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SHG BANK LINKAGE PROGRAMME: A PROGRESSIVE OUT LOOK OF SELECTIVE COMMERCIAL BANKS IN ANDHRA PRADESH

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ABSTRACT

The recent Indian economic perspectives tells the development have pointed towards the importance of micro finance in the empowerment of the rural community. The movement of Self-help groups (SHGs) as the most effective tools for financial inclusion was started last two decades ago with NGOs promoting self help groups. The results from these self-help groups (SHGs) are promising and have become a focus of intense examination as it is proving to be an effective method of poverty eradication. One method of access to micro finance by the rural community, rural women in particular, is the Self Help Group-Bank linkage programme, where banks provide finance to the groups for undertaking economic activities. SHG Bank Linkage programme has enhanced tremendously and recovery is comparatively higher. It means most successfully running programme in India. The present study reviews SHG-Bank Linkage Programme, a progressive out look of selective Commercial Banks (State Bank of India, Syndicate Bank) in Andhra Pradesh. After analyzing the data it came to conclude that in all aspects state bank of India and syndicate bank play very important role in A.P. and in India. The Micro level loan needed people most probably live at rural areas. Here, it is high time to take step for the government through bank to develop micro finance and protect weaker sections in the society by liberalizing loan policies. SHGs can also try to properly repay the bank loans it helps successfully reduce outstanding amount and improve the financial status of the lending banks. The most "bankable" clients and most willing to help each other for a better tomorrow.

KEYWORDS

SHGs, Micro-finance, SHG- Bank-linkage programme, women empowerment, Andhra Pradesh, India State Bank of India, Syndicate Bank.

INTRODUCTION

The Self-Help Group (SHG) movement originated in Bangladesh under the Leadership of Noble Laureate Mohamed Yunus. It is a noble mission- an innovative concept that has its roots in Bangladesh and also touched every part of the globe. In order to achieve the mission of reaching those families who did not access to credit by any formal financial institution and, therefore, were dependent on informal sources and moneylenders.

SHG-BANK LINKAGE PROGRAMME IN INDIA

As linking of SHGs with Bank finance has emerged as one of the best alternative credit delivery system to weaker sections, the Bank has focused attention to link more SHGs with Bank finance.

The National Bank for Agriculture and Rural Development (NABARD) introduced the "SHG - Bank Linkage Programme" as a pilot project in 1992. As a follow up of the recommendations of the group, financing to SHGs was mainstreamed into the operations of the banks by Reserve Bank of India in April 1996. It was stipulated that micro credit extended by banks to individual borrowers directly, or through any intermediary, would be reckoned as part of their priority sector lending.

RBI had advised commercial banks to participate actively in this programme. Subsequently, this programme was further extended to all Regional Rural Banks (RRBs) and cooperative banks. SHGs through the network of commercial banks, RRBs cooperative banks, NABARD and NGOs has been largely supply driven as well as a recent approach in the provision of financial services to the poor.

The SHG-Bank Linkage Programme is considered as most successful, promising and widely accepted model in India. Self Help Group- Bank Linkage Programme- a pilot project started by NABARD is widely accepted model as one of the largest and successful one in the world.

The journey traversed so far by the NABARD promoted Self- Help Group-Bank Linkage Programme crossed many milestones-from linking a pilot of 500 SHGs of rural poor two decades ago to reach over seven million groups last year. The poor in the country have demonstrated that inspire of being poor; they are, perhaps, the most 'bankable' clients and most willing to help each other for a better tomorrow.

The Self-Help Group movement in India is sui generis because it is a savings-first programme with credit being its logical corollary. Touching over 9.44 crore households, it has become the largest Microfinance programme in the world.

SELF-HELP GROUPS (SHGs) IN ANDHRA PRADESH

Andhra Pradesh has launched many innovative poverty alleviation strategies in the 1980s by concentrating more on welfare schemes. An important aspect of all these innovative poverty alleviation strategies is the focus on women empowerment (social and economic) through Self-Help Groups. The government of Andhra Pradesh is implementing a state wide rural poverty eradication programme based on social mobilization and empowerment of rural poor women this programme is popularly known as Development of women and children in rural areas (DWCRA) program (a sub-component of the centrally-sponsored integrated rural development program) is introduced Andhra Pradesh Government in 1982. SHG-Bank linkage program (SBLP) started as pilot project 1992. Through under the program of National Bank for Agriculture and Rural Development (NABARD). Government of India merged all the development programs in to one program i.e. "swarn gayanti gram swaraj yojana" in April 1999.

In 2000 SHG promotion in A.P. was massively expanded with the launch Andhra Pradesh district poverty initiatives project (APDPIP). The program known locally as "VELUGU" meaning "light" in Telugu. In 2004 Indira kranthi Patham (IKP, formerly velugu) which aims at enhancing assets, capabilities and the ability of the poor to deal with shocks and risks. This programme has contributed to the improvement in women's empowerment at the household and community level. Unlike most other parts of the country where NGOs have played a major role in organizing women around savings and credit, in Andhra Pradesh the state machinery got actively involved. The polity not only gave the mandate to this movement, it also got the bureaucracy involved in the effort in an active manner and gave it the necessary freedom. As the resources at the command of the state, including both financial and non-financial resources, is very high, this could

give a major impetus to the movement. 'Velugu' or Indira Kranthi Pathakam (IKP) IKP is implemented by society for Elimination of Rural poverty of Andhra Pradesh.

REVIEW OF LITERATURE

Several researches have been conducted A Study on the SHG Bank Linkage Program. A brief review of few significant works is done in this section.

Sakshikumar (2013) reveals that Micro credit has made women more productive by providing them opportunity to be self –dependent in terms of their finance, helping them earn, making them aware of their rights and making them independent which in turn has empowered them. Women are now included into socio-economic activities of the country and they are contributing to family income. They are involved in decision-making process in the family and are able to exercise more control over their reproductive rights.

B. Venkatappa and G. Sivaiah (2011) in their paper "Self Help groups through DWCRA in Andhra Pradesh" review that rural development implies both the economic betterment of people as well as greater social transformation. In order to provide the rural people with better prospects for economic development.

Dhillon (2010) observed that the Banks perceive poor rural women as higher risky group with limited liability to pay back their loans. The loans demanded by poor people are small in size and not sufficient to cover the transaction cost. Collateral requirements are difficult for women as the property is generally registered in the names the male members of the family.

D' Espallier, Guerin and Mersland (2009) postulates that women are better borrowers in comparison to men in terms of utilizations of the loan amount in order to improve the family's life quality.

E.A. Parmeshwara ET. al. (2006) opined that there is need for combined efforts of both Commercial banks and specialized MFIs. Both can supplement in increasing the outreach. NABARD should show interest to motivate the bank people to co-operate and supply microfinance to the SHGs. According to him there is need to check subsidy oriented SHGs particularly in SGSY.

Sanghwan (2006) studied the extent financial inclusion across various states. He also tried to examine the role of SHG bank linkage programme in achieving financial inclusion. The study suggested a significant role of SHG led programme in achieving financial inclusion. Beside this, it also tried to examine the role of other factors like banking density, financial literacy and per capita income in achieving financial inclusion.

Puhazhendi and Badatya (2002) observed a significant improvements in the savings SHG members during post SHG situations. The programme also improves the borrowing pattern of SHG member households in terms of strengthening credit widening and credit deepening.

Nanda Y S,(2001) A study was conducted in Karnataka, Andhra Pradesh and Tamil Nadu covering 637 groups (509 women groups). The study observed that- The highest participation in group activities was by women. Membership of SHGs came from poor sections of the society. The loan recovery in case of almost all groups was 100 per cent. The groups charged interest on loan in the range of 18-36 per cent p.a. The weekly meetings were conducted regularly.

Puhazhendi and Satyasai (2000) studied the improvement in level of income of SHG members between pre and post SHG situations.

Kempson and Whyley (1998) argued that possibility of financial exclusion is more likely to occur in the lower income section of society than amongst others. Beside this, geographical factors and income inequality are also important factors in determining financial inclusion of a country.

T. Hanumantha Rao, has made study on "Self-Help Groups, Role of the Andhra Pradesh Grameen Vikas Bank," It is often believed that poor people do not or cannot save money and despite their needs being very small, have to depend on moneylenders. However, it has been observed that the poor can save; maybe small amounts and a concerted effort must be made to help them do so in a systematic way. Their meager savings can be kept in a safe place and used in the time of need. Towards this end, the Andhra Pradesh Grameen Vikas Bank (APGVB) has provided broad interventionist schemes like Palamitra, Suvridha Vikas, and so on, to help make a difference in the lives of women SHG members in rural areas. The present article tries to explain the role of the APGVB in linking with SHGs and the impact created by its initiatives.

Mahendra Varman P, in his paper titled, "Impact of Self-Help Groups on Formal Banking Habits", makes a modest attempt to examine whether there is any, association between the growth of SHGs and the increase in female bank deposit accounts and whether SHGs have a tendency to influence account holding in formal banks. In the process, the paper tries to trace the socio-economic factors that determine deposit and credit account holdings in formal banks among individuals and households. The analysis also reveals that being a member in SHGs and more importantly having leadership experience in SHGs greatly influences the bank account holding. Leadership experience in SHGs would also improve an individual's banking habits.

OBJECTIVES OF THE STUDY

The study specially aims at:

- ❖ Reviewing the historical back ground of micro finance in Andhra Pradesh and India.
- ❖ Studying the growth and development of the SHG –Bank Linkage Programme state level and national level.
- ❖ Examining the progress of SHGs through Bank Linkage in agency - wise.
- ❖ Analyzing the performance of SHGs in various financial aspects like financing, savings, loan disbursements etc
- ❖ Observing the financial inclusion performance of and syndicate bank in state and national.
- ❖ Recommendations for further improvement of SHGs Andhra Pradesh and India.

RESEARCH METHODOLOGY

The present study is intended to analyses the progressive of SHG-Bank Linkage Programme of select commercial banks (SBI and Syndicate Bank) in Andhra Pradesh. For the purpose of identifying the growth of SHGs in A.P. the data at all India level are also collected and compared. These banks are selected purposely. For the purpose of successful completion of this research paper the study aimed to gather information from secondary data.

DATA SOURCES

The related secondary data has gathered from NABARD Annual Reports, Status of microfinance in India Published by NABARD Micro Credit Innovations Department (MCID), Society for Elimination of Rural Poverty (SERP), director census operation, and Govt. of AP websites, the Journals like SEDME, Banking Finance, Monthly Public Opinion and Websites etc.

PROGRESS OF SHGs BANK-LINKAGE PROGRAMME IN INDIA AND ANDHRA PRADESH

Self-Help Group (SHG) Movement originated in Bangladesh under the Leadership of the Noble Laureate Mohamed Yunus. SHG-Bank Linkage Programme was started on the basis of the recommendation of S.K.Kalia Committee. NABARD has started SHG-Bank Linkage Programme as an Action Research Project in 1989. In February 1992, NABARD launched a Pilot Project linking 500 SHGs with banking systems across the country. NABARD refinance the banks, which lend of SHGs. SHGs linkage programme has come a long way since 1992 passing through stages of pilot (1992-95), mainstreaming (1995-1998) and expansion phase (1998 onwards) and emerged as the biggest micro-finance programme in terms of outreach linking 1,26,98,746 SHGs link with banks up to 2013-14. This has enabled estimated 12crore poor households in the country to gain access to micro-finance facilities from the formal banking system.

The SHG Bank Linkage Programme (SBLP) which started as a pilot programme in 1992 has developed at a very fast rate. In this section the impact of SHG–Bank Linkage Programme in India was assessed based on the physical performance, financial performance and performance of women SHGs under SBLP during the period 1992 – 93 to 2013-14 through different parameters.

The SBLP growth in India and Andhra Pradesh, the share of Andhra Pradesh in the programme with respect to all India figures is presented inTable-1

TABLE-1: PROGRESS OF MICROFINANCE THROUGH SHG-BANK LINKAGE PROGRAMME IN INDIA AND IN ANDHRA PRADESH

S.NO.	Years	Andhra Pradesh				INDIA			
		No. of SHGs	Increase / decrease	Percentage	Cumulative	No. of SHGs	Increase / decrease	Percentage	Cumulative
1	1992-93	35	-----		35	255	-----		255
2	1993-94	102	191.43		137	365	43.14		620
3	1994-95	105	2.94		242	1502	311.51		2122
4	1995-96	147	40.00		389	2635	75.43		4757
5	1996-97	434	195.24		823	3841	45.77		8598
6	1997-98	1322	204.61		2145	5719	48.89		14317
7	1998-99	6579	397.66		8724	18678	226.60		32995
8	1999-00	29242	344.47		37966	81780	337.84		114775
9	2000-01	84939	190.47		122905	149050	82.26		263825
10	2001-02	117352	38.16		240257	197653	32.61		461478
11	2002-03	165429	40.97		405686	255882	29.46		717360
12	2003-04	231336	39.84		637022	361731	41.37		1079091
13	2004-05	261254	12.93		925733	539365	49.11		1618456
14	2005-06	2,88,711	10.51		1292222	620109	14.97		2238565
15	2006-07	3,66,489	26.94		1723737	1105749	78.32		3344314
16	2007-08	4,31,515	17.74		2207338	1227770	11.04		4572084
17	2008-09	4,83,601	12.07		2620963	1609586	31.10		6181670
18	2009-10	4,13,625	-14.47		3034588	1586822	-1.41		7768492
19	2010-11	3,89,444	-5.85		3424032	1196134	-24.62		8964626
20	2011-12	3,52,485	-9.49		3776517	1147878	-4.03		10112504
21	2012-13	4,42,032	25.40		4218549	1219821	6.27		11332325
22	2013-14	3,58,940	-18.80		4577489	1366421	12.02		12698746

Source: progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

The SHGs maintain the record of transactions on a daily basis in written format. NABARD initiated the SHGs in 1986-87. From 1991-92 NABARD linked the SHGs with banks. The main intention of this linkage was to tap the potential of SHGs and take the banking to the doorsteps of the poor. The SHG had small savings and hence the banks provided the credit for SHG and the SHG in turn to its members. As the SHG monitored the usage and repayment of credit to its members, it helped to improve the standard of living of the members of SHG.

The above table-1 shows the progress of SHG- Bank -Linkage from 1992-93 to 2003-14. In the initially there was a slow progress in the programme up to 1999. As only 32,995 self help groups were bank linked during the period 1992 to 1999. Since then the programme has been growing rapidly and the number of SHGs bank -linkage was increased from 81,780 in 1999-2000 to 13,66,421 as on 2013-2014. It can be known from the table that the percentage of growth of SHGs is highest in the year 1999-00 (i.e. 337.84) and was lowest percentage of growth when compared to the previous year is negative (-24.62) in the year 2010-11. This indicates that there is uneven growth in number of SHGs in the country. The cumulative number of SHG-Bank linkage has increased from the figure of 255 SHGs as on 1992-93 to 1,26,98,746 SHGs as on 2013-2014. The commercial banks and other banks should increase the tempo of financing to SHGs. It leads to reach the poorest of poor.

The self help movement is deep-rooted in southern states of the country. Since its humble origins two decades ago, the SBLP has grown manifold. Since the launch of SBLP, the southern states of Andhra Pradesh, Tamil Nadu, Kerala and Karnataka have shown interest in SBLP and thus maintaining their early start advantage. In 2014, these states hold 59% of the Bank Linked SHGs. the share of Andhra Pradesh in the programme with respect to all India figures is presented in Table-1. in the initially there was a slow progress in the programme up to 1999. as only 8724 self help groups were bank linked during the period 1992 to 1999. Since then the programme has been growing rapidly and the number of SHGs bank -linkage was increased from 29242 SHGs in 1999-2000 to 3,58,940 SHGs as on 2013-2014. It can be known from the table that the percentage of growth of SHGs is highest in the year 1998-99 (i.e. 397.66) and was lowest percentage of growth when compared to the previous year is negative (-18.80) in the year 2013-14. This indicates that there is uneven growth in number of SHGs in the country. The cumulative number of SHG-Bank linkage has increased from the figure of 35 SHGs as on 1992-93 to 45,77,489 SHGs as on 2013-2014. The commercial banks and other banks should increase the tempo of financing to SHGs. It leads to reach the poorest of poor.

When compared the share of Andhra Pradesh in the programme with respect to all India only 26% SHGs linked to banks up to 1999 and the all India SBLP share of Andhra Pradesh has peaked in the year 2003-04 with a share of 63.95 per cent. This share is gradually tapering down as other states are picking up the SBLP implementation. The SBLP share has come down to 42.40 per cent for the year 2008-09 and 30.70 per cent for the year 2011-12 but the percentage of share is increase to 36% in the year 2013-14. In fact number of SHGs linked with the programme has continuously increased year after year reaching a record number of 1366421 in all India and Similarly 3,58,940 in Andhra Pradesh during 2013-14. It shows that SHG bank linkage programme has been recognized as one of the most successful and rapidly growing micro finance mode in Andhra Pradesh and India.

PROGRESS OF MICROFINANCE-SAVINGS IN ANDHRA PRADESH AND INDIA

Though there are different models for purveying microfinance, the Self-Help Group Bank Linkage Programme has emerged as the major programme in the country. It is being implemented by commercial banks, regional rural banks (RRBs), and cooperative banks. The researcher has chosen State bank of India and Syndicate bank as a sample banks. When compared the share of SBI and syndicate bank in attract microfinance-savings from SHGs in state level and national level SBI play a successive role to attract more and more SHGs with saving accounts than other banks. Followed by syndicate bank and play a very important role in encourage microfinance to attract large number of SHGs with saving accounts.

Progress of Microfinance - Savings of SHGs with State Bank of India and Syndicate Banks Position in Andhra Pradesh and in India explain in the below table-2

TABLE-2: PROGRESS OF MICROFINANCE - SAVINGS OF SHGS WITH SBI AND SYNDICATE BANKS POSITION IN ANDHRA PRADESH AND IN INDIA (2008-2014) (Amount Rs. crore)

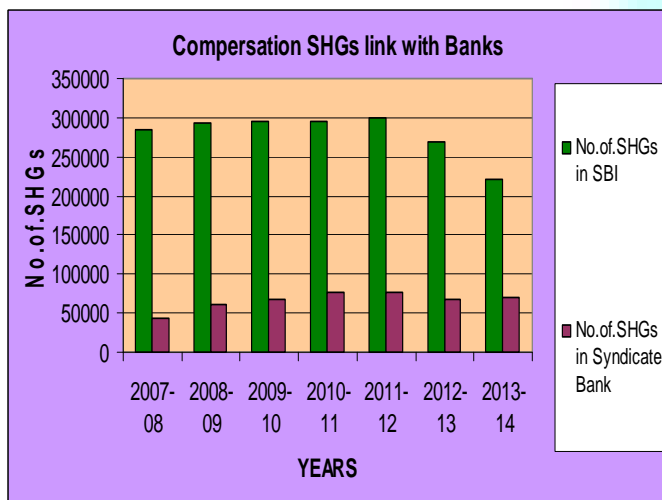
Year	Andhra Pradesh				India			
	State Bank of India		Syndicate Bank		State Bank of India		Syndicate Bank	
	No. of SHGs	Savings Amount (Rs)	No. of SHGs	Savings Amount (Rs)	No. of SHGs	Savings Amount (Rs)	No. of SHGs	Savings Amount (Rs)
2007-08	283306	240.35	43028	112.61	934506	667.52	94318	141.96
2008-09	293456	240.61	60797	102.27	1109207	734.72	115015	159.30
2009-10	294378	240.68	66854	107.51	1216891	846.50	121601	176.38
2010-11	295752	240.80	77362	35.55	1270604	829.26	139965	130.12
2011-12	300122	299.41	76709	21.56	1351792	934.06	138936	91.04
2012-13	268462	416.60	68184	27.10	716898	909.51	127605	100.10
2013-14	221250	566.22	68950	27.28	598832	897.63	129872	122.33

Source: progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

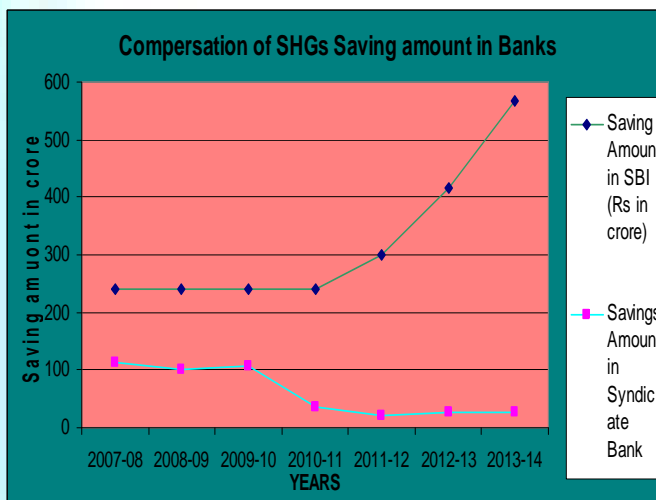
The above table-2 shows SHGs savings with State Bank of India and Syndicate Banks in Andhra Pradesh and in India from the period of 2007-08 to 2013-14. According to the Status of Micro Finance in India 2007-2008 to 2013-14 released by The National Bank for Agriculture and Rural Development (NABARD) in various years. There are 2,21,250 SHGs held savings bank accounts with total savings of Rs. 566.22 crore link with State bank of India and 68,950 SHGs held savings bank accounts with total savings of Rs 27.28 crore link with Syndicate bank in Andhra Pradesh. Highest 3,00,122 SHGs with State Bank of India in the year 2011-12. Highest Rs 566.22 crore(63.08% national share) savings with State Bank of India in the year 2013-14 and same way Highest 77362 SHGs held saving bank account in the year 2010-11, but highest saving amount Rs 112.61 crore (79.35% all India share) with Syndicate Bank in the year 2007-08. Lowest 2,21,250 SHGs with State Bank of India in the year 2013-14. Lowest 240.35 crore (36% national share) savings with State Bank of India in the year 2007-08 and same way Lowest SHGs 43028 with Syndicate bank in the year2007-08 and Lowest Rs 21.56 crore(24% all India share) savings with Syndicate Bank in the year 2011-12 In Andhra Pradesh. There are 5,98,832 SHGs held savings bank accounts with total savings of Rs. 897.63 crore link with State bank of India and 1,29,872 SHGs held savings bank accounts with total savings of Rs 122.33 crore link with Syndicate bank in all India level. Highest 13,51,792 SHGs Rs 934.06 crore savings with State Bank of India in the year 2011-12 and same way Highest 1,39,965 SHGs in the year 2010-11, but highest saving amount Rs176.38 crore with Syndicate Bank in the year 2009-10. Lowest 598832 SHGs in the year 2013-14, lowest savings amount Rs 667.52 crore with State Bank of India in the year 2007-08 and same way Lowest SHGs 94318 with Syndicate bank in the year2007-08 and Lowest Rs 91.04 crore savings with Syndicate Bank in the year 2011-12.

Progress of SHGs savings with SBI and Syndicate Banks in Andhra Pradesh and in India from the period of 2007-08 to 2013-14. With above table-2 data Shows in charts below.

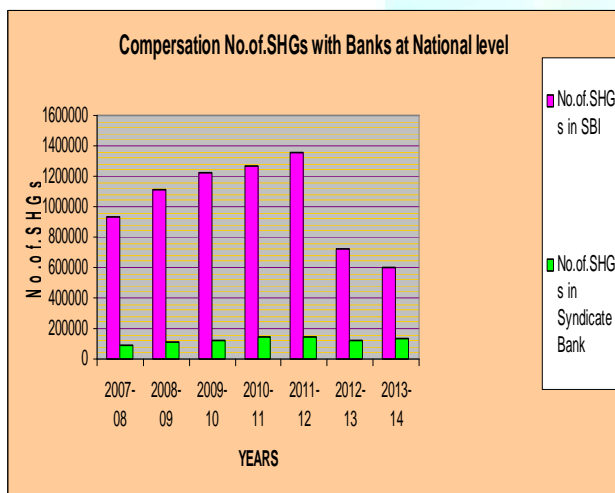
COLUMN CHART-1: PROGRESS OF NO. OF SHGs IN A.P.



LINE CHART-2: PROGRESS OF SHGs SAVINGS IN A.P.



COLUMN CHART-3: PROGRESS OF NO. OF SHGs IN INDIA



LINE CHART-4: PROGRESS OF SHGs SAVINGS IN INDIA



Source: NABARD progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

PROGRESS OF MICROFINANCE – LOANS DIBURSED TO SHGs IN ANDHRA PRADESH AND INDIA

Financial inclusion can be defined as the process of ensuring access to financial services and timely availability of adequate credit where needed by vulnerable Groups such as weaker sections and low income groups at an affordable cost. During the last decade, India had recorded a tremendous growth of SHGs. There are about 99 million families have covered under SHGs. The state of Andhra Pradesh has been the focus of attention on the world map primarily due to its proactive government and significant strides made by its SHGs. The Government of Andhra Pradesh has taken up the theme of women’s empowerment as one of the main agenda items to tackle rural poverty and socio-economic issues. The researcher discusses the Progress of Microfinance -loans disbursed to SHGs with State Bank of India and Syndicate Banks Position in Andhra Pradesh and in India from the period of 2007-08 to 2013-14. As per the provisional information made available by National Bank for Agriculture and Rural Development (NABARD) in various years reports on the Status of Micro Finance in India 2007-2008 to 2013-14 which is shown table-3.

TABLE-3: PROGRESS OF MICROFINANCE LOANS DISBURSED TO SHGs WITH SBI & SYNDICATE BANKS POSITION IN ANDHRA PRADESH AND ALL INDIA (2008-14) (Amount Rs crore)

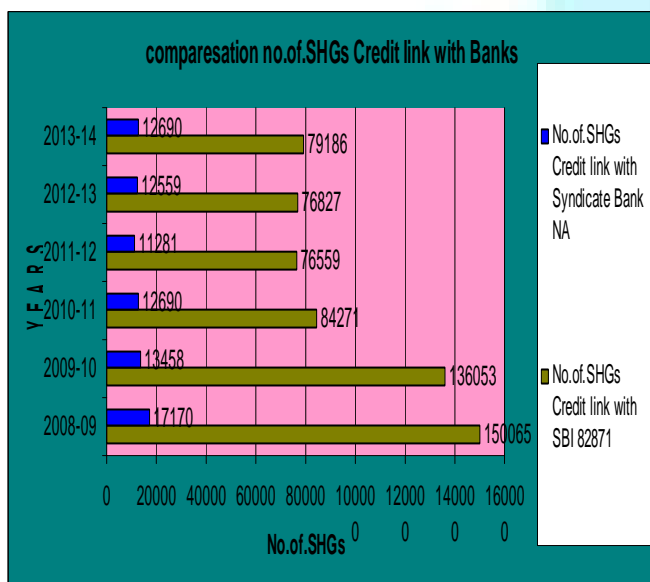
Year	Andhra Pradesh				All India			
	State Bank of India		Syndicate Bank		State Bank of India		Syndicate Bank	
	No. of SHGs	Loans Disbursed Amount (Rs)	No. of SHGs	Loans Disbursed Amount (Rs)	No. of SHGs	Loans Disbursed Amount (Rs)	No. of SHGs	Loans Disbursed Amount (Rs)
2007-08	82871	834.12	NA	NA	283339	1749.29	5219	37.30
2008-09	150065	1427.00	17170	183.09	323673	2410.18	21725	251.55
2009-10	136053	1662.24	13458	189.41	292857	2821.19	17998	271.42
2010-11	84271	1538.38	12690	261.32	173558	2563.00	16635	343.06
2011-12	76559	1741.35	11281	249.80	151415	2749.65	16053	359.35
2012-13	76827	1920.35	12559	321.41	131722	2676.66	15679	388.47
2013-14	79186	2108.07	12690	261.32	112807	2566.13	35935	1214.02

Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

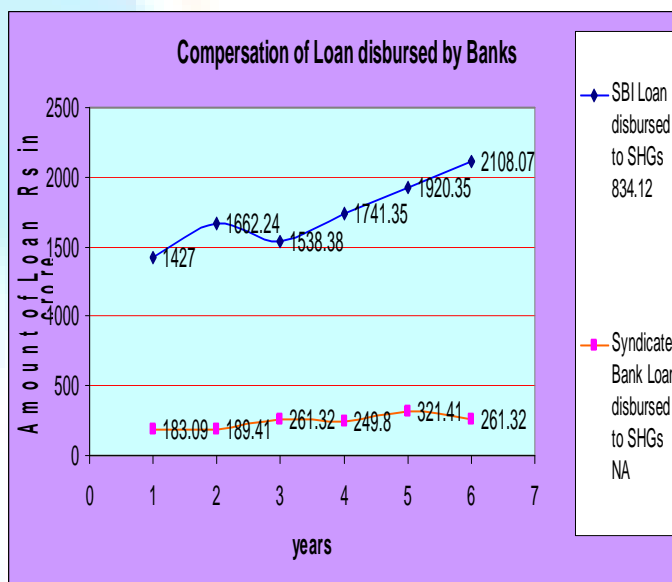
It can be observed from the above table the number of Self help groups linked with bank loan for the respective years. It is indicated from the table that the number of SHGs credit linked is inconsistent where as bank loan provided to such SHGs is increasing. The amount Loans Disbursed with State Bank of India to of SHGS increased from Rs 834.12 crore (47.68% of national share) to Rs 2108.07 crore (82% of all India share) and the amount Loans Disbursed with Syndicate Bank to of SHGS decreased from Rs 183.09 crore (73% of national share) to Rs 261.32 crore (21.53% of all India share) in Andhra Pradesh. The amount Loans Disbursed with State Bank of India to of SHGS increased from Rs 1749.29 crore to Rs 2566.13 crore. Over all 47% increased in 7 years. And the amount Loans Disbursed with Syndicate Bank to of SHGS increased from Rs 37.30 crore to Rs 1214.02 crore. In all India level abnormal change is proud. It is evident from the above table that there is positive growth with respect to the number of SHGs credit linked to banks except for year 2010-11. Based on the above analysis it can be concluded that State Bank of India play dominate role in micro-credit as compared to the Syndicate Bank. Syndicate Bank plays only a marginal role in state level and country level. Shows the table that the financial inclusion attained through SHGs is scalable and sustainable. If a serious impact on the economic conditions of the rural poor has to be made.

The above table-3 data is analysis in the following charts.

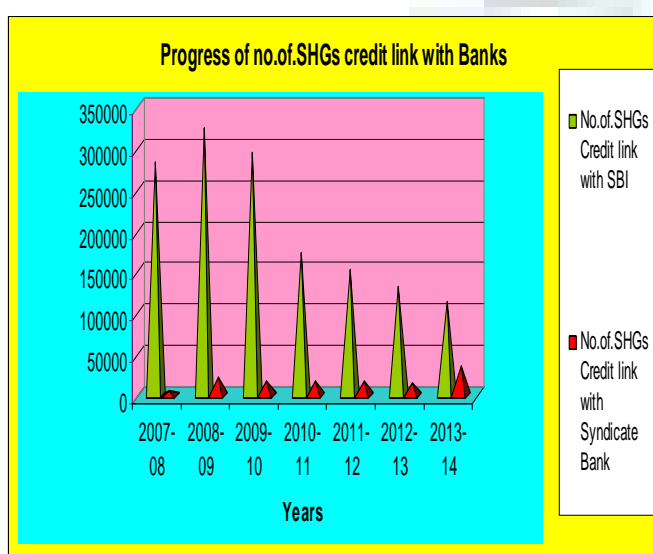
CONE CHART-5: PROGRESS OF NO. OF SHGs IN STATE LEVEL



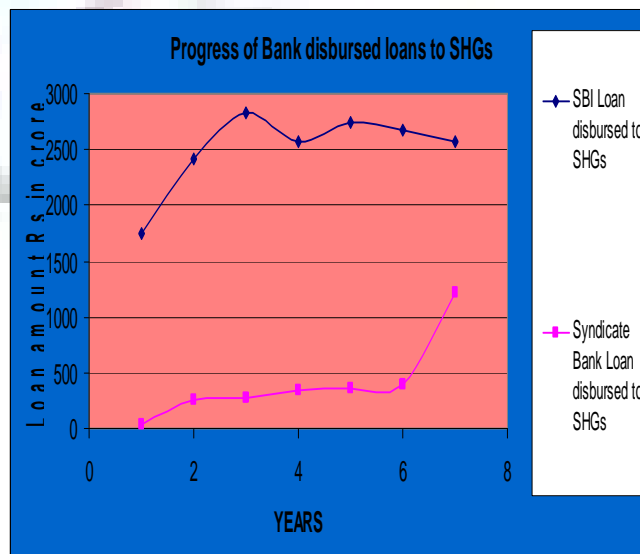
LINE CHART-6: BANKS LOAN DISBURSED TO SHGs IN A.P.



CONE CHART-7: PROGRESS OF NO. OF SHGs IN NATIONAL LEVEL



LINE CHART-8: BANKS LOAN DISBURSED TO SHGs IN INDIA



Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

PROGRESS OF MICROFINANCE – LOANS OUTSTANDING AGAINST SHGs IN ANDHRA PRADESH AND INDIA

The Government of India should implement all micro-finance schemes effectively and systematically. Women in India have been somewhat neglected repayment of the loan amount in time. Microfinance -loans disbursed to SHGs on the bases of joint liability groups (JLGs) even though the recovery rate of the loans declined. The SHG Bank Linkage Model has made considerable progress its inception from the period of 2007-08 to 2013-14 all India wise and Andhra Pradesh outstanding number of credit linked SHGs and amount of loans with Banks is presented in Table4-given below.

TABLE-4: PROGRESS OF MICROFINANCE LOANS OUTSTANDING AGAINST SHGs WITH SBI AND SYNDICATE BANKS POSITION IN A.P. AND IN INDIA (2008-2014)
(Amount Rs crore)

Year	Andhra Pradesh				All India			
	State Bank of India		Syndicate Bank		State Bank of India		Syndicate Bank	
	No. of SHGs	Loans outstanding Amount (Rs)	No. of SHGs	Loans outstanding Amount (Rs)	No. of SHGs	Loans outstanding Amount (Rs)	No. of SHGs	Loans outstanding Amount (Rs)
2007-08	158240	1061.16	NA	NA	1031832	3469.09	19558	182.80
2008-09	241434	1997.34	55361	493.19	1038377	4733.25	77083	699.95
2009-10	301215	2588.22	64505	613.67	1061878	5892.89	89646	873.29
2010-11	490666	2879.22	75435	726.91	1060383	5470.99	103141	1059.43
2011-12	258026	3014.82	73938	859.03	589284	5658.05	101700	1221.07
2012-13	241781	3198.90	65190	1026.92	545215	5600.28	92734	1381.86
2013-14	221960	3326.47	65752	1292.90	446807	5133.57	90861	1652.26

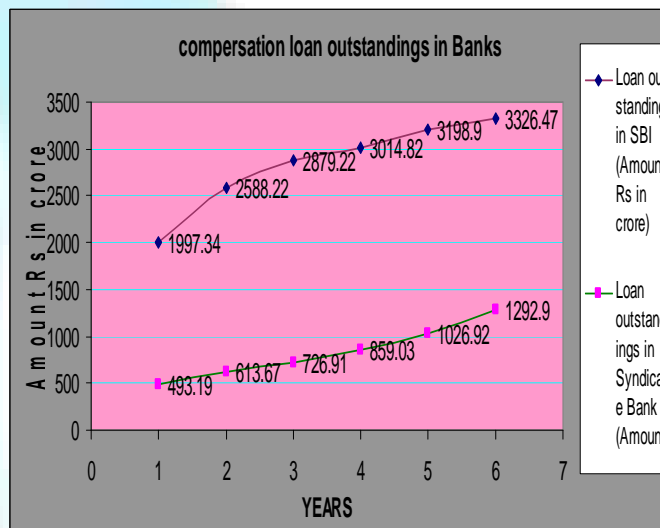
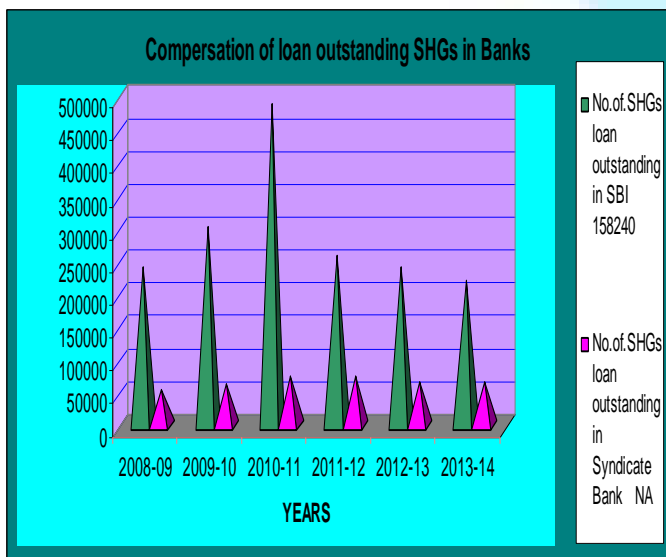
Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

The above table explains loans outstanding against SHGs in SBI and Syndicate Banks. In Andhra Pradesh State Bank of India Highest number of SHGs 4,90,666 (46.27% of national share) in the year 2010-11. Highest loans outstanding amount Rs 3,326.47 crore (64.79% of all India share) in the year 2013-14. Lowest number of SHGs 1,58,240 (15.34% of national share) loans outstanding amount Rs 1,061.16 crore (31% all India share) in the year 2007-08. In the same way Syndicate Bank Highest number of SHGs 75,435(73.05% of national share) in the year2010-11. Highest loans outstanding amount Rs 1,292.90 crore in the year 2013-14. Lowest number of SHGs 55,361(72% of all India share) loans outstanding amount Rs 493.19 crore (70.46% of national share) in the year 2007-08. In all India level State Bank of India Highest number of SHGs 10,61,878 loans outstanding amount Rs 5, 892.89 crore in the year 2009-10. Lowest number of SHGs 4,46,807 in the year 2013-14 and lowest loans outstanding amount Rs 3,469.09 crore in the year 2007-08. In the same way Syndicate Bank Highest number of SHGs 1,03,141 in the year 2010-11. Highest loans outstanding amount Rs 1,652.26 crore in the year 2013-14. Lowest number of SHGs 19,558 loans outstanding amount Rs 182.80 crore in the year 2007-08.

Loans outstanding against SHGs with SBI and Syndicate Banks Position in Andhra Pradesh and in India with above table-4 data Shows in charts below.

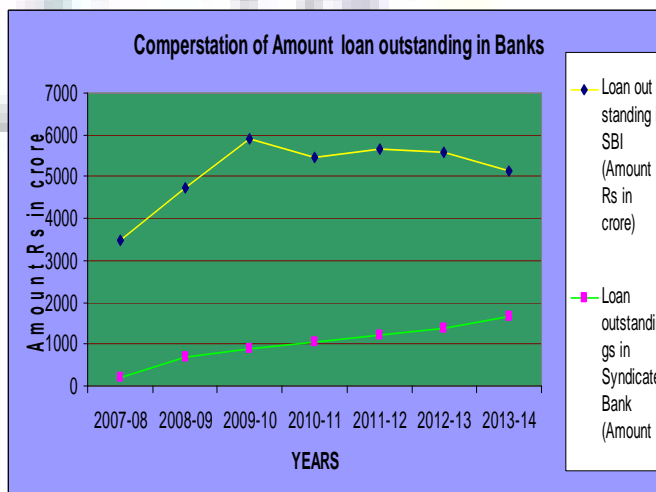
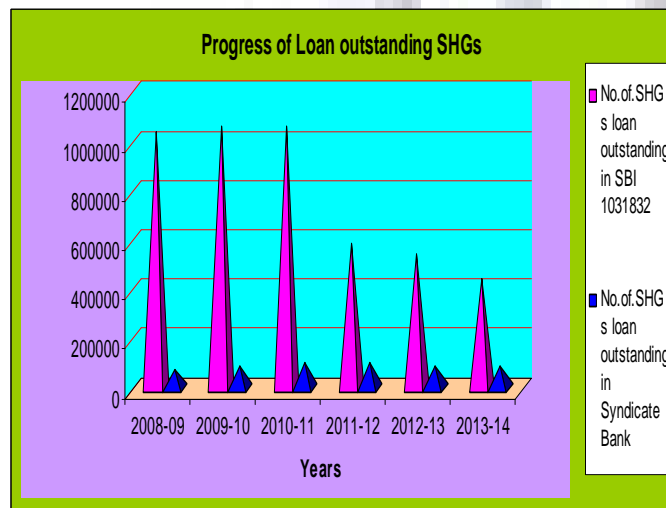
PYRAMID CHART-9: LOAN OUTSTANDING SHGS IN A.P.

LINE CHART-10: BANKS LOAN DISBURSED TO SHGS IN STATE LEVEL



Pyramid chart-11: Loan Outstanding SHGs in India

Line chart-12: Bank wise Loan outstanding amount in national level



Source: NABARD, progress of SHG-Bank linkage in India, its various yearly publications, Mumbai.

ISSUE IN SHG – BANK LINKAGE PROGRAMME**RESTRICTION IN LOAN SIZE/PERIOD**

The commercial banks took a long time to clearly recognize and internalize the concept. The SHG model is primarily a savings based model. The commercial banks have been following largely 1:4 savings-credit ratios SHGs having lower savings ability find the lending ratio highly restrictive. As a result, many SHGs are unable to access credit adequately. This is forcing SHG members to restrict loan size/period. The formal system has to tune itself to the needs of SHGs and their members. This calls for adopting highly proactive and innovative policies to deal with the SHGs.

QUALITY OF SHGs

Due to the fast growth of the SHG Bank Linkage Program, the quality of SHGs has come under stress. This is reflected particularly in indicators such as the poor maintenance of books and accounts etc. Significant financial investment and technical support is required for meeting this challenge.

MANAGING FUNDS

Managing funds of SHGs has been found to be ranging from weak to average. Internal controls at SHGs and SHG Federations are lacking. SHG are accessing external borrowings through SHG bank Linkage and then lends these funds to its members, there have been cases of poor cash flow management to repay debt. There is a need for systematic monitoring of SHGs with the help of latest technology like smart cards, biometric IDs, mobile handsets etc.

GOVERNANCE

Since SHGs are informal organizations, there is lack of proper governance. The members of SHGs do not have much experience with establishing formalized monitoring and review functions or complying with legal regulations. As the loans being disbursed to SHGs is growing, a strong governance system is needed.

ATTITUDE OF BANKERS

Banks are unable to understand fully the commercial importance of SHG lending and they feel that the SHG lending is being carried to fulfill the social obligations. The participation of commercial banks into the microfinance intervention requires change in their conventional attitude towards the poor.

SUSTAINABILITY

The financial sustainability of an SHG depends mainly on its repayment patterns. Only when SHGs make timely repayments to banks do they gain access to bigger loans. The ability to make timely repayments to banks, in turn, depends on the repayment patterns of the individual members. In order to ensure sustainability of the SHGs, their activities and linkages, there should be better transparency in the books of accounts maintained at the group level. These books should reflect the position of deposits in members accounts, interest paid on savings, distribution of corpus or operating surplus among members, ever greening of loan accounts, etc.

FINDINGS OF THE STUDY

- Initially there was a slow progress in the programme up to 1999 as only 32,995 groups were credit linked in India 8,724 groups were credit linked in Andhra Pradesh during the period from 1992 to 1999.
- The commercial banks are the major partners to link the SHGs i.e., 52.00 percent.
- More than fifty per cent of the respondents expressed that they were motivated to join in the groups by the NGOs. Banks and Government departments have played minimal role in motivating the women to join in SHGs
- NGOs play an important role in SHG formation, linking the groups with the banks, arranging for loans and imparting training to start income generating activities.
- Education of the respondents, period of membership in the SHG and loan amount significantly influence the awareness about the role of NGO.
- Recovery of loans by banks is excellent without any default. Other loans issued to the members are also rapid without any delay.
- The women status has improved through these SHGs.

CONCLUSION

SHG-Bank linkage programme has emerged as the biggest micro-finance programme in India enabling about millions poor households to gain access to micro-finance facilities from the formal banking system. Over the years, it has become an accepted part of rural finance and a potential tool for inclusive finance and human development and reducing dependency on money lenders, easy access to credit to their members and savings and moderate economic benefits. The process of forming and nurturing small, homogeneous and participatory SHGs enable the poor especially the women from poor households, to collectively identify and analyses the problems they face in the perspective of their social and economic environment. At present about 90 percent of SHGs members are women. Through active participation of women in this programme, the process of economic empowerment of women in India can be successfully achieved.

Based on the above analysis it can be concluded that SBI play a lead role to attract more and more SHGs with saving accounts than other banks. Followed by syndicate bank and play a very important role in encourage microfinance to attract large number of SHGs with saving accounts. Partly the decline can be attributed to the continued decline in the number of SHGs being extended fresh loans by banks over the last 7 years. Successfully reduced outstanding amount and improve the financial status of the both banks. State Bank of India play dominate role in micro-credit as compared to the Syndicate Bank. Syndicate Bank plays only a significant role country level.

Though SHGs model was more popular among the southern states especial Andhra Pradesh. The government of Andhra Pradesh is implementing a state wide rural poverty eradication programme based on social mobilization and empowerment of rural poor women this programme is popularly known as Development of women and children in rural areas (DWCRA) program. One of the main agenda items to tackle rural poverty and socio-economic issues. 'Velugu' or Indira Kranthi Pathakam (IKP) IKP is implemented by society for Elimination of Rural poverty of Andhra Pradesh. This programme has contributed to the improvement in women's empowerment at the household and community level.

Women participation in Self Help Groups have obviously created tremendous impact upon the life pattern and style of poor women and have empowered them at various levels not only as individuals but also as members of the family members of the community and the society as whole. It is concluded that women have attained empowerment in economic, social and psychological spheres after forming SHGs, which a true reflection of women empowerment.

The journey traversed so far by the NABARD promoted Self- Help Group-Bank Linkage Programme crossed many milestones touching over 9.44 crore households, there fore it has become the largest Microfinance programme in the world.

RECOMMENDATIONS

The following suggestions are made for women empowerment and effective implementation of Self Help Groups in India in particular in Andhra Pradesh and general.

- Build capacities of established local institutions, especially the Gram Sabha/Gram Panchayat and line departments, shall be established to operate in a more inclusive manner in addressing the needs of the poor.
- Government shall be accompanied of all anti-poverty programs, policies, projects and initiatives at state, and country level.
- The Government shall implement all micro-finance schemes effectively and systematically.
- Women shall be educate towards their opportunities and upgrade their knowledge according to the social and technology changes.
- Banks also need to explore ways to generate and utilize local knowledge and information for effective loan monitoring and risk mitigation.
- Care shall be taken to see that the credit is used for the purposes mentioned in the actual plan submitted in the banks.
- There is a need to have proper regulating authority at each level saving, depositing, lending of money, which will help in long term sustainability of the sector and in avoiding any misuse of money.

- Minimal or zero balance saving bank accounts shall be initiated for all the poor individual. The government can play a major role in this. This step would not only create a safe window for them but also help them to multiply their money.
- The interest rate on the loan amount should be brought down to minimum extent.
- It is there must be a minimum period of moratorium between the grant of the loan and the commencement of its repayment.

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