

SUSTAINABILITY OF OLD SELF HELP GROUPS IN TELANGANA

Study commissioned
by
National Bank for Agriculture and Rural Development



Study conducted
by



April 2020

Mahila Abhivruddhi Society
Plot No. 11 & 12, HIG, Taneshanagar
Manikonda, Hyderabad -500 089
Telangana

ACKNOWLEDGEMENTS

At the outset, I am greatly indebted to all the 60 SHGs and 120 SHG member households who spared their valuable time and provided information during our visit to SHGs and SHG member households. Further, I am highly thankful to Community Coordinators and Village Organization Assistants of sample mandals whose help is immense in identifying the sample villages and SHGs and in sharing their experiences during focus group discussions.

Mahila Abhivruddhi Society is highly thankful to Sri Vijaya Kumar, CGM, Smt. Smita Mohanthy, DGM, and Sri Somasundaram, AGM of NABARD Regional Office, Hyderabad for commissioning a study, and their support in timely release of funds and coordination with district officials. Further, I am highly thankful to the DDMs of NABARD at District level Sri. Krishna Moorthy, for sharing their experiences during our visit.

I would like to extend my sincere thanks to the Study Technical Advisor Mr. CS Reddy, CEO & Managing Director of APMAS for his inputs in developing the study design, preparing data collection tools, data analysis and study report.

I would like to express my earnest thanks to Mr. Naveen Kumar, Project Manager who has taken pains in conducting fieldwork for data collection, qualitative data analysis and in preparing caselets. My sincere thanks to Miss A. Padmasri Nivedita, Project Manager for her support in review of literature, orientation of the study team and in reviewing draft report of the study.

I am highly thankful to Sri CEO of SERP-Telangana, Sri. M. Narasimha Reddy, Director, SHG Bank Linkage, SERP-Telangana, Sri S. Vidhyasagar Reddy, Managing Director of Streenidhi Credit Cooperative Federation Ltd, Telangana who have spared time and shared their rich experiences with the study team.

I would like to express my sincere thanks to Assistant Project Managers, SERP Telangana and bank branch managers of sample mandals for their cooperation & coordination and for sharing their experiences with the study team.

I sincerely hope that all the major stakeholders, including policy makers, practitioners and professionals in the development sector find this report useful to understand the sustainability of old SHGs and to enhance the effectiveness of the program implementation through appropriate policy and strategy changes. I welcome any feedback or suggestions on the report.

Place: Hyderabad

Date: April 2020

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Principal Investigator

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ABBREVIATIONS & ACRONYMS

ADB	:	Adilabad
AGM	:	Assistant General Manager
AP	:	Andhra Pradesh
APL	:	Above Poverty Line
APMAS	:	Mahila Abhivrudhi Society, Andhra Pradesh
BC	:	Backward Class
BPL	:	Below Poverty Line
CB	:	Commercial Bank
CBO	:	Community Based Organization
CBRM	:	Community Based Recovery Mechanism
CIF	:	Community Investment Fund
CRI	:	Critical Rating Index
DCCB	:	District Central Cooperative Bank
DFID	:	Department For International Development
DPIP	:	District Poverty Initiatives Project
DRDA	:	District Rural Development Agency
DWCRA	:	Development of Women & Children in Rural Areas
FC	:	Farmers' Club
FD	:	Fixed Deposit
FGD	:	Focus Group Discussion
Fig.	:	Figure
FIP	:	Financial Inclusion Programme
GP	:	Gram Panchayat
HH	:	Household
IAY	:	Indira Awas Yojana
ICDS	:	Integrated Child Development Services
IGA	:	Income Generating Activity
JDY	:	Jan Dhan Yojana
LDM	:	Lead District Manager
LPG	:	Liquid Petroleum Gas
MACS	:	Mutually Aided Cooperative Society
MBN	:	Mahabubnagar
MCID	:	Micro Credit Innovations Department
MCP	:	Micro Credit Plan
MEPMA	:	Mission for Elimination of Poverty in Municipal Areas
MFI	:	Micro Finance Institution
MGNREGS	:	Mahatma Gandhi National Rural Employment Guarantee
MMB	:	Mahabubabad
MS	:	Mandal Samakhya

NA	: Not Available
NABARD	: National Bank for Agriculture and Rural Development
NGO	: Non-Government Organization
NKNL	: Nagar Kurnool
NML	: Nirmal
NRLM	: National Rural Livelihoods Mission
OC	: Open Category
PDS	: Public Distribution System
RF	: Revolving Fund
RMG	: Raithu Mitra Group
RR	: Repayment Rate
RRB	: Regional Rural Bank
SB A/c	: Savings Bank Account
SC	: Scheduled Caste
SERP	: Society for Elimination of Rural Poverty
SGSY	: Swarnajayanthi Gram Swarozgar Yojana
SHG	: Self Help Group
SHGBLP	: SHG Bank Linkage Programme
SHPI	: Self Help Promoting Institution
ST	: Scheduled Tribe
UNDP	: United Nations Development Programme
VO	: Village Organization
WDC	: Women Development Corporation
WGL (R)	: Warangal–Rural

Study on Sustainability of Old Self Help Groups in Telangana

A. SHGBLP in sample states as on March 2019 (source: NABARD)		
• Number of SHGs have savings account with bank (in lakhs)	:	5.68
• Average amount of funds in SHG SB account (in Rs.)	:	53,516
• Number of SHGs have loan outstanding with banks (in %)	:	100.38
• Average loan per SHG (Rs. in lakh)	:	2.84
• Non-performing assets (NPA) (in %)	:	2.8
B. Sample covered		
• Number of Districts – Old /New	:	3/6
• Number of SHGs	:	60
• Number of SHG Member Households	:	120
C. Profile of SHGs		
• ST & SC groups (% of SHGs)	:	28
• Average age of SHG (in years)	:	16.89
• Average size of SHG (No. of members)	:	11
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1 Context and objectives of the study

1.1 Over a period of more than two and half decades of endless efforts of government, non-government organizations (NGO), banks and non-banking financial companies (NBFC) the SHG movement has emerged as the world's largest and most successful network of community based organizations. According to NABARD, as on March 2019, more than 1 core SHGs have savings accounts in banks, and about 50.77 lakhs of SHGs have active bank loans in India. In Telangana, 5.69 lakh SHGs have savings accounts with banks, and 5.71 lakh SHGs have active loans. The Society for Elimination of Rural Poverty, an NGO promoted by Government, and Streenidhi Credit Cooperative Federation Ltd., promoted by the Government and Mandala Mahila Samakhya have been implementing many interventions for women empowerment and poverty reduction. In this context, NABARD proposed a study to understand the quality of old SHGs - sustained more than 10 years, the factors contributed for the sustainability of SHGs and the changes in the socio-economic conditions of SHG members and their households.

1.2 The broad objective of the study is to understand the sustainability of old self-help groups having survived more than 10 years in Telangana. The specific objectives of the study are:

- To examine the aspects relating to sustainability of SHGs, which are in existence for longer period, more than 10 years;
- To identify the factors which worked for their bonding for so many years;
- To examine the role played by Govt. and its schemes and support of Self Help Promoting Institutions (SHPIs) in achieving this;
- To examine their group dynamics, stages of their economic and social empowerment;
- To know the impact of interest subvention on non-performing assets of SHGs; and
- Issues, constraints and action points for replication

1.3 To address the above objectives the study covered a sample of 60 SHGs that are more than 10 years old and 120 women members drawn from the sample SHGs from a sample of 6 mandals drawn from 6 districts namely Adilabad, Nirmal, Mahabubnagar, Nagar Kurnool, Mahabubabad and Warangal – Rural formed from the three (3) erstwhile Adilabad, Mahabubnagar and Warangal districts of Telangana. To understand the perspective of various stakeholders on the sustainability of old SHGs, 8 bank officials, 8 SERP officials and the chief functionaries of Streenidhi Credit Cooperative Federation Ltd., and State Bank of India (SBI) which is the lead bank of the state were interviewed.

1.4 Data was collected from both primary and secondary sources by using qualitative as well as quantitative methods such as interview schedules, semi-structured interviews, focus group discussions, observation and case studies. Fieldwork for data collection was carried out in February 2020.

2 Socio economic profile of sample SHGs and SHG members

2.1 The sample districts are differing from each other in terms of their geographic area, households, population, literacy and social composition. The number of SHGs, average group size and the number of village organizations are varying between the districts.

2.2 The members formed into a group with multiple socio-economic and development motto spread dominantly to avail low cost loans (97%), promote savings (87%), to take up income generating activities (73%) and to access various government welfare and development programmes. The groups considered multiple demographic, socio-economic and personal traits while selecting the members. The sample SHGs are largely government promoted (50%) followed by self-promoted (38%). The average age of SHGs is 17 years. There are more or less equal number of mono caste (47%) and multi-caste (53%) groups. The average group size at present is 11.4 members. The SHG size, age and social composition are varying between the districts and promoters.

2.3 The majority of sample SHG women are in productive age, between 40 and 50 years. Illiteracy (59%) is prevailing among the sample SHG members. The literacy rate of SHG women is lower than the female literacy rate of Telangana (59.15%). Of the social categories, BCs are numerically dominant followed by SCs, OCs, STs and others. Nuclear and male headed families are predominant. The majority SHG members' households are land owning (57%). The incidence of migration is negligible (9%). Agriculture and labour are the two primary occupations of SHG member households. The average household income of SHG members is Rs. 2.57 lakhs. The members have long period (17 years) of association with SHGs. The socio-economic conditions of SHG members are varying between the districts.

3 Institutional performance and sustainability

3.1 Monthly meetings are common (95%). During the last six months, most SHGs (83%) held all the scheduled meetings across the districts, promoters, and age of SHGs. In majority of SHGs (60%) members' attendance in meetings is more than 90%; nevertheless, it is a concern. The agenda items of SHG meetings are mostly related to financials. Still, the SHGs are depending on SERP staff in fixing meeting agenda.

3.2 There are monthly (100%) and mandatory savings with multiple organizations: SHGs, federations and Streenidhi. The average amount of monthly savings per member is Rs. 109. It differs between districts, SHG age, promoters and social categories. The average monthly savings per member is more at present than at the

beginning (Rs.42).Most SHGs (93%) increased monthly savings amount per member 1 to 5 times. All sample SHGs promoted mandatory savings with federations and Streenidhi. The SHGs used members' savings in multiple ways – lending, collateral to external credit, to repay loans, to recover overdues and for backing senior citizens. Low cumulative members' savings even in old SHGs is the result of distribution of members' savings (73% of SHGs) respectively.

3.3 Most SHGs keep their records at the leaders' house (95%), engaged book writers and are paying an average honorarium of Rs. 93 per month. The minute's book (98%) and loan ledger (81%) are commonly found across the sample SHGs. However, many of the SHG did not maintain many books even though they engaged paid book writers. This pattern was found across the districts. The maintenance of books is comparatively good in Warangal than in Adilabad and Mahabubnagar. The books are up-to-date and accurate in majority SHGs that are maintaining books.

3.4 The SHGs considered multiple criteria while selecting leaders. Of all, good communication skills (83%), dynamism of member (83%), good character (68%) and ability to sign / education are the important. Some SHGs follow roster and lottery methods while selecting their leaders. The members have moderate awareness on the roles& responsibilities of leaders. The incidence of leadership rotation is moderate even in old SHGs; not even 50% of group members were selected as leaders. However, most of the roles & responsibilities of leaders have been carried out by the group members on rotation basis.

3.5 The SHGs provided large amount of loans to their members from multiple credit sources – own funds (75%), banks (93%), Streenidhi (90%) and federations (67%). However, in one-fourth of the SHGs, there is no internal lending with own funds because of several reasons which is a concern.

3.6 There are specific rules and regulations to admit and extend credit to new members. Similarly, there are exit norms. A little more than one-third of SHGs are collecting fines to ensure discipline among the members. About 63% of SHGs were audited 1 to 7 times, but there is no regular yearly audit of SHGs.

3.7 The quality of sample SHGs is good: A-grade 68%, B-grade 28% and C-grade 4%. The grades of SHGs are varying between the districts, age of SHGs and promoters.

4 Financial performance of self-help groups

4.1 The SHGs have huge financial assets, a sum of Rs. 3.95 crores with an average of Rs. 6.59 lakhs. The SHG assets are varying between the districts; age of SHGs and the financial assets are positively related. Of the total assets, the major portion is loan outstanding with members (86%) followed by funds in SHG savings bank account

and others. There are large idle funds in SHG SB accounts, till date, an average of Rs. 61,922 because of several reasons, which is a matter of concern.

4.2 Of the total liabilities, the lion portion is loans outstanding to external agencies (69%) followed by members' savings (16%), reserve funds (11%) and others. The SHGs have large loan outstanding to banks followed by Streenidhi and SHG federations. The average cumulative members' savings in a group is Rs. 1.04 lakhs. All sample SHGs reported cumulative profits, an average of Rs. 22,111. The cumulative members' savings and profit of SHGs are differing between districts, SHG age and promoters.

4.3 The SHGs have mobilized funds from multiple credit agencies – banks, Streenidhi and SHG federations. Since inception, the SHGs borrowed a total of 913 loans with an average of 15.2. Many loans are from banks (45%) followed by federations (31%) and Streenidhi (24%). On an average an SHG mobilized a loan of Rs. 21.7 lakhs. Large chunk of credit is from banks (77%) followed by Streenidhi (15%) and federations (8%). There is a significant difference in the loan mobilized between the credit agencies, districts, age of SHGs and SHPIs.

4.4 The sample SHGs have loan outstanding with multiple external credit agencies- banks (93%), Streenidhi (90%) and federations (67%). The average volume of bank loan is bigger (Rs. 5.76 lakhs) than Streenidhi (Rs. 2.05 lakhs) and federations (Rs. 73,269). The volume of loan depends on multiple factors such as SHG location, age, size, social category and promoter, number of linkages / doses and the grade of bank branch.

4.5 The repayment rate between SHGs to external credit agencies is good. The repayment rate varies between the credit sources. The average loan repayment rate from SHGs to banks is higher (94%) than federations (91%) and Streenidhi (88%). The repayment rate is varying between districts, SHG age, size, social category and promoter.

4.6 A majority of SHGs don't have overdues across the credit sources. However, the incidence of overdues is high in banks than federations and Streenidhi. Of the total overdue of Rs. 12.2 lakhs, major portion is to banks (71%) followed by Streenidhi (18%) and federations (12%). The default is of two types: genuine and willful. Of the genuine reasons, ill-health (61%), drought / crop failure (36%) and less availability of work (29%) are protuberant; political promises ((7%) and operational issues at group level are the major reasons for willful default. All the stakeholders have been involved in the recovery of loans at all levels- SHGs, SERP / Government, banks, Streenidhi and federations.

4.7 The Government /SERP, banks, Streenidhi and federations have played a role at all stages of SHG credit linkage program. But the extent of involvement is varying between promoters. SERP and federations played an active role at all stages of

credit linkage. Banks and Streenidhi focused more on credit assessment, loan disbursement & utilization and loan recovery. But the SERP and federations played an active role at all stages of pre (facilitation for credit linkage, up-dation of books, SHG grading, preparation of MCP, loan documentation) and post (credit disbursement, loan utilization, loan recovery, facilitation of interest reimbursement) credit linkage processes.

5 Trainings on institution & capacity building and skill development

5.1 The majority of SHG members have undergone trainings of SERP followed by SHG federations and banks. Large number of members have undergone trainings on 'institution building & capacity building' followed by 'financial literacy & skill development' and 'social issues & development programmes'. It is because during the initial years, the project has focused very much on formation of SHGs & SHG federations and building their capacities to evolve as member owned, managed and controlled organizations.

5.2 The banks have provided capacity building inputs to SHGs in various ways: one to one interactions at the time of credit linkage and during field visits, trainings and workshops through SHPIs, participating in federation review meetings, bankers meetings at mandal / district levels and at SHGs' visit to banks for SHG financial transactions of SHGs. The inputs mainly focused on the financial literacy, book keeping, enterprise promotion, insurance schemes, etc.

5.3 The analysis of current / latest loan utilization shows that the majority of members used for one activity (52%); nevertheless, many used for 2 to 3 activities. The loan was largely used for production (52%) followed by social needs (23%), asset creation (22%) and consumption (3%). It is varying between the districts, SHG location and household head. The members have reported many socio-economic reasons for loan diversification or using for multiple purposes.

6 Reimbursement of interest – Pavala Vaddi / Vaddi Leni Runalu

6.1 Since 2013-14, the Government of Telangana has sanctioned and grounded VLR every year between 3.6 and 3.9 lakh SHGs and an amount between Rs. 38,298 lakhs and Rs. 50,225 lakhs. The sample SHGs largely benefitted with interest subvention. All the SHGs got interest reimbursement / Vaddi Leni Runalu (VLR) 1 to 8 times with an average of 4.4. The cumulative amount reimbursed is 39.38 lakhs with an average of Rs. 48,970 per group.

6.2 The Pavala Vaddi (3% interest per annum) / VLR is used in many ways. Most SHGs (98%) reported that the banks adjusted the amount to loan outstanding without any information to SHGs; 55% of SHGs equally distributed among members; and 12% of SHGs added to group corpus. As a result, there is a prepayment of loans, and recovery of overdues in case of default. But in case of Streenidhi, the amount is directly deposited into individual savings bank account of SHG members.

6.3 The majority of SHGs (57%) got revolving fund (RF), an average of Rs. 11,700 from the Department of Rural Development (RD) or Women & Child Development (WCD). The groups used RF in two ways: i) the majority of SHGs equally distributed it to their members as it is from government and ii) some groups added it to group corpus. These groups too distributed it to their members at the time of disbursement of bank loan. Further, revolving fund facilitated SHG promotion: about 20% of SHGs reported revolving fund as one the reasons for forming into a group.

7 Problems, issues and challenges

7.1 The incidence of dropouts is common (98%) across the SHGs, ranged between 1 and 9 with an average of 4 dropouts. The death of SHG member (63%), senior citizenship, migration (44%) and marriage of unmarried members are the predominant socio-economic reasons for dropouts. If the group size is less than 10 members or there are senior citizens / more than 60 years in the group, there is no bank linkage to those groups. Some sample SHGs (15%) are not functioning between 6 months and 1 ½ years in the past because of financial reasons.

7.2 Distribution of group funds / savings is prevalent in the sample SHGs (73%). The occurrence and the sum of funds distributed are varying between districts, age of SHGs and promoters. Large group corpus (48%), settlement of dropouts' account (43%), difficulties in managing large funds (32%) and small volume of bank loan are the main reasons for distribution of group funds. It has mixed implication on SHGs.

7.3 There are large idle funds in SHG savings bank accounts, an average of Rs. 61,922. It is varying between the districts, SHG age, promoter, location of the group and practice of internal lending with SHG own funds. The ratio between the idle funds in SHG savings bank accounts and the loan outstanding to banks is 1:5 or 20%. Both SHGs and banks are responsible for large idle funds, and it has mixed implications: no internal lending, dependency on money lenders for small and emergency needs and large volume of loan in repeat doses.

7.4 There is no internal lending with own funds in some of the SHGs (25%). It is varying between the districts, SHG age and location. Further, the frequency of velocity of internal lending is less than one time in majority of SHGs (67%) is another alarming aspect. There is a slight difference in the frequency of velocity of internal lending of SHGs between districts, SHG age, location and promoter.

7.5 Low quality of books in many SHGs, meeting agenda items limited to financials, no interest margin to SHGs on external loans, loan diversification for social & consumption needs, distribution of savings, unwilling to take up group enterprises, no internal lending with own funds, lending to non-members, unwilling to take up leadership are some other key issues related to SHG functioning.

7.6 There are multiple problems related to bank linkage: i) small loan volume; ii) banks are reluctant to extend loans to senior citizens in the group; iii) long waiting

period; iv) not up-dating pass books; v) collection of loan processing & inspection charges; vi) less number of installments in case of CCL loans and vii) banks encouraging equal distribution.

7.7 The SHGs have advantages and disadvantages with political parties: i) long pending VLR amount sanctioned and released, ii) sanctioned large volume of loans, iii) political promises on large volume of loan and loan waiver, iv) SHGs got recognition as vote bank, v) political parties made payments to voters through SHGs, and vi) involvement of local political leaders in federation elections.

8 SHGs and women empowerment

8.1 There is a significant improvement in the confidence levels of SHG women to approach bank, to face visitors and to raise issues in meetings. The utmost development is that majority of the SHG members have approached Gram Panchayat, hospitals and banks, though approaching police stations and mandal offices are minimal. The members' mobility is high to 'go for shopping outside the village' and to 'attend SHG work outside the village' as compared to earlier. However, it is low to 'go to Govt. office on household work'.

8.2 There is a definite move toward more financial independence or equal sharing within the family. The SHG members' control over financial assets such as 'use of earning from income generating activities', 'use of SHG loan' and 'personal savings' has increased between 3 to 6 times.

8.3 The women have an 'equal' role followed by 'major' and 'solely' in making household decisions. Further, the women's role is comparatively more 'major' in making decisions on 'promotion of family savings', 'taking up of new economic activity' and 'purchase of gold / cattle' as it is because of more women contribution. There is not much discrimination between boys and girls 'in schooling' and 'age at marriage'.

8.4 The women's participation in politics is very low (5% to 6%). However, there is a significant increase in women voted 'independently'. The women who contested for political office is higher in female headed (7%) households than male headed (3%). Women's participation in 'campaigning for a candidate' is minimal. The SHG members' participation and raising voice independently in Gram Sabha meetings has significantly increased. A good number of SHG women (73%) participated in 1 to 6 rallies / campaigns / political meetings since their membership in SHGs.

8.5 There are mixed effects on the life of SHG members: 'work burden' (3% to 75%), 'responsibility of household credit mobilization' (3% to 89%) and 'husband sharing the household work' (3% to 68%) have increased. There is not much increase in women taking up non-traditional activities. All SHG women have individual savings account in bank; but small number of SHG members have savings account in life insurance corporation (LIC) and post office.

9 Impact of SHGs at household level

9.1 The SHG members' households have savings, an average of Rs. 65,996. The percentage of savings with SHGs to the total household savings is less than 50 percent. During focus group discussions many SHGs have reported that there is an improvement in the income of many households (43%) and repaid old debts (42%). The frequency of dependency on money lenders has declined. The impact of SHGs on migration is negligible.

9.2 The households have debts with multiple formal and informal sources. One-third of SHG member households are totally indebted to SHGs. SHG is the major source of credit to households; on an average, the SHG's portion to the household debt is 58%.

9.3 Most SHG member households procured assets of worth Rs. 82.98 lakhs with an average of Rs. 77,550. Many are permanent assets (37%) followed by household equipment (35%) and income generating assets (28%). Many households purchased gold/silver ornaments, housing, household articles and livestock. Some households procured refrigerator, bullocks and motor cycles. Few households purchased land, sheep/goat, auto/taxi, mobile phones, agriculture machinery, tool kits, camera, xerox machine, tent house and sewing machine.

9.4 About 38% of SHG member households started enterprise activities with SHG loans. The households mobilized funds for enterprise activities from multiple sources. SHG played a vital role in the promotion of enterprise activities: Large portion of investment is from SHG loans (48%) followed by household earnings (39%) and others. The investment on an activity varies from Rs. 5,000 to Rs. 12 lakhs with an average of Rs. 1.13 lakhs. The income varies between the activities depending on the nature and scale of activity. Mostly 1 to 2 household members got employment through the activities.

10 Changes at SHG and community level

10.1 The habit of savings among the members (58%), credit to all members in the group (60%), more awareness among members (55%), more unity / cohesiveness among the members (60%), good reputation at the bank (65%) and linkages with other institutions are the major changes at group level. Few groups reported the negative change such as lending to non-SHG members and restricted to financial services.

10.2 The groups have reported multiple changes that have taken place at village level: large number of SHGs came into being at all habitations (90%), recognition to SHG at Gram Panchayat (67%), dependency on money lenders has declined (88%), more awareness on government programmes, improvement in village infrastructure & amenities (47%) and membership in other community based organizations.

11 SHGs and the Government programmes and social issues

11.1 The SHGs and federations are seen as an institutional mechanism for the poor to access various government schemes and programs. Most of the households (81%) have been accessing ration from 'Fair Price Shops'. The majority of households benefitted with Liquid Petroleum Gas (LPG) connections (52%). A large number of households got benefitted from Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (43%) and social security pensions (43%). Some of the households got benefitted from pulse polio, individual household latrine (IHHL), housing, Integrated Child Development Scheme (ICDS) services, loan waiver and scholarships.

11.2 Participation in the implementation of government welfare programmes is low to high: It is comparatively higher in Swachh Bharat Mission (78%), Janma Bhoomi (53%) and Harithaharam (36%) than in mid-day meal (26%), pulse polio (19%), distribution of pensions (12%), Palle Pragathi (12%), disbursement of MGNREGS payments (7%) and PDS/Ration shops (3%). The SHGs mostly played the role of information sharing and community mobilization.

11.3 SHGs' involvement in social issues is effective and progressive. About 97% of SHGs involved in 143 activities, ranged between 1 and 4. The issues they have addressed are related to health & sanitation such as cleaning of roads (79%) and drains (55%); support to orphans, disabled and poor girls (21%); social issues such as domestic violence (19%), stopping child marriages (12%), child labour, dowry harassment, community infrastructure such as drinking water (19%), connectivity roads and community hall; and met the cost of national festivals organized in schools & villages. The SHGs support is in the form of cash or kind or both.

12 Factors contributing for the sustainability of SHGs

12.1 The factors that have been contributing for the sustainability of SHGs at group level are as follows: i) common motto of members in forming into a group; ii) criterion of affinity while selecting members; iii) replacement of dropouts with household members and enrollment of new members; iv) regular meetings and financial transactions within the meetings; v) sharing of group work on rotation basis; vi) leadership rotation; vii) large volume of loans from multiple credit sources; and viii) interest free loans / Vaddi Leni Runaalu (VLR)

12.2 The factors that have been contributing for the sustainability of SHGs at project level are as follows: i) proactive role of government in the promotion of SHGs and SHG federations; ii) continuous handholding support of Society for Elimination of Rural Poverty (SERP) to SHGs and SHG federations; iii) extensive capacity building trainings on financial, non-financial and development aspects; iv) target approach

in SHG credit linkages; v) digitalization of SHG and VO data; vi) multiple services from federations in their vicinity; and vii) asset insurance at the time of credit linkage.

12.3 The factors that have been contributing for the sustainability of SHGs at bank end are : i) SHG banking is one of the major business opportunities to banks; ii) high returns with low investment and risk; and iii) technology based disbursement of loans to SHGs to avoid delay.

I CONTEXT OF THE STUDY

India's Self Help Group (SHG) movement has emerged as the world's largest and most successful network of Community Based Organizations (CBOs). It is predominantly a women's movement. As experts have pointed out, it is a development innovation in its own right and a home-grown model. The SHG Bank Linkage Program (SBLP), which is India's own innovation, has proved to be one of India's most effective poverty alleviation and women's empowerment programs.

1.1 SHG movement in India: The SHGBLP had a modest beginning in 1992-93 with 255 credit-linked groups and a loan amount of Rs. 29 lakh. Since then the program has grown exponentially. SHGs have emerged as a mass movement across the country and the largest community based microfinance model in the world. Table-1.1 shows that as per the National Bank for Agriculture and Rural Development's (NABARD) microfinance report, as on March 2019 more than 1crore SHGs have savings accounts in banks, with an aggregate bank balance of Rs. 23,32,448 lakhs. About 50.77 lakh SHGs have active bank loans, with total loans outstanding of Rs. 87,09,815 lakhs. However, there remain regional disparities in the growth of the SHG movement, with limited progress in Eastern and Western regions. Following are the details of SHG Bank Linkage Programme in India and Telangana as on March 2019.

Table-1.1:SHG Bank Linkage Programme in Telangana and India			
S.No.	Particulars	Telangana	India
1	Number of SHGs	5,68,756	1,00,14,243
2	Savings amount (Rs. in lakhs)	304,377.08	23,32,448.15
3	Average Idle Funds in a SHG SB account (in Rs.)	53,516	23,291
4	% of Idle funds to loans outstanding	19.76	26.78
5	No. of SHGs that got a linkage during the year	3,36,640	26,98,400
6	Amount disbursed during the year (Rs. in lakhs)	9,55,583.70	58,31,762.88
7	Average loan size per SHG	2,83,859	2,16,119
8	Number of SHGs have loan outstanding	5,70,911	50,77,332
9	Loans outstanding (Rs. in lakhs)	15,40,719.18	87,09,815.43
10	% of SHGs having loans outstanding with banks	100.38	50.70
11	Average loan outstanding per SHG (in Rs)	269,870	171,543
12	% of Non- Performing Assets (NPA)	2.80	5.19

Data source: NABARD, 2019

1.2 SHG bank linkage programme in Telangana: During the last decade the number of SHG credit linkages and loans disbursed has increased each year. This

has been possible due to the proactive role played by the State Government, NGOs and banks, along with long-term funding support from the World Bank. From 2004-05 to 2008-09, there was an increase in the number of credit linkages and the amount of loans disbursed. From 2009-10 to 2011-12 the number of credit linkages decreased though there was a net increase in the amount of loans disbursed. This was due to a shift from large loan volumes with long repayment periods to a lesser number of groups and fewer fresh linkages.

Table-1.1 shows that currently there are 5.69 lakh SHGs with savings in bank accounts, with a total savings of Rs. 3,04,377 lakhs. During the year 2018-19, Rs. 955,583 lakhs of credit was disbursed to 3.37 lakh SHGs. As of March 2019, about 5.71 lakh SHGs have total loans outstanding to banks of Rs. 15,40,719 lakhs and the percentage of non-performing assets is 2.8%.

1.3 Coverage of SHG Programme in Telangana: Table-1.2 shows that there are 4.03 lakh SHGs covering 42.36 lakh members in Telangana. Of the total, majority of the SHGs are BCs followed by SCs, STs, OCs, Minority and others. Like SHGs, a similar tendency is found in the social composition of SHG members. All the SHGs are formed into Village Organizations (VOs) that include all those in a village; the Village Organizations are formed into Mandal Samakhyas (MSs); and those into Zilla Samakhyas (ZSs). In addition there are Girijana Samakhyas for the SHGs formed with Scheduled Tribes. There are 17,685 VOs, 548 MSs and 30 ZSs in Telangana

S. No.	Particulars	SHGs		Members	
		Number	%	Number	%
A	Social Category				
1	Scheduled Castes	86,931	21.6	8,99,479	21.2
2	Scheduled Tribes	54,075	13.4	5,59,759	13.2
3	Minorities	28	0.0	1,29,729	3.1
4	Backward Classes	2,28,963	56.8	23,04,943	54.4
5	Other Classes	23,325	5.8	3,28,727	7.8
6	Others	9,702	2.4	13,478	0.3
	Total	4,03,024	100.0	42,36,115	100.0
B	Well Being status		0.0		0.0
1	Poorest of the poor	87,594	21.7	10,57,247	25.0
2	Poor	3,11,904	77.4	31,21,913	73.7
3	Non-poor	2,290	0.6	56,534	1.3
4	Others	1,236	0.3	421	0.0
	Total	4,03,024	100.0	42,36,115	100.0

Data Source: www.serptelangana.gov.in as on March 2020

The well-being status of SHGs shows that the majority of SHGs are formed with Poor (77%) followed by Poorest of the Poor (22%), Non-Poor (0.6%) and others (0.3%). The

well-being status of the members shows that nearly three quarters are Poor followed by Poorest of the Poor (PoP) and a small percentage of Non-Poor (1.3%) and others (0.1%) .

1.4 Streenidhi Operations: Of 5.81 lakh SHGs in Telangana, Streenidhi is working with 5.01 lakh SHGs in which 88% are in rural and the remaining 12% are in urban. The SHGs have a total savings of Rs. 20,291 lakhs with Streenidhi, in which, 98.6% is of rural and the remaining 1.4% is of urban. About 62% of SHGs were credit linked with Streenidhi. But, it is higher in rural (64%) than urban (49%). About 91% of the loan disbursed is in rural; similarly, 92% of the loan outstanding with SHGs is in rural (92%) (Sadhikaratha Foundation, 2018-19).

II REVIEW OF LITERATURE

SHGs in India were formulated for targeted poverty elimination through social mobilization, institution building, financial inclusion and portfolio of sustainable livelihoods. Mobilization of savings from rural poor through SHGs is one of the efforts to bring the neglected parts of economy (informal economy) into mainstream (formal economy) (Ujagare & Bhagwat, 2017). However, two decades after these institutions have been formed, the question of the hour is to understand the sustainability of these institutions, their functioning and their contribution to poverty alleviation of the poor masses as primarily intended.

2.1 SHGs and Sustainability: Purna Chandra Parida and Anushree Sinha (2010) in their paper, 'Performance and Sustainability of Self-Help Groups in India: A Gender Perspective' claimed that a sustainable SHG would be one that continues to function well over a long period of time. Moreover, the long-term performance depends on members' overall socioeconomic development, including their empowerment. However, they also state that considering that the SHG bank linkage program has been operating in India for the last 25 years, the sustainability of SHGs has not been paid much attention in studies so far (Parida & Sinha, 2010).

Dr. Sunil Ujagare & Ashwini Bhagwat (2017) in their paper, 'Women Self Help Groups and Sustainability Indices: A Study of Successful Self Help Groups in Uruli Kanchan Village, Pune District', associated sustainability with mature SHGs. They stated that SHGs achieved maturity when groups achieve their goals, the leader delegates her authority to work efficiently, functioning of the group is very smooth and the group is self-sufficient to resolve any crucial situation in the group. At this stage, the groups become sustainable and mature as these groups experience group dynamics while going through various stages after formation and through the same, attitudes and various behavioral patterns of individuals are discerned (Ujagare & Bhagwat, 2017).

Ujagare & Bhagwat (2017) state that the formation of SHGs is very easy but making them sustainable is a big task and it is observed that SHGs need support from external agencies in each and every activity. Thereby, it is very important to study

group dynamics and the organizational sustainability of SHGs in detail along with understanding their financial sustainability and income generation aspects.

2.2 Organizational sustainability: Women SHGs are homogeneous groups which are bounded by affinity. They share responsibilities and authority and through intra group and inter group interactions they achieve their objectives and remove obstacles to achieve their goals (Ujagare & Bhagwat, 2017).

In their research paper, Ujagare & Bhagwat (2017) state that when sustainability of SHGs is considered the group has to be strong within and should be highly adaptable to their external environment. Here strong within means must have strong leadership and ability to follow SHG principles (Dash sutras). Absence of important determinants of group success like strong and stable relationship, group solidarity, clarity of goals of SHGs among members and co-operation and mutual understanding that leads to ineffective functioning causes group failure (Anand, 2004 as cited in Ujagare & Bhagwat, 2017).

In their research, 'Women Self Help Groups And Sustainability Indices: A Study Of Successful Self Help Groups In Uruli Kanchan Village, Pune District', authors Ujagare and Bhagwat (2017) studied various sustainability indices of sustainable SHGs and came up with dominant attributes shown by sustainable SHGs which are as follows:

- There is regularity in meeting conduction.
- Decision making process involves each member in the group.
- Everyone is aware of and has complete knowledge of individual goal and group's goal.
- There is a smooth communication within the group.
- Leaders are performing their job satisfactorily.
- They follow proper monitoring processes.
- There is very low level of conflicts.

Author Krishnan (2009) in the paper, 'Role of Microfinance in Women Empowerment: A Study of Selected Experiments in Kerala', stated that in most of the group based enterprises, group solidarity was found to be a major problem and in order to circumvent this issue, proper group based training and awareness programmes must be organized. He also stated that it is highly important that the office bearers of SHGs are rotational so that every member of the group is involved in leadership activities, accounting, etc. (Krishnan, 2009).

Purna Chandra Parida and Anushree Sinha (2010) state that the factors that determine sustainability were loan recovery, per capita savings of SHG members, linkage with SHG federations, and formation and financing of SHGs by banks. In their paper, they performed a comparative study of all-female and all-male SHGs and came to the conclusion that the all-female SHGs were sustainable because they

were more focused and united, adhere to basic objectives of groups, utilize borrowed funds for different productive activities, and are highly concerned about the well-being of their children and family members (Parida And Anushree Sinha, 2010).

2.3 Financial Sustainability: A study conducted in the north-east state of Assam by authors Pallabi Bora and R.K. Talukdar (2016) looked into the different ways in which SHGs mobilized their resources through various income generating and entrepreneurial activities. Authors stated that the groups that were studied as a part of the study were involved in providing loans to their members and in diversified livelihood generating activities like weaving and embroidery, tailoring, preparation of sweets and snacks, pickles and juice, handicraft, poultry and piggery. The profit utilisation patterns of groups were mostly for productive purposes indicating group sustainability. However, all the SHGs more or less adopted the same activities, indicating a competitive market and that resulted in marginal profit within a geographically confined locality. That being said, the authors also claimed that the SHG members opined that there was an increase in household income and they could realize the dream of credit for income generating activities. They could also inculcate the savings habit, meet credit needs, gain confidence etc. in more than 90.00 percent cases (Bora & Talukdar, 2016).

A comparative study on the growth of the SHG-Bank Linkage Programme of Six Regions in India using NABARD microfinance data from FY 2007-08 to 20013-14 concludes that after the SBL program, the number of SHGs has been increasing every year but not the financial performance of the SHGs. The rate of growth of outstanding loans and loan disbursement is constantly increasing, with considerable unevenness among the six regions (L. Manohar, 2015).

C. Krishnan (2009) in his paper *exploring the role of microfinance in women empowerment* has stated that the nature of income generating activities indicated that the majority were individual initiatives. However, he also states that the operation of income generating activities with the help of microfinance is yet to strengthen as most of the beneficiaries utilize the loan for meeting their immediate consumption requirements.

2.4 Social Empowerment: In their research, 'Women Self Help Groups and Sustainability Indices: A Study of Successful Self Help Groups in Uruli Kanchan Village, Pune District', authors Ujagare and Bhagwat (2017) stated the most significant impact of SHG movement among women is as follows:

- Increase in overall awareness level about their status and approaches for development.
- Social empowerment in terms of improvement in their confidence, self-perception, communication skills and other behavioral changes.
- Participation in developmental activities.

- Decision making capacity at household level as well as community level has increased and become more meaningful.
- Bargaining and receiving capacity of rural women have increased thereby making socio-economic programmes and facilities more accessible to rural poor.

In 'Role of Microfinance in Women Empowerment: A Study of Selected Experiments in Kerala', Krishnan's (2009) enquiry into the changes due to Microfinance Programmes showed that mobility, attending public meetings, able to deal with officials, increased role in family decision making and banking habit as highly significant in both the programmes studied.

Many studies of the impact and sustainability of the SHG movement show that the movement had great potential for the poverty alleviation and women empowerment. The need for sustained training and support for capacity building is one of the most important constraints faced by the SHGs (K.R. Reddy, C.S. Reddy, 2012).

Author G. Samantha (2009) states in, 'Microfinance and Women: Gender Issues of Poverty Alleviation and Empowerment' that in the empowerment scenario, it has been seen that successful livelihood generation and access to credit and income sometimes empower women to take decisions in some family matters such as food, children's education etc.

According to a study conducted by APMAS in 2015-16, many SHGs have shown distinct improvement in functioning: regular savings and turnover of leaders is now common. Most members have the opportunity of going to the banks and federation meetings. However, significant numbers are not functioning well: they do not have regular meetings, collect regular savings, and have entry & exit norms nor the practice of collecting fines and penalties.

Nearly 60% of the SHGs are 10 & above years old. The Majority of the members (61%) have procured loans from more than one source: internal funds, VO, bank and Streenidhi. They have often not used the loan for the intended purpose. The SHG members are feeling pressures to repay loans. The incidence of loan default is varying from one credit source to other and varies from district to district. The largest portion of household debt is from informal sources: money lenders and family. The SHG program has brought economic benefits to members' families and their villages. Women are feeling empowered by membership in SHG. The economic, social and community impact of SHG participation is much stronger than its political impact. Most SHG's do not discuss social or development issues, and those that do spend little time on them.

2.6 Need of the study: The SERP-Telangana has been implementing various interventions to strengthen SHGs & their federations, to empower SHG women and

to reduce poverty by promoting livelihoods in farm and non-farm sectors. In the above milieu, a study is very much needed to understand the dynamics of older SHGs (more than 10 years) to strengthen the SHG movement to higher levels. In this regard, NABARD Regional Office, Hyderabad has proposed a study on 'Sustainability of Old SHGs (between 10-15 years) in Telangana.

III OBJECTIVES OF THE STUDY

The broad objective of the study is to understand the sustainability of old self-help groups having survived for 10-15 years in Telangana. The specific objectives of the study are:

1. To examine the aspects relating to sustainability of SHGs, which are in existence for longer period, say 10-15 years;
2. To identify the factors which worked for their bonding for so many years;
3. To examine the role played by Govt. and its schemes and support of Self Help Promoting Institutions in achieving this;
4. To examine their group dynamics, stages of their economic and social empowerment;
5. Impact of interest subvention on non-performing assets of SHGs; and
6. Issues, constraints and Action Points for replication

To understand the study objectives the following key research questions would be addressed.

1. What is the quality of aged SHGs with reference to Panchasutras: savings, meetings & attendance, book keeping, lending and loan repayment?
2. What is the quality or grades of old SHGs as per Critical Rating Index tool?
3. What are the norms in practice at SHG level relating to member entry & and exit, fines & penalties, lending & repayment, financial transactions and leadership rotation?
4. What is the financial status of long standing SHGs? How many are in profits or losses? What is the magnitude of idle funds in SHGs?
5. How far the SHGs benefitted with interest subvention / Vaddi Leni Runaalu (VLR) with a locus on group corpus, loan repayment, and promotion of individual savings or asset creation?
6. What kind of financial, non-financial and development services that the SHGs have been getting from the promoters?
7. How far the SHGs involved in addressing social & community issues in their villages?

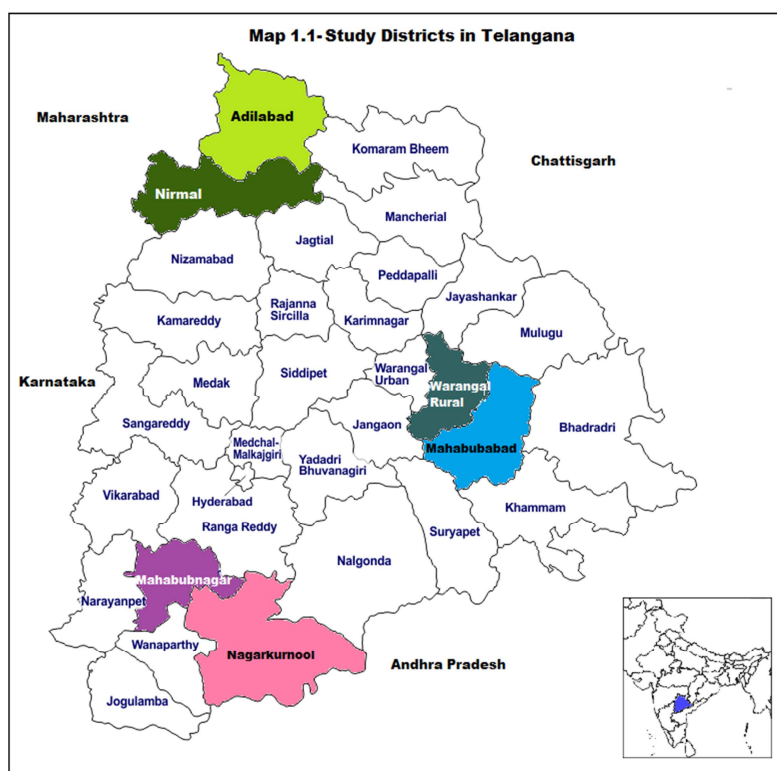
8. What are the problems in regular functioning, accessing funds from credit agencies, repayment of loans, loan utilization and livelihood promotion?
9. What are the suggestions for strengthening SHGs to address poverty and women empowerment?

IV STUDY DESIGN

4.1 Sampling design: The SHGs that are more than 10 years old as on December 2019 is the universe of the study as the study aims to understand the dynamics in old / matured groups in Telangana. The sample units include regions, districts, mandals, villages, SHGs, SHG members, Government / SERP officials, bank branch managers and the state officials of SHPIs.

- a. State: On the request of NABARD, RO, Hyderabad the present study was conducted in the state of Telangana.
- b. Regions: Geographically, Telangana is divided into three regions namely - South, Central and North. The study has covered all the regions in the state.
- c. Districts: Based on i) the number of SHGs, ii) SHGs credit linked to banks, iii) presence of SHPIs and iv) implementation of District Poverty Initiative Programme three (3)

old districts, the erstwhile districts of Telangana, namely Adilabad from Northern region, Mahabubnagar from Southern Region and Warangal from Central region were selected. The Govt. of Telangana has restructured the then 9 old districts as 33 new districts. Each old sample district comprises of 4 to 5 new districts. Based on a) the highest number of SHGs, ii) location and iii) DPIP mandals, in a district two new districts were selected: Adilabad and Nirmal from Adilabad district, Mahabubnagar and Nagar Kurnool from Mahabubnagar and Warangal –Rural and Mahabubabad from Warangal (for details see map). Totally, six new districts were selected from 3 erstwhile districts.



- d. Mandals: One mandal from each district which has the highest number of SHGs has been selected from 6 sample districts: Uttoor mandal from Adilabad district, Sarangapur from Nirmal, Jadcherla from Mahabubnagar, Bijinepalli from Nagar Kurnool, Kesamudram from Mahabubabad and Rayaparthy from Warangal –Rural.
- e. Villages: In a mandal three villages were selected: i) mandal headquarter ii) a roadside village which is 5 to 10 kms away from the mandal headquarters having large number of old SHGs and iii) a fringe village, which is 2 to 4 kms away from the road point having large number of old SHGs. The fringe and roadside villages were selected in a different direction to mandal headquarters to capture diversity.
- f. SHGs: 3 to 4 SHGs were selected randomly based on their availability that are more than 10 years old. Totally 10 SHGs were studied in a mandal: 4 from mandal head-quarters, 3 from roadside village and 3 from fringe village.
- g. SHG members: In a SHG, two members – one leader and one member were selected randomly based on their availability.
- h. Bank branch manager: Semi structured interviews were conducted with the bank branch manager, that has the highest number of SHGSB accounts in the mandal to understand bankers' perspective.
- I SERP Staff: Semi-structured interviews with Assistant Project Managers (PMs) at mandal level and District Project Managers (DPMs) at district level to understand the perspective of promoters on sustainability of old SHGs
- j. DDMs of NABARD: The study team has interacted with the DDMs of the sample districts to capture their views on issues and challenge in the sustainability of self-help groups.

S.No.	Sampling unit	ADB	NML	MBN	NKNL	MBB	WGL-R	Total
1	Mandals	1	1	1	1	1	1	6
2	Villages	3	3	3	3	3	3	18
3	SHGs	10	10	10	10	10	10	60
4	Members	20	20	20	20	20	20	120
5	Bank Managers	1	1	1	1	1	1	6
6	APMS	1	1	1	1	1	1	6
7	DDMs	1	0	0	0	1	0	2

ADB-Adilabad; NML-Nirmal; MBN-Mahabubnagar; NKNL-Nagar Kurnool; MBB-Mahabubabad; WGL-R- Warangal Rural;

Totally, the study has covered 120 SHG members, 60 SHGs from 18 villages in 6 mandals of 3 erstwhile districts or 6 new districts of Telangana. Besides, the study team has interacted with 6 bank branch managers and 6 District / Assistant Project

Managers of sample districts (see table-1.3). Besides, 2 focus groups discussions were conducted with Village Organization Assistants (VOAs).

4.2 Research methods: Both qualitative and quantitative methodologies were used to gather information at state and district as well as at member levels i.e. SHGs and members. Secondary data was gathered and reviewed. To know the insights of various stakeholders on the sustainability of matured SHGs in the state and sample districts, semi-structured interviews were conducted with institutional heads such as Society for Elimination of Rural Poverty, Streenidhi Credit Cooperative Federation Ltd and State of Bank India which is the 'Lead Bank' of Telangana. The data collected from these stakeholders was used as the basis to understand current outreach and trends. The same data were used to decide the district and area sampling.

At the field level, qualitative as well as quantitative methods were used to obtain information from SHGs, members, bank branch managers and SERP staff. An interview schedule was prepared for SHGs and members separately. A checklist was prepared for focus group discussions with sample SHGs. Semi-structured interviews were conducted with the bank branch managers and SERP- District Project Managers. Details of the data collection tools used and the aspects covered are given below:

<u>Unit</u>	<u>Tool</u>	<u>Aspects covered</u>
1. Member	Interview Schedule	Socio-economic profile, membership with community based organizations, household economic activities, income and debt status, Access to SHG loans; assets generated with SHG loans; support from group members; CB inputs
2. SHG	Interview Schedule and FGD	Profile of SHGs, functioning of SHGs, details of external sources of funds, defaulting, role of SHGs in addressing social issues and implementation of government programmes.
3.	CRI Tool	Critical Rating Index tool developed by NABARD to grade the SHGs based on the quality
4. FGDs	Checklist for focus group discussions	Questions relating to group dynamics; problems, issues and challenges in sustaining SHGs & their federations; reasons for dropouts; problems in accessing loans from credit agencies and interest subvention amount.
5. Branch Managers	Semi-structured interview	Details of SHGs' savings and loans; details of repayment rate, overdues and NPA, reasons for loan defaulting & loan recovery strategies; role of Bank Mitra.

6. Assistant project Managers	Semi – structured interview	What are the problems, issues and challenges in functioning of SHGs with regard to older SHGs; details of repayment rate, overdues and NPA, reasons for loan defaulting & loan recovery strategies; suggestions for better SHG functioning.
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The draft data collection formats and checklists were pre-tested in Jadcherla mandal of Mahabubnagar district. Appropriate changes were made in draft tools based on pilot experience.

4.3 Fieldwork: A five-member study team was formed with those who have 5 to 10 years of experience to assist the Principal Investigator in finalizing the study design, reviewing secondary literature, developing data collection tools, orienting field team, conducting fieldwork, supervising field team, analyzing data and report writing. One day 'orientation programme was organized with the study team and technical advisor to get a common understanding of the study design and procedures of data collection.

The list of sample districts & mandals and fieldwork plan was prepared and shared with NABARD Regional Office, Telangana. In turn, the NABARD communicated the same to the district officials of NABARD by email and over phone. In addition to this NABARD has shared the details of DDMs at district level. They also sent an email to SERP requesting coordination and cooperation to the study team in the field for successful completion of the study. APMAS shared the fieldwork plan and the sanction letter of NABARD requesting their assistance in the field. In turn, SERP-Telangana communicated it to the Project Directors of the sample districts to coordinate fieldwork in the selected mandals. Fieldwork was carried out in two phases: from 10th to 19th and from 24th to 29th February 2020.

V LIMITATIONS OF THE STUDY

The total sample of the study is 60 SHGs from 3 districts (20 SHGs from each district). The SHG data was analysed in terms of SHG age, size, promoter, social categories to draw meaningful inferences. As the sample is too small in some of the categories, there is a possibility of over projection. Thus we can't generalize the study findings.

Some of the SHGs books are not up-to-date and there is no complete information regarding SHG loans. Even before completion of earlier loan, the banks have sanctioned CCL loans 1 to 2 doses to some of the sample SHGs. They don't have the details of loan. Thus, the repayment was calculated to only those SHGs that have complete loan information.

Even though the promoters sent communication well in advance to the field teams, there was a communication gap. Further, a majority of the SHG members are engaged in labour or some other work. As a result, there was only a moderate member attendance in focus group discussions.

The study team had shared the list of sample SHGs to be visited and the time of visit with field staff well in advance to avoid delay, ensure maximum number of members' participation in discussions with SHGs. As a result, some groups up-dated their books of accounts.

The information on latest loan utilization was collected from the households by 'remembrance method'. In few cases, there is a possibility of over reporting to income generation activity as they thought the study team is from government.

VI DATA ENTRY & ANALYSIS

All the completed schedules were cross checked to ensure the collected data were properly entered in the format or not. To enter the data into a computer Data Entry Formats in EXCEL programme were prepared. A one day orientation and handholding support was provided to Data Entry Operators on how to enter the data. Prior to analysis, the data was cleaned and edited. Further, the data in Excel formats was transferred to Statistical Package for Social Sciences for analysis. Secondary variables were identified and generated.

Data was analysed with simple statistical tools like percentages, averages and proportions. Frequency tables cross tables and graphs were prepared and extensively used in the report to communicate causal relations among different variables and to draw meaningful inferences. The variables considered were a) district – Adilabad, Mahabubnagar and Warangal; b) age of SHGs – 11-15 years, 16-20 years and > 20 years; c) promoter – Government and self-promoted; d) SHG size - 10 members, 11-12 members, 13-14 members and > 14 members; e) SHG social categories – STs, SCs, BCs, Minorities, OCs and Mixed; f) SHG grade – A, B and C and g) position in the group – leader and member.

The data collected from key informants such as staff of Society for Elimination of Rural Poverty at mandal and district levels, bank branch managers, district level officials of National Bank for Agriculture and Rural Development through semi-structured interviews were entered into a matrix that maps the key issues.

VII CHAPTERIZATION

The findings of the study are presented in eight chapters preceded by executive summary. Chapter-1 gives a brief overview of literature, explains the context and methodology of the study. Chapter-2 presents the SHG movement in the sample districts, and the profile of sample SHGs and SHG members. Chapter-3 analyses the performance of SHGs with reference to 'Pancha Sutras' and grading of SHGs by using Critical Rating Index (CRI). Chapter-4 evaluates the financial performance of self-help groups. Chapter-5 examines the problems, issues and challenges at all levels. Chapter-6 evaluates the empowerment of women as a result of participation in SHG programme. Chapter-7 focuses on SHGs' impact on individual, household, group, and community levels. Chapter-8 provides recommendations based on the study findings.

This chapter gives brief profiles of Telangana, sample districts and mandals, and bank branches. Further, it describes the sample SHGs in terms of their size, age, promoters, social categories and homogeneity & heterogeneity. It discusses the socio-economic conditions of sample SHG members with reference to their social categories, educational levels, types of households, head of household, economic activities, annual household income and period of association with self-help groups.

I PROFILE OF TELANGANA

Telangana is the 29th state of India, formed on 2nd June 2014. The state comprises of 33 districts covering an area of 1,12,077 square kilometers. The state consists of 83.04 lakhs households with a population of 3.5 crores. Of the total population, 176.12 (50.3%) lakhs are male and 173.92 (49.7%) lakhs are female; 213.95 (61%) lakhs are in rural and 136.09 (39%) lakhs are in urban. The literacy rate of Telangana is 66.54%; male literacy is 75.04% and the female literacy is 57.99%.

The economy of the state is mainly supported by agriculture. Farmers in Telangana are mainly dependent on rain-fed water sources for irrigation. Rice is the major food crop. Other important crops are cotton, sugarcane, mango, tobacco. There are many multi-state irrigation projects in development. The state has also started to focus on the fields of information technology and bio-technology.

According to SERP, there are 4.02 lakh SHGs consisting of 42.64 lakh members in rural Telangana. All these SHGs are federated into 17,710 VOs, 547 MSs, and 30 ZSs at village, mandal and district levels respectively.

II PROFILE OF SAMPLE DISTRICTS

2.1 Adilabad: The District comprises of 2 revenue divisions, 1 municipality, 18 mandals and 508 villages. According to the 2011 census, it has a population of 7.08 lakhs in which 50.27% are male and 49.73% are female; 76.34% is rural population and the remaining 23.66% are in urban. The Scheduled Caste population in the district is 14.02% and Scheduled Tribes population is 31.68%. The literacy rate of the district is 63.46%. In the district, there are 9,362 SHGs consisting of 99,196 members, 547 VOs, 547 MSs and one Zilla Samakhya.

2.2 Nirmal: The district has 2 revenue divisions – Nirmal and Bhainsa, 19 mandals. The geographical area of the district is 3,845 square kilometers. Literacy is 57.77%. According to the 2011 Census, the total population of the district is 15.71 lakhs. There are 10,589 SHGs consisting of 1.18 lakh members, 504 VOs, 18 MSs and one Zilla Samakhya in the district.

2.3 Mahabubnagar: The district includes 3 municipalities, 15 mandals, 316 villages, and 468 Gram panchayats. According to the 2011 Census, there are 3.06 lakh households with a population of 14.85 lakhs in which 50.1% are male and 49.9% are female, and the sex ratio is 996. Male literacy is 58.62% and female literacy is 50.45%. There are 10,426 SHGs covering 11.53 lakh members 463 VOs, 15 MSs and one ZS in the district.

2.4 Nagar Kurnool: The district comprises of 3 revenue divisions, 4 municipalities, 20 mandals, 349 villages, 301 Gram Panchayats spreading over 112,079 square kilometers. According to the 2011 census the total population of the district is 8.62 lakhs, in which 50.82% are male and 49.18% are female, and the sex ratio is 968. Of the total population, 89.91% is in rural areas and the remaining 10.19% is in urban. The total literacy of the district is 54%: male 65% and female 44%. In the district, there are 11,233 SHGs formed with 13 lakh members, federated as 601 Village Organizations, 25 Mandal Samakhyas and one Zilla Samakhya.

2.5 Mahabubabad: The district comprises of 16 mandals and 2 revenue divisions – Mahabubabad and Thorrur. Table-2.1 shows that there are 14,342 SHGs covering 1.55 lakh women members, 665 Village Organizations, 16 Mandal Samakhyas and one Zilla Samakhya in the district

2.6 Warangal (Rural): There are 3 revenue divisions, 16 mandals and 269 Gram Panchayats in the district. The district consists of 1.88 households with a total population of 7.16 lakhs, in which 360,315 are male and 358,222 are female, and the sex ratio is 994. Of the total population, 95.7% is in rural and the remaining 4.3% are in urban. The literacy rate is 47.9%: male -55.9% and female 42.8%. The percentage of SC and ST population in the district is 17.9% and 14.7% respectively. Table-2.1 shows that that there are 13,824 SHGs with 1.54 lakh members, 557 Village Organizations, 15 Mandal Samakhyas and 1 Zilla Samakhya in the district.

Table-2.1: SHGs and Their Federations in the Sample Districts								
		ADB	NML	MBN	NKNL	MBB	WGL-R	TS
1	ZSs	1	1	1	1	1	1	30
2	MSs	17	18	15	25	16	15	547
3	VOs	547	504	463	601	665	557	17710
4	SHGs	9,362	10,589	10,426	11233	14,342	13,824	402311
5	Members	99,196	1,17,717	1,15,288	130,005	146,415	154,565	4264002

ADB-Adilabad; NML-Nirmal; MBN-Mahabubnagar; NKNL-Nagar Kurnool; MBB-Mahabubabad; WGL (R) – Warangal Rural; TS-Telangana State

III MANDALS

Mandals: Table-2.2 shows that of the 6 sample mandals, the highest number of SHGs is in Kesamudram and the lowest is in Bijinapalle when compared to other mandals. The group size is high in Bijinapalle and Raiparthy with 11.6 members and low in

Utnoor with 9.9 members when compared to Sarangapur (10.3), Kesamudram (10.4) and Jadcherla (11.1). Of the sample mandals, the highest number of VOs is in Utnoor and the lowest is in Bijinapalle when compared other mandals. But, large number of SHGs is in Kesamudram and the least number of SHGs are in Bijinapalle when compared to other mandals. Table-2.2 shows that of the total SHG members, majority are BCs followed by SCs, STs, OCs and Minorities in Sarangapur, Jadcherla, Bijinapalle and Raiparthy mandals. Whereas, in Utnoor and Kesamudram, STs are more than SCs; Minorities are more in Jadcherla than OCs. The economic categories show that majority of the members are poor followed by poorest of the poor (PoP) and non-poor across the mandals.

S. No.	Particulars	Ut noor	Saran Gapur	Jad cherla	Bijina palle	Kesa mudram	Rai parthy
1	VOs	57	41	38	37	51	45
2	SHGs	1,098	976	1,072	839	1,510	1,225
3	Members	10,758	9,981	11,824	9,694	15,694	14,255
3.1	ST	5,435	1,275	1,753	1,175	4,501	2,428
3.2	SC	2,104	1,751	1,905	1,990	2,037	3,033
3.3	BC	2,342	5,684	6,566	5,333	7,978	7,707
3.4	Minorities	440	361	853	342	457	204
3.5	Others	437	910	747	854	721	833
4.1	PoP	4,252	1,980	5,713	2,095	5,212	1,997
4.2	Poor	6,469	7,855	5,925	7,462	10,199	11,629
4.3	Non-poor	37	146	186	137	283	629

IV PROFILE OF SELF HELP GROUPS

4.1 Purpose of forming SHGs: The members formed into a group with multiple socio-economic and development expectations. Table-2.3 shows that most members formed into a group to avail easy & low cost credit (97%) and promote savings.

S. No.	Purpose of Joining SHG	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	To avail easy credit	100.0	90.0	100.0	96.7
2	To promote savings	80.0	90.0	90.0	86.7
3	To avail govt. programs	35.0	30.0	30.0	31.7
4	To gain knowledge	30.0	45.0	40.0	40.0
5	To take up economic activity	65.0	85.0	70.0	73.3
6	For children's education	35.0	35.0	60.0	43.3
7	To get revolving fund	20.0	5.0	30.0	18.3
8	To get subsidy / interest free loans	40.0	50.0	35.0	41.7

Besides, majority members formed as groups to take up some economic activity with the credit from SHGs (73%). In addition, some members joined groups for their children education (43%), to get subsidy and /or interest free loans (42%), to avail government programmes (32%), to acquire knowledge (40%) and to get revolving fund from government (18%).

4.2 Selection of SHG members: While forming a group, they verbalized multiple geographic groups, socio-economic and personal aspects to choose the members. Table-2.4 shows that the majority of SHGs considered i) women from same locality or area (85%), ii) good character (78%) – friendly, literate, helping attitude, patient and has faith in others, not quarrelsome and not troublesome, iii) known to each other – friends and relatives (73%) and poor who can pay savings and loan (63%) while selecting the members. In addition, some SHGs considered i) non-migrant household members (41.7%) ii) caste homogeneity (30%), iii) age of members – preference to young and middle aged women but not to older people (20%), iv) interest of members as well as household members (13%), v) occupational homogeneity (7%) and vi) managerial skills of a member (7%).

S. No.	Selection criteria	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Same location /area	85.0	90.0	80.0	85.0
2	Known to each other	80.0	45.0	95.0	73.0
3	Same caste	35.0	20.0	35.0	30.0
4	Same economic activity	10.0	10.0	0.0	6.7
5	Poor-can pay savings & loan	55.0	85.0	70.0	63.3
6	Non-migrant households	45.0	70.0	10.0	41.7
7	Good character /not quarrelsome	80.0	70.0	85.0	78.0
8	Young and middle aged	20.0	25.0	15.0	20.0
9	Women have managerial skills	0.0	15.0	5.0	6.7
10	Interest of members & HH members	10.0	10.0	20.0	13.3

4.3 Promoters:Table-2.5 shows that about one half of sample SHGs were promoted by government (50%), and another one half of SHGs, most were formed by self (38%) followed by non-government organizations (NGOs) (8%) and federations (3%). It also shows that majority SHGs in Mahabubnagar (60%) and Adilabad (50%) were formed by the Government. It is because these districts are of the five districts in which the District Poverty Initiative Program (DPIP) was implemented in the erstwhile Andhra Pradesh. It shows that the government has played a key role in SHG promotion. As a result, many women came forward to form into groups.

4.4 Age: The age of SHGs varies between 10.75 and 31.92 years with an average of 16.89. Table-2.5 shows that many SHGs are in the age group of 11-15 years (42%)

followed by > 20 years (32%) and 16-20 years (27%). The average age of SHGs is more in Warangal with 19 years when compared to Adilabad (16 years) and Mahabubnagar (16 years). Further, the majority of SHGs in Warangal (60%) are > 20 years old.

S. No.	Particulars	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
A	Promoters				
1	Government	50.0	60.0	40.0	50.0
2	NGO	10.0	--	15.0	8.3
3	Federation	--	5.0	5.0	3.3
4	Self	40.0	35.0	40.0	38.3
B	Age				
1	11-15 years	50.0	55.0	20.0	41.7
2	16-20 years	35.0	25.0	20.0	26.7
3	> 20 years	15.0	20.0	60.0	31.6

4.5 Social category: Based on the numerical dominance of members' social category, the sample SHGs were divided into six categories: Scheduled Tribe (ST), Scheduled Caste (SC) Backward Classes (BC), Minorities (Min), Other Classes (OC) and Mixed Category. Table-2.6 shows that the majority of SHGs are BCs (60%) followed by SCs (17%), STs (10%), Mixed Category (7%), OC (5%) and Minorities (2%).

S. No.	Social category	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Scheduled Tribes	25.0	--	5.0	10.0
2	Scheduled Caste	30.0	15.0	5.0	16.7
3	Backward Classes	35.0	70.0	75.0	60.0
4	Minorities	--	--	5.0	1.7
5	Other Castes	--	10.0	5.0	5.0
6	Mixed Category	10.0	5.0	5.0	6.7
	Total	100.0	100.0	100.0	100.0

Further, large number of SHGs was formed with members of one caste (47%) followed by two (27%) and multiple (26%) castes. It is because many habitations in the rural India are caste based. Besides, the group members' selection is based on affinity – locality, neighbourhood, caste, kinship, occupation, etc.

4.6 Group size: At present, the group size is between 10 and 15 with an average of 11.40 members. Table-2.7 shows that majority SHGs consist of 11 to 14 (53%) followed by 10 members (47%). However, majority SHGs in Adilabad (55%) consist of 10 members because of small and scattered tribal habitations. The average SHG size shows that it is high in Mahabubnagar with 11.65 members when compared to

Warangal (11.45 members) and Adilabad (11.10 members). It could be because Government formed SHGs with 15 to 25 members under Swarnajayanti Gram Swarojgar Yojana (SGSY) and Development of Women and Children in Rural Areas (DWCRA) programmes.

S. No.	No. of members	At present				At the beginning			
		ADB	MBN	WGL	Total	ADB	MBN	WGL	Total
1	10	55.0	40.0	45.0	46.7	30.0	15	35.0	26.7
2	11-12	30.0	35.0	25.0	30.0	5.0	--	--	1.7
3	13-14	--	10.0	30.0	13.3	5.0	10.0	--	5.0
4	> 14	15.0	15.0	--	10.0	60.0	75.0	65.0	66.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Of the total 684 members of sample SHGs, majority of them are BCs (57%) followed by SCs (17%), STs (12%), OCs (10%) and Minorities. The members age indicates that majority are less than 45 years old (53%) followed by 46-50 years (19%), 51-55 years (16%), 56-60 years (8%) and 60 plus (5%). It means that the majority of SHG women are in productive age.

4.7 Membership enrollment: To maintain minimum group size of 10, and address the problem of dropouts, the SHGs have followed a two pronged approach: i) enrollment of household member or a new member in dropout's place and ii) enrollment of new members. Except one, all 60 sample SHGs have reported 1 to 9 dropouts with an average of 4.3 members. About 56% of SHGs replaced 54 dropouts with household member, mostly with daughter-in-law. In this case, there is no financial implication either on the SHG or on the replaced member. If a new member joined in the place of dropout, she has to pay the amount equalant to the amount that the group would pay to the dropout. The same norms are also applicable to newly admitted members. About 36% of SHGs replaced dropouts with new members. About 22% of SHGs admitted new members.

Box-2.1: Re-engineering of groups: Mounika SHG was formed in January 1995 with 15 members in Bijinepalli of Bijinepalli mandal in Nagar Kurnool district of Telangana. Over a period of time 13 members have dropped out because of migration, marriage and old-age / senior citizenship and defaulting. Of the present 11 members, 3 are chartered members, 6 are replaced with household members of dropouts and 2 are new members in the place of dropouts. The group became defunct for about one to one and half years because of defaulting of bank loan. At that time two members have dropped out and joined another group. It indicates that the group has adopted multiple strategies for its persistence.

V PROFILE OF MEMBERS

To understand the changes because of SHG membership at individual and household levels, the study team has interacted with two members in a group: one leader and one member at random based on their availability. The profile of sample SHG members is as follows.

5.1. Age of members: Table-2.8 shows that majority of the members are in the age group of 41-50 years (50%) followed by 51-60 (24%), 31-40 (21%) 60 plus (3%) and less than 30 years (2%). However, the members in 41-50 years age group are very high in Mahabubnagar district than Warangal (40%) and Adilabad (40%). Further, members in more than 50 years age group is more in Adilabad when compared to Warangal (28%) and Mahabubnagar (15%). It means that the age of SHG members in Adilabad is more than Warangal and Mahabubnagar.

5.2 Literacy: Table-2.8 shows that majority of the members are illiterate (59%) followed by literate (41%). Of the literates, many are primary followed by secondary and college. The literacy level of members is low (23%) in Adilabad when compared to Mahabubnagar (45%) and Warangal (55%). It could be because of more concentration of tribal population. However, majority of the members are literate in Warangal. The literacy rate of SHG women is lower than the female (59.15%) and male (74.88%) literacy of Telangana.

S. No.	Age & literacy	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
A	Age				
1	<30 years	--	2.5	2.5	1.7
2	31-40 years	20.0	12.5	30.0	20.8
3	41-50 years	40.0	70.0	40.0	50.0
4	51-60 years	37.5	15.0	20.0	24.2
5	>60 years	2.5	--	7.5	3.3
B	Literacy				
1	Illiterate	77.5	55.0	45.0	59.2
2	Primary	12.5	15.0	32.5	20.0
3	Secondary	10.0	25.0	20.0	18.3
4	College	--	5.0	2.5	2.5

5.3 Social category: Table-2.9 shows that majority members are BCs (55%) followed by SCs (18%), OCs (13%), STs (9%) and Minorities (6%). However, the BCs are very low in Adilabad with 35% when compared to Warangal (63%) and Mahabubnagar (68%). But, the percentage of SCs and STs is high in Adilabad (33%/23%) when compared to Warangal (10%/5%) and Mahabubnagar (10%/0%). It could be because of high concentration of tribal population in Utnoor region of Adilabad district.

Table-2.9: Social Category of SHG Members (in %)					
S. No.	Particulars	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Scheduled Tribe	22.5	--	5.0	9.2
2	Scheduled Caste	32.5	10.0	10.0	17.5
3	Backward Classes	35.0	67.5	62.5	55.0
4	Minorities	--	7.5	10.0	5.8
5	Other Categories	10.0	15.0	12.5	12.5
Total		100.0	100.0	100.0	100.0

5.4 Type of family & household head: Out of 120, majority of the households are nuclear (81%) followed by joint (19%). Similar trend is found across the districts. Male headed households are predominant (65%) across the districts. However, female headed households are comparatively more in Warangal (45%) than in Adilabad (35%) and Mahabubnagar (25%).

5.5 Landholdings: Table-2.10 shows that the majority SHG members' households own land (57%). Nevertheless, there are landless households (43%). Of the households owning land, majority are marginal farmers (31%) followed by small (15%), medium (8%) and large (4%). The landless households are high in Warangal with 53% and low in Mahabubnagar with 33% when compared to Adilabad (43%). Of the 120 households, 34% have dry lands with an average of 3.17 acres, and 43% have wet lands with an average of 2.67 acres. On an average, each household has 3.86 acres of land.

Table-2.10: Landholdings of SHG Members (in %)					
S. No.	Extent of land	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Landless	42.5	32.5	52.5	42.5
2	Marginal (<2.5 acres)	32.5	32.5	27.5	30.8
3	Small (2.5 – 5 acres)	10.0	25.0	10.0	15.0
4	Medium (5-10 acres)	10.0	5.0	7.5	7.5
5	Large (10-20 acres)	5.0	5.0	2.5	4.2

5.6 Migration: About 9% of the sample households have reported migration. It is of two types: seasonal (7%) and regular (2%). The incidence of migration is high in Adilabad with 13% and low in Warangal with 5% when compared to Mahabubnagar (10%).

5.7 Household economic activities: The sample members' households are engaged in multiple economic activities. Out of 120 sample SHG member households, 47% are dependent on two economic activities followed by three (32%) and one (22%). Table-2.11 shows that majority of the households depend on agriculture and labour followed by jobs, seasonal business, dairy, tailoring, running an auto/taxi, kirana shop and cloth business. Small number of households, less than 5% each, depend on other economic activities such as hotel / tea shop, toddy

tapping, drivers, sheep rearing, vegetable vending, basket making, carpentry, photo shop, house rent, mobile shop, stationery shop, mutton shop, mechanic shop, real estate business, tent house, beedi rolling, water plant, function hall and brick making. However, majority of the households in Adilabad depend on labour (65%). Where as in Mahabubnagar (50%) and Warangal (55%) majority households are depend on agriculture. The percentage of households depend on seasonal business is high in Warangal than Adilabad and Mahabubnagar. About 12% of the households depend on toddy tapping. The households depended on running an auto/taxi is comparatively high in Mahabubnagar than Warangal and Adilabad.

S. No.	Economic Activity	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Labour	67.5	42.5	42.5	50.8
2	Agriculture	45.0	50.0	55.0	50.0
3	Jobs-Govt./private	17.5	35.0	20.0	24.2
4	Seasonal business	7.5	5.0	25.0	12.5
5	Dairy	5.0	12.5	12.5	10.0
6	Tailoring	5.0	7.5	15.0	9.2
7	Auto/taxi	2.5	17.5	2.5	7.5
8	Kirana shop	5.0	10.0	2.5	5.8
9	Cloth business	2.5	7.5	5.0	5.0
10	Others	25.0	42.5	37.5	35.0

5.8 Household income: The total annual income of sample households is Rs. 3.09 crores, and it varies between Rs. 21,000 and Rs. 6 lakhs with an average of Rs. 2.57 lakhs. Table-2.12 shows that majority of the households annual income is between Rs. 1-3 lakhs followed by more than Rs. 3 lakhs and up to Rs. 1 lakh. Similar trend is found across the districts. However, the percentage of households' income up to Rs. 1 lakh is high in Warangal than Adilabad and Mahabubnagar. The households' income

S. No.	Amount	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Upto 1 lakh	10.0	2.5	20.0	10.8
2	1-2 lakhs	45.0	27.5	22.5	31.7
3	2-3 lakhs	32.5	32.5	35.0	33.3
4	3-4 lakhs	5.0	20.0	10.0	11.7
5	4-5 lakhs	5.0	5.0	10.0	6.7
6	> 5 lakhs	2.5	12.5	2.5	5.8
Total		100.0	100.0	100.0	100.0

more than Rs. 5 lakh is more in Mahabubnagar than Warangal and Adilabad. The average annual household income of SHG members in mandal headquarters is high with Rs. 2.99 lakhs than roadside (Rs. 2.4 lakhs) and fringe villages (Rs. 22.5 lakhs). It is

high in joint families (Rs. 3.34 lakhs) than nuclear (Rs. 2.39 lakhs). Further, it is more in female headed households (Rs. 2.8 lakhs) than male headed (Rs. 2.43). It is more in households engaged in three economic activities (Rs. 3.2 lakhs) than two (Rs.2.5 lakhs) and one (Rs.1.8 lakhs). It means that the household income depends on that the household members engaged in number of economic activities.

5.9 Association with SHGs: The members association with SHGs is varying between 10 and 32 years with an average of 16.88. Of the 120 sample members' households about 139 women have enrolled with SHGs. The majority of households have only one member in the SHG (84%). About 16% of households two women members were enrolled with SHGs. About 16% of members are holding a position in federations. It indicates that the members have long association with SHGs and there is a tendency of enrolling more than one household woman with SHGs.

VI FACTORS CONTRIBUTING FOR THE SUSTAINABILITY OF SHGs

6.1 The criterion of affinity: While selecting the members, the groups have given importance to the criterion of affinity – same location, same caste, same occupation and known to each other. Further, they excluded the women who are quarrelsome, migrant, and unable to pay savings. This helped the groups to maintain coherence among the members.

6.2 Common motto of members in forming into a group: There is a commonality among the members in the purpose of forming into a group i.e. benefit out of the low cost loans from the SHGs and government programmes. The SHGs have been accessing large interest free loans from banks and Streenidhi. Therefore the groups have been continuing.

6.3 Replacement of dropouts with household members and new members: The group size has declined over a period of time because of dropouts. To maintain the minimum group size of 10, the groups have replaced dropouts with their household members, and with the enrollment of new members.

VIII CONCLUSIONS

In conclusion, the sample districts are differing from each other in terms of their geographic area, households, population, literacy levels and social composition. The number of SHGs, average group size and the number of village organizations are varying between the sample districts.

The members formed into a group with multiple socio-economic and development mottos. The groups considered multiple demographic, socio-economic and personal traits while selecting the members. The sample SHGs are largely promoted by government followed by self-promoted. The SHG size, age and social composition are varying between the districts and promoters.

The majority of sample SHG women are in productive age. The literacy rate of SHG women is lower than the female literacy rate of Telangana. The socio economic condition of SHG members indicates that they belong to socially and economically vulnerable categories. The socio-economic conditions of SHG members are varying between the districts.

PERFORMANCE OF SELF HELP GROUPS

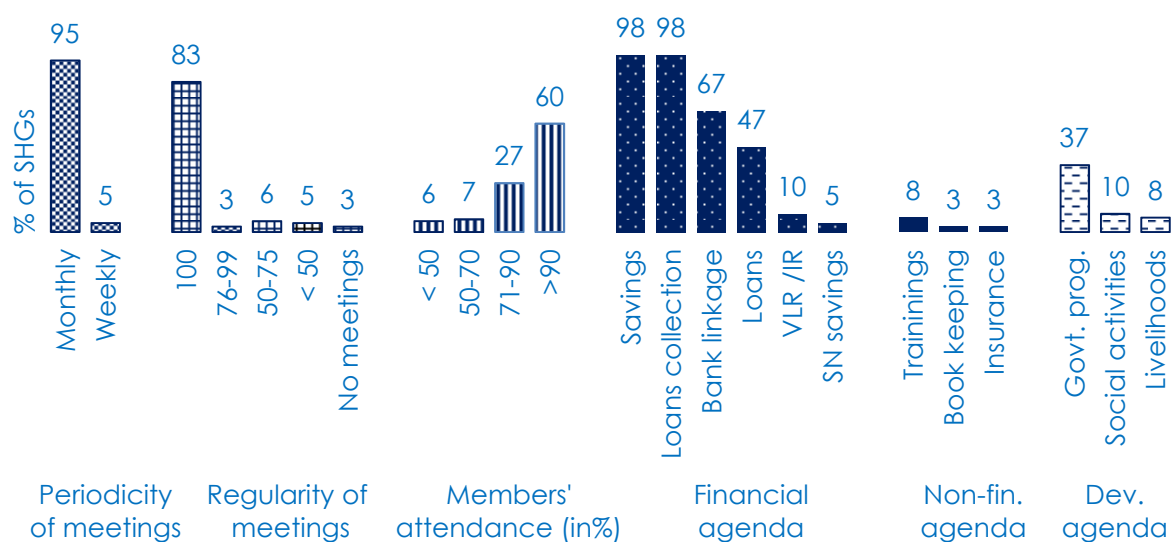
To understand the performance of SHGs, it is necessary to analyze the salient features of SHGs: The meetings, savings, book keeping, lending and leadership. The present chapter focuses largely on the ‘panchasutras’ or the five characteristics of SHGs and grading based on the Critical Rating Index tool. How frequently and regularly the SHGs are conducting meetings, and members’ attendance in meetings? What is the agenda for SHG meetings? What kind of savings products are SHGs promoting? And how they are using them? What is the quality of books? How do the SHGs select their leaders and is there any leadership rotation? Do groups formulate norms about SHG functioning?

I MEETINGS

Meetings are one of the five important components of self-help groups. It is a platform for all kinds of activities at group level – financial, non-financial, welfare and development activities. Meetings provide learning opportunity to members and builds transparency and cohesiveness at group level. The success of meetings & its purpose depends on various aspects: how often & regularly they meet, meeting agenda, member attendance & participation in discussions, meeting norms, etc.

1.1 Periodicity: Of the 60 sample SHGs, most groups have the practice of monthly meetings (95%) and a small number of SHGs have fortnightly meetings (5%). The SHGs that have the practice of fortnightly meetings, all the financial transactions and decisions will be taken place in 1st meeting; whereas non-financial and development aspects will be discussed in 2nd meeting. The SERP has motivated SHGs for weekly meetings; however, weekly meetings not gained any impetus.

Fig-3.1: Details of Meetings



1.2 Regularity of meetings: To appraise the regularity of meetings and members' attendance, the study team collected information on the meetings held during the last six months. On an average the sample SHGs have conducted 90% of meetings during the last six months. Fig-3.1 shows that 83% of SHGs held all the meetings scheduled (100%) during the period; however, about 17% of SHGs held less number of meetings than scheduled – 5% of groups held 51 to 75 percent of meetings, 5% of groups held < 50 percent of meetings, 3% of groups held 76 to 99 percent of meetings and another 3% of groups did not conduct even a single meeting during the assessment period. The regularity of meetings is high in Warangal (95%) than in Mahabubnagar (80%) and Adilabad (75%). Further, the SHGs which conducted 100 percent meetings during the period are high in self-promoted SHGs (83%) than Government (78%). It is high in > 20 year old SHGs than 11-15 years (80%) and 16-20 years (81%).

1.3 Members' attendance: The data shows that the members' attendance in group meetings is 80%. Table-3.1 shows that the members' attendance in majority of the SHGs is more than 90 percent (60%) followed by 70 to 90 percent (27%), 50 to 70 percent (7%) and less than 50 percent (7%). It shows that members' attendance in meetings is a concern. There is not much difference in it across the districts and promoters. The age of SHGs and the average members' attendance in meetings are positively correlated i.e. SHG age increases the average percentage of members' attendance in meetings also increases. The average members' attendance in meetings is comparatively high in > 20 year old SHGs (86%) than in 16-20 years (80%) and 11-15 years (78%).

S. No.	Members' attendance in %	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	< 50	10.0	5.0	5.0	6.7
2	50-70	0.0	10.0	10.0	6.7
3	71-90	30.0	30.0	20.0	26.7
4	> 90	60.0	55.0	65.0	60.0
	Total	100.0	100.0	100.0	100.0

1.4 Meeting venue and time: As discussed earlier, monthly meetings are common. The groups meet in their convenient place and time and on fixed day in the 1st week of the month. Of the 60 SHGs, majority groups meet at their leaders house (67%) followed by members' house (18%), community hall (8%), VO/MS office (3%), temple (2%) and Village Organization Assistant house (2%). It indicates that most groups meet in the house of group representatives/members than at public places. The meeting duration is half an hour to one hour depending on the number of transactions and agenda points.

1.5 Agenda: The study team has collected the agenda items of meetings during the last six months from SHG meeting minute's books. The agenda items of SHG meetings are broadly categorized into i) financial, ii) non-financial and iii) developmental.

a. Financial: Fig-3.1 shows that most SHGs' meeting agenda shows collection of savings (98%), collection of monthly loan installment (98%), SHG bank linkage (67%) and loan disbursement (47%). Besides, small number of SHGs included interest subvention (10%) and savings to Streenidhi (5%) as agenda items. It means that the groups are very much concerned about financial agenda. Because their prime motto of forming into a group is to access low cost loans and to use government programs implemented through SHGs.

b. Non-financial: Small number of SHGs included non-financial agenda such as training programmes (8%), up-dation of books of accounts (3%) and insurance (3%). It indicates the less focus of groups on non-financial agenda which is critical in group quality and sustainability.

c. Development: Fig-3.1 shows that 37% of SHGs have included government programmes, 10% social activities and 8% livelihood activities. It means that the groups are very much concerned about government programmes than social and development activities at community level.

d. Who fixes meeting agenda? The data shows that many decide the meeting agenda items: 60% Animator / Village Organization Assistant (VOA), 57% all the members in the group and 45% leaders. The VOA and /or SHG leaders in consultation with members decide the meeting agenda. Though the members are involved, the lead role is by the leaders and VOA decides the meeting agenda.

II SAVINGS

Promotion of savings is one of the important aspects of self-help groups. It inculcates the habit of savings among members serves as collateral to access external loans, credit services to meet emergency needs & to take up income generating activities, provide oldage security etc.

2.1 Type of savings: The sample SHGs have the practice of mandatory savings. There is no voluntary savings in the study area. All the members save an equal amount. The amount of savings per member per month is varying between groups but not members within the group. Even though savings are mandatory, the amount of savings is the discretionary of SHGs.

2.2 Periodicity: The data shows that all sample SHGs save monthly (100%), as they have monthly meetings. Even the SHGs that have fortnightly meetings have the practice of monthly savings. They save in the 1st meeting of the month in which all the financial transactions take place. Most SHGs have reported that most of the members pay savings in group meetings (95%); 1 to 2 members, those were absent

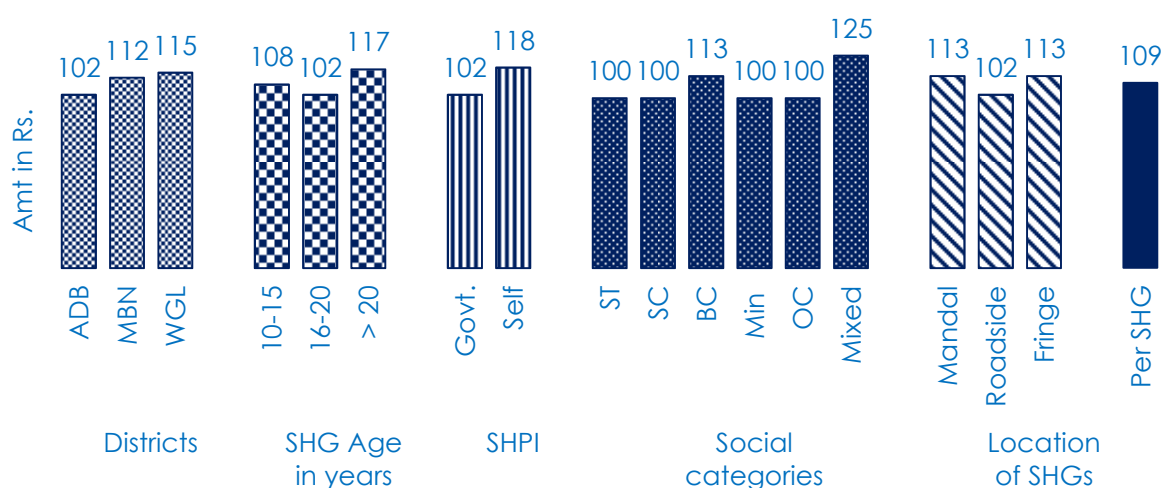
to the group meetings pay to leader (43%) or member (3%) at her house who attends bank to deposit cash. During discussions, the groups have reported that to avoid delay and ensure regular savings and repayment of loan installments, the members remind each other well in advance, 4 /5 days before the meeting day. As a result, there is no chance of misuse of funds by the leaders, transparency in financial transactions and awareness among members on group financial transactions.

2.3 Amount of savings: The amount of savings per month per member differs between SHGs, age of SHGs, promoter of the group and social composition of group members. It varies between Rs. 30 and Rs. 200 with an average of Rs. 109. Table-3.2 shows that majority of the SHGs (85%) save between Rs. 51-100 followed by more than Rs. 150 (12%) and up to Rs. 50 (3%). The average amount of monthly savings per member is high in Warangal with Rs. 115 and low in Adilabad with Rs. 102 when compared to Mahabubnagar (Rs. 112).

S. No.	Amount in Rs.	At present				At the beginning			
		ADB	MBN	WGL	Total	ADB	MBN	WGL	Total
1	Up to 50	5.0	5.0	--	3.3	85.0	95.0	90.0	90.0
2	51-100	90.0	80.0	85.0	85.0	15.0	5.0	10.0	10.0
5	>100	5.0	15.0	15.0	11.7	--	--	--	--
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Fig-3.2 shows that the average savings per member per month is high in > 20 year old SHGs with Rs. 117 and low in 16-20 year old SHGs with Rs. 102 when compared to 11-15 year old SHGs (Rs. 108). Further, it is high in self-promoted SHGs (Rs. 118) than Government (Rs. 102). There is no difference in the average savings per member among ST, SC and Minority category SHGs. However, it is high in mixed (Rs. 125) and BC (Rs.113) SHG categories when compared to other SHG Social categories (Rs.

Fig-3.2: Average Savings Per Member Per Month



100). The amount of monthly savings per member is more at present than at the beginning of the group. Table-3.2 shows that at the beginning most SHGs (90%) collected Rs. up to Rs. 50 per month per member; whereas at present most SHGs (97%) are collecting more than Rs. 50 per member per month. It means that most SHGs increased their savings over a period of time. The majority SHGs increased their monthly savings twice (53%) followed by one (27%), three (10%) four (2%) and five times (2%). The data shows that those SHGs that have collected up to Rs. 50 per member per month at the beginning, all have increased their savings one to five times. But only 33% of SHGs which have savings of Rs. 51-100 increased their monthly savings twice. It means those SHGs that started with small amounts have enhanced the amount of savings per member & month over a period of time because of several reasons.

2.4 Savings with multiple agencies: The SHG members promote compulsory savings with multiple agencies: i) SHG, ii) Village Organization and iii) Streenidhi Credit Cooperative Federation Ltd. As discussed earlier, the amount of savings per member & month is differing from SHG to SHG. It is between Rs. 50 to Rs. 200. But, irrespective of SHGs, each member pays Rs. 10 per month to VO. It means, the amount of SHG savings with VO depends on SHG size. The amount of savings per month is same across the members of SHGs. Regarding savings with Streenidhi, each SHG pays Rs. 7,500 as compulsory savings once in a year. All the members in a group share the amount equally. It means the amount of savings is equal across the groups but not equal between the members of different groups. The above discussion indicates that there are clear cut savings norms to each agency.

2.5 Usage of savings: The groups use members' savings in multiple ways. Savings mobilized from the members used to cater the credit needs of members as per group lending norms. In turn, the SHGs earn income in the form of interest on loans from the members. The data shows that about 300 members have a total loan outstanding of Rs. 61.92 lakhs to their SHGs.

SHGs mobilize credit from external agencies such as federations, banks and Streenidhi based on their volume of savings and velocity of internal lending. The data shows that 56, 54 and 40 out of 60 sample SHGs have a total loan outstanding of Rs. 1.86 crores, Rs. 66.8 lakhs and Rs. 17.97 lakhs to banks, Streenidhi and VOs respectively.

To recover loan over dues, savings are adjusted to loan outstanding if a member fails to repay loan for any reason. Savings are used to repaying external loans, if majority members in a group are in difficulty to pay loan installment and the groups have large amount of savings. To provide large loans, pay a portion of savings along with external loan. To purchase assets such as gold/silver ornaments, livestock, vehicles, group distribute members' savings periodically. About 73% of SHGs distributed members' savings and/ or group funds of Rs. 59.95 lakhs on an average of 2.02 times over a period of time.

Savings act as old age security, collateral to borrow loan from SHG funds and to continue SHG membership after getting senior citizenship. Some SHGs cancelled the membership of senior citizens and settled their savings as per group norms. However, some groups have been continuing senior citizens, providing loan from own funds because of win-win situations: i) to maintain minimum group size, ii) to avoid problems at the time of bank linkage – banks rejects bank linkage to senior citizens and to the groups less than 10 members, iii) senior citizens are unwilling to drop membership because of long association with SHGs and they don't want to lose financial gains that are getting as a group member

III BOOK KEEPING

Book keeping is one of the salient features of self-help groups. It is one of the key indicators to measure the performance of SHGs. The quality of books of a group can be measured by the status of books they are maintaining.

3.1 Maintenance of group records: a. Record keeping: Most SHGs keep their records at the leader's house (95%) followed by member's house (2%), book keeper (2%) and VO office (2%). However, one group in Adilabad keeps its records at book keeper; whereas two groups in Warangal keep records one at member's house and another at VO office. It shows that the book writer and the place or person keeping records are two different persons. Therefore, there are no chances for manipulation of records.

b. Book keepers: Of the 60 SHGs, 95% of SHGs have book keepers to write books and the remaining 5% of SHGs one of their members writes the books. Of the districts, all SHGs engaged book keepers in Adilabad and Mahabubnagar; where as in Warangal 15% of SHGs have not engaged book writers; one of their group members writes group records.

S. No.	Amount in Rs.	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	No pay	20.0	20.0	0.0	13.3
2	50	10.0	50.0	50.0	21.7
3	100	70.0	30.0	70.0	56.7
4	150	0.0	0.0	20.0	6.7
5	200	0.0	0.0	5.0	1.7
Total		100.0	100.0	100.0	100.0

c. Honorarium to book writers: Most SHGs pay honorarium to the book writers. However, about 13% of SHGs do not pay any honorarium. Table-3.3 shows that the percentage of SHGs paying honorarium is high in Warangal (100%) when compared to Adilabad (80%) and Mahabubnagar (80%). Number of SHGs paying honorarium and social categories of SHGs are positively correlated. The SHGs paying honorarium

is high in OC SHGs (100%) and low in ST SHGs (67%) when compared to SC (80%) and BC groups (92%).

The amount of honorarium is varying between Rs. 50 and Rs. 200 with an average of Rs. 93. Table-3.3 shows that of the SHGs which are paying honorarium, majority SHGs pay Rs. 100 (57%) followed by Rs. 50 (22%), Rs.150 (7%) and Rs. 200 (2%). The average amount of honorarium is varying between the districts: high in Warangal with Rs. 113 followed by Adilabad (Rs. 94) and Mahabubnagar (Rs.69). Old SHGs pay more honorarium than comparatively newer SHGs: > 20 year old SHGs paid Rs. 103, 16-20 year old groups paid Rs. Rs. 100 and 11-15 year old groups paid Rs. 83. The SHGs promoted the government pay more honorariums (Rs. 98) than SHGs promoted by self (Rs. 88). The above discussion reveals that the number of SHGs paying honorarium and the amount is varying between the districts, promoters, social category & age of SHGs, besides the number of financial transactions in a group.

3.2 Quality of books: a. Number of books maintaining: The SERP has designed a set of books to maintain financial as well as non-financial details of groups. The SHG books are: i) minutes book, ii) cash book, iii) loan ledger, iv) savings ledger, v) general ledger and vi) member pass book.

Table-3.4: Quality of SHG Books (% of SHGs)					
S. No.	Type of books	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
A.	Maintaining				
1	Minutes book	100.0	95.0	100.0	98.0
2	Cash book	40.0	35.0	85.0	53.0
3	Loan ledger	90.0	55.0	100.0	81.7
4	Savings ledger	80.0	40.0	65.0	61.7
5	General ledger	45.0	40.0	50.0	55.0
6	Member pass books	65.0	65.0	100.0	76.7
B.	Up-dation				
1	Minutes book	75.0	89.5	90.0	84.7
2	Cash book	75.0	14.3	64.7	56.2
3	Loan ledger	61.1	36.4	70.0	59.2
4	Savings ledger	62.5	25.0	84.6	62.2
5	General ledger	66.7	12.5	80.0	55.6
6	Member pass books	23.1	53.8	70.0	52.2
C	Accuracy				
1	Minutes book	90.0	100.0	95.0	94.9
2	Cash book	62.5	28.6	58.8	53.1
3	Loan ledger	64.7	54.5	75.0	66.7
4	Savings ledger	75.0	50.0	92.3	75.7
5	General ledger	55.6	62.5	90.0	70.4
6	Member pass books	46.2	92.3	90.0	78.3

Table-3.4 shows that most of the SHGs are maintaining minutes book and loan ledger; majority are maintaining member pass books, savings ledger, general ledger and cash book. However, many of the SHGs are not maintaining many books across the districts: majority of the SHGs in Adilabad are not maintaining cash book and general ledger; the majority SHGs in Mahabubnagar are not maintaining cash book, savings ledger and general ledger. Though majority of the SHGs are maintaining all books in Warangal, many SHGs are not maintaining general ledger and savings ledger. On the whole, the number of SHG books maintained is good in Warangal than in Adilabad and Mahabubnagar.

b. Up-dation of books: Table-3.4 shows that of the SHGs that are maintaining books, majority SHGs' books are up-to-date. However, majority SHGs' books are not up-to-date in Mahabubnagar district. Up-dation of books is good in Warangal than in Adilabad and Mahabubnagar.

c. Accuracy of books: Table-3.4 shows that of the SHGs that are maintaining books, the information provided by majority SHGs is accurate across the districts. Over all, the quality of SHG books is moderate, even though most SHGs engaged book writers and are paying honorarium.

IV LEADERSHIP DEVELOPMENT

4.1 Criteria for the selection of leaders: Each group selects two from its members as group representatives called 1st leader and 2nd leader. The groups considered multiple socio-economic aspects while selecting leaders. Most SHGs (87%) had more than two criteria while the others have taken into account more than two decisive factors. Most SHGs had given importance to i) good communication skills (83%), ii) dynamic and active (83%) iii) good character (68%) and iv) ability to sign or educated (42%). In addition, some considered the norms such as elderly and /or influenced in the community (17%), young / middle aged (10%) and economically sound (5%). Some groups have adopted roster method (10%) and lottery system (2%). Though there are potential members in the group to hold leadership position, not coming forward because of different reasons. Therefore, the groups have been following roster system and / or lottery stem while selecting leaders to avoid quarrels, work burden and to develop leadership skills of all group members.

4.2. Members' awareness on roles and responsibilities of leaders: Table-3.5 shows that nearly three quarters of SHGs (73%) knew more than 5 roles and responsibilities of SHGs and members. Little more than a quarter (27%) knew less than 6 roles of leaders. Of the districts, large number of SHGs knew 5 plus roles & responsibilities in Warangal (90%) than Mahabubnagar (70%) and Adilabad (60%). The age of SHGs and the awareness on roles & responsibilities of leaders are positively correlated. The awareness is high in > 20 year old groups (84%) than 16-20 year (75%) and 11-15 year (64%). Similarly, it is higher in self-promoted SHGs (83%) than Government (70%). It

demonstrates that member's awareness on roles & responsibilities of leaders is varying across the districts, promoters and age of SHGs.

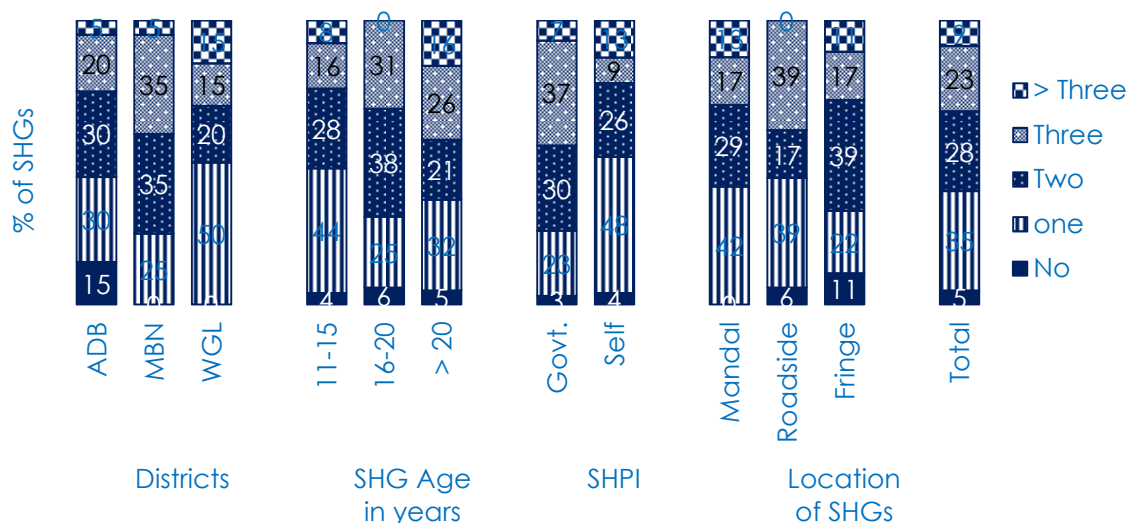
S.No.	No. of roles	11-15 years (N=25)	16-20 years (N=16)	> 20 years (N=19)	Total (N=60)
1	Up to 5	36.0	25.0	15.8	26.7
2	6 & above	64.0	75.0	84.2	73.3
	Total	100.0	100.0	100.0	100.0

Table-3.6 shows that the majority of SHGs are aware of many roles and responsibilities of leaders: ensuring regular savings & loan repayment (100%), organizing meetings (95%), depositing amount in bank (95%), attending federation meetings (93%) and ensuring member attendance in group meetings (88%). However, majority SHGs are unaware of other roles & responsibilities that are equally important: ensuring regular book keeping (40%), support to members (33%), participation in govt. programs (30%) and coordinating with officials (18%). There is no much difference in the awareness of members in many roles and responsibilities of leaders across the districts. However, awareness on participation in govt. programs is very high in Warangal than Adilabad and Mahabubnagar; awareness on supporting members is high in Mahabubnagar than in Adilabad and Warangal. Further, awareness on participation of SHGs in government programs is high in older groups than younger groups: 63% SHGs in > 20 years, 19% SHGs in 16-20 years and 12% in 11-15 years.

S. No.	Roles and responsibilities	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Organizing meetings	90.0	100.0	95.0	95.0
2	Ensuring member attendance	80.0	90.0	95.0	88.3
3	Regular savings & loan repayment	100.0	100.0	100.0	100.0
4	Depositing amount in bank	90.0	95.0	100.0	95.0
5	Ensuring regular book keeping	35.0	40.0	45.0	40.0
6	Attending trainings	65.0	70.0	45.0	60.0
7	Attending federation meetings	90.0	95.0	90.0	93.3
8	Participation in govt. programs	5.0	25.0	60.0	30.0
9	Coordinating with officials	20.0	20.0	15.0	18.0
10	Supporting members	25.0	50.0	25.0	33.3

4.3 Leadership rotation: The selection or election of members as leaders or office bearers to groups, Village Organizations, Mandal Samakhyas and Zilla Samakhyas provides an opportunity to interact with many individuals and exposure to different

Fig-3.3: Leadership Rotation



environments which help in developing individual qualities such as communication skills, knowledge gaining & sharing and ability to work in teams & lead it.

a. Incidence of leadership rotation: Table-3.7 shows that most SHGs (95%) have replaced their group leaders 1 to 5 times with an average of 1.98 times. However, 3 (5%) out of 60 SHGs have not replaced their leaders even once. Many SHGs replaced their leaders once (35%) followed by twice (28%), thrice (23%) and 4 & 5 times (8%).

Box-3.1: No leadership rotation since inception: Savalal SHG was formed in March 1997 with 15 members in Hasnapur village of Uttoor mandal in Adilabad district. All the members are illiterate. Smt. Heerabai and Smt. Santhi Bai were selected as group leaders based on their good communication skills, character and dynamism. Even though the promoters advocated leadership rotation, the group has not changed their leader even once. During the discussion, the members have reported that the reasons for not following the practice of leadership rotation was that no member is coming forward to take up leadership role as the present leaders are doing well and taking decisions in consultation with all members in the group, and the leaders are willing to step down from their positions.

The incidence of leadership rotation is high in Mahabubnagar district (2.2 times) than Warangal (2 times) and Adilabad (1.7 times). It is interesting that leaders' replacement is high in SHGs of fringe villages (2.06 times) than mandal headquarters (2 times) and roadside (1.89 times). The occurrence of leadership rotation is high in SHGs promoted by Government (2.23 times) than self-promoted (1.83 times).

S.No.	No. of times	11-15 years	16-20 years	> 20 years	Total
1	No	4.0	6.3	5.3	5.0
2	One	44.0	25.0	31.6	35.0
3	Two	28.0	37.5	21.1	28.3
4	Three	16.0	31.3	26.3	23.3
5	Four & five	8.0	0.0	15.8	8.3
	Total	100.0	100.0	100.0	100.0

Further, the age of SHGs and the incidence of leadership rotation are positively correlated: 1.8 times in 11-15 year old SHGs, 1.94 times in 16-20 years and 2.26 times in > 20 years old groups.

b. Members selected as leaders: As stated earlier, majority SHGs replaced their leaders more than once. But, some groups replaced one leader instead of both. To understand the number of members selected as leaders the study team has collected information on how many members were selected as leaders in addition to the number of times leaders were replaced in a group. Of the total 684 members of 60 SHGs studied, 41% of members served as leaders. There is no significant difference in the percentage of members in a group served as leaders across the districts, age of SHGs and the promoters. Table-3.8 shows that in majority of the SHGs, less than 50% of their members served as leaders. However, more than 50% of their members functioned as leaders in 35% of SHGs even after 10 years. It is because of delay and / or no replacement of leaders even after completion of their office tenure.

S.No.	No. of roles	ADB	MBN	WGL	Total
1	Less than 50	65.0	70.0	60.0	65.0
2	50 & above	35.0	30.0	40.0	35.0
	Total	100.0	100.0	100.0	100.0

Though there is a low incidence or no regular leadership rotation at group level, most of the roles & responsibilities of leaders have been carried out by the members on rotation basis or by following lottery system. Every month, irrespective of position in the group, one of the group members takes the responsibility of ensuring member attendance in meeting, information sharing on savings and loan installment amount, collection of savings & loan installment in meeting, depositing cash in bank, collection of fine from the late comers, accompanying leaders in attending the meetings of VO and MS and deciding on whose turn is next month. In a way, all the members in a group are accomplishing the roles & responsibilities of leaders even though there is no formal leadership rotation. Owing to these practices, it has increased cohesiveness between members & transparency at group level, reduced work burden on leaders, increased awareness on group activities and paved a way for democratic functioning rather than leader-centric functioning.

During focus group discussions, the groups have accounted different reasons for low incidence of leadership rotation: i) illiteracy & poor communication skills, ii) lack of knowledge on leadership rotation, iii) objection from the bankers during loan period, iv) re-selection of same representatives more than once, v) present leaders are doing well, vi) members not interested because of household work pressure and frequent meetings outside the village, vii) present leaders are unwilling to step down, viii) migration and ix) changes in group membership.

V LENDING

Lending is one of the salient features of self-help groups. The groups mobilize funds from internal as well as external sources for on lending to members. Members' savings is the major internal fund sources of SHGs. The loans, grants and donations from financial & non-financial institutions such as banks, credit cooperative federations, and government and non-government organizations are the chief external fund sources.

5.1 Number of SHGs: Table-3.9 shows that of the 60 sample SHGs, majority groups disbursed loans to members from multiple fund sources: 75% SHGs from own funds, 93% SHGs from banks, 90% SHGs from Streenidhi and 67% SHGs from federations. It indicates that the SHGs mobilized funds from multiple sources for on lending to members.

S. No.	Fund Source	No. of SHGs	Members have loan outstanding	Total loan disbursed Rs. in lakhs
1	SHG own funds	45	296	65.51
2	Banks –SHGBL	56	607	322.59
3	Streenidhi	54	308	110.76
4	Federations	40	115	2.89
	Total	195	1326	501.75

5.2 Number of loans: The 60 sample SHGs sanctioned a total of 1,326 loans with an average of 22.1 loans per SHG. Of the total, large number of loans is from bank funds (46%) followed by Streenidhi (23%), SHG own funds (22%) and federations (9%). Further, majority loans are from external funds (78%).

5.3 Amount of loan: The SHGs disbursed a loan of Rs. 501.75 lakhs with an average of Rs. 8.36 lakhs. Of the total loan, large chunk is from banks (64%), Streenidhi (22%), own funds (13%) and federations (1%). The average loan size is varying between the credit sources. It is higher in banks with Rs. 53,145 than in Streenidhi (Rs. 35,961), own funds (Rs.22,132) and federations (Rs.2,513). It means the SHGs have been largely relying on banks and other credit agencies to provide credit services to members.

VI NORMS & OTHER PRACTICES

The norms govern and create discipline among members, and helps in group's sustainability. There are many norms at group level relating to enrollment of new members and cancellation of membership, savings, loans etc.

6.1 Member entry & exit norms: There are specific rules and regulations to admit a new member into a group. All SHGs (100%) have a rule that if a new member wants to join in a group or in the place of a dropout, she has to pay the amount equivalent

to the total savings of existing member. Out of 60, 88% of SHGs have a norm that the newly enrolled members are eligible to all kinds of services on par with the existing members. However, some SHGs have restrictions: i) no bank loan to the new members immediately (12%) and ii) small loan to new members (7%). During discussions the members have reported that these rules help them to understand the loan repayment behaviour of new comers; and it is also an opportunity to the new members to understand group culture.

The exit norms are as follows: i)most SHGs pay member's cumulative savings and group earnings as per her savings ratio; ii) savings will be adjusted to loan outstanding if any, and iii) pay only savings if a member leaves in 1 or 2 years.

6.2 Fines: Of the 60 SHGs, the majority of SHGs (63%) don't have the norm of collecting fines. However, 37% of SHGs have the norm of collecting 1 to 4 types of fines: i) delay in attending meetings (25%), ii) delay in paying savings (18%), iii) delay in repaying loan installment (32%) and iv) not attending VO/MS meeting (8%). The amount is varying from Rs. 5 to Rs. 100. The number of SHGs which have the norm of collecting fines is varying between the districts, location and age. The incidence of SHGs collecting fines and the age of groups are positively correlated: higher in > 20 year old groups (58%) than 11-15 year groups (32%). It is high in SHGs located in Mandal headquarters (46%) than in roadside (32%) and fringe villages (28%).

During discussions, many groups have reported that they have not been strictly implementing the norm as most members pay monthly savings & loan installment in meeting, and a few on the next day before going to bank. Further, if a member is unable to attend group meeting for any reason, one of the household members come and pay in meeting. Thus, groups are not particular in collecting fines.

6.3 Auditing of groups: Audit of SHGs is one of the good practices of SHGs. Of the 60 SHGs, 63% SHGs were audited 1 to 7 times. Table-3.10 shows that the auditing of SHGs is high in Warangal district when compared to Adilabad and Mahabubnagar. It could be because of effective implementation of Community Resource Person (CRP) system in Warangal. It is high in SHGs located in mandal headquarters (71%) and roadside villages (72%) than fringe villages (44%). Further, it is high in self-promoted SHGs (78%) than Government (53%). Further, majority SHGs were audited 1 to 2 times (47%) followed by 3-4 (10%) and 5-7 times (7%).

S. No.	No of times	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	No auditing	50.0	55.0	5.0	36.7
2	1-2 times	45.0	40.0	55.0	46.7
5	3 & above	5.0	5.0	40.0	16.7
Total		100.0	100.0	100.0	100.0

6.4 Dividend on savings: Of the 60 SHGs, except two, no group has the practice of paying dividend on members' savings. But majority of SHGs (73%) have distributed a portion of their savings and group earnings 1 to 5 times, a sum of Rs. 59.95 lakhs with an average of Rs. 1.36 lakh per group. Consequentially, there is no internal lending with own funds because of low volume of corpus. However, many groups have increased their monthly saving as a strategy to build huge corpus.

VII GRADES OF SHGs

The sample SHGs were graded based on the Critical Rating Index (CRI) tool developed by NABARD. Of the 60 SHGs, majority are A-grade (68%) followed by B-grade (28%) and C-grade (4%). The quality of SHGs is varying between the districts, age of SHGs and promoters.

7.1 SHG grades vs. districts: Table-3.11 shows that there are differences between the districts in the grades of SHGs. The majority of SHGs are A-grade across the districts. However, A-grade SHGs are higher in Warangal (85%) than in Mahabubnagar (70%) and Adilabad (50%); B-grade SHGs are more in Adilabad (40%) than in Mahabubnagar (30%) and Warangal (15%); and C-grade groups are found only in Adilabad (10%). It means the quality of SHGs is good in Warangal followed by Mahabubnagar and Adilabad.

S. No.	SHG Grade	Districts			Age of SHGs			Promoter		
		Total (N=20)	ADB (N=20)	MBN (N=20)	WGL (N=20)	11-15 (N=21)	16-20 (N=16)	>20 (N=19)	Govt. (N=30)	Self (N=23)
1	A-grade	68.0	50.0	70.0	85.0	56.0	63.0	90.0	57.0	78.0
2	B-grade	28.0	40.0	30.0	15.0	44.0	25.0	11.0	37.0	22.0
5	C-grade	4.0	10.0	--	--	--	13.0	--	7.0	--
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

7.2 SHG grades vs. age: Table-3.11 shows that the majority of SHGs are A-grade across the age groups of SHGs. However, A-grade groups are very high in > 20 year groups (90%) and low in 11-15 year groups as compared to 16-20 year groups. Similar trend is found in case of B-grade groups. But C-grade groups are found only in 16-20 year groups. It indicates that the quality of SHGs is good in > 20 year groups followed by 11-15 years and 16-20 years groups.

7.3 SHG grades vs. promoter: The quality of self-promoted SHGs is better than government. Table-3.11 shows that the majority self-promoted SHGs are A-grade followed by B-grade. Of the SHG promoted by government, majority groups (57%) are A-grade followed by B-grade (37%) and C-grade (7%).

The quality of SHGs in Warangal, > 20 year old groups, self-promoted groups are better than other districts, SHG age and promoters. It is because CRP system is

working effectively in Warangal, and inbuilt motivation among self-promoted groups.

VIII FACTORS CONTRIBUTED FOR SUSTAINABILITY OF SHGs

8.1 Regular meetings and financial transactions within the meetings: Unlike earlier days, all the financial transactions and the decisions are within the meeting. If a member is unable to attend the meeting, one of her household member comes to the meeting, paying the savings and loan installments. As a result, there is more transparency among the members on group financial aspects. This has been building the faith among the members as well as their household members.

8.2 Sharing of roles and responsibilities on rotation basis: In the past, the whole group management was on leaders, and there is no much coordination and cooperation from the members. As a result, less awareness among the members and the possibility of misuse of funds by the leaders is high. Now, irrespective of position in the group, all the members have been taking the responsibility of collection of savings, collection of monthly loan installments and depositing funds in bank on rotation. It has reduced the burden on leaders, increased awareness among the members and built the spirit of team work.

8.3 Leadership rotation: In the past, the members are not come forward to take leadership responsibilities because of various reasons. Consequentially, the groups became leader centric than member-centric. The project and banks made it leadership rotation as mandatory. It has been providing equal opportunity to work as a team and in building leadership qualities.

IX CONCLUSIONS

Monthly meetings are common. The regularity of meetings and members' attendance in SHG meetings are moderate to good; nevertheless, it is a concern. The agenda items of SHG meetings are mostly related to financials. Still, the SHGs are depending on SERP staff in fixing meeting agenda.

The SHGs have mandatory monthly savings with multiple organizations - SHGs, federations and Streenidhi. The average monthly savings per member is more at present than at the beginning. The amount of savings differs between districts, SHG age, promoters and social categories. Most SHGs increased their monthly savings per member over a period of time. All sample SHGs promoted mandatory savings with federations and Streenidhi. The SHGs used members' savings in multiple ways.

Most SHGs keep their records at the leaders' house and engaged paid book writers. The minute's book and loan ledger are commonly found across the SHGs. However, book keeping is an issue across the districts. The maintenance of books is comparatively good in Warangal than in Adilabad and Mahabubnagar. The books are up-to-date and accurate in majority SHGs that are maintaining books.

The SHGs considered multiple social and personal criteria while selecting leaders; some have followed roster and lottery methods. The members have a moderate awareness on the roles & responsibilities of leaders. The incidence of leadership rotation is moderate even in old SHGs. However, most of the roles & responsibilities of leaders are being carried out by the group members on rotation basis.

The groups have formulated clear norms relating to enrollment of new members, withdrawal of membership, meetings, savings, leadership, lending and fines. The quality of old SHGs is good in terms of their grades.

FINANCIAL PERFORMANCE OF SELF HELP GROUPS

The financial sustainability of SHGs depends on the quality of financial services that the groups provide to their members. The financial performance of SHGs depends on how best the groups mobilize savings from members, loans from external credit agencies, and build group corpus for on lending to their members. This chapter analyses how far the SHGs have access to external credit? What is the status of current loans? How do the members use those loans? What is the repayment rate from SHGs to external credit agencies, and how do they manage default? What kind of trainings that the SHG members have undergone? What is the impact of interest subvention or reimbursement on the repayment and non-performing assets?

I FINANCIAL STATUS

The self-help groups mobilize funds in two ways: i) internal and ii) external sources. The internal sources include a) savings, b) fines & penalties, c) visiting fee, d) interest from banks and e) interest on loans to members. The external sources include a) grants and b) loans from banks, SHG federations and Streenidhi Credit Cooperative Federation Ltd., NGOs and others.

1.1 Assets: Table-4.1 shows that the 60 sample SHGs have total assets of Rs. 3.95 crores with an average of Rs. 6.59 lakhs as on January 2020. The average amount of assets varies between districts: it is high in Warangal with Rs. 7.17 lakhs when compared to Adilabad (Rs. 6.44 lakhs) and Mahabubnagar (Rs. 6.15 lakhs). The age of SHGs and the average assets of SHGs are positively correlated i.e. as the age of SHGs increases the total assets also increase. The average assets are high in > 20 years old SHGs with Rs. 7.47 lakhs when compared to 11-15 year groups (Rs. 5.94 lakhs) and 16-20 years (Rs. 6.55 lakhs).

S. No.	Particulars	SHGs		Amount in Rs		
		F	%	Sum	Mean	%
1	Loan outstanding with members	60	100.0	3,39,05,595	5,65,093	85.7
2	Savings in federation	60	100.0	6,97,450	11,624	1.8
3	Share capital in federation	60	100.0	,67,531	1,126	0.2
4	Revolving fund if distributed	27	45.0	3,17,800	11,770	0.8
5	Fixed deposits	7	11.7	2,15,000	30,714	0.5
6	Savings distributed	3	5.0	1,49,628	49,876	0.4
7	Cash in hand	1	1.7	31,800	31,800	0.1
8	Bank balance	60	100.0	37,15,347	61,922	9.4
9	Savings in Streenidhi	57	95.0	4,39,200	7,705	1.1
Total		60	100.0	3,95,39,351	6,58,989	100.0

Of the total assets, a lion portion is the loan outstanding with members (86%) followed by balance in SHG savings bank account (9%), savings in federations and Streenidhi (3%). A very small portion is in other forms of assets such as revolving fund, fixed deposits and cash in hand. The total amount of loans outstanding with the members of 60 SHGs is Rs. 3.39 crores with an average of Rs. 5.65 lakh. All the SHGs have savings and share capital in SHG federations with an average of Rs. 11,624 and Rs. 1,126 respectively. About 12% of SHGs have fixed deposits/recurrent deposits in banks of Rs. 2.15 lakhs with an average of Rs. 30,714.

During discussions, the groups reported that the banks insisted for fixed deposits for the sanction of large volume of loans. Nearly one half of the SHGs have distributed the revolving fund sanctioned by District Rural Development Authorities (DRDA) equally to their members. Only one SHG has cash in hand of Rs. 31,800. It is because of continuous holidays to bank. Of the 60 SHGs, 95% have savings with Streenidhi Credit Cooperative Federation Ltd with an average of Rs. 7,705.

The 60 sample SHGs have a total of Rs. 37.15 lakhs with an average of Rs. 61,922 as idle funds in their savings bank accounts. It is varying between the districts. The average amount of idle funds in SHGs is very high in Adilabad with Rs. 1.23 lakhs when compared to Mahabubnagar (Rs. 39,491) and Warangal (Rs. 23,059). Further, it is high in 11-15 year groups with Rs. 75,022 when compared to > 20 years (Rs. 42,615) and 16-20 years (Rs. 31,800) old groups.

1.2 Liabilities: Table-4.2 shows that of the total liabilities of Rs. Rs. 3.95 crores, 69% is loans outstanding to external agencies followed by members' savings (16%), reserves and other funds (11%) profit (3%), revolving fund (1%) and common fund (1%). Of the loans outstanding of external agencies, major portion is to banks (48%) followed by Streenidhi (16%) and SHG federations (5%). Most SHGs have loans outstanding to banks and Streenidhi, and two-thirds of SHGs have loans outstanding to SHG federations. The average amount of loan outstanding varies between the sources: high in banks with Rs. 3.38 lakhs when compared to Streenidhi (Rs. 1.19 lakhs) and SHG federations (Rs.44,935).

The members' total savings of 60 sample SHGs is Rs. 62.17 lakhs with an average of Rs. 1.04 lakhs. The average amount of savings is varying between the districts: high in Adilabad with Rs. 1.18 lakhs when compared to Warangal (Rs. 1 lakh) and Mahabubnagar (Rs. 91,485). The members' total savings and the age of SHGs are positively correlated; the average members' savings of a group is high in > 20 years old (Rs. 1.13 lakhs) when compared to 16-20 years (Rs. 1.03 lakhs) and 11-15 year old groups (Rs. 96,321). Further, the average amount of members' savings is high in Government SHGs (Rs. 1.13 lakhs) than self-promoted (Rs. 88,332).

All 60 sample SHGs have reported total profits of Rs. 13.27 lakhs with an average of Rs. 22,111. The average profit of SHGs varies between the districts: very high in Warangal with Rs. 34,991 when compared to Mahabubnagar (Rs. 20,743) and

Adilabad (Rs. 10,596.); further, it is higher in 16-20 year old SHGs (Rs. 31,141) than 11-15 years (Rs. 14,220) and > 20 year old groups (Rs. 24,887). Of the 60 SHGs, 95% have reserves & other funds of Rs. 42.39 lakh with an average of Rs. 74,375. It could be because of high incidence of the practice of distribution of savings or group corpus in older SHGs. A small percentage of SHGs (12%) have reported common fund of Rs. 1.86 lakhs with an average of Rs. 26,643.

S. No.	Particulars	SHGs		Amount in Rs		
		F	%	Sum	Mean	%
1	Loan outstanding to banks	56	93.3	1,89,40,848	3,38,229	47.9
2	Loan outstanding to Streenidhi	54	90.0	64,54,264	1,19,523	16.3
3	Loan outstanding to federation	40	66.7	17,97,388	44,935	4.5
4	Member's total savings	60	100.0	62,16,831	1,03,614	15.7
5	Revolving fund	33	55.0	3,82,800	11,600	1.0
6	Reserves and other funds	57	95.0	42,39,373	74,375	10.7
7	Profit or loss	60	100.0	13,26,649	22,111	3.4
8	Common fund	7	11.7	1,86,498	26,643	0.5
	Total	60	100.0	3,95,44,651	6,59,078	100.0

II FUND MOBILIZATION FROM EXTERNAL CREDIT SOURCES

The SHGs have mobilized funds in the form of loans and grants from District Rural Development Authorities (DRDA), banks, SHG federations, Streenidhi Credit Cooperative Federation Ltd.

2.1 Number of loans: Table-4.3 shows that since inception, the sample SHGs have borrowed a total of 913 loans with an average of 15.2 from banks, Streenidhi Credit Cooperative Federation Ltd, and SHG federations. Of the 60 SHGs, all have mobilized credit from banks; and most of the SHGs mobilized funds from Streenidhi (92%) and SHG federations. Of the 913 loans, many are from banks (45%) followed by SHG federations (31%) and Streenidhi (24%), and similarly the average number of loans. The average number of loans mobilized from external sources is high in Warangal with 19 loans when compared to Mahabubnagar (14 loans) and Adilabad (12 loans). Further, the average loans per SHG are high in > 20 year old groups (19) when compared to 16-20 years (14 loans) and 11-15 year groups (13 loans). Of the promoters, it is more in Government promoted SHGs (16 loans) than self-promoted (14 loans).

2.2 Total Loan: All the 60 sample SHGs, since inception have borrowed a cumulative loan of Rs. 13.02 crores with an average of Rs. 21.7 lakhs from multiple credit sources such as banks, Streenidhi and SHG federations. Table-4.3 shows that a large chunk of loan is from banks (77%) followed by Streenidhi (15%) and SHG

federations (8%); similarly, the average cumulative loan borrowed from banks is high when compared to Streenidhi and SHG federations.

S. No.	Agency	SHGs		No. of loans			Amount Rs. in lakhs		
		F	%	Sum	Mean	%	Sum	Mean	%
1	Banks	60	100.0	409	6.8	44.8	1000.44	16.67	76.8
2	Streenidhi	55	91.7	222	4.0	24.3	196.25	3.57	15.1
3	Federation	57	95.0	282	4.9	30.9	105.52	1.85	8.1
	Total	60	100.0	913	15.2	100.0	1302.21	21.70	100.0

The average cumulative loan per SHG is varying between districts: high in Warangal with Rs. 27.13 lakhs when compared to Mahabubnagar (Rs. 20.23 lakhs) and Adilabad (Rs.17.75 lakhs). Of the promoters, it is high in SHGs promoted by Government (Rs. 21.67 lakhs) than self-promoted (Rs. 21.31 lakhs). Further, it is high in > 20 year old SHGs (Rs. 27.27 lakhs) than 11-15 years (Rs. 19.25 lakhs) and 16-20 year old SHGs (Rs. 18.93 lakhs).

Box-4.1: Mammoth credit from multiple organizations: Dhanalaxmi SHG was formed in 1999 with 10 members in Kesamudram, a village in Mahabubabad district. Since its inception the group has mobilized cumulative credit of Rs. 43.1 lakhs, in which Rs. 37.9 lakhs are from bank, Rs. 3.2 lakhs are from Streenidhi and Rs. 2 lakhs are from SHG federation. Similarly, Geetha Mahalaxmi SHG of Lingampet village in Jadcherla mandal of Mahabubnagar district has mobilized a cumulative loan of Rs. 39.88 lakhs, in which Rs. 32.9 lakhs is from banks and Rs. 6.98 lakhs is from Streenidhi. On an average a member has borrowed an external loan of Rs. 4 lakhs from bank, Streenidhi and federation.

The above discussion clearly reveals that though most SHGs mobilized large volume of loans from multiple sources, there is a significant difference in the amount of loan mobilized between the sources, districts, age of SHGs and SHPIs.

III STATUS OF CURRENT LOANS

3.1 Credit sources: Table-4.4 shows that the sample SHGs have loan outstanding with multiple external credit sources such as banks, Streenidhi and SHG federations. Of the 60 sample SHGs, a majority of SHGs have loan outstanding with banks, Streenidhi and SHG federations across the districts. However, the percentage of SHGs have loan outstanding with SHG federations is more in Mahabubnagar (80%) than in Warangal (65%) and Adilabad (55%).

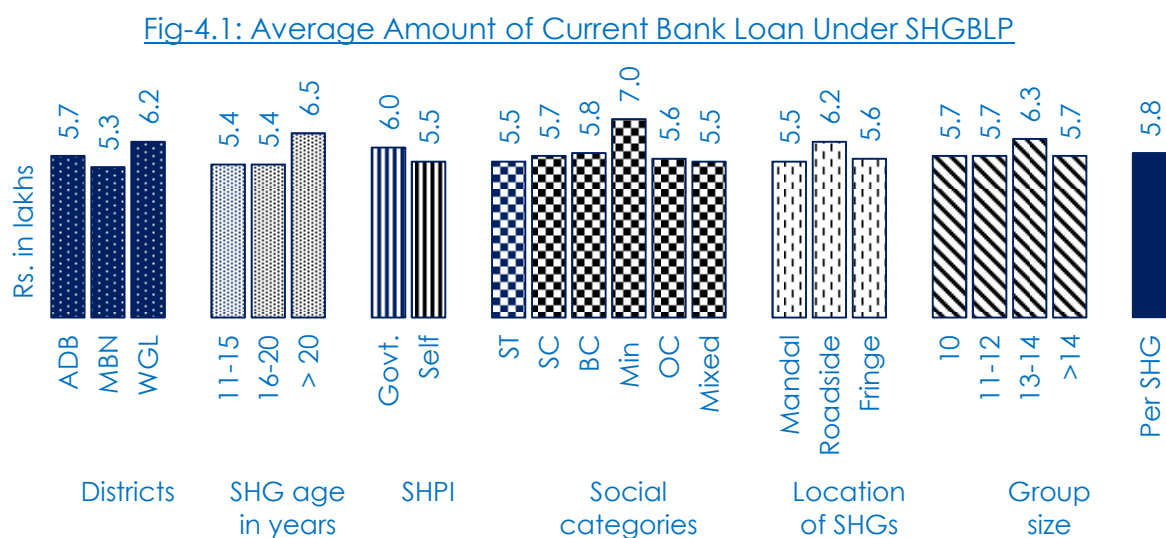
S. No.	Particulars	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Banks	95.0	90.0	95.0	93.3
2	Streenidhi	90.0	90.0	90.0	90.0
3	SHG Federations	55.0	80.0	65.0	66.6

3.2 Number of loans: Of the 60 SHGs, majority have loan outstanding with three agencies (57%) followed by two (37%) and one (8%). Table-4.5 shows that the majority of SHGs have loan outstanding with three agencies in Mahabubnagar (65%) and Warangal (60%); whereas, majority SHGs have loan outstanding with two (50%) agencies in Adilabad. It is because of low percentage of SHGs has loan outstanding with federations in Adilabad. The percentage of SHGs having loan outstanding with three agencies is high in self-promoted SHGs (65%) than Government (48%). A majority of SHGs have loan outstanding with three agencies across different age groups of SHGs. The percentage of SHGs having loan outstanding with two agencies is high in 11-15 year old SHGs (48%) than > 20 years (37%) and 16-20 years (19%). However, a small percentage of SHGs have loan outstanding with one agency in 16-20 years (13%) and > 20 year old groups (11%). The above discussion clearly reveals that the majority of SHGs have loans outstanding with more than one agency and it varies between the districts, age of SHGs and promoters.

S. No.	Number of agencies	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	One	55.0	5.0	10.0	6.7
2	Two	50.0	30.0	30.0	36.7
3	Three	45.0	65.0	60.0	56.6
	Total	100.0	100.0	100.0	100.0

3.3 Volume of loan: The loan volume varies from source to source depending on the lending norms of credit agencies.

a. Banks: The SHGs that have loan outstanding borrowed a total of Rs. 32.26 crores with an average of Rs. 5.76 lakhs. The loan size varied between Rs. 3 lakhs and Rs. 12.57 lakhs. Figure-4.1 shows that the average loan size is highest in Warangal with Rs. 6.23 lakhs and lowest in Mahabubnagar with Rs. 5.28 lakhs. It also shows that the age& size of SHGs and average loan size are positively correlated i.e. as the age



increases the loan volume also increases: highest in > 20 year old SHGs with Rs. 6.51 lakhs and lowest in 11-15 years with Rs. 5.39 lakhs. It is higher in group size is 13 & above (Rs. 6.25 lakhs) than in 11-12 members (Rs. 5.7 lakhs) and 10 membered group (Rs. 5.6 lakhs). Of the promoters, the loan size is higher in Government promoted SHGs than self-promoted. Of the SHG social categories, it is high among Muslims and low in mixed category. Of the locations, it is high in SHGs of roadside villages and low in mandal headquarters. There is not much difference in the average loan size per SHG between homogenous and heterogeneous SHGs. So, the volume of loan depends on multiple factors such as SHG location, age, size, social category and promoter.

During interactions, in response to a question 'how do you decide loan volume' the bankers have reported that the loan volume depends on number of linkages / repeat doses, repayment track record of earlier loan, micro credit plan submitted by the group/ kind of income generation activities proposed, recommendations of the SERP and bank manager's discretionary power on upper limit of the loan. Normally as the loan dose increases the loan volume also increases: 1st linkage is between Rs. 50,000 and Rs.75,000, 2nd linkage is Rs. 75,000 to Rs. 1 lakh, 3rd linkage is Rs. 1.5 to 3 lakhs, 4th linkage is Rs. 3 to 5 lakhs and 5th linkage is Rs. 5 lakhs plus, up to Rs. 10 lakhs.

b. Streenidhi: About 90% of SHGs that have a loan outstanding with Streenidhi have borrowed a sum of Rs. 1.11 crores with an average of Rs. 2.05 lakhs. The loan size is varying between Rs. 5000 and Rs. 6.9 lakhs. The average loan to SHGs from Streenidhi is high in Warangal with Rs. 2.46 lakhs and low in Mahabubnagar with Rs. 5.27 lakhs when compared to Adilabad (Rs. 5.75 lakhs). The age of SHGs and average Streenidhi loan per SHG are positively associated. The average loan to SHG from Streenidhi is high in >20 year old SHGs (Rs. 6.5 lakhs) when compared to 16-20 years (Rs. 5.4 lakhs) and 11-15 year SHGs (Rs.5.39 lakhs). Of the promoters, it is higher in self-promoted SHGs (Rs. 2.37 lakhs) than Government (Rs. 1.9 lakhs). It is high in fringe villages (Rs. 2.68 lakhs) than roadside (Rs. 1.8 lakhs) and mandal headquarters (Rs. 1.8 lakhs). The average loan per SHG from Streenidhi is more to large SHGs (Rs. 3.06 lakhs) than medium (Rs. 1.89 lakhs) and small (Rs. 1.64 lakhs). Like bank loan, Streenidhi loan volume to SHGs also depends on multiple factors such as SHG location, age, size, social category and promoter.

c. Federations: About 65% of SHGs that have loan outstanding with federations have borrowed an amount of Rs. 28.57 lakhs with an average of Rs. 73,269. The amount is varying between Rs. 2,000 and Rs. 2.30 lakhs. The average loan per SHG from federations is high in Warangal with Rs. 1.11 lakhs and low in Mahabubnagar with Rs. 5.27 lakhs when compared to Adilabad Rs. 46,545. It is higher in > 20 year old SHGs than 11-15 years (Rs. 60,911) and 16-20 years (Rs.48,363). Of the promoter, the average loan to SHGs from federations is higher in Government promoted SHGs (Rs. 82,118) than self-promoted (Rs.65,088). The SHG size and the average loan per SHG from Federations are positively associated; it is higher in large groups (Rs. 1.06 lakhs)

than medium (Rs. 79,428) and small groups (Rs. 53,187). It is higher in the SHGs of fringe villages (Rs. 97,417) than road side (Rs. 73,178) and mandal headquarters (Rs.51,076). Thus, the loan volume to SHGs from federation depends on multiple factors such as SHG location, age, size, social category and promoter.

IV REPAYMENT RATE AND DEFAULT MANAGEMENT

4.1 Repayment Rate: Of the 55 SHGs that have loan outstanding with banks, repayment rate was calculated for 46 SHGs that have term loan under SHG bank linkage; further the SHGs that have both term loan and cash credit limit loans are not included in the analysis as the loan is sanctioned on different dates. Similarly, of the 54 SHGs that have loan outstanding with Streenidhi, repayment rate was calculated for 15 SHGs; further, of the 39 SHGs that have loan outstanding with federations, it was calculated only for 16 SHGs.

a. Banks: The loan repayment rate from SHGs to bank is varying between 44 % and 100% with an average of 94%. Table 4.6 shows that majority of SHGs loan repayment rate is 100 percent (72%) followed by 76-99 percent (20%) and less than 75 percent (8%). The average loan repayment rate of SHGs to bank is high in Mahabubnagar with 99% as compared to Warangal (93%) and Adilabad (91%). Low loan repayment rate in Adilabad and Warangal is because of presence of SHGs with tribal population, the Lambadas. The loan repayment rate and the age of SHGs are negatively correlated; as the age of SHGs increases the repayment rate decreases. The average repayment rate is high in 11-15 year old groups (99%) than 16-20 years (92%) and > 20 years (90%). Of the promoters, it is higher in self-promoted SHGs (97%) than Government (93%). Of the social categories, the average repayment rate to banks is high among SCs (100%) and low in STs (83%) when compared to other social categories.

S. No.	Repayment Rate (in %)	Banks (N=46)	Streenidhi (N=15)	Federations (N=16)
1	< 75	8.7	20.0	18.8
2	76-99	19.6	33.3	12.5
3	100	71.7	46.7	68.8
	Total	100.0	100.0	100.0

b. Streenidhi: Table-4.6 shows that out of 15 SHGs, many SHGs have 100 per cent repayment to Streenidhi (48%) followed by 76-99 percent (33%) and < 75 percent (20%). The repayment rate is varying between 55% and 100% with an average of 88%. The average loan repayment rate of SHGs to Streenidhi is higher in Mahabubnagar (99%) than Warangal (93%) and Adilabad (91%). The loan repayment rate to Streenidhi and the age of SHGs are negatively associated; as the SHG age increases the average loan repayment rate has been decreasing: higher

in 11-15 year old groups (99%) than 16-20 years (92%) and > 20 year old SHGs (90%). Of the promoters, it is higher in self-promoted SHGs (97%) than Government (93%).

c. Federations: The repayment rate to federations is varying between 43% and 100% with an average of 91%. Table-4.6 shows that out of 16 SHGs, majority SHGs have 100 percent repayment rate to federations (69%) followed by < 75 percent (19%) and 76-99 percent (13%). No SHG has reported less than 75% of loan repayment rate to federation. The loan repayment rate from SHGs to external credit sources varies between credit sources, and it depends on multiple factors such as SHG age, size, social category and promoter. On the whole, the repayment rate is high to banks followed by Streenidhi and federations.

4.2 Multiple loans and its implications

a. Advantages & disadvantages of multiple loans: During the focus group discussions the SHGs have reported the advantages and disadvantages of multiple loans. The advantages include: i) loans from multiple sources, ii) avoid dependency on money lenders for working capital, iii) invest on multiple activities, iv) minimize unnecessary expenditure at household level to repay multiple loans and v) helpful in repaying the loans borrowed for on time investments and emergencies from traditional credit sources. The disadvantages include: i) loan repayment pressure on women, ii) over indebtedness, iii) another loan from SHG own funds or money lenders to repay bank and Streenidhi loans, iv) not attend the group meeting due to loan defaulting, v) mortgage and / or sale of household assets to repay multiple loans, vi) minimize expenditure on food and other basic needs.

b. Fund sources to repay loans: Almost all (99%) paid the installments in part from household income and household savings (42%). Some turned to outside sources: 44% took hand loans, and 13% borrowed from a moneylender. Of those who experienced too much pressure, most took the funds from household resources: 75% reduced waste expenditures, 71% minimized household expenditures and 56% drew from their savings. A minority (20%) prepaid the loan to secure a larger one.

4.3 Default management

a. Incidence of default: Table-4.7 shows that the majority of SHGs don't have overdues across the credit sources. However, the incidence of over dues or default is high in banks than federations and Streenidhi. Of the 14 SHGs which have reported overdues, 6 are in Adilabad, 5 are in Mahabubnagar and the remaining (3) are in Warangal. The percentage of SHGs which have reported default to federations is higher in Mahabubnagar (25%) than Adilabad (18%). Further, the percentage of SHGs having overdues to Streenidhi is high in Adilabad than Mahabubnagar. But, no SHG reported overdues to Streenidhi and federations in Warangal.

b. Overdue amount: The SHGs that have defaulted to banks, Streenidhi and federations have an overdue of Rs. 12.2 lakhs with an average of Rs. 43,567. Of the

total overdue, major portion is to banks (71%) followed by Streenidhi (18%) and federations (12%). The amount of overdue to banks varies between Rs. 5,000 and Rs. 2.77 lakhs with an average of Rs. 61,409. Table-4.7 shows that the average amount of overdue to banks is highest in Warangal and lowest in Mahabubnagar when compared to Adilabad. Of the districts, the amount of overdue to Streenidhi is higher in Adilabad than Mahabubnagar, similarly in the case of federations. It is higher in Adilabad than in Mahabubnagar. No SHG in Warangal reported overdue to Streenidhi and SHG federations. The high amount of over due to banks in Warangal and Adilabad is because of the practice of annual installment instead of monthly loan repayment.

S. No.	Particulars	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Agency				
1.1	Banks	31.6	27.8	15.8	25.0
1.2	Streenidhi	27.8	16.7	--	14.8
1.3	Federations	18.2	25.0	--	15.4
2	Overdue -average amount in Rs.				
2.1	Banks	67,922	8,822	136,026	61,409
2.2	Streenidhi	29,193	22,483	--	26,677
2.3	Federations	33,742	19,816	--	24,458

c. Reasons for default: During discussions, the SHGs have reported diversified reasons for defaulting or delayed repayment of loan installments. Nearly one half of the sample SHGs have reported 1 to 6 reasons for defaulting or delayed payment of monthly loan installment. A majority of SHGs reported 1 to 2 reasons (51%) followed by 3 to 4 (38%) and 5 and above (7%). Of the 29 SHGs, 61% SHGs reported ill-health as the major reason for defaulting; 36% drought/crop failure; 29% less availability of work; 21% multiple loans; 21% unexpected expenses; 18% death of loan borrower; 14% migration; 14% made payments to project staff; 7% political promises and 7% govt. loan need not repay. Further, some SHGs have reported that owing to less availability of work and cash flows, they have decided to make bullet payment annually at the time of crop harvesting instead of monthly installments.

During interactions, the bankers and SERP staff have reported some more reasons besides the reasons accounted by the SHGs. They are i) willful default, ii) misuse of funds by the leaders and their dominance, iii) loan diversion to consumption and social needs, iii) poor monitoring of the project iv) long pending of indiramma housing /bridge loans, and v) more focus on Streenidhi loans than SHG bank linkage.

d. Action against defaulters: The data shows that a majority of SHGs have not taken any action against defaulters. During discussions, the groups have reported that the situation did not arise in their groups as they are regular in repayment of

monthly loan installments. They also said that the norm of heavy fines on loan defaulters forced them to repay regularly. However, some of the SHGs have reported multiple actions taken against defaulters. These actions are of two types: internal and external. The internal strategies include i) repeated visits to defaulters' houses (30%), ii) adjustment of members' savings to loan installment (29%), iii) provided loans from SHG own funds to repay loan installment (8%) and collection of fines. The external actions include i) information to promoters / SERP staff (17%), ii) information to federations (4%) and iii) information to banks (3%). Table-4.8 gives the default management strategies of SHGs, banks and promoters.

Table-4.8 shows the multiple strategies followed by the groups, promoters and banks. These strategies can be divided into two: pre and post defaulting. Regular interactions during SHG's visits to bank and continuous follow up & review with promoters are the major strategies during pre-defaulting stage.

Table-4.8: Default Management Strategies	
Groups	Banks/promoters
<u>Before default</u>	
<ul style="list-style-type: none"> • Promissory notes from husband and /or other household member • Fellow SHG members extend hand loans to the members who are unable to pay monthly installment • Provide small loan from group funds • Heavy fines and penalties • Less installments with high equal monthly installments (EMI) • Adjustment of group savings during difficult times to maintain regular repayment • Loans based on member's loan repaying capacity. 	<ul style="list-style-type: none"> • Regular interaction with groups during SHGs' visits to bank • Awareness on loan utilization & repayment at the time of loan disbursement • Promotion of large savings and impounding of savings • Promotion of savings as recurring deposits (RDs) • Loan volume based on earlier loans repayment track record • Adjustment of funds released under Pavala Vaddi and Vaddi Leni Runaalu to loan outstanding
<u>After default</u>	
<ul style="list-style-type: none"> • Adjustment of savings • Sharing of defaulters list with promoters • Sharing of defaulters list with banks • Repeated visits to defaulters house • Loan from SHG own fund to pay bank loan • Collection of fine and interest from the defaulters 	<ul style="list-style-type: none"> • Fund transfer from SHG SB account to loan account • Sharing of loan defaulters list with SERP staff in CBRM monthly meetings • Joint visits of bankers and promoters to SHGs for recovery • Assistance of CCs and VOA • Large repeat loans to recover earlier loan

Regular communication to promoters on loan repayment, awareness creation on the advantages of regular repayment, adjustment of interest reimbursed to SHGs loan outstanding are other strategies. The pre-defaulting strategies of groups include promissory note from members & their household members, hand loans to repay loan installment and loan from group funds. Of the post defaulting strategies, joint visits of bankers, promoters and groups and sharing of defaulters list in monthly review meetings of federations and promoters are the most common.

V UTILIZATION OF BANK LOAN

To understand the utilization of current or latest bank loan, the study team gathered information on how the members actually utilized the loan. The 120 sample SHG members borrowed a loan, sum of Rs. 65.12 lakhs with an average of Rs. 54,267. Of the 120 loans, majority used for one activity (55%) followed by two (29%), three (15%) and four (1%). The percentage of loans used for more than one purpose is high in Warangal with 62% than Adilabad (40%) and Mahabubnagar (32%).

The loans were used for 18 purposes, production (46%), social needs (27%), asset creation (16%) and consumption (12%). Of the loans used for production, the majority are for purchase of agriculture inputs (14%) followed by livestock (7%), entrepreneurial activities (7%) and petty business (5%), and a small number used for purchase of machinery, purchase of auto/ taxi, loan to non-members and skill development trainings. Of the 27% loans used for social needs, majority are for children's education followed by health, and a small percentage to repay old loans, marriage and fairs & festivals. Of the loans for asset creation, large slice is for housing followed by purchase of gold ornaments and land.

Table-4.9 shows that major portion of loan is used for production (52%) followed by social needs (23%), asset creation (22%) and consumption. Of the amount used for production, large portion is for the purchase of agriculture inputs (15%) followed by entrepreneurial activities (9%), purchase of livestock (9%) petty business (6%) and others. Of the amount used for social needs, largely for children's education (9%) followed by health (6%) repaying old debts (4%) and others. Of the 22 % fund used for asset creation, a lion portion is for housing (13%) followed by the purchase of gold ornaments (7%) and land (2%).

The percentage of loan amount used for production is low in Adilabad (41%) than in Mahabubnagar (59%) and Warangal (58%). But the amount used for social needs is high in Adilabad (31%) than in Mahabubnagar (16%) and Warangal (22%). The percentage of loan used for asset creation is high in mandal headquarters (28%) than roadside (20%) and fringe villages (15%). But loan used for production is high in fringe villages (58%) than roadside (51%) and mandal headquarters (49%). The loan used for asset creation is high in female headed households (31%) than male headed households (17%).

Table-4.9: Utilization of Latest /Current SHG Bank Loan						
S. No.	Purpose	Loans		Amount in Rs.		
		F	%	Total	%	Mean
1	Consumption					
1.1	Food	23	11.9	1,71,648	2.6	7,463
	Sub-total	23	11.9	1,71,648	2.6	7,463
2	Production					
2.1	Agriculture inputs	27	13.9	9,53,025	14.6	35,297
2.2	Entrepreneurial activity	13	6.7	5,64,544	8.7	43,426
2.3	Purchase of livestock	13	3.6	5,61,755	8.6	43,212
2.4	Petty business	10	5.2	3,78,046	5.8	37,805
2.5	Loan to outsiders	6	3.6	2,63,000	4.0	43,833
2.6	Seasonal business	7	2.1	2,55,000	3.9	36,429
2.7	Purchase of machinery	7	6.7	1,84,868	2.8	26,410
2.8	Auto/taxi	4	1.0	1,83,333	2.8	45,833
2.9	IGA training	2	3.1	60,000	0.9	30,000
	Sub-total	89	45.9	34,03,571	52.3	38,242
3	Social needs					
3.1	Children's education	20	4.1	5,78,704	8.9	28,935
3.2	Health	17	8.8	3,60,880	5.5	21,228
3.3	Old loans repayment	8	10.3	2,79,500	4.3	34,938
3.4	Marriage	4	2.1	1,90,000	2.9	47,500
3.5	Fairs& festivals	3	1.5	1,02,868	1.6	34,289
	Sub-total	52	26.8	15,11,952	23.2	29,076
4	Asset creation					
4.1	Housing	15	7.7	8,52,100	13.1	56,807
4.2	Gold/silver ornaments	13	1.0	4,39,455	6.7	33,804
4.3	Purchase of land	2	6.7	1,33,333	2.0	66,667
	Sub-total	30	15.5	14,24,888	21.9	47,496
	Total	194	100.0	65,12,059	100.0	33,567

During discussions, the members have reported diversified reasons for the use of loans for multiple purposes: i) banks provide loans for income generation activities but not for social needs and consumption; ii) mitigate risk by investing on multiple activities; iii) emergency expenses on health, death etc. and iv) social obligations such as marriage, children's education and so on.

VI ROLE OF SHPIs IN INSTITUTION & CAPACITY BUILDING AND CREDIT LINKAGES

6.1 Role of NABARD

a. Promotion of SHGs: NABARD has been playing a major role in promotion of SHGs in WSHG districts of Telangana. Grant assistance was sanctioned in the year

2013-14 to Society for Elimination of Rural Poverty (SERP) for formation and credit linkage of a total of 7,500 SHGs at the rate of Rs. 10,000 per SHG in all the erstwhile 8 WSHG districts of the State. Out of that 7,209 SHGs were credit linked.

b. Livelihood promotion: Since formation of Telangana, NABARD has supported 240 Micro Enterprise Development Programmes (MEDPs) covering 7,200 matured SHG women in 9 undivided districts of Telangana on various income generating activities. The programmes have been implemented through partner NGOs on activities like tailoring, hand & machine embroidery, fashion designing, saree painting, fabric painting, patch work, blouse designing, maggam work, saree rolling & dry cleaning, Banjara and Applique works making, beauty care, bakery products, pickle making, tie and dye, school uniforms stitching & school bags making, jute bag making, Banjara bags making, travel bags making, advance tailoring, household items, leaf plate making, candle making, mushroom cultivation, dairy development, nursery raising and commercial vegetable cultivation, backyard poultry, pig rearing, production & marketing of bio pesticides, value addition and enterprise development training, organic vegetable cultivation, silk thread jewelry making, mobile repair works etc. Settlement rate is at average of 65-70% across various activities.

c. Marketing services: Under marketing interventions, NABARD, Telangana has so far supported 12 Rural Haats and 11 Rural Marts for selling the farmers produce and SHG products respectively.

d. eShakti: Keeping in view the Government of India's mission for creating a digital India, NABARD launched a project for digitization of all SHGs in the country. Digitisation brings all the SHGs on to the technology platform and into the fold of Financial Inclusion, thereby helping them access wider range of financial services. This helps bankers in client appraisal and credit dispensation. The project is being implemented in 250 districts across the country. It is a project under which, the social and financial data of the SHGs and their members in the selected districts are digitized. The stake holders of the project are SHG members, Self Help Promoting Institutions (SHPIs), Non-Governmental Organisations (NGOs), Banks, Government Agencies like SRLMs, NRLM, NABARD etc. At a later stage, Credit Information Companies may also be brought on board. eShakti is not implementing in any district in the state of Telangana.

Features of eShakti include i) e-book keeping for the SHGs, ii) regular updates for transactional data, iii) reports generated in the formats as required by bankers, iv) inbuilt automatic grading of SHGs based on NABARD / IBA(for NRLM) norms, v) System Generated Loan application for the bankers, and vi) SMS alerts in 10 local languages to the SHG members.

6.2 Institution and capacity building

a. Capacity building trainings: Table-4.10 shows that majority SHG members have undergone the trainings on 'SHG and SHG federation concepts' organized by SERP and Federations separately. But small number of members has undergone trainings organized by banks. All 60 sample SHGs attended trainings on 'book keeping' organized by SERP and Federations. More than one-quarter of SHG members attended training on 'book keeping'. About 15% of members from 25% of sample SHGs have attended trainings on 'SHG Auditing' given by SERP and Federations. Very few members from a small number of SHGs have attended the training on Mutually Aided Cooperative Society (MACS) Act organized by the Government. No sample SHG has undergone trainings on 'institution & capacity building of SHGs' organized by banks.

S. No.	Name of training	Govt.		Federation		bank	
		SHGs	Mem.	SHGs	Mem.	SHGs	Mem.
1	SHG concept & federation	83.3	79.8	100.0	64.0	10.0	1.5
2	Book keeping	100.0	29.4	100.0	24.4	0.0	0.0
3	SHG auditing	25.0	15.5	15.0	11.8	0.0	0.0
4	MACS Act	6.7	2.0	0.0	0.0	0.0	0.0
5	Bank linkage facilitation	61.7	54.8	68.3	58.5	40.0	31.9
6	Financial literacy	28.3	19.7	23.3	18.7	5.0	3.2
7	Livelihoods facilitation	65.0	49.0	63.3	44.0	15.0	14.5
8	Collective marketing	20.0	17.3	13.3	12.0	1.7	1.6
9	Organic farming	21.7	17.3	16.7	10.2	0.0	0.0
10	Health & sanitation	73.3	60.7	76.7	59.5	0.0	0.0
11	Swachh Bharat Mission	81.7	69.0	63.3	51.3	0.0	0.0
12	Gender	41.7	31.6	51.7	35.1	0.0	0.0
13	Social issues	56.7	36.5	50.0	32.9	0.0	0.0
14	Development programs	40.0	27.2	28.3	16.2	0.0	0.0

b. Financial literacy & skill development: Table-4.10 shows that the majority of members from majority sample SHGs attended 'SHG bank linkage facilitation programs' organized by Government /SERP, federations and banks. But the members who have undergone the trainings organized by banks are low when compared to Government and federations. About one-fifth of members from one-fourth of sample SHGs have gone through trainings on financial literacy organized by SERP, federations and banks.

Nearly 50% of members from majority SHGs have attended 'livelihood facilitation programs' organized by SERP and federations. However, small number of members from small number of SHGs attended 'livelihoods facilitation programs' organized by banks. About 15% of members from 20% of SHGs have undergone training on

'collective marketing' organized by SERP and federations, and a few have attended trainings organized by banks. About 15% of members have undergone training on 'organic farming' conducted by SERP and Federations.

c. Social issues and development programmes: The majority of SHG members have joined the trainings on 'health & sanitation', 'Swachh Bharath Mission' and 'social issues' organized by SERP and Federations. Nearly one-third of members have undergone training on 'gender' given by SERP and federations. About one-fifth of members have attended the trainings on 'development programmes' organized by SERP and federations.

Of the training programmes organized by the SERP, SHG federations and banks, majority of the members have undergone the trainings of SERP followed by SHG federations and banks. Large number of members has undergone the trainings on 'institution building & capacity building' followed by 'financial literacy & skill development' and 'social issues and development programmes'. It could be because during the initial years the SERP paid much attention on formation of groups and their institutions and building their capacities to emerge as member owned, managed and controlled organizations.

d. Capacity building and relationships with SHGs by banks: The banks have provided capacity building inputs to SHGs in various ways: i) one to one interactions at the time of credit linkage and during field visits, ii) trainings and workshops through SHPIs, iii) participating in federation review meetings, bankers meetings at mandal / district levels and iv) at SHGs' visit to banks for SHG financial transactions. The inputs mainly focused on financial literacy, book keeping, enterprise promotion, insurance schemes, etc. The banks have been mobilizing SHG members for skill development programmes organized by Rural Self Employment Training Institute (RSETI) through Micro Enterprise Development Programmes (MEDPs) and Prime Minister's Employment Generation Programme (PMEGP). However, this was not corroborated with the SHGs during the discussions. Further, banks extend financial support to SHPIs for conducting skill development training programmes to SHGs.

6.3 Role of SHPIs in SHG credit linkages: To understand the role of SERP, federations, banks and Streenidhi, the study team has collected information from SHGs on various activities involved in the process of credit linkage. Table-4.11 shows that of the 60 sample SHGs, majority of groups have reported that the SHPIs have been facilitating credit linkages. Whereas, majority of SHGs have reported that the SERP and federations have been playing a significant role in up-dating SHG books of accounts. The majority of SHGs have reported that the federations play a significant role in grading of SHGs than SERP, banks and Streenidhi. Similarly, majority of the SHGs reported that the SERP and Federation play a key role in the preparation of micro credit plan which is mandatory for credit linkage. The majority of SHGs have reported that the federations, SERP and banks assist SHGs in loan documentation process.

Table-4.11: Role of SHPIs in SHG Credit Linkage (% of SHGs)					
S. No.	Role of credit agencies	Govt.	Fed.	Bank	SN
1	Facilitation of credit linkages	75.0	93.3	58.3	68.3
2	Up-dation of books	70.0	86.7	21.7	23.3
3	Grading of SHGs	40.0	68.3	35.0	30.0
4	Preparation of MCP	58.3	65.0	36.7	30.0
5	Loan documentation	53.3	65.0	50.0	28.0
6	Provide credit & disbursement	41.7	63.3	65.0	43.3
7	Orientation on loan utilization	66.7	78.3	70.0	51.7
8	Recovery of loans	51.7	81.7	83.3	66.7
9	Interest subsidy	56.7	11.7	36.7	16.7

Table-4.11 shows that all the players provide credit services. However, the percentage of SHGs which reported banks and federations are higher than Streenidhi and SERP. The majority of SHGs reported that all the players provide orientation on loan utilization at the time of loan approval and disbursement. In case of loan recovery, lending agencies such as federations, bank and Streenidhi have been playing proactive role than SERP. However, majority of SHGs reported that SERP plays major role in getting interest subsidy than banks, Streenidhi and federations. It means that the Government /SERP played an important role at all levels in the process of SHGs' credit linkage with external agencies. The credit agencies mainly focus on credit assessment, loan disbursement & utilization and recovery.

VII INTEREST SUBVENTION

The erstwhile Government of Andhra Pradesh subsidized bank loans to SHGs at 3% per annum interest rate during 2008 to 2012 to incentivize timely repayment of bank loans. From 2012 onward the government provided funds for these to be interest-free loans in the name of total financial inclusion covering even the swapping of old debts. The core objectives of the scheme are to protect the family members of an SHG member from financial risks in the event of her death, to safeguard the institution of the SHG from a repayment burden when a borrowing member dies, to ensure the perpetuation of the SHG by providing loan insurance to all the borrowing members, to ensure 100% repayment at all levels even at the time of turbulence and to increase the size of loans to SHG members by creating confidence among the bankers.

During the financial years 2014-15 to 2017-18, the number of SHGs which got eligibility for VLR has increased from 3.12 lakhs to 3.87 lakh SHGs. But from the past two years this number has decreased. There is a mixed a trend in case of number of loans processed for VLR; there are ups and downs in it. Like number of SHGs got eligibility, the number of loans got eligibility has also increased from 3.77 lakhs to 3.81 lakh loans during the financial years 2014-15 to 2017-18, and then from the past two

years it has been decreasing. However, the VLR amount disbursed has been increasing over the years, from Rs. 38,298 lakhs to Rs. 50,225 lakhs. The average amount per loan also increased from Rs. 10,170 to Rs. 14,001. It is because of increase of loan volume in repeat doses. Further, there is a significant increase in the financial year 2018 -19. The government has sanctioned large volume of loans and released VLR to all eligible SHGs without any pending and delaying to attract SHG women voters in the General Elections for Assembly and Parliament.

Financial year	No. of eligible SHGs	No. of loans processed	No. of loans eligible for VLR	VLR amount Rs. in lakhs	Avg. VLR per loan in Rs.
2014-15	3,12,001	3,76,569	3,76,569	38,298	10,170
2015-16	3,67,412	4,51,244	3,72,723	41,792	11,213
2016-17	3,71,061	4,23,810	3,60,440	42,905	11,903
2017-18	3,86,963	5,10,092	3,79,790	45,160	11,891
2018-19	3,63,899	4,92,445	3,58,724	50,225	14,001
2019-20	3,57,242	4,59,336	3,22,722	36,084	11,181

Data Source: www.serptelangana.gov.in

7.1 Reimbursement of interest (Pavala Vaddi /Vaddi Leni Runalu)

a. Number of times interest reimbursed: The 60 sample SHGs got interest reimbursement on SHG loans between 1 and 8 times with an average of 4.4. The data shows that many SHGs got interest reimbursement 3-4 times (37%) followed by 1-2 (23%), 7 & above (22%) and 5-6 (18%). The average number of times SHGs got interest reimbursement is high in Warangal with 6.1 times than in Mahabubnagar (3.85 times) and Adilabad (3.3 times). It is high in > 20 year old SHGs than in 11-15 years (3.92 times) and 16-20 year (3.69 times).

b. Amount reimbursed: The 60 sample SHGs got an interest reimbursement, a sum of Rs. 29.38 lakhs, ranged between Rs. 5,500 and Rs. 1.24 lakhs with an average of Rs. 48,970 per SHG and Rs. 4,295 per member. It means that members got benefitted largely from interest subvention. Table-4.13 shows that majority SHGs got less than Rs. 50,000 of interest reimbursement (60%) followed by Rs. 0.51 -1.0 lakh (35%) and more than a lakh (5%). However, majority SHGs in Warangal got the amount between Rs. 50,000 and Rs. 1.0 lakh followed by up to Rs. 50,000, and Rs. > 1.0 lakh. But no SHG got more than Rs. 1.0 lakh of interest reimbursement in Adilabad and Mahabubnagar.

Box-4.2: Interest reimbursed under VLR is more than their cumulative members' savings: Laxmi SHG in Raiparthy mandal of Warangal rural district has got a total of Rs. 1,24,670 as interest reimbursement under VLR which is more than their cumulative members' savings of Rs. 91,200. Similarly, Kavyasri, 13 year old SHG of Kesamudram village in Mahabubabad district has received an amount of Rs. 92,000 as interest reimbursement which is more than their

cumulative members' savings of Rs. 90,000. The interest amount reimbursed to the SHGs was adjusted to bank loan outstanding. If the amount would add to member's individual savings, then the savings would be more than doubled, which is more critical in determining the volume of bank loan.

Of the districts, the average amount of interest reimbursed per SHG is high in Warangal with Rs. 73,828 when compared to Mahabubnagar (Rs. 42,688) and Adilabad (Rs. 30,393). It is higher in > 20 year old SHGs (Rs. 67,913) than in 11-15 years (Rs. 40,600) and 16-20 years (39,552). There is not much difference in the average amount of interest reimbursed between the promoters. It is high in 13-14 membered SHGs (Rs. 72,795) than 11-12 members (Rs. 49,069) 10 members (Rs. 43,940) and > 14 members (Rs. 40,378). The interest amount reimbursed depends on size of loan, regularity of loan repayment and the reimbursement of amount by the DRDA.

S. No.	Amount Rs. in lakhs	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Upto 0.5	90.0	65.0	25.0	60.0
2	0.51 - 1.0	10.0	35.0	60.0	35.0
3	> 1.0	--	--	15.0	5.0
	Total	100.0	100.0	100.0	100.0

c. Utilization of interest reimbursed on SHG loans: The SHGs used the interest reimbursed amount in multiple ways. Of the 60 SHGs, most SHGs (98%) adjusted to loan outstanding to bank; 55% SHGs equally distributed to group members; and 12% SHGs deposited to group corpus. The banks have been adjusting the amount to the loan outstanding after receiving it from the DRDA. As a result, there is a prepayment of loans, and recovery of overdues in case of default. But in case of Streenidhi loans, the amount is directly deposited into SHG member's individual savings bank account.

d. Implications of interest subvention: During interactions, the bankers, SERP Staff at various levels have reported the implications of interest subvention as: i) on time payment of loan installments to avail interest reimbursement, ii) loan defaulting has been decreasing, iii) demand for large volume of loans to get more interest subsidy and iv) increasing non-performing assets because of false political promises on SHG loan waiver.

7.2 Revolving fund: Of the 60 sample SHGs, 57% have received revolving fund of Rs. 3.98 lakhs with an average of Rs. 11,700 from the Department of Rural Development or Woman & Child Development. Of the districts, the SHGs which received revolving fund are high in Warangal (70%) than in Adilabad (55%) and Mahabubnagar (45%). Of the SHPIs, the percentage of SHGs which received revolving fund is high in government SHGs (63%) than self-promoted (52%). The age of SHGs and the number of SHGs which received revolving fund are positively related: It is higher in > 20 year old groups (95%) than in 16-20 years (81%) and 11-15

years (12%). It is because the erstwhile Government of Andhra Pradesh stopped revolving fund to SHGs; and in the year 2009 introduced Pavala Vaddi, 3% interest, or interest subvention on SHG loans.

Of the SHGs which got revolving fund, nearly three quarters have distributed it equally to their members and the remaining one quarter have added it to group funds. However, majority SHGs in Adilabad (55%) have added it to their group funds. During discussions the groups have reported that it is from government; all should benefit out of it. Thus, it is equally distributed to the group members. In few SHGs it was adjusted to loan outstanding to banks. Even the SHGs that have added it to group corpus, distributed it at the time of distribution of members' savings /group funds.

The data shows that of the 60 sample SHGs, 20% SHGs formed into a group to avail revolving fund of Rs. 10,000 /Rs. 15,000. It means the revolving fund motivated rural women to form into groups or in SHG promotion.

8 FACTORS CONTRIBUTING FOR THE SUSTAINABILITY OF SHGs

8.1 SHG level: The factors that have been contributing for the sustainability of SHGs at group level are:

a. Large volume of loans from multiple credit sources: During the initial years, the SHGs lent small loans to few members from their own funds. Further, the SHGs have faced lot of problems to get a bank loan of Rs. 10,000. Due to inordinate delay and small volume of loan some SHGs stopped functioning. Most of the members formed into a group to access low cost loans and to improve their household economic activities. Now, the SHGs are getting large volume of loan from banks, Streenidhi and federations. Therefore, no member is willing to drop SHG membership; and no SHG has the idea of discontinuing as long as the credit agencies provide large volume of loans.

b. Interest free loans /Vaddi Leni Runalu (VLR): To benefit more under VLR, the SHGs have been not only repaying bank and Streenidhi loans regularly, requesting banks for larger loans in repeat doses. In the past, if one member does not pay the installments, the other members also do not pay. Now, the other members not only repaying their loan installment, giving hand loan to the needy or sharing the loan installment amount to repay on time. It indicates two things: i) regular repayment of loan to get eligibility for VLR and ii) cooperation among members during difficult times instead of willful default.

8.2 SERP level: The factors that have been contributing for the sustainability of SHGs at group level are:

a. Proactive role of Government in the promotion of SHGs and SHG federations: In the year 2002, the erstwhile Govt. of Andhra Pradesh has started an NGO called

Society for Elimination of Rural Poverty with the financial assistance of World Bank to empower women and poverty reduction. Consequentially, large number of SHGs and their federations were formed.

b. Problem solving and revival of defunct groups by SERP and banks: Due to misuse of group funds, no repayment of loan installments or huge overdues has stopped many groups. The SERP and banks took the initiative and resolved the problems and revived those groups.

c. Continuous handholding support of SERP to SHGs and SHG federations: The SERP has introduced animator system and community coordinators for forming and strengthening of SHGs and their federations to evolve as member owned, managed and controlled institutions.

d. Extensive capacity building trainings of SERP: The SERP has conducted many rounds of trainings to SHGs and SHGs federations on SHG concept, SHG federation concept, book keeping & accountancy at SHGs and federations, leadership development, annual general body meetings (AGB) & elections, bank linkage, preparation of micro credit plans, financial literacy etc. These trainings have been improved the quality of SHGs.

e. Target approach in SHG credit linkages: Government is the major promoter of SHGs in the state. The political parties are viewing SHGs as vote bank, and the government is very much interested on SHG bank linkage and in the implementation of government programmes through SHGs. The SERP deployed its human resources to work on in a target mode at all stages of credit linkage including credit recovery. Thus, the SHGs have been continuing.

f. SHG and VO data in the website: The SERP has been digitalized the SHG and VO data relating to identification details, membership, savings, access to loans, repayment, default and overdues. It helps in identifying gaps to work further.

g. Bouquet of services from federations at their arm length: The Village Organizations and Mandal Samakhya are providing multiple services: financial, non-financial and development services. Much capacity building is happening at VO and MS levels. More or less the federations have been playing the role of promoters.

h. Asset insurance at the time of credit linkage: To avoid burden on loan borrower and defaulting and defunct of SHGs has promoted asset insurance, particularly for livestock.

8.3 Bank level: The factors that have been contributing for the sustainability of SHGs at group level are as follows:

a. SHG banking is the major business opportunity for banks: SHG banking is a big business opportunity to banks. The banks have been mobilizing lot of funds in the form of fixed deposits and large savings as idle funds in SHG SB accounts. Repayment is good and the bad debts or non-performing assets are very meager. Whereas in case of agriculture lending, mostly the farmers renew their loans by paying interest annually; some farmers not even pay interest. As the banks realized it, they are very much interested on SHG banking which is critical for the sustainability of SHGs.

b. High returns with low investment and risk: The banks are not investing much on the institution and capacity building of SHGs. The SERP has been taking the responsibility at all stages of SHG credit linkage - facilitation of SHGs to loan recovery. The banks have been playing a minimal role and getting maximum benefit out of it. Thus, the banks are very much keen in SHG bank linkages.

c. Technology based disbursement of loans to SHGs: To avoid delay banks and Streenidhi have been disbursing loans through online into the loan borrower's individual account. As a result, avoiding delay at SHG and bank levels.

IX CONCLUSIONS

The SHGs have large assets or liabilities. The SHG assets are varying between the districts and age of SHGs. Of the assets, loan outstanding with the members and funds in SHG savings bank account are predominant. There are large idle funds in SHG SB accounts, which is a matter of concern. The loans outstanding to external agencies and members' savings are the major liabilities of SHGs. The SHGs have large loan outstanding to banks followed by Streenidhi and SHG federations. All sample SHGs have reported profits. The cumulative members' savings and profit of SHGs are differing between districts, SHG age and promoters.

The SHGs have mobilized funds from multiple credit agencies – banks, Streenidhi and SHG federations. Many loans are from banks followed by federations and Streenidhi. Large chunk of credit is from banks followed by Streenidhi and federations. There is a significant difference in the loan mobilized between the credit agencies, districts, age of SHGs and SHPIs.

The sample SHGs have loan outstanding with multiple external credit agencies-banks, Streenidhi and federations. The average volume of bank loan is bigger than Streenidhi and federations. The volume of loan depends on multiple factors such as SHG location, age, size, social category and promoter, number of linkages / doses and the grade of bank branch.

The loan repayment rate between SHGs to external credit agencies is good. It varies between the credit sources, districts, SHG age, size, social category and promoter. A majority of SHGs don't have overdues across the credit sources. However, the incidence of over dues is high in banks than federations and Streenidhi. The default

is of two types: genuine and willful. All the stakeholders have been involved in the recovery of loans at all levels- SHGs, SERP / Government, banks, Streenidhi and federations.

The Government / SERP, banks, Streenidhi and federations have played a role at all stages of SHG credit linkage program. But the extent of involvement is varying between SHPIs. SERP and federations played an active role at all stages of credit linkage. The banks and Streenidhi focused much on credit assessment, loan disbursement & utilization and recovery.

The majority of SHG members have undergone trainings of SERP followed by SHG federations and banks. Large number of members have undergone the trainings on 'institution building & capacity building' followed by 'financial literacy & skill development' and 'social issues & development programmes'.

The banks have provided capacity building inputs to SHGs in various ways: one to one interactions at the time of credit linkage and during field visits, trainings and workshops through SHPIs. The inputs mainly focused on the financial literacy, book keeping, enterprise promotion, insurance schemes, etc.

The loan was largely used for production followed by social needs, asset creation and consumption. It is varying between the districts, SHG location and household head. The members have reported many socio-economic reasons for loan diversification.

The sample SHGs largely got benefitted with interest subvention. The PV / VLR used in many ways -mostly it is adjusted to loan outstanding, equally distributed to members and added to group corpus. As a result, there is a prepayment of loans, and recovery of overdues in case of default. But in case of Streenidhi, the amount is directly deposited into individual savings bank account of SHG members.

The majority of SHGs got revolving fund and utilized it in two ways: i) a majority of SHGs equally distributed it to their members as it is from government and ii) some groups added it to group corpus. The revolving fund has facilitated SHG promotion. Large volume of loan and interest subvention has significantly contributed for the financial sustainability of SHGs.

PROBLEMS AND ISSUES OF SELF HELP GROUPS

In the journey of two and half decades, the SHGs might have encountered several problems, issues and challenges within and outside the group with their own members and various stakeholders - promoters, banks, government and other service providers & receivers. The present section mainly focuses on what are the operational problems, issues and challenges that the matured SHGs have been facing with reference to 'panchasutras'. What are the problems and issues that the SHGs have been facing with various stakeholders such as SERP / government and external credit agencies? How these problems and issues might have hampered institutional and financial sustainability of SHGs.

I OPERATIONAL PROBLEMS AND ISSUES AT SHG LEVEL

1.1 Membership withdrawal / dropouts

a. Incidence of dropouts: Of the 60 sample SHGs, except one SHG, all groups reported a total of 254 dropouts, ranged between 1 and 9 with an average of 4. The average group size is low at present with 11.4 members than at the beginning (13.65). It means on an average there are 2.25 dropouts per SHG. Table-5.1 shows that the majority of SHGs have reported 1 to 4 dropouts (58%) followed by 5 to 6 (22%) and 7 & above (20%). In Adilabad, all SHGs have reported dropouts. The average number of dropouts per SHG is high in Mahabubnagar (5) and Adilabad (5) when compared to Warangal (4). It is high in > 20 year old SHGs (4.95) than in 16-20 years (4.69) and 11-15 years (3.54). Of the promoters, it is higher in Government SHGs (4.47) than self-promoted (4.18). Further, the average number of dropouts per SHG is high in mandal headquarters (4.48) when compared to roadside (4.33) and fringe villages (4.06). It reveals that the incidence of dropouts is varying between districts, SHG age, location and promoters.

S. No.	Number of dropouts	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	No	5.0	0.0	0.0	1.7
2	1 – 2	30.0	30.0	30.0	30.0
3	3 – 4	15.0	25.0	40.0	26.7
4	5 – 6	30.0	15.0	20.0	21.7
5	> 6	20.0	30.0	10.0	20.0
	Total	100.0	100.0	100.0	100.0

b. Reasons for membership withdrawing: During focus group discussions, the groups have reported different socio-economic and demographic reasons for

membership withdrawal. Of the 60 sample SHGs, majority SHGs have reported death of member (63%) and attaining senior citizenship (60 years) as major reasons for dropouts. Further, many SHGs have reported migration (44%) and marriage of unmarried members (24%) as some other reasons for it. Ill-health of household members (7%), loan defaulting (5%), household members'/ husband's unwillingness (5%), delay in bank linkage (3%), small volume of bank loan(4%) to form into a new group (3%), misuse of funds by the leaders (2%) and dual membership (2%) are some other reasons for dropouts.

c. Implications of membership withdrawal: During focus group discussions, the SHGs reported the implications of dropouts as i) banks not providing loans to those SHGs that have less than 10 members; ii) no loan to the SHG members who crossed 60 years; iii) unable to find new members to replace dropouts as most of the eligible women are already in SHGs; iv) senior citizens are unwilling to drop their membership; v) to avoid complication in accounting, while settling dropouts accounts, many SHGs are distributing group funds /savings to their members.

d. Replacement of dropouts with household members and new members: The SHGs have adopted two pronged approach to replace the dropouts for maintaining the minimum size of the group. The data shows that of the total 254 dropout members, 38% were replaced with dropouts' household members and other than household / new members. The percentage of dropout members' replacement is higher in Warangal (45%) than Adilabad (35%) and Mahabubnagar (36%). Further, the percentage of dropouts replaced with household members is higher (21%) than the new members (17%). Similar trend is found in Adilabad and Mahabubnagar districts. But in Warangal, the percentage of dropouts replaced with other than household members (28%) is higher than the dropouts replaced with household members (17%).

In the past two months, more than 65,000 members (across the state) have joined existing groups to replace members who have migrated/crossed the age limit of 60/passed away.

1.2 Dormant groups& revival of dormant accounts

a. Dormant SHGs: According to SERP staff, of the 6,720 SHGs in the study mandals, 627 (9.3%) are defunct groups ranging between 39 and 292 with an average of 105. Of the mandals the percentage of defunct SHGs is highest in Utnoor mandal with 27% and lowest in Kesamudram with 3.9% when compared to Kesamudram (4%), Jadcherla (5%), Raiparthy (8.4%) and Bijinapalli (9.6%). It shows that the incidence of defunct groups is varying between the mandals.

During interactions, the SERP and bank officials have reported the reasons for dormant accounts as: i) internal conflicts such as misuse of group funds and / or loan installment amount, absence of leadership and death of key members in the

group, ii) migration, iii) loan defaulting, iv) no handholding support or follow up on the SHGs formed under SGSY programme, v) SGSY groups becoming defunct after getting community investment fund (CIF) or subsidy loan and vi) involvement of men & local political leaders in SHG affairs.

b. Revival of defunct groups: Of the 60 SHGs, 9 (15%) groups became defunct between 1 and 4 years with an average of 2.11 years. However, the majority of SHGs (5 out of 9) became defunct less than a year followed by 3 years (2 / 9) and 4 years (2 / 9). During the defunct period, there are no group meetings, collection of savings, repayment of both internal and external monthly loan installments and no representation to VO and MS meetings.

During focus group discussions, the SHGs have reported the reasons for de-functioning as i) no repayment of loan installments due to migration of members; ii) defaulted to bank as one of the group member died due to ill health; iii) leader misused group funds – group funds used for personal use without information to group, not deposited monthly installment amount to SHG loan account; iv) mounting of overdue - not repaid the loan installment because of political promises on SHG loan waiver, v) delay in getting bank linkage and vi) banks rejected credit linkage as the group size is less than 10 members and vii) quarrels between members or difference of opinion on the usage of internal funds. The above discussion clearly reveals that the financial aspects are the main reason for de-functioning of SHGs in the past. The groups also reported that with the initiative of SERP and banks all the defunct groups were revived.

c. Problems in the revival of dormant SHGs: SHG members are unwilling to repay the bank/ SGSY loans, unwillingness of household members to continue their women in SHGs and migration are the major problems from SHG end to revive the defunct SHGs. The banks have reported the problem from their end as inadequate staff to take up revival of SHGs. The SERP staff has reported the problems in revival of dormant or defunct groups as i) loans to few members only, ii) members are not interested in revival of SHGs as the members are unwilling to repay the loan and iii) delay in getting credit linkage/ subsidy loan.

d. Strategies to revive defunct SHGs: The SERP has been following multiple strategies to revive dormant SHGs or SHGs credit linked & defaulted. They are: i) providing loans to repay SHG BLP loans; ii) facilitating large repeat bank loans, iii) exposure visits to model SHGs and iv) regular visits to SHGs by the loan recovery sub-committee members.

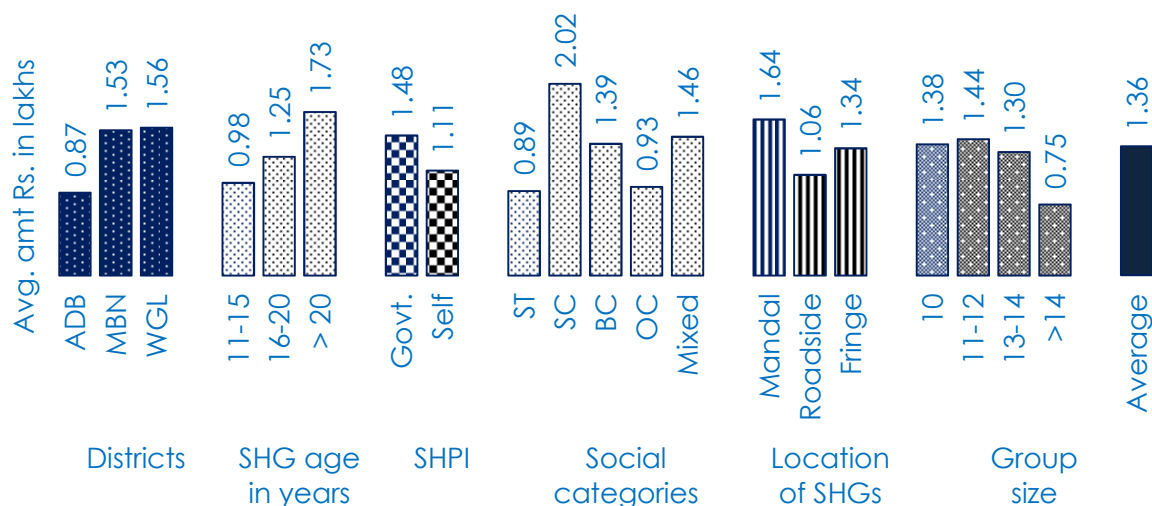
1.3 Distribution of group funds/ savings: Of the 60 sample SHGs, 73% of groups has distributed part of the group common fund to their members 1 to 5 times with an average of 2. The cumulative amount paid to the members varies from Rs. 15,000 to Rs. 5 lakhs with an average of Rs. 1.36 lakhs.

a. Incidence: Table-5.2 shows that the distribution of group fund is high in Warangal when compared to Mahabubnagar and Adilabad. Of the SHG age groups, the percentage of SHGs which distributed group fund is higher in > 20 year old groups (100%) than in 16-20 years (63%) and 11-15 years (60%). It is higher in self-promoted SHGs (83%) than Government (73%). Of the SHG sizes, the percentage of SHGs which distributed group fund is very low in SHGs with > 14 members (33%) than 10 members (75%), 13-14 members (75%) and 11-12 members (83%). The majority of SHGs distributed group funds 1 to 2 times across the districts. However, the percentage of SHGs which distributed group fund is high in Warangal (30%) and low in Adilabad (5%) when compared to Mahabubnagar (20%).

S. No.	No. of times	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	No	40.0	25.0	15.0	26.7
2	One	35.0	20.0	40.0	31.7
3	Two	20.0	35.0	15.0	23.3
4	Three	5.0	5.0	15.0	8.3
5	Four & above	--	15.0	15.0	10.0
Total		100.0	100.0	100.0	100.0

b. Magnitude of funds: The cumulative amount paid to the members is Rs. 59.95 lakhs with an average of Rs. 1.36 lakhs. Fig-5.1 shows that the average amount disbursed is high in Warangal with Rs. 1.56 lakhs and low in Adilabad with Rs. 87,208 when compared to Mahabubnagar (Rs. 1.53 lakhs). The age of SHGs and the amount paid to the members are positively associated i.e. as the age of SHGs increases the amount also increases. Of the promoters, it is higher in Government SHGs (Rs. 1.48 lakhs) than self-promoted (Rs. 1.11 lakhs). It shows that the incidence and magnitude of distribution of group funds is varying between the districts, SHG age groups and promoters.

Fig-5.1: Amount of Group Funds Distributed



c. Reasons for distribution of group funds: During FGD, groups have given variety of reasons for the distribution of a part of the groups' common fund or the cumulative savings of members. Of the 42 SHGs, 48% have distributed funds because of large amount of funds; 43% at the time of settling dropouts' accounts; 32% to avoid difficulties in managing large funds especially recovery of long over dues of loans from SHG own funds. A small number of SHGs have reported that the bank loan is small (10%), therefore, a portion of group funds paid to members along with the bank loan; 7% to cater household credit needs; and to organize yearly celebrations with their members. Very few groups reported that it was utilized to buy gifts for family members at marriage and birthday occasions and to go for pilgrimage.

Box-5.1: Total Corpus distributed is equivalent to the current bank loan: *Jhansi Laxmi Bai SHG was formed in March 1995 with 11 BC women members in Kodgal village of Bijinepalli mandal in Nagar Kurnool district of Telangana. The groups have a total savings of Rs. 70,000, and all these savings are as loan outstanding with the members. The group has a fund of Rs. 39,200 in its SHG savings bank account. As on January 2020, the group has a corpus of Rs. 1.09 lakhs. In the past the group has distributed its corpus 5 times sum, of Rs. 5 lakhs over a period of 25 years. The group has borrowed a loan of Rs. 5 lakh from the bank. It means the amount of corpus distributed to their members is equivalent to the current bank loan, and four times to the present group corpus.*

d. Implications: The Distribution of group funds has mixed implications. The positive implications are i) used as a strategy for loan recovery mechanism, ii) group members equally benefitted with group earnings, iii) quarrels minimized and cohesiveness optimized at group level, iv) reduced dependency on money lenders by providing large volume of low cost loans, v) getting emotional pleasure by purchasing ornaments & gifts for them as well as household member and by going on tours & pilgrimage. The negative effects are i) low volume of loans from external credit agencies, ii) less annual income to groups because of low volume of lending from SHG own funds, iii) increased dependency on money lenders for emergency needs because of paucity of internal funds and the practice of bullet payment of loans from SHG own funds and vi) overwhelming one of the purpose of savings - financial security to members at old age.

1.4 Meeting agenda mostly confined to financial items: In most SHGs, members come to the meetings, pay the savings & loan installments and go. If they cannot attend the meeting, they send the monthly savings & loan installment with household member or fellow SHG member. Further, meetings are not happening as per the SHG meeting procedure. The member whose turn is in that month collects savings and loan installments. Once the collection of funds is done, the leaders hand over the cash to the member whose turn it is to attend the bank in that month on rotation. Though most financial transactions are happening in meetings and the members are aware of it, there is no regular discussion on social and development agenda at group level. But, there is a dialogue on social issues and development programmes at mandal level, to certain extent at VO level depending on the

community coordinator (CC) and his/her presence. During group discussions, the SHGs have reported that the CCs are not attending VO meetings regularly.

1.5 Poor book keeping: Many SHGs are not maintaining some books prescribed for SHGs – loan ledger, cash book, general ledger, individual member pass book etc. Further, the books are not up-to-date and with full information, even though most SHGs engaged and are paying honorarium to the book writers.

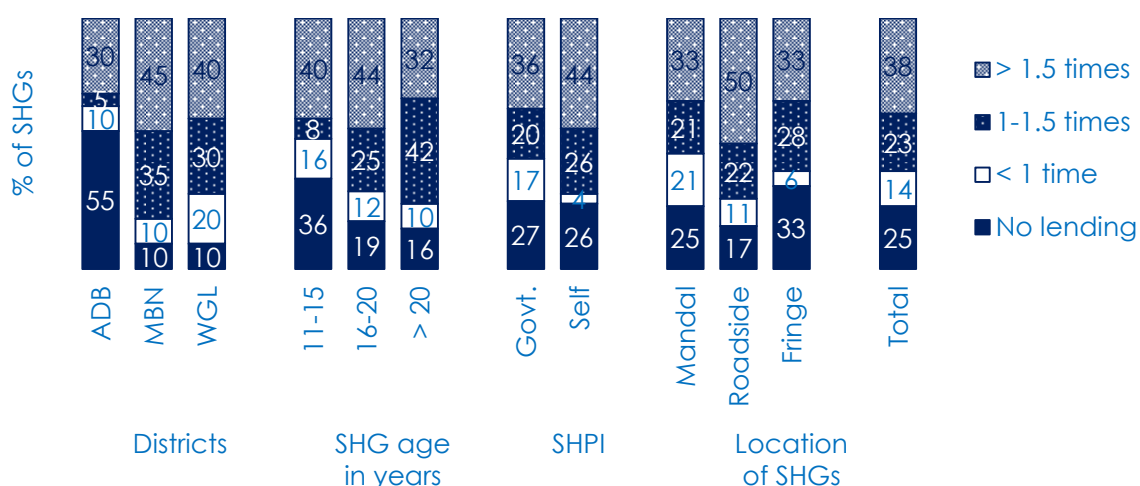
During focus group discussions, the SHGs have reported the reasons for poor book keeping as i) poor quality of training on SHG accounting (43%), ii) SHG books are complicated (31%), iii) group accounts are maintained in a single note book (33%), iv) SHG books not purchased from SERP (14%), v) no book keeper (7%), v) book keepers not attending group meetings regularly (5%), vi) not paying the honorarium to book writers (5%).

The quality of SHGs in terms of grades, the bankers have opined that about 90% of SHGs credit linked to banks are A-grade followed by B-grade (5%) and C-grade (5%). According to Assistant Project Managers, SERP, 65 -90 percent are A-grade, 4 - 6 percent are B-grade, 5-10 percent are C-grade and 1 -3 percent are D-grade / defunct groups.

1.6 No internal lending with own funds: The analysis shows that of the 60 sample SHGs, in 25% of the SHGs there is no internal lending with own funds. Of the districts, the majority of SHGs do not have internal lending with own funds in Adilabad (55%). The percentage of SHGs which do not have internal lending is high in 11-15 year old groups (36%) and low in > 20 years (16%) when compared to 16-20 year SHGs (19%). There is not much difference in it between Government promoted SHGs (27%) and self-promoted (26%). The percentage of SHGs which does not have internal lending with own funds is high in fringe villages with 33% and low in roadside with 17% when compared to the SHGs in mandal head-quarters (25%).

Of the 75% SHGs that have internal lending with SHG own funds, the majority of SHGs

Fig-5.2: Velocity of Internal Lending (% of SHGs)



have less than one time velocity of internal lending (67%) followed by 1 to 1.5 times (5%) and > 1.5 times (3%). The velocity of internal lending of SHGs < 1 time is low in Adilabad (45%) and high Mahabubnagar (90%). However, 25% of SHGs in Warangal have > 1 time of velocity of internal lending. The majority of SHGs' velocity of internal lending is < 1 time across the SHG age groups. The velocity of internal lending >1 time is high in > 20 year old groups (16%) than 16-20 years (6%) and 11-15 years (4%). The velocity of internal lending is <1 time in majority of the SHGs across the promoters. However, it is low in self-promoted SHGs (57%) than Government (70%). The percentage of SHGs that have velocity of internal lending >1 time is higher in self-promoted SHGs (17%) than Government (3%). Though in majority of SHGs the velocity of internal lending is <1 time across the location of SHGs, the percentage of SHGs that have velocity of internal lending >1 time is high in road side villages (17%) than in mandal head-quarters (8%).

The above discussion states that no internal lending with own funds is a concern. Further, the velocity of internal lending <1 time in majority of SHGs is another alarming aspect. There is a slight difference in the velocity of internal lending of SHGs between districts, SHG age groups, promoters and locations.

1.7 No margin interest on external loans: The SHGs are collecting interest on external loans from the members whatever the rate that the external agencies are charging. For instance, bank charges 8% on SHGs. The SHGs charge the same rate of interest (8%) on members. Besides, the interest amount being reimbursed under 'Vaddi Leni Runalu' (interest free loans) are adjusted to loan outstanding. But, in case of Streenidhi loans it is credited to members' individual savings bank accounts. As a result, there is no income as interest on external loans at group level. Further, major portion of own funds is lying as idle funds in SHG SB accounts; the banks pay very low interest on savings accounts (3%); in 25% of SHGs there is no internal lending with own funds; a majority of SHGs are charging 1% per month on own funds. Therefore, the SHGs are getting low income as interest on internal as well as external funds. Consequentially, there is no substantial progress in group corpus /common fund.

1.8 Large amount of idle funds in SHG savings bank accounts: Idle fund includes the amount of funds in SHG savings accounts and cash on hand. The amount of idle funds varies between Rs. 998 and Rs. 2.54 lakhs with an average of Rs. 62,452. Of the total idle funds of Rs. 37.47 lakhs, 37.15 (99.15%) lakhs is in SHG SB accounts and the remaining of Rs. 31,800 (0.85%) is cash on hand. No group has reported cash on hand except one SHG.

a. Funds in SHG (SB) accounts: The sample SHGs have a total fund of Rs. 37.15 lakhs in their SB accounts with an average of Rs. 61,922. Table-5.3 shows that a majority of SHGs have less than Rs. 50,000 (55%) followed by Rs. 50 – Rs. 100 thousands (25%) and more than Rs. 1 lakh (20%). The majority of SHGs in Warangal (80%) and Mahabubnagar (80%) have less than Rs. 50,000 fund in SB accounts. But

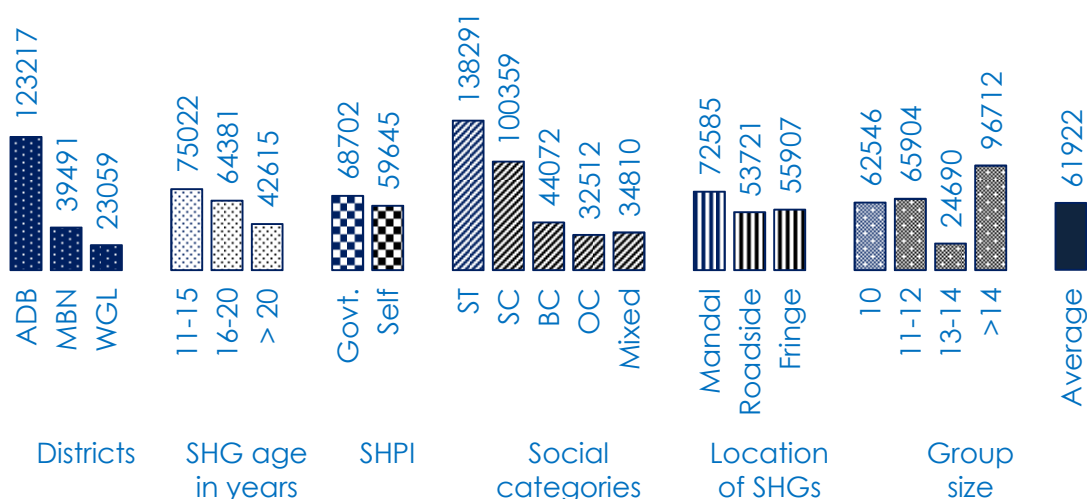
Table-5.3: Magnitude of Idle Funds in SHGs (% of SHGs)					
S. No.	Amount Rs. in '000	11-15 years (N=25)	16-20 years (N=16)	> 20 years (N=19)	Total (N=60)
1	Upto 50	44.0	43.8	78.9	55.0
2	51-100	32.0	31.2	10.5	25.0
3	> 100	24.0	25.0	10.5	20.0
	Total	100.0	100.0	100.0	100.0

majority SHGs in Adilabad have more than Rs. 1 lakh of funds in SB accounts. The percentage of SHGs whose idle funds are less than Rs. 50,000 is higher in > 20 year old SHGs (79%) than other SHG age groups. Of the promoters, majority of the SHGs (57%) have less than Rs. 50,000 in SB accounts of Government SHGs than self-promoted (48%).

Box-5.2: Large amount of idle funds in SHG SB account: Anjaliputra SHG is a 13 year old group with 15 SC members in Old Uttoor of Uttoor mandal in Adilabad district of Telangana. Since inception the group has borrowed 5 bank loans a sum of Rs. 15.7 lakhs including the current loan of Rs. 5 lakhs which was sanctioned in November 2017. The group loan outstanding to the bank is Rs. 67,677 and the funds in SHG SB account is Rs. 2.17 lakhs. It means that the idle funds in SHG SB account are more than 3 times the bank loan outstanding. There is no internal lending with SHG own funds. The group reported that the bankers are not allowing withdrawal for internal lending; and it is collateral to the current large loan and to get much bigger loan than current loan in the repeat dose.

Fig-5.3 shows that the average funds in SHG SB accounts is very high in Adilabad with Rs. 1.23 lakhs and least in Warangal with Rs. 23,059 as compared to Mahabubnagar (Rs. 39,491). However, the average fund in SHG SB accounts is higher in government promoted SHGs with Rs. 68,702 than in self-promoted (Rs. 59,644). The age of SHGs and the average funds in SHG SB accounts are negatively correlated. The average fund in SHG SB accounts is high in 11-15 year groups (Rs. 75,022) than 16-20 years (Rs.64,381) and >20 year old SHGs (Rs.42,615). Of the

Fig-5.3: Average Amount of Funds in SHG SB Account (in Rs.)



location of SHGs, large funds in SB accounts are in mandal headquarters with (Rs. 72,585) followed by fringe (Rs. 55,907) and roadside villages (Rs. 53,721). The average idle fund in SHG SB accounts is larger in those SHGs that have no internal lending (Rs. 1.03 lakhs) with own funds than in SHGs that have the practice of internal lending with own funds (Rs. 48,132).

The idle fund in SHG SB accounts is Rs. 36.16 lakhs. The SHGs that have loan outstanding to banks is a sum of Rs. 1.89 crores. The ratio between them is 1: 5.23. In other words, it is 19:81 percent. Table-5.4 shows that the majority of SHGs' percentage of idle funds to their loan outstanding is less than 50%. Of the 56 SHGs, majority SHGs' idle fund to their loan outstanding is less than 25% (63%) followed by 26% to 50% (25%), 51% to 100% (7%) and more than 100% (5%). The percentage of SHGs those have idle funds is less than 25% to their loan outstanding is high in Warangal with (90%) and low in Adilabad with 32% when compared to Mahabubnagar (67%). Similar trend is found between age groups of SHGs: high in > 20 year old groups (83%) and low in 11-15 years (48%) when compared to 16-20 years (60%). It could be because of high volume of loan proportionate to idle funds, accumulation of savings and diminishing of loan outstanding.

S. No.	Idle funds (in %)	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	< 25	31.6	66.7	89.4	62.5
2	26 - 50	42.1	27.8	5.3	25.0
3	51-100	15.8	0.0	5.3	7.1
4	> 100	10.5	5.5	0.0	5.4
	Total	100.0	100.0	100.0	100.0

b. Reasons for large idle funds in SHG savings bank accounts: During focus group discussion, the groups have reported variety of reasons for large funds in SHG savings bank accounts. They are: i) banks not allowing SHGs to withdraw savings once the group got credit linkage (80%); ii) loan volume linked with the funds in SHG savings bank account – higher the funds, higher the volume of loan; iii) an informal collateral in case of default (18%); iv) to get large volume of loan by keeping large fund in SHG savings bank account as the bankers linked loan volume with funds in SHG savings bank account (44%); no internal lending with SHG own funds (25%); large amount of savings in recent years (12%) and to avoid defaulting and /or conflicts there is no internal lending (8%). It means that both banks and SHGs are responsible for large funds in SHG savings bank accounts.

c. Implications: Large funds in SHG SB accounts have mixed implications: i) Some of the SHGs are unable to use their own funds optimally; ii) they are unable to provide credit to members, despite the fact that there is a high demand for credit from the members; iii) they are dependent on traditional credit sources even for small loans to meet contingency needs; iv) bank pay a nominal interest on savings

(3%); if the groups lend group funds optimally, they could earn up to 12% to 24%. It means that the SHGs have been losing income because of impounding of SHG funds in SHG savings bank accounts. But the groups are getting large volume of loan based on the size of idle funds in SHG savings bank account.

1.9 Loan diversification: The SHG members have borrowed loans for income generating activities / livelihoods promotion from banks and Streenidhi. But, the members used a portion or total loan for social, consumption and other needs as well. The analysis on latest bank loan utilization shows that about 48% is used for non-productive activities such as social needs (23%), purchase of assets like land /ornaments (22%) and consumption / food (3%). It means that the loans borrowed for productive purposes were diverted to non-productive activities. It is because of pressing needs of SHG members at household level and passive role of loan monitoring bodies at SHG, VO, MS and bank levels.

1.10 Unwilling to take up enterprise activities as a group: The SHG members are enthusiastic to take up entrepreneurial activities individually but not as a group. During focus group discussions, the SHGs have shared the reasons for it as: i) members belong to different economic backgrounds (83%), ii) different kinds of skills (73%), iii) management issues such as who would manage (64%), iv) don't want to take risk (64%), v) less attention on group activity (25%), vi) joined in SHGs to get low cost loans not for taking up group enterprises (10%) and vii) busy with their own household economic activities. It reveals that the SHGs are not fascinated towards group enterprises.

1.11 Problems reported by the banks: The problems and the issues that the bankers noticed during their visits to SHGs are:

- Poor to moderate book keeping;
- SHGs are lending to non-SHG members with consent of SHG;
- No enterprise activity as a group;
- Low awareness among the members on cash credit limit (CCL);
- Large loans from multiple credit agencies – leading to default; and
- Repayment is a big issue in tribal areas/ thandas

Box-5.3: Lending group funds to non-members to avoid idle funds: Vigneswara SHG was formed in March 2008 with 10 members in Raiparthy mandal of Warangal –Rural district of Telangana. The group has a corpus of Rs. 1.68 lakhs, in which Rs. 1.52 lakhs is loan outstanding with the members and Rs. 15,630 is in SHG savings bank account. The cumulative savings of members is Rs. 1.14 lakhs. Of the total loan outstanding with the members, Rs. 82,000 is with their members and the remaining Rs. 70,000 is with non-member. In response to the question 'why are you lending to non-members?' the members have reported that the group has borrowed large volume of loan from bank (Rs. 5 lakhs) and Streenidhi (Rs. 1.5 lakhs). All 10 members borrowed loans from SHG own funds and bank loan, and 6 out of 10 members have borrowed Streenidhi loans. The members have multiple loans; there is large amount of funds in SHGs SB account; and there is high demand for credit locally. Therefore, the members decided to lend to non-members at the rate of 2% pm to earn income instead of keeping as idle funds in SHG SB account.

II SHG BANK LINKAGE PROGRAMME

During focus group discussions, the groups have reported the problems related to bank linkage as:

2.1 Loan volume is small: The current bank loan to sample SHGs varies from Rs. 3 to 9 lakhs with an average of 5.64 lakhs. Of the 56 SHGs that have loan outstanding with banks, many SHGs borrowed Rs. 5 lakhs (43%) followed by Rs. 6 -7 lakhs (18%), more than Rs. 8 lakhs (18%) and less than Rs. 5 lakhs (17%). However, the majority of SHGs (64%) reported that the bank loan is small.

2.2 Banks are reluctant to extend loans to senior citizens: The banks are not extending loans to the SHGs, if there are senior citizens in the group. But the members are unwilling to lose benefits by withdrawing SHG membership. About 38% of SHGs raised this issue during discussions with sample groups.

2.3 Long waiting period: About 27% of SHGs told that the groups have been waiting for a long period, about 1 to 2 months to get bank loan. During interactions, the bank branch managers have reported the reasons for delay as: a) inadequate staff / human resources at bank level, b) delay in getting approval from head office in case of loans more than Rs. 5 lakhs and c) delay in verification of micro credit plans and other loan documents because of scarce human resources.

2.4 Loan is 3 to 4 members, not to all: About 10% of SHGs reported that the banks are extending loan 3 to 4 members in a group but not to all. As the banks have been implementing cash credit limit since April 2019, banks sanctioned loans to 3 to 4 members in a group based on their micro credit plans. However, many groups are equally distributing the CCL amount. During interactions the bank staff also said that they observed low awareness among the members on CCL during their field visits and interactions with SHGs at bank.

2.5 Not up-dating pass books: Small number of SHGs have told that the banks are not up-dating their pass books. As a result, they are unable to know the funds in SB account and whether the VLR amount is reimbursed to their accounts or not.

2.6 Loan processing and bank inspection charges: About 9% of SHGs accounted that the banks collected fee for loan processing (7%) and inspection charges (2%) though these charges are not applicable to SHGs.

2.7 Less number of installments: Some SHGs have reported that in case of CCL the equal monthly installments (EMIs) are between 12 and 18. As a result they are supposed to pay large EMIs which are a burden.

2.8 Bankers insisting for fixed deposits: Banks are insisting SHGs for fixed deposits. The amount is varying between Rs. 50,000 and Rs. 1 lakh. The number of fixed deposits made by the SHGs varies from 20 to 40 in a branch. It is prevalent in

Kesamudram mandal in Mahabubabad district than in all other mandals in the sample districts

2.9 No VLR to all groups: No VLR to all SHGs. The eligible SHGs are also not getting Vaddi Leni Runalu regularly.

2.10 Low awareness on cash credit limit (CCL): The SERP staff have reported the problems in implementation of CCL as i) low awareness on CCL, ii) members not agreeing for need based lending - loans to 2-3 members and iii) problems in the disbursement of interest subsidy. During interactions, the Community Activists have reported that the members want to equally distribute the CCL loans like bank loans earlier and the members are so disappointed with the CCL.

2.11 MCP for getting bank linkage: Preparation of micro credit plan (MCP): It is one of the pre-requisites for SHG bank linkage. It covers the credit requirement for income generation activities, social needs and repayment of old loans borrowed on high interest rate from the traditional credit sources, and income sources to repay loan instalments. All the 60 sample SHGs prepared micro credit plans at the time of credit linkage with banks.

Gap between demand and supply: There is a significant gap between the demand and the supply. During focus group discussions, the SHGs have mentioned that the banks decide loan size based on group savings, group quality and number of linkage, but not on the basis of micro credit plans. Thus, most of the SHGs prepare micro credit plans based on the instructions of bankers and/ or promoters to avoid further delay in loan sanctioning. MCPs did not add any value in SHG BLP as the banks and SHGs are not concerned about it. Further, there is no strict monitoring from the banks, SERP, Federation and SHG on loan utilization by the members.

The loan volume depends on the SHG corpus. It is normally 5 to 10 times the group corpus, depending on the subsequent number of credit linkages. However, the maximum bank loan to an SHG is Rs. 5 lakhs because the branch manager of a rural branch has sanctioning power of up to Rs. 5 lakhs only. If the loan request exceeds this amount, the application will be forwarded to higher authorities, taking more time for processing.

Normally, in the 1st SHG bank linkage programme the loan size varies between Rs. 30,000 and Rs. 50,000, for the 2nd linkage between Rs. 50,000 and Rs. 1.5 lakhs, for the 3rd linkage between Rs. 1.5 lakh and Rs. 3 lakhs, and in the subsequent linkages between Rs. 3 lakh and Rs 5 lakhs. The members are aware of these levels through bankers, fellow SHGs, and SHPI staff. The SHGs consult SHPI staff and bankers about the group's maximum loan eligibility before preparing a MCP. Most of the SHGs prepare a MCP for a little more than their loan eligibility, but not based on the members' credit needs or demand. Even if the SHG prepares the MCP as per members' household credit needs / demand, the loan size is determined instead by

the group corpus, total savings, earlier loan repayment track record, amount of fixed deposits on SHG name in the bank, bankers' attitude and the type of loan – term loan and cash credit limit (CCL). The MCP is nominal in the SHG bank linkage program.

2.11 Problems reported by the SERP staff: The SERP staff has reported multiple problems relating to SHG bank linkage. They are as follows:

- Delay in getting credit linkage;
- Loan volume varies between branches;
- Not providing loan as per micro credit plans;
- Not updating SHG savings account pass books'
- Pressure for group activity;
- Collecting suspension charges from SHGs; and
- Encouraging equal distribution / term loans than CCL.

III PROBLEMS AND ISSUES WITH GOVERNMENT

During focus group discussions, the SHGs have shared the advantages and disadvantages of government as under:

3.1 Long pending VLR amounts were sanctioned and released: The VLR is supposed to be reimbursed once in six months. But, it has not been happening. About 65% of SHGs said that the Government has paid all the VLR arrears to SHGs before the elections to gain mileage or sympathy or favour of SHG women both in Parliament and Assembly General Elections.

3.2 Sanctioned large volume of loans: The majority of SHGs (60%) have informed that the banks sanctioned long pending loans and large volume of loans to SHGs before General Elections because of pressure from government and local elected representatives.

3.3 Promises on large volume of loan: About 30% of SHGs have said that during last general elections, the leading political parties made a promise that if they come to power, would provide large volume of loan, Rs. 1 lakh per SHG member to attract SHG women voters.

3.5 Promises on SHG loan waiver: The majority of sample SHGs (61%) have reported that during election campaign the opposition parties made promises on SHG loan waiver. In addition, the local leaders encouraged SHG women not to repay loans. As a result, some groups stopped loan repayment 3 to 4 months during election period.

3.6 SHGs got recognition as vote banks: During discussions, about 18% of SHGs accounted that in recent years whichever party is in the ruling realized SHGs as vote

bank. So, all parties approached SHGs for favour at the time of election campaigning.

3.7 Made payments to voters through SHGs: Small number of SHGs (4%) has told that the candidates distributed money to the women voters through SHGs with the help of local leaders.

3.8 Relations with Government: The Government has involved SHGs in development programmes such as Harithaharam, Palle Pragathi, Swachh Bharath Mission and Pulse Polio. Besides, SERP and bank officials, owing to Government pressure the promoters mobilize SHG women for public meetings on the name of disbursement of loan cheques.

IV PROBLEMS WITH THE PROJECT

During discussions, the SHGs, mandal & district level officials have reported the problems with SERP as:

4.1 No renewal of insurance policies: SERP has initiated many insurance schemes such as Aam Admi Bhima Yojana, Abhaya Hastham and Jana Sree Bhima Yojana in the past. Many SHG women enrolled with it. Now, the project is not paying attention and working on it. Therefore, the SHG women are in a state of confusion that they might get back the premium amount paid so far or not, and do the project renewal the policies or not.

4.2 No trainings at SHG level: The groups have reported that in the recent years no formal trainings are conducting to the SHG members on institution building, skill development, gender and social issues. During VO and / or MS meetings, CC or APM spend 10 to 15 minutes if they find any time. Strictly speaking, there are no formal trainings to the SHGs and VOs on any aspect in recent years.

4.3 Community Coordinators are not attending VO meetings regularly: During discussions, the SHGs have reported that the CCs are not attending the VO meetings regularly.

4.4 Poor quality of human resources: Some of the SERP Directors and staff at district level do not have a vision and understanding on the SHG movement. The Community Coordinators and the Village Organization Assistants don't have adequate skills to discharge their roles and responsibilities.

4.5 More attention on government activities than on project: The SERP staff mostly engaged in surveys and the implementation of government programmes rather than capacity building of SHGs and SHG federations.

4.6 Mobilization of SHG women for political meetings: The groups have reported that the SERP staff forces the office bearers of SHGs, VOs, MSs and CAs /VOAs to attend the top order politicians meetings organized at district and state levels.

V EXPECTATIONS OF OLDER SHGs

During focus group discussions the SHGs have expressed multiple expectations. They are i) large volume of loan up to Rs. 10 lakh per SHGs under SHG bank linkage programme, ii) large volume of subsidy loans to SHG members from ST & SC, BC and Minority Corporations, iii) Mudra loans to SHG women, iv) educational loans & incentives to school children of SHG women, v) access to Government entitlements, vi) training on enterprise promotion activities such as on-line trading, food processing – juice centers, hotel management, sweet making, preparation of milk products; training on technological innovations in agriculture; vii) training on advanced tailoring, beauty parlour, marketing, viii) training on mobile book keeping procedures especially financial transactions and financial literacy, ix) vocational trainings to household members.

VI SCOPE FOR FORMATION OF NEW SHGs

All the self-help promoting institutions including Society for Elimination of Rural Poverty have adopted pro-poor strategies while forming SHGs. While implementing SGSY and DWCRA programmes, the Government has formed SHGs with poor women from the lower sections of the society namely scheduled castes & tribes, minorities and backward classes. SERP has adopted the Poorest of the Poor (PoP) strategy by conducting a social mapping to bring all poor women into SHGs. As a result, most of the eligible women (95%) formed into SHGs. Further, many SGSY and DWCRA groups formed with more than 20 members were divided into two small groups. Some of the non-default members of SGSY and DWCRA groups formed into new SHGs. If there is any one / two left-over poor in the village, SERP has motivated them to join in these groups instead of mobilizing 10 members to form into a new SHG. The dropouts are replaced with eligible household members – daughter-in-law or daughter more than 18 year old and new members. Therefore, there is very less or no scope for forming new groups, and the promotion of SHGs reached its saturation.

VII CONCLUSIONS

The incidence of dropouts is common. The death of SHG member, senior citizenship, migration and marriage of unmarried SHG members are the predominant socio-economic reasons for dropouts. It has negative implication on credit linkage of SHGs with banks.

Distribution of group funds / savings is prevalent. Large group corpus, settlement of dropouts' account, difficulties in managing large funds, small volume of bank loan are the main reasons for it. It has mixed implication on SHGs. The occurrence and the sum of funds distributed are varying between districts, age of SHGs and promoters.

There are large idle funds in SHG savings bank accounts. Both SHGs and banks are responsible for it, and it has mixed implications: no internal lending, dependency on

money lenders for small and emergency needs and large volume of loan in repeat doses.

There is no internal lending in some of the SHGs with own funds. It is varying between the districts, SHG age and location. Further, less than 1 time of velocity of internal lending is another alarming aspect.

Low quality of book keeping, meeting agenda items limited to financials, no interest margin to SHGs on external loans, loan diversification for social & consumption needs, distribution of savings/ group funds, unwilling to take up group enterprises, lending to non-members, unwilling to take up leadership are some other key issues at SHG level.

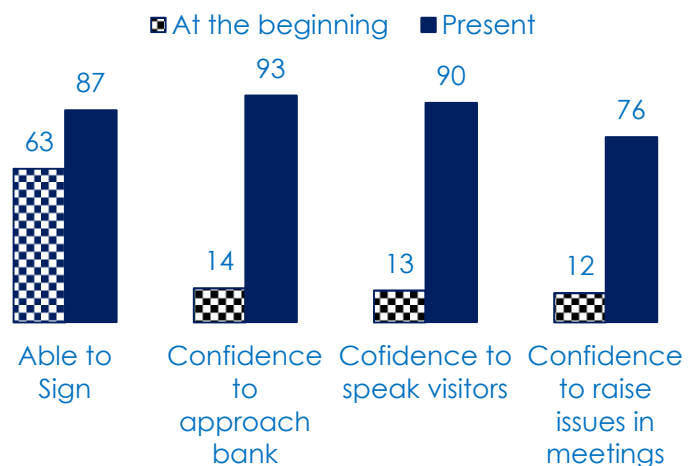
There are multiple problems relating to bank linkage at the bank end. There are also many problems with the promoters. The SHGs have advantages and disadvantages with political parties.

This section discusses how far the SHG women have been empowered because of SHG membership. To understand empowerment, data was collected on self confidence levels of SHG women, attitude of institutional staff towards SHG women, access & control over household resources, mobility at individual level, individual role in making household decisions, political participation and gender equity. To know the improvement or changes in women empowerment, data was collected at two points of time: at present when compared to at the beginning of the group and at the beginning of the group when compared to before joining the group. To measure the level of participation a 1 to 4 or 5 point scale was used.

I SELF CONFIDENCE

To assess the self confidence levels of SHG members, the study team collected the information on those actions that indicate confidence levels of a person such as i) ability to sign, ii) confidence to approach bank, iii) to speak visitors and iv) confidence to raise issues in meetings.

Fig-6.1: Self-confidence Levels among the SHG Members (% of members)



1.1 Able to sign: Fig-6.1

shows that the members who have ability to sign have risen from 63% to 87%. The lowest increase is in Mahabubnagar (18%) and the highest is in Warangal (28) as compared to Adilabad (20%). There is not much difference between the leaders and members.

1.2 Confidence to approach bank: The number of members who can approach a bank has grown remarkably from 8% to 93%. It has grown particularly high in Warangal from 10% to 98%. This is because of the practice of depositing of savings and loan installments in bank by the group members on rotation basis.

1.3 Confidence to speak with visitors: There is a huge transformation in the number who can speak to visitors, from 13% to 89%. Among the districts, Warangal records the highest change from 8% to 93% and the lowest is in Adilabad (67%) as compared to Mahabubnagar (78%). These increases are because of the internal system such as rotation system of members attending bank to deposit cash

collected in meetings, sharing of information as group representative in federation meetings, participation in discussions during federation & the group meetings, trainings and exposure visits.

1.4 Capacity to raise issues in meetings: The capacity to raise issues in meetings has increased from 12% to 76%. The increase is high in Warangal (80%) and low in Mahabubnagar (55%) as compared to Adilabad (58%). The leaders are more able to raise issues (70%) than members (60%). The increase is high in > 20 years old groups (73%) than in 11-15 years (60%) and 16-20 years (59%). The confidence levels of members who have long association with SHGs are higher than newly joined members. The confidence levels of SHG women vary between the districts and position in the group – leader and member.

II ACCESS AND ATTITUDE OF LOCAL INSTITUTIONS

The first thing to note is the numbers approaching institutions. Table-6.1 shows that most of the SHG members have visited banks (97%) and hospitals (96%); majority of the members visited Gram Panchayat, but majority of the members have never visited the mandal office (68%) and police station (86%). It is because the members attend bank to deposit group monthly savings and loan installments on rotation basis. Further, the percentage of SHG members that have never visited the mandal office is higher (68%) than the Gram Panchayat (39%) because the GP is the lowest unit in the administration.

2.1 Gram Panchayat: A majority of members have reported that the GP staff is 'more respectful' during their visits across the districts, years of association with SHGs and position in the group-leader and member and social categories.

S. No.	Opinion	Gram Panchaya	Mandal office	Police station	Hospitals	Banks
1	Not visited	39.2	68.3	85.8	3.3	2.5
2	More respect	48.3	25.0	11.7	44.2	76.7
3	Not responsive	0.8	2.5	0.0	4.2	0.8
4	No change	11.7	4.2	2.5	48.3	20.0
	Total	100.0	100.0	100.0	100.0	100.0

2.2 Mandal Development Office: Of the women who visited Mandal development office, a majority of women have reported 'more respect' from the MDO office. There is not much difference in the attitude of staff at MDO office between the districts. The attitude of MDO staff between the social categories is varying: a majority of members have reported 'more respect' in OCs (47%) than Minorities (27%), BCs (23%), SCs (24%) and STs (9%). The number of women who reported that they have 'not visited' is high in STs (82%) than all other social categories. There is not much difference in the attitude of MDO staff between the

periods of association with SHGs. Of the women visited MDO office, the percentage of women reported 'more respect' is high in leaders (33%) than members (16%).

2.3 Police station: Table-6.1 shows that a majority of members have reported that 'not visited' the police station across the districts, locations, position in the group, years of association with SHG and social categories of members. Further, of the women visited police station, majority have reported 'more respect' followed by 'no change'.

2.4 Hospitals: Table-6.1 shows that many SHG members have reported that there is 'no change' in the attitude of hospital staff followed by 'more respect', 'not responsive' and 'not visited'. Similar trend is found across the districts, position of members in the group. The attitude of hospital staff is varying between the social categories: the majority of the women reported 'no change' in members of > 20 years old groups (67%); but majority of the members reported 'more respect' in 11-15 years and 16-20 years of association with SHGs.

2.5 Banks: The majority of women have reported receiving 'more respect' during their visits to bank followed by 'no change', 'not responsive' and 'not visited'. Similar trend is found across the districts, position in SHGs, years of association with SHGs and social categories.

The discussion evidently states that a majority of the SHG members have reported receiving 'more respect' followed by 'no change' during their visits to Gram Panchayat, Mandal Development office, police station, hospitals and banks.

III ACCESS TO FAMILY RESOURCES

To understand how far the SHG members access family resources, data was collected on 'sale of small quantity of household produce', 'raising of hand loans' and 'medical expenses'. The analysis was done with the help of the four point scale: i) is their role minor, ii) equal, iii) major or iv) have total control over family resources.

3.1 Sale of small quantity of household produce: Table-6.2 shows that there is a definite move towards more financial independence or equal sharing within the family. The majority of the members moved from playing a 'minor role' (58% to 6%) in selling household produce. Now, large number of members have an 'equal role' followed by 'major', 'do solely' and 'minor' role. Similar trend is found between the districts, position in the group and years of association with SHGs and social categories.

3.2 Raise of hand loans: Table-6.2 shows that a majority of the members who played 'minor' and 'no' role in the past have moved mostly to 'major' role followed by 'independently' and 'equal' role. Of the districts, the greatest change is in Warangal: from 63% and 18% playing a 'minor' and 'no role' to 40% playing a 'major' (40%) role followed by 'independently' (33%) and 'equal' (23%) role in raising

hand loans. Leaders are more independent (33%) than members (13%). Further, the percentage of members playing an 'equal' and 'major' role is high compared to the leaders. Of the period of association with SHGs, the greatest change is in > 20 years old than 10-15 years and 16-20 years: from 52% and 15% playing a 'minor' and 'no' role to 46% playing a 'major' role followed by 'independently' (27%) and equal (18%) role.

S. No.	Role	Sale of small quantity of HH produce		Raising of hand loans		Medical expenses	
		Before	Present	Before	Present	Before	Present
		1	Do solely	5.0	19.2	5.8	23.3
2	Major role	3.3	32.5	2.5	31.7	0.8	22.5
3	Equal	25.0	42.5	24.2	35.0	28.3	44.2
4	Minor	58.3	5.8	53.3	8.3	57.5	13.3
5	No role	8.3	0.0	14.2	1.7	8.3	0.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0

3.3 Medical expenses: Table-6.2 shows that many SHG members have moved to an 'equal' role followed by 'major' role and 'independently' in accessing family resources for medical expenses. The highest change is reported in Warangal ('minor' role and 'no' role from 70% to 8%) and the lowest change is in Adilabad ('minor' role and 'no' role from 63% to 23%). The greatest change is reported in leaders than members: the majority of the members who played 'minor' (55%) role moved to 'equal' role (38%) followed by 'independently' (27%) and 'major' (23%) role.

IV CONTROL OF SHG AND OTHER LOANS

To understand the control of SHG members over SHG & other loans, data was collected on 'use of earnings from income generation activities', 'use of SHG loans' and 'use of personal savings' with the help of a four point scale: do they have i) minor, ii) equal, iii) major or iv) total control over the household resources.

Table-6.3 shows that the member's 'major' or 'total' control over these financial assets has increased between 3 and 6 times: from 8% to 46% use of earnings of income generating activities, from 7% to 59% of use of SHG loans, and 11% to 50% of use of personal savings. Those with 'minor' and 'no' control has drastically declined: 77% to 19% of use of earnings, 63% to 4% of use of SHG loans and 60% to 4% of use of personal savings. Of the districts, Warangal has reported the highest decline in SHG members' 'minor' and 'no' control over the use of SHG loans (60% to 0%), use of personal savings (73% to 0%) and use of earnings (78% to 10%). There is not much difference between Mahabubnagar and Adilabad on the control over these financial assets. The increase of leaders' 'major' and 'total' (7% to 67%) control on

use of SHG savings is more than the members (10% to 55%). Similar trend is found in the use of earnings.

S. No.	Amount of control	Use of earnings of IGA		Use of SHG loan		Use of personal savings	
		Before	Present	Before	Present	Before	Present
1	Total	5.8	19.2	5.8	29.2	5.8	25.0
2	Major	1.7	26.7	2.5	30.0	5.8	35.0
3	Equal	15.8	35.0	29.2	36.7	28.3	35.8
4	Minor	52.5	10.8	52.5	3.3	50.8	4.2
5	No control	24.2	8.3	10.0	0.8	9.2	0.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0

V MOBILITY

The study team collected data regarding whether members 'go alone' or take the help of family or group members to visit shops outside the village, to attend SHG work outside the village and to go to Government office on household work; this helped to assess the growth in self-confidence and negotiating skills.

5.1 Go for shopping outside the village: Table-6.4 shows that women's mobility has increased five times since joining the SHGs: 78% go to shops outside the village alone, compared to 16% earlier. Further, dependency on 'family members', 'with others' and 'don't usually go' has significantly declined. Of the districts, Warangal has the most mobile women (93% of women 'go alone') than Mahabubnagar (75% of women 'go alone') and Adilabad (68% of women 'go alone'). There is not much difference between the leaders and members in 'go for shopping outside the village'.

S. No.	Mobility	Go for shopping outside the village		To attend SHG work outside the village		Go to Govt. office on HH work	
		Before	Present	Before	Present	Before	Present
1	Go alone	15.8	78.3	9.2	64.2	8.3	40.8
2	With family members	41.7	10.0	32.5	4.2	32.5	16.7
3	With others	20.8	0.8	20.8	7.5	1.7	0.8
4	Don't usually go	21.7	10.8	37.5	24.2	57.5	41.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0

5.2 To attend SHG work outside the village: Table-6.4 shows that a majority of women (64%) go to shops outside the village alone, compared to 9% earlier. Further,

the women who depend on 'family members' has significantly declined; and the women go 'with others' and 'don't usually go' have dropped off. Of the districts, women's mobility is highest in Warangal (8% to 75% go alone) than in Mahabubnagar (13% to 55% go alone) and Adilabad (8% to 63% go alone).

5.3 Go to Government office on household work: The women's mobility is low 'to go to Govt. office on household work' compared to 'go to shops outside the village' or 'to attend SHG work outside the village'. Though there are radical changes in women who 'go alone' to government offices on household work, from 8% to 41%, nevertheless many continue to depend on family members (17%). It could be because SHG members have lower exposure to govt. offices compared to other offices.

VI DECISION MAKING

To assess the changes in the role of women in decision making, the study team collected data on the kind of role played by the women while taking decisions on the purchase / sale of household assets, promotion of family savings, children education / marriage and taking up new economic activity by using a four point scale: i) decide solely, ii) major role, iii) equal role and iv) minor role.

Table-6.5 shows that a majority of SHG members have an 'equal' role in decision making on the promotion of family savings, children's education and marriage followed by 'major', 'decide solely' and 'minor' role. Though large number of members have played 'equal' role in decision making on taking up new economic activity and purchase of gold / silver, a majority of women have played a 'major' role and 'decided solely'. Though large number of women played an 'equal' role to 'decided solely', many members have played 'minor' and 'no' role in taking decisions pertaining to the purchase of land or house.

S.No.	Role in decision making	Purchase of land or housing	Promotion of family savings	Children's education	Children's marriage	Taking up of new activity	Purchase of gold/silver/ Cattle
1	Solely	10.8	15.0	14.2	12.5	14.2	21.7
2	Major	10.0	25.0	13.3	15.0	18.3	29.2
3	Equal	15.8	50.0	55.0	54.2	49.2	44.2
4	Minor	19.2	10.0	13.3	7.5	9.2	3.3
5	No role	4.2	0.0	0.8	0.0	6.7	1.7
6	NA	40.0	0.0	3.3	10.8	2.5	0.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0

The majority of the members have played 'equal' role followed by 'major' and 'decided solely in decision making across the districts, position in the group and years of association with SHGs. However, in the female headed households many members have 'decided solely' followed by 'major' role, and 'equal' role in making decisions.

VII POLITICAL EMPOWERMENT

To understand the participation of SHG members in various activities of political parties, including election campaigning, the data was collected on 'whether the members have contested for political office or not', 'whether they have exercised their vote independently or not', 'whether they campaigned for a candidate', and 'whether raised voice in Gram Sabha/village meetings or not'.

7.1 Contested for a political office: Table-6.6 shows that of the 120 sample SHG members, the percentage of women who contested for political office has risen from 5% to 6%. Further, the percentage of women contested 'independently' has increased 1.7% to 3.3%; the members who contested due to 'family interest' has declined; and the members who contested on 'others' pressure' has increased. The percentage of women who contested for a political office is higher in female headed households (7%) than male headed households (3%).

7.2 Casting of vote: Table-6.6 shows that there is not much difference in the percentage of 'women participated in voting' now and earlier. However, the majority of SHG members who voted 'independently' has increased to 86% from 56% and the percentage of women casting vote on 'family interest' has significantly wilted. This could be because of leadership rotation and a democratic form of decision making in the groups and secret ballot system in the elections.

S. No.	Participation	Contested for a political office		Casting of vote		Campaigned for any candidate		Raised voice in Gram Sabah	
		B	P	B	P	B	P	B	P
1	No	95.0	94.2	4.2	5.0	89.2	79.2	79.2	61.7
2	Independently	1.7	3.3	57.5	85.8	5.8	10.0	11.7	34.2
3	Family interest	3.3	1.7	38.3	9.2	5.0	10.0	9.2	4.2
4	Others' pressure	0.0	0.8	0.0	0.0	0.0	0.8	0.0	0.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

B-At the beginning; P-At present

7.3 Campaigned for any candidate: Table-6.6 shows that a majority of the members never campaigned for a candidate. However, the percentage of SHG women who have campaigned for a candidate has increased from 11% to 21%. The

percentage of women who campaigned 'independently' and on 'family interest' has mounted.

7.4 Raised voice in Gram Sabha: The SHG members' participation in Gram Sabha has increased from 21% to 38%. Further, there is a significant increase in the percentage of women who raised voice 'independently' in Gram Sabha (from 12% to 34%); moreover, no member is acting on 'others' pressure'. The reason might be that the govt. has been identifying the target population for various welfare & development programmes through Gram Sabhas, and some of the programmes are linked to SHGs. Further, members acquired knowledge of various government poor programmes during SHG and Federation meetings, trainings, exposure visits etc. So many SHG members have raised voice in their Gram Sabha to claim their entitlements.

7.5 Participation in rallies, campaigns and political meetings: Of the 120 sample SHG members, 73% participated in 1-6 rallies / campaigns / political meetings. Of the women participated in rallies, majority of the members participated in one rally (53%) followed by two (11%), three (8%) and four & five rallies/ campaigns /political meetings. The majority members have participated in rallies for government programs (63%) followed by political meetings (41%) and anti-liquor movement. Some of the women have participated in anti-domestic violence (9%), anti-child marriage (6%), for drinking water (6%), school issues (5%) and anti-dowry (2%).

VIII GENDER

Gender inequality is one of the indicators to assess the empowerment of women. To assess it, information was collected on 'children are going to the same school', and 'the age they want them to marry'.

8.1 Equality in schooling: About 81% of the SHG women have sons/ daughters or no eligible school going children. Of the eligible SHG members, a majority of them are sending their children to the same school (15%) irrespective of gender. However, a small number of SHG women are sending children to different schools (4%). The equality in school choice is because of more training on gender equality at group and federation level meetings.

8.2 Age at marriage: The average age at marriage proposed for their sons is between 20 and 28 with an average of 25 years; whereas for the daughters, between 18 and 27 with an average of 21 years. There is a little difference in the maximum and minimum age at marriage proposed for sons and daughters. But, no SHG woman has proposed less than 18 years for either son or daughters. This reflects their high aspirations for their children's education.

IX IMPACT IN INDIVIDUAL LIFE

To understand the important changes in individual life, the study team has collected information on 'work burden', 'response for household credit', 'husband sharing the

household work' and 'women taking up non-traditional activities' by using a three point scale: i) no change, ii) decreased and iii) increased.

9.1 Work burden: Table-6.7 shows that the percentage of SHG members reported the work burden 'increased' has risen from 3% to 75%. In contrast, the percentage of SHG members reported 'decreased' and 'no change' has correspondingly decreased. Of the districts, the percentage of women reported the work burden 'increased' is high in Warangal (from 0% to 95%) than Mahabubnagar (3% to 8%) and Adilabad (5% to 63%). Of the years of association with SHGs, the percentage of members reported work burden 'increased' is high in > 20 years (risen from 0% to 94%) than 16-20 years (risen from 3% to 63%) and 11-15 years (risen from 4% to 71%). There is not much difference between leaders and members, and male and female headed households.

9.2 Responsibility of household credit mobilization: Table-6.7 shows that there is a significant increase in the responsibility of household credit mobilization compared to earlier, risen from 3% to 89%. Further, the percentage of women reported 'decrease' and 'no change' has significantly declined. The percentage of women reported the responsibility of household credit mobilization 'increased' compared to earlier is high in Warangal (3% to 95%) than Mahabubnagar (5% to 90%) and Adilabad (0% to 83%). Of the years of association with SHGs, the percentage of SHG members who reported 'increased' in the responsibility of household credit mobilization than earlier is high in > 20 years (risen from 3% to 97%) than 11-15 years (risen from 4% to 91%) and 16-20 years (risen from 0% to 78%). There is not much difference between leaders and members, and male and female headed households.

9.3 Husband sharing the household work: Table-6.7 shows that the percentage of SHG members reporting husband sharing the household work 'increased' has risen from 3% to 68%. In contrast, the percentage of SHG members reported 'decrease' and 'no change' has correspondingly decreased. Of the districts, the percentage of SHG members reported husband sharing the household work has 'increased' is high in Warangal (risen from 0% to 85%) than Mahabubnagar (risen from 8% to 68%) and Adilabad (0% to 53%). The percentage of women reporting 'increase' of husband sharing the household work is high in female headed households (risen from 2% to 76%) than male headed households (3% to 64%).

9.4 Women taking up non-traditional activities: Table-6.7 shows that a majority of SHG members have reported 'no change' in women taking up non-traditional work, both in the past and present. However, the percentage of women reported 'decrease' has significantly declined; but the percentage of women reported 'increase' has risen to 21%. Of the districts, the percentage of SHG members reported 'increase' in women taking up non-traditional work has risen to 43%. But, a majority of SHG members in Adilabad and Mahabubnagar have reported 'no change' in women taking up non-traditional work, both in present and past. The

majority of the SHG members reported 'no change' in women taking up non-traditional activities irrespective of head of the family. However, the growth of percentage of women reported 'increase' in women taking up non-tradition activities is high in female headed households (29%) than male headed (17%).

Table-6.7: Important Changes Observed in Life (% of Members)

S. No.	Change observed	Work burden		Responsibility of HH credit mobilization		Husband sharing the HH work		Women taking up non-traditional activities	
		B	P	B	P	B	P	B	P
1	Increased	2.5	75.0	2.5	89.2	2.5	68.3	0.0	20.8
2	Decreased	70.8	15.0	67.5	1.7	50.0	6.7	36.7	9.2
3	No change	26.7	10.0	30.0	9.2	47.5	25.0	63.3	70.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

B-At the beginning; P-At present

9.5 Individual savings accounts: Of the 120 sample SHG members, all women have individual saving account in bank (100%); about 33% in Life Insurance Corporation; and 15% in post office. Of the districts, the percentage of members having savings account with LIC is high in Warangal (45%) than in Mahabubnagar (30%) and Adilabad (23%). Similarly, the percentage of women having individual savings account in post office is high in Warangal (25%) than in Mahabubnagar (10%) and Adilabad (10%). The percentage of women having individual savings account in post office is high in female headed households (24%) than male headed (10%). Similarly, the percentage of SHG women having individual savings account in LIC is high in female headed households (45%) than male headed (26%).

IX CONCLUSIONS

There is a significant improvement in the confidence levels of SHG women to approach bank, to face visitors and to raise issues in meetings. The utmost development is that majority of the SHG members have approached Gram Panchayat, hospitals and banks, though approaching police stations and mandal offices is minimal. There is a significant improvement in members' mobility to go outside the village for shopping, on SHG work and to Government office on household work.

There is a definite move toward more financial independence or equal sharing within the family. The SHG members' control over financial assets such as use of income earned from income generating activities, use of SHG loan and personal savings has increased tremendously.

The women have an 'equal' role followed by 'major' and 'solely' in making household decisions. Further, the women's role is comparatively more 'major' in

making decisions on 'promotion of family savings', 'taking up new economic activity' and 'purchase of gold / cattle' as it is because of more women contribution. There is not much discrimination between boys and girls in schooling and age at marriage.

The women's participation in politics is very low; however, there is a significant increase in women voted 'independently'. The number of women who contested for political office is negligible. Women's participation and increase in 'campaigning for a candidate' is minimal. The SHG members' participation and raising voice independently in Gram Sabha meetings has significantly increased. The SHG women's participation in rallies / campaigns / political meetings is high. There are mixed effects on the individual life of SHG members.

This section of the report analyses the impact of SHG membership at household level in particular and at SHG and community levels in general. What are the important changes that have taken place at household level? Is there any improvement in the promotion of savings at individual and household levels? Has the households' dependency on informal credit sources reduced? What are the changes in the economic activities of the households? What are the changes at SHG level in terms of cohesiveness among the members and quality & quantity of services to their members? What are the changes at village level with reference to role of SHGs in the implementation of government programmes, addressing social issues, community infrastructure & amenities and institutional linkages?

I DYNAMICS AT HOUSEOLD LEVEL

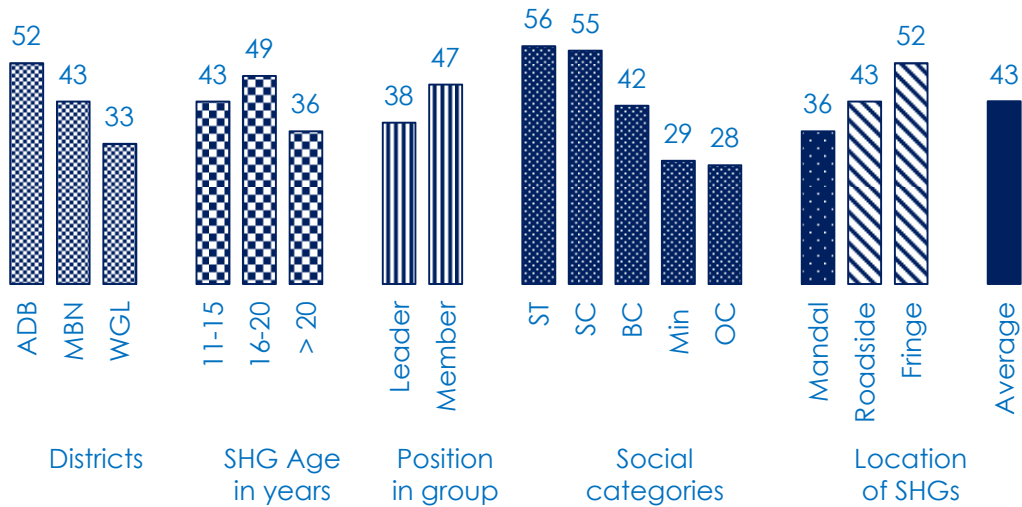
1.1 Promotion of savings: The sample households have a total savings of Rs. 79.2 lakhs, an average of Rs. 65,996, with multiple sources ranged between 2 and 5. All the members have savings with SHGs, as it is mandatory in SHG. Nevertheless, all members have savings with banks. Besides, small percentage of members have savings with Life Insurance Corporation (33%) followed by chits, an informal source of savings (12%), friends & relatives (8%) and fixed deposits in banks (6%).

Of the total savings of Rs. 79.2 lakhs, major portion is with life insurance corporation (31%) followed by banks (21%), SHG & SHG federations (18%), chits (15%), friends and relatives (10%) and post office (3%). It shows that large portion of household savings is with formal institutions (76%) where there is high safety and low risk.

Table-7.1: SHG Savings to the Total Household Savings (% of members)					
S. No.	Percentage of savings	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	< 50	45.0	57.5	44.7	58.3
2	50-75	25.0	29.4	15.8	17.5
5	> 75	30.0	14.7	39.5	24.2
	Total	100.0	100.0	100.0	100.0

Table-7.1 shows that in a majority of the households, the percentage of savings with SHGs to the total household savings is less than 50 percent. However, nearly one quarter of the households have more than 75% of their household savings with SHGs followed by 50-75 percent (18%); whereas, majority of the households in Adilabad and Warangal have more than 50% of their household savings with SHGs. Further, the percentage of households having more than 75% of savings with SHGs is highest in Warangal and lowest in Mahabubnagar compared to Adilabad. In majority of the

Fig-7.1: Average Percentage of Members' Savings with SHGs



households in fringe villages, more than 50% of household savings is with SHGs; whereas, majority of the households in mandal headquarters (71%) and roadside villages (56%) have less than 50% of their household savings with SHGs. It is because of availability of banking services in their vicinity.

Figure-7.1 shows that the average percentage of household savings with SHGs is high in Adilabad (52%) than Mahabubnagar and Warangal. It is high in fringe villages (52%) than roadside and mandal headquarters. Similarly, it is high in 16-20 years of SHG membership than 11-15 years and > 20 years; high in SHG members than leaders; high in male headed households than female headed; and high in nuclear families than joint families. It indicates that the percentage of household savings with SHGs depends on the location, type of family, head of the family, district and period of association with SHGs.

1.2 Household income improved: Table-7.2 shows that 43% SHG member households reported that their household income has increased. It is found that the percentage of households which reported improvement in household income is high in Mahabubnagar (55%) than in Warangal (50%) and Adilabad (23%). Repayment of old debts rather than investing SHG loan on income generating activities in Adilabad might be the reason for reporting low incidence of improvement in household income.

1.3 Repaid old debts: Table-7.2 shows that 42% of SHG member households reported that they have repaid old debts i.e. loans borrowed on high interest rate from traditional credit sources with loans taken from SHGs. There is not much difference in the percentage of households which repaid old debts between the districts. However, it is little high in Mahabubnagar than Adilabad and Warangal.

1.4 Dependency on money lenders reduced: Table-7.2 shows that a majority of SHG member households (68%) reported that dependency on money lenders has been decreasing. The percentage of SHGs which reported it is very high in Adilabad (80%) and low in Mahabubnagar (50%) when compared to Warangal (73%). The percentage of households which reported that dependency on money lenders reduced is high in female headed households (79%) than male headed households (62%). Now the SHGs are in a position to provide large volume of loans from the funds mobilized from banks, Streenidhi, village organizations besides their own funds. Thus, the frequency of approaching money lenders has decreased.

S. No.	Changes reported	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Household income improved	22.5	55.0	50.0	42.5
2	Repaid old debts	40.0	45.0	40.0	41.7
3	Dependency on ML reduced	80.0	50.0	72.5	67.5
4	New activity taken up	12.5	60.0	32.5	35.0
5	Cease migration	10.0	2.5	0.0	4.2

1.5 Ceased migration: Few households in Adilabad (10%) and Mahabubnagar (3%) reported that they have stopped migration because of new activities taken up by the households with SHG loans.

1.6 SHG's share in household debt: Out of 120 households, all except two have reported debts, a sum of Rs. 1.81 crores with an average of Rs. 1.53 lakhs. The households have debts with multiple sources: between 1 and 7. About 61% of households have debts with 1-3 sources and the remaining 39% have > 3 sources. Most of the SHG member households (90%) have borrowed loan from SHGs under SHG bank linkage programme. Further, little more than half of the members have borrowed loans from Streenidhi (53%) and own funds (50%); some of the households have borrowed loans from banks-personal loans (36%), SHG federations (28%), friends & relatives (28%), money lenders (14%), and Life Insurance Corporation (4%) and others (3%).

Out of 377 loans, majority loans are from formal financial institutions (82%) and the remaining 18% are from traditional credit sources. Of the total loan of Rs. 1.81 crores, major portion is from formal financial institutions (63%) and the remaining is from informal credit sources. Of the formal institutions, major chunk is from personal loans from banks (22%) followed by SHGBLP (20%) Streenidhi (9%), SHG own funds (8%), SHG federations (3%) and LIC (1%). Of the informal credit sources large portion is from friends & relatives (18%) followed by money lenders (9%), chits (8%) and others (3%).

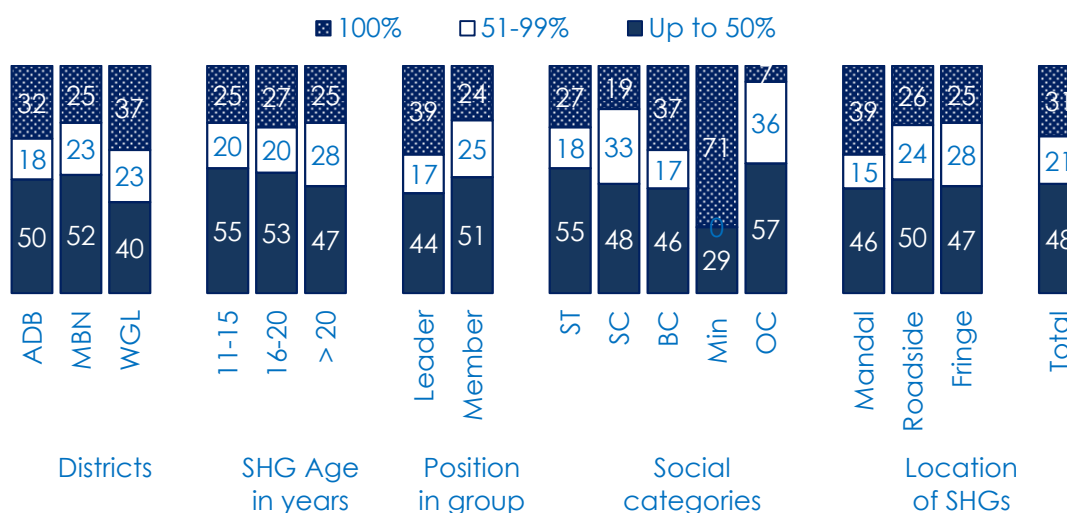
The SHG's portion to the total household's debt varies between 0% and 100% with an average of 58%. Table-7.3 shows that of the sample households, nearly one half

(48%) are indebted up to 50% of household debt to SHGs. However, 31% of the households are totally indebted to SHGs only, and another 21% of households are indebted between 51-99 percent of the household debt. It means that SHG is the major source of credit, probably because most of the members repaid high cost loans from money lenders, friends & relatives and chits.

S. No.	% of debt	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Up to 50	50.0	52.5	40.0	47.5
2	51-99	18.4	22.5	22.5	21.2
3	100	31.6	25.0	37.5	31.4
	Total	100.0	100.0	100.0	100.0

Fig-7.2 shows that the percentage of households totally indebted to SHGs is high in Warangal than Adilabad and Mahabubnagar. Further, the percentage of households totally indebted is high in mandal headquarters than roadside (27%) and fringe villages (25%). It is high in leaders (39%) than members (24%). The percentage of households totally indebted to SHGs is high where members' association is more than 20 years (46%) with SHGs than 16-20 years (27%) and 11-15 years (26%). It means that the SHG members in mandal headquarters, good old SHGs and leaders are

Fig-7.2: SHGs' Share in Household Debt (% of SHGs)



effectively using SHG loans.

1.7 Asset creation: About 90% of the households have procured a total of 204 assets worth of Rs. 82.98 lakhs. Of the household procured assets, many procured one asset (39%) followed by two (31%) and three & above (20%). Of the total assets, many are permanent assets (37%) followed by household equipment (35%) and income generating assets (28%). Of the permanent assets, majority is gold & silver (20%) followed by house (14%) and land (3%). Of the income generating assets,

majority is livestock (18%) followed by auto/taxi (3%), agriculture machinery (3%), tool kits (2%), camera (2%) and other includes xerox machine, flour mill, tent house and sewing machine. The household assets include household articles (10%), television (9%), refrigerator (5%), motor cycle and LPG connection. The percentage of assets procured by the households is more in Warangal (40%) than in Mahabubnagar (31%) and Adilabad (29%).

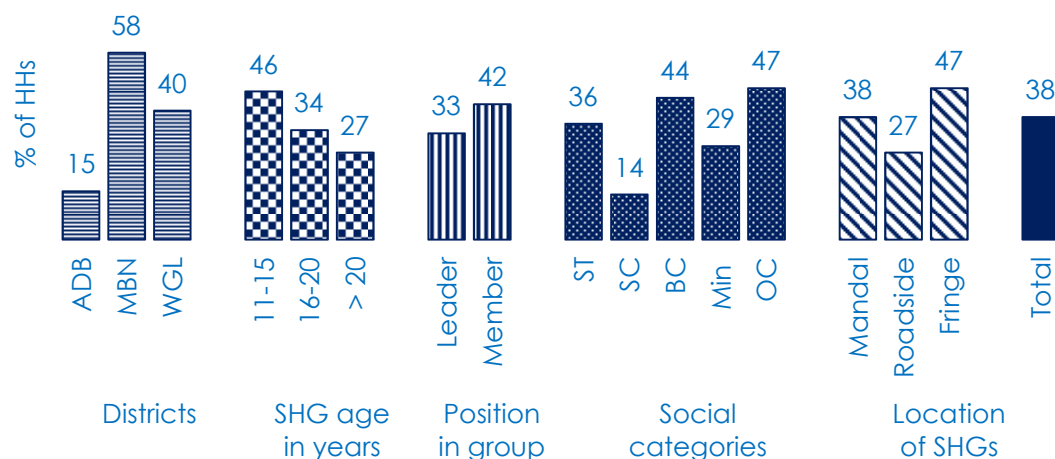
Table-7.4 shows that many households purchased gold/silver ornaments, constructed houses, household articles and livestock. Some households bought refrigerator, bullocks and motor cycles. Few households purchased land, sheep/goat, auto/taxi, mobile phones, agriculture machinery, tool kits, camera, xerox machine, tent house and sewing machine.

S. No.	Name of asset	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Livestock	25.8	28.3	27.3	18.7
2	Auto/ taxi	5.7	7.7	9.1	5.6
3	Ag. Machinery	5.7	7.7	--	4.7
4	Tool kits	2.9	2.6	3.0	2.8
5	Camera	--	7.7	--	2.8
6	Other	--	7.8	3.0	3.6
7	Gold / silver	28.6	41.0	45.5	38.3
8	House	34.3	7.7	39.4	26.2
9	Land	2.9	2.6	12.1	5.6
10	HH articles	11.4	20.5	9.1	19.6
11	Television	22.9	10.3	27.3	16.8
12	Motor cycle	8.6	12.8	6.0	10.3
13	Refrigerator	5.7	5.1	15.2	9.3
14	LPG stove	8.6	2.6	18.2	6.5
15	Mobile	5.7	--	18.2	4.7

The average value of assets procured by a household with SHG loans is Rs. 77,550. It is varying between the districts, location, social category and years of association of members' association with SHGs. The average worth of assets procured is high in Warangal (Rs. 93,272) and low in Mahabubnagar (Rs. 69,244) when compared to Adilabad (Rs. 71,985). It is high in households located at mandal headquarters (Rs. 85,750) and low in roadside villages (Rs. 64,469) when compared to fringe villages (Rs.79,917). The social categories and the value of assets procured are positively associated: it is low in STs (Rs. 61,111) and high in OCs (Rs. 1.23 lakhs) when compared to SCs (Rs. 65,642), BCs (Rs. 72,784) and Minorities (Rs. 92,500).

1.8 Promotion of enterprise activities: About 38% of SHG member households started enterprise activities with SHG loans. The majority households have taken up

Fig-7.3: Households Have Taken Up Enterprise Activities



enterprise activities in Mahabubnagar (58%) when compared to Warangal (40%) and Adilabad (15%). Fig-7.3 shows that the percentage of households taken up enterprise activities is high in members have membership in SHGs between 11-15 years than 16-20 years and more than 20 years. It is higher in members than leaders. The households taken up enterprise activities is high in fringe villages than in mandal headquarters and roadside villages.

Table-7.5 shows that majority of the activities are agri-allied (50%) followed by non-farm (48%) and farm (2%). The details of enterprise activities taken up by the SHG member households are as follows:

Name of the activity	Households		Fund source & amount in Rs.			Investment in Rs.	
	F	%	Own	SHG	Other	Total	Mean
1. Dairy	13	29	110000	448000	0	558000	42923
2. Cloth business	5	11	230000	330000	34000	594000	118800
3. Kirana shop	5	11	70000	135000	0	205000	41001
4. General store	4	9	518000	653000	90000	1261000	315250
5. Tailoring	4	9	50000	77500	0	127500	31875
6. Auto	3	7	200000	180000	20000	400000	133333
7. Hotel	3	7	80000	123500	0	203500	67833
8. Brick making	2	4	600000	170000	500000	1270000	635000
9. Fruit shop	2	4	110000	74000	0	184000	92000
10. Sweet shop	2	4	30000	80000	0	110000	55000
11. Agriculture	1	2	0	100000	0	100000	100000
12. Carpentry	1	2	0	54800	0	54800	54800
Total	45	100	1998000	2425800	644000	5067800	112617

a) Investment: Table-7.5 shows that the households mobilized funds for the activities from multiple sources: i) household earnings, ii) SHG loans and iii) other credit sources. Of the total capital of Rs. 50.68 lakhs, large portion is SHG loans (48%)

followed by household earnings (39%) and other formal & informal credit sources (13%). However, out of 45 households, 67% and 9% of households invested household earnings and other than SHG loans respectively. It means SHGs played a vital role in mobilizing funds for starting the enterprise activity. The investment on an activity varies from Rs. 5,000 to Rs. 12 lakhs with an average of Rs. 1.13 lakh per activity. The average investment is high in brick making and low in tailoring when compared to all other enterprise activities.

Box-7.1: Modest income from new economic activity: Balakistamma, member of Jhansi Laxmi Bai SHG in Kodagal village of Jadcherla mandal in Mahabubnagar has purchase two cows worth of Rs. 60,000. Of the total investment, Rs. 50,000 was borrowed from SHG and Rs. 10,000 is from household income. The household is getting an average income of Rs. 15,000 per month. Smt. Sridevi, member of Pushpa SHG in Bijinapalli mandal of Nagar Kurnool district has started a kirana shop with an investment of Rs. 50,000 – Rs. 35,000 is SHG loan and Rs. 15,000 is household savings. On average, she is earning Rs. 17,000 per month. Priyanka, member of Varalaxmi SHG in Sarangapur village of Nirmal district has started a sweet shop with SHG loan of Rs. 50,000. She is earning Rs. 17,000 per month. In all the three cases, one of the household member got employment.

b) Income per month: The average monthly income depends on the nature of activity and the volume of investment. The average monthly income is varying between Rs. 1000 and Rs. 30000 with an average of Rs. 9,718. Table-7.6 shows that the average income is varying between the activities: high in General Stores with Rs. 17,750 and Hotel business and low in tailoring, agriculture and dairy when compared to other activities. The investment and the average monthly income are positively related i.e. as the investment increases monthly income also increases. The average income is high (Rs. 8,660) in the activities with investment more than Rs. 1 lakh than investment of Rs. 51,000 – Rs. 1 lakh (Rs. 7,342) and up to Rs. 50,000 (Rs. 4,789).

Name of Activity	House holds		Number of members			Income per month in Rs.	
	F	%	HH	Others	Total	Total	Mean
1. Dairy	13	29	16	1	17	68,500	5,269
2. Kirana shop	5	11	7	0	7	48,000	9,600
3. Cloth business	5	11	8	1	9	48,000	9,600
4. General store	4	9	10	0	10	71,000	17,750
5. Tailoring	4	9	4	0	4	17,800	4,450
6. Hotel	3	7	6	1	7	53,000	17,667
7. Auto	3	7	3	0	3	28,000	9,333
8. Brick making	2	4	3	2	5	34,000	17,000
9. Sweet shop	2	4	4	0	4	30,000	15,000
10. Fruit shop	2	4	2	1	3	19,000	9,500
11. Carpentry	1	2	2	0	2	15,000	15,000
12. Agriculture	1	2	1	2	3	5,000	5,000
Total	45	100	66	8	74	437,300	9,718

c) Employment generation: Mostly, 1 to 2 household members got employment with the promotion of enterprise activities. Of the 74 people who got employment, 89% are household members and the remaining 11% are other than household members.

d) Trainings & access to government entitlements: Except one, no SHG member got training on any enterprise activity. No SHG member accessed any kind of Government entitlements.

1.9 Changes in social aspects at household level

a. Children education improved: Table-7.7 shows that nearly one half of sample SHG member households (48%) informed that they paid their children's school and college fees and other educational expenses with SHG loans. This has enabled children to have a good education. The percentage of households who reported that their children education has improved is high in Warangal than Adilabad and Mahabubnagar. It could be active functioning of civil society organizations in Warangal.

S. No.	Changes reported	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	Children education	42.5	42.5	60.0	48.3
2	Health improved	60.0	30.0	32.5	40.8
3	Food / consumption	20.0	15.0	7.5	14.2
4	Children marriage	30.0	20.0	30.0	26.7

b. Health improved: Table-7.7 shows that 41% of the households reported that there is an improvement in the health of household members. The occurrences reported are more or less double in Adilabad (60%) when compared to Mahabubnagar (30%) and Warangal (33%).

c. Food security: Few households reported that they have been collecting monthly ration regularly because of availability of SHG credit. It means that the SHGs are providing food security indirectly to their members.

d. Children marriages performed: Little more than a quarter of households have reported that they used SHG loans towards their children's marriage expenses instead of borrowing high cost loans from money lenders. Consequentially, there is no high interest burden.

1.10 Access to government programmes: All the households have been accessing government welfare and development programmes. The households benefitted with multiple programmes: 120 households accessed 438 programmes with an average of 3.65. Table-7.8 shows that of the 120 SHG member households, majority have benefitted with public distribution system (PDS) /ration followed by LPG

connection, MGNREGS, pensions, pulse polio, IHHL programme, housing, ICDS services loan waiver and scholarships.

A small percentage of households benefitted with insurance (7%), Jan Dhan Yojana (3%), SC & ST loans (2%) and distribution of sheep & goat (1%) programmes. However, there are differences between the districts in the percentage of households accessing various programmes. The percentage of households which accessed pensions, housing program, LPG connections and NREGS are high in Adilabad than Warangal and Mahabubnagar. But the percentage of households which benefitted from pulse polio, ICDS services, scholarships, Jan Dhan Yojana, loan waiver and Kalyana Laxmi /Shad Mubarak is more in Warangal district than in Mahabubnagar and Adilabad.

S. No.	Name of the program	ADB (N=40)	MBN (N=40)	WGL (N=40)	Total (N=120)
1	PDS/ Ration cards	80.0	77.5	85.0	80.8
2	LPG connection	62.5	45.0	47.5	51.7
3	NREGS	60.0	32.5	37.5	43.3
4	Social security pensions	60.0	25.0	42.5	42.5
5	Pulse Polio	20.0	35.0	35.0	30.0
6	IHHL program	30.0	22.5	30.0	27.5
7	Housing	42.5	17.5	22.5	27.5
8	ICDS services	12.5	25.0	27.5	21.7
9	Loan waiver	12.5	15	15.0	14.2
10	Scholarships	5.0	7.5	17.5	10.0

II CHANGES AT SHG LEVEL

During focus group discussions, the SHG members have stated the changes that have been occurring at SHG level with reference to membership, savings, credit services, cohesiveness between members, linkages with other institutions, etc.

2.1 Habit of savings: Table-7.9 shows that the majority of SHGs (58%) told that they have promoted large amount of savings. The percentage of SHGs reported it is high in Adilabad (65%) when compared to Mahabubnagar (55%) and Warangal (55%). The data shows that the average cumulative members' savings with SHG is Rs. 1.05 lakhs; average monthly savings per member at present is more (Rs. 109) than that at the beginning (Rs.42); and most SHGs (93%) increased their savings 1 to 5 times. It means that the members instilled the habit of savings and accrued large amount of savings at group level.

2.2 Credit to all members in a group: The majority SHGs (60%) reported that at present all their group members are accessing credit. The percentage of SHGs

opinioned of it is high in Warangal (75%) than in Adilabad (60%) and Mahabubnagar (45%). At the beginning, the SHGs were offered small loans to few members in their groups. But presently, each member has at least one loan outstanding with SHG. The data shows that the average number of loans outstanding in a group is high (21 loans) than the average group size (11 members).

2.3 More awareness among members: The majority of SHGs in Warangal (60%) and Mahabubnagar (55%) said that now, there is more awareness among members than at the beginning. However, the percentage of SHGs which reported more awareness among members is low in Adilabad (30%). It might be because of low capacity building inputs in the tribal areas of Adilabad. During SHG visits, the study team also observed that majority SHGs have good awareness on objectives of SHG program (63%) and member-wise savings and loan status (60%). It might be because of leadership rotation (95% SHGs) and financial transaction within group meetings (95% of SHGs).

2.4 More unity / cohesiveness among the members: The majority of SHGs (60%) felt that there is a more cohesiveness among the members at present than at the beginning of the group. Table-7.9 shows that the percentage of SHGs reported more cohesiveness between the members is high in Warangal (70%) than Adilabad (50%) and Mahabubnagar (60%). Less group corpus for on lending to their members, less external credit linkages, irregular meetings & savings, loan defaulting, misuse of funds by the leaders are the major problems at the beginning. Thus, there is a less faith on each other among the members. Now-a-days, unlike initial years, there is a good harmony among members as there is credit access to all, regular monthly savings and repayment of loan installments in group meetings.

S. No.	Changes at SHG level	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Large amount of savings promoted	65.0	55.0	55.0	58.3
2	Adequate credit to all group members	60.0	45.0	75.0	60.0
3	More cohesiveness among members	50.0	60.0	70.0	60.0
4	Good reputation at bank	50.0	70.0	75.0	65.0
5	Adherence to group norms	15.0	0.0	20.0	11.7
6	More awareness among members	30.0	55.0	60.0	48.3
7	Improvement in sharing of work	35.0	40.0	10.0	28.3
8	Linkages with other institutions	30.0	25.0	30.0	28.3
9	Model to others	10.0	20.0	0.0	10.0
10	Agenda limited to savings and loans	5.0	10.0	10.0	8.3
11	Able to provide credit to villagers	5.0	0.0	5.0	3.3

2.5 Good reputation at bank: About 65% of SHGs reported that they have good reputation at bank. Of the districts, it is high in Warangal (75%) than Mahabubnagar

(70%) and Adilabad (50%). At the beginning, the bankers did not consider the SHGs as valuable customers and showed mean attitude towards SHG women - abusive, no priority, negligence and no faith. Now, the SHG women have good respect at bank because of SHGs' regular savings, more than 95 percent loan repayment rate or negligible non-performing assets and significant portfolio of SHG banking.

2.6 Linkages with other institutions & other changes: Some SHGs reported that the groups have established linkages with gram panchayat (28%), improvement in sharing of SHG work (28%) and became model to other groups (10%). Few groups have reported negative changes such as agenda limited to savings and loans (10%) and able to provide loans to non-SHG members (3%) on 2% interest per month with group consent to earn more interest on group funds.

III CHANGES AT VILLAGE LEVEL

The members have reported many changes at the village level since the beginning of the SHG movement.

3.1 Large number of SHGs came into being at all habitations: Table-7.10 shows that most SHGs (90%) reported that large number of women formed into SHGs and federated as village organizations. The percentage of SHGs that has reported it is high in Adilabad (95%) than in Warangal (90%) and Mahabubnagar (85%). During interactions the members reiterated that in each habitation there are 5 to 50 SHGs and in each gram panchayat one to five village organizations depending on the size of habitation and Gram Panchayat.

3.2 Recognition to SHGs: About two-thirds of SHGs (67%) have reported that they got recognition at village level. Large number of SHGs stated it in Mahabubnagar than in Adilabad and Warangal. During discussions, the groups said that the numerical dominance, long existence and multiple services of SHGs as reasons for it. It is evident that the Gram Panchayats have been inviting SHGs for the national festivals that they celebrate; besides the GPs are taking SHGs' assistance in the implementation of programmes like Swachh Bharat, Pulse Polio etc.

3.3 Dependency on money lenders declined: About 88% SHGs reported that dependency on money lenders has been declining because of availability of large volume of low cost and interest free loans from SHGs. All the SHGs in Adilabad reported it than Warangal and Mahabubnagar.

3.4 More awareness on Government programmes: About 70% of SHGs said that there is much awareness among the villagers on government programmes at present than at the beginning of SHGs. It might be the result of discussions about government programmes in VO and MS meetings. The SHG and /or VO representatives who attend their federation meeting share the information with the members during their meetings; the members with their household members; and

the household members with their neighbours, friends & relatives. In addition, the government has been implementing many welfare & development programmes through SHG federations.

Table-7.10: Changes at Village Level (% of SHGs)					
S. No.	Changes at village level	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Number of SHGs came into being	95.0	85.0	90.0	90.0
2	Dependency on money lenders declined	100.0	70.0	95.0	88.3
3	More awareness on Govt. programs	55.0	80.0	75.0	70.0
4	Recognition to SHGs at village level	70.0	75.0	55.0	66.7
5	Sanitation improved	40.0	25.0	75.0	46.7
6	Networking of people & institutions	35.0	15.0	15.0	21.7
7	Increased participation in Gram Sabha	10.0	25.0	15.0	16.7
8	Attitudinal changes in gender relations	5.0	20.0	20.0	15.0
9	Drinking water facility improved	--	5.0	15.0	6.7
10	Connectivity roads were formed	--	5.0	5.0	3.3
11	School improvement	--	5.0	--	1.7

3.5 Improvement in village infrastructure & amenities: Small percentage of SHGs felt that there is an improvement in sanitation (47%), drinking water facility, connectivity roads and school infrastructure, increase in women participation in Grama Sabha. There is a good opinion among the villagers on SHG women at present than at the beginning.

3.6 Membership in other community based organizations: Of the 120 sample SHG women, 15 (13%) have membership in other community based organizations (CBOs) such as watersheds, Vana Samrakshana Samithi, School Educational Committee, Farmer Producer Organizations, Youth Club, Mutually Aided Cooperative Societies and caste associations such as Reddi Sangam and Gouda Sangam.

3.7 Participation in public offices: Out of 684 members of 60 sample SHGs, 18 (2.6%) women have contested in local Gram Panchayat and Mandal elections. Of the contested, 12 (66%) have succeeded. It means that the women participation in elections is not very significant, but the success rate is noteworthy. However, about 10% of the members attended for campaigning of a candidate.

3.8 SHGs in the implementation of government programmes: About 78% of SHGs participated in various programmes being implemented by the government. The details are as follows:

a. Swachh Bharat Mission: Table-7.11 shows that of all the programmes, Swachh Bharat Mission has gained the attention of largest number of SHGs (78%). The majority of SHGs participated in Swachh Bharat Mission activities across the districts. However, the percentage of SHGs involvement is high in Warangal (84%) when

compared to Adilabad (80%) and Mahabubnagar (68%). The SHGs are involved mostly in cleaning of public places, participation in awareness campaigns about open defecation free villages, construction and use of individual sanitary latrines etc.

b. Janma Bhoomi programme: The majority of SHGs participated in the Janma Bhoomi programme, which was a pet programme of the erstwhile Andhra Pradesh Government. But the SHGs involvement in Janma Bhoomi programme is high in Adilabad when compared to Warangal (53%) and Mahabubnagar (47%). It enables villagers to appeal their problems with the respective authorities to access entitlements meant for the vulnerable, and join hands with the government in community development. The SHGs mainly contributed to the programmes in the form of labour while laying the connectivity roads, cleaning of drainage canals, white-wash of schools, construction of school compound walls, construction of community halls with the material support from government.

c. Harithaharam: It is a large flagship programme of the state Govt. of Telangana aimed at increasing the state's green cover from 24% to 33% as envisaged in the National Forest Policy, 1988. It was started in July 2015 with a budget of Rs. 550 crores. The goal of the project is to plant 230 crore saplings in the state. Table-7.11 shows that little more than one third of sample SHGs participated in it. However, the number of SHGs which took part in the program is high in Warangal (53%) than Adilabad (35%) and Mahabubnagar (21%).

S. No.	Name of the programme	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Swatch Bharat Mission	80.0	68.4	84.2	77.6
2	Janma Bhoomi	60.0	47.4	52.6	53.4
3	Harithaharam	35.0	21.1	52.6	36.2
4	Mid-day meal	20.0	26.3	31.6	25.9
5	Pulse polio	20.0	21.1	15.8	19.0
6	Disbursement of pensions	--	21.1	15.8	12.1
7	Palle Pragathi	15.0	--	21.1	12.1
8	NREGS payments	10.0	5.3	5.3	6.9
9	PDS / Ration shop	--	5.3	5.3	3.4

d. Mid-day meal programme: About a quarter of SHGs have been involved in cooking mid-day meal programme in government schools. The percentage of SHGs involvement is comparatively high in Warangal (32% than Mahabubnagar (21%) and Adilabad (20%). The motto of linking SHGs with mid-day meal programme is to provide livelihood to SHG women.

e. Pulse polio: Nearly one-fifth of SHGs participated in the implementation of pulse polio program. The SHGs were mainly involved in sharing the information about

the programme day and date, mobilization of parents & children and making arrangements

f. Distribution of social security pensions: Small number of SHGs in Mahabubnagar and Warangal are involved in the distribution of social security pensions. The SHGs played a key role in identifying, applying and processing pensions to the widows and senior citizens in their groups.

g. Palle Pragathi: As part of working for inclusive growth of selected villages the Govt. of Telangana has been implementing Palle Pragathi in 1,500 selected villages of 150 mandals with financial assistance from the World Bank to empower women and to provide citizen services to rural people in their villages itself. About 12% of SHGs participated in Palle Pragathi programme. No SHG in Mahabubnagar participated in this program.

h. Disbursement of MGNREGS payments: A very small number of SHGs have been involved in the disbursement of MGNREGS payments.

i. PDS store: A very small number of SHG members have been running a ration shop on SHG's name. The store has been maintaining by the household members but not by the SHG members. However, many SHGs pass on information to the fellow members about ration distribution dates in the village

3.9 Role of SHGs in addressing social issues: Out of 60 SHGs, except two, all SHGs participated in 143 social activities, ranging between 1 and 4 with an average of 2.5 activities. The data shows that of the 143 activities reported by the sample SHGs, 79 (55%) are related to health, followed by social issues (18%), support to poor and vulnerable sections (16%), community infrastructure and basic amenities (9%) and social capital-education (2%).

a. Health – cleaning of roads: Table-7.12 shows that of the 60 sample SHGs, 79% have been involved in cleaning roads in their villages; 55% of SHGs cleaned drains in their habitations. Though cleaning of roads and drains is the primary responsibility of the Gram Panchayat, the groups have taken these actions. It is because of involvement of SHGs in Swachh Bharat Mission and Janma Bhoomi programmes.

b. Support to orphans, disabled and poor girls: Of the 60 sample SHGs, 21% SHGs provided rice to poor families in the village; 10% SHGs extended financial support to orphan children; 5% SHGs made donations for poor girls' marriage; 2% SHGs made donations to support disabled people and 2% SHGs bore cremation expenses of an orphan.

c. Social issues: Of the 60 sample SHGs, 19% SHGs tackled domestic violence; 12% SHGs stopped child marriages; 9% SHGs fought against child labour; and 3% SHGs tackled dowry harassment cases.

Table-7.12: Role of SHGs in Addressing Social Issues (% of SHGs)					
S. No.	Name of social issue	ADB (N=20)	MBN (N=20)	WGL (N=20)	Total (N=60)
1	Cleaning of roads	84.2	78.9	75.0	79.3
2	Cleaning of drains	42.1	47.4	75.0	55.2
3	Guppedu Biyyam (Pist of rice)	--	5.3	55.0	20.7
4	Drinking water	10.5	15.8	30.0	19.0
5	Domestic violence	10.5	21.1	25.0	19.0
6	Stopped child marriage	15.8	--	20.0	12.1
7	Financial assistance to orphans	5.3	15.8	10.0	10.3
8	Stopped child labour	5.3	15.8	5.0	8.6
9	Funds to national festivals	--	10.5	5.0	5.2
10	Support to poor girl's marriage	10.5	5.3	--	5.2
11	Dowry harassment	5.3	--	5.0	3.4
16	Others	5.3	5.3	15	8.5

d. Community infrastructure: Table-7.12 shows that of the 60 sample SHGs, 19% fought against the Gram Panchayat to solve the drinking water problems; 4% of SHGs gave memorandum to the Mandal Development Officers for connectivity road and for the construction of a community hall in the village.

e. Social capital-education: Few SHGs (5%) met the cost of national festivals such as Independence Day, Republic day and Vinayaka Chavithi which was organized in their villages.

f. Nature of support: The SHGs extended support in cash or kind or both. The amount varies from Rs. 100 to Rs. 500 depending on the nature of activity and the beneficiary. Kind includes free labour (79%), representation to concerned officials (29%), material support (24%), mediation between the parties / families (%) and dharna against officials (3%).

IV CONCLUSIONS

The households have debts with multiple formal and informal sources. One-third of SHG member households are totally indebted to SHGs; however, SHG is the major source of credit to the SHG member households.

The SHG members' households have promoted large amount of savings with formal and informal institutions. Besides SHGs and SHG federations, and all SHG members have individual savings bank account. The households have debts with multiple formal and informal sources. One-third of SHG member households are totally indebted to SHGs; however, SHG is the major source of credit to households.

The dependency on money lenders has declined as there is an improvement in the household income and the repayment of high cost old debts from traditional

sources with low cost or interest free SHG loans. The households have bought good amount of permanent, household and income generating assets with SHG loans. There is an improvement in household members' health and children's education.

A good number of SHG member households started enterprise activities with SHG loans. The SHG played a vital role in the promotion of enterprise activities. Large portion of investment is from SHG as loans. The income varies between the activities depending on the nature and scale of activity. Mostly 1 to 2 household members got employment through enterprise promotion.

Many changes occurred at SHG level –members inculcated the habit of promotion of savings, credit access to all the group members, more awareness than earlier, more cohesiveness among the members, good reputation at bank and linkages with other institutions. Few groups reported negative change such as lending to non-SHG members and restricted to financial services.

There are many changes that happened at village level due to SHGs - large number of SHGs formed at all habitations, recognition to SHG at Gram Panchayat, dependency on money lenders has declined, more awareness on government programmes, improvement in village infrastructure and amenities and membership to SHGs in other community based organizations.

The SHGs and federations are seen as an institutional mechanism for the poor to access various government schemes and programs. The SHGs participation in the implementation of government programmes is low to high depending on the programme. The SHGs mostly played the role of information sharing and community mobilization.

SHGs' involvement in social issues is effective and progressive. The issues they have addressed are related to health, financial assistance to vulnerable sections, social issues, community infrastructure development and met the cost of national festivals organized in schools & villages. The SHGs support is in the form of cash or kind or both. In a nutshell, the SHGs have brought an immense change in the socio-economic conditions of their members at all levels - individual, household, group and village or community.

CONCLUSIONS AND RECOMMENDATIONS

I MAJOR FINDINGS

The broad objective of the study is to understand the sustainability of matured (old) self-help groups in Telangana. The study covered a sample of 60 SHGs and 120 SHG members drawn from the sample SHGs from a sample of 6 mandals drawn from 3 erstwhile districts of Telangana namely Adilabad, Mahabubnagar and Warangal. To understand the role and perspectives of various stakeholders on the sustainability of matured SHGs, 6 SERP officials, 6 bank branch managers and 3 NABARD districts officials and chief functionaries of bank, SERP and Streenidhi were interviewed. Primary and secondary data were gathered by using quantitative as well as qualitative research methods. Based on the findings of the study the following conclusions are drawn.

The study findings suggest that the SHGs & their federations have brought about significant change in the lives of SHG women and their households. The SHGs have empowered women in their socio, economic and political domains of life. The SHGs had a significant role in improving the household income, promoting household economic activities, educating children, improving health of household members, accessing various government welfare & development programmes. However, the impact has not been uniform across the study districts in the state due to the variable quality of SHGs, bankers' support and the vision of the promoters.

1.1 Performance of self-help groups: The quality of the matured SHGs is very good with nearly 96% of the SHGs in A (68%) & B (28%) grade. The SHG members have large amount of savings in their SHGs besides in federation and Streenidhi Cooperative Financial Institution. To maximize their savings the SHGs increased their savings per member per month many times since their formation 10-20 years ago. However, it is interesting to note that as compared to the age of SHG, cumulative members savings in SHGs is lower due to periodical withdrawing of savings for equal distribution among members or at times to repay loan installments to the bank. Though the regularity of meetings and members' attendance in meetings is very good in some of the SHGs, it is alarmingly low in many SHGs. The meeting agenda is mostly financial; there is least focus on livelihoods, social and development agenda, which is critical for the holistic development of SHG members and their families.

SHG bookkeeping is moderate, and many SHGs are not maintaining all the prescribed books, even though most SHGs engaged book writers and paying honorarium as training on book keeping and accounting to book writers is limited. Leadership rotation started in most of the SHGs. However, there is a low occurrence of leadership rotation in many groups even after 16 years of average age of SHGs. In about a quarter of the SHGs there is no internal lending with own funds even though

they have large funds lying in their savings bank accounts and there is demand for loans from the members.

The quality of groups in terms of their grades is very good. However, there are some 'B' and 'C'-grade groups. It is because of absence of internal lending and not all SHG books are properly maintained. Further, 3 percent of SHG accounts are defunct and /or dead accounts in a branch.

1.2 Financial performance of SHGs: The SHGs have large amount of assets in the form of loan outstanding with the members. However, there are significant amount of funds as idle funds in SHG SB accounts as the bank loans are interest-free and the bankers advise the SHGs to take loan instead of withdrawing their own savings. Further, SHGs are mostly dependent on multiple external agencies than members' saving for providing credit services to their members. Most SHGs have large volume of loans with banks followed by Streenidhi and SHG federations. The repayment is good to external agencies. However, 3 percent of SHGs reported overdue and non-performing assets especially in tribal habitations because of lack of work and political promises even though banks, SERP and federations have been involved in managing default at all levels.

1.3 Interest subvention: Reimbursement of interest incentive on bank and Streenidhi loans has enormous impact on repayment of loans, and there is a high pressure on bankers from SHGs for large volume of loan, one lakh rupees per member. No doubt that most of the SHGs have been benefitting from SHGBLP and reimbursement of interest; but there is an inordinate delay in getting large bank loan of more than Rs. 5 lakhs and reimbursement of interest which needs to be addressed. Interest-free loans to SHGs from banks have adversely affected credit culture among the SHGs in Telangana.

1.4 Capacity building: During the initial years, SHGs and SHG federations received considerable training and a massive social capital has been developed. Over the past few years, there are no formal trainings to SHGs on institution building, financial literacy, skill development, social issues and government programmes. There is a need for trainings on financial literacy and skill development as the SHG members are using the substantial portion of loans for non-productive purposes; and the promotion of new economic activities at household level is not up to the expectations. But discussions are held occasionally in VO and MS meetings depending on the availability of time and presence & interest of Community Coordinators and Assistant Project Managers.

1.5 Impact of SHGs: The SHGs have brought a significant change in the lives of their members at individual, household, group and community levels. In terms of confidence levels, mobility, access & control over the household resources, decision making, and gender there is an enormous progress in the socio, economic conditions of SHG women. The SHG members' households promoted major portion

of savings with formal institutions. SHGs became the major source of household debt. Household income has improved. Dependency on money lenders has significantly declined. Many households have purchased a variety of productive and permanent assets improving household security. There is progress in the health and education of household members and in accessing many government social security and other programmes using SHGs and SHG federations as platforms.

At group level, the SHGs have built large corpus and are providing quality financial services to their members. There is more cohesiveness, solidarity and awareness among the members when compared to earlier. Further, the groups have established linkages with institutions in the village and have been participating in the implementation of various government programmes and addressing economic & social issues at village level. SHG federations have positive image and they are a part of several committees of the Government. SHG federations are engaged in running fair-price shops, procurement of non-perishable commodities under Minimum Support Price (MSP) as agent of the Government and these SHG federations act as a strong demand system exerting pressure on the Government supply system.

II RECOMMENDATIONS

It's proven beyond doubt that the SHG movement in Telangana has matured and could evolve into a self-reliant community based microfinance system in providing wide-range of services to the members to improve their quality of life. NABARD played a pivotal role in SHG promotion & capacity building in the initial years of the movement. With SERP taking on the responsibility of promoting, mentoring & steering the SHG movement in Telangana following a saturation approach and then establishing Stree Nidhi as a supplementary financial institution has ensured that the SHG movement is here to stay. With commercial MFIs not existing in Telangana and the JLGs not being that successful, the SHG Bank linkage program supplemented by Stree Nidhi as a "Business Correspondent" must work even more efficiently to ensure that the SHGs and their federations exploit the Cash-Credit Loans (CCLs) for SHGs.

Both SERP & Stree Nidhi have taken up computerization of SHGs and their members, with Stree Nidhi loans available to SHGs within 48 hours using technology platform. However, the digitization of NABARD has not been synchronized with the SERP / Stree Nidhi system. There is tremendous scope to have a digitization system for the SHGs in Telangana led by Stree Nidhi with a possibility of SHG monthly financial statements be printed at the village level to have a record for the reference of the SHGs.

There is still need for building the capacities of the SHGs and their federations focusing on livelihood promotion and supporting the SHG members to graduate to directly borrowing from bank to pursue their microenterprises. NABARD has several innovative enterprise development programs which can be taken up in selected areas and this can be augmented by the Startup Village Entrepreneur Program

(SVEP) of NRLM being implemented by SERP in Telangana with Kudumbasree and MAS as the implementing agencies. Sooner it is done, better it will be for the country. It will be a win-win situation for all stakeholders. Further, there is a need to take certain policy initiatives to ensure the sustainability of SHGBLP, particularly on financial literacy, enterprise promotion, ensuring convergence with the other major initiatives of the Government like Standup India, Pradhan Mantri Mudra Yojana and National Skill Development etc. In this context the following recommendations are made:

2.1 To improve the quality of SHGs

Continuous capacity building of the SHGs and SHG federations is necessary for sustaining the impact that the SHG movement has created. The SHGs and their federations have to be strong and vibrant. Their quality must be improved through continuous need based and regular capacity building by SHPIs, NABARD, Streenidhi and other stakeholders, with special focus on microenterprises and best use of CCL.

a. Promotion of voluntary savings: SHGs mobilize mandatory savings from their members. It would be appropriate to promote voluntary (purpose-based) savings among SHG members. A number of large SHPIs have piloted voluntary savings among the SHGs. NABARD and NRLM should formulate guidelines for promoting voluntary savings among the SHGs. This would require additional training and special focus on financial literacy. About 75% of SHGs have withdrawn their savings sometime or the other. This can be effectively addressed if there is a mechanism for all the SHGs to have annual audit and a strong support system to ensure optimum use of the members' savings.

b. Revival of dormant groups: There are about 2 to 3 percent of SHGs which are defunct or SHG dead accounts in a branch because of varied reasons. As a result, non-performing assets have been increasing and there is delay in credit linkage to other SHGs in the village. Adopt CRP system to revive the dormant groups and to improve the quality of groups as well as speed up the SHGBLP.

c. Holistic Approach: The SHGs focus primarily on financial agenda during their meetings. It is also observed that the SHGs and their federations act as channels for delivery of various schemes of the Government. Capacity building & mentoring support to SHGs should focus on addressing larger social issues. SHPIs could develop social capital to support the SHG agenda related to livelihoods and social and political empowerment. Appropriate policy guidelines may be developed to enable the institutional platform of the SHGs and SHG federations to be used for addressing larger issues of health, education and women's empowerment.

2.2 Capacity Building to Various Stakeholders

a. SHG Governance & Bookkeeping: Book keeping still requires considerable attention. Systematic training to book keepers and effective monitoring system is

necessary. Digitization of SHGs (mobile bookkeeping was implemented in Andhra Pradesh) could be one of the ways to address this issue. SHPIs and SHG federations must work to institutionalize the system of annual SHG audit by "Community Auditors" for transparency. Completion of annual audit of an SHG might be an appropriate time for election of the new SHG leaders.

b. Training of Bankers & SHPIs: In the first 10 years of SHG Bank linkage, NABARD played a pivotal role in orienting the bankers and in training the SHPIs on the entire process of SHG Bank linkage. During the discussions with SHPIs and Bankers it was revealed that their understanding about the Cash Credit Limit (CCL) is limited. Such trainings are needed more.

2.3 To promote livelihoods

a. Training on Agriculture & Allied Sectors: About 48% of the credit is used for non-productive purposes. It is necessary to have effective economic literacy training through SHG system and also provide training based on the economic activity taken up by the SHG members. Limited training and handholding support is provided to SHG members on the specific livelihoods taken up by them. Agriculture and allied activities are predominant livelihoods of the rural poor. Specific trainings that will increase their incomes and reduce their expenditure and risk will have to be planned and conducted by the SHPIs. Some of the SHGs & SHG federations can also be linked to the Farmers Producer Organizations (FPOs) coming up across India. As SHGs have considerable funds, there could be a possibility of SHG Federations funding the business plans of the FPOs to achieve synergy. SHG Federations and FPOs can work together on food processing, particularly grading, sorting and any other possible secondary processing to add value and to increase income for the farm households following a value-chain approach. NABARD should take a lead in this regard, guide and support the process.

b. Effective monitoring system of loan utilization: About 48% of the credit is used for non-productive purposes. There is a need to have an effective system of monitoring loan utilization as a member could borrow more than Rs.75,000 through the SHG system. If the loans are not used effectively for livelihood purposes and asset creation, there is a possibility of some SHG members falling into debt-traps. This requires a clear strategy and action plan from SERP.

c. Enterprise Training & Linkages: In matured SHGs, women members are taking up enterprises to increase their household incomes. These women require trainings on enterprise management and also on specific skills related to that enterprise. Facilitating linkages with markets is critical for the sustainability and profitability of their enterprise. Most importantly, such entrepreneurs require larger scale of finance which may not be serviced by the SHGs. In such cases, linking these entrepreneurs to the banks to access individual loan is important, by converting with the other government initiatives for enterprise promotion as mentioned earlier. EDPs of

NABARD and SVEP of NRLM could strongly focus on enterprise promotion in rural areas in non-farm sector. NABARD needs to play a key role in this sphere as in agro-based enterprises.

d. Implementation of Government Schemes through SHGs & SHG Federations:

SHG members are accessing a number of Government Schemes and Entitlements through the SHG system. While this is beneficial to the SHG households, how to ensure that the SHGs and their federations to still function as per the principles of self-help, mutual-benefit and self-responsibility also should engage the attention of policy makers. SHG federations have been successful as procurement agencies of the Government for non-perishable commodities under MSP. There could be a possibility of the SHG federations and FPOs working together on MSP procurement.

2.4 SHG Bank Linkage Programme

a. Promote need-based lending through CCL: The practice of equal distribution is still prevalent. For optimum utilization of bank loans, appropriate policies and capacity building efforts must be initiated to promote need-based lending. Credit and its utilization, monitoring through digitization is recommended. Training SHG members and also the field staff of the banks on CCL to ensure that they fully benefit from the unique features of the CCL would be an important initiative of NABARD and NRLM.

b. Encourage individual accounts and large individual loans: All members of the SHGs should also be encouraged to have individual bank accounts and matured SHG members to be supported to access larger individual loans directly from the banks for their enterprise needs, based on their credit history in the SHGs. SHPIs and NABARD must strongly promote graduation of SHG members to avail individual loans from the banks directly, in addition to their access to credit through their SHG. Graduation was also one of the elements of the initial vision of SHG Bank linkage programme.

c. Encourage internal lending, avoid impounding of savings: About a quarter of SHGs are not using their own savings for internal lending. This is a matter of serious concern. In spite of the saturation under the SHG bank linkage programme and the supplementary credit to SHGs under the Stree Nidhi Apex Federation of the SHGs (Women's Bank), there is still a growing "demand" for credit from the banks. This may result in SHG members neglecting their savings in SHGs. This requires an appropriate strategy and action plan.

Digitization of the SHGs and their members is the need of the hour. Telangana already has a digitization system led by Stree Nidhi with support from SERP. NABARD to have a strong partnership with SERP Telangana and Stree Nidhi to develop a single system of digitization for use by Banks, Stree Nidhi, SERP and NABARD.

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