscal discipline. An amount of Rs. 247.79 crores has been given to all eligible SHGs till July 2008²³

The following table - 4.19 indicates the achievements of SHGs under Pavala Vaddi scheme during 2004 to 2008.

Table - 4.19

Achievements from 2004 to 2008

Sl.No.	Period	No. of SHGs benefited	Amount released (Rs. in Lakhs)
1	From 01-07-2004 to 31-03-2005	14423	102.06
2	From 01-04-2005 to 31-03-2006	27921	322.20
3	From 01-04-2006 to 30-09-2006	29589	356.70
4	From 01-10-2006 to 31-03-2007	33160	506.09
5	From 01-04-2007 to 30-09-2007	31267	588.33
6	From 01-10-2007 to 31-03-2008	13469	295.84
	Total		2171.22

Source: SERP (Society for Elimination of Rural Poverty) Hyderabad

From 01-07-2004 to 31-03-2005, a total number of 14423 SHGs got benefited by getting reimbursement of Rs. 102.06 lakhs towards interest subsidy. It was Rs. 322.20 lakhs from 01-04-2005 to 31-03-2006 reimbursed to 27921 SHGs. From 01-04-2006 to 30-09-2006, a total of 29589 SHGs got an amount of Rs. 356.70 lakhs as reimbursement. From 01-10-2006 to 31-03-2007, reimbursement, of Rs. 506.09 lakhs to 33160 SHGs was made. From 01-04-2007 to 30-09-2007, an amount of Rs. 588.33 lakhs was reimbursed to 31267 SHGs and Rs. 295.84 lakhs of reimbursement was paid to 13469 SHGs from 01-10-2007 to 31-03-2008.

On the whole, a total amount of Rs. 2171.22 lakhs had been reimbursed to SHGs as interest subsidy to the members of SHGs in W.G. District from 2004 to 2008.

Table - 4.20

REVOLVING FUND SANCTIONED TO SHGs FOR THE YEAR 2008-09

SNO	MANDAL NAME	NO. OF SHGs	AMOUNT
1	Achanta	100	500000
2	Akiveedu	100	500000
3	Attili	100	500000
4	Bheemavaram	100	500000
5	Bhimadole	100	500000
6	Buttayagudem	100	500000
7	Chagallu	100	500000
8	Chintalapudi	100	500000
9	Denduluru	124	620000
10	Devarapalle	50	250000
11	Dwaraka Tirumala	50	250000
12	Eluru	393	1965000
13	Ganapavaram	100	500000
14	Gopalapuram	50	250000
15	Iragavaram	100	500000
16	Jangareddigudem	50	250000
17	Jeelugumilli	50	250000
18	Kalla	100	500000
19	Kamavarapukota	50	250000
20	Kovvur	50	250000
21	Koyyalagudem	100	500000
22	Lingapalem	50	250000
23	Mogalthur	100	500000

24	Nallajerla	50	250000
25	Narasapuram	100	500000
26	Nidadavole	50	250000
27	Nidamarru	100	500000
28	Palacole	50	250000
29	Palakoderu	60	300000
30	Pedapadu	119	595000
31	Pedavegi	50	250000
32	Pentapadu	100	500000
33	Penugonda	100	500000
34	Penumantra	62	310000
35	Peravali	100	500000
36	Poduru	100	500000
37	Polavaram	50	250000
38	T Narasapuram	88	440000
39	Tadepalligudem	100	500000
40	Tanuku	50	250000
41	Thallapudi	50	250000
42	Undi	100	500000
43	Undrajavaram	50	250000
44	Unguturu	50	250000
45	Veeravasaram	50	250000
46	Yelamanchili	100	500000
	TOTAL	3946	19730000

Source: DISTRICT RURAL DEVELOPMENT AGENCY: WEST GODAVARI: ELURU

In view of encouraging women to participate in SHG movement actively for their own empowerment, the government has announced to sanction revolving fund, basing on groups' regularity in meetings, in savings, book keeping and etc. In West Godavari district, 3946 SHGs have got sanctioned revolving fund of Rs 1,97,30,000/-. As regards mandal wise SHGs sanctioned revolving fund they range from 50 groups to 124 groups. But, in Eluru mandal, the largest number of SHGs accounting for 393 groups have got revolving fund, worth Rs 19,65,000/-. The least amount of revolving fund is Rs 2, 50,000/-.

To sum up, in the process of rural development and eradication of poverty at gross level, Self-Help Groups have been launched on the basis of micro-credit system to provide financial assistance for establishing and running income generating activities to the very poor and the poor especially to the women folk in rural areas.

It has been proved from the study on the progress of SHGs, basing on the secondary data, that the SHG movement has been successful in elevating the status of the poor. This study clearly indicates that the SHGs have been successful in making the poor especially women to inculcate the habit of thrift and savings, besides contributing needful service and required training for women to acquire socio-economic and politico-cultural awareness and development, ultimately contributing for their empowerment. Thus in this chapter, the second objective of the study – 'Evolution and the progress of the SHGs', is fulfilled.

REFERENCES

1. Subrahmanyam, P.V.V., **"Rural Women and Self Help Group Stratage"**, Andhra University, Visakhapatnam, 2006, pp. 69 – 70.
2. Suguna .B, **"Empowerment of Rural Women through Self Help Groups"**, Discovery Publishing House, New Delhi – 2006.
3. Subrahmanyam, P.V.V., **"Rural Women and Self Help Group Stratage"**, Andhra University, Visakhapatnam, 2006, pp. 70.
4. Bose, Joe AGR, 1997, Organizing Self Help Groups: The CASA Experience, **Participation and Governance**, July, Vol. 7, No. 10.
5. Suguna. B, **"Empowerment of Rural Women through Self Help Groups"**, Discovery Publishing House, New Delhi – 2006, P. 15.
6. Subrahmanyam, P.V.V. **"Rural Women and Self Help Group Stratage"**, Andhra University, Visakhapatnam, 2006, pp. 70 - 71.
7. Suguna .B, **"Empowerment of Rural Women through Self Help Groups"**, Discovery Publishing House, New Delhi – 2006,.
8. <http://www.nabard.org/shg1.sbid.htm>
9. Suguna .B, **"Empowerment of Rural Women through Self Groups"**, Discovery Publishing House, New Delhi – 2006.
10. Bibin Kumar (2007), "Empowering of Women Through Mico-Credit and SHGs in India". **Indian Economic Association 90th Annual Conference** Volume: Part – I, pp. 651 – 652.
11. C.V. Ranga Rao(2004), **"Communication Strategical for Development : A Study of Women Development Programmes with Special Reference to DWCRA in Ranga Reddy District"**, Unpublished Ph.D., Thesis.
12. 'SHG Federation in India' **Publication by APMAS – 2007.**
13. **'Self Help Groups in India"**, A Study of the lights and shades. Publication by APMAS: 2006.

14. Indira Kranthi Patham (2008), **Department of Rural Development, Govt. of Andhra Pradesh.** , India and Collaboration with Society for Elimination of Rural Poverty (SERD), Hyderabad
15. Indira Kranthi Padham, **World Vison Report**, West Godavari – 2008.
16. Society for Elimination of Rural Poverty. Indira Kranthi Patham (2008) **Dept. Of Rural Development, Govt. of Andhra Pradesh**, India 2008, Hyderabad.
17. Indira Kranthi Patham, **World Vision Report, West Godavari** – 2008.
18. Indira Kranthi Patham (2008) **Department of Rural Development, Govt. of Andhra Pradesh**, India and SERP, Hyderabad.
19. www.rd.ap.gov.in
20. Indira Kranthi Patham (2008) **Department of Rural development, Govt. of Andhra Pradesh (AP)**, India and SERP, Hyderabad.
21. Indira Kranthi Patham, **World Vision Report, West Godavari** (2008).
22. District Rural Development Agency (2008) **Official Records, West Godavari DRDA.**
23. Report on Indira Kranthi Patham, **Dept. R.D. Govt. of A.P., India**, 2007, page: 7.

* * * * *